

Latin America Data Center Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Latin America Data Center Construction Market size is estimated at USD 5.14 billion in 2024, and is expected to reach USD 7.81 billion by 2029, growing at a CAGR of greater than 8.71% during the forecast period (2024-2029).

The growth of advanced technologies such as software-defined data centers, the Internet of Things (IoT), and disaster recovery fed the demand for the construction of data centers in Latin America.

Key Highlights

- Data center construction is a very complex task requiring extensive planning of electrical, location, and mechanical requirements. Moreover, the data centers carry out mission tasks, due to which any imperfection in power management to building design could be catastrophic and could result in increased costs to the companies.
- The need for data centers has increased in recent years, with the growth of digital infrastructure due to the high adoption of cloud services. During that period, the widespread expansion of cloud services was restrained by the limited storage available at the data centers.
- Subsequently, the concept of hyperscale data centers and colocation data centers emerged. The construction of hyperscale data centers and colocations data centers is expected to drive the demand for data center construction in the future.
- The rapid proliferation of mobile devices and high-speed broadband connectivity is attributed to the growth of the data center construction market in the Latin American region. Moreover, the increasing demand for connected devices and the introduction of new technologies, such as IoT, cloud-based services, and big data analytics, are boosting the demand for new facilities in the region.
- In September 2023, Saala Data Centers, one of the leading Latin American platforms of sustainable data centers in the Hyperscale market, announced its role as the exclusive Sustainability Partner at Datacloud USA 2023. The collaboration with

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Datacloud USA reinforces sustainable initiatives and underscores scala's hyperscale sustainable data center evolution in Latin America

-The increasing investment in building new data centers in Latin American countries, such as Brazil, is expected to drive market growth over the forecast period. Brazilian company AMT (Agencia Moderna Tecnologia) selected CenturyLink to meet its growing demand for cloud services as part of business expansion with management systems provider Sankhya for data center services in Rio de Janeiro. The CenturyLink modular data center in Rio de Janeiro provides customers with a processing environment designed to offer high levels of availability, improved quality, and greater access speeds to the rest of the world.

-The investments in data centers and advanced information processing structures have accelerated in Latin America, despite the COVID-19 crisis. Various companies in the market have announced their moves for the construction of data centers.

Latin America Data Center Construction Market Trends

IT and Telecommunications Segment to Hold a Significant Share of the Market

- The region is undergoing some massive investment from IT & Telecom providers. Adoption of digital technology at a large scale has been demonstrated to have good effects on lowering income inequality at the household level through a variety of routes, including increased connection and access to digital services. Digital financial services assist companies in overcoming eligibility and affordability barriers and give people secure and dependable ways to save money, borrow money, and insure against risk.

- The massive adoption of cloud computing, IoT services, and big data, along with the growth in social networking and the need for online video services, has aided telecommunication service providers in the region to establish their internet backbone. Google docked its private submarine cable, Curie, in Valparaiso, Chile. The cable is directly joined to the Equinix LA4 data center in Los Angeles, California. About 10 submarine cable projects will yield high data center investments year-over-year.

- The data centers in Latin America are being designed to withstand high rack density. The increasing utilization of IT infrastructure has increased the rack power density to an average of 4-6 kW among data centers in Latin America. The growing need for solutions such as high-performance computing (HPC) and virtualization will continue to grow the rack power density between 8-10 kW during the forecast period, consequently driving the data center construction market in Latin America.

- Latin American nations have excellent prospects across several essential pillars of a strong digital economy. Access to a meaningful (safe, productive, and inexpensive) internet connection and data is the foundation of the digital economy. Owing to mergers and acquisitions, the increase in market share of IT & Telecom companies is also rising sharply in Latin America.

Brazil is expected to Dominate Market Share

- The growing cloud computing (further fuelled due to COVID-19), increasing penetration of foreign cloud vendors, government regulations for local data security, and increasing investment by domestic players are some of the major factors driving the demand for data centers in the country. There are almost 120 data centers in the country.

- The demand for low latency and high performance, along with the recent work-from-home culture due to nationwide lockdown, is mainly accelerating the adoption of data centers near customers and businesses to enable hybrid multi-cloud ecosystems.

- According to the Brazilian Software Association (ABES), Brazil is Latin America's largest technology ecosystem. Also, according to the data published by Equinix, the IT investment in Latin America witnessed a 1.3% growth in previous years and is expected to have an upswing of 4-5% in the coming years. Brazilians' investment in the IT industry and telecom sector will be around USD 40-50 billion, respectively. This is expected to provide a massive boost to the cloud computing market and hence to the data center market too.

- The Brazilian government is also playing a significant role in developing local data center infrastructure. According to the

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government, the country's General Data Protection Act (LGPD) will implement, which is expected to force many enterprises in the country to migrate their cloud access to private networks and update their encryption services to extend user data protection.

- Furthermore, COVID-19 put high pressure on end-user companies to support remote working and are fast-tracking their cloud and digitization journeys. Companies like IBM and Microsoft claim that this will boost the data center market in the country as data center expansion enables organizations and government institutions to uphold data sovereignty by keeping data within their legal basis.
- As companies in Brazil look to gain greater control of their data in the face of upcoming tighter compliance and protection regulations, data center vendors, like IBM, are targeting customers by providing cloud capabilities along with a hybrid multi-cloud environment.

Latin America Data Center Construction Industry Overview

The Latin America Data Center Construction Market is fragmented, and the competitive rivalry is high. The key players in this market are AECOM, Cisco Systems, Inc., Corgan Inc., DPR Construction, Holder Construction Company, and Dell Technologies Inc., among others. Sustainable competing advantage can be accomplished through innovation in this market, owing to the increasing need for differentiated products for multiple applications. Through research & development, mergers & acquisitions, and strategic partnerships, they have been able to gain a stronger hold in the market. These players are continually expanding their presence in the market by offering the most advanced technologies, thereby boosting their revenues in the market.

In November 2022, Ascenty, the market leader in Latin America for datacenters, announced the commencement of construction on five new facilities, further solidifying its dominance with a total of 33 infrastructures across Brazil, Chile, Mexico, and now Colombia. The new data centers are located in Santiago 3, with 21,000 m² and 16 MW; Bogota 1 and 2, with 9,000 m² and 12 MW each; and So Paulo 5 and 6, with an area of 7,000 m² and a capacity of 19 MW each.

In August 2022, The largest vertical data center in Latin America, SGRUTB04, with a total capacity of 18MW, was launched by Scala Data Centers, the region's top platform for environmentally friendly data centers in the hyperscale market. The Tambore Campus, a complex owned by the firm in Greater So Paulo, Brazil, is where SGRUTB04 is situated. It is devoted to a single hyperscale client and will operate at full capacity for more than ten years. This new Scala data center is 5 meters tall, has seven floors, four of which are dedicated to data halls, and has a total built-out space of over 140,000 square feet, or more than 1,500 racks.

Additional Benefits:

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

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