

FEATURE ARTICLE

The Power and Potential of Data Centers in Saudi Arabia

AI, cloud and IoT demand is turning the Kingdom into a regional data-center hub — with an early-mover fund racing to build the capacity.

FORMAT: FEATURE ARTICLE | SECTOR: DATA CENTERS & TECHNOLOGY | MARKET: SAUDI ARABIA | FEATURING: BSF CAPITAL, SAUDI DATA CENTER FUND

Saudi Arabia is rapidly emerging as a regional leader in data-center investment, driven by rising demand for digital services and technologies like artificial intelligence, cloud computing and IoT. In alignment with Vision 2030, the Saudi Data Center Fund 1 was established in 2021 to support the country's digital transformation.

Managed by BSF Capital in collaboration with Al Moammar Information Systems, the fund carries an initial target size of SAR 1.5 billion (\$399 million) and is building hyperscale-standard facilities across Riyadh and the Eastern Province, designed to be scalable and robust for both private and public clients.

By mid-2024 four data-center sites — three in Dammam and one in Riyadh — were nearing completion, with a fifth being commissioned. The fund expanded initial capacity from 24 MW to 32 MW to meet rising client demand, particularly in Dammam, demonstrating its responsiveness to the market.

A major milestone has been securing long-term leases with international clients for its Dammam sites. The fund is also negotiating a strategic partnership with a major entity that would add further scale and expertise.

Looking ahead, the fund's expansion strategy aims to increase capacity to 120 MW in response to growing demand, and to cater to emerging AI workloads. With Saudi Arabia's data-center market projected to keep growing at pace, the fund stands at the forefront of the Kingdom's digital infrastructure build-out.

The Power and Potential of Data Centers in Saudi Arabia: A Success Story in Progress

Saudi Arabia is rapidly emerging as a regional leader in data center investments, driven by the rising demand for digital services and technologies like artificial intelligence, cloud computing, and IoT. In alignment with Vision 2030, the Saudi Data Center Fund 1 was established in 2021 to support the country's digital transformation. This pioneering fund, managed by BSF Capital in collaboration with Al Moammar Information Systems Co. (MIS), aims to capitalize on the early-mover advantage in the Kingdom's nascent data center market.

A strategic initiative.

Saudi Data Center Fund 1 represents a landmark effort in greenfield development in building and operating multiple hyperscale standard data centers across Saudi Arabia. The fund, with an initial target size of SAR 1.5 billion (\$399 million),

client demand, particularly in Dammam. This ability to scale demonstrates the fund's responsiveness to market needs. A major milestone for the fund is securing long-term leases with international clients for its Dammam sites. The fund is also actively negotiating a strategic partnership with a major entity that will potentially add further scale and expertise to the overall ambitions of the fund. Such a potential partnership highlights the strong market potential and strategic importance of the fund's initiatives.

Future outlook.

Looking ahead, the Saudi Data Center Fund 1 is well-positioned to continue driving Saudi Arabia's digital infrastructure development. The fund's expansion strategy aims to increase capacity to 120 MW in response to growing demand.



is focused on creating cutting-edge facilities that can support the Kingdom's growing demand for data storage and processing. These centers, located in Riyadh and the Eastern Province, are designed to be scalable and robust, meeting the needs of both private and public sector clients.

Achievements and progress.

Since its launch, the fund has made significant progress. By mid-2024, four data center sites—three in Dammam and one in Riyadh— are nearing completion with a fifth site being commissioned. The fund has expanded its initial capacity from the originally planned 24 MW to 32 MW to meet rising

Additionally, the fund is exploring opportunities to cater to emerging technologies like artificial intelligence, which are expected to further boost demand for data center services.

With Saudi Arabia's data center market projected to continue growing at a blistering pace, the Saudi Data Center Fund 1 stands at the forefront of the Kingdom's digital revolution, offering unparalleled opportunities for investors and stakeholders alike. As Saudi Arabia continues to solidify its position as a leader in the digital economy, the Saudi Data Center Fund 1 will remain a key player, driving technological advancement and economic growth.

BTI Reports

As seen in
THE WALL STREET JOURNAL.

THE WALL STREET JOURNAL · SAUDI ARABIA REPORT · 2024