Israel Data Center - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Israel Data Center Market size is estimated at 286.1 MW in 2025, and is expected to reach 376 MW by 2030, growing at a CAGR of 5.62%. Further, the market is expected to generate colocation revenue of USD 219 Million in 2025 and is projected to reach USD 354.1 Million by 2030, growing at a CAGR of 10.08% during the forecast period (2025-2030).

Tier 3 data centers accounts for majority market share in 2023, and expected to maintain dominace during forecasted period

- Tier 3 data center facilities accounted for an IT load capacity of 62.39 MW in 2022, which is projected to exhibit a CAGR of 2.25% to reach 72.89 MW in 2029.
- The increasing demand for higher redundancy rates is pushing colocation service providers to introduce more Tier 3 and Tier 4 facilities. The IT load capacity contributed by the existing and upcoming Tier 4 data center colocation facilities in Israel would account for about 66.98 MW by 2029, which would considerably support the overall market growth.
- The market would witness many cloud aggregators paying attention to the rising demand by Israeli users focusing on lesser latency and faster data transfer rates for highly responsive deployment of their software and cloud-based products.
- Tier 1 and 2 facilities were not observed in the region, as the market grows in an already developed global portfolio of data centers and fiber connectivity, highlighting how the adequate number of Tier 3 facilities is supporting the growing demand for facilitating modern technologies in Israel. The Tier 3 facilities, coupled with their associated operations and customers, would also create strong grounds for more Tier 4 facilities to surface in Israel during the forecast period.
- Several end-user service providers, including telecommunication service providers such as Bezeq International, utilize the capabilities of Tier 3 centers to cope with the rising data traffic and networking needs in Israel.

Israel Data Center Market Trends

Growing number of smartphone users, digitalization of different services, and increasing digital payments across the country boosts the market growth

- The total data traffic per smartphone was 5.2 GB in 2022. It is expected to reach 32 GB in 2029, registering a CAGR of 29.64% during the forecast period.
- Several end users witnessed an increase in mobile phones, which contributed to data traffic. For instance, the BFSI sector observed companies like Apple Pay and Google Pay entering the market in 2021. About two-thirds of Israel's terminals are capable of accepting wireless payments through such modes.
- The growth can be observed through the significant subscriber penetration of 74% in 2021, which is expected to reach 78% by 2025. This indicates the user inclination and network density in Israel.
- Similarly, the digitalization of different services would generate increased demands for data processing as data traffic increases. The e-commerce sector accounts for a penetration rate of 47% in Israel, which is expected to grow by 25% by 2025.

Increasing number of digital consumers boost the data center demand in country

- The total number of smartphone users was 7.1 million in 2022.
- It is expected to reach 8.4 million by 2029, registering a CAGR of 2.31% during the forecast period.
- About 71% of the Israeli population had mobile internet subscriptions in 2021. However, 28% did not use it, and 1% did not have access to a subscription.
- Smartphone usage in Israel was evident, with a prominent smartphone adoption rate of 84% in 2021, compared to a projected rate of 87% by 2025. This signifies growth potential, requiring an efficient network to facilitate device and service adoption.
- With a strong number of 455 million mobile subscribers expected in 2025 in Israel, the number of smartphone users would force telecom service providers to opt for better and faster data center facilities to cope with the increasing performance demand in Israel.

Israel Data Center Industry Overview

The Israel Data Center Market is fragmented, with the top five companies occupying 12.80%. The major players in this market are 3SAMNET, Bynet Data Communications Ltd, HQserv, Lian Group and ServerFarm LLC (sorted alphabetically).

Additional Benefits:

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

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