

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

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Report description:

The South Korea Data Center Market size is estimated at 1.44 thousand MW in 2025, and is expected to reach 2.64 thousand MW by 2030, growing at a CAGR of 12.88%. Further, the market is expected to generate colocation revenue of USD 1,157.7 Million in 2025 and is projected to reach USD 3,016 Million by 2030, growing at a CAGR of 21.11% during the forecast period (2025-2030).

Tier 3 data center accounted for majority market share in 2023, Tier 4 is the fastest growing segment

- Tier 1 & 2 facilities are losing demand due to their inability to meet the growing uninterrupted business services. An increasing number of global conglomerates are creating business continuity services and gradually shifting priority to tier 3 and 4 data centers.
- Among tier 3 and 4, tier 4 facilities are expected to grow 10x times faster than tier 3 facilities. By the end of 2029, the country's tier 3 and 4 facilities are expected to provide an IT load capacity of 520.43 MW and 1,050.19 MW, respectively. Tier 4 facilities are expected to register a CAGR of 33.54%, whereas tier 3 facilities are expected to register 3.74% during the forecast period.
- Online activity is widespread in South Korea, with over 90% of people using the internet. Users communicate primarily through social media, such as instant messengers, emails, and social networking services. An uninterrupted supply of services is required for such activities, which is only possible with tier 3 and 4 facilities.
- In recent years, the progress of the Korean economy's digital transformation driven by next-generation industries, such as payment technology, AdTech, gaming, and fintech, has created room for a new life in service-based digital companies.
- As a result, the country's demand for digital infrastructure is accelerating, overcoming the obstacles created by domestic businesses over the past three decades with tier 1 & 2 facilities.

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South Korea Data Center Market Trends

Growing smart phone penetration rate above 95% of total population would drive the data centers market in South Korea

- The country has been witnessing a significant drop in population over the years. The country had a population of 51.78 million in 2020, which fell to 51.68 million in 2021. This trend is likely to continue, and the country's population might drop to 51.19 million by 2029.
- Over the years, however, smartphone penetration has been significantly improving. It was 81.6% in 2016 and 92.7% in 2021. This rate is expected to reach 97% by the end of 2029. South Korea ranks at the top for smartphone ownership, with 96% in 2022. The other 4% still have a mobile phone, just not a smartphone. Therefore, in South Korea, smartphone or mobile phone ownership is at 100%.
- A survey conducted by the Gender Ministry found that among 1.3 million students enrolled in the 4th grade and the first years of middle and high school, 25% (1 in 4) are heavily dependent on the internet and their smartphones. In addition, about 50% of South Korean children aged 10-19 were considered overdependent on smartphones in 2021. So, despite the drop in population, the overall growth in smartphone users is offset due to rising smartphone penetration. However, the growth is not so imminent and is almost stagnant, making it an insufficient contributor to the market studied.

Rising household broadband penetration and attractive broadband services by major players such as KT Corp, SK Broadband drives the market

- Following the Korean War, a series of major efforts in the 1970s and 1980s helped rebuild the nation's infrastructure. Telecommunications received special emphasis because the nation still lacked a universal telephone system. Thrunet began providing broadband internet services in July 1998 with approximately 1 Mbps connection speed using cable TV networks. Hanaro Telecom and KT joined the broadband internet provider race through the use of ADSL (Asymmetric Digital Subscriber Line) technology.
- Online stock trading based on the internet has enabled easy stock trading without physically visiting the stock brokerage. Internet banking services enable the withdrawal or transfer of funds without visiting the bank. Because it is so convenient, approximately 11,310,000 users, amounting to about 30% of the total population as of November 2001, were registered users of internet banking.
- The widespread availability of broadband internet services provided the impetus for Korea to become the leading internet stronghold nation of the world. The country has three major ISPs: KT Corp, SK Broadband, and LG Uplus. According to Speedtest by Ookla, the country ranked seventh in terms of broadband speeds, at 104.81 Mbps, as of 2022. However, in the last few years, the country has witnessed a decrease in investments in network infrastructure and slow digital transformation due to revised telecommunication regulations. In May 2020, Korea's National Assembly approved the Content Providers' Traffic Stabilization Law, which requires large content providers to shoulder the responsibility of ensuring reliable access to their content.

South Korea Data Center Industry Overview

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The South Korea Data Center Market is fairly consolidated, with the top five companies occupying 80.21%. The major players in this market are Equinix Inc., KT Corporation, Naver, SK Broadband and Telstra Corporation Limited (sorted alphabetically).

Additional Benefits:

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

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