

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

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Abstracts

The South Africa Data Center Market size is estimated at 434.9 MW in 2024, and is expected to reach 828.9 MW by 2029, growing at a CAGR of 13.77%. Further, the market is expected to generate colocation revenue of USD 471 Million in 2024 and is projected to reach USD 1,103.3 Million by 2029, growing at a CAGR of 18.56% during the forecast period (2024-2029).

Tier 3 data center accounted for majority share in terms of volume in 2023, it will continue its dominance during forecast period

Tier 1 & 2 facilities are losing their demand as they cannot fulfill the growing uninterrupted services of businesses. The growing number of global conglomerates has given rise to business continuity services 24/7, which has gradually shifted the preference toward tier 3 and tier 4 data centers.

Tier 4 data centers are expected to witness the highest growth of 20.41%, followed by Tier 3 data centers with 12.87% growth till 2029. Implementing such standards in the facilities ensures minimal downtime while increasing the efficiency of the facilities.

Among the major industries, BFSI and media & entertainment are expected to majorly adopt tier 3 facilities owing to the growing acceptance of solutions like bitcoin, digital cards, biometric payments, buy now pay later (BNPL), and open banking for various financial transactions in their daily lives, in addition to being aware of these technologies.

According to Mastercard's New Payments Index 2022, 95% of South Africans used one or more developing digital payment methods in 2021. In Q2 and Q3, 67% of consumers made an online purchase, 66% bought something through a mobile app, and 49% purchased a service through an online subscription.

In media & entertainment, the average time spent on social media in South Africa has been rising yearly since 2017, peaking at 2 hours and 47 minutes in that year and reaching 3 hours and 37 minutes by Q3 2021.

South Africa Data Center Market Trends

The growing average data volume per subscription and the rising subscription numbers for smartphones to boost market growth

The total data traffic per smartphone in the country was 3.6 GB in 2022, and it is expected to witness a CAGR of 24.8% during the forecast period to reach a value of 17.2 GB by 2029.

In South Africa, 35% of consumer internet traffic was mobile in 2017, and 56% of consumer internet traffic is expected to be mobile by 2022 due to the consumption of data by multiple end users. For instance, in 2022, online retail in South Africa reached 35%, bringing the total amount of online retail in South Africa to SAR 55 billion. This followed a 40% increase in 2021, which brought the amount to SAR 42.3 billion.

The growing average data volume per subscription and the rising subscription numbers for smartphones of which are predominantly driven by a rise in video content consumption. For instance, video content exceeds half of South Africa's consumer internet traffic by the end of 2016. By 2022, it reached 50 billion minutes of video content across the Internet each month, which is 19,182 minutes of video streamed or downloaded every second, as most of the video content is streaming through smartphones only.

Since the needs of the end-users are changing and the need for more data storage is resulting in the need for more servers in the data centers. Thus, contributing to the growth of the data center market in South Africa. Because end users' expectations are evolving and there is a growing demand for greater data storage, data centers require

additional servers, hence, contributing to the expansion of South Africa's data center market.

Increasing mobile data subscriptions, adoption of internet and rising use of smartphone to boost market growth

The total number of smartphone users in the country was 25.5 million in 2022 and is expected to witness a CAGR of 4.7% during the forecast period to reach a value of 35.2 million by 2029.

Digital usage is expanding rapidly in South Africa. Consumer behavior has been impacted by the quick adoption of the internet and smartphone technology in various businesses. For instance, Smartphone penetration in South Africa went from 81.7% in 2018 to 91.2% in 2019.

Mobile data subscriptions increased by 18.8%, from 65 million in 2018 to 78 million in 2019. Over five years, there was a 13.9% growth. This suggests a rise in number of smartphone users.

At the start of 2022, there were 108.6 million cellular mobile connections in South Africa, which is equivalent to 179.8% of its population.

The rising use of smartphones results in a constant increase in data, necessitating a growing amount of storage space to accommodate this uncontrollable flow of data. South Africa's market's preference for smartphones necessitates the expansion of data centers' capabilities in order to handle the increase in data. Smartphones generate a lot of data, which necessitates real-time processing and analysis. The data centers must manage the sheer amount of data. Thus, the requirement for extra racks in South African data centers may increase as the number of smartphone users rises.

South Africa Data Center Industry Overview

The South Africa Data Center Market is moderately consolidated, with the top five companies occupying 48.86%. The major players in this market are Business Connexion (Pty) Ltd, Equinix Inc., NTT Ltd, Teraco Data Environments (Digital Realty)

and Vantage Data Centers LLC (sorted alphabetically).

Additional Benefits:

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3 months of analyst support

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