

# Nigerian market poised for strong business aviation growth

The Nigerian Commercial aviation industry has contributed about N137.9 billion to the Nigerian Gross Domestic Product (GDP), and projected investment of USD 12 billion in the short and medium term should lead to passengers' growth to between 12 and 25 million by 2018.



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What's more, industry data revealed that Nigeria's passenger traffic for inbound and outbound destinations soared to 21 million in 2014, surpassing the 2013 record by over 20%.

"There has been tremendous economic growth in Nigeria and with the increase in wealth and the expansion of trade and business opportunities, the demand for business travel has also expanded," says Melanie Humphries, head of aviation finance for Africa at Investec.

"The primary reason is that business aircraft are a necessary tool for many high net worth individuals and corporates that do business in and around Africa. Poor regional connectivity and limited infrastructure means that air travel is still the preferred mode of transport for passengers and cargo - presenting an opportunity for the aviation industry in Nigeria and Africa as a whole. In fact, business jets in Africa, and the access, predictability and passenger safety they provide, are playing a critical role in realising the continent's growth potential."

The African business aviation market has been resilient through the global financial crisis and new aircraft sales fared better than developed markets such as Europe and North America. In fact, according to market statistics Africa's business jet fleet has more than doubled in the last decade. Africa's two largest business aircraft registries, South Africa and Nigeria, account for over 50% of the entire fleet of business aircraft in all of Africa. Between 2014 and 2033, 685 business jet deliveries are expected in this region, with a fleet compound annual growth rate (CAGR) of 5%3 over the forecast period.

As a bank of African origin, Investec is recognised as a leading aviation financier both on the continent and globally. It has

been named the best business jet financier in Africa for four consecutive years based on its ability to execute deals across various African jurisdictions. In addition, Investec was appointed as one of only two Qualified Advisors to the Export Import Bank of the United States to support the funding of US-manufactured exported aircraft. "Where available, ECA funding solutions remain a very attractive source of funding for capital equipment", says Humphries.

Commercial Air transport supports 6.9 million jobs and \$80.5 billion<sup>5</sup> in GDP in Africa and it is forecasted that the number of jobs supported by aviation and tourism will grow to 10.5 million by 2032, a 51% increase. Moreover, the contribution to GDP is forecast to grow to \$168.7 billion by 2032, a 109% increase on 2012 figures.

"Demand for business aircraft is highly correlated to wealth creation, which of course is dependent on economic growth. The African fleet has more than doubled since 2000 and now comprises around 2.4% of the world corporate jet population and as business jets are increasingly being seen as an productive business tool, the long-term prospects for business aviation remain strong," concludes Humphries. With its extensive experience in financing both new and pre-owned aircraft, Investec remains well positioned to capitalise on growth in this industry.

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