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

Market Report | 2025-04-28 | 195 pages | Mordor Intelligence

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Report description:

The Japan Data Center Market size is estimated at 2.32 thousand MW in 2025, and is expected to reach 3.66 thousand MW by 2030, growing at a CAGR of 9.51%. Further, the market is expected to generate colocation revenue of USD 2,511.5 Million in 2025 and is projected to reach USD 4,981.5 Million by 2030, growing at a CAGR of 14.68% during the forecast period (2025-2030).

Tier 3 data center accounted for majority share in terms of volume in 2023, Tier 4 is fastest growing through out the forecasted period

- Tier 3 data centers are mostly preferred by SMBs (small and medium businesses) for their far superior redundancy protection offerings. There is a significant jump in uptime from tier 2, with tier 3 offering annual uptime of 99.982%. The segment is expected to grow from 1,309.25 MW in 2022 to 1,905.47 MW by 2029, registering a CAGR of 5.51%. These data centers are mainly opted for by large companies.
- Tier 4 facilities are the next most preferred data centers by large businesses due to their performance, lower downtime, and 99.99% uptime. However, the majority of facilities still prefer tier 3 data centers due to their long-term financial and operational sustainability. Tier 3 is the most widely adopted standard across the industry. However, the growth rate for tier 4 facilities is expected to be the largest.
- Tier 1 & 2 data centers are the least preferred due to their higher downtime durations and low redundancies, but start-up companies usually prefer these data centers. However, in Japan, start-up companies also prefer tier 3 data center facilities. Currently, in Japan, there are no facilities certified with Tier 1 and Tier 2, and this trend is expected to continue during the forecast period.

Japan Data Center Market Trends

Rising smartphone penetration rate and emergence of new e-commerce platform in the country would drive the market

- The total number of smartphone users in Japan was 107.1 million in 2022. It is expected to witness a CAGR of 1.3% during the forecast period, reaching 117.77 million by 2029.
- In 2021, the smartphone penetration rate among households in Japan was close to 89%. The average time people spend on mobile internet use has increased in recent years, offering business opportunities to related industries, such as e-commerce.
- With the emergence of online shopping platforms, small businesses are also switching to online modes of payment and digital presence in the e-commerce world. The big and well-established companies also incorporate e-commerce platforms and the traditional form of business. For instance, in April 2022, Westlake Akishima, a Tokyo-based major supplier of specialty stabilizers for the PVC industry, announced a new e-commerce platform, extending the online buying experience to its buyer with security and convenience. Such developments are shaping the e-commerce and online payment ecosystem, impacting mobile payments in Japan.

Expansion of 5G roll out by major mobile operators coupled with government support in same segment would drive the data center market

- The Japanese government assigned the three mobile operators in Japan - NTT Docomo, KDDI au, and Softbank, as well as the new arrival Rakuten Mobile, with 5G spectrum in April 2019. In the coming years, the four Japanese carriers are expected to spend more than USD 14 billion in capital expenditures, including investments in base stations, servers, and fiber optics, to build their 5G networks.
- Since the start of 2021, Japan's mobile operators have been accelerating their 5G rollout. SoftBank aimed to deploy over 50,000 5G base stations and reach 90% population coverage by the end of March 2022. KDDI au aims to boost from just 10,000 base stations in March 2021 to 50,000 a year later. NTT DoCoMo was expanding its 5G network during 2021, aiming to reach 10,000 base stations by June and 20,000 by the end of March 2022, with 55% population coverage using the new high-speed 5G spectrum.
- The Ministry of International Affairs and Communications aims to continue moving the Japanese 5G experience forward. It set a target of 98% 5G population coverage by the end of March 2024. Overall, Japan aims to boost the amount of spectrum available for 5G services.

Japan Data Center Industry Overview

The Japan Data Center Market is moderately consolidated, with the top five companies occupying 41.74%. The major players in this market are Digital Realty Trust Inc., Equinix Inc., IDC Frontier Inc. (SoftBank Group), NEC Corporation and NTT Ltd (sorted alphabetically).

Additional Benefits:

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

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