

Multi-Tenant Data Center - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

Market Report | 2025-04-28 | 120 pages | Mordor Intelligence

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Report description:

The Multi-Tenant Data Center Market is expected to register a CAGR of 11.36% during the forecast period.

Key Highlights

- Multi-tenant data centers cater to multiple clients with a single instance of a software application, with clients having a shared affinity at some level. Also, it allows enterprises to serve clients and end users better. Hence, there is a surge in the overall demand for multi-tenant data centers from cloud providers and enterprises, which is fueling the market's growth significantly.
- The primary factor driving the growth of multi-tenant data centers is the growing popularity of green data centers. The consumption of electricity and the increase in carbon emissions by data centers globally are creating awareness among enterprises about the need for green data center facilities. In the next few years, the multi-tenant data center market will be driven by the use of software-defined data centers (SDDCs) and the growth of internet traffic.
- Some other factors, such as continuous upgradation in data centers resulting in obsolescence in existing data centers, an increase in demand for IT services, and increased IT spending, are driving the growth in the multi-tenant data center market. Also, the growth of the multi-tenant data center market is due in part to low operational costs, quick response and deployment, and technical advances in IT.
- Moreover, various significant market players are well involved in building various multi-tenant data centers. For instance, in August 2022, Kansas-based Quality Technology Services (QTS) plans to develop the world's largest multi-tenant data center campus across 615 acres of current farmland just west of downtown Fayetteville to expand its metro Atlanta footprint. The Fayette County Development Authority sold the property to QTS for just USD 154 million, or roughly USD 250,000 per acre.
- Concerns about data security and the inflexibility of some multi-tenant data centers are two problems that the multi-tenant data center market has to deal with. These problems could slow the market's growth over the next few years.
- The data center sector had been changing for a long time, but the last several years have been particularly challenging, mainly

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owing to the COVID-19 pandemic. The surge in remote school and work, making business calls on Zoom instead of the phone, and utilizing an app for everything is a permanent trend. The fast growth of online activity has raised the demand for data center white space, particularly in recent years, as the COVID-19 pandemic made access to internet applications a requirement. With more people relying on the internet for work, social networking, e-commerce, banking, and entertainment, the demand for almost limitless uptime and storage capacity kept growing.

Multi-Tenant Data Center Market Trends

Retail colocation is Expected to Hold Significant Growth Rate

- Retail colocation is where the customer takes the space for lease within the data center, such as rack space within the caged-off area. Owing to various advantages, like ease of maintenance, smaller enterprises generally prefer retail colocation. Owning a data center is not a viable option due to the cost of land leasing. Also, maintenance of a colocation center is often not within budget constraints.
- The retail colocation market is likely driven by the high demand for colocation services from developing countries. Compared to wholesale colocation services, retail colocation services are highly suitable for enterprises requiring lesser computing power at one site or across multiple locations to service local and global customers. The retail colocation market is anticipated to witness significant growth during the forecast period.
- About 100 kW of energy is typically needed to power retail data centers, while wholesale customers usually need more than 100 kW, owing to their business scale. Many facilities, such as security provision, customer support, cooling facilities, etc., are provided by colocation suppliers. Moreover, there lies a growing need for interconnectivity, increasing the overall demand for retail colocation.
- Furthermore, the market is witnessing various key launches and investments by key players as part of its strategy to improve business and their presence to reach customers and meet their requirements for various applications. For instance, in March 2022, Carrier-neutral colocation provider Telehouse Europe opened its fifth colocation data center in London. Also, Telehouses's latest project is looking forward to refurbishing the enterprise data center space once utilized by Thompson Reuters and turning it into a major retail colocation hub powered by 100% renewable energy. Telehouse anticipates the entire 18MW project to cost GBP 223 million (USD 294 million), and its total investment in Docklands data centers is expected to reach GBP 1 billion (USD 1.32 billion) by 2025.
- The retail data center colocation market is likely driven by the increased demand for colocation services from organizations in developing countries. Also, enterprises with the need for geographically distributed capacity and limited budgets are likely to opt for retail colocation. As per Vertiv, the total industry revenues are expected to increase to over 136 billion dollars by 2028. This would possibly create immense growth opportunities for the market to grow and expand all throughout the forecast period.

Asia-Pacific Expected to Hold Significant Growth

- The multi-tenant data center market is expected to have significant growth in the Asia-Pacific region due to the large-scale outsourcing of managed hosting services in this region. A country like China has witnessed a rise in their hyper-scale platforms, owing to which providing data center services for Chinese hyper-scale platforms has become necessary. As a result of such data generation, Japan has a high density of colocation. For instance, Digital Realty launched its first data center in Japan, named "Digital Osaka 1," indicating increased regional investment.
- Moreover, Singapore is considered one of the largest shipping ports in the world as it ensures connectivity. Singapore's government is working to make the country rich through economic growth and new ideas. As a result, the technology industry

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continues to invest a lot of money in Singapore.

- India is one of the fastest-growing economies in the world, and it is likely to boost the growth of public cloud-based data centers. The IT industry dominates the Indian market as the largest private sector employer in the country, where data centers are widely used, propelling market growth significantly.
- Also, the Indian market is witnessing various crucial investments and launches. For instance, in March 2022, Microsoft announced that Hyderabad, Telangana, would be the site of its latest data center area. This strategic investment aligns with Microsoft's commitment to assisting clients in thriving in an AI- and cloud-enabled digital economy.
- In India, there are currently three regions distributed over Chennai, Mumbai, and Pune for Microsoft's data centers. The data center in Hyderabad would be a new addition to this network. It would thus provide the entire Microsoft portfolio across data solutions, productivity tools, cloud, artificial intelligence (AI), and customer relationship management (CRM) with data security for businesses, educational institutions, developers, start-ups, and governmental organizations.

Multi-Tenant Data Center Industry Overview

The multi-tenant data center market is fragmented and consists of a limited number of large-scale data center colocation service providers and numerous small-scale vendors. During the forecast period, there will be more competition between the players because the number of colocation centers is going up.

In August 2022, Equinix's SG5, Singapore's tallest multi-tenant data center, opened and was mainly constructed with an initial investment of around USD 144 million. The SG5 is noteworthy for more than its height. It's Equinix's fifth data center in Singapore, but only its second greenfield facility.

In May 2022, Cyxtera, a global leader in data center interconnection and colocation services, declared it would begin offering colocation solutions in India through a strategic partnership with Sify Technologies Limited, one of India's leading digital ICT solutions providers. Cyxtera can deliver colocation services to customers in five additional markets in one of the most essential and fastest-growing global economies. As part of the partnership, Sify would sell Cyxtera's full suite of solutions to more than 10,000 customers in North America, Europe, and the Asia-Pacific region.

Additional Benefits:

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

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