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

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Report description:

The Middle East Data Center Market size is estimated at 1.46 thousand MW in 2025, and is expected to reach 3.23 thousand MW by 2030, growing at a CAGR of 17.25%. Further, the market is expected to generate colocation revenue of USD 1,576.3 Million in 2025 and is projected to reach USD 4,702.9 Million by 2030, growing at a CAGR of 24.44% during the forecast period (2025-2030).

Tier 3 data centers accounts for majority market share in 2023, Tier-4 is the fastest growing in forecasted period

- The tier 3 segment currently holds the majority of the market share in the Middle East due to the significant advantages of its features. These tiers have a high level of redundancy and multiple power and cooling paths. The tier 3 data centers have an uptime of around 99.982%, resulting in 1.6 hours of downtime per year. With the increased adoption of edge and cloud connectivity, the tier 3 segment is expected to grow further.
- The tier 3 segment of the Middle Eastern market operated at an IT load capacity of 464.68 MW in 2022. During the forecast period (2022-2029), the IT load capacity is expected to grow from 621.78 MW in 2023 to 1,214.86 MW in 2029, with a CAGR of 11.81%.
- The tier 4 segment is expected to record the fastest CAGR of 26.51%. Several developing countries are focusing on getting Tier 4 certifications to benefit from complete fault tolerance and redundancy for all components. Due to such advantages, even developing countries are adopting tier 4 zones.
- The development of digital infrastructures such as data centers is required to implement 5G applications. More recently, the expansion of 24/7 business continuity services has increased the preference for tier 3 and 4 data centers due to the growing number of global companies. Data is an essential component of BFSI companies due to the stringent laws governing data storage and protection in the market. The BFSI sector is defined by digitalization. Due to the growing usage of various banking

applications, data in the BFSI sector is growing exponentially.

UAE accounted for majority share in terms of volume in 2023, Saudi Arabis is fastest growing throughout the forecasted period

- 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 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 Market Trends

Growing number of mobile users and expanding 5G population coverage across the regional countries boosts the market growth

- The GCC countries have experienced substantial changes in ICT use over the past two decades, resulting in a considerable impact on the services offered to users due to developing digital infrastructure. Internet and telecommunications services are much more common in the region than they are globally, especially in GCC, with the proportion of internet users to the total population in GCC reaching 98.21%, compared to the global average of 63%, which is practically the highest in all geographic areas.
- In GCC, the total number of mobile users makes up roughly 137.66% of the population, compared to the global average of about 55%. ICT services in the GCC region are developing quickly due to the region's continued influx of new commercial mobile service providers, causing a sharp rise in the number of users. Around two-thirds of wireless network operators in the Middle East launched 5G networks, expanding 5G population coverage across the regional countries. The majority of Middle Eastern countries have already implemented commercial 4G services.
- The increasing OTT consumption also boosted data traffic for each smartphone. For instance, Etisalat released its Life TV iOS app in 2013, a year after MBC's Shahid TV app surpassed it as the most downloaded Middle Eastern app. OSN revealed the debut of Go for non-pay TV users. In the Middle East, there are large regional differences in the accessibility and cost of super-fast networks. The deployment of various OTT platforms and speed improvements may result in a greater demand for rack space, leading to a rise in the number of data centers in the Middle East.

Prioritizing digital initiatives, such as 5G, digital payment and attracting sizable population of working immigrants boost the market demand

- To shift toward a knowledge-based economy, the UAE and Saudi Arabian governments are prioritizing digital initiatives, such as 5G. Due to state-wide consumer initiatives like digital payment, smartphones are leading the move to a digital lifestyle. The region's quick rebound of business and leisure travel, as well as permissive long-term visa policies like Golden Visas, which are stimulating investments across sectors from real estate to start-ups, are supporting the robust smartphone market recovery in the short term. International events, especially the FIFA World Cup in Qatar in 2022, may also present opportunities for various corporate sectors in neighboring nations.
- Though the region is attracting a sizable population of working immigrants, creating fresh demand for mass-market products, it is extremely wealthy. The Middle East accounts for more than half of global sales value except for Turkey. Apple and Samsung are the market leaders in the smartphone segment, accounting for approximately 96% of shipping volume combined.
- Device activations in the Middle East increased Y-o-Y, growing by an average of 23% in 2022. Larger markets like Iraq and Egypt, which continued to grow despite having enormous current user bases, were the main drivers of this expansion. The amount of raw data is expected to increase due to smartphone penetration and the use of 5G devices. The number of smartphone users may lead to the use of more data and the internet. The need for more data centers and higher regional utilization rates may boost the demand for the servers required to store and process the data.

Middle East Data Center Industry Overview

The Middle East Data Center Market is fragmented, with the top five companies occupying 36.27%. The major players in this market are Bezeq International General Partner Ltd, EdgeConneX Inc., Etihad Etisalat Company (Mobily), Etisalat and MEEZA (sorted alphabetically).

Additional Benefits:

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

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