

The Middle East: The Next AI Data Center Hub in the Making



- ➔ Traditional data center hubs are facing growing constraints around power availability, grid access, and community opposition.
- ➔ **The Middle East, especially Oman**, is emerging as a leading data center hub due to abundant renewable power, good connectivity, competitive costs, tax benefits, and faster deployment timelines.
- ➔ AI adoption, particularly **AI training and inference workloads**, is expected to be a key driver of this growth.

Traditional Data Center Hubs Are Facing Several Challenges

Data centers are increasingly facing local backlash because:

- they consume large amounts of power and water
- congest the queue for local grid connections
- increase the instability in power supply and electricity prices



As a result, many cities in the US and Europe are banning new data centers

e.g., The State of Maine passed legislation that would freeze the approvals for new data centers requiring more than 20 MW until October 2027. Also, Dublin and Amsterdam introduced moratoriums on DCs.

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By 2028, approximately 35% of all global data center power capacity will be housed outside the United States.

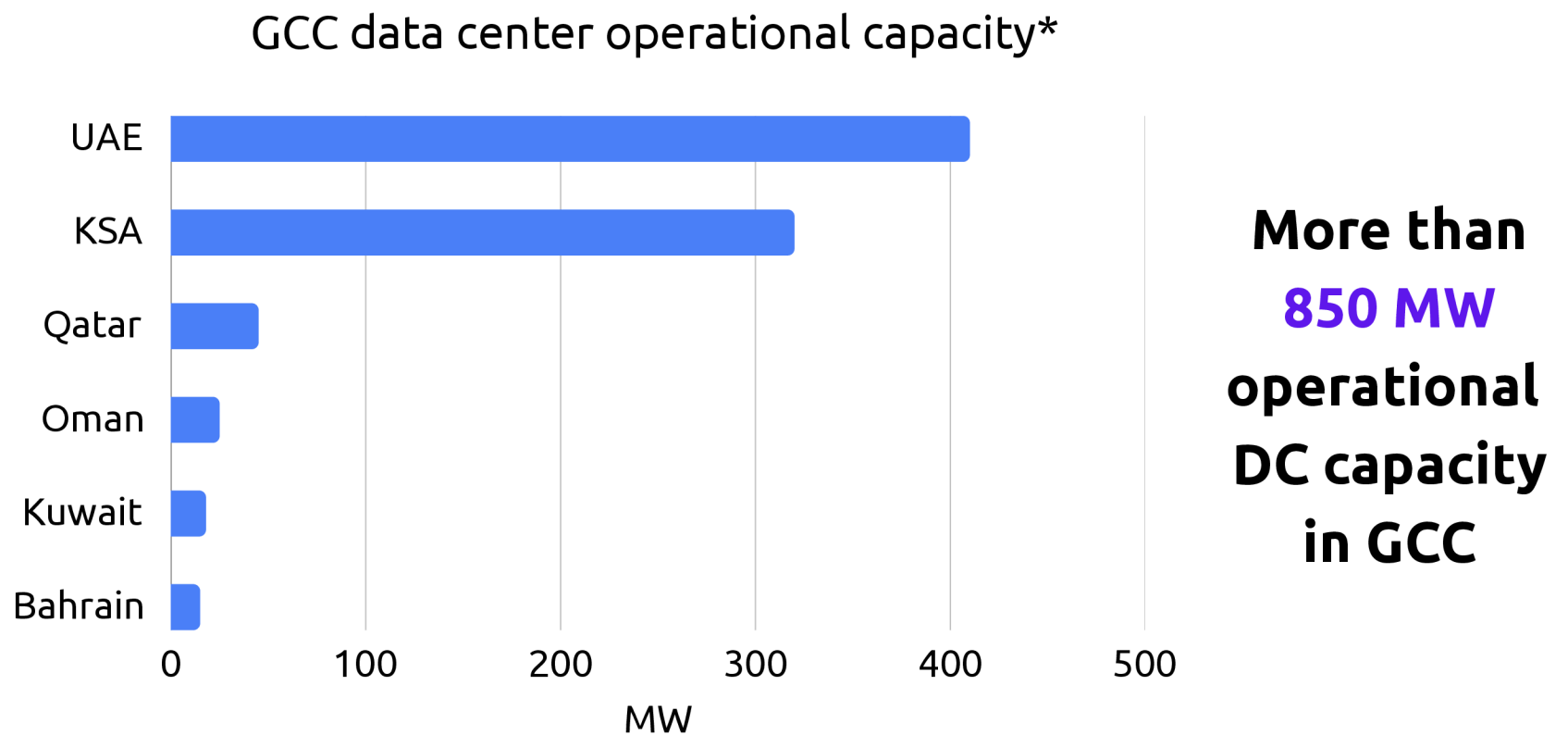
- BCG Whitepaper, AI Data Centers: An Opportunity in the Middle East

New data centers are increasingly located outside of traditional hubs, especially **in locations where power is readily available.**

The Middle East as an Emerging Hub For Data Centers

The Middle East is increasingly attractive for data centers thanks to:

- **Strategic location with cable landing stations connecting to key demand markets**, including East Africa, India, and Europe
- **Renewable power availability and scalability**
- **Low power costs** reaching some of the cheapest prices globally
- **Faster time-to-market** than traditional US or European hubs
- **Strong sovereign backing**, including tax benefits and incentives



Sources: PWC (2025), Research and Markets (2025)

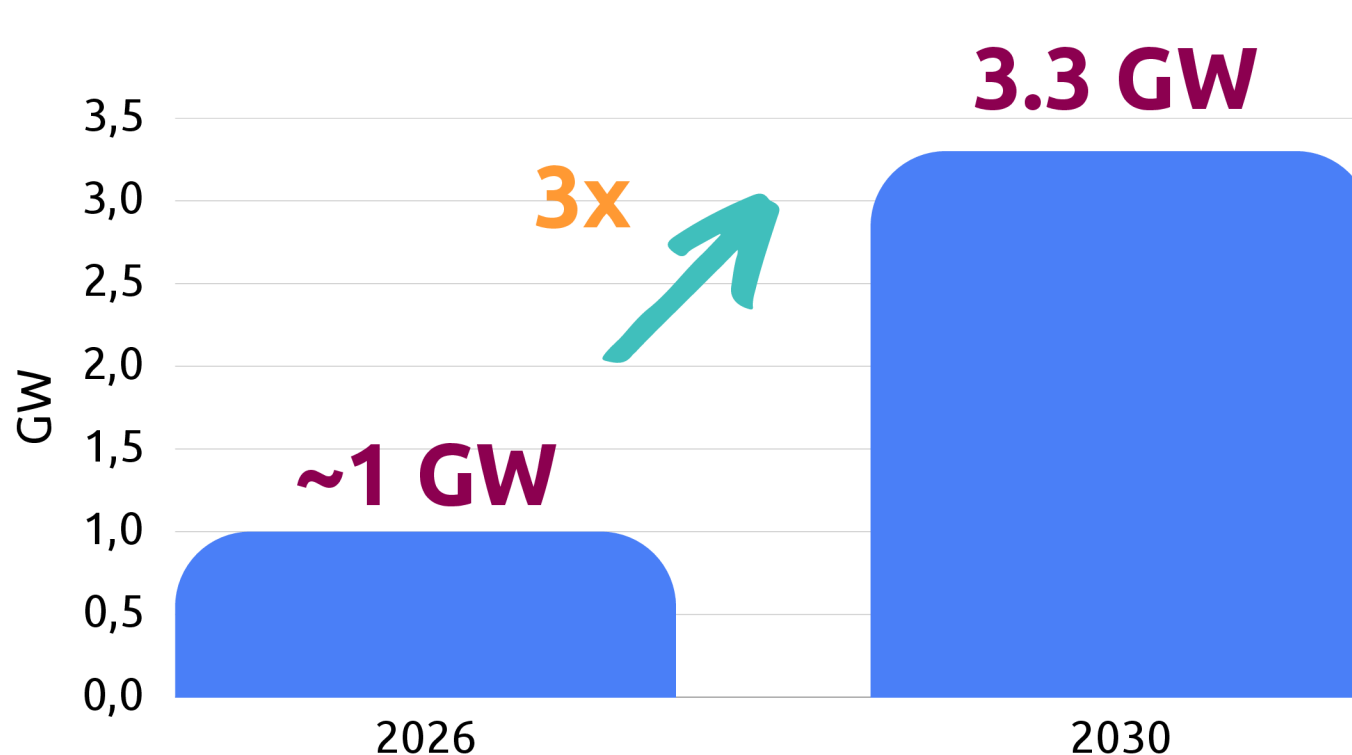
*Approximate operational IT capacity based on public GCC market reports and announcements

AI Adoption as a Key Driver of Data Center Growth in the Middle East

The growth will mainly be driven by :

- **AI model training** requires significant computing capacity but are generally less sensitive to latency and location.
- **AI inference & sovereign AI/cloud** require localized infrastructure to support real-time applications that involve handling of sensitive data.

Data center capacity growth in the Middle East



Source: PWC

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The region's data center capacity is projected to triple over the next five years, **driven by a surge in cloud computing and AI.**

Oman is Well Positioned to Capture This Growth

Oman is becoming an attractive destination for data centers thanks to:

- **Competitive energy prices** supported by abundant and scalable renewable energy resources
- **Political stability and neutrality** in the region
- **Regulatory frameworks** that support the country's digital growth



Among Oman's several emerging DC hubs, **Salalah** stands out due to:

- **Direct access to international subsea cables** (e.g., 2Africa, Raman, IEX, etc.)
- **Land availability** for large-scale data center development
- **Mild climate** compared to other GCC nations, **enabling lower PUE and energy-efficient operations**

**PUE: Power Usage Effectiveness*



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digital infrastructure projects globally.**

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Contact:

Alex Whitelaw,

DC Business Development Director

Email: alex.whitelaw@yamnaco.com



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