Johannesburg: data centre hub for big operators in South Africa

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Cushman & Wakefield | BROLL says operators seek sites to the north and east of Johannesburg, in well-located nodes with power supply, while in the smaller Cape Town market data centres are expanding, and there's growing interest in Nigeria and Kenya.

The surge in AI technology deployment and demand for more efficient cloud storage drives the growth of data centres globally, with the north and east of Johannesburg in South Africa a preferred location for big data centre operators, underscoring the country's relevance in the global data centre landscape.

Areas including Midrand and Samrand in the north and Isando and along the R21 highway in the east already have a high concentration of data centres with the likes of Africa Data Centres, BCX, NTT, Vantage and Teraco.

Suitable available land attracts big data centre operators, however, the availability of electricity is a big consideration when choosing a location.

"Prime, well-positioned land close to existing infrastructure, including upgraded power substations, attracts operators as these sites have lower power costs," says Calvin Crick, managing director of Transaction Services at Cushman & Wakefield | BROLL. *"Electricity is a huge factor for data centre operators. Luckily, municipalities understand this and are willing to assist where possible"*

Crick explains that the distance of a site from electrical substations directly impacts the amount operators spend on infrastructure upgrades to the electricity system, which ultimately cede to municipalities. In fact, in some instances, the cost of securing electricity surpasses the cost of acquiring land.

According to the 2024 Global Data Centre Market Comparison by Cushman & Wakefield, power became a paramount

concern worldwide, with the increasingly limited availability of large blocks of power across major data centre markets. These power limitations have pushed data centre operators to further evaluate untapped and smaller markets worldwide. At the same time, artificial intelligence is substantially growing the demand for data centres worldwide, and altering both site selection strategy and data centre design.

This year's report lists Johannesburg as the only African city in the top 10 established markets for data centres in the Europe, Middle East and Africa (EMEA) region, while Lagos is the only African city to be included in the top 10 lineup of EMEA emerging data centre markets. It also notes that, in Africa, emergent data centre clusters continue to gain momentum.

According to the report, land and power availability in many markets drive location decisions, with many operators turning to secondary and tertiary markets in search of new growth opportunities at reduced costs. African markets, including Johannesburg, Cape Town, Casablanca, Nairobi and Lagos, continue to offer lower-cost opportunities for data centre developers.

"Though growth in South Africa is muted due to macro-economic challenges – demand for digital infrastructure, and the need to optimise efficiencies, will push providers to develop new solutions and adopt alternative power sources to support new data centre growth," says Crick.

Angus Murray, head of Tenant Representation for Transaction Services at Cushman & Wakefield | BROLL, says a higher-for-longer interest rate environment globally has reduced interest in new data centres, especially in emerging markets, compared to 18 to 24 months ago.

"Many operators are 'sticking to their knitting' in their core markets. We expect that a reduction in interest rates will result in renewed demand for new data centres across Africa, albeit off a low base," says Murray.

However, existing operators in South Africa, including Africa Data Centres, Teraco and Vantage Data Centres, continue to grow and expand.

Murray notes that Cape Town is a smaller market compared to Johannesburg. The city has a better electricity infrastructure, but land is expensive because there is less available. *"Cape Town generally serves smaller deployments than Johannesburg, but we are seeing new data centres being built or soon to be built, especially in the Brackengate*

area," says Murray.

Outside of South Africa, less established emerging African markets are dominated by smaller operators and local African players. Big global players, who are generally more risk-averse, are still eyeing opportunities in key regional countries such as Kenya and Nigeria, where facilities provide basic data storage solutions to more complex cloud computing solutions. *"We expect to see increased interest in these two countries, with local operators continuing to favour smaller deployments in less mature emerging markets such as Tanzania, Angola, Ghana, and Senegal,"* adds Murray.

Download the full Cushman & Wakefield Global Data Centre Market Comparison [here](#).

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