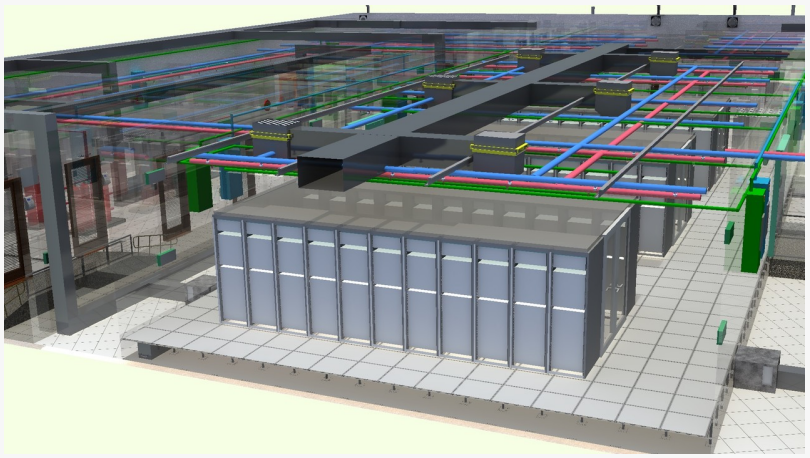
Data Center Construction Market to Grow at 9.8% CAGR 2024-2031 | DataM Intelligence

Data Center Construction Market is set to expand at 9.8% CAGR (2024–2031), driven by rising cloud adoption, digital transformation, and storage demand.



Data Center Construction Market

DELAWARE, DE, UNITED STATES, September 3, 2025 /EINPresswire.com/ -- The global data center construction market is poised for significant growth, with a projected CAGR of approximately 9.8% during the forecast period from 2024 to 2031. As the demand for data storage, processing, and cloud computing escalates, the need for robust, efficient, and scalable data center facilities is more critical than ever. Data center construction involves sophisticated planning, design, and execution tailored to high-performance IT infrastructure, encompassing electrical systems, UPS, mechanical infrastructure, cooling systems, racks, and general construction. The structural integrity, environmental control, and operational reliability of these facilities are paramount to safeguard the sensitive information technology equipment housed within.

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United States: Recent Industry Developments

 In July 2025, Google announced a $2 billion investment to build a new hyperscale data center in Ohio. The facility will run entirely on renewable energy. It strengthens Google's U.S. cloud infrastructure footprint.
 In June 2025, Microsoft began construction of its latest data center campus in Arizona. The project integrates advanced liquid cooling systems. It supports the growing demand for AI and cloud computing workloads.
 In May 2025, Amazon Web Services (AWS) expanded its Virginia data center operations with a $1.8 billion investment. The expansion adds high-density server capacity. It positions AWS to meet rising enterprise and government demand.

Japan: Recent Industry Developments

 In July 2025, NTT Global Data Centers launched construction of a 50 MW hyperscale facility in Tokyo. The site features cutting-edge cooling and energy optimization technologies. It will serve both domestic and international cloud providers.
 In June 2025, SoftBank invested $1.2 billion to develop a next-generation AI-focused data center in Osaka. The facility emphasizes high-performance computing and sustainability. Operations are expected to start in 2026.
 In May 2025, KDDI partnered with Mitsubishi Estate to build a large-scale urban data center in Yokohama. The project leverages modular construction techniques. It is designed to enhance resilience and scalability for Japan's digital economy.

Market Drivers and Dynamics

The surge in hyperscale data centers massive facilities housing thousands of servers—has been a primary growth driver. Companies like Amazon, Google, Facebook, and Microsoft continue their expansion, pushing the construction of tier 3 and 4 data centers globally. These facilities emphasize redundancy, fault tolerance, and energy-efficient cooling to support intensive cloud, AI, and big data workloads.

Investment in modular and prefabricated components accelerates construction timelines and reduces costs. Innovative cooling solutions, including liquid cooling and advanced airflow management, are being integrated to offset thermodynamic challenges posed by increasing server densities.
Significant challenges remain. The initial capital expenditure for site acquisition, design, and implementation is substantial. Construction costs vary dramatically with location, with urban hubs like Silicon Valley commanding premium prices. Moreover, complex regulations and permitting processes can delay project timelines.

Despite the COVID-19 pandemic's disruptions, the sector's resilience is evident. While some projects experienced temporary halts due to workforce restrictions, the criticality of data infrastructure maintained general momentum. Ongoing digital transformation and evolving user demands project strong recovery and sustained expansion.

Market Segmentation

• Infrastructure: Electrical (UPS, distribution), mechanical (HVAC, cooling), racks, and general construction.
• Data Center Tier: Tier 1, Tier 2, Tier 3, Tier 4 facilities, with Tier 3 predominating due to its balance of cost, redundancy, and performance.
• Organization Size: Small, medium, and large enterprises, segmented by end-user industry.
• End-user Industry: BFSI, IT & Telecom, government, healthcare, and others.

Tier 3 data centers dominate, supported by their ability to offer high availability and operational flexibility. They cater to major web services, social media, and financial service providers requiring consistent uptime and compliance with stringent standards.

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Regional Insights

North America is a key market, home to dense concentrations of hyperscale data centers and advanced IT infrastructure. Investments continue to pour into metro areas such as Dallas, Silicon Valley, and Northern Virginia. U.S. initiatives focus on enhancing network interconnectivity, as exemplified by collaborations between MOX Networks and Cologix to enhance bandwidth connectivity.
Asia-Pacific is rapidly catching up, fueled by burgeoning internet penetration, cloud adoption, and emerging tech hubs across China, India, Japan, and Southeast Asia. The region witnesses substantial new builds and expansions, with particular focus on scalable and energy-efficient design.
Europe's market remains steady, with mature regulations and sustainability goals guiding modern construction and operation.

Competitive Landscape

The market features competitive dynamics among global and regional players:
• Schneider Electric: A leader in integrated data center solutions, offering EcoStruxure platforms that combine power, cooling, and management systems. Its innovations include dynamic cooling architectures optimizing energy use.
• Skanska, Structure Tone, Turner Construction: Prominent construction firms specializing in complex data center builds worldwide.
• Digital Colony Management: Engaged in acquiring and developing hyperscale data center assets globally.

Major players are focused on technological innovation, strategic partnerships, sustainability initiatives, and expanding geographic footprints to meet growing demand.

Conclusion

Data center construction is a cornerstone of the digital economy's infrastructure, underpinning cloud computing, AI, big data, and critical services. Despite high capital intensity and technical complexity, the market is robust, driven by expanding hyperscale capacity, innovation, and regional digital transformation. Successful players will balance engineering excellence, operational cost control, and sustainable design to harness the sector's dynamic growth

unfolding through 2031 and beyond.

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Data Centre Colocation Market size reached US$ 39.9 billion in 2022 and is expected to reach US$ 58.8 billion by 2031, growing with a CAGR of 6.3% during the forecast period 2024-2031.

Data Center Cooling Solutions market is estimated to grow at a CAGR of 14.7% during the forecast period 2024-2031.

Sai Kumar
DataM Intelligence 4market Research LLP
+1 877-441-4866
sai.k@datamintelligence.com
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