451 Research: Datacenter colocation market annualized revenue projected to reach $36bn worldwide by end of 2017

Equinix and Digital Realty are market leaders among more than 1,000 worldwide colocation suppliers.

NEW YORK, April 16, 2015 – 451 Research projects the global colocation market annualized revenue to reach $36.1bn by 2017 in its latest quarterly Datacenter KnowledgeBase (DCKB) release. The DCKB database covers 3,796 individual datacenters operated by 1,094 datacenter companies serving North America (NA); Europe, Middle East and Africa (EMEA); Asia-Pacific (APAC) and Latin America (LATAM). 451 Research is a preeminent information technology research and advisory company with a focus on technology innovation and market disruption.

At present, the datacenter colocation market sees $22.8bn in annualized revenue. In Q1 2015, the overwhelming majority of this revenue (74.8%) continues to be derived from local providers with sub-$500m in annualized colocation revenues.

“This remains an extremely fragmented industry,” notes Kelly Morgan, research director, North American Datacenters. “The majority of colocation facilities are provided by local operators with only one to three facilities each. However, it is becoming harder for them to compete with the more geographically diverse providers that are now entering many local markets. We will see continued consolidation in this sector.”

Among the largest providers, Equinix is the market leader in the combined wholesale and retail colocation market, with 8.42% of global annualized wholesale and retail colocation revenue. Digital Realty, primarily a wholesale provider, is the second largest supplier in terms of revenue at 5.65%, but maintains leadership with 9.62% of global operational square feet. 451 Research estimates that the global colocation market will grow in terms of total operational square feet from today’s 108.9m square feet to a projected 149.7m square feet by the end of 2017.

“Colocation continues to be the bedrock for much of Cloud 2.0,” says Katie Broderick, research director, 451 Research. “The global colocation market is the physical (facilities and networking) underpinning of both enterprises’ off-premises computing, and hosting and cloud service providers’ value-add services.”
451 Research estimates that today, less than half of the world’s total operational space for colocation (space supporting IT equipment) is in NA at 42.58%. The second largest region in terms of colocation operational square feet is APAC, with 26.51% of space, while EMEA accounts for another 26.36%. The remaining 4.55% of space is in LATAM. This is the first quarter since 451 Research began tracking the colocation market that APAC has been the second largest region, overtaking EMEA. Growth in APAC is fueled by overall economic growth and a less entrenched installed base of enterprise facilities with which colocation providers must compete.
About 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.

To learn more or request information click here.

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