

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

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## Abstracts

The Russia Data Center Market size is estimated at 0.85 thousand MW in 2024, and is expected to reach 1.52 thousand MW by 2029, growing at a CAGR of 12.32%. Further, the market is expected to generate colocation revenue of USD 1,761.9 Million in 2024 and is projected to reach USD 1,974.7 Million by 2029, growing at a CAGR of 2.31% during the forecast period (2024-2029).

Tier 3 data center accounted for majority share in terms of volume in 2023, and tier 4 is expected to dominate through out the forecasted period

The tier 3 segment in Russia reached an IT load capacity of 459.63 MW in 2022. They are projected to register a CAGR of 5.63%, surpassing 700.98 MW by 2029. The tier 4 segment is projected to register a CAGR of 32.83% to reach an IT load capacity of 782.78 MW by 2029.

Tier 1 & 2 facilities are gradually losing their demand, which may continue in the coming years. Tier 1 & 2 facilities are expected to hold a market share of nearly 2.3% by 2029. This minimal growth is likely to be a result of prolonged and inconsistent outages. Most users will eventually switch to tier 3 and 4 facilities, which currently hold 55.6% and 42.1% of the market, respectively, due to the increased demand for storing, processing, and analyzing data.

The e-commerce and BFSI segments are expanding. In recent years, Russia has seen a rise in the use of online and mobile banking. For instance, the volume of online sales of physical goods in Russia grew 1.5-fold Y-o-Y in the first half of 2022 to 2.2 trillion. In

2020, domestic Russian online sales of physical items reached USD 37 billion, an increase of 58% from 2019.

Tier 4 data centers are projected to grow significantly in the coming years as more businesses are providing cloud-based services. Therefore, many data center providers are constructing facilities to provide colocation spaces with the best technology.

The Russian invasion of Ukraine in 2022 boosted the prices of cloud services significantly as major Western manufacturers stopped supplying IT equipment to the Russian market due to logistical issues and the increased value of the Dollar and Euro.

## Russia Data Center Market Trends

Increasing surge of mobile internet services and application leads to boost the market demand

The total number of smartphone users was 110.20 million in 2022. It is expected to reach 129.41 million in 2029, registering a CAGR of 2.6% during the forecast period.

Smartphone users are rising owing to the growing demand for mobile internet services and applications and the real-time need for information exchange. Consumer behavior has been impacted by the widespread adoption of the Internet and smartphone technology in various businesses. For instance, in 2017, Russia sold 28.4 million smartphones, 6% more than in 2016. The market grew by 17.3% and reached USD 5.5 billion. Russians bought 27.6 million smartphones in 2014. Due to the ruble's fall in December 2014, high-end devices were in demand, especially smartphones. The overall smartphone market shrank by around 5% in 2015.

In 2018, smartphone prices increased in Russia as consumers switched from low-cost phones to mid-range ones. Chinese manufacturers are making more products in the middle segment, luring customers with various incentives. From 2018 to 2021, the Russian market grew twice as fast as before the 2014 crisis. Chinese brands lost 50% of sales in 2021, and 8.5 lakh 5G smartphones were sold in five months. In 2022, device sales declined 20%, with market volume at 26.5 million units at the end of 2022 against 32.5 million in 2021. In addition, Russia experienced a smartphone shortage in 2022 as Chinese firms, including Apple and Samsung, withdrew from Russia in March 2022 over the country's invasion of Ukraine.

Increasing use of Fiber internet connections and FTTx Internet connections in household leads to the growth in market

A copper-based internet connection provides up to 300 Mbps speed, whereas a fiber optic internet connection can reach up to 10 Gbps. Fiber internet connections became increasingly popular in Russia during the period under consideration. FTTx Internet households generated 99.7 Gigabytes of Internet traffic per month in 2021, 90.8% more than other broadband households. This is due to the increase in internet users, which creates a need for storing larger sizes and volumes of data.

As of April 2021, Russia was ranked 51st in the world for fixed broadband speeds. This was due to fixed broadband speeds increasing by 36.9% over the previous year. Download speeds for Russian providers in Q1 2021 varied substantially, with MTS reporting the fastest median download speeds at 71.97 Mbps and a median download speed of 66.52 Mbps. Dom.ru was slower than MTS. The next fastest provider was Beeline, with median download and upload speeds of 57.29 Mbps and 65.18 Mbps, respectively. Rostelecom and TTK had download speeds of 50.11 Mbps and 45.52 Mbps, and upload speeds of 55.17 Mbps and 54.36 Mbps, respectively, making them the two slowest providers in Russia.

MTS was the significant fixed broadband service provider, with a median download speed of 106.52 Mbps in Moscow in Q1 2021. Rostelecom was the fastest provider in Chelyabinsk (65.21 Mbps) and St. Petersburg (77.00 Mbps). Ufanet was the quickest provider in Kazan (87.33 Mbps), and Dom.ru was the fastest in Rostov-on-Don (72.62 Mbps) and Samara (66.27 Mbps). Thus, the rise in fixed broadband speeds will lead to more service-oriented applications among end-user industries and is expected to contribute to the growth of data processing facilities in the coming years.

## Russia Data Center Industry Overview

The Russia Data Center Market is moderately consolidated, with the top five companies occupying 43.40%. The major players in this market are IXELERATE LLC, MTS PJSC (MTS Group), Rostelecom, Selectel Ltd and Yandex.Cloud LLC (sorted alphabetically).

Additional Benefits:

The market estimate (ME) sheet in Excel format

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