

Five Nigerian cities with business potential

By [Kate Douglas](#)

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This year Nigeria officially became the largest economy in Africa, adding to its allure as a foreign investment destination. One of the country's biggest assets is its 170m-strong population, which continues to spark the interest of consumer facing companies.



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For many, a good place to enter the market is Lagos, the country's commercial hub. Obinnia Abajue, executive director of personal and business banking at Stanbic IBTC, said it makes sense for foreign companies to operate in Lagos with its sizeable population of close to 20m and more developed infrastructure for business. However, the market is more competitive than other cities in the country.

"It's the most competitive part of the country for business because you have got many people making the same decisions to locate in Lagos," he told *How we made it in Africa*.

He highlighted that there are a number of other cities which investors should place on their radar, especially in terms of targeting rising consumer demand.

1. Abuja

Abuja is the capital city of Nigeria. While it has a much smaller population than Lagos, Abajue noted that it is a good place to enter the Nigerian market because it holds the highest per capita income in the country. "It's a small town [in terms of] population but with very wealthy people."

2. Kano

Kano, the capital of Kano State in northern Nigeria, is the second largest city in terms of population, after Lagos. According to Abajue, there is potential for cash and carry wholesale businesses.

This year, South African retailer [Shoprite opened its first outlet in Kano](#), and Massmart is expected to do the same in the coming weeks. Despite the potential security risk posed by Islamic militants in the region, Mark Turner, Massmart's Africa director, [said at the Reuters Africa Summit](#) in April: "I always want to be bold enough to say, you can't be in Nigeria without being in Kano."

Furthermore, a new African Development Bank (AfDB) report, titled *Tracking Africa's Progress in Figures*, reveals Kano to be one of Africa's fastest growing cities.

3. Port Harcourt

Abajue said that Port Harcourt, the capital of Rivers State, is the "centre of attention in the south of the country" due to the presence of oil companies and foreign investment in the area. He added that the city is also seeing a rise in per capita income.

Port Harcourt has access to two of the country's busier ports and is home to the Port Harcourt Airport.

4. Aba

Aba is situated in the southeast and is also surrounded by oil wells. Abajue noted that the city acts as the trading centre of Nigeria.

"And again, there you will see strong purchasing power because a lot of trade is coming out of that place. [Aba] is the connecting spot for the hub of trade activities for the southeastern part of the country."

5. Ibadan

"The last [city] that I would like to add is Ibadan in the southwest axis," continued Abajue.

He noted that it is densely populated and has significant infrastructure. The capital of Oyo State has the third largest population in Nigeria, and, according to the AfDB report, is in the top 10 fastest growing cities in Africa.

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