

Middle East & Africa Data Center Colocation Market Size and Forecast (2021 - 2031)

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Abstracts

The Middle East and Africa (MEA) Data Center Colocation Market is poised for significant growth, with projections indicating that the market size will reach approximately USD 9,592.9 million by 2031, up from USD 3,832.5 million in 2024. This growth trajectory reflects a compound annual growth rate (CAGR) of 14.2% from 2025 to 2031, driven by increasing demand for digital infrastructure, cloud services, and energy transformation initiatives across the region.

Executive Summary and Market Analysis

In the MEA region, the adoption of colocation services is still in its early stages but is rapidly gaining momentum. This acceleration is largely attributed to the rising need for robust digital infrastructure, the growing trend of cloud adoption, and the implementation of regional energy transformation policies. As of 2024, Africa's data center electricity consumption is notably low, with less than 1 kWh per capita. However, forecasts suggest a strong growth potential, particularly in South Africa, where per capita consumption could exceed 25 kWh by 2030, significantly higher than the continental average.

Key policy drivers include national digital transformation agendas in Gulf Cooperation Council (GCC) countries and energy transition frameworks in South Africa. Governments are actively promoting data localization, cloud-first strategies, and public-private partnerships to enhance colocation infrastructure. A notable trend is the increasing reliance on renewable energy sources, such as solar and wind, to meet decarbonization targets.

Despite the promising outlook, challenges remain, particularly regarding energy

availability and grid reliability. Many regions still struggle with unstable and costly baseload power. In response, colocation providers are investing in renewable energy solutions, including solar photovoltaic (PV) systems, small-scale wind projects, and battery storage, to ensure sustainable operations. Additionally, water scarcity poses challenges for traditional cooling methods, leading to a shift towards air-cooled systems and liquid-immersion cooling technologies, which are more water-efficient.

The adoption of international standards and certifications is becoming increasingly important, although it varies across the region. Forward-thinking operators are targeting certifications such as LEED, ISO 50001, and other regional green building standards. Furthermore, sustainability-linked financing is emerging, supported by development institutions that prioritize clean and resilient digital infrastructure.

Market Segmentation Analysis

The MEA Data Center Colocation Market can be segmented by type, enterprise size, and industry vertical:

By Type: The market is divided into Retail Colocation, Wholesale Colocation, and Hybrid Cloud-based Colocation. Retail Colocation is expected to hold the largest market share in 2024.

By Enterprise Size: The market is categorized into Large Enterprises and Small and Medium Enterprises (SMEs), with Large Enterprises dominating the market in 2024.

By Industry Vertical: The market is segmented into IT and Telecom, Banking, Financial Services, and Insurance (BFSI), Healthcare, Retail, and Others, with IT and Telecom holding the largest share in 2024.

Market Outlook

As environmental responsibility becomes a global priority, sustainability and green energy are increasingly shaping the future of the data center colocation market. According to the International Energy Agency (IEA), data centers currently account for about 1-1.5% of global electricity consumption, a figure that is expected to rise as digitalization continues to expand. This growing energy demand places pressure on colocation providers to adopt greener infrastructure and renewable energy solutions.

Governments and public institutions are enforcing stricter environmental regulations, such as the European Commission's Climate Law, which mandates net-zero greenhouse gas emissions by 2050. This regulatory environment compels data centers to decarbonize swiftly. Colocation providers are integrating renewable energy sources like solar, wind, and hydroelectric power into their operations, optimizing Power Usage Effectiveness (PUE), and employing advanced cooling technologies, including liquid cooling and AI-based thermal management.

Sustainability is not only an environmental concern but also a competitive differentiator. Enterprises are increasingly prioritizing colocation partners that demonstrate compliance with Environmental, Social, and Governance (ESG) standards, support carbon accounting, and offer green certifications such as LEED, ISO 50001, and Energy Star. Frameworks like the Climate Neutral Data Centre Pact require operators to disclose energy efficiency and carbon metrics, pushing the industry towards measurable sustainability.

Country Insights

The MEA Data Center Colocation Market is further segmented by country, including South Africa, Saudi Arabia, the United Arab Emirates (UAE), and the Rest of the Middle East and Africa. The UAE is expected to hold the largest market share in 2024, driven by initiatives such as Dubai's Smart City Initiative and Abu Dhabi's Ghadan 21 digital transformation program. The UAE's Digital Government Strategy 2025 emphasizes cloud adoption, which is fueling demand for high-quality colocation facilities.

Key hubs in the UAE include Dubai International Financial Centre and Kizad in Abu Dhabi, with the Telecommunications and Digital Government Regulatory Authority (TDRA) ensuring robust infrastructure and data protection compliance. The UAE's Data Protection Law aligns with GDPR, enhancing investor confidence. However, high cooling costs due to extreme heat remain a challenge, prompting operators to explore liquid immersion cooling and solar energy solutions. Major players in the market include Khazna Data Centers and Gulf Data Hub, alongside hyperscalers like Microsoft Azure and Oracle Cloud, which are expanding their presence in the region.

Company Profiles

Key players in the MEA Data Center Colocation Market include International Business Machines Corp, Rittal GmbH & Co KG, Equinix Inc, Digital Realty Trust Inc, CoreSite

Realty Corporation, CyrusOne Inc, Telehouse, NTT Data Corp, AT&T, and Iron Mountain Inc. These companies are employing various strategies, including expansion, product innovation, and mergers and acquisitions, to enhance their market share and provide innovative solutions to their customers.

Contents

1. INTRODUCTION

- 1.1 Report Guidance
- 1.2 Market Segmentation

2. EXECUTIVE SUMMARY

- 2.1 Key Insights
- 2.2 Market Attractiveness

3. RESEARCH METHODOLOGY

- 3.1 Secondary Research
- 3.2 Primary Research
 - 3.2.1 Hypothesis formulation:
 - 3.2.2 Macroeconomic factor analysis:
 - 3.2.3 Developing base number:
 - 3.2.4 Data Triangulation:
 - 3.2.5 Country-level data:

4. DATA CENTER COLOCATION MARKET LANDSCAPE

- 4.1 Market Overview
- 4.2 PEST Analysis
- 4.3 Ecosystem Analysis
 - 4.3.1 Component Providers
 - 4.3.2 Manufacturers
 - 4.3.3 Distributors or Suppliers
 - 4.3.4 End-Use Industry
 - 4.3.5 List of Vendors in the Value Chain

5. MIDDLE EAST & AFRICA DATA CENTER COLOCATION MARKET - KEY MARKET DYNAMICS

- 5.1 Market Drivers
- 5.2 Market Restraints
- 5.3 Market Opportunities

5.4 Future Trends

5.5 Impact of Drivers and Restraints:

6. DATA CENTER COLOCATION MARKET - MIDDLE EAST & AFRICA MARKET ANALYSIS

6.1 Middle East & Africa Data Center Colocation Market Revenue (US\$ Million), 2024 - 2031

6.2 Middle East & Africa Data Center Colocation Market Forecast and Analysis

7. MIDDLE EAST & AFRICA DATA CENTER COLOCATION MARKET REVENUE ANALYSIS - BY TYPE

7.1 Retail Colocation

7.1.1 Overview

7.1.2 Retail Colocation: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

7.2 Wholesale Colocation

7.2.1 Overview

7.2.2 Wholesale Colocation: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

7.3 Hybrid Cloud-based Colocation

7.3.1 Overview

7.3.2 Hybrid Cloud-based Colocation: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

8. MIDDLE EAST & AFRICA DATA CENTER COLOCATION MARKET REVENUE ANALYSIS - BY ENTERPRISE SIZE

8.1 Large Enterprises

8.1.1 Overview

8.1.2 Large Enterprises: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

8.2 SMEs

8.2.1 Overview

8.2.2 SMEs: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

9. MIDDLE EAST & AFRICA DATA CENTER COLOCATION MARKET REVENUE

ANALYSIS - BY INDUSTRY VERTICAL

9.1 IT and Telecom

9.1.1 Overview

9.1.2 IT and Telecom: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

9.2 BFSI

9.2.1 Overview

9.2.2 BFSI: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

9.3 Healthcare

9.3.1 Overview

9.3.2 Healthcare: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

9.4 Retail

9.4.1 Overview

9.4.2 Retail: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

9.5 Others

9.5.1 Overview

9.5.2 Others: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

10. MIDDLE EAST & AFRICA DATA CENTER COLOCATION MARKET - COUNTRY ANALYSIS

10.1 Middle East & Africa

10.1.1 Middle East & Africa Data Center Colocation Market Revenue and Forecast and Analysis - by Country

10.1.1.1 Middle East & Africa Data Center Colocation Market Revenue and Forecast and Analysis - by Country

10.1.2.2 South Africa: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

10.1.2.2.1 South Africa: Middle East & Africa Data Center Colocation Market Share - by Type

10.1.2.2.2 South Africa: Middle East & Africa Data Center Colocation Market Share - by Enterprise Size

10.1.2.2.3 South Africa: Middle East & Africa Data Center Colocation Market Share - by Industry Vertical

10.2.3.3 Saudi Arabia: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

10.2.3.3.1 Saudi Arabia: Middle East & Africa Data Center Colocation Market Share - by Type

10.2.3.3.2 Saudi Arabia: Middle East & Africa Data Center Colocation Market Share - by Enterprise Size

10.2.3.3.3 Saudi Arabia: Middle East & Africa Data Center Colocation Market Share - by Industry Vertical

10.3.4.4 United Arab Emirates: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

10.3.4.4.1 United Arab Emirates: Middle East & Africa Data Center Colocation Market Share - by Type

10.3.4.4.2 United Arab Emirates: Middle East & Africa Data Center Colocation Market Share - by Enterprise Size

10.3.4.4.3 United Arab Emirates: Middle East & Africa Data Center Colocation Market Share - by Industry Vertical

10.4.5.5 Rest of Middle East & Africa: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

10.4.5.5.1 Rest of Middle East & Africa: Middle East & Africa Data Center Colocation Market Share - by Type

10.4.5.5.2 Rest of Middle East & Africa: Middle East & Africa Data Center Colocation Market Share - by Enterprise Size

10.4.5.5.3 Rest of Middle East & Africa: Middle East & Africa Data Center Colocation Market Share - by Industry Vertical

11 COMPETITIVE LANDSCAPE

11.1 Heat Map Analysis by Key Players

11.2 Company Market Share Analysis, 2024

12 INDUSTRY LANDSCAPE

12.1 Overview

12.2 New Product Development

12.3 Merger and Acquisition

12.4 Other Strategic Developments

13 COMPANY PROFILES

13.1 International Business Machines Corp

13.1.1 Key Facts

13.1.2 Business Description

13.1.3 Products and Services

13.1.4 Financial Overview

13.1.5 SWOT Analysis

13.1.6 Key Developments

13.2 Rittal GmbH & Co KG

13.2.1 Key Facts

13.2.2 Business Description

13.2.3 Products and Services

13.2.4 Financial Overview

13.2.5 SWOT Analysis

13.2.6 Key Developments

13.3 Equinix Inc

13.3.1 Key Facts

13.3.2 Business Description

13.3.3 Products and Services

13.3.4 Financial Overview

13.3.5 SWOT Analysis

13.3.6 Key Developments

13.4 Digital Realty Trust Inc

13.4.1 Key Facts

13.4.2 Business Description

13.4.3 Products and Services

13.4.4 Financial Overview

13.4.5 SWOT Analysis

13.4.6 Key Developments

13.5 CoreSite Realty Corporation

13.5.1 Key Facts

13.5.2 Business Description

13.5.3 Products and Services

13.5.4 Financial Overview

13.5.5 SWOT Analysis

13.5.6 Key Developments

13.6 CyrusOne Inc

13.6.1 Key Facts

13.6.2 Business Description

13.6.3 Products and Services

- 13.6.4 Financial Overview
- 13.6.5 SWOT Analysis
- 13.6.6 Key Developments
- 13.7 Telehouse
 - 13.7.1 Key Facts
 - 13.7.2 Business Description
 - 13.7.3 Products and Services
 - 13.7.4 Financial Overview
 - 13.7.5 SWOT Analysis
 - 13.7.6 Key Developments
- 13.8 NTT Data Corp
 - 13.8.1 Key Facts
 - 13.8.2 Business Description
 - 13.8.3 Products and Services
 - 13.8.4 Financial Overview
 - 13.8.5 SWOT Analysis
 - 13.8.6 Key Developments
- 13.9 AT&T
 - 13.9.1 Key Facts
 - 13.9.2 Business Description
 - 13.9.3 Products and Services
 - 13.9.4 Financial Overview
 - 13.9.5 SWOT Analysis
 - 13.9.6 Key Developments
- 13.10 Iron Mountain Inc
 - 13.10.1 Key Facts
 - 13.10.2 Business Description
 - 13.10.3 Products and Services
 - 13.10.4 Financial Overview
 - 13.10.5 SWOT Analysis
 - 13.10.6 Key Developments

14. APPENDIX

- 14.1 About The Insight Partners

List Of Tables

LIST OF TABLES

Table 1. Middle East & Africa Data Center Colocation Market Segmentation

Table 2. List of Vendors

Table 3. Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Table 4. Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Type

Table 5. Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Enterprise Size

Table 6. Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Industry Vertical

Table 7. Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Country

Table 8. South Africa: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Type

Table 9. South Africa: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Enterprise Size

Table 10. South Africa: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Industry Vertical

Table 11. Saudi Arabia: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Type

Table 12. Saudi Arabia: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Enterprise Size

Table 13. Saudi Arabia: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Industry Vertical

Table 14. United Arab Emirates: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Type

Table 15. United Arab Emirates: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Enterprise Size

Table 16. United Arab Emirates: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Industry Vertical

Table 17. Rest of Middle East & Africa: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Type

Table 18. Rest of Middle East & Africa: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Enterprise Size

Table 19. Rest of Middle East & Africa: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million) - by Industry Vertical

Table 20. Heat Map Analysis by Key Players

List Of Figures

LIST OF FIGURES

Figure 1. Middle East & Africa Data Center Colocation Market Segmentation - Country

Figure 2. PEST Analysis

Figure 3. Ecosystem: Data Center Colocation Market

Figure 4. Middle East & Africa Data Center Colocation Market - Key Market Dynamics

Figure 5. Impact Analysis of Drivers and Restraints

Figure 6. Middle East & Africa Data Center Colocation Market Revenue (US\$ Million), 2024 - 2031

Figure 7. Middle East & Africa Data Center Colocation Market Share (%) - by Type, 2024 and 2031

Figure 8. Retail Colocation: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 9. Wholesale Colocation: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 10. Hybrid Cloud-based Colocation: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 11. Middle East & Africa Data Center Colocation Market Share (%) - by Enterprise Size, 2024 and 2031

Figure 12. Large Enterprises: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 13. SMEs: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 14. Middle East & Africa Data Center Colocation Market Share (%) - by Industry Vertical, 2024 and 2031

Figure 15. IT and Telecom: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 16. BFSI: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 17. Healthcare: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 18. Retail: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 19. Others: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 20. Middle East & Africa Data Center Colocation Market Breakdown by Key

Countries, 2024 and 2031 (%)

Figure 21. South Africa: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 22. Saudi Arabia: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 23. United Arab Emirates: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 24. Rest of Middle East & Africa: Middle East & Africa Data Center Colocation Market - Revenue and Forecast, 2021 - 2031 (US\$ Million)

Figure 25. Company Market Share Analysis, 2024

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