



451 Research: Datacenter Colocation Market Now at \$25bn Globally

Top 60 Multi-tenant Datacenter firms account for 52% of revenue with 1,000+ generating the remaining long tail of revenue, according to latest release of 451 Research's Datacenter KnowledgeBase. Database details more than 300 current expansions and new builds globally.

NEW YORK, December 23, 2014 – The global colocation market has surpassed a run rate of \$25bn in revenue with six percent of datacenter firms accounting for more than half of global revenue, according to the latest release of the Datacenter KnowledgeBase (DCKB) from 451 Research. The DCKB database covers 3,685 individual datacenters from 1,086 datacenter companies serving North America, EMEA, APAC and LATAM. 451 Research is a preeminent information technology research and advisory company with a core focus on technology innovation and market disruption.

Data from the 451 Research's DCKB reveals a pattern of market concentration with firms at the top with a long tail of firms at the bottom of the global colocation market. The top 10 players account for 28% of the \$25bn in revenue and the top 60 players account for 52% of the \$25bn in revenue. Despite a spate of M&A activity in the sector, more than 1,000 additional companies, many of them strong regional players, generate the remaining 48% of revenue.

“At its heart, the multi-tenant datacenter business is a regional business,” said Greg Zwakman, 451 Research Director, Quantitative Services. “So despite active consolidation and some concentration at the top, much of the market remains highly fragmented, with a mix of national and local players.”, continued Mr. Zwakman.

According to 451 Research, over the past 10 years, much of the investment to build multi-tenant datacenters has been made in large markets where there are many potential tenants. “We are seeing growing interest in markets outside of those top few cities, however” said Kelly Morgan, 451 Research Director for Multi-tenant Datacenters in North America. “This is for several reasons, such as to reduce latency, to target medium-sized local businesses, or because operating costs are lower. We expect to see strong growth in several of these secondary markets over the next few years”, continued Ms. Morgan.

DCKB data also details 176 known facility expansions and 134 new builds globally, with key regions such as New York City and London leading in square footage/power coming online over the next couple of years. Currently, a little over 60% of planned expansions and new builds are concentrated in North America, but APAC and EMEA are both posting strong expansion rates as well and we are actively researching those areas to determine where additional builds/expansions are likely. LATAM datacenters are increasingly catching up to their counterparts in other regions in terms of average revenue per facility, representing 4.5% of the 3,685 datacenters tracked by the DCKB and 5% of global sales.

Breakdown of the \$25bn global colocation market by region

Global Annualized Wholesale & Retail Colocation Revenue (\$M)



Source: Datacenter KnowledgeBase December 2014



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About 451 Research's Datacenter KnowledgeBase

The Datacenter KnowledgeBase tracks colocation and wholesale datacenter facilities globally, and provides you with insight into facility capacity and capability, investment and expansion opportunities, and future facility builds. This unique database provides the industry's most authoritative and comprehensive set of datacenter intelligence, with more than 100 data points and metrics under coverage. The 451 Research team gathers data from primary sources, which include on-site visits and assessments and direct outreach, to validate and collect this data from datacenter operators.

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