

Nigeria Freight and Logistics - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2017 - 2029

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Report description:

The Nigeria Freight and Logistics Market size is estimated at USD 15.45 billion in 2024, and is expected to reach USD 20.58 billion by 2029, growing at a CAGR of 5.90% during the forecast period (2024-2029).

Gradually improving sector demand witnessed owing to marginal reduction in logistics costs

- Compared to many of its African peers, Nigeria has relatively advanced infrastructure networks that cover extensive areas of the nation's territory. The government has been advocating the increasing use of public-private partnerships for several transport projects. In 2020, Nigeria ranked 24th in the African infrastructure development index (AIDI), with 23.27 points. The index indicates the status of infrastructure development across the continent.
- The freight and logistics market has been developing rapidly during the review period, led by the volume of the courier, express, and parcel market. As of 2022, as a comparison among logistics startups in Nigeria, Kobo360, a logistics company in Nigeria (Lagos) launched in 2016, had the highest number of employees compared to other logistics companies in the country. The business counted over 260 workers, followed by Eden Life and Sendbox, with 86 and 68 employees, respectively.
- As an increasing number of companies enter the market, the logistics cost has reduced marginally. For instance, in 2020, the total logistics cost in Nigeria amounted to USD 69.1 billion, down from USD 71.9 billion in 2019. In that same year, the total logistics cost in Africa was recorded at USD 344.2 billion.

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The transportation sector contribution to nominal GDP dropped to 1.35% in Q2 2023 due to petrol subsidy removal

- In the second quarter of 2023, the transportation sector's contribution to nominal GDP in Nigeria stood at 1.35%, marking a notable decline from the 2.79% recorded during the same period in 2022 and below the 1.71% recorded in the first quarter of 2023. This decrease in the significance of transportation activities can be primarily attributed to the government's removal of the petrol subsidy, resulting in a considerable hike in pump prices, reaching as high as N640, depending on the state.
- The transportation and storage sector saw a significant contraction in the second quarter of 2023, with a growth rate of -50.64%. This decline was notably lower than the same quarter in the previous year, dropping by 102.30 percentage points, and it marked a substantial decrease of 60.01 percentage points compared to the previous quarter. The sector's growth rate was -25.00% on a QoQ basis. Regarding its contribution to real GDP for the second quarter of 2023, the transportation and storage sector accounted for 0.89%, showing a decline from 1.84% in the same period the previous year and falling below 1.18% in the first quarter of 2023.
- The Nigerian logistics industry has grown slowly due to persistent infrastructure challenges. Despite that, the industry is valued at around USD 60 billion, with e-commerce significantly boosting the economy. In 2023, the Nigerian e-commerce market generated USD 10.11 billion in revenue. Its revenue is expected to register a 10.79% CAGR between 2023 and 2027, resulting in a market volume of around USD 6 billion by 2023 due to infrastructure improvements in railways and roads and enhanced relations with other nations.

Fuel prices have witnessed a steep rise as fuel subsidies have been terminated citing budgetary concerns

- Nigeria has the eighth-lowest gasoline prices in the world. Due to the government's significant subsidies for imported goods, it was ranked eighth in the world index, with the price of gasoline being USD 0.40 per liter or USD 1.82 per gallon in April 2022. As of September 2022, the average price of gasoline in Nigeria was 191.65 Nigerian naira (USD 0.427) per liter. Nigeria's average oil production dropped by 14.69% year, YoY to 1.22 million barrels per day in the second quarter of 2023, from 1.43 b/d recorded in the corresponding period of 2022. The cost of fuel import is rising in response to the recent rises in the price of crude oil in the international market.
- The price of petrol, arguably Nigeria's most consumed fuel, increased by a whopping 47.18% on a YoY basis between April 2022 and April 2023. Nigeria currently imports over 90% of all its liquid products due to its dilapidated local refineries. The average retail price paid by consumers for Premium Motor Spirit (PMS) or petrol in April 2023 was N254.06 (USD 0.56), indicating an increase of 47.18% relative to the value recorded in April 2022 of N172.61 (USD 0.385). Since June 2023, Nigeria's fuel subsidies have been terminated citing budgetary concerns. This led to a steep rise in fuel prices.
- Nigeria's crude oil production has increased, and the country's oil reserves are estimated to be 36.89 billion barrels, consisting of 31.418 billion barrels of crude oil and 5.476 billion barrels of condensate. Nigeria aims to have a reserve of around 40 billion barrels by 2025. The country's national gas reserve is 203.16 trillion cubic feet (TCF), with a target of 210 TCF by 2025 and 220 TCF by 2030.

Nigeria Freight and Logistics Industry Overview

The Nigeria Freight and Logistics Market is fragmented, with the top five companies occupying 12.84%. The major players in this

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market are A.P. Moller - Maersk, Bollore Transport and Logistics, Hapag-Lloyd, JOF Nigeria Limited and Red Star Express PLC (sorted alphabetically).

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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