

Secondary Hotel Markets in Nigeria

By Damilola Adepoju

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Besides the commercial and political capitals of the country – Lagos and Abuja, respectively – there exist hotel development prospects in other areas of the country. Of course not on the scale of the former group, which also constitute the primary markets; but there are opportunities to be tapped into in select secondary markets. Some of these secondary markets have relatively obvious needs for quality hotel accommodation, while the prospects in some others will not seem very apparent to the uninitiated.

Port Harcourt

Port Harcourt is one of the more obvious destinations outside of the primary cities. There is sustained demand and an increasing supply of quality accommodation. Its importance as the oil capital of the country and an industrial centre attracts a high number of short and long-term business visitors who require lodging during their stay. The continued improvement in security and stability in the city is evidenced by the return of oil and gas companies and increased production, after the insecurity experienced pre-2009. Port Harcourt, once again, serves as a regional hub and this underscores the need for an improvement in the quantity and quality of the hotel stock currently available.

Calabar

Another relatively important secondary market is Calabar, the capital city of Cross River State. Unlike the majority of Nigerian cities, Calabar is one that has the unique potential to become a major tourist destination, if developed, branded and marketed accordingly. Tourism traffic into Cross River State is estimated at one million annually, with about half of that intake registered in December, when the city hosts its annual Calabar Christmas Carnival. The continued success of this event each year will help to attract and increase the number of visitors during this period and year-round. The State also enjoys a favourable and temperate climate as is evidenced at Obudu Cattle Ranch. The Tinapa Business Resort, which was recently taken over by AMCON, was developed with the (yet to be achieved) objective of creating a retail,



Damilola Adepoju

leisure and entertainment centre for the State. The announcement of the US\$1 billion investment in a manufacturing and assembly plant by General Electric within the Calabar Free Trade Zone will potentially be a major boost to the industrial profile of the city. Other future

and major developments in the state include the American International Hospital, the Convention Centre and Energy City. I believe that this ideal mix of business and leisure opportunities will help to create and increase the demand for quality hotel accommodation in Calabar.

According to an insightful 2013 report by Renaissance Capital, titled “Thirty-six shades of Nigeria”, some of the larger sub national economies in the country, besides Lagos and Abuja are located in Kano, Oyo, Kaduna, Imo and Akwa Ibom, with GDP per capita upwards of US\$1,700.

In terms of population by city, Kano and Ibadan are the second and third most populated in the country, respectively. It also follows that these two cities are located in the states with the second and third highest GDP per capita in the country, highlighting the higher levels of business activity there.

The W Hospitality Group branded hotel pipeline survey also throws up some interesting data. As summarized in the preceding table, some of the international and regional chains have signed on deals to operate hotels in markets that some might



Novotel Hotel, Port Harcourt

	GDP, \$bn (2012E)	Population, mn	GDP per capita, \$	Net secondary School attendance rate (2007)
Lagos	31.2	10.7	2,916	85
Kano	16.8	11.0	1,525	28
Oyo	14.2	6.5	2,165	71
Kaduna	13.3	7.2	1,960	49
Rivers	11.3	6.1	1,859	75
Katsina	10.6	6.8	1,554	17
Osun	9.4	4.0	2,356	77
Imo	9.1	4.6	1,983	74
Anambra	8.9	4.9	1,814	72
Akwa Ibom	8.2	4.6	1,783	72

Source: National Bureau of Statistics, National Commission, IMF, Renaissance Capital estimates

Branded Hotel Development Pipeline – Nigerian Cities

City	Project	Number of Rooms	Projected Opening Year
Abeokuta	Park Inn by Radisson	173	2014
Ado-Ekiti	Mantis Ikogosi Warm Springs	93	2014
Asaba	Best Western Plus	90	2014
Benin City	Four Points by Sheraton	188	2015
Ibadan	Four Points by Sheraton	150	2016
Makurdi	Best Western Plus	135	2014
Owerri	Tulip Inn	79	2014
	African Sun	170	2014
	African Sun	76	2014
Port Harcourt	African Sun (Amber)	196	2014
		150	2015
Warri	Golden Tulip	192	2014
	African Sun	100	2014
Sub-Total	13	1,792	
Lagos & Abuja	36	5,678	
Total Nigeria	49	7,470	

consider as unlikely, if at all any consideration is even given.

Abeokuta

Ogun State capital, Abeokuta would probably be one of the less obvious markets for hotel development. However, given the proximity to Lagos and the relative ease of

movement within the city, Abeokuta has the potential to be a regional destination for meetings, conferences and events. The Park Inn by Radisson, currently under development, is also in the company of the recently opened Green Legacy Resort, which is connected to the Olusegun Obasanjo Presidential Library complex.

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Owerri

Imo State capital, Owerri would be another unlikely destination for hotel development but it also has the unique characteristic of being a mainly leisure-driven market. The city draws a substantial weekend crowd comprising of indigenes resident in other parts of the country and also of other non-indigene visitors. It also sees an influx during festive periods and hosts a substantial number of social events. During such periods, the existing hotels experience much demand that simply cannot be accommodated in the better quality hotel properties. Barring a decline in security, and continued improvements in road and air transport into Owerri, this demand will foreseeably be sustained in the long-run.

As other state governments emulate the model example of Lagos State, this will create enabling business environments that will encourage the economic growth that spurs hotel demand. This in turn will lead to increased business activity and mobility of people, as well as secure transport routes to these destinations. Of course Lagos and Abuja will continue to receive the vast amount of attention and investment; however, it is also important for keen investors not to overlook the opportunities that exist in other parts of the country.

The above is by no means an exhaustive list of all the viable secondary markets in the country, but serves to highlight alternative destinations for hotel development in the medium to long term. The opportunities in most of these markets will be well-managed, quality, economy to mid-scale hotel products. The sizes will range from about 65 to 150 rooms with adequate meeting and events spaces, depending on the individual market.

Damilola Adepoju is a hospitality industry consultant, with professional and academic experience in diverse markets in Asia, North America and Europe. Her experience includes financial roles held at lodging and commercial real estate companies in Washington D.C and New York, as well as a current position at the leading hospitality advisory firm in sub-Saharan Africa, W Hospitality Group.