

Africa Data Center - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Africa Data Center Market size is estimated at 0.69 thousand MW in 2024, and is expected to reach 1.23 thousand MW by 2029, growing at a CAGR of 12.34%. Further, the market is expected to generate colocation revenue of USD 750.2 Million in 2024 and is projected to reach USD 1,709.6 Million by 2029, growing at a CAGR of 17.91% during the forecast period (2024-2029).

Tier 3 data center accounted for majority share in terms of volume in 2023, and is expected to dominate through out the forecasted period

Increasing developments in artificial intelligence, IoT, and blockchain technology across varying sectors, including telecom, cloud, and government, have contributed to the growing data consumption in Africa.

Africa has more than 400 technology hubs across 93 cities in 42 countries. In 2022, the African start-ups raised about USD 4.8 billion through 1,000 deals, compared to about USD 4.33 billion raised across 820 rounds in 2021. These technology start-ups may require low latency and high-speed, uninterrupted internet and cloud facilities to ensure continuous customer service. The increasing demand for better infrastructure may fuel the demand for more IT load capacity and more Tier 3 and 4-certified data center facilities.

The long-term growth vision is better suited to set up at least Tier 3-certified data centers to cover the initial high cost of establishing the facilities. However, Tier 1 & 2 facilities were losing traction, given the limited power availability. Hence, to ensure the

longevity of investments and tackle the increasing demand for faster and more reliable data storage and processing facilities, companies are focusing on constructing Tier 3 and 4 facilities.

Tier 4 data centers offer higher bandwidth speed, low latency, better connectivity, and disaster recovery options. Thus, during the forecast period, the Tier 4 segment is expected to record a CAGR of 18.02%, compared to the Tier 3 segment at 14.40% and the Tier 1 & 2 segment at 3.26%.

South Africa dominates the Data center market in Africa in 2023, and would continue to keep its dominance in forecasted period

South Africa is the most prominent country for data centers in Africa since the country comprises about 42 million internet users. It also has internet penetration rates closer to 70%, and its adaptation to e-commerce and other demand-generating aspects is growing. This, in turn, has led data center operators to set up their data center facilities in the region to leverage the increasing demand for the facilities.

South Africa held a market share of around 63.1%, followed by the Rest of African countries at 24.4%, and Nigeria accounted for 12.4% in 2021. The company that has strengthened its market share in South Africa is Teraco Data Environments (acquired by Digital Realty), which currently has a market share of 36.72% and operates at an IT load capacity of 150 MW. Through its subsidiaries, Medallion Communication Ltd and Teraco Data Environments, companies such as Digital Realty have announced plans to develop mega and massive data centers with IT load capacities of 160 MW and 110 MW during the forecast period.

Cape Town has been ranked among the top smart cities worldwide for its IoT and real-time data analysis through sensor implementation. Smart cities create huge amounts of data owing to the varying smart services imparted to the citizens.

The country is expected to witness more such smart cities as operators plan to extend the deployment of IoT-based devices. The Rest of Africa segment also comprises smart cities like Kigali, Rwanda, which have sensors to measure air quality, monitor the power grid's safety, and detect water leakages. Due to all the above factors, the South African data center market is expected to grow and register a CAGR of 15.68% over the forecast period.

Africa Data Center Market Trends

Online markets such as Jumia, Takealot, Kilimall, and others to boost Data centers in Africa

Africa's data consumption increased from 0.6 GB/month in 2016 to 2.25 GB/month in 2022. It is expected to reach around 11.3 GB/month by 2029. A growing number of smartphone users using digital services such as streaming and digital payments are expected to boost data consumption in the future.

As telecom companies plan to shut down their 2G and 3G services and strengthen their existing 4G services, bandwidth speeds may increase by around 52.5 Mbps by 2029. The implementation of 5G services in 43 African countries may lead to increased bandwidth speeds, which may also increase data consumption. The use of popular streaming services such as Netflix, Disney+, and Amazon Prime is expected to grow among the youth.

The number of online shoppers in Africa increased from 138.9 million in 2016 to 387.8 million in 2022, which may reach around 519.8 million by 2025. Jumia, Takealot, Kilimall, and Konga are a few leading online marketplaces in the region. The growing user base for these digital services has resulted in increased data consumption. To provide seamless services to customers, companies may have to increase the number of racks from 64,735 in 2022 to 188,643 by 2029, with a CAGR of 15.4%, which may also increase the IT load capacity from 518.7 MW in 2022 to 1,226.2 MW by 2029.

Increase use of digital wallets (M-Pesa) and use of OTT platforms, would increase data exchange leading to increase in data centers in the region.

The availability of affordable Chinese smartphones, the removal of the general sales tax of 16% in countries such as Kenya, and the growing use of digitalization services by African youth for learning and other activities are boosting the number of smartphones in the region.

In 2019, the total share of smartphone connections accounted for 44%, and with the growing adoption of technology, this share is expected to reach 75% by 2025. South Africa, Nigeria, and Egypt account for around 89 million, 163 million, and 75.6 million

smartphone connections in the region, respectively. Around 60% of the users in Nigeria and 21% in South Africa use digital wallets such as M-Pesa for conducting transactions. Netflix, Disney+, and Amazon Prime are the leading OTT players in the region, with Netflix leading the African market with a subscriber base of around 6.4 million in 2022. The deployment of 5G services has been slow in Africa. These services have been launched in a few countries, such as Nigeria, South Africa, Botswana, Kenya, Mauritius, Madagascar, Seychelles, Tanzania, Togo, Zimbabwe, and Zambia.

The African continent comprises around 54 countries, of which only 11 could implement 5G services. Hence, Africa is expected to have only 10% of 5G users by 2027. Telecom companies like Vodafone are focusing on strengthening their 4G services and plan to shut down their 2G and 3G services by 2026. To offer better services to users, companies may have to increase the number of racks, which may, in turn, increase the IT load capacity over the years.

Africa Data Center Industry Overview

The Africa Data Center Market is fragmented, with the top five companies occupying 31.39%. The major players in this market are Business Connexion (Pty) Ltd, Digital Realty Trust Inc., Equinix Inc., Teraco Data Environments (Digital Realty) and Vantage Data Centers LLC (sorted alphabetically).

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