

Intelligent Investment

Middle East & North Africa Data Centres Snapshot 2023

MENA data centre growth activity expected to be led by the UAE, Saudi Arabia and Egypt.

CBRE RESEARCH
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SECTOR OVERVIEW

As Middle Eastern and North African (MENA) countries have grown, their economies diversified, their populations increased rapidly, and their built environments continued to expand and develop with a particular focus on smart cities, we have seen strong expansion in the region’s data centre market in recent years. Although historically national operators have largely dominated the market, we are seeing increased levels of investment and interest from international operators who are looking to capitalise on the region’s growing need for data processing and storage.

Whilst on a broader level we have seen strong levels of investment in recent years throughout many MENA countries, Egypt, Saudi Arabia and the UAE are now registering the vast majority of interest from international operators. These three countries’ strong fundamentals (as seen in the table below), along with their marked improvements in ease of doing business and data protection laws and subsea cable connectivity, are driving activity levels. Today, these three markets’ Data Centre capacity is estimated to total around 336 MW. As these countries continue to develop, it is estimated that this is expected to grow to 707 MW by 2025, with Saudi Arabia and the UAE expected to add the bulk of the additional capacity. This forecast growth will mean that from a real estate perspective, data centres will become a core asset class in the alternative real estate market sector in all three of these countries, where we expect that future activity will largely be led by joint-venture partnerships.

Key Market Indicators, Egypt, Saudi Arabia and United Arab Emirates

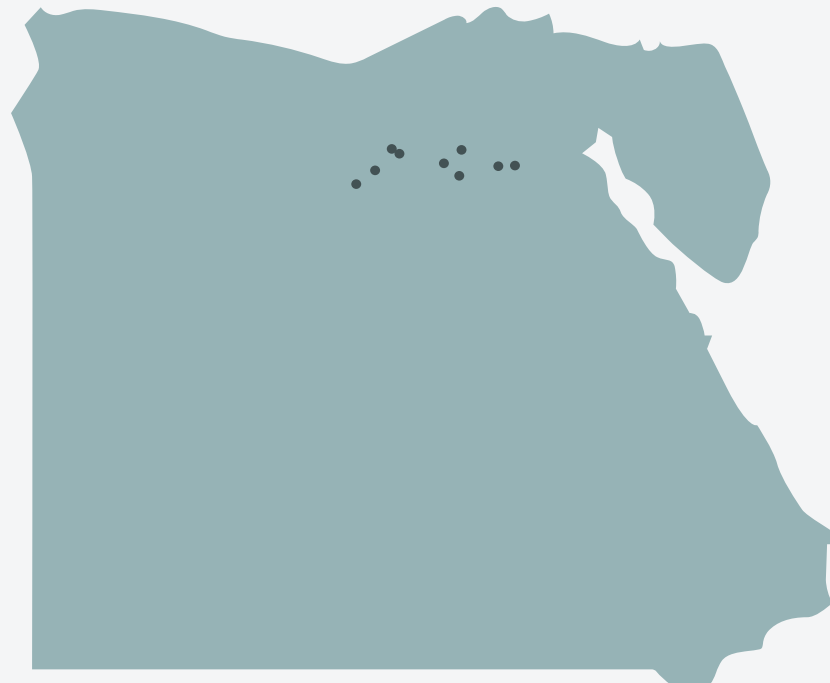
	Egypt	Saudi Arabia	United Arab Emirates
Population 2022 (Million)	111.0	34.4	9.7
Population 2030 (Million)	125.2	39.0	10.3
Mobile-cellular telephone subscriptions per 100 pop.	95.3	122.6	208.5
Mobile-broadband subscriptions per 100 pop	53.9	111.1	250.0
Fixed-broadband Internet subscriptions per 100 pop.	6.7	5.6	31.4
Fibre internet subscriptions per 100 pop.	0.0	2.1	27.7
Internet users % of adult population	46.9%	93.3%	98.5%
Overall ICT Adoption Ranking (Out of 141 Countries)	106	13	2

Source: CBRE Research/ Oxford Economics/ World Economic Forum

INTELLIGENT INVESTMENT

Egypt

- The Gulf of Suez is one of the main conduits for subsea cables globally, connecting Asia with Europe. There are 16 operational cables with a further five planned to be completed by 2025, which include 2Africa, EMIC-1, Africa-1, IEX, Medusa and SMW6.
- Egypt also has 10 cable landing points in the Gulf of Suez and along the Mediterranean coast providing geographical diversity.
- In terms of natural hazards, Egypt has risks associated with flash floods and earthquakes, seismic activity in Egypt is highest in the southern parts of the Gulf of Suez, the northern parts of the Red Sea and the Gulf of Aqaba.

12-15MW**CURRENT
MARKET SIZE****90%****OF CAPACITY IS
IN THE GREATER
CAIRO AREA****3MW****ESTIMATED
CAPACITY OF
TELECOM EGYPT****20MW****PROJECTED MARKET
SIZE BY 2025****KEY PLAYERS****Existing Colocation Players**

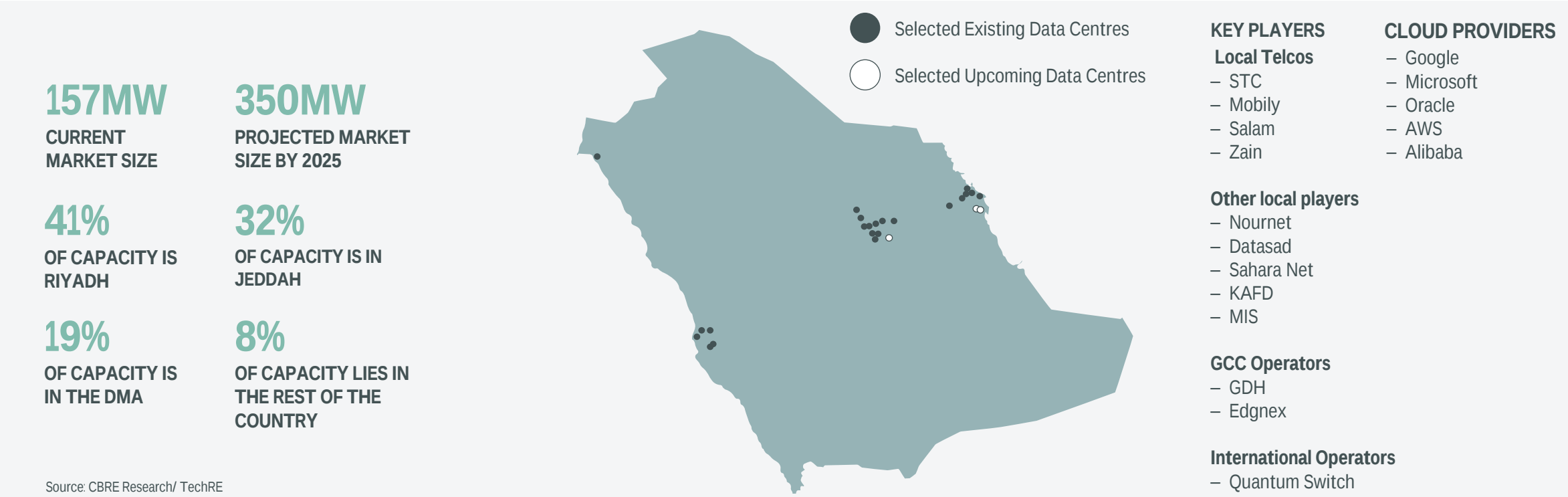
- Telecom Egypt
- Etisalat Misr
- Raya
- GPX
- ECC Solutions
- CityNet
- EGID
- Orange

Source: CBRE Research/ TechRE

INTELLIGENT INVESTMENT

Saudi Arabia

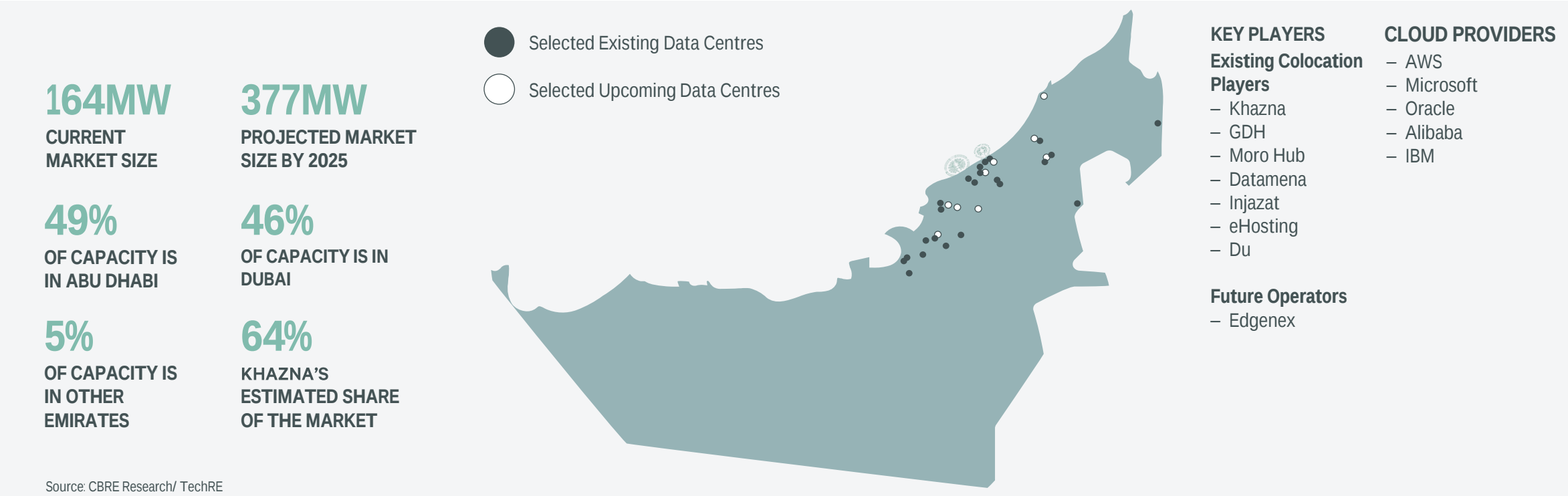
- Saudi Arabia has 15 in-service subsea cables, with 12 of the 15 subsea cables landing in Jeddah, other landing sites include Al Khobar, Yanbu and Duba. A further six cables are expected to be added by 2025.
- The recently launched Cloud Computing Special Economic Zone initiative facilitates data centres investment throughout the Kingdom by providing special tax treatments, reduced fees and competitive power rates.
- Saudi Arabia is aiming to diversify its energy mix used in electricity production, where by 2030 it aims to increase the renewable portion of the mix to 50%, this is expected to be done through a mixture of solar and wind power from over 35 sites around the country.



INTELLIGENT INVESTMENT

United Arab Emirates

- The UAE has 17 operational subsea cables connecting it to other countries, the highest in the GCC. The main cable landing point is Fujairah on the east coast with 13 cables.
- As part of its energy strategy the UAE is targeting to be carbon neutral by 2050. The UAE is already home to some of the world’s largest solar energy projects, including Noor in Abu Dhabi and Mohammed bin Rashid Al Maktoum Solar Park in Dubai.
- In terms of natural hazards, the UAE has no known earthquake fault line, although tremors can occasionally be felt from events occurring in the northern parts of neighbouring Iran which sits on an active fault line.



Source: CBRE Research/ TechRE

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