

# Overview of the Global and African Data-Centre Landscape

## A Cape Town Perspective

### February 2026





# Executive Summary

Every digital interaction, such as an AI query, a financial transaction, a video stream and a logistics optimisation, ultimately resolves in a physical place. That place is a data centre. Far from being abstract or virtual, data centres are capital-intensive industrial assets that sit at the intersection of energy systems, global trade and technological power. In an era defined by artificial intelligence, cloud computing, and data sovereignty, data centres have come to be regarded as critical national infrastructure.<sup>1</sup>

Data centres are purpose-built facilities that house servers which store, process and transmit data at scale. They operate continuously, require ultra-reliable power and cooling, and increasingly resemble advanced manufacturing plants rather than traditional IT rooms. While some facilities occupy little more space than a closet, modern hyperscale data centres now span the size of shopping malls or the equivalent of more than a dozen football pitches and support entire cloud ecosystems used by millions of people simultaneously.<sup>2</sup>

## Key Insights

- Global investment is accelerating sharply, led by hyperscalers deploying tens of billions into AI-ready compute capacity.
- Power access, permitting complexity, and regulatory fragmentation remain the biggest constraints to large-scale datacentre development.
- Energy resilience and renewable integration are becoming competitive differentiators, with operators increasingly investing in private generation and wheeling.
- Africa is entering a high-growth phase, driven by cloud adoption, AI deployment, new subsea cables, and rising renewable energy integration.
- South Africa remains the continent's digital anchor, hosting over half of Sub-Saharan capacity and all major global cloud regions.
- Cape Town is emerging as a high-potential coastal hub, benefiting from its proximity to submarine cables, climate advantages, renewable energy potential, and a strong innovation ecosystem.

Globally, the sector is undergoing exponential growth and structural transformation. Annual global data-centre investment has been expanding at approximately 21%, with total spend projected to exceed US\$220 billion and revenues expected to grow at 10–12% per annum through to 2030. Hyperscale facilities now account for more than one-third of global capacity, driven by cloud adoption, exponential growth in AI training workloads and the emergence of latency-sensitive edge computing.<sup>3</sup>

Against this backdrop, South Africa has emerged as Africa's primary digital-infrastructure hub. Over the past decade, national data-centre capacity has expanded steadily. This has positioned the country as an entry point for global cloud providers seeking scale, regulatory certainty and connectivity across the continent. Today, South Africa hosts nearly half of Africa's installed data centre capacity and increasingly serves as a gateway market for broader digital expansion across the continent.

Cape Town, alongside Johannesburg, sits at the centre of this evolution. The city's advanced fibre networks, proximity to major submarine cables, such as Equiano and 2Africa, its renewable energy potential, and a growing innovation ecosystem have made it an attractive location for both hyperscale and colocation operators. As a coastal interconnection node, Cape Town links African demand with global data flows, strengthening its strategic relevance beyond the domestic market.

Importantly, South Africa's data-centre market is not only growing but is also being actively shaped by policy. The National Data and Cloud Policy mandates domestic storage for specific categories of public-sector data. At the same time, the National AI Strategy aims to mobilise more than US\$3.7 billion in AI-related investment by 2030. Jointly, these frameworks reinforce the country's role as both a data-sovereignty anchor and a proving ground for advanced digital infrastructure.

However, opportunity alone does not determine leadership. As data generation, AI deployment and digital trade accelerate, the focus is shifting from capacity expansion to the delivery of infrastructure that is reliable, resource-efficient and sustainable. In Cape Town, the continued strengthening of energy resilience, water stewardship and coordinated permitting will be central to consolidating the city's position as a continental exemplar of sustainable digital infrastructure and a core node in South Africa's digital economy.

1 <https://www.weforum.org/stories/2025/04/data-centre-gold-rush-ai/>

2 <https://www.weforum.org/stories/2025/04/data-centre-gold-rush-ai/>

3 <https://thedocs.worldbank.org/en/doc/61714f214ed04bcd6e9623ad0e215897-0400012021/related/9781464820656-ch5.pdf>

## Global and Regional Outlook

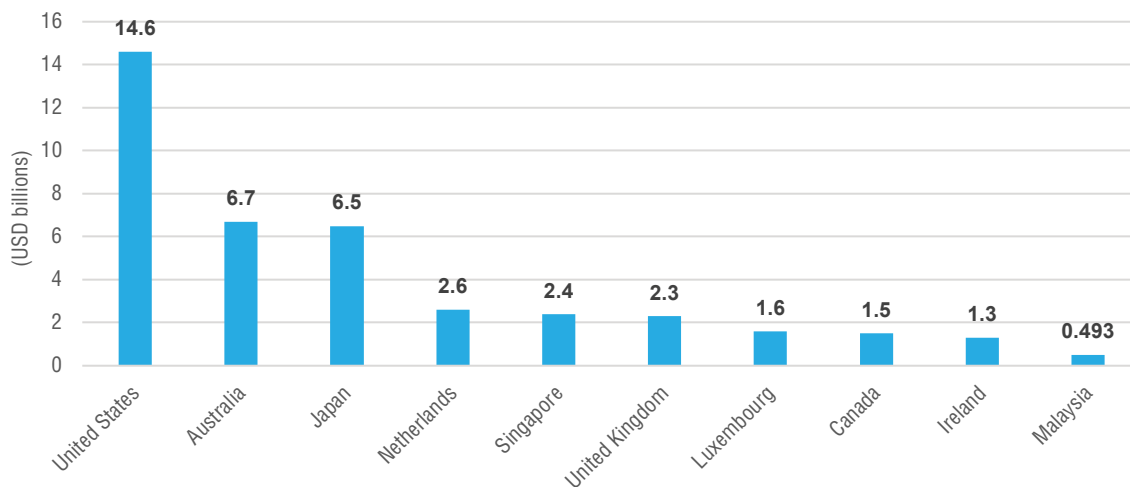
### Global investment trajectory: capital, concentration and control

The global data-centre market has entered a phase of hyper-investment, driven by the rapid scaling of artificial intelligence, cloud platforms and data-intensive digital services. Capital deployment is increasingly dominated by a small group of US-based technology firms whose balance sheets now rival those of sovereign states.

In 2025 alone, Amazon plans to invest approximately US\$100 billion in data centre and AI infrastructure, up from US\$83 billion in 2024. Furthermore, Alphabet is committing approximately US\$75 billion, Microsoft's commitment is close to US\$80 billion, and Meta is expected to invest an estimated US\$65 billion. These figures highlight the extent to which data centres have become core productive assets rather than ancillary IT infrastructure.<sup>4</sup>

The financial sector is reinforcing this concentration of capital. A US\$100 billion global AI-infrastructure fund launched by BlackRock, Microsoft and Abu Dhabi-backed MGX, with Nvidia as a strategic advisor, signals a deepening alignment between hyperscale operators, compute-hardware providers, and long-term institutional capital. For policymakers, this raises important questions around competition, infrastructure sovereignty, and locational bargaining power. Figure 1 demonstrates the top data centre investment locations.

Figure 1: Top investment locations in 2024 (US\$ billions)



Source: Global Data Centres Report 2025<sup>5</sup>

Recent advances in more efficient, open-source AI models, such as China's DeepSeek, have introduced short-term uncertainty into the market. These developments briefly unsettled investors, contributing to volatility in AI-linked equities (including Nvidia's 17% share-price drop in early 2025). However, rather than reducing long-term demand, lower model-training costs are likely to democratise AI adoption, enabling startups, SMEs, and public-sector users to deploy AI at scale. The net effect is a broadening of demand for data-centre capacity, even as computing becomes more cost-efficient and geographically distributed.<sup>6</sup>

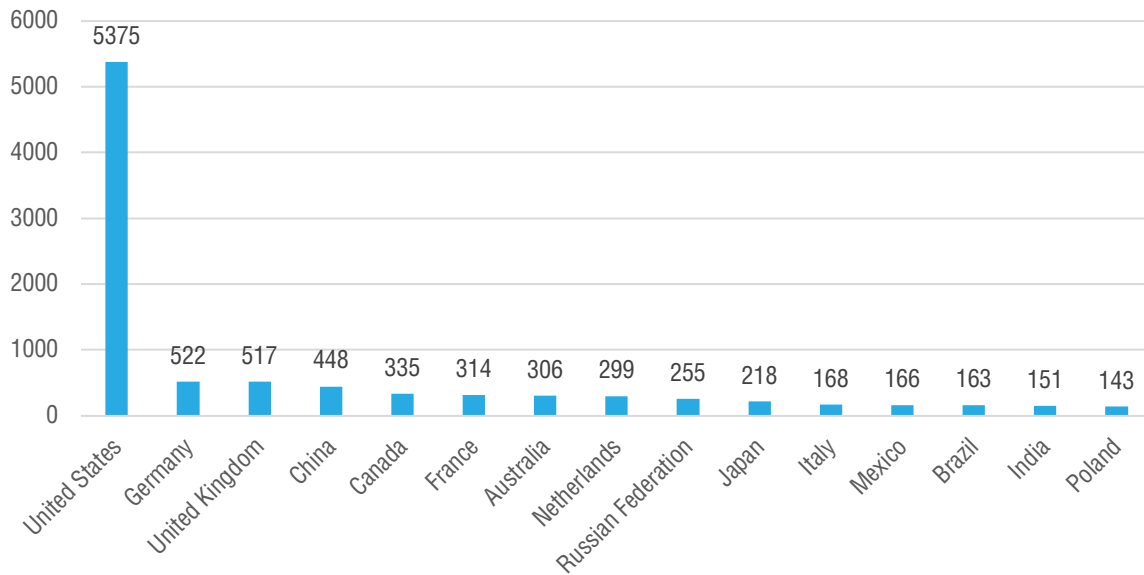
Despite this diffusion, hyperscale capacity remains highly concentrated in the United States and China, with other leading hubs in Australia, Canada, Germany, India, Ireland, Japan, Singapore and the United Kingdom. Market size, energy availability, regulatory certainty and global connectivity continue to determine locations for large-scale investment flows. This is shown in Figure 2.

4 [Knight Frank Global Data Centre Report 2025](#)

5 <https://content.knightfrank.com/research/2982/documents/en/data-centres-global-report-2025-12054.pdf>

6 [Knight Frank Global Data Centre Report 2025](#)

Figure 2: Total number of data centres by country (2023)



Source: [Cloudscene Data Centres](#)

Operators such as AWS, Microsoft, Google, and IBM maintain the broadest global footprints, while Alibaba, Oracle, and Tencent are aggressively expanding into emerging markets. For regions outside the traditional core, this creates a window of opportunity, but only where infrastructure readiness and policy alignment are credible.<sup>7</sup>

## African Market Dynamics: Small Base, Outsized Upside

Sub-Saharan Africa's current IT load remains a fraction of that of individual European cities, highlighting the scale of latent demand rather than market weakness. The African data-centre market was valued at approximately US\$3.49 billion in 2024 and is projected to reach US\$6.81 billion by 2030, representing a compound annual growth rate (CAGR) of approximately 11.8%.<sup>8</sup>

Four interlinked dynamics are shaping this growth:<sup>9</sup>

- Rising cloud investment:** Africa's cloud market is expanding rapidly, driven by 5G rollout, new submarine cable systems, and a decisive shift away from on-premises infrastructure toward cloud and colocation. South Africa remains the continent's primary hub, with its cloud market expected to exceed US\$7 billion by 2030. Microsoft, AWS and Google are expanding local capacity, while Microsoft, Oracle, and Huawei are deploying new cloud regions in Kenya, Nigeria, and Egypt. This signals the emergence of a multi-hub African cloud architecture with South Africa retaining first-mover and scale advantages.
- AI-driven demand:** Much of Africa's legacy data-centre stock is ill-suited to high-density AI workloads. New developments are therefore being designed around advanced cooling technologies, higher power densities, and Graphics Processing Units (GPU)-intensive clusters. South Africa leads the continent with more than 700 AI-focused firms. In addition, AI adoption is accelerating across government, transport, healthcare, finance, and industrial sectors, each of which reinforces demand for AI-ready facilities.
- Renewable energy adoption and grid resilience:** Rising digital demand, coupled with grid instability in many African markets, is prompting operators to adopt on-site and off-site renewable energy solutions, often paired with battery storage. Policy frameworks, such as South Africa's National Data and Cloud Policy, explicitly encourage a reduced reliance on the grid through solar and storage systems. In November 2024, Teraco began construction of a 120 MW solar PV plant in the Free State to power data centres nationwide and to provide surplus capacity to the grid. This illustrates how digital-infrastructure investment can reinforce broader energy resilience.
- Policy incentives and strategic partnerships:** Governments are increasingly using tax incentives, Special Economic Zones, and public-private partnerships to attract investment. In May 2024, Kenya's Ministry of Information and Communication Technology (ICT) partnered with Microsoft and G42 on a US\$1 billion digital investment initiative, signalling a more proactive, state-enabled approach to digital infrastructure development.

Underlying these trends is a decisive shift away from on-premises infrastructure. Enterprises are increasingly migrating from in-house server rooms, which are often constrained by security risks, power instability and limited scalability, towards colocation and managed cloud services. An illustration of the accelerating pace of enterprise migration is Huawei's US\$3 million contract with the United Bank for Africa to deliver 200 petabytes of cloud storage.

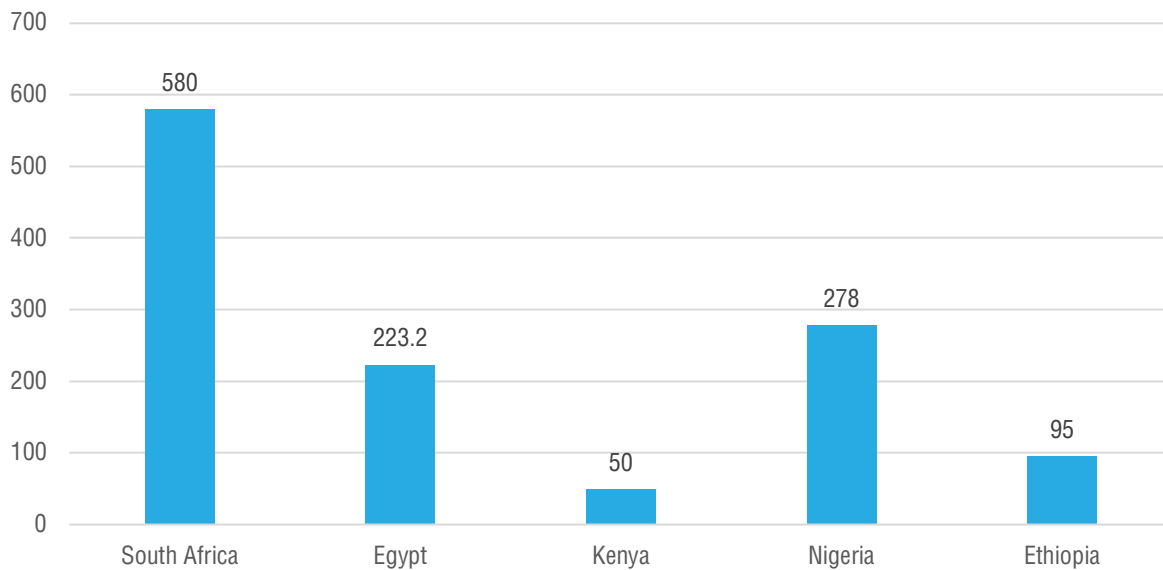
<sup>7</sup> [Knight Frank Global Data Centre Report 2025](#)

<sup>8</sup> <https://www.researchandmarkets.com/reports/5527056/africa-data-center-market-landscape-2025-2030?srsltid=AfmB0opkottJYmOJQJcbdeBn8A3SSR-ao6dFHy-lx7cukSu6SBt0Ju>

<sup>9</sup> <https://techafricanews.com/2025/04/25/africas-data-center-market-to-triple-by-2030-hitting-3-06b/>

Data-centre development in Africa is concentrated in five primary hubs: South Africa, Nigeria, Egypt, Morocco, and Kenya. South Africa currently accounts for more than half of the market value in Sub-Saharan Africa. It is the only country offering full cloud regions for all six major global providers (AWS, Azure, Google Cloud, Alibaba, Oracle, and IBM). Nigeria, Kenya, and Egypt host local zones and early deployments, indicating strong medium-term growth potential as connectivity improves and regulatory reform matures.<sup>10</sup> Figure 3 illustrates a comparative analysis of the sizes of selected sub-Saharan data centre markets in 2024.

**Figure 3: Comparative analysis of selected sub-Saharan data-centre markets (2024) – estimates in US\$millions**



Sources: Egypt Data Centre Investment Analysis and Growth Report 2025,<sup>11</sup> Kenya Data Centre Market Outlook to 2027F,<sup>12</sup> Nigeria Data Centre Market Size, Share, and Forecast 2032,<sup>13</sup> Ethiopia Data Centre Market Investment Analysis Report 2023<sup>14</sup>

## South Africa’s Data-Centre Market

### Capacity, geography and growth dynamics

South Africa is the undisputed anchor market for data centres in Sub-Saharan Africa. With 56 operational facilities and approximately 1% of global AI-ready capacity, the country plays a disproportionate role in regional digital infrastructure, serving as both a continental gateway and a testbed for global cloud providers. Globally, however, total installed capacity remains modest and is comparable to that of a single European city, such as Madrid.<sup>15</sup>

Capacity is highly concentrated across a small number of metropolitan nodes:

- **Johannesburg:** 35 facilities
- **Cape Town:** 10 facilities
- **Durban:** 6 facilities
- **Pretoria:** 4 facilities
- **Stellenbosch:** 1 facility

<sup>10</sup> [https://africadca.org/wp-content/uploads/2023/07/Title\\_Africas-Key-Data-Centre-Markets.pdf](https://africadca.org/wp-content/uploads/2023/07/Title_Africas-Key-Data-Centre-Markets.pdf)

<sup>11</sup> Egypt Data Centre Investment Analysis and Growth Report 2025: A \$694 Million Market by 2030 - GlobeNewswire, <https://www.globenewswire.com/news-release/2025/03/04/3036365/28124/en/Egypt-Data-Center-Investment-Analysis-and-Growth-Report-2025-A-694-Million-Market-by-2030-Coverage-of-13-Existing-Facilities-and-7-Upcoming-Facilities-Across-4-Cities.htm>

<sup>12</sup> Kenya Data Centre Market Outlook to 2027F - MarketResearch.com, <https://www.marketresearch.com/Ken-Research-v3771/Kenya-Data-Center-Outlook-2027F-33949420/>

<sup>13</sup> Nigeria Data Center Market Size, Share and Forecast 2032, <https://www.credenceresearch.com/report/nigeria-data-center-market>

<sup>14</sup> Ethiopia Data Center Market Investment Analysis Report 2023: A \$226 Million Market by 2028 - Opportunities in IT, Electrical, Mechanical Infrastructure, General Construction, and Tier Standards - GlobeNewswire, <https://www.globenewswire.com/news-release/2023/11/16/2781638/28124/en/Ethiopia-Data-Center-Market-Investment-Analysis-Report-2023-A-226-Million-Market-by-2028-Opportunities-in-IT-Electrical-Mechanical-Infrastructure-General-Construction-and-Tier-Stan.html>

<sup>15</sup> <https://thedocs.worldbank.org/en/doc/61714f214ed04bcd6e9623ad0e215897-0400012021/related/9781464820656-ch5.pdf>

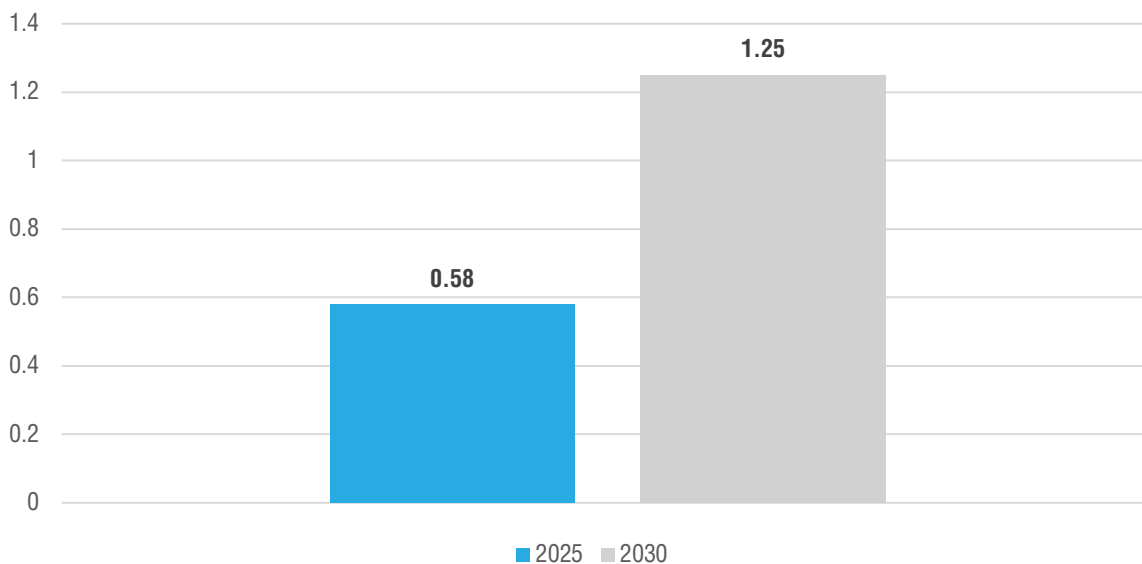
Johannesburg’s dominance reflects its role as the country’s financial and corporate hub, proximity to major fibre routes, and a concentration of enterprise and hyperscale demand. Cape Town, although smaller in absolute terms, has emerged as a critical secondary node, particularly for hyperscale, renewable-linked and coastal interconnection strategies. Durban, Pretoria, and Stellenbosch play more specialised or emerging roles. Table 1 below provides the details of the 10 largest data centres in South Africa.

**Table 1: 10 Largest data centres in South Africa<sup>16</sup>**

Data Centre	Company	White Space (sq m)	IT Load (MW)
Isando Campus	Teraco	32,000	70
Bredell Campus	Teraco	21,000	63
Breckenfell Campus	Teraco	18,000	50
Johannesburg I	Vantage Data Centres	12,000	16
Jhb1	Africa Data Centres	8,500	20
Johannesburg 1	NTT Data	6,200	12
Jhb2	Africa Data Centres	6,000	10
Cpt1	Africa Data Centres	3,600	10
Ct1	Teraco	2,500	3
DPA Samrand	Digital Parks Africa	2,400	24

From a market size perspective, South Africa’s data centre sector is entering a high-growth phase. As shown in Figure 4, market value is projected to expand from approximately US\$0.58 billion in 2025 to US\$1.25 billion by 2030, implying a CAGR of around 16.6%. Installed IT capacity is projected to increase from just over 500 MW in 2025 to approximately 960 MW by 2030, with an annual growth rate of approximately 7%.<sup>17</sup>

**Figure 4: South Africa’s data-centre market size (US\$billions)**



Source: Mordor Intelligence Research & Advisory<sup>18</sup>

<sup>16</sup> <https://techcentral.co.za/south-africas-biggest-data-centres-ranked/273324/>

<sup>17</sup> <https://www.mordorintelligence.com/industry-reports/south-africa-data-center-market>

<sup>18</sup> <https://www.mordorintelligence.com/industry-reports/south-africa-data-center-market>

Four reinforcing forces are driving this expansion:

1. Large hyperscale cloud investments
2. Expansion of submarine cable infrastructure
3. Rising data-sovereignty and localisation requirements
4. New capacity designed for AI and high-performance workloads

Johannesburg is expected to account for approximately 70% of planned new capacity, which reflects entrenched demand fundamentals. However, Cape Town and selected Special Economic Zones are experiencing increased interest in development, particularly where there is alignment between land availability, grid access, fibre connectivity, and renewable energy potential.

### Recent developments and industry leaders

Recent investment signals confirm both market depth and growing sophistication. These signals are outlined below.<sup>19</sup>

In May 2025, Microsoft announced a ZAR5.4 billion (approximately US\$300 million) investment to scale AI and cloud infrastructure across Johannesburg and Cape Town, reinforcing South Africa’s role as a regional compute hub. In November 2024, Teraco secured a ZAR8 billion syndicated loan to finance the JB7 expansion in Johannesburg, adding 30 MW of capacity.

Energy integration has become a defining feature of market leadership. In January 2025, Teraco commenced construction of a 120 MW solar PV facility in the Free State, with a target to commence commercial operations in 2026. The project is designed not only to power data-centre operations nationwide but also to contribute surplus energy to the grid. This illustrates how digital-infrastructure investment is increasingly intertwined with national energy resilience.

Policy has also played a catalytic role. South Africa’s National Data and Cloud Policy (introduced in May 2024) mandates domestic storage for sensitive public-sector data and sets a 99.995% uptime requirement for government workloads. This has strengthened the investment case for in-country capacity while raising the bar for operational reliability.

Overall, the market is dominated by a small group of highly capitalised operators, including Teraco, Africa Data Centres, AWS, Vantage, and Alibaba Cloud, with a clear trend towards consolidation into fewer, larger, and more efficient campuses. Competitive differentiation increasingly hinges on access to renewable energy, cooling efficiency, and speed to market rather than on simple capacity provision.

### Critical enabling factors: what ultimately determines investability

International evidence shows that decisions relating to the location of data centres are shaped by a multi-factor investment calculus, with some variables carrying significantly more weight than others.<sup>20</sup> Table 2 lists the critical enabling factors and their relevance to data centre development.

**Table 2: Critical enabling factors and their relevance to data centre development.**

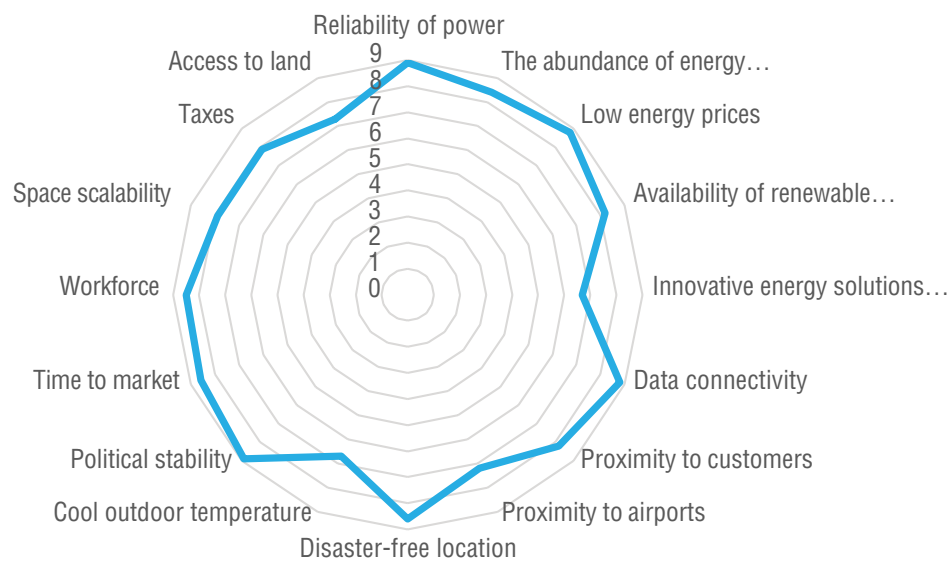
Category	Enabling Factors	Why is it Important?
Energy & water	Reliability of power	A reliable power supply is crucial for uninterrupted electricity.
	Low energy prices	Data centres consume significant energy, with electricity costs representing 20–40% of operating expenses. Low energy prices reduce total operating costs.
	Availability of renewable energy sources	Data centres generate emissions comparable to those of global aviation. Any large-scale data centre expansion must be evaluated in the same way as a heavy-emitting sector.
	Abundance of energy and water	Water is essential for cooling systems. Hotter regions face higher cooling costs.
	Diesel prices	Diesel, by and large, remains a backup for power outages and keeps generators running.
Connectivity	Data connectivity	Domestic and international broadband capacity determines data-centre capability and potential.
	Proximity to customers	Reducing the distance to end-users improves latency and response times.
	Proximity to airports	Close (but not too close) access enables efficient server maintenance and construction logistics.
Local climate	Disaster-free location	Reduces the risk from hurricanes, floods, lightning, and other weather events that can affect service reliability.

<sup>19</sup> <https://www.mordorintelligence.com/industry-reports/south-africa-data-center-market>

<sup>20</sup> World Bank 2021, *Advancing Cloud and Data Infrastructure Markets*

Category	Enabling Factors	Why is it Important?
Business factors	<b>Political stability</b>	Signals long-term certainty, attracting investors who make large upfront capital commitments.
	<b>Time-to-market</b>	Faster permitting and construction help data-centre developers earn returns sooner.
	<b>Workforce</b>	The availability of digitally skilled workers is essential to the construction and operation of data centres.
	<b>Space scalability</b>	Hyperscale facilities require large land parcels to expand as digital demand continues to grow.
	<b>Taxes</b>	Governments use incentives (e.g., tax breaks) to attract investment and job creation.
	<b>Access to land</b>	Land acquisition costs influence total investment; affordable land helps attract builders.

**Figure 5: Enabling factors and their relative importance for investment in data centres**



Source: COWI 202121  
 Note: OPEX = Operating Expenditures

The radar chart Figure 5 highlights that energy-related factors, particularly the reliability of power, the availability of renewable sources, and the abundance of energy and water, are the most critical enablers for investment in data centres. In contrast, factors such as political stability, time-to-market, and disaster-free locations have lower scores. This indicates that while Africa offers strong energy potential, the key to sustaining long-term growth in data centres lies in improving regulatory efficiency and investment certainty. For South Africa, the strategic challenge is therefore clear: convert strong fundamentals into faster, more predictable execution.

### Overview of Cape Town’s Current Position

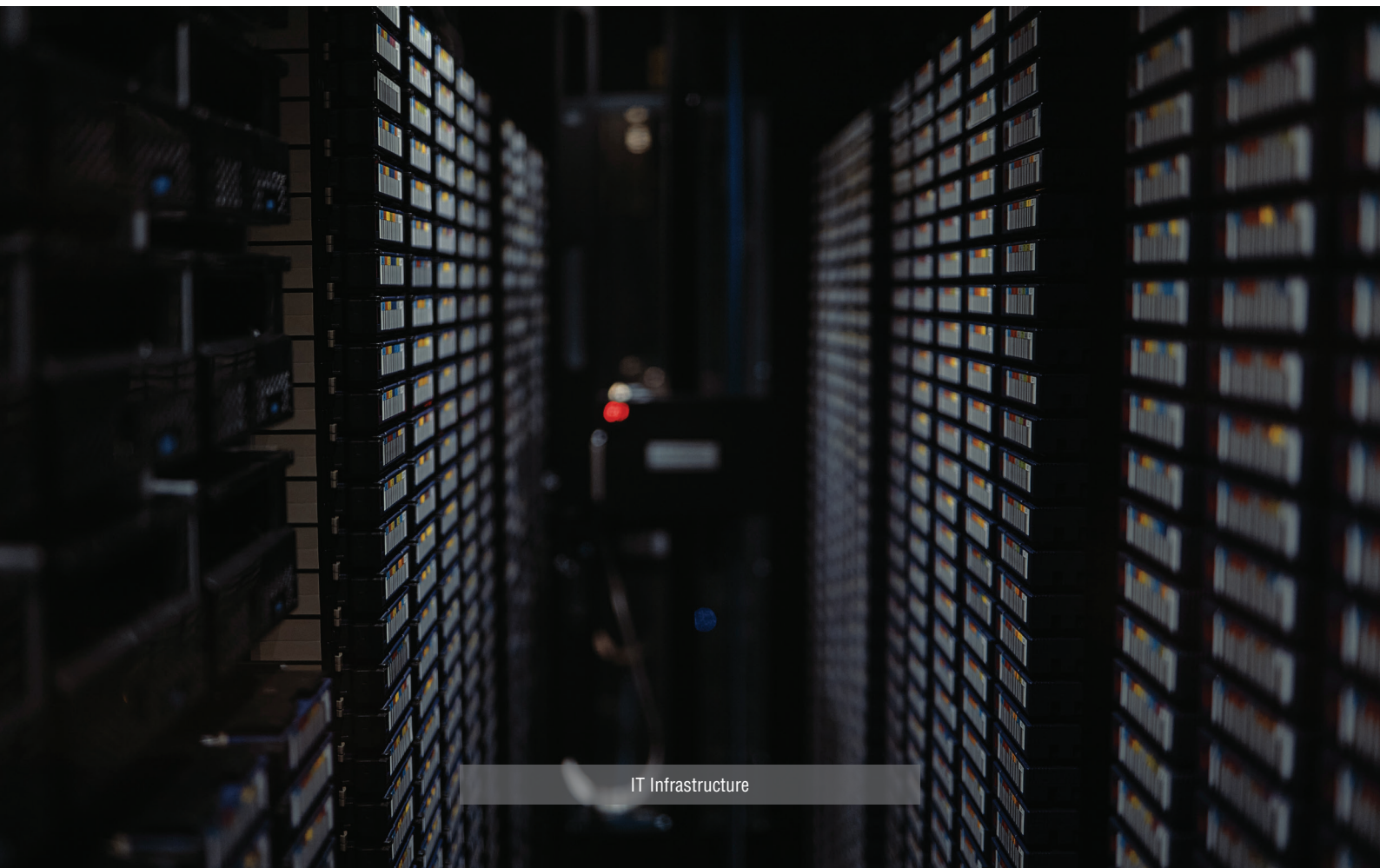
As a coastal metropolis connected to global networks, Cape Town occupies a distinct strategic niche in Africa’s data-centre ecosystem. The City’s proximity to international cable landing stations, mature logistics infrastructure, and favourable climate confer natural advantages for distributing data across Sub-Saharan Africa and beyond. Notably, only around 41% of South Africa’s total data-centre capacity is currently fitted out. This signals substantial headroom for expansion, particularly in the Western Cape, where land availability, climate efficiency, and connectivity converge.<sup>22</sup>

For global operators and institutional investors, Cape Town is a market where future capacity can be deliberately shaped rather than retrofitted under constraint. Table 3 below provides an overview of the strengths and strategic assets Cape Town possess for data centre development.

21 [World Bank 2021. Advancing Cloud and Data Infrastructure Markets](https://www.worldbank.org/publications/advancing-cloud-and-data-infrastructure-markets)  
 22 [https://africadca.org/wp-content/uploads/2023/07/Title\\_Africas-Key-Data-Centre-Markets.pdf](https://africadca.org/wp-content/uploads/2023/07/Title_Africas-Key-Data-Centre-Markets.pdf)

**Table 3: Strengths and strategic assets**

Category	Key Insights
Established digital infrastructure and connectivity	Cape Town (alongside Johannesburg) is one of only two fully established hyperscale cloud regions in Africa, hosting AWS, Microsoft Azure, and Google Cloud. The city has strong fibre-optic networks and access to major submarine cables, including Equiano (Google) and ACE, which ensure high bandwidth, low latency, and reliable international connectivity. These factors are critical to the growth of hyperscale and colocation. <sup>23 24 25</sup>
Renewable energy and climate advantages	The Western Cape's strong wind and solar capacity provides low-cost, sustainable energy for data centres. Cape Town's cool coastal climate and use of ambient or seawater cooling improve energy efficiency and reduce carbon emissions. This aligns with global green infrastructure trends. <sup>26</sup>
Academic, innovation, and skills ecosystem	Universities in or near Cape Town – the University of Cape Town, Stellenbosch University and the Cape Peninsula University of Technology – form the backbone of a vibrant innovation ecosystem which produces skilled digital and engineering talent. The City's tech hubs and accelerators promote collaboration among academia, industry and global tech firms, thereby strengthening the digital economy and the operational base.
Stable business and policy environment	The Western Cape's stable governance, efficient permit systems, and clear regulations create investor confidence. Cape Town aligns with World Bank enablers for data infrastructure, reliable power, resilient broadband, available land and predictable regulation, which support long-term growth. <sup>27</sup>
Strategic geography and growth potential	Cape Town's coastal location near international cable landing stations and robust logistics infrastructure make it a gateway for data distribution across Africa. <sup>28</sup>



IT Infrastructure

<sup>23</sup> [https://africadca.org/wp-content/uploads/2023/07/Title\\_Africas-Key-Data-Centre-Markets.pdf](https://africadca.org/wp-content/uploads/2023/07/Title_Africas-Key-Data-Centre-Markets.pdf)

<sup>24</sup> World Bank 2021. *Advancing Cloud and Data Infrastructure Markets*

<sup>25</sup> <https://channelwise.co.za/the-african-data-centre-landscape/>

<sup>26</sup> World Bank 2021. *Advancing Cloud and Data Infrastructure Markets*

<sup>27</sup> World Bank 2021. *Advancing Cloud and Data Infrastructure Markets*

<sup>28</sup> [https://africadca.org/wp-content/uploads/2023/07/Title\\_Africas-Key-Data-Centre-Markets.pdf](https://africadca.org/wp-content/uploads/2023/07/Title_Africas-Key-Data-Centre-Markets.pdf)

## Governance and Regulatory Environment

South Africa's data-centre market operates within a dense but fragmented governance architecture spanning the national, provincial, and municipal spheres. Collectively, this framework reflects a strong policy commitment to digital transformation, infrastructure investment, and environmental sustainability.

### National policy context: ambition with compliance intensity

At the national level, South Africa has established policies and laws that directly shape the data-centre investment environment.

The National Data and Cloud Policy (2024)<sup>29</sup> positions data infrastructure as a strategic national asset that supports inclusive digital transformation while introducing explicit sustainability expectations. These include requirements for independent energy generation, water resilience, and compliance with environmental legislation, effectively signalling that future growth in data centres must be both locally anchored and resource-efficient.

Data governance is framed by the Protection of Personal Information Act (POPIA)<sup>30</sup> which governs the lawful processing and storage of personal data. For data-centre operators and cloud providers, this has practical implications for data sovereignty, localisation and workload siting, particularly for public-sector and regulated industries.

Broader development frameworks, including the National Development Plan 2030,<sup>31</sup> and the National Integrated ICT Policy White Paper and related ICT frameworks,<sup>32</sup> explicitly identify digital infrastructure as a foundational enabler of economic inclusion, productivity growth, and global competitiveness. These strategies reinforce the long-term policy rationale for expanding capacity in domestic data centres.

At the same time, NEMA,<sup>33</sup> EIA Regulations,<sup>34</sup> National Building Regulations,<sup>35</sup> and sector-specific Acts set the environmental and building standards within which data centres must operate. While these safeguards are essential, they materially influence project timelines, design choices and transaction costs for large-scale facilities.

### Provincial frameworks: spatial logic and environmental stewardship

At the provincial level, the Western Cape has articulated a coherent spatial and infrastructure vision. Instruments such as the Western Cape Infrastructure Framework (2050)<sup>36</sup> and the Provincial Spatial Development Framework and the Land Use Planning Act guide long-term infrastructure placement, growth corridors and land-use priorities.

Environmental management frameworks and biodiversity legislation further shape site selection and mitigation requirements, particularly in ecologically sensitive or coastal zones. For data-centre investors, these frameworks provide strategic direction but also introduce additional layers of assessment that must be navigated carefully during early project planning.

### Local regulation: where policy meets execution

At the municipal level, regulation becomes most tangible and most consequential for time-to-market. In Cape Town, the Municipal Planning By-law, the Municipal Spatial Development Framework,<sup>37</sup> The Data Strategy (2023) and a suite of by-laws governing water, wastewater, coastal management and waste collectively influence where and how data centres can be developed and operated.

Cape Town is widely recognised for strong administrative capability and a generally predictable operating environment. That said, major data-centre developments typically require coordinated engagement across several parallel regulatory and service streams, ranging from land-use planning and environmental processes to bulk services connections and sector-specific consents. For hyperscale investors operating on tightly sequenced global delivery timelines, the key consideration is not the existence of these requirements but the need for early alignment, clear sequencing, and proactive cross-departmental coordination to manage end-to-end lead times and delivery risk.

## Closing Remarks

Cape Town is well-positioned to play a defining role in Africa's next phase of digital infrastructure growth. The City already offers many of the attributes that global data centre investors prioritise: world-class submarine cable connectivity, a growing cluster of hyperscale and colocation activity, access to competitive renewable energy resources, and a deep, innovation-led skills base. Together, these strengths place Cape Town among a small group of African cities with the foundations to compete globally.

The opportunity now is to build on this platform through continued coordination and strategic alignment across spatial planning, energy, water, economic development, and environmental management. The City has made meaningful progress through progressive energy policies, digital strategies, and investment-facilitation mechanisms. With its current momentum, institutional capability and commitment to sustainability, Cape Town is well placed to consolidate its role as one of Africa's leading digital hubs. Through ongoing collaboration between the City, the Province and private-sector partners, Cape Town can translate its comparative advantages into long-term, inclusive, and globally competitive growth in digital infrastructure.

<sup>29</sup> [National Policy on Data and Cloud 2024](#)

<sup>30</sup> [Protection of Personal Information Act, 2013](#)

<sup>31</sup> [National Development Plan 2030](#)

<sup>32</sup> [National Integrated ICT Policy White Paper, 2016](#)

<sup>33</sup> [National Environmental Management Act 107 of 1998](#)

<sup>34</sup> [Environmental Impact Assessment Regulations, 2014](#)

<sup>35</sup> [National Building Regulations and Standards Act 103](#)

<sup>36</sup> [Draft Western Cape Infrastructure Development Framework 2050](#)

<sup>37</sup> [Western Cape Provincial Spatial Development Framework \(PSDF\)](#)

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