

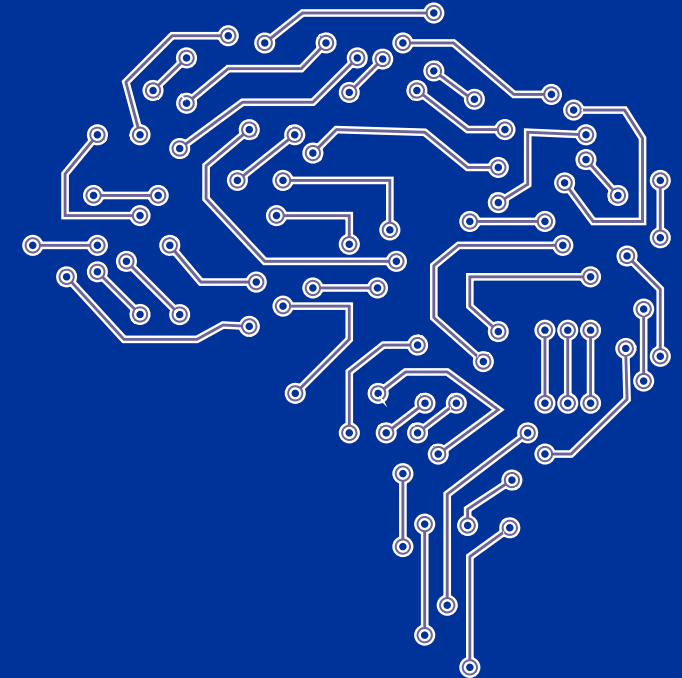
TANZANIA

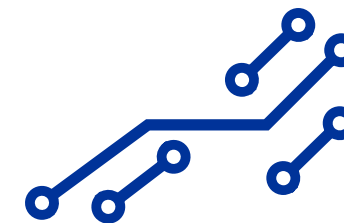
DATA CENTER MARKET BRIEFING

A strategic overview of the data center
investment opportunity in Tanzania

A Xalam Analytics Country Report

July 2025



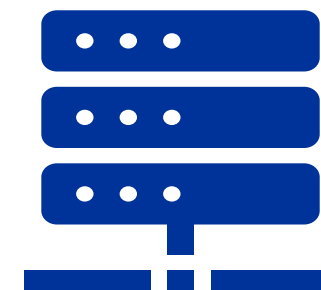


This report is part of a series of market briefs developed by Xalam Analytics at the behest of Digital Investment Facility (DIF) under the Data Governance in Africa Initiative, on the data center market opportunity in sub-Saharan Africa (“SSA”). This analysis aims to provide key insights into market 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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The Tanzania data center investment case

A fast-growing economy and improved investment conditions combine to make for a data center market with considerable upside



THE OPPORTUNITY

- **The second largest economy** in the East African Community (EAC) trade block.
- **Robust economic growth** – on current trajectory, Tanzania may surpass Kenya as the largest economy in East Africa within a decade.
- **A 20m+-connections broadband market** – one of the largest in Africa – and a **\$200m+ enterprise ICT services market**.
- Considerable **improvement in investment conditions** in Tanzania's ICT sector.
- Favorable conditions for data center build.
- **Data center market projected to expand at least 2x.**
- Relatively moderate electricity prices and increasingly flexible electricity regime.

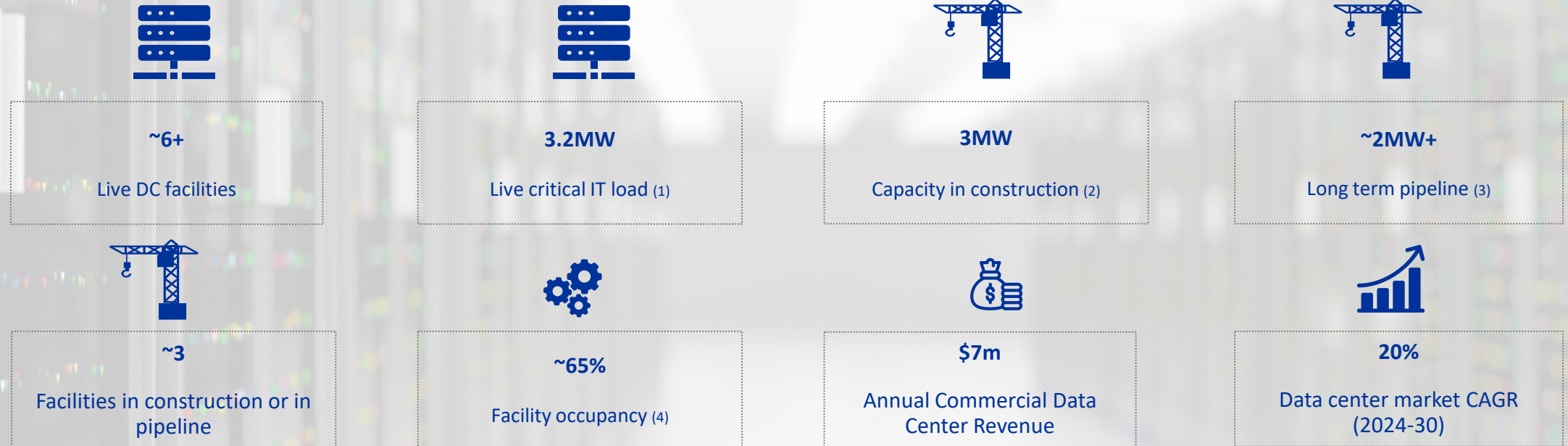


CHALLENGES & RISKS

- A still **early-stage** data center market.
- Large-scale, hyperscaler cloud region deployments are unlikely over the medium term – but small-scale deployments remain possible.
- Still some pockets of concentration in the fiber segment.
- **Moderate downward pressure on colo prices.**
- **Moderate FX risk.**

Tanzania data center market overview

Estimates as of 2024



(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.

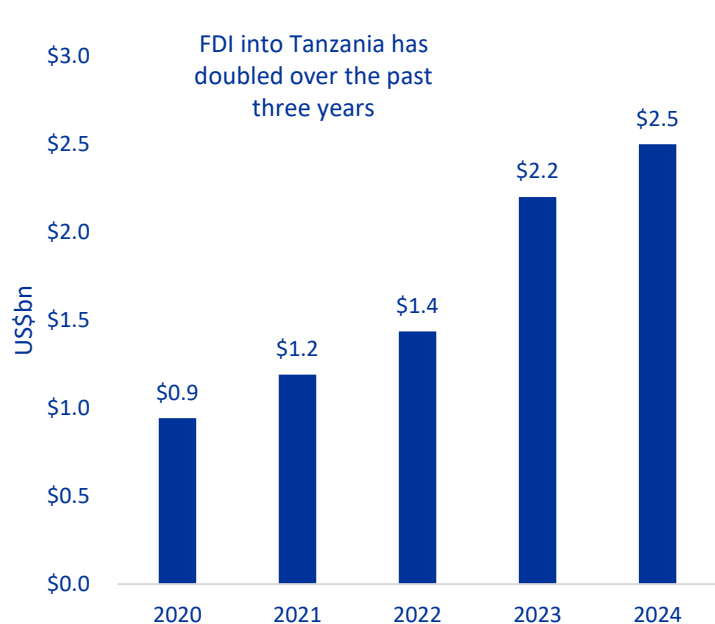
(4) Percent of available capacity that is effectively being used by third party customers.

Sources: Xalam Analytics estimates, provider data

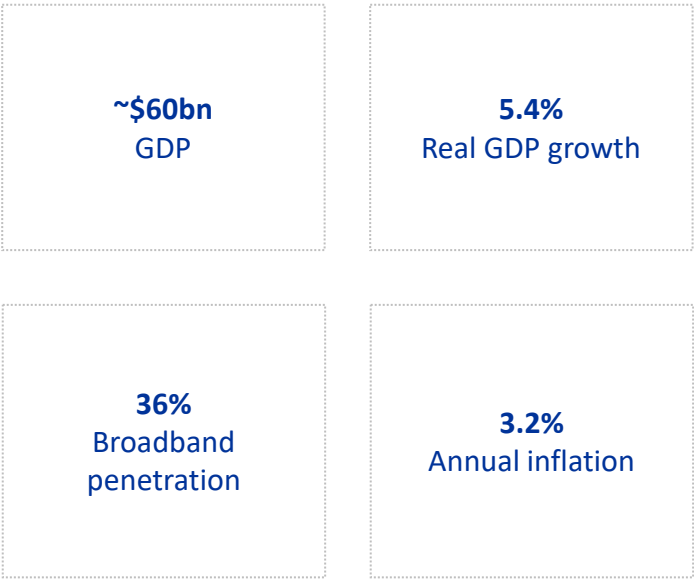
Key drivers of demand for data centers

Strong economic growth, increased FDI and expanded broadband adoption are powering Tanzanian demand for hosting capacity

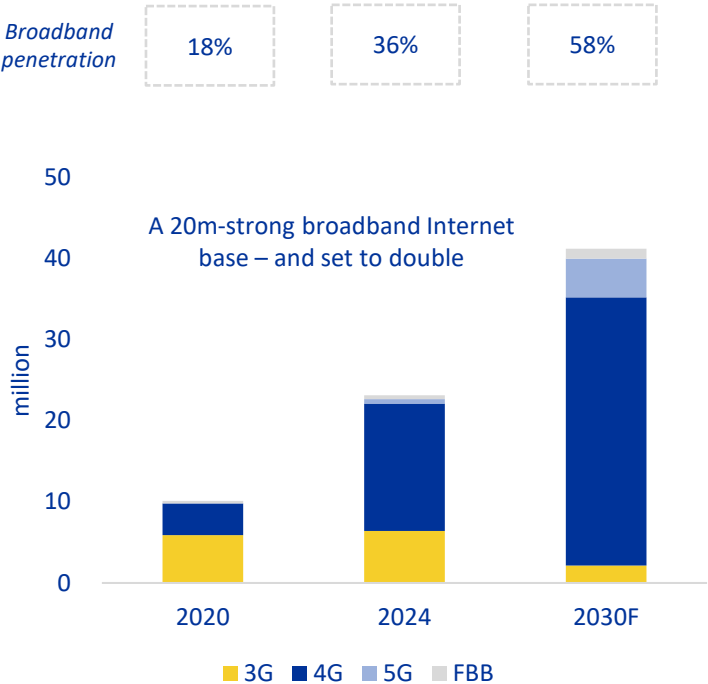
A spike in investment inflows – Tanzania FDI
US\$bn



Robust economic growth with stable inflation
Sample Tanzania economic indicators - 2024



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



Sources: IMF, National Bureau of Statistics; Bank of Tanzania; TCRA; Xalam Analytics estimates, provider data

Data center market conditions

Investments and operating conditions in Tanzania's data center sector have improved considerably

Data privacy, hosting & environmental regulations



- Tanzania has increasingly strict data localization laws. Banks are already required to host their data in local data center facilities.
- All Tanzanian companies have been required to host their primary servers in Tanzania since July 2023.

Investment Incentives



- Dramatic change in investment climate and efforts to attract investors.
- Tanzania Investment Act – improved dispute resolution framework, more flexibility in dividend repatriation.
- Considerable investments in infrastructure – a 2GW hydropower project, a regional standard-gauge railway and part of the US-fronted Lobito corridor project.

Electricity & Fiber Markets



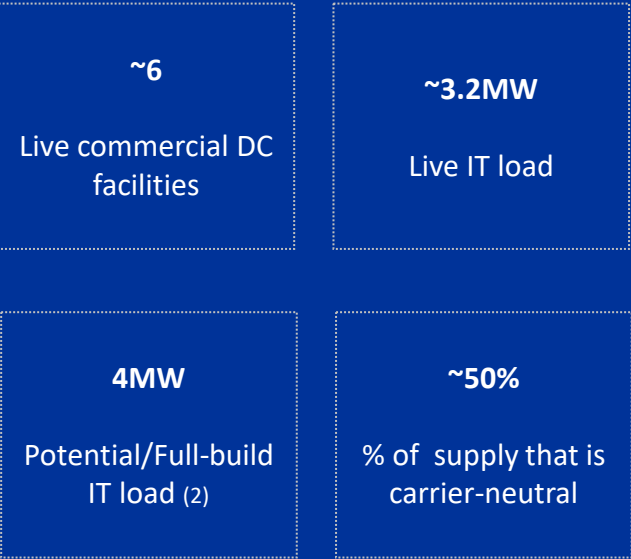
- Tanzania has a power generation capacity of around 1.7GW; ~40% from renewables, primarily hydro.
- Moderate electricity prices - \$0.08/kWh.
- Grid dependent on primary utility – Tanesco, and six mini-grid setups.
- Licenses available to generate power for own use.
- A moderately competitive market: Seacom and WIOCC have long held a duopoly in the market for international capacity.
- Tanzania provides an alternative path to international cables for East African regional carriers .
- The international capacity market is gradually opening up; a third cable (2Africa) landed in Tanzania in 2023, adding more capacity and diversity.
- A fourth cable (PEACE) is projected to connect to Tanzania over the next 3+ years, connecting Tanzania to Asia and Europe.

State of data center supply

Tanzania’s available data center supply is still relatively sub-scale, but growing fast

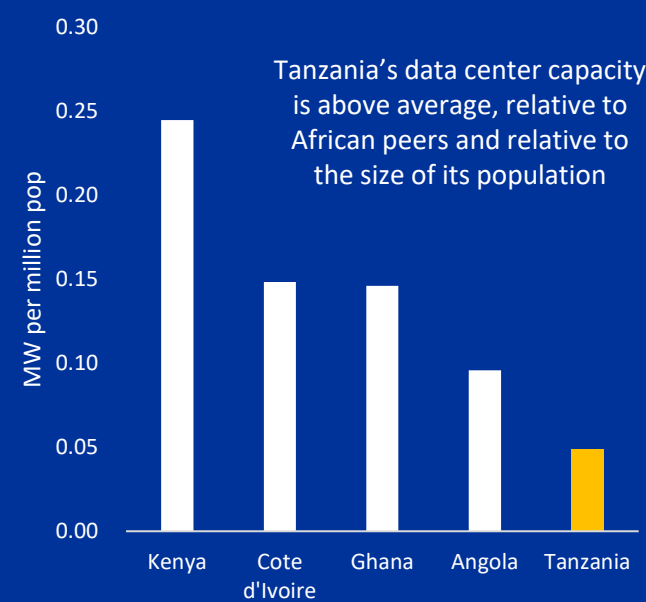
Tanzania data center supply – 2024E

Sample market indicators (1)



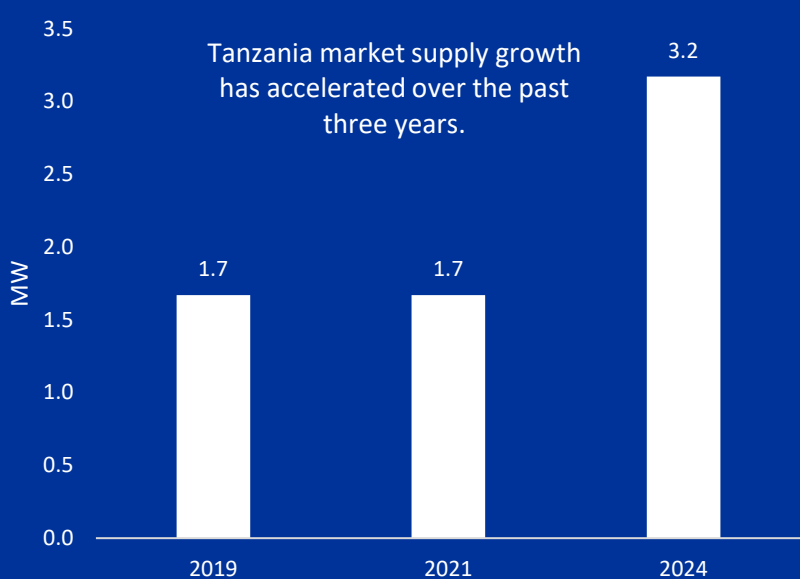
Tanzania vs. Sub-Saharan Africa peers

Critical IT load – MW per million population



Tanzania data center – evolution of live supply

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
Sources: Xalam Analytics estimates, provider data

Tanzania facility mapping – Dar es Salaam metro



Key data center market players

The Tanzania data center market mix comprises fiber infracos, government and MNO facilities; carrier-neutral activity remains limited, but is growing

Telcos & Fiber Infracos



Focused on mobility and fiber – colocation is an adjacent opportunity

The Data Center Specialists



The only pure-play colocation provider in Tanzania in 2024

Government



State agency offering a range of IT services, including colocation

New entrants



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

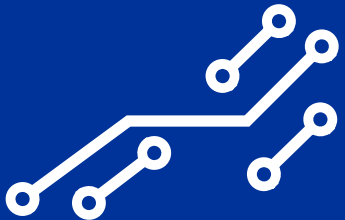
A highly competitive market

- The Tanzanian data center supply base is diverse, mixing fiber infracos, government and MNO facilities.
- For most providers, the commercial colocation business is secondary to their core connectivity or IT businesses.
- Slightly less than half of Tanzania's capacity sits in carrier-neutral facilities.





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



Learn more:

<https://d4dhub.eu/initiatives/data-governance-in-africa>

