

Middle East Data Center Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Middle East data center construction market is projected to register a CAGR of 14.74%.

Key Highlights

- The upcoming IT load capacity of the Middle East data center construction market is expected to reach 2,059.5 MW by 2029.
- The region's construction of raised floor area is expected to increase 9.7 million sq. ft by 2029.
- The region's total number of racks to be installed is expected to reach 496,769 units by 2029. Saudi Arabia is expected to house the maximum number of racks by 2029.
- There are close to 13 submarine cable systems connecting the Middle East, and many are under construction. One such submarine cable that is estimated to start service in 2024 is Blue, which stretches over 4696 Kilometers with a landing point in Tel Aviv.

Middle East Data Center Construction Market Trends

End-User Outlook

- The most significant market shares among end-user industries are projected to come from the cloud, telecom, e-commerce, and BFSI end users. As a result, the banking, financial services, and insurance (BFSI) sector, one of the key pillars of the region's economy, increased projects focusing on Industry 4.0.
- The region is witnessing several digital transformations, advancing the cloud industry. These initiatives, as well as similar others,

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are being carried out by the United Arab Emirates, Saudi Arabia, Israel, and the Rest of the Middle East.

- In Qatar, 60 new factories started operating in 2021, and the industrial sector generated over USD 15 billion in GDP during that year. The Qatar National Manufacturing Strategy focuses on developing advanced manufacturing value chains that utilize cutting-edge technologies to increase manufacturing and production, including robotics, artificial intelligence, augmented reality, 3D printing, and the Internet of Things.

- The telecom sector is expected to continue to rule due to the rising adoption of 5G networks. The expected 5G mobile data speed increase by 2029 is enormous, reaching 921 Mbps, thus boosting the demand for data center servers. The nation's deployment of 4G also creates a need for data centers.

- Moreover, the number of Internet subscribers in UAE increased drastically, reaching 3,740 thousand subscribers in June 2022. The growing demand is expected to increase the demand for servers in the market.

- The demand will likely increase during the forecast period due to the quick installation and growth of IT infrastructure. Israel was one of the eight Middle East and North Africa (MENA) nations to introduce commercial 5G by the end of March 2022. The country's telecom sector would expand due to the industry-wide demand for low latency rates. The need for data centers to provide a platform would increase as 5G gets popularity among the general public, easing the system requirements for the same.

Saudi Arabia is the largest Country

- In the coming years, the Middle East region is expected to increase its investment in the data center market. Several factors are facilitating the expansion of data centers in the area. The region's governments' smart city ambitions are driving a shift in how modern communities are built. Cities of the future, supported by digital technologies, are expected to generate massive amounts of data. It is critical to optimize data capture, storage, and processing.

- Domestic data growth and the emergence of 5G networks drive demand for localized data centers to speed up data transfer. Uncertain data sovereignty regulations in certain jurisdictions, including the Gulf Cooperation Council (GCC), drive data center investments. This emphasizes the importance of organizations such as banks retaining customer data within the country.

- The United Arab Emirates has been a prime location for data centers in the region as one of the frontrunners in the race to establish a robust and competitive digital economy. According to Arcadis' Data Centre Location Index, the UAE's "well-established fiber broadband network" helped the country secure the top spot for mobile broadband penetration. At the same time, the ease of obtaining construction permits and new smart city initiatives make it an emerging location for data center investment.

- Saudi Arabia launched a USD 18 billion strategy in July 2021 to establish a nationwide network of large-scale data centers. According to the Saudi Ministry of Communications and Information Technology, the first batch of investment partners includes local firms Gulf Data Hub, Al-Moammar Information Systems, and Saudi FAS Holding.

Middle East Data Center Construction Industry Overview

The Middle East data center construction market is fairly fragmented with significant players, such as Delta Electronics, Future Digital Data Systems, Saan Zahav, Ashi & Bushnag, and STULZ GMBH.

In July 2023, Al Moammar Information Systems (MIS), a Saudi IT firm, set up its new data center subsidiary and is reportedly developing 6 data centers with a total IT load capacity of 24MW. Such initiatives are expected to create opportunities for the vendors studied in the market.

In May 2023, Khazna Data Centers, based in UAE, announced its plans to build a data center in Egypt with an investment of USD 250 million. The company aims to build an IT load capacity of 25 MW for Egypt. This is expected to drive more opportunities for the vendors in the market.

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Additional Benefits:

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

Table of Contents:

1 INTRODUCTION

1.1 Study Assumption & Market Definition

1.2 Scope of the Study

2 Research Methodology

3 Executive Summary

4 Market Dynamics

4.1 Market Overview

4.2 Market Drivers

4.2.1 Rising Adoption of Renewable Energy Sources

4.2.2 Increase in 5G Deployments Fueling Edge Data Center Investments

4.2.3 Smart City Initiatives Driving Data Center Investments

4.3 Market Restraints

4.3.1 Security Challenges in Data Centers

4.3.2 Location Constraints on the Development of Data Centers

4.4 Value Chain / Supply Chain Analysis

4.5 Industry Attractiveness - Porter's Five Forces Analysis

4.5.1 Threat of New Entrants

4.5.2 Bargaining Power of Buyers/Consumers

4.5.3 Bargaining Power of Suppliers

4.5.4 Threat of Substitute Products

4.5.5 Intensity of Competitive Rivalry

4.6 Assessment of COVID-19 Impact

5 Key Industry Statistics

5.1 Planned/Under Construction IT Load Capacity

5.2 Planned/Under Construction Raised Floor Space

5.3 Planned/Under Construction Submarine Cable

6 MARKET SEGMENTATION

6.1 Tier Type

6.1.1 Tier 1 and 2

6.1.2 Tier 3

6.1.3 Tier 4

6.2 Data Center Size

6.2.1 Small

6.2.2 Medium

6.2.3 Large

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- 6.2.4 Mega
- 6.2.5 Massive
- 6.3 Infrastructure
 - 6.3.1 Cooling Infrastructure
 - 6.3.1.1 Air-based Cooling
 - 6.3.1.2 Liquid-based Cooling
 - 6.3.1.3 Evaporative Cooling
 - 6.3.2 Power Infrastructure
 - 6.3.2.1 UPS Systems
 - 6.3.2.2 Generators
 - 6.3.2.3 Power Distribution Unit (PDU)
 - 6.3.3 Racks and Cabinets
 - 6.3.4 Servers
 - 6.3.5 Networking Equipment
 - 6.3.6 Physical Security Infrastructure
 - 6.3.7 Design and Consulting Services
 - 6.3.8 Other Infrastructure
- 6.4 End-User
 - 6.4.1 IT & Telecommunication
 - 6.4.2 BFSI
 - 6.4.3 Government
 - 6.4.4 Healthcare
 - 6.4.5 Other End User
- 6.5 Geography
 - 6.5.1 Saudi Arabia
 - 6.5.2 United Arab Emirates
 - 6.5.3 Israel
 - 6.5.4 Rest of Middle East

7 COMPETITIVE LANDSCAPE

- 8 Company Profiles
 - 8.1 Turner Construction Co.
 - 8.2 DPR Construction Inc.
 - 8.3 Fortis Construction
 - 8.4 ABB Ltd.
 - 8.5 Airedale International Air Conditioning Ltd.
 - 8.6 AECOM Limited
 - 8.7 Alfa Laval AB
 - 8.8 Canovate S.A.
 - 8.9 CyrusOne Inc.
 - 8.10 Caterpillar Inc.
 - 8.11 Cummins Inc.
 - 8.12 Legrand
 - 8.13 Delta Group
 - 8.14 EAE Group
 - 8.15 Johnson Controls International PLC

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- 8.16 Schneider Electric SE
- 8.17 STULZ GMBH
- 8.18 Future Digital data Systems
- 8.19 Saan Zahav Ltd.
- 8.20 Ashi & Bushnag Co. Ltd.

9 INVESTMENT ANALYSIS

10 MARKET OPPORTUNITIES AND FUTURE TRENDS

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