Where are Africa's Biggest Markets?

The Fraym Urban Markets Index ranks the continent's 169 largest urban clusters by economic activity, consumer size, and connectivity

A Fraym custom analysis

> "Human creativity is the greatest economic resource...denser cities are smarter and more productive."

Richard Florida, Rise of the Creative Class

Dynamic cities are the engines of economic growth. Wealth, consumers, skills, ideas, and technology in urban clusters all combine to create a critical mass that drives markets and human progress.

In line with this trend, Africa is a continent in the midst of a massive and historic transformation. Rapid urbanization, rising incomes, a youth bulge, and the diffusion of technology are creating exciting future centers of growth and opportunity.

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Yet, very little data is available about Africa's urban clusters. Beyond population estimates, most economic, social, and consumer data is provided on a national basis. The World Bank, for instance, publishes a wide array of data on national GDP and per capita income averages. But wealth and consumer power is never evenly spread across a country. For companies, investors, and others who aim to capitalize on Africa's fast-growing markets, understanding these distinct urban clusters is essential.

So, which are Africa's biggest cities? Where are the emerging consumers? How connected are they to each other? To the global economy? In short, where are Africa's largest, wealthiest, and most networked cities?

Where are Africa's largest, wealthiest, and most networked cities?

To answer this question, we created the *Fraym Urban Markets Index*. The Index is an attempt to measure and rank the continent's largest 169 geographic urban clusters along three dimensions:

Economic Activity
An estimate of total metropolitan GDP for the geospatial cluster, capturing the entire population footprint, not just those within administrative borders.

Consumer Size
An estimate in each geospatial cluster of the number of people living in a household that owns a car, motorbike, television, or refrigerator—assets that characterize emerging middle-class consumers.

Connectivity
An augmented gravity model estimate of trade relationship between more than 27,000 unique cluster pairings, plus the number of international destinations for regularly scheduled flights from each city. These illustrate the strength of the economic linkages among Africa's population centers.
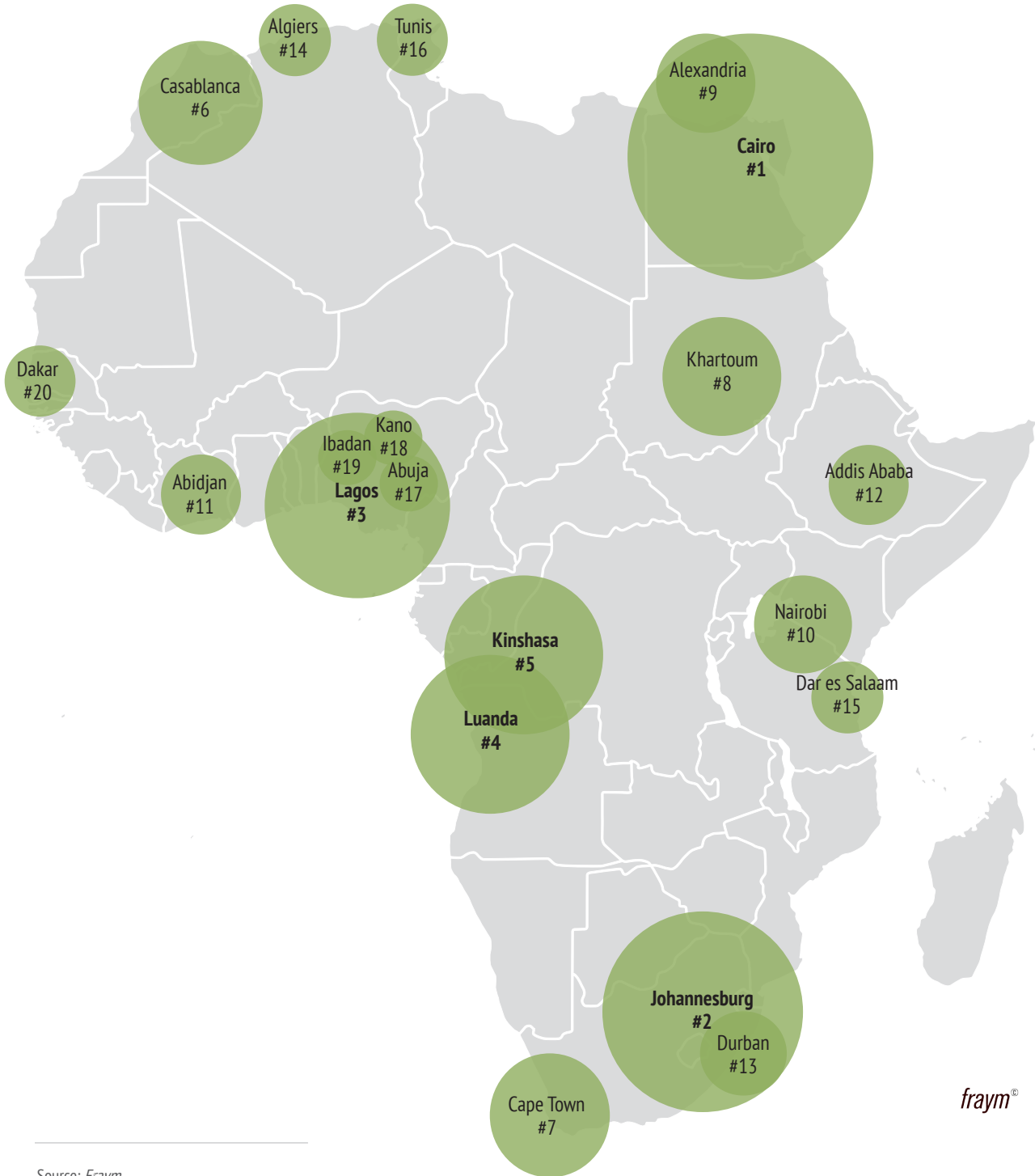
We took the following steps to create the Index:

1. Identify all cities on the African continent with populations over 300,000 according to the UN Population Division World Urbanization Prospects, and then construct proprietary geospatial boundaries of these clusters using satellite imagery.1

2. Estimate the raw data for each of the four indicators using *Fraym*'s proprietary data platform.

3. Normalize the data for each dimension into an index by calculating the distance from the mean in units of standard deviations, also known as z-scores. (For the connections dimension, the trade and travel data were normalized separately and the two scores averaged.)

4. Combine the three scores for each dimension with equal weighting.

Key findings from the Index are presented below.

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1. *Fraym* data does not yet cover Libya, Eritrea, or Somalia, so urban clusters in those countries are currently excluded from the Index.

Figure 1: The *Fraym Urban Markets Index*: **Top 20 Cities**
(Index rank)

Algiers #14

Tunis #16

Casablanca #6

Alexandria #9

Cairo #1

Dakar #20

Khartoum #8

Kano #18

Ibadan #19

Abuja #17

Lagos #3

Abidjan #11

Addis Ababa #12

Kinshasa #5

Nairobi #10

Dar es Salaam #15

Luanda #4

Johannesburg #2

Durban #13

Cape Town #7

Source: *Fraym*

Table 1: The *Fraym Urban Markets Index* - **Top 35**
(Index ranks and component rankings)

		Capital (metro GDP)	Consumers (metro size)	Connectivity (trade + travel)			Capital (metro GDP)	Consumers (metro size)	Connectivity (trade + travel)
1.	Cairo	1	1	1	19.	Ibadan	13	16	25
2.	Johannesburg	2	4	2	20.	Dakar	31	12	14
3.	Lagos	3	2	4	21.	Pretoria	9	29	33
4.	Luanda	4	5	8	22.	Port Harcourt	17	25	24
5.	Kinshasa	10	3	22	23.	Douala	28	17	18
6.	Casablanca	11	11	3	24.	Yaoundé	25	14	29
7.	Cape Town	5	10	15	25.	Accra	42	26	17
8.	Khartoum	8	7	10	26.	Ouagadougou	48	23	26
9.	Alexandria	6	6	16	27.	Rabat	20	28	51
10.	Nairobi	19	13	6	28.	Bamako	35	24	30
11.	Abidjan	16	8	11	29.	Libreville	24	64	19
12.	Addis Ababa	36	18	5	30.	Lusaka	27	31	31
13.	Durban	7	19	23	31.	Kumasi	33	21	54
14.	Algiers	12	20	9	32.	Benin City	26	35	32
15.	Dar es Salaam	23	9	13	33.	Brazzaville	30	36	27
16.	Tunis	18	27	7	34.	Marrakech	37	41	21
17.	Abuja	15	22	12	35.	Vereeniging	21	39	49
18.	Kano	14	15	20					

Sources: Metro urban cluster GDP — *Fraym* estimates. Size of the consumer middle class — *Fraym* estimates of the number of people living within the urban cluster in a household with a car, motorbike, TV, or refrigerator. Trade — *Fraym* Connectivity Tool. Travel — number of international flight destinations from FlightStats

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Ten Takeaways from the *Fraym Urban Markets Index*

1

Cairo dominates. The Egyptian capital tops the overall index and each of the three dimensions.

2

Little surprise at the top, with Johannesburg and Lagos rounding out the top three. Luanda, Kinshasa, and Khartoum making the top ten are perhaps less expected.

3

Nigerian cities dominate the rankings. Five Nigerian cities make the top 25, while the country accounts for 37 cities in the top 100 *(Figures 2 & 3)*.

4

South Africa is second with nine cities in the top 100: Johannesburg (2), Cape Town (7), Durban (13), Pretoria (21), Vereeniging (35), Port Elizabeth (36), Witbank (74), Pietermaritzburg (81), and Rustenburg (88).

5

The overachieving hubs are Tunis, Nairobi, and especially Addis Ababa. These relatively small but well-connected cities are punching above their weight by functioning as hubs of commerce and transportation. Ethiopia's capital ties Cairo for the most international flight destinations (57).

6

Kinshasa is a huge but relatively unconnected market. DRC's capital scores third in total emerging consumers, but ranks just 22nd on connections.

7

Holy Ouagadougou! Several little-known Francophone cities far outrank better-known English-speaking capitals. Douala (23), Yaoundé (24), Ouagadougou (26), and Bamako (28) all rank relatively high, while Lusaka (30), Kampala (37), Harare (51), Kigali (61), Mombasa (67), and Bulawayo (121) all rank lower than might be expected. Gaborone doesn't even make the list, as its population is below the 300,000 minimum for inclusion.

8

Capital cities rule, with few large second cities. Outside Nigeria and South Africa, the only second cities in the top 50 are Alexandria (9), Kumasi (31), Marrakech (34), Huambo (42), Fez (43), Lubumbashi (47), and Tangier (50).

9

Urban consumer power is larger than expected – but highly concentrated. In the 169 clusters, there are a total of 200 million people living in homes with a car, motorcycle, television, or refrigerator *(Table 2)*. Of these, 25% live in Cairo, Lagos, Kinshasa, and Johannesburg, while 50% live in the top 18 cities.
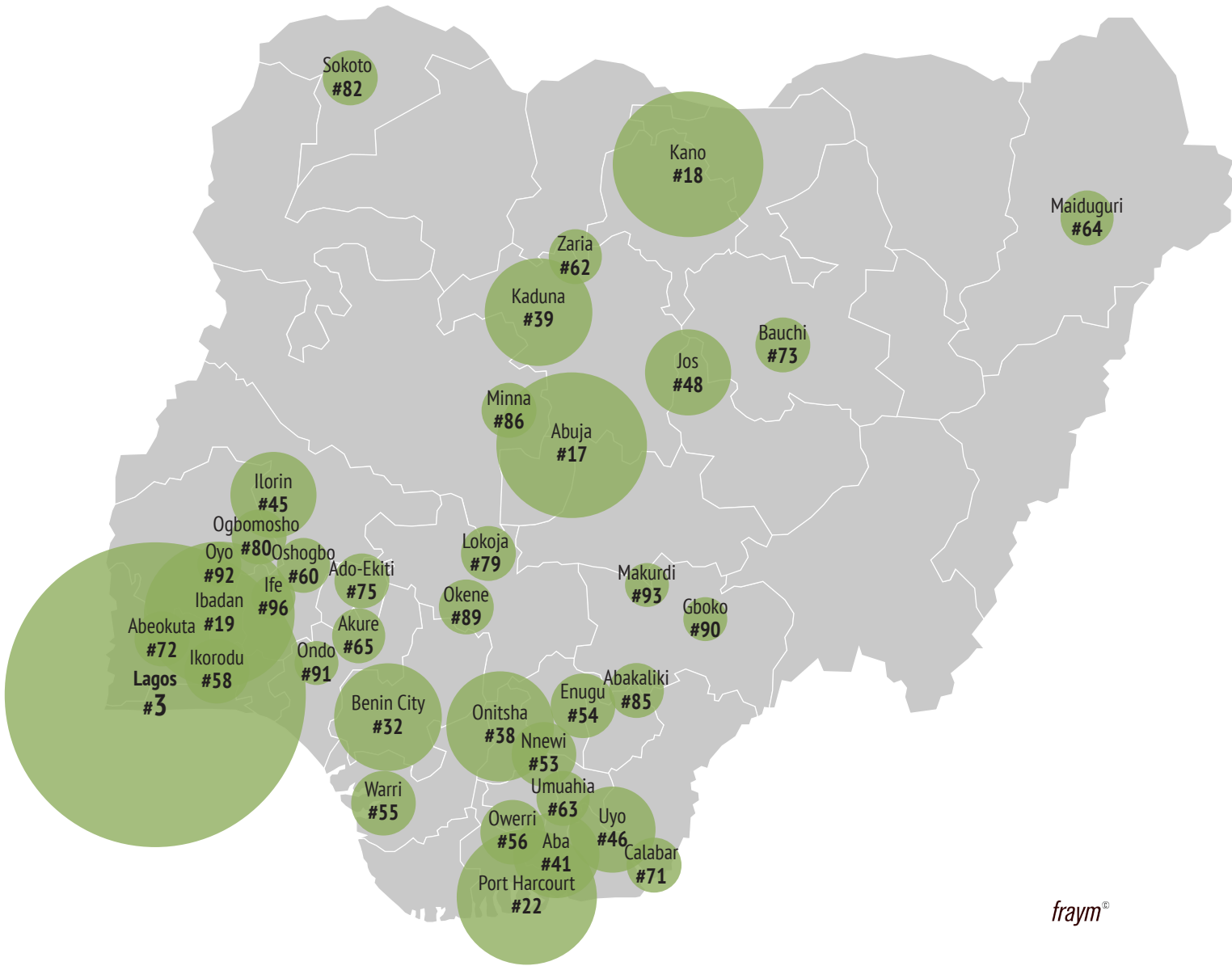
Africa's **Growing Urban Consumer Class**
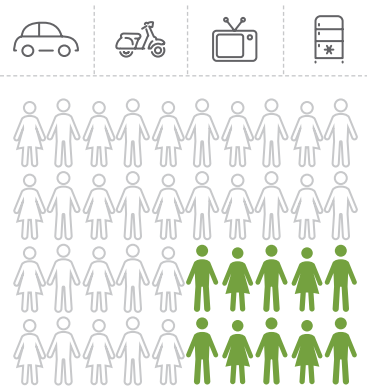
200
million people live in homes with a car, motorcycle, television or refrigerator

25%
of these emerging consumers live in Cairo, Lagos, Kinshasa, and Johannesburg

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10

In East Africa versus West Africa, the winner is…. Lagos. The metropolis of Lagos has roughly the same-sized urban consumer class (12.2 million) as all thirteen large cities in the East African Community (12.5 million in Burundi, Kenya, Tanzania, Rwanda, Uganda). The consumer class in Nigeria's 37 cities is 41.6 million.

Figure 2: Nigeria's Many Mega Markets
(Index rank)

Sokoto #82

Kano #18

Maiduguri #64

Zaria #62

Kaduna #39

Bauchi #73

Jos #48

Minna #86

Abuja #17

Ilorin #45

Ogbomosho #80

Oyo #92

Oshogbo #60

Ado-Ekiti #75

Lokoja #79

Makurdi #93

Ife #96

Okene #89

Gboko #90

Ibadan #19

Akure #65

Abeokuta #72

Ondo #91

Ikorodu #58

Lagos #3

Benin City #32

Onitsha #38

Enugu #54

Abakaliki #85

Nnewi #53

Warri #55

Umuahia #63

Owerri #56

Uyo #46

Aba #41

Calabar #71

Port Harcourt #22

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Source: *Fraym*

Figure 3: Concentration of **Top 100 Biggest Markets**
(Cities in the Top 100 by country)

Country	Cities
Nigeria	37
South Africa	9
Morocco	8
Egypt	4
Angola	3
Ghana	3
Cameroon	2
Republic of Congo	2
Democratic Republic of the Congo	2
Kenya	2
Tunisia	2
Tanzania	2
Zambia	2
20 countries	1
18 countries	0
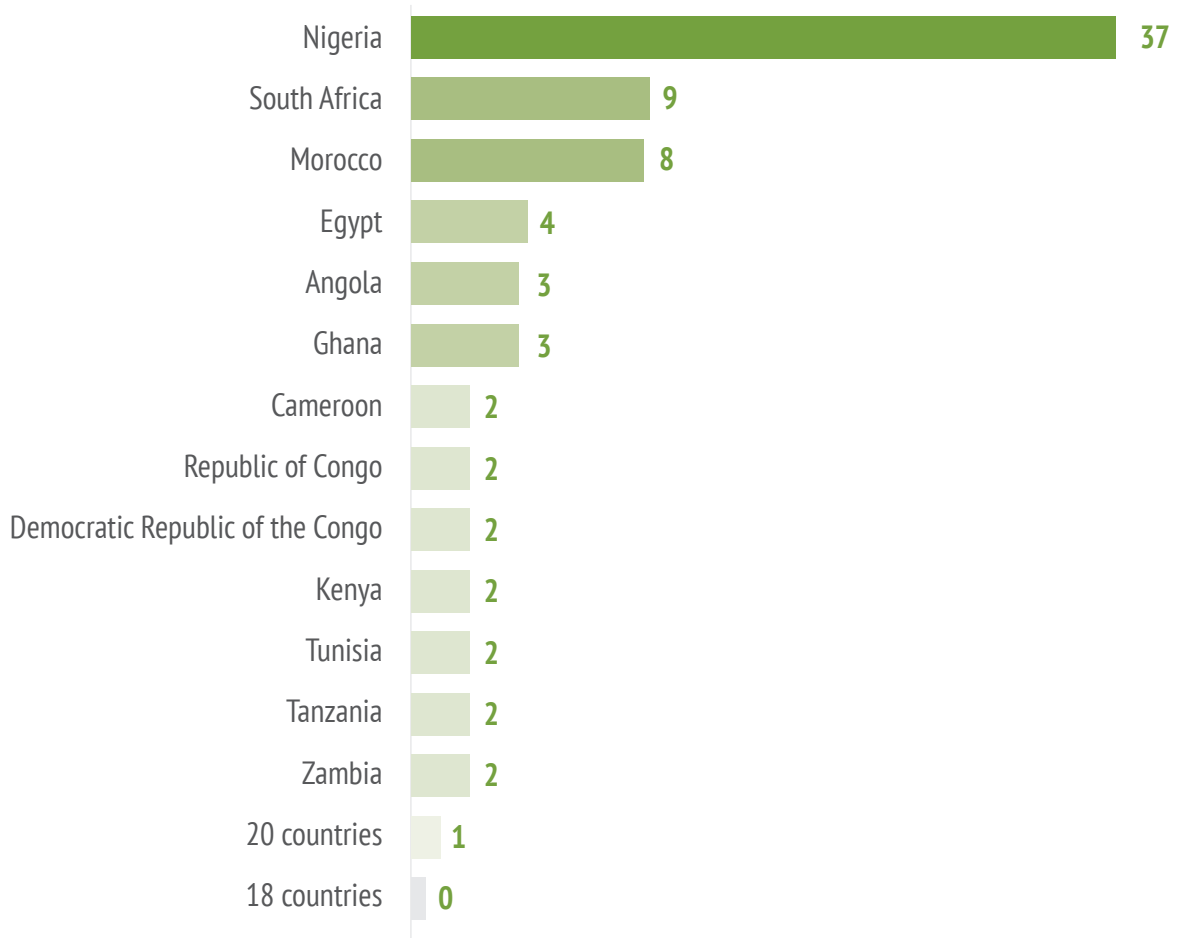
Source: *Fraym*

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Table 2: Africa's Consumer Class, **Top 25**
(Number of people living in households with a car, motorcycle, television, or refrigerator)

Cairo	18,700,000
Lagos	12,200,000
Kinshasa	10,100,000
Johannesburg	8,600,000
Luanda	5,400,000
Alexandria	4,800,000
Khartoum	4,500,000
Abidjan	4,200,000
Dar es Salaam	3,900,000
Cape Town	3,500,000
Casablanca	3,400,000
Dakar	3,200,000
Nairobi	3,000,000
Yaoundé	2,800,000
Kano	2,900,000
Ibadan	2,800,000
Douala	2,700,000
Addis Ababa	2,600,000
Durban	2,600,000
Algiers	2,600,000
Kumasi	2,400,000
Abuja	2,400,000
Ouagadougou	2,400,000
Bamako	2,200,000
Port Harcourt	2,200,000

Note: estimates are rounded to the nearest 100,000.
Source: *Fraym*