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

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Abstracts

The Saudi Arabia Data Center Market size is estimated at 345.3 MW in 2024, and is expected to reach 854.8 MW by 2029, growing at a CAGR of 19.88%. Further, the market is expected to generate colocation revenue of USD 5,287.1 Million in 2024 and is projected to reach USD 13,577.6 Million by 2029, growing at a CAGR of 20.76% during the forecast period (2024-2029).

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

The tier 3 data center segment is projected to reach an IT load capacity of 224.87 MW in 2023 in the Saudi Arabian market. It is expected to have a capacity of 483.43 MW by 2029, representing a CAGR of 13.61%. Tier 4 data center in the Saudi Arabian market is projected to reach an IT load capacity of 134.65 MW in 2023. It is expected to register a CAGR of 18.44% to reach a capacity of 371.64 MW by 2029.

In comparison to other tier types, tier 3 is projected to increase fastest in 2029. This is a result of the majority of facilities achieving Tier 3 certification. Tier 4 is projected to increase rapidly in the next few years. This is due to the establishment of a digital economy in the country and the incorporation of significant multinational corporations. Additionally, digital infrastructures like data centers are essential for 5G applications. The expansion of business continuity services 24/7 has led to an increase in the choice of tier 3 and tier 4 data centers due to the increasing number of worldwide companies.

Due to the rigorous laws regarding data storage and protection in this market, data is a vital component of BFSI companies. Additionally, the BFSI segment adopted digitization. As more people use different banking applications, banking and financial services data grows exponentially. BFSI also manages thousands of physical servers and virtual computers. For instance, Saudi Arabia had 16,544 ATMs in 2021. Therefore, the industry is classified as tier 3 to handle such a volume of data.

Saudi Arabia Data Center Market Trends

Expansion of 5G coverage, increasing online purchases and increasing digital applications from the end-users drives the market growth

The data traffic per smartphone is expected to witness a steep growth from 5.5 GB in 2023 to 18.7 GB in 2029, exhibiting a CAGR of 21.8%.

There has been an increase in mobile data traffic since 2022, made possible by the expansion of 5G coverage. 5G services in Saudi Arabia expanded in Q4 2020, reaching seven additional cities and provinces. By 2021, 51 of Saudi Arabia's different provinces and cities had 5G connections. About 23% of the overall volume is made up of 5G hardware, including handsets. The acceleration of significant IoT deployments is expected to be swift in the coming years, including use cases like wearables for e-health, inventory trackers for logistics, monitoring of pollution, smart meters, and surveillance and tracking tools for smart manufacturing. About 12.9 million people made online purchases in 2018, up from 11.6 million in 2017. By 2022, online shoppers were expected to grow significantly and reach 19.3 million. The volume of mobile data traffic in the country is increasing as more people use the internet.

The average amount of data used increased by 33% by 2020. In Saudi Arabia, YouTube used the most bandwidth, making up an estimated 22.5% of all daily data usage, followed by the PlayStation Network (7.8%), Snapchat (7.6%), and Netflix (8.1%).

With the expansion of digital initiatives and e-commerce activities, and improvements in 5G connections, smartphone sales are anticipated to rise in Saudi Arabia

In 2022, smartphone penetration increased to more than 92%. In the coming years, the number of smartphone users in the Kingdom may continue to grow steadily, with an anticipated 97.1% smartphone penetration in 2025 and 36.17 million customers. Saudi Arabia is the GCC's next frontier for businesses trying to reach a new and mobile-centric consumer base.

The country's total number of smartphone users is expected to reach 33.6 million in 2023, witness a CAGR of 1.8% during the forecast period, and reach 37 million by 2029.

Smartphone usage has surged in the Kingdom. In 2022, the smartphone segment generated USD 2.40 billion in revenue. In 2023, the smartphone segment is anticipated to rise in volume by 1.9%. In 2022, there were 58.1 5G phones. With rising wages and employment opportunities, expansion of digital initiatives and e-commerce activities, and improvements in 5G connections, smartphone sales are anticipated to rise in Saudi Arabia, thus boosting the Kingdom's user base. Saudi Arabia's GDP expanded by 8.8% in 2022 compared to the same period the previous year. About 93% of Saudi Arabian smartphone users browse advertisements on their phones, while 91% watch videos on their devices. A huge amount of data is released daily in the Kingdom, which may boost the Saudi Arabian data center market during the forecast period. The rising purchasing power may boost smartphone sales further, thus increasing the number of smartphone users.

Saudi Arabia Data Center Industry Overview

The Saudi Arabia Data Center Market is moderately consolidated, with the top five companies occupying 61.79%. The major players in this market are ETIHAD ATHEEB TELECOMMUNICATION COMPANY, Etihad Etisalat Company (Mobily), HostGee Cloud Hosting Inc., Saudi Telecom Company and SHABAKAH INTEGRATED TECHNOLOGY (sorted alphabetically).

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