

15.3% CAGR, Data Center Colocation Market to Reach \$136,647.9 Million by 2028

Data Center Colocation Market to emerge with rising adoption of High-Performance Compute (HPC) by 2028

NEW YORK, UNITED STATES, November 22, 2021 /EINPresswire.com/ -- New market study on "[Data Center Colocation Market](#) Forecast to 2028 – COVID-19 Impact and Global Analysis" the market was evaluated at US\$ 50,579.1 million in 2021 and is reaching US\$ 136,647.9 million by 2028; it is estimated to grow at a CAGR of 15.3% from 2021 to 2028.

Increasing enterprise demands for cost-effective solutions to reduce overall IT costs and growing disaster recovery and business continuity requirements are driving the global data center colocation market. However, high initial and maintenance costs may hinder the growth of the market in some applications. Despite some limitations, developments in edge computing and surge in demand for advanced data center infrastructure due to the advent of 5G services are the major factors anticipated to drive the data center colocation market.

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Data Center Colocation Market Insights Advent of 5G Services to Surge Demand for Advanced Data Center Infrastructure A modern colocation data center is a connectivity hub, facilitating customers to switch directly to the services they require over a single cross-connect or even with a quick and secure direct connection such as Microsoft's Azure ExpressRoute. As the telecom operators are currently involved in rolling out the first wave of 5G services, data centers can support network service providers to extend their reach more rapidly through colocation services. Providing reliable 5G services is expected to require more data center infrastructure than several network service providers presently have at their disposal. With the continuous rise in internet usage, leading to greater data demands, data center colocation would emerge as a highly attractive and cost-effective solution for the telecommunications sector.

Moreover, a significant number of companies cannot afford to expand their existing on-premises solutions or increase capacity by constructing a private data center. Through strategic collaborations with experienced data center colocation providers, they can gain all the benefits of a state-of-the-art facility without the need for substantial capital investments to build one. Thus, the emergence of 5G technology and its services is anticipated to propel the growth of the data center colocation market in the near future. On May 5, 2020, IBM announced new services

and solutions to help enterprises and telecommunications companies speed up their transition to edge computing in the 5G era. The solution will help organizations across the globe to deal with the blazing speed and extremely low latency and transmission delays brought about by the rollout of wireless 5G telecommunications networks. The solutions also enable enterprises to reduce the complexity of managing workloads across various devices and help them quickly deliver edge-enabled services to customers

Impact of COVID-19 Pandemic on Data Center Colocation Market

The COVID-19 pandemic has significantly impacted global economies with extensive lockdowns, which forced people to stay at home. As a result, the sustainability of data centers has become a growing concern for operators as they are widely known to consume a lot of resources. The COVID-19 outbreak has altered the data center construction in many regions. The opening of several new facilities was halted for three months, owing to the limited labor and disruptions in the supply of parts. This is hampering the growth of the data center colocation market in the present scenario. However, the strong presence of some leading providers delivering data centers colocation facilities such as Equinix; CenturyLink; and AT&T, Inc.; is significantly contributing to the market growth through the adoption of strategic collaborations, new product launches, and funding to the technological advancements.

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Edge computing has emerged as an ideal solution for companies involved in streamlining their data gathering processes and a large number of customers demanding low-latency streaming content. Companies can deliver faster services and free up valuable bandwidth for several other activities that are performed closer to the network's core by relocating their considerable processing workloads to devices and edge data centers on the outer edges of the network. Moreover, the growth of edge computing significantly depends on the rapid adoption of devices enabled with the internet of things (IoT). The IoT edge devices have developed incredible applications across diverse industries with their capabilities to collect data beyond the reach of conventional networks and extend services using cellular and Wi-Fi connections. However, these functionalities still require a backbone of infrastructure for operating effectively and efficiently. As a result, companies have begun to re-architect their corporate IT infrastructures with respect to colocation and interconnection points of presence. By combining colocation services with regional edge computing data centers, companies can extend their edge network reach quickly and cost-effectively. E-commerce and retail sectors are also embracing the edge data center.

The data center colocation market has been segmented based on type, enterprise size, industry, and geography. Based on type, the market is segmented into wholesale data centers and retail data centers. In 2020, the retail segment led the data center colocation market and accounted for a larger market share. In terms of enterprise size, the market is segmented into SMEs and large enterprises.

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