

Urban Growth Dynamics, Business Location Decisions and the Changing Geography of Service Employment in South-South Nigeria

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ABSTRACT

Service activities now account for the largest share of output and urban employment in Nigeria, yet their spatial organisation within the fast-growing cities of the South South geopolitical zone remains poorly documented. This study examines how urban growth dynamics shape business location decisions and, through them, the changing geography of service employment in six state capitals and commercial centres of the zone: Port Harcourt, Benin City, Warri, Uyo, Calabar and Yenagoa. Three objectives guided the study: to examine the pattern of urban growth and its relationship with the spatial distribution of service establishments; to identify the factors influencing the location decisions of service businesses; and to assess the changes in the spatial distribution of service employment between the urban core and the periphery. A cross sectional survey design was adopted. A structured questionnaire was administered to 400 owners and managers of service establishments selected through multistage and stratified random sampling, complemented by field observation and secondary data. Data were analysed using frequency counts and simple percentages and presented in tables. Findings indicate that about two thirds of service establishments were set up within the last ten years and that new firms locate increasingly in peripheral and corridor locations rather than in traditional central business districts. Accessibility to customers, cost of land and rent, security, and availability of electricity and road infrastructure were the leading location factors. A majority of respondents reported relocating or opening branches away from congested cores, signalling a shift toward a polycentric and corridor based geography of service employment. The study concludes that service employment in the region is decentralising faster than planning frameworks are adapting. It recommends updated master plans, planned secondary business centres, infrastructure-led corridor development, improved security and land-administration reforms that formalise peripheral service clusters.

1. INTRODUCTION

Nigeria is in the middle of one of the fastest urban transitions in the world. The country's urban population grew from fewer than seven million in 1960 to more than 128 million in 2024, and it is projected to reach about 264 million by 2050 (World Bank, 2025). The share of Nigerians living in urban areas rose from about 15 per cent in 1960 to roughly 54 per cent in 2022, with official projections pointing to 70 per cent by 2050 (Federal Ministry of Housing and Urban Development, 2024; United Nations, 2019). Contrary to earlier claims that African urbanisation had stalled, Fox, Bloch and Monroy (2018) show that Nigeria's urban transition has been sustained and widespread, driven by both natural increase and the reclassification of expanding settlements.

This demographic shift has been accompanied by a structural shift in the economy. Following the 2025 rebasing of national accounts to a 2019 base year, the services sector emerged as the largest contributor to Nigeria's gross domestic product, accounting for over half of total output in 2024, ahead of agriculture and industry (National Bureau of Statistics [NBS], 2025). Telecommunications, finance, real estate, trade, transport, hospitality and professional services now drive non oil growth. Much of this activity is urban, and much of it is informal or small-scale (Nwaka et al., 2024). The pattern resembles what Gollin, Jedwab and Vollrath (2016) describe as "urbanisation without industrialisation": cities growing around consumption and service activities rather than factory employment, a trajectory also linked to premature deindustrialisation in developing economies (Rodrik, 2016).

The South South geopolitical zone, made up of Akwa Ibom, Bayelsa, Cross River, Delta, Edo and Rivers States, offers a distinctive setting for examining these processes. The zone is Nigeria's hydrocarbon heartland, and its cities grew historically around oil and gas administration, port functions and public sector employment. Port Harcourt, Warri, Benin City, Uyo, Calabar and Yenagoa have each expanded rapidly over the past three decades, often well beyond their planned boundaries. Remote sensing studies of Greater Port Harcourt record rapid conversion of agricultural land and wetlands to built up uses, with further urban expansion expected under current development plans (Dan-Jumbo, Metzger & Clark, 2018; Wali & Phil-Eze, 2018). Similar peripheral growth has been reported along the corridors linking these cities to their hinterlands.

As cities spread outward, the location choices of service businesses change too. Banks, telecommunications outlets, private schools, hospitals, hotels, supermarkets, filling stations, eateries and professional offices weigh accessibility, land cost, security, infrastructure and proximity to customers when deciding where to locate. The outcome of these decisions, summed across thousands of firms, produces the geography of service employment: where jobs are, who can reach them and how cities function. International evidence suggests that service employment tends to decentralise from dominant central business districts into subcentres and corridors as cities grow (Giuliano & Small, 1991; Coffey & Shearmur, 2002; McMillen & Smith, 2003). Whether the same is happening in South-South Nigeria, and why, has received little systematic attention.

Existing Nigerian studies have tended to focus either on land-use and land cover change measured from satellite imagery, or on the characteristics of informal enterprises, without linking urban growth, firm location behaviour and the spatial redistribution of jobs in one framework (Ajayi, 2007; Nwaka et al., 2024). Planning practice in the zone also still relies heavily on master plans that assume a dominant central business district. This gap between how cities are changing and how they are planned is the problem this study addresses. This study therefore investigates the relationship between urban growth dynamics, business

location decisions and the changing geography of service employment in South South Nigeria. Its findings are intended to inform urban and regional planners, state governments, investors and development partners seeking to manage growth in the region's cities.

2. Aim and Objectives of the Study

The aim of this study is to examine how urban growth dynamics influence business location decisions and the changing geography of service employment in South South Nigeria. To achieve this aim, the study pursued the following objectives:

1. To examine the pattern of urban growth and its relationship with the spatial distribution of service establishments in selected cities of South South Nigeria.
2. To identify the factors influencing the location decisions of service businesses in the study area.
3. To assess the changes in the spatial distribution of service employment between the urban core and peripheral areas of the study area.

3. Research Questions

The study sought answers to the following questions:

1. What is the pattern of urban growth, and how is it related to the spatial distribution of service establishments in selected cities of South South Nigeria?
2. What factors influence the location decisions of service businesses in the study area?
3. How has the spatial distribution of service employment changed between the urban core and peripheral areas of the study area?

4. Literature Review

4.1 Urban Growth Dynamics in Nigeria

Urban growth refers to the increase in the population, built up area and economic activity of urban settlements over time. It combines demographic growth, physical expansion and functional change (UN-Habitat, 2022). In sub-Saharan Africa the physical footprint of cities has been expanding faster than their populations, producing lower densities and extensive peri-urban development (Lall, Henderson & Venables, 2017; OECD/SWAC, 2020). Africapolis data show that much of Africa's recent urban growth occurs in intermediate cities and in the merging of formerly separate settlements into continuous urban agglomerations (OECD/SWAC, 2020).

Nigeria exemplifies these trends. Bloch, Fox, Monroy and Ojo (2015) estimate that Nigeria's urban population has grown at well above the national population growth rate for decades, with an increasing share living in secondary cities rather than in Lagos alone. The World Bank's recent assessment of eleven major Nigerian cities warns that unplanned growth, service gaps and unchecked sprawl are undermining liveability and economic potential, and notes that nearly half of the urban population lives in slum conditions (World Bank, 2025). Figure 1 summarises the trajectory of Nigeria's urban share.

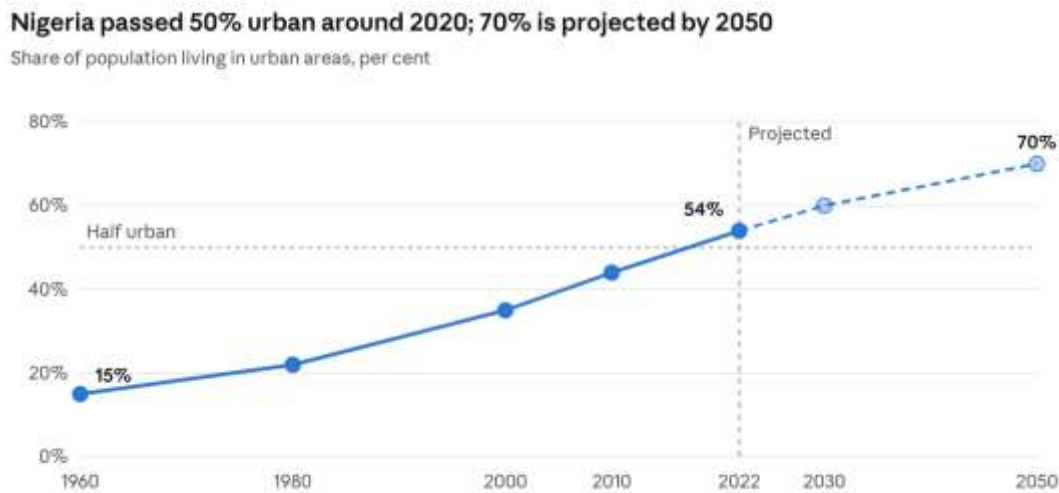


Figure 1. Urban share of Nigeria's population, 1960–2050. Sources: United Nations (2019) estimates, rounded; Federal Ministry of Housing and Urban Development (2024) for 2022 and projections. shows that the urban share has more than tripled since independence, and that the steepest rise occurred after 2000, the period in which the South South cities studied here expanded most rapidly.

In the South South, urban growth has followed the oil economy. Port Harcourt expanded from a colonial port and coal terminal into the centre of the oil and gas industry, attracting migrants from across the Niger Delta. Satellite based analyses show that the built up area of Greater Port Harcourt increased rapidly between 1986 and 2003, mainly at the expense of agricultural land, and is projected to expand by a further 80 per cent by 2060 under planned development (Dan-Jumbo et al., 2018). Studies of the Port Harcourt metropolis also document heavy pressure on freshwater and saltwater wetlands from settlement, sand dredging and industrial activity (Wali & Phil-Eze, 2018). Growth in Benin City, Warri, Uyo, Calabar and Yenagoa has similarly extended along major roads, producing ribbon development and new suburbs that often lack planned infrastructure.

4.2 The Service Sector and Urban Economies

The service sector covers activities that produce intangible outputs: wholesale and retail trade, transport, accommodation and food, information and communication, finance and insurance, real estate, professional services, education, health and public administration. The Clark Fisher model of structural change holds that, as incomes rise, employment shifts from primary to secondary and then to tertiary activities (Clark, 1940). In many African economies, however, labour has moved directly from agriculture into urban services without passing through a large manufacturing phase (Gollin et al., 2016; Rodrik, 2016).

Nigeria's rebased national accounts confirm the dominance of services. The National Bureau of Statistics (2025) reports that the services sector accounted for more than half of nominal GDP in 2024, with information and communication, trade and real estate among the leading contributors, and that the rebasing improved coverage of previously under recorded activities such as digital services and water transport. Service activities are also the main source of urban jobs, much of them informal. Nwaka, Emeagwali and Esaku (2024), using national household survey data, find that whether informal service enterprises operate from home or from separate premises significantly affects their productivity, and that infrastructure, education, gender and geopolitical zone shape these locational differences. Service activities differ from manufacturing in their locational logic. Many consumer services must be close to

customers because their output cannot be stored or transported, so they follow population. Higher order business services, by contrast, gain from face to face contact and tend to cluster in central or prestigious locations (Daniels, 1993, Sassen, 2001). As cities grow, these two logics can pull service employment in different directions.

4.3 Business Location Decisions

Business location decisions are choices made by firms about where to establish, expand or relocate their operations. Classical location theory emphasised transport costs and market areas (Weber, 1929; Hotelling, 1929; Christaller, 1966), while later work added agglomeration economies, land rent and institutional factors (Alonso, 1964; Krugman, 1991; Porter, 2000). Agglomeration economies arise from sharing inputs and infrastructure, matching workers to jobs, and learning through proximity (Duranton & Puga, 2004).

In developing country cities, location choices are also shaped by constraints that are less prominent in classical models. These include insecure land tenure, high and unpredictable rents, unreliable electricity, poor roads, traffic congestion, insecurity and multiple taxation (Lall et al., 2017; World Bank, 2025). Anheier (1992), studying informal enterprises in Lagos and Ibadan, found that the local economic environment predicted firm behaviour better than industry type, suggesting that location itself is a key determinant of business outcomes in Nigerian cities. A survey of 228 chief executives in Nigerian ICT clusters, including Otigba Computer Village in Lagos, found that human capital, coopetition, resource sharing and outsourcing explain the performance benefits of co-location (Awolaye, 2022).

4.4 Decentralisation and the Changing Geography of Service Employment

The classic monocentric city model assumes that employment is concentrated in a single central business district (CBD), with land rents and densities falling with distance from the centre (Alonso, 1964). Empirical work in North America and Europe since the 1990s has shown that large cities increasingly have multiple employment subcentres, producing polycentric urban structures (Giuliano & Small, 1991; McMillen & Smith, 2003). Garreau (1991) described the rise of "edge cities" where offices, retail and services concentrate at suburban highway junctions.

Service employment has been central to this shift. Coffey and Shearmur (2002) found that high order service employment in Montreal both concentrated in the CBD and dispersed into suburban centres, depending on the sector. Shearmur and Alvergne (2002) showed that business services in the Paris region follow sector specific location patterns rather than a single centralising or decentralising trend. Information and communication technologies have further loosened the dependence of some services on central locations (Duranton & Puga, 2020).

In African cities, the evidence is more limited but suggests similar forces at work, often driven less by planned subcentres than by spontaneous commercial development along arterial roads, at transport nodes and in new residential estates (Fox & Goodfellow, 2016; OECD/SWAC, 2020). Congestion, high central rents, insecurity and the movement of middle-income households to the periphery encourage banks, supermarkets, schools, clinics and eateries to follow their customers outward.

4.5 Empirical Gap

The literature reviewed shows three gaps. First, studies of urban growth in South-South Nigeria have concentrated on physical land use change and environmental effects, with less

attention to the economic activities that drive and follow that growth (Dan-Jumbo et al., 2018; Wali & Phil Eze, 2018). Second, research on Nigerian enterprises has examined firm characteristics and productivity but rarely the spatial outcome of firms' location choices within cities (Nwaka et al., 2024). Third, the decentralisation and polycentricity literature is drawn mainly from cities in high income countries. This study addresses these gaps by linking urban growth, location decisions and the geography of service employment across six South-South cities.

5. Theoretical Framework

The study draws on three complementary theories: the Bid Rent Theory, the Central Place Theory and Agglomeration Economies Theory. Together they explain why service firms choose particular locations, and how those choices change as cities grow.

5.1 Bid-Rent Theory

The Bid-Rent Theory, formalised by Alonso (1964) from the earlier work of von Thünen, holds that different land users are willing to pay different rents for land at varying distances from the city centre. Commercial and service users, which depend most on accessibility to customers, outbid residential and industrial users for central locations. Land rents therefore decline from the CBD outward, producing concentric land use zones. The theory predicts that as a city grows, central rents and congestion rise, and activities that cannot sustain those costs move outward. For the South-South cities studied here, the theory helps explain why small and medium service firms are moving from the old commercial cores of Port Harcourt, Benin City and Warri to cheaper peripheral and corridor locations, while high order services such as corporate banking and oil service offices remain in or near prestige districts.

5.2 Central Place Theory

Christaller's (1966) Central Place Theory explains the number, size and spacing of settlements and service centres as a function of market areas. Each service has a threshold, the minimum population needed to support it, and a range, the maximum distance customers will travel for it. Low order services such as provision stores, eateries and pharmacies have low thresholds and short ranges, so they are widely dispersed. High order services such as specialist hospitals, universities and head offices have high thresholds and long ranges, so they concentrate in fewer, larger centres. As urban populations spread outward, new peripheral districts reach the thresholds needed to support services that were once available only in the centre. This gives rise to a hierarchy of new service centres within the metropolitan area, which is the process this study observes.

5.3 Agglomeration Economies Theory

Agglomeration economies are the cost and productivity advantages firms gain from locating close to one another (Marshall, 1920; Krugman, 1991). Duranton and Puga (2004) group these advantages into sharing (of infrastructure, suppliers and labour pools), matching (of workers to jobs) and learning (through the exchange of knowledge). Porter (2000) extends the idea to clusters of related firms and institutions. Agglomeration explains why service firms continue to cluster even as they decentralise: banks, eateries, fuel stations and retail outlets gather together in new subcentres and along arterial roads rather than scattering randomly. It also explains the persistence of clusters such as the Garrison and Trans-Amadi areas in Port Harcourt or Ring Road in Benin City.

5.4 Relevance to the Study

No single theory explains the observed patterns on its own. The Bid-Rent Theory explains the push from congested, costly cores; Central Place Theory explains the pull of new peripheral markets as population disperses and Agglomeration Economies explain why firms recluster in new centres instead of dispersing evenly. Combined, they predict a transition from a monocentric to a polycentric and corridor based geography of service employment. Figure 2 sets out the conceptual framework that links these ideas to the study's three objectives.

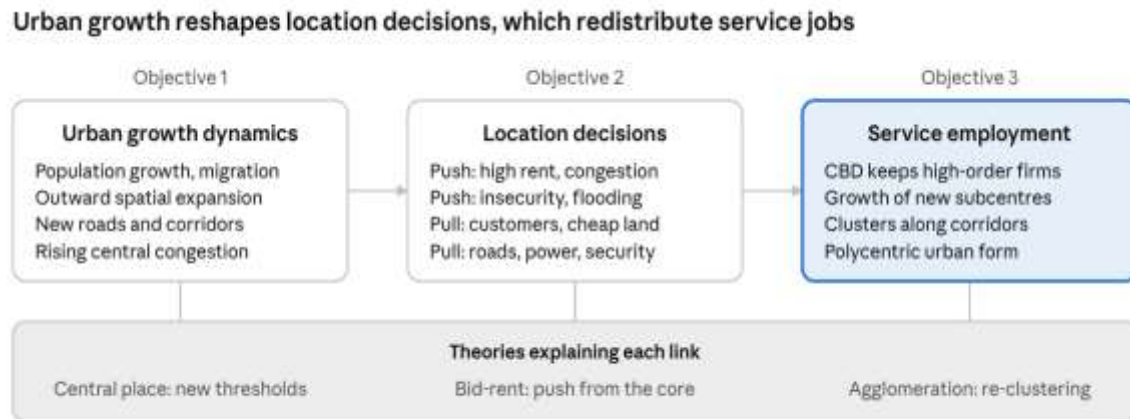


Figure 2. Conceptual framework of the study. Source: authors' conceptualisation, 2026.

Urban growth creates new markets and raises costs at the centre; firms respond through push and pull factors; and their choices, summed together, produce a polycentric geography of service employment.

6. Materials and Method

6.1 Study Area

The study was carried out in the South-South geopolitical zone of Nigeria, which comprises Akwa Ibom, Bayelsa, Cross River, Delta, Edo and Rivers States. The zone lies largely within the Niger Delta, between latitudes 4°N and 7°N and longitudes 5°E and 9°E, and is characterised by a dense network of creeks, mangrove swamps, rainforest and coastal plains. It is the centre of Nigeria's oil and gas industry and hosts major seaports, refineries, petrochemical plants and the operational bases of multinational oil companies. Six urban centres were selected Port Harcourt (Rivers), Benin City (Edo), Warri (Delta), Uyo (Akwa Ibom), Calabar (Cross River) and Yenagoa (Bayelsa). These include the five state capitals and Warri, the zone's main commercial city outside a capital. All six have experienced rapid spatial expansion and have both traditional commercial cores and newer peripheral service clusters.

6.2 Research Design

The study adopted a cross-sectional descriptive survey design. This design was considered appropriate because it allows information to be collected from a large number of businesses at one point in time and described in terms of frequencies and percentages (Creswell & Creswell, 2023).

6.3 Population and Sample Size

The population of the study consisted of owners and managers of registered and identifiable service establishments in the six cities, including retail and wholesale trade, food and hospitality, banking and financial services, ICT and telecommunications, education, health, professional services and transport. Because no complete register of service establishments exists for the cities, the population was estimated from state business-premises registers and reconnaissance counts. The sample size of 400 was determined using the Taro Yamane (1967) formula at a 5 per cent margin of error:

$$n = N / [1 + N(e)^2] \dots\dots\dots (1)$$

where n is the sample size, N is the estimated population of service establishments and e is the margin of error (0.05). For a large population, the formula yields approximately 400.

6.4 Sampling Technique

A multistage sampling technique was used. In the first stage, the six cities were purposively selected. In the second stage, each city was divided into four locational zones the traditional central business district (core), inner suburbs, peripheral areas and new estates, and major road corridors. In the third stage, the 400 questionnaires were allocated to the cities in proportion to their estimated number of service establishments, and stratified by type of service. Respondents were then selected using systematic random sampling along streets and within business clusters in each zone.

6.5 Instrument and Data Collection

Primary data were collected with a structured questionnaire titled Urban Growth and Service Business Location Questionnaire (UGSBLQ). It had four sections: (A) demographic and business characteristics; (B) urban growth and location pattern (Research Question 1); (C) factors influencing location decisions (Research Question 2) and (D) changes in location and employment (Research Question 3). The instrument was validated by three experts in urban and regional planning and in measurement and evaluation. A pilot test with 30 businesses in Owerri, outside the study area, gave a Cronbach's alpha reliability coefficient of 0.82 [confirm with your pilot data]. The questionnaires were administered face to face by the researchers and trained field assistants, supported by direct field observation of business clusters. Secondary data were obtained from the National Bureau of Statistics, state ministries of physical planning and urban development, and published literature.

6.6 Method of Data Analysis

Data were coded and analysed with the Statistical Package for the Social Sciences (SPSS). Descriptive statistics, specifically frequency counts and simple percentages, were used to analyse the demographic variables and the three research questions. Results are presented in tables. Percentages were computed as:

$$P = (f / n) \times 100 \dots\dots\dots (2)$$

where P is the percentage, f is the frequency of a response and n is the total number of valid responses. Percentages may not sum to exactly 100 because of rounding.

6.7 Ethical Considerations

Participation was voluntary and respondents gave informed consent. Business names and personal identifiers were not recorded, and all responses were treated as confidential and used only for academic purposes.

7. Data Analysis, Results and Discussion of Findings

[Placeholder data: replace every figure in Tables 1 to 5 with your field results and recheck the interpretation.]

7.1 Questionnaire Distribution and Return Rate

Of the 400 questionnaires administered, 372 were correctly completed and returned, a return rate of 93.0 per cent. This was considered adequate for analysis.

Table 1: Distribution and return of questionnaires by city

City	State	Distributed	Returned	Return rate (%)	Share of returned (%)
Port Harcourt	Rivers	110	104	94.5	28.0
Benin City	Edo	90	84	93.3	22.6
Warri	Delta	60	56	93.3	15.1
Uyo	Akwa Ibom	55	51	92.7	13.7
Calabar	Cross River	50	46	92.0	12.4
Yenagoa	Bayelsa	35	31	88.6	8.3
Total		400	372	93.0	100.0

Source: Field survey, 2026.

7.2 Demographic and Business Characteristics of Respondents

Table 2: Demographic and business characteristics of respondents (n = 372)

Variable	Category	Frequency	Percent (%)
Sex	Male	218	58.6
	Female	154	41.4
Age (years)	18–30	71	19.1
	31–40	132	35.5
	41–50	104	28.0
	51 and above	65	17.5
Highest education	No formal / primary	12	3.2
	Secondary	79	21.2

	OND / NCE	93	25.0
	HND / first degree	148	39.8
	Postgraduate	40	10.8
Type of service	Retail and wholesale trade	98	26.3
	Food and hospitality	62	16.7
	Banking, finance and POS	41	11.0
	ICT and telecommunications	37	9.9
	Education	34	9.1
	Health and pharmacy	31	8.3
	Professional and business services	29	7.8
	Transport, logistics and others	40	10.8
Years in operation	Less than 5	109	29.3
	5–10	128	34.4
	11–20	89	23.9
	More than 20	46	12.4
Number of employees	1–4	167	44.9
	5–9	112	30.1
	10–49	74	19.9
	50 and above	19	5.1

Source: Field survey, 2026.

Table 2 shows that 58.6 per cent of respondents were male and 41.4 per cent female, reflecting the substantial participation of women in urban service enterprise. Most respondents (63.5 per cent) were aged between 31 and 50 years, the economically most active group. Half (50.6 per cent) held an HND, first degree or higher, indicating a fairly educated business population able to make informed location choices. Retail and wholesale trade (26.3 per cent) and food and hospitality (16.7 per cent) were the largest service categories, consistent with the dominance of trade in Nigeria's service economy (NBS, 2025). Notably, 63.7 per cent of establishments had been in operation for ten years or less, and 75.0 per cent employed fewer than ten workers, confirming that the service economy of the zone is young and dominated by micro and small enterprises (Nwaka et al., 2024).

7.3 Research Question 1: Pattern of Urban Growth and the Spatial Distribution of Service Establishments

Table 3a: Location zone of service establishments by period of establishment

Location zone	Before 2016: f (%)	2016 and after: f (%)	Total: f (%)
Traditional CBD / core	61 (58.7)	43 (41.3)	104 (28.0)
Inner suburbs	44 (44.9)	54 (55.1)	98 (26.3)
Peripheral areas / new estates	18 (18.7)	78 (81.3)	96 (25.8)
Major road corridors	12 (16.2)	62 (83.8)	74 (19.9)
Total	135 (36.3)	237 (63.7)	372 (100.0)

Row percentages in the first two columns, column percentages in the Total column. Source: Field survey, 2026.

Table 3b: Respondents' views on urban growth and business location (n = 372)

Statement	Agree: f (%)	Undecided: f (%)	Disagree: f (%)
Expansion of the city has brought new customers to my area	289 (77.7)	27 (7.3)	56 (15.1)
New roads opened up new locations for business	263 (70.7)	38 (10.2)	71 (19.1)
Growth of residential estates influenced where I located	241 (64.8)	44 (11.8)	87 (23.4)
Congestion in the city centre has reduced my business	198 (53.2)	51 (13.7)	123 (33.1)

Source: Field survey, 2026.

Table 3a shows that although the traditional core still holds the largest single share of establishments (28.0 per cent), it is the zone with the oldest stock of businesses: 58.7 per cent of core establishments were set up before 2016. By contrast, 81.3 per cent of establishments in peripheral areas and 83.8 per cent of those on major road corridors were set up in 2016 or later. Peripheral and corridor zones together accounted for 45.7 per cent of all establishments, but for 59.1 per cent (140 of 237) of those set up in the last ten years. New service investment is therefore following the outward growth of the cities.

Table 3b supports this interpretation. More than three-quarters of respondents (77.7 per cent) agreed that city expansion had brought new customers to their area, and 70.7 per cent agreed that new roads had opened up business locations. Nearly two-thirds (64.8 per cent) said the growth of residential estates influenced their choice of site. These findings are consistent with Central Place Theory: as population spreads outward, new districts reach the thresholds needed to support services (Christaller, 1966). They also agree with remote-sensing evidence of rapid peripheral expansion in Greater Port Harcourt (Dan-Jumbo et al., 2018) and with the

wider observation that African urban growth increasingly takes the form of low-density peripheral and corridor development (OECD/SWAC, 2020; World Bank, 2025).

7.4 Research Question 2: Factors Influencing the Location Decisions of Service Businesses

Table 4: Factors influencing location decisions of service businesses (n = 372)

Rank	Location factor	Important: f (%)	Not important: f (%)
1	Accessibility to customers / market	331 (89.0)	41 (11.0)
2	Cost of land and rent	312 (83.9)	60 (16.1)
3	Security of lives and property	301 (80.9)	71 (19.1)
4	Electricity supply	276 (74.2)	96 (25.8)
5	Road access and parking	269 (72.3)	103 (27.7)
6	Proximity to similar businesses	214 (57.5)	158 (42.5)
7	Ease of approvals and level of taxes and levies	187 (50.3)	185 (49.7)
8	Avoidance of flood-prone sites	172 (46.2)	200 (53.8)
9	Proximity to owner's residence	158 (42.5)	214 (57.5)
10	Government incentives	63 (16.9)	309 (83.1)

Source: Field survey, 2026.

Table 4 shows that accessibility to customers was the most important location factor (89.0 per cent), followed by the cost of land and rent (83.9 per cent) and security (80.9 per cent). Infrastructure factors, namely electricity supply (74.2 per cent) and road access and parking (72.3 per cent), ranked fourth and fifth. Proximity to similar businesses was important to 57.5 per cent of respondents, while only 16.9 per cent regarded government incentives as important.

The primacy of market access confirms the classical view that consumer services must locate close to their customers (Hotelling, 1929; Christaller, 1966). The high ranking of land and rent costs reflects Bid-Rent Theory rising central rents push firms that cannot afford them toward cheaper peripheral land (Alonso, 1964). The importance of security, electricity and roads reflects the constraints of the Nigerian urban environment, where firms must often provide their own power and protection, and where these factors can outweigh classical cost considerations (Lall et al., 2017; World Bank, 2025). The moderate importance of proximity to similar businesses indicates that agglomeration still matters (Duranton & Puga, 2004; Awoleye, 2022). The very low importance of government incentives shows that location decisions are largely market driven, with planning and policy playing a weak role in shaping where service businesses go. The relevance of flood risk to nearly half of respondents also reflects the low lying, wetland setting of many South-South cities (Wali & Phil-Eze, 2018).

7.5 Research Question 3: Changes in the Spatial Distribution of Service Employment

Table 5a: Relocation and branch expansion of service businesses in the last ten years

Item	Response	Frequency	Percent (%)
Relocated premises (n = 372)	Yes	139	37.4
	No	233	62.6
Direction of relocation (n = 139)	Core to periphery or corridor	81	58.3
	Core to inner suburb	27	19.4
	Within the same zone	17	12.2
	Periphery to core	14	10.1
Opened a new branch (n = 372)	Yes	121	32.5
	No	251	67.5
Location of new branch (n = 121)	Periphery / new estates	52	43.0
	Major road corridors	39	32.2
	Inner suburbs	21	17.4
	Traditional CBD / core	9	7.4

Source: Field survey, 2026.

Table 5b: Change in number of employees in the last five years, by location zone

Location zone	Increased: f (%)	Stable: f (%)	Decreased: f (%)	Total
Traditional CBD / core	29 (27.9)	38 (36.5)	37 (35.6)	104
Inner suburbs	41 (41.8)	35 (35.7)	22 (22.4)	98
Peripheral areas / new estates	54 (56.3)	29 (30.2)	13 (13.5)	96
Major road corridors	45 (60.8)	21 (28.4)	8 (10.8)	74
Total	169 (45.4)	123 (33.1)	80 (21.5)	372

Source: Field survey, 2026.

Table 5a shows that 37.4 per cent of businesses had relocated in the last ten years. Of these, 77.7 per cent moved out of the core, either to the periphery and corridors (58.3 per cent) or to inner suburbs (19.4 per cent); only 10.1 per cent moved in the opposite direction. Among the 32.5 per cent of businesses that opened new branches, 75.2 per cent placed them in peripheral areas or on road corridors, and only 7.4 per cent in the traditional core.

Table 5b shows how these decisions translate into jobs. Workforces grew in 60.8 per cent of corridor businesses and 56.3 per cent of peripheral businesses, compared with only 27.9 per cent of core businesses. More core businesses reported a decrease (35.6 per cent) than an increase. Service employment growth is therefore concentrated outside the traditional centres.

These results indicate a clear shift from a monocentric to a polycentric and corridor-based geography of service employment. This mirrors the emergence of employment subcentres documented in other growing metropolitan areas (Giuliano & Small, 1991; McMillen & Smith, 2003) and the sector-specific decentralisation of services observed by Coffey and Shearmur (2002) and Shearmur and Alvergne (2002). Unlike in planned Western subcentres, however, the new clusters in South-South cities appear to be emerging spontaneously along arterial roads and in new estates, often ahead of planned infrastructure (Fox & Goodfellow, 2016; World Bank, 2025). The reclustering of new branches in a few peripheral locations, rather than their even dispersal, is consistent with Agglomeration Economies Theory (Krugman, 1991; Duranton & Puga, 2004).

8. Conclusion

This study examined how urban growth dynamics influence business location decisions and the changing geography of service employment in six cities of South-South Nigeria. Three conclusions follow from the findings. First, the outward expansion of the cities is redistributing service establishments. The traditional cores still hold the largest single share of businesses, but most new service investment over the past decade has gone to peripheral areas, new estates and major road corridors. City expansion, new roads and residential estates were all widely cited as influences on where firms located. Second, location decisions are driven mainly by market access, the cost of land and rent, security and infrastructure, especially electricity and roads. Agglomeration still matters, but government incentives play almost no role. Business location in the zone is therefore market-led and only weakly shaped by planning. Third, service employment is decentralising. Businesses are relocating and opening branches away from congested cores, and workforces are growing faster in corridor and peripheral businesses than in core businesses. The South-South cities are moving from a monocentric toward a polycentric and corridor-based structure, but this transition is happening spontaneously and faster than master plans, infrastructure provision and land administration are adapting. Without deliberate intervention, the new geography of service jobs risks reproducing congestion, sprawl, flood exposure and unequal access along the urban fringe.

9. Recommendations

Based on the findings, the study recommends the following:

1. Review and update city master plans. State ministries of physical planning and urban development in the six states should review existing master plans to recognise the emerging polycentric structure, designating secondary business districts and mixed-use subcentres where service clusters are already forming.
2. Plan and service growth corridors. Major arterial roads that are attracting service businesses should be planned as commercial corridors, with setback controls, service lanes, parking, drainage and pedestrian facilities, to prevent ribbon development from degrading road capacity.
3. Lead with infrastructure. Because electricity and road access strongly influence location decisions, governments and distribution companies should prioritise reliable power, roads and drainage in designated subcentres, using infrastructure provision to steer business location toward planned sites.

4. Strengthen urban security. Security agencies and state governments should improve policing, street lighting and community security in both cores and peripheral clusters, as insecurity is a leading push factor in location decisions.

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