Global Gateway

African Union

NIGERIA
DATA CENTER MARKET BRIEFING

A strategic overview of the data center investment opportunity in Nigeria

A Xalam Analytics Country Report

January 2026

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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.

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XALAM FRONTIER MARKETS

The Nigeria data center investment case

West Africa's largest economy, on path to recovery – and transitioning to hyperscaler cloud and AI

THE OPPORTUNITY

- **The largest economy in West Africa, with an improving outlook after years of tepid growth;** a stated government ambition to become a trillion-dollar GDP economy over the next decade.
- **Nigeria has Africa's largest broadband market**, in terms of connection volumes.
- Strong impetus for accelerated digitization across sectors, including financial services and government services.
- An increasingly favorable operating environment, with improved frameworks for power provisioning, fiber availability and diversity.
- **A top 3 enterprise ICT and cloud services** market in Africa; a deep demand potential, with projected deployment of a public cloud region.

CHALLENGES & RISKS

- Structural challenges remain immense
- **A mostly unreliable power grid**, still largely fossil-based.
- **High power costs**, which continue to rise.
- Economy remains fragile, despite improvements; high 20%+ inflation and persistent FX risk.
- **Some risk of oversupply**, given the market's large residual capacity and large-scale build projects.

Nigeria data center market overview

Estimates as of 2025

~15
Live DC facilities

28MW
Live critical IT load (1)

45MW
Capacity in construction (2)

~25MW+
Long term pipeline (3)

10
Facilities in construction or in pipeline

~70%
Facility occupancy (4)

$45m
Annual Commercial Data Center Revenue

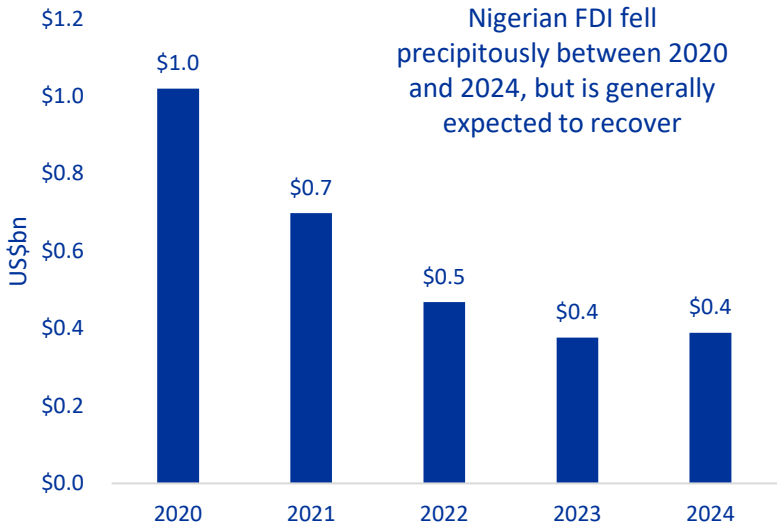
28%
Data center market CAGR (2025-30)

(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

Key drivers of demand for data centers

Nigeria's structural challenges remain immense - but the country has unique scale, macro conditions are improving and connectivity volumes continue to increase

Investment inflows looking to recover - Nigeria FDI
US$ bn



Improving economy with persistent inflationary pressures
Sample Nigeria economic indicators – 2025E

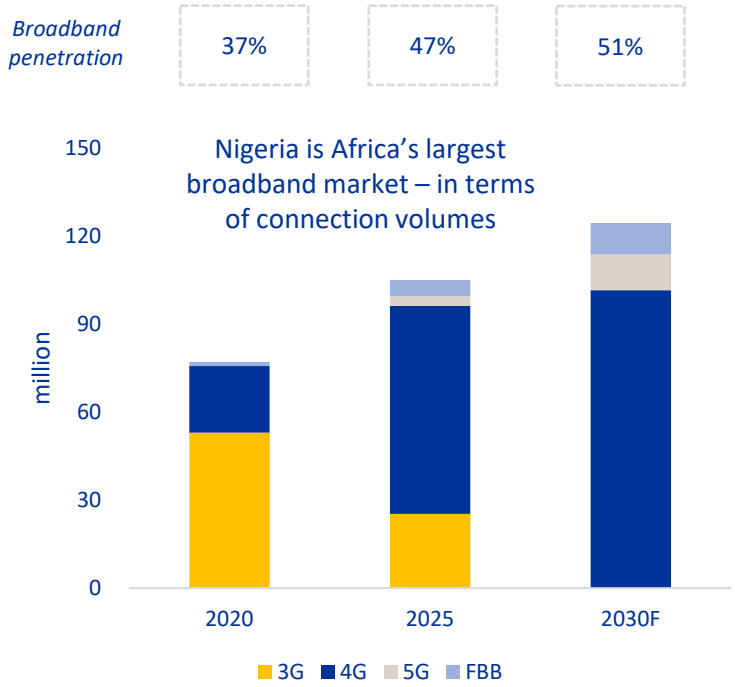
~$250bn
GDP

3.9%
Real GDP growth

45%
Broadband penetration

23%
Annual inflation

A 100m+ digital customer base
Nigeria broadband connections by type - million



Sources: IMF, NBS, NCC; Xalam Analytics estimates, provider data

Data center market conditions

Nigerian operating conditions are gradually improving; aiming to make the country a leader in AI

Data privacy, hosting & environmental regulations

- Growing push to establish favorable framework for cloud and data centers and attract Hyperscalers.
- Strict local hosting requirements in some key segments – e.g. financial services, oil and gas, ICT firms cannot host “sovereign” data outside of Nigeria without the approval of the National Information Technology Agency (NITDA).
- Nigeria Cloud policy issued by NITDA – A broad framework, calling for usage of cloud services to boost economic growth; focused on fostering public sector efficient provisioning of IT resources.
- National AI strategy aims for Nigeria to become a global leader in AI
- Central Bank requires local banks to keep data in local Tier-3 facility.

Electricity Market

- A privatized power sector;. 6 generation companies and 12 discos – but highly constrained transmission means that only half of generated capacity is operational, and only 30% makes it to the end user;
- Some states now have control over power sector regulation.
- Market is highly capacity-constrained; power generation capacity of ~13GW, but operational capacity only around 5-6GW.
- Market is highly dependent on diesel power - ~3x-5x current distributed grid usage
- ~30% of power from renewables

Investment Incentives

- Nigeria Digital Economy Policy and Strategy is a key pillar of the country’s efforts to diversify its economy, boost the contribution of the digital economy to GDP.
- A vision for Nigeria to be in the upper quartile of countries on AI, IoT, additive manufacturing.
- Government pushing and lobbying to attract Hyperscalers; tax pioneer status in key areas.
- Deductions on cost of delivering basic infrastructure.
- New Startup Act geared towards boosting investment in tech startups.

Fiber Market

- Liberalized, and highly competitive international capacity market.
- Excellent route diversity – to Europe and Asia through East and West coastline;
- Liberalized terrestrial fiber market, with good diversity – but cost of interurban long-haul fiber is high.
- Launch of 90k km country wide “Project Bridge” to expand the fiber backbone.
- Positive movement on fiber deployments as more states slash or eliminate prohibitive rights of way fees.

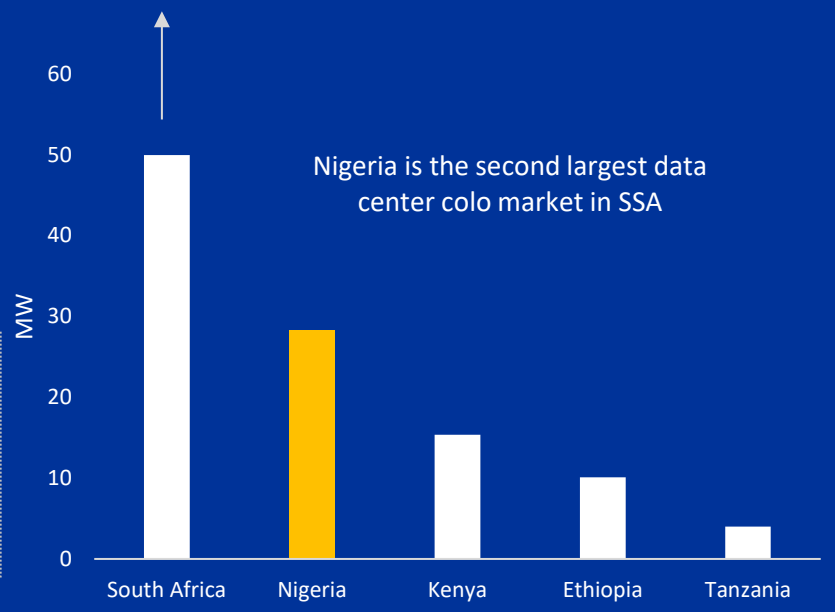
State of data center supply

Nigeria is Sub-Saharan Africa's second largest commercial colocation market

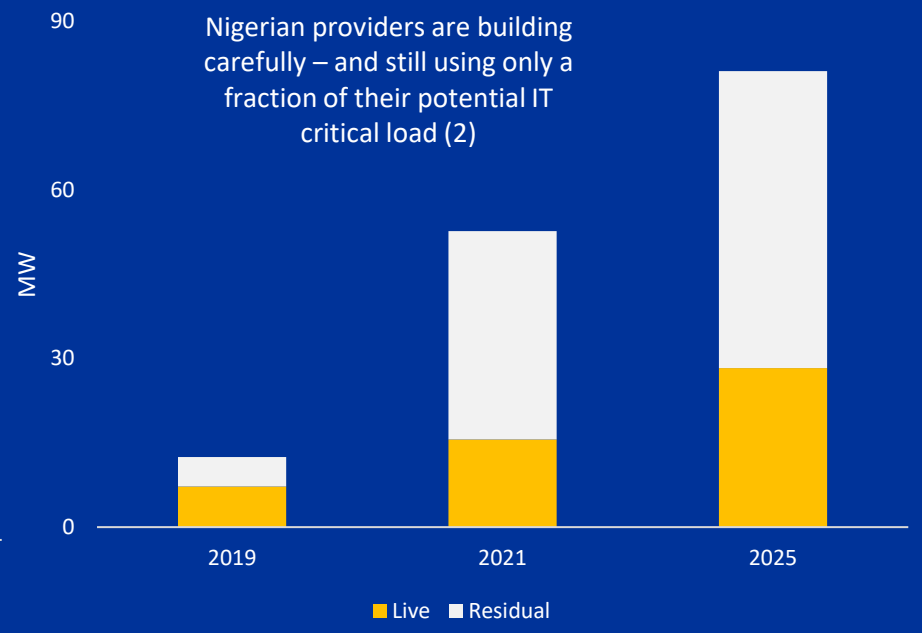
Nigeria data center supply – 2025E
Sample market indicators (1)

~15 Live commercial DC facilities	**~28MW** Live IT load
80MW Potential/Full-build IT load (2)	**~60%** % of supply that is carrier-neutral

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

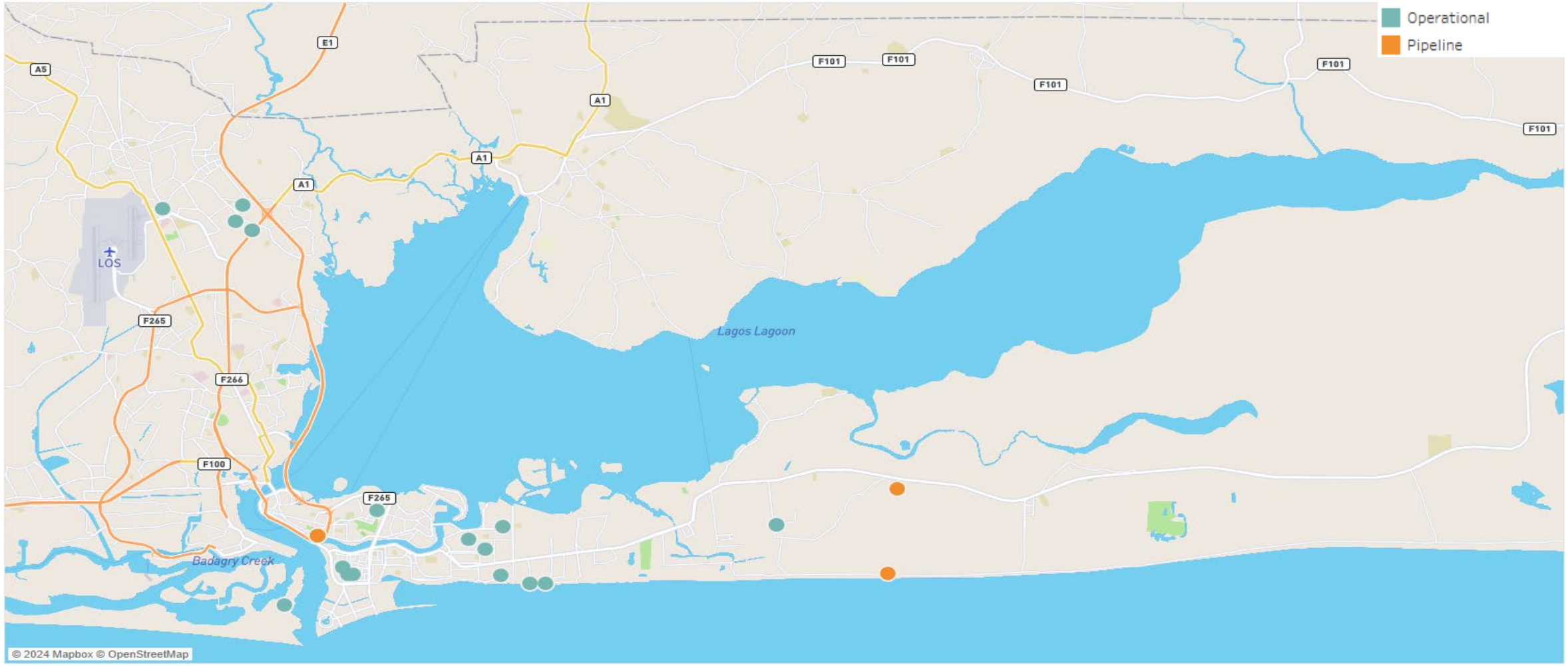


Nigeria data center – Live vs. potential IT load
Critical IT load - in MW



(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

Nigeria facility mapping – Lagos metro



DATA GOVERNANCE IN AFRICA

Key data center market players

A highly competitive and diverse marketplace, with carrier-neutral providers gaining ground

Telcos & Fiber Infracos

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

The Data Center Specialists

Carrier-neutral data center colocation pure plays

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 Nigerian supply base is relatively diverse, mixing carrier-neutral providers, infracos, IT companies and telcos.
- The number of specialist providers has increased considerably over the past three years; ~60%+ of the capacity is carrier-neutral.
- Most providers target a mix of wholesale and retail customers. Providers at the top end and specialists are now building to transition from mere wholesale to hyperscaler-focused, AI-capable 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

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IN AFRICA

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