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# Data Center Colocation Market Research Report- Forecast 2032

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## Description:

### Data Center Colocation Market Overview

Data Center Colocation Market Size was valued at USD 52.3 billion in 2022. The data center colocation market industry is projected to grow from USD 59.83 Billion in 2023 to USD 175.523 billion by 2032, exhibiting a compound annual growth rate (CAGR) of 14.40% during the forecast period (2023 - 2032). With the increasing volume of data from social media and Over-The-Top (OTT) platforms and because of their lower costs, cloud data centers are becoming increasingly popular. They are the key market drivers enhancing market growth.

Data Center Colocation Market.

**Source: Secondary Research, Primary Research, MRFR Database and Analyst Review**

### Data Center Colocation Market Trends

#### The increasing volume of data coming from social media is driving the market growth

Data centers, which manage vital business applications, have become essential to contemporary business practices. Over time, IT infrastructure has become increasingly important for businesses that want to operate successfully. Cloud computing and colocation have become essential resources for many businesses that need to expand their IT capacity. The demand for data centers has risen over the past few years. Colocation data centers were a godsend for businesses that needed quick IT upscaling but lacked the knowledge or financial resources to do so. As a result, high ownership and maintenance costs for data centers, particularly for businesses that produce variable volumes of data, are anticipated to be a major factor in the market's growth. Data center colocation offers customers several advantages in addition to reducing capital expenditures. In addition to the price incurred for installing the necessary fiber cabling, research studies indicate that owning or building a data center facility may cost more than USD 300 per square foot. For SMEs, handling an entire data center facility in-house comes at a high cost, whereas large-scale organizations can easily cover this expense. Data center colocation is one such solution which supports SMEs with a workable and affordable alternative of renting data center space, which is expected to drive the market CAGR over the forecast period.

The demand for data centers and colocation services has increased due to the increasing volume of data coming from social media and Over-The-Top (OTT) platforms. Social media users are becoming increasingly active, resulting in an exponential increase in the amount of data generated by these platforms. For instance, monthly active Facebook users increased to roughly 2.74 billion in 2020 from 2.38 billion in 2019. The number of people using social media is predicted to increase even more in the upcoming years, which will increase demand for colocation facilities. The Covid-19 pandemic has also caused a rise in OTT and streaming service usage, which has increased data volumes and is expected to drive market growth.

There is a greater need for higher bandwidths and faster data processing due to the development of technologies like the Internet of Things (IoT), cloud computing, autonomous vehicles, and advanced robotics. Lower latency and faster network connectivity are necessary to use these technologies effectively. Colocation data centers are a good fit to meet these needs because the operators can place their facilities close to the users and thus provide better networking and storage services. Additionally, the development of 5G is anticipated to accelerate the deployment of colocation services because it will allow colocation providers to offer services in remote areas.

Because of their lower costs, cloud data centers are becoming increasingly popular, which is expected to restrain market expansion. Cloud services are becoming increasingly popular among smaller businesses because they are scalable, affordable, don't require an IT staff, and have lower overheads. Long-term cost savings and flexibility in terms of total server control are both provided by colocation facilities. Enterprises are choosing colocation services in large numbers because of these

features. Thus, driving the data center colocation market revenue.

## Data Center Colocation Market Segment Insights

### Data Center Colocation Type Insights

Based on type, the data center colocation market segmentation includes retail colocation and wholesale colocation. The retail colocation segment dominated the market, Businesses can rent a portion of a data center's space through retail colocation. Managing small amounts of data or when infrastructure is only required temporarily gives businesses flexibility. Due to their lower need for data storage than large organizations, small-scale organizations can benefit the most from it. Additionally, businesses that want to take advantage of colocation services but are on a tight budget should look into the retail type.

### Data Center Colocation Deployment Type Insights

Based on deployment type, the data center colocation market segmentation includes cloud and on-premises. The cloud category generated the most income. Cloud deployment refers to using cloud computing services to manage and store data and applications. Cloud service providers like Amazon Web Services (AWS), Microsoft Azure, and Google Cloud Platform (GCP) provide various services that can be accessed and managed online, including computing power, storage, and database services.

#### Figure 1: Data Center Colocation Market, by Deployment Type, 2022 & 2032 (USD billion)

Data Center Colocation Market, by Deployment Type

Source: Secondary Research, Primary Research, MRFR Database and Analyst Review

### Data Center Colocation End-User Insights

Based on End-User, the data center colocation market segmentation includes BFSI, IT and telecom, government and defense, and healthcare. The IT and telecom categories generated the most income. The growing number of mobile internet users and the industry's ongoing development of new software are responsible for this segment's high market share. The GSM Association (GSMA) estimates that 3.8 people connected to the mobile internet in 2019, an increase of 250 million users from 2018. Due to the growing use of smartphones with advanced features, this number will inevitably increase. In the meantime, the development of 5G is anticipated to further support the growth of the IT and telecom industries, generating significant amounts of data and propelling market expansion.

### Data Center Colocation Regional Insights

By region, the study provides market insights into North America, Europe, Asia-Pacific and the Rest of the World. The North American data center colocation market area will dominate this market, Due to the significant presence of several major cloud service providers and the deployment of colocation data centers by SMEs throughout the region, the regional market is predicted to grow further at a significant CAGR from 2021 to 2028. Furthermore, rising e-commerce sales in the U.S. assist in expanding the local market. Retailers are heavily investing in their IT infrastructure for storing customer data, which can be used to identify customer buying patterns and product demands based on various categories, such as region, gender, and age group.

Further, the major countries studied in the market report are The U.S., Canada, German, France, the UK, Italy, Spain, China, Japan, India, Australia, South Korea, and Brazil.

#### Figure 2: DATA COLOCATION CENTER MARKET SHARE BY REGION 2022 (%)

DATA COLOCATION CENTER MARKET SHARE BY REGION

Source: Secondary Research, Primary Research, MRFR Database and Analyst Review

Europe's data center colocation market accounts for the second-largest market share. The rising adoption of connected technologies, thanks to a cloud-friendly infrastructure and stringent data compliance regulations, is driving the need for interconnection hubs. Data centers are in high demand in the region to protect data and stop it from being shared across borders, which is good news for the market. Further, the German data center colocation market held the largest market share, and the UK data center colocation market was the fastest-growing market in the European region.

The Asia-Pacific Data Center Colocation Market is expected to grow at the fastest CAGR from 2023 to 2032 due to the growing number of internet users in the area. The market's growth is also aided by some of the area's biggest software companies and IT BPO outsourcing service providers. Additionally, as smart technology and appliances become more widely used, the volume of data generated has increased, forcing businesses from various industries to set up data centers. Moreover, China's data center colocation market held the largest market share, and the Indian data center colocation market was the fastest-growing market in the Asia-Pacific region.

### Data Center Colocation Key Market Players & Competitive Insights

Leading market players are investing heavily in research and development in order to expand their product lines, which will help the data center colocation market grow even more. Market participants are also undertaking various strategic activities to expand their footprint, with important market developments including new product launches, contractual agreements, mergers and acquisitions, higher investments, and collaboration with other organizations. The data center colocation industry must offer cost-effective items to expand and survive in a more competitive and rising market climate.

Manufacturing locally to minimize operational costs is one of the key business tactics manufacturers use in the data center colocation industry to benefit clients and increase the market sector. The data center colocation industry has offered some of the most significant advantages in recent years. Major data center colocation market players, including Equinix Inc. (US), Fibernet Inc. (US), Keppel Data Center Pte Ltd. (Singapore), NTT Communications Corporation (Japan), AT&T Inc. (US), Cogent Communications (US), CoreSite Realty Corporation (US), Cyxtera Technologies Inc. (US), Digital Realty Trust Inc. (US), DuPont Fabros Technology Inc. (US), PhoenixNAP (US), Rahi Systems Inc (US) and others, are attempting to increase market demand by investing in research and development operations.

DuPont Fabros Technology Inc. (US), Often abbreviated as DuPont, the French-American industrialist and chemist Éleuthère Irénée du Pont de Nemours founded the multinational chemical company in 1802. The business began as a significant supplier of gunpowder and later played a significant role in the growth of Delaware. In the 20th century, DuPont produced a variety of polymers, including Vespel, neoprene, nylon, Corian, Teflon, Mylar, Kapton, Kevlar, Zemdren, M5 fiber, Nomex, Tyvek, Sorona, Corfam, and Lycra. Its scientists also produced a variety of chemicals, most notably Freon (chlorofluorocarbons), for the refrigerator. Additionally, it produced synthetic paints and pigments like ChromaFlair.

Equinix is the world's digital infrastructure company. We interconnect industry-leading organizations such as finance, manufacturing, retail, transportation, government, healthcare and education across a digital-first world. Business leaders harness our trusted platform to unite and interconnect sustainably and securely the foundational infrastructure that powers their success.

Founded in Silicon Valley in 1998 as a vendor-neutral multitenant data center provider where competing networks could securely connect and share data traffic, we chose a name that reflected our company's focus on EQUality, Neutrality and Internet eXchange—Equinix. Through Platform Equinix® and our ecosystem of leading service providers, digital leaders fast-track competitive advantage across clouds, networking, storage, computing and software.

#### **Key Companies in the data center colocation market include**

- Equinix Inc. (US)
- Fibernet Inc. (US)
- Keppel Data Center Pte Ltd. (Singapore)
- NTT Communications Corporation (Japan)
- AT&T Inc. (US)
- Cogent Communications (US)
- CoreSite Realty Corporation (US)
- Cyxtera Technologies Inc. (US)
- Digital Realty Trust Inc. (US)
- DuPont Fabros Technology Inc. (US)
- PhoenixNAP (US)
- Rahi Systems Inc (US)

#### **Data Center Colocation Industry Developments**

**May 2022:** The largest data center in Asia and the second largest in the world, located in Navi Mumbai, was officially opened by Yotta Infrastructure, a major player in the Indian real estate market.

**January 2022:** Together, Zadara Storage and Cyxtera's 62 are modifying the storage to help the system as a whole become more cost-effective and to lower operational risks.

#### **Data Center Colocation Market Segmentation**

#### **Data Center Colocation Type Outlook**

- Retail Colocation
- Wholesale Colocation

#### **Data Center Colocation Deployment Type Outlook**

- Cloud
- On-Premises

#### **Data Center Colocation End-User Outlook**

- BFSI
- IT and telecom
- Government and defense
- Healthcare

#### **Data Center Colocation Regional Outlook**

- North America
- US
- Canada
- Europe
- Germany
- France
- UK
- Italy
- Spain

- Rest of Europe
- Asia-Pacific
  - China
  - Japan
  - India
  - Australia
  - South Korea
  - Australia
  - Rest of Asia-Pacific
- Rest of the World
  - Middle East
  - Africa
  - Latin America

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