SCOTTS INTERNATIONAL

Data Center Colocation Market - Global Outlook & Forecast 2022-2027

Market Report | 2023-01-10 | 1001 pages | Arizton Advisory & Intelligence

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Report description:

The global data center colocation market is expected to grow at a CAGR of 6.5% from 2021 to 2027.

KEY HIGHLIGHTS

-The data center colocation market growth was aided by previously announced projects and expansions of facilities in a few locations. Cloud-based service providers contribute to the most demand for data center services. Growth continues to spur across infrastructure categories, leading to a sustainable facilities environment.
-The APAC region dominates the data center colocation market in terms of investment, followed by North America and Western Europe. Other regions, such as the Middle East, Africa, and Latin America, are among the emerging colocation markets expected to grow during the forecast period.
-The US, China, Canada, Japan, the UK, France, Germany, and the Netherlands lead the market in terms of the generation of colocation revenue. Other countries in Latin America, the Middle East & Africa will grow due to more investments by global and local operators.
-The major data center colocation market operators are Equinix, Digital Realty, CyrusOne, STACK Infrastructure, QTS Realty Trust, ST Telemedia Global Data Centres, and others that are adopting renewable energy and taking significant steps toward sustainability.
-The companies are engaged in a signed Power Purchase Agreement (PPA) with several energy companies to procure renewable energy, such as wind and solar energy, to power their facilities. The procurement of renewable energy is expected to continue during the forecast period.

MARKET TRENDS & DRIVERS

Increasing Penetration Towards The Demand For Cloud, Big Data, And IoT

-Over the past few years, the rising internet penetration, government data protection laws, and higher demand for services are

pushing cloud providers to operate centers worldwide.
-The data center colocation market also witnessed growth in cloud adoption after the wake of COVID-19. Due to the COVID-19 outbreak, about 90% of employees across sectors went into remote working.
-The demand for colocation, managed, and cloud connectivity services will gain momentum as enterprises seek to adopt cloud services such as PaaS and IaaS.
-The increasing adoption of big data and IoT technologies across the sectors such as BFSI, healthcare, government, entertainment & media, education, and others will boost the demand for facilities.

Innovations In Creating Sustainable Power Technologies

-Lithium-ion batteries, Nickle-Zinc, and Prussian Blue sodium-ion batteries are the major new innovative batteries. A significant increase in the adoption of lithium-ion batteries will be witnessed during the forecast period.
-The evolution of microgrids as a power backup for grids will benefit regions with a higher power cost and uncertain power supply.
-Due to high carbon emissions, natural gas generators will likely replace diesel generators.
-The emergence of fuel cells as prime or backup power, such as natural gas-powered and hydrogen fuel cells, will be adopted during the forecast period.
-The emergence of HVO (Hydrotreated Vegetable Oil), which is 100% biodegradable, sustainable and non-toxic, offers the same convenience as conventional fossil fuels. Kao Data was the first operator to replace diesel generators with HVO fuel generators.

5G Deployment To Boost Edge Data Center Development

-Most countries and regions worldwide are witnessing the commercial deployment of 5G services, leading to more local data generation and the development of edge center facilities.
-Several edge facilities companies such as Edge Centres, AtlasEdge Data Centres, American Tower, HostDime, EdgeConneX, VueNow, and Open Access Data Centres (OADC) are actively present in the industry. They are expanding their presence across several countries and regions.
-The development of edge centers will increase the demand for sensors, routers, cables, and PDUs. As more and more data are generated, the rack density will also increase, leading to the requirement for power systems to support the IT infrastructure.

Increase In Data Center Activities Such As M&A and JVs

-The data center colocation market is witnessing an increase in services such as Mergers & Acquisitions, and Joint ventures, which are helping companies gain control over the market, thus reducing the competition and gaining a footprint in the markets.
-The companies are either acquiring the data center firm or facilities or acquiring the company's stakes to gain traction in the data center colocation market. For instance, NorthC acquired Netrics to enter the Switzerland data center market in April 2022.
-In March 2022, one of the largest M&A deals between KKR, Global Infrastructure Partners (GIP), and CyrusOne was closed. The former two companies acquired the data center firm for around USD 15 billion.

Government Backing Investment Through Incentives:

-Several governments across the countries and regions provide tax incentives and support to investors looking to invest in the data center colocation market; such measures attract more operators to invest in the industry.
-In the North American region, especially in the US, several state governments offer various kinds of incentives to data center operators. For instance, Virginia provides tax incentives for the facility's equipment that meets the capital investment and employment requirements.
-Over the past decade, Amazon Web Services received over USD 4.7 billion in subsidies from the federal and state governments to build offices, data centers, call centers, and other facilities.

- Tamil Nadu, the Indian State government, launched its data center policy. It will offer land, power, and connectivity incentives to support the new facilities investment across the state.

SEGMENTS ANALYSIS

Segmentation by Colocation Service
- Retail Colocation
- Wholesale Colocation

Segmentation by Infrastructure
- Electrical Infrastructure
- Mechanical Infrastructure
- General Construction

Segmentation by Electrical Infrastructure
- UPS Systems
- Generators
- Transfer Switches & Switchgear
- Power Distribution Units
- Other Electrical Infrastructure

Segmentation by Mechanical Infrastructure
- Cooling Systems
- Racks
- Other Mechanical Infrastructure

Segmentation by Cooling Systems
- CRAC & CRAH Units
- Chiller Units
- Cooling Towers, Condensers & Dry Coolers
- Economizers & Evaporative Coolers
- Other Cooling Units

Segmentation by Cooling Technique
- Air-based Cooling Technique
- Liquid-Based Cooling Technique

Segmentation by General Construction
- Core & Shell Development
- Installation & Commissioning Services
- Engineering & Building Design
- Fire Detection & Suppression
- Physical Security
- DCIM/BMS

Segmentation by Tier Standard
- Tier I & Tier II

-Tier III
-Tier IV

Segmentation by Geography
-North America
oUS
oCanada
-Latin America
oBrazil
oMexico
oChile
oOther Latin American Countries
-Western Europe
oUK
oGermany
oFrance
oIreland
oSwitzerland
oItaly
oNetherlands
oSpain
oBelgium
oPortugal
oOther Western European Countries
-Nordics
oSweden
oDenmark
oNorway
oFinland & Iceland
-Central & Eastern Europe
oRussia
oPoland
oAustria
oOther Central & Eastern European Countries
-Middle East
oUAE
oSaudi Arabia
oIsrael
oOther Middle Eastern Countries
-Africa
oSouth Africa
oKenya
oOther African Countries
-APAC
oChina
oSoutheast Asia
oJapan

o Australia
o India
o South Korea
o Hong Kong
o New Zealand
o Rest of APAC
o Taiwan
- Southeast Asia
o Singapore
o Malaysia
o Indonesia
o Vietnam
o Thailand
o Philippines
o Other Southeast Asian Countries

COMPETITIVE LANDSCAPE

The global data center colocation market in terms of investments in 2021 was led by Digital Realty, holding the largest industry share. Digital Realty invested in over 79 projects across several locations worldwide, including investments along with its subsidiaries, such as Interxion, icolo.io, MC Digital Realty, Ascenty, and others. Vendors focus on continuous development to sustain the colocation industry.

Prominent Colocation Investors

- 21Vianet Group
- China Telecom
- Colt Data Centre Services (Colt DCS)
- Compass Datacenters
- CoreSite
- CyrusOne
- Digital Realty
- EdgeConneX
- Equinix
- GDS Services
- Global Switch
- Iron Mountain
- NTT Global Data Centers
- QTS Realty Trust
- STACK Infrastructure
- ST Telemedia Global Data Centres (STT GDC)
- Vantage Data Centers

Other Prominent Vendors

- 3data
- 365 Data Centers

- Africa Data Centres
- AirTrunk
- Aligned
- American Tower
- AQ Compute
- Aruba
- Atman
- atNorth
- AT TOKYO
- BDx (Big Data Exchange)
- Bulk Infrastructure
- Bridge Data Centres
- CDC Data Centres
- Chayora
- China Mobile
- Chindata
- CloudHQ
- Cologix
- COPT Data Center Solutions
- CtrlS Datacenters
- Cyxtera Technologies
- DATA4
- DataBank
- DC BLOX
- Element Critical
- ePLDT
- eStruxture Data Centers
- fifteenfortyseven Critical Systems Realty (1547)
- Flexential
- Green Mountain
- H5 Data Centers
- HostDime
- KDDI
- Keppel Data Centres
- LG Uplus
- maincubes one
- MainOne (Equinix)
- Millicom
- NEXTDC
- ODATA
- Orange Business Services
- Prime Data Centers
- Princeton Digital Group (PDG)
- Proximity Data Centres
- Raxio Group
- Rostelecom Data Centers
- Sabey Data Centers

- Scala Data Centers
- Sify Technologies
- Skybox Datacenters
- Stream Data Centers
- SUNeVision
- Switch
- T5 Data Centers
- Tenglong Holdings Group
- Teraco (Digital Realty)
- TierPoint
- Turkcell
- Urbacon Data Centre Solutions
- Wingu
- Yondr
- Yotta Infrastructure (Hiranandani Group)

New Entrants

- Adani Group
- AtlasEdge
- AUBix
- Cirrus Data Services
- ClusterPower
- DaSTOR
- Data Center First
- EDGNEX
- EdgeX Data Centers
- Enovum Data Centers
- ESR Cayman
- Global Technical Realty
- Hickory
- Infinity
- Mantra Data Centers
- Novva Data Centers
- Open Access Data Centres (OADC)
- PointOne
- Quantum Loophole
- Quantum Switch
- Stratus DC Management
- YCO Cloud
- YTL Data Center
- ZeroPoint DC (NEOM)

KEY QUESTIONS ANSWERED:

1. How big is the data center colocation market?
2. What is the growth rate of the global data center colocation market?

3. What is the expected data center colocation market size by 2027?
4. Who are prominent vendors in the global data center colocation market?
5. What are the factors driving the global data center colocation market?
6. What are the challenges faced by the operators in the data center colocation market?

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