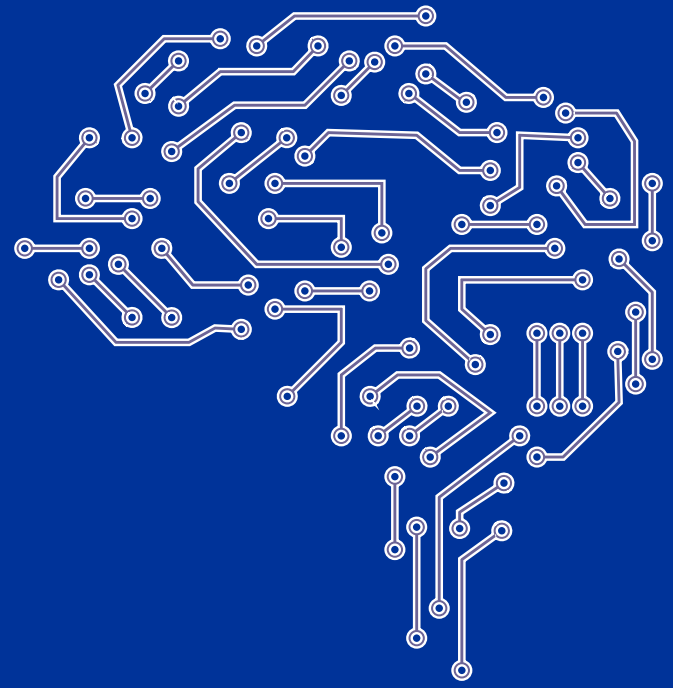
KENYA
DATA CENTER MARKET BRIEFING



A strategic overview of the data center investment opportunity in Kenya

A Xalam Analytics Country Report

July 2025

DATA GOVERNANCE IN AFRICA

This report is part of a series of market briefs developed by Xalam Analytics at the behest of Digital Investment Facility (DIF) under the Data Governance in Africa Initiative, on the data center market opportunity in sub-Saharan Africa ("SSA"). This analysis aims to provide key insights into market demand and supply patterns for data center markets, business landscape, regulatory impact and investment returns. The research aims to provide potential investors and stakeholders with the latest information on the data center market in the SSA region.

This country review is based on our assessment of information and data as available to our research. It is further underpinned by our understanding of the marketplace along with market data and insights collected through continuous research. The numbers and estimates in this report are derived from a mix of sources, including estimates from Xalam Analytics' economic models, data providers, regulator data and other sources as may be indicated.

This report is prepared with funds from the Data Governance in Africa Initiative, a project financed by the European Union, Germany, Belgium, Estonia, Finland and France under the Digital for Development (D4D) Hub. Its contents are the sole responsibility of Xalam Analytics and do not necessarily reflect the views of the funders.

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XALAM FRONTIER MARKETS

The Kenya data center investment case

Considerable scaling-up potential as a connectivity and economic hub, and a prime hyperscaler destination

THE OPPORTUNITY

- **The fourth-largest economy in Sub-Saharan Africa** – and East Africa's economic hub.
- A **deep broadband connectivity** and digital economy foundation.
- Favorable data hosting, electricity and fiber market regulations.
- **Excellent power provisioning profile**, with 80% public grid power sourced from renewables.
- **A dynamic, $400m/year cloud services market**, with strong hyperscaler cloud presence; cloud regions expected within 3 years.
- **Data center market projected to expand nearly 5x.**

CHALLENGES & RISKS

- **Intensely competitive** data center market.
- Some **uncertainty on scale and timing of hyperscaler , enterprise cloud** deployments.
- Moderate to **high power prices.**
- Strong downward pressure on colo prices.
- Moderate FX risk.

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Kenya data center market overview

Estimates as of 2024

~15-20

Live DC facilities

13MW

Live critical IT load (1)

30MW

Capacity in construction (2)

~50MW+

Long term pipeline (3)

~10-15

Facilities in construction or in pipeline

~60%

Facility occupancy (4)

$30m

Annual Commercial Data Center Revenue

30%

Data center market CAGR (2024-30)

(1)Capacity that is active, under lease or readily available for lease by third-party customers.
(2)IT load capacity from facilities currently in construction; construction has broken ground; ongoing civil works, installation and commissioning phases are in progress.
(3)Facilities explicitly announced or listed as in development. Some execution phases have been initiated (e.g. land control, energy supply commitments, etc.), but no actual civil works have been undertaken. Capacity expected to be available by the end of 2030.
(4) Percent of available capacity that is effectively being used by third party customers.
Sources: Xalam Analytics estimates, provider data

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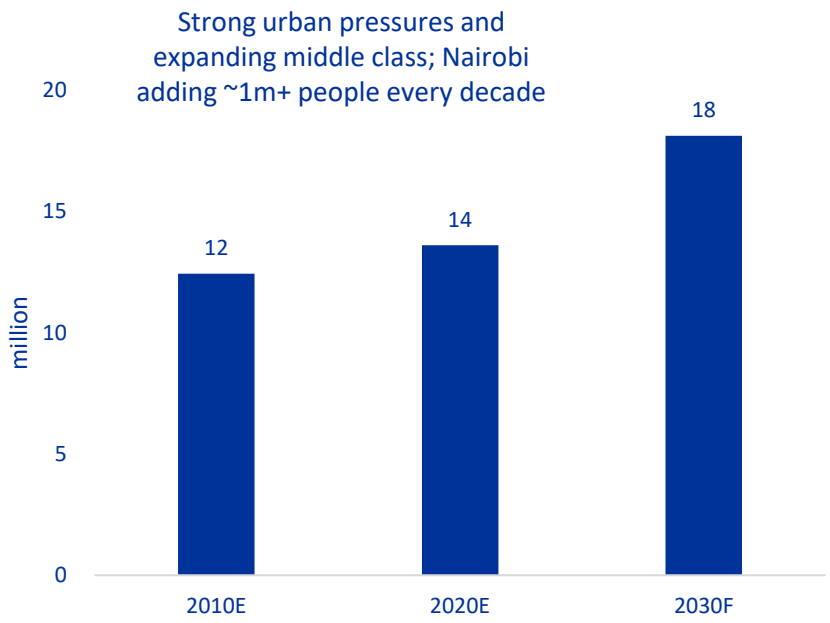
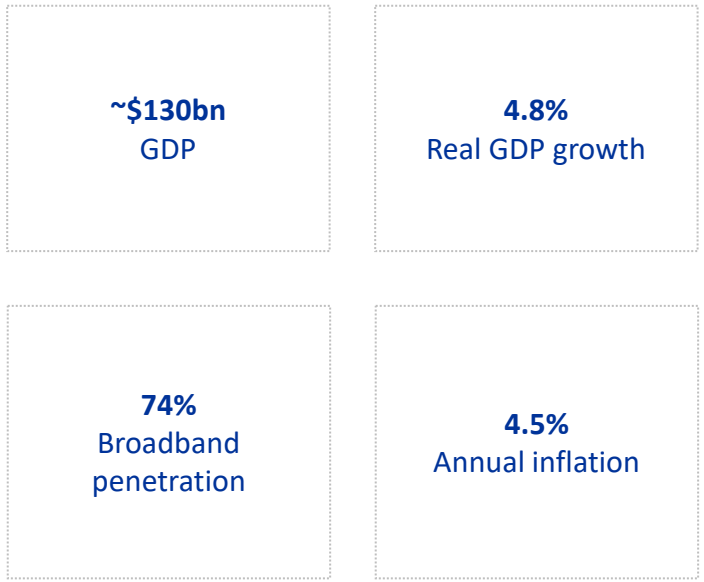
Key drivers of demand for data centers

Despite some persistent macro pressures, a host of secular trends are fueling demand for Kenyan data center capacity: strong demographics, robust economic growth and advanced consumption of digital tools

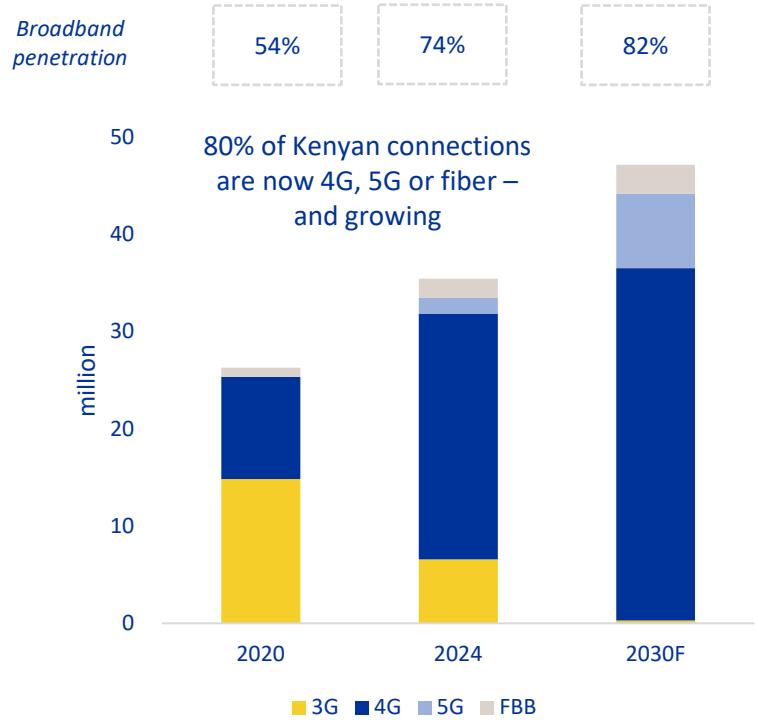
Fundamental demographic changes
Kenya urban population – 2010 - 2030F



Deep economic transformation, despite some macro pressures
Sample Kenya economic indicators - 2024



A more sophisticated digital customer base
Kenya broadband connections by type - million



Sources: IMF, Kenya National Bureau of Statistics; Communications Authority of Kenya; Xalam Analytics estimates, provider data

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Data center market conditions

Kenya's operating environment is highly favorable to data center build, with moderate constraints

Data privacy, hosting & environmental regulations

- The government of Kenya aims to make the country into a digital hub of technology and innovation.
- Kenya Digital Masterplan: part of Kenya Vision 2030, with around $4bn in investments in digital infrastructure, services, digital skills and digital business, covering the 2022-2032 period.
- The Kenya Data Protection Act (2019) and guidelines from Kenya's ICT Authority (ICTA) provide the core framework for data protection and localization in Kenya. Largely modeled after the EU's GDPR.
- General spirit and guidance of regulations towards fostering cloud usage, local data hosting.
- Kenyan data centers are required to conduct Environmental Impact Assessment (EIA) as a condition for licensing.

Electricity & Fiber Markets

- Kenya generates ~5 GW of grid power annually; electricity prices are moderate to high, around $0.17/kWh.
- Renewables account for ~90% of the Kenyan energy mix, about half of which from wind power. Nearly 20% of power is generated by Independent Power Producers (IPPs).
- Kenya's wholesale data regulatory regime is the most open in East Africa; highly diverse terrestrial fiber and international bandwidth markets.

Investment Incentives

- Limited exchange controls.
- Development of a free zone and Konza Technopolis, within a special economic zone, with tax benefits and streamlined processes.
- Wear and tear allowances for capital expenditures; foreign tax expense deduction; 10-year corporate tax holiday in designated export processing zones.
- Accelerated administrative processes for investors.

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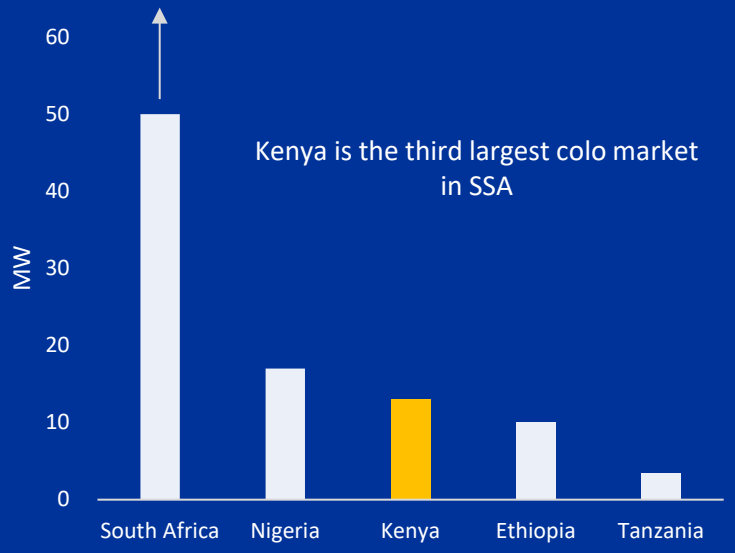
State of data center supply

Kenya is Sub-Saharan Africa's third largest commercial colocation market – and it still has yet to fully hit its stride

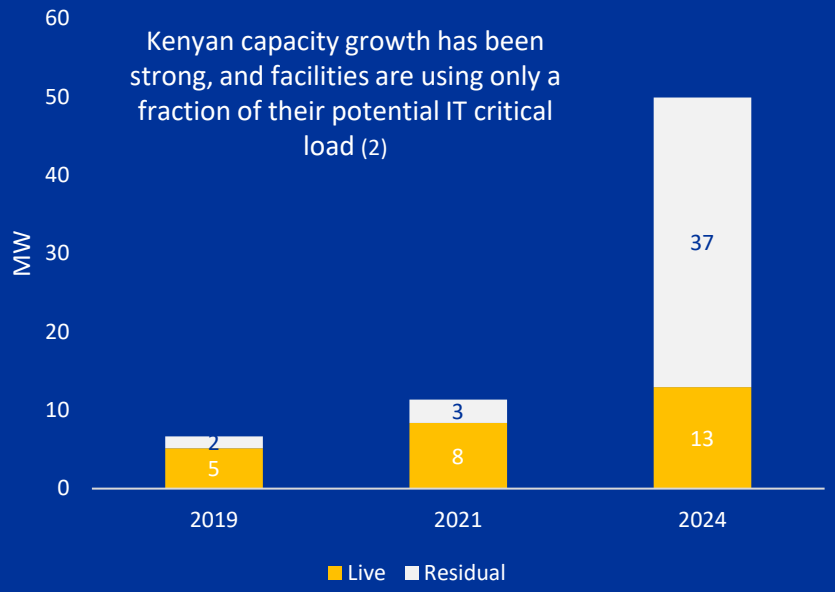
Kenya data center supply – 2024E
Sample market indicators (1)

~15-20 Live commercial DC facilities	**~13MW** Live IT load
50MW Potential/Full-build IT load (2)	**~70%** % of supply that is carrier-neutral

Kenya vs. SSA peers
Critical IT load – MW (3)



Kenya data center – Live vs. potential IT load
Critical IT load - in MW



(1)Numbers are rounded up (2) Potential/Full-build load is facility capacity assuming that all phases of development have been completed. Additional CapEx would be needed to make the residual capacity operational.
(3)South Africa is off-scale.
Sources: Xalam Analytics estimates, provider data

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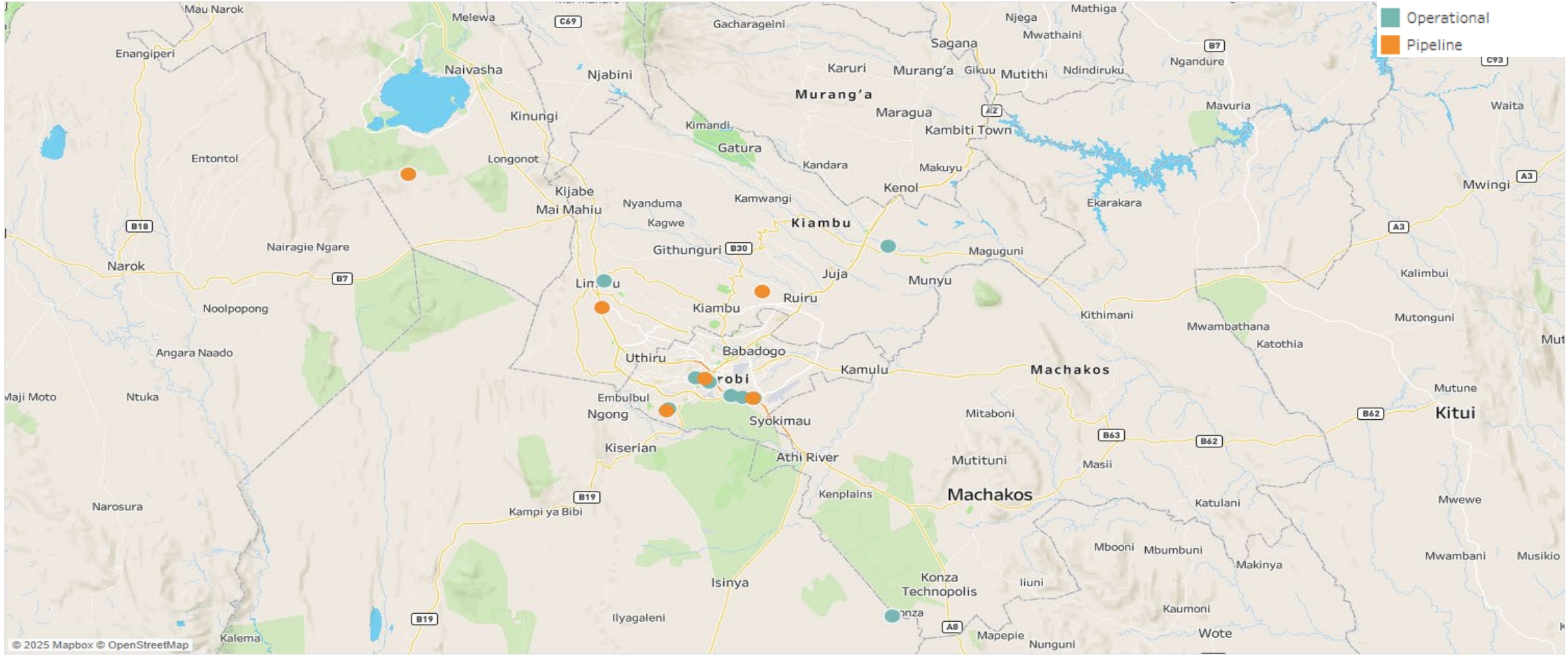
Kenya facility mapping – Nairobi metro



Key data center market players

Kenya has a highly competitive and diverse marketplace – with growing presence from Africa's top providers

Telcos & Fiber Infracos

Safaricom, Telkom

Focused on mobility and fiber - colocation is an adjacent opportunity.

The Data Center Specialists

icolo.io, Africa DataCentres, paix™, IXAfrica

Carrier-neutral data center colocation pure plays

Government

KONZA Technopolis

State agency offering a range of IT services, including colocation

New entrants

Olkaria ecocloud Data Centre, nxtra by airtel

More specialist providers expected to launch over the next 2-3 years

A highly competitive market

- Specialists dominate this market – around 70% of Kenya's critical IT load capacity is managed by specialist or carrier-neutral types.
- Overall, however, no provider controls more than a third of Kenya's available IT load supply.
- New players are coming to this market, most notably G42 and Airtel's Nxtra unit.

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GLOSSARY & KEY DEFINITIONS

Key definitions

Data center	While there are a variety of definitions for data centers, this market review is focused on commercial facilities , that is, facilities that lease colocation white space and power capacity to third-party customers on open, commercial terms, and in exchange for a fee. Captive facilities (bank data centers, telco switch sites and similar) are excluded from this assessment. Estimates focus on facilities at Tier II standard and above, unless otherwise indicated. Where applicable, these estimates include cloud hyperscaler self-built facilities.
Live critical IT load	Capacity that is active, under lease or readily available for lease.
Full build capacity	Data center facilities are typically built in phases; the full-build capacity is capacity assuming all potential phases of build have been completed and are live.
Capacity in construction	Facilities that have broken ground; ongoing civil works, installation and commissioning phases.
Pipeline	Facilities explicitly announced or listed as in development. Some execution phases have been initiated (e.g. land acquisition, power supply commitments, etc.), but no actual civil works have been undertaken.
Carrier-neutral	Facilities not specifically affiliated to a connectivity or cloud vendor, with capacity available to all third-party customers, on equal commercial terms, without explicit or implicit constraints or favoritism. This market review uses a loose definition for carrier-neutral, referring to facilities that are purely carrier-neutral, recognized by the market or effectively managed as such.

Glossary

Below are some of the key abbreviations used in this report

AI	Artificial Intelligence
ASN	Autonomous System Number
bn	billion
CAGR	Compound Annual Growth Rate
CapEx	Capital Expenditures
CDN	Content Delivery Network
Colo	Colocation
DC	Data Center
DIF	Digital Investment Facility
EAC	East African Community
EU	European Union
F	Forecast
FBB	Fixed Broadband
FDI	Foreign Direct Investment
FX	Foreign Exchange
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
ICT	Information, Communications and Technology
ISP	Internet Service Provider
IPP	Independent Power Producer
IT	Information Technology

kW	Kilowatt
kWh	Kilowatt Hour
LLM	Large Language Models
m	million
MNC	Multinational Corporation
MNO	Mobile Network Operator
MRR	Monthly Recurring Revenue
MSP	Managed Service Provider
MW	Megawatts
NDC	National Data Center
OEM	Original Equipment Manufacturer
POP	Point of Presence
PUE	Power Usage Effectiveness
RFS	Ready For Service
SEZ	Special Economic Zone
SSA	Sub-Saharan Africa
USD	US dollar
PUE	Power Usage Effectiveness
RFS	Ready For Service
SSA	Sub-Saharan Africa
YE	Year end

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Global Gateway

Belgium partner in development

Republic of Estonia Ministry of Foreign Affairs

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Liberté • Égalité • Fraternité
République Française
Ministère de l'Europe et des Affaires étrangères

german cooperation
Deutsche Zusammenarbeit

Digital Africa

Enabel

Expertise France
Groupe AFD

estDev
From the people of Estonia

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

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Learn more:
https://d4dhub.eu/initiatives/data-governance-in-africa