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South Korea Data Center - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

South Korea Data Center Market Analysis

The South Korea Data Center Market was valued at USD 1.65 billion in 2025 and estimated to grow from USD 1.99 billion in 2026 to reach USD 5.02 billion by 2031, at a CAGR of 20.38% during the forecast period (2026-2031). In terms of IT load capacity, the market is expected to grow from 1.96 thousand megawatt in 2025 to 6.32 thousand megawatt by 2030, at a CAGR of 26.29% during the forecast period (2025-2030). The market segment shares and estimates are calculated and reported in terms of MW. Seoul's role as Northeast Asia's AI infrastructure hub, the government's broad package of tax holidays and direct-PPA reforms, and multi-billion-dollar hyperscale announcements together accelerate capacity roll-outs. Operators are investing heavily in advanced cooling, high-density power delivery, and renewable-energy procurement to control operating expenditure. Demand is further amplified by nationwide 5G coverage, open-banking mandates, and Korea's booming K-content exports, each of which pushes workloads toward compliant, latency-optimized facilities. The South Korea data center market is therefore expanding faster than most APAC peers as policy, capital, and technology converge to treat digital infrastructure as a strategic utility.

South Korea Data Center Market Trends and Insights

Surge in Hyperscale Cloud and AI Build-outs

Gigawatt-scale commitments from SK Telecom, Amazon Web Services, and Digital Realty are reshaping the South Korea data center market by favoring purpose-built AI campuses that can cool 70 kW racks and deliver triple-feed power resiliency. Capital allocations, such as a USD 35 billion pledge to deliver 3 GW of capacity, illustrate how AI is elevating data centers from commercial real-estate plays to core national infrastructure. Facilities outside Seoul, including Samsung SDS's new GPU site in Gumi, signal an emerging distributed topology that reduces latency while bolstering national redundancy. Purpose-built AI halls increasingly incorporate liquid and rear-door immersion systems, which cut PUE targets below 1.2, aligning cost control with sustainability objectives. Collectively, these trends position the South Korea data center market as a key battleground in Asia's AI compute race.

Government Tax Incentives and RE100 Road-map Support

Enhanced foreign-direct-investment rules provide cash grants of up to 75% and seven-year tax holidays to digital-infrastructure projects in designated zones. Simultaneously, 2022 amendments to the Electric Utility Act allow operators to sign direct renewable PPAs, bypassing KEPCO's single-buyer model and locking in tariff predictability. The dual incentive of fiscal relief and green-energy access shortens payback periods on megawatt-scale builds. Multinationals view the framework as a credible hedge against the carbon-pricing trajectory that the national ETS is set to tighten after 2027. Combined, these measures are encouraging global hyperscalers to pre-commit capacity, accelerating the South Korea data center market's supply pipeline.

High Electricity Tariffs and Carbon-Pricing Risks

Korea's 63.6% fossil-fuel power mix exposed operators to KRW 22 trillion in additional costs during the 2022 LNG crisis. KEPCO's debt load surpassing KRW 202 trillion restricts grid-upgrade budgets, delaying high-amp feeder deployments needed for 100 MW campuses. Carbon surcharges climbed from KRW 7.3/kWh in 2022 to KRW 9/kWh in 2023, and the third-phase ETS tightening in 2026 will lift them again. While PPAs cut exposure, current rules prevent operators from retaining RECs when using direct contracts, weakening Scope 2 reporting benefits. These dynamics shave 340 basis points off the forecast CAGR for the South Korea data center market unless reforms allow bundled REC transfers.

Other drivers and restraints analyzed in the detailed report include:

5G-Driven Data Traffic ExplosionAccelerated Digital-Banking Roll-outsScarcity of Suitable Land and Power in Seoul

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Medium-scale sites of 5-20 MW captured rising demand for low-latency connectivity, growing at a forecast 26.95% CAGR even though large halls retained 40.72% of the South Korea data center market share in 2025. Enterprises pursuing Industry 4.0, telemedicine, and AR applications now prioritize proximity over sheer scale, shifting capex toward provincial campuses.

The result is a two-tier supply strategy: massive campuses stay concentrated in Seoul's metro ring for AI training, while medium sites populate Busan, Gyeonggi, and North Chungcheong to serve regional consumption. Government Free Economic Zone incentives and pre-approved land parcels accelerate build schedules. By 2031, medium facilities are expected to comprise 18.92% of the South Korea data center market size, providing an indispensable edge layer that complements hyperscale cores.

Tier 3 designs delivered 52.15% of the South Korea data center market size in 2025 and will lead growth at a 27.15% CAGR. Financial regulators, cloud-service providers, and gaming studios increasingly demand N+1 redundancy for both power and cooling.

Seismic-resilience mandates under KBC-2018 naturally align with Tier 3 fault-tolerance principles, making Tier 3 the default specification for new builds. Operators find that Tier 2 lacks the risk envelope to win BFSI or healthcare workloads, whereas Tier 4 premiums exceed most ROI hurdles. Consequently, Tier 3's technical sweet spot underpins the reliability standards expected in the South Korea data center market.

The South Korea Data Center Market Report is Segmented by Data Center Size (Large, Massive, Medium, Mega, and Small), Tier Type (Tier 1 and 2, Tier 3, and Tier 4), Data Center Type (Hyperscale/Self-Built, Enterprise/Edge, and Colocation), End User (BFSI, IT and ITES, E-Commerce, Government, Manufacturing, Media and Entertainment, and More), and Hotspot. The Market Forecasts are Provided in Terms of IT Load Capacity (MW).

List of Companies Covered in this Report:

LG Uplus Corp KT Corporation Naver Corporation Amazon Web Services, Inc. Google LLC Oracle Corporation SK Broadband Co., Ltd. Digital Edge (Singapore) Holdings Pte Ltd Alibaba Cloud Microsoft Corporation LG CNS Co., Ltd. Kakao Corporation LOTTE INNOVATE Co., Ltd. KINX Inc.

Additional Benefits:

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

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