

## **Europe Data Center Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

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### **Report description:**

The Europe data center market is expected to register a CAGR of 6.7% during the period 2022-2027. The primary factor driving the growth of the market is the emergence of 5G connectivity, growing edge computing solutions, and rising adoption of cloud solution by enterprises, among others.

#### Key Highlights

The demand for high-capacity networks has resulted in a surge with the emergence of edge computing solutions across Europe. The adoption of innovative technologies such as autonomous vehicles, cloud computing, IoT, and advanced robotics has resulted in the rising demand for edge computing solutions in developed economies such as the United Kingdom, Germany, and France. The growing adoption of these technologies has also led to the requirement for higher bandwidths and faster processing speeds, which as a result, increases the demand for the data center market in the region.

The Europe data center market is increasingly adopting software-defined power infrastructure in data centers. For instance, Equinix uses its own data center monitoring software platform, IBX SmartView, which provides operators the insights into the data center infrastructure.

Further, Various local governments across the European region are supporting the adoption of renewable energy by data center operators in the region. For instance, the French government has approved more than 250 wind and solar power generation projects with a capacity of nearly 2 GW in the country.

Furthermore, the growing adoption of cloud computing solutions across various enterprises in the region is further driving the market. Owing to this, many market players in the region are increasing investments in cloud computing offerings. For instance, in November 2021, OVHcloud announced a partnership with Atos to offer 100% European public cloud services to customers in France.

However, challenges related to the sourcing of power in some locations are difficult. Also, challenges related to the stringent rules

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and regulations for data center construction and the surge in power pricing may impact the growth of the data center market in Europe.

The COVID-19 pandemic led to a devastating impact on multiple industries; the data center industry shows signs of long-term growth and stability. The region has been significantly affected, which has disrupted data center service providers in the region. Moreover, travel ban nationwide being enforced in the country, many organizations have adapted to work from home, which has increased the data traffic significantly, putting tremendous pressure on the data center, coping with the existing capacities to prevent downtime.

## Europe Data Center Market Trends

### Growing Acceptance of Cloud Across Enterprises Coupled with Increasing Investments from Cloud Service Providers

Cloud services are accepted and adopted by a growing number of companies, including numerous small and medium-sized enterprises (SMEs) in Germany. The number of large data centers operated by hyper-scale providers like AWS, Microsoft, and Google increased significantly in the region. Furthermore, a high number of data centers in various countries across Europe is further fueling the growth of the market.

For instance, in May 2022, Google launched Madrid-based Cloud Datacenters to Expand its Footprint in Europe. The new venture will allow Madrid's various businesses increased cloud services, low-latency transfers, as well as advanced storage and computing, allotting the region a necessary boost in data protection and over-the-air enterprise needs.

The growing usage of the cloud is encouraging many players to offer and launch innovative cloud data centers in the region. For instance, in July 2021, Konica Minolta launched Cloud Data Center Services with Infrastructure as a Service (IaaS) package that enables organizations to reduce costs and effort related to their IT infrastructure while maximizing security. The package delivers a virtual IT infrastructure environment, including a virtual network, virtual storage, and virtual server resources in Konica Minolta's own data centers located in Hanover, Germany, and Stockholm, Sweden.

According to Germany Trade and Invest (GTAI), the data center industry in Germany is growing rapidly and helping companies with their CRM needs in Europe and abroad. Hence, with the increasing adoption of cloud-based services across Germany, the United Kingdom, and Spain, the market is expected to grow during the forecast period.

In Europe, SMEs have been quick to take advantage of cloud-based solutions, as these solutions provide scalability and are cost-effective. Various vendors provide solutions based on the pay-per-use or subscription model that address SMEs' challenges. For instance, according to the European Commission, there were approximately 22.6 million small and medium-sized enterprises (SMEs) in the European Union in 2021. Hence, the increasing adoption of cloud services by SMEs is expected to have a positive impact on the growth of the market.

### Germany is Expected to Hold the Largest Market Share in Europe Data Center Market

The growing cloud computing further fueled due to COVID-19 pandemic, increasing high-speed internet penetration, government regulations for local data security, and growing investment by domestic players are some of the major factors driving the demand for data centers in Germany.

Being a highly developed market, Germany is known as the financial powerhouse of the European Union. Germany is one of the few countries with the highest concentration of data centers. Frankfurt is the best German data center market based on density. The DE-CIX internet nodes in Frankfurt account for most of the data transfer worldwide. The region is the second-largest hosting market in the world after the United States.

The country has also rapidly modernized with advanced technology driving its place as one of Europe's largest telecommunication

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markets. Due to this, Germany also contains several data center clusters throughout the country, providing plenty of colocation opportunities. The number of managed service providers based on public cloud partnerships has been significantly increasing in the country recently, witnessing a high growth rate for the cloud and data center markets.

The country's advanced energy sector also supports the data center market growth. Germany is energized by 43.7% renewable or green sources, which gives German colocation facilities significant opportunities to take advantage of green energy. German colocation facilities provide over 508.49 MW of power and range rack power options from 0.90 kW to 25.00 kW.

Furthermore, companies like NDC Data Centers are adopting "resource-efficient data centers" strategies through patented liquid cooling technology that allows energy savings from the cooling of "up to 90%. NDC has a patented system that can remove up to 50kW per rack.

All of the above mentioned factors are expected to boost the data center market in Germany over the forecast period.

## Europe Data Center Market Competitor Analysis

The Europe data center market appears to be fragmented due to the presence of a large number of players and due to the increasing competition among regional and global players. Major players in the region offer innovative solutions in the data center market and indulge in merger and acquisition activities to grow their market presence. Major players in the Europe data center market include Digital Realty Trust, Inc., Equinix, Inc., Cisco Systems, Inc., and NTT Communications Corporation, among others.

February 2022 - British colocation provider Kao Data is planning to open a new 16MW data center in Slough, west of London. The facility, currently under construction, will be certified as Nvidia DGX-Ready and OCP-ready and will be powered by 100% renewable energy. The expansion follows the GBP 130 million (USD 176 million) investment in Kao by global infrastructure business Infratil Limited, announced in October 2021.

January 2022 - Vantage Data Centers has launched new data center campuses in Poland and Germany. The DigitalBridge-owned company announced that two greenfield campuses in Berlin and Warsaw are now operational. Warsaw is the company's first facility in Poland, while the development in Berlin is the company's second in Germany.

January 2022 - Scottish data center firm DataVita announced the opening of a new data center facility in Glasgow. The company is taking up space in 177 Bothwell Street, a newly developed 14-story, 313,000 sq ft (29,000 sqm) property billed as Glasgow's largest single office building.

### Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

### Table of Contents:

#### 1 INTRODUCTION

##### 1.1 Study Assumptions and Market Definition

##### 1.2 Scope of the Study

#### 2 RESEARCH METHODOLOGY

#### 3 EXECUTIVE SUMMARY

#### 4 MARKET INSIGHTS

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- 4.1 Market Overview
- 4.2 Industry Attractiveness - Porter's Five Forces Analysis
  - 4.2.1 Bargaining Power of Suppliers
  - 4.2.2 Bargaining Power of Buyers/Consumers
  - 4.2.3 Threat of New Entrants
  - 4.2.4 Threat of Substitute Products
  - 4.2.5 Intensity of Competitive Rivalry
- 4.3 Key Stakeholder Analysis
- 4.4 Impact of COVID-19 on the Market

## 5 MARKET DYNAMICS

- 5.1 Market Drivers
  - 5.1.1 Growing Acceptance of Cloud Across Enterprises Coupled with Increasing Investments from Cloud Service Providers
- 5.2 Market Challenges
  - 5.2.1 Regulations with Respect to Data Center Construction
  - 5.2.2 Challenges Related to Data Management and Power Grid Availability
  - 5.2.3 BREXIT and other micro economic factors

## 6 EUROPE DATA CENTER CONSIDERATIONS

- 6.1 Data Center requirements
- 6.2 Regional Preference for Data Center Construction
- 6.3 Cost Analysis for Colocation and Hyperscale Data Centers in Europe
- 6.4 Key Technological Advancements in Data Center Design, Construction and Operations

## 7 KEY EUROPE DATA CENTER CONSTRUCTIONS STATISTICS AND TRENDS

- 7.1 State of Data Centers in Europe
- 7.2 State of Colocation Data Centers in Europe

## 8 OVERVIEW OF HYPERSCALE DATA CENTERS IN EUROPE

## 9 MARKET SEGMENTATION

- 9.1 By Infrastructure
  - 9.1.1 IT Infrastructure
  - 9.1.2 Mechanical Infrastructure
  - 9.1.3 Electrical Infrastructure
  - 9.1.4 General Construction
- 9.2 By Services
  - 9.2.1 Hosting
  - 9.2.2 Colocation
- 9.3 By Country
  - 9.3.1 Germany
  - 9.3.2 United Kingdom
  - 9.3.3 France
  - 9.3.4 Spain
  - 9.3.5 Italy
  - 9.3.6 Rest of Europe

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## 10 COMPETITIVE LANDSCAPE

### 10.1 Company Profiles

10.1.1 Digital Realty Trust, Inc.

10.1.2 Equinix, Inc.

10.1.3 Interxion

10.1.4 Cisco Systems, Inc.

10.1.5 NTT Communications Corporation

10.1.6 Cyxtera Technologies Inc.

10.1.7 Colt Group Holdings Limited

10.1.8 Arista Networks, Inc.

10.1.9 NDC Data Centers GmbH

## 11 MAJOR DATA CENTER INVESTMENTS

## 12 FUTURE OUTLOOK OF THE MARKET

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