

Asia-Pacific Data Center Colocation Market: Focus on Application, Product, and Country - Analysis and Forecast, 2025-2034

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Abstracts

This report can be delivered in 2 working days.

Introduction to Asia-Pacific Data Center Colocation Market

The Asia-Pacific data center colocation market was valued at \$20.23 billion in 2024 and is projected to grow at a CAGR of 12.16% from 2025 to 2034, reaching \$70.88 billion by 2034. The increasing demand for cost-effective, scalable, and secure IT infrastructure is driving the rapid expansion of the data centre colocation market in Asia-Pacific. As more companies embrace cloud computing, hybrid IT architectures, and digital transformation projects, colocation services have become crucial for offloading infrastructure management while guaranteeing high-performance, resilient, and energy-efficient operations. The demand for dispersed, low-latency data centre networks is being driven by the growth of edge computing throughout the region. Furthermore, colocation providers are investing in eco-friendly building architecture, improved cooling systems, and renewable energy sources as a result of sustainability becoming a top priority. Colocation is positioned as a key component of APAC's changing digital infrastructure landscape because to these factors, as well as strict data localisation laws and growing enterprise demands for uptime and operational effectiveness.

Market Introduction

The market for data centre colocation in Asia Pacific has grown rapidly as businesses and service providers seek to reduce costs and streamline operations. Without having to worry about creating and maintaining their own data halls, colocation facilities give businesses the chance to take advantage of professionally managed settings with high-

bandwidth connectivity, reliable security measures, and redundant power supply. Small and medium-sized enterprises (SMBs) who need enterprise-grade infrastructure but lack the funds to invest in private projects are most affected by this trend.

The demand for geographically diversified hosting sites has increased due to the rapid rise of digital services such as e-commerce, online gambling, streaming media, and fintech. As a result, established centres like Singapore and Tokyo are developing alongside new markets like Jakarta, Kuala Lumpur, Mumbai, and Ho Chi Minh City. Both local operators and international hyperscalers find these secondary markets to be appealing options due to their improved fibre networks, reduced real estate costs, and advantageous government subsidies.

Colocation operators are rapidly incorporating value-added services like managed security, disaster recovery, and cross-connect fabric connectivity to cloud providers in addition to supporting traditional workloads. In the future, it is anticipated that modular 'build-as-you-grow' designs and AI-driven monitoring tools would improve operational efficiency and scalability. Even if there are still issues with power availability and compliance, continued infrastructure expenditures and strategic alliances set up APAC's colocation market for long-term expansion over the following five years.

Market Segmentation

Segmentation 1: by Application

IT and Telecom

Banking, Financial Services, and Insurance (BFSI)

Government and Public Sector

Healthcare

Manufacturing

Retail

Others

Segmentation 2: by Business Model

Retail

Wholesale

Segmentation 3: by Region

Asia-Pacific: China, Japan, Australia, India, South Korea, and Rest-of-Asia-Pacific

APAC Data Center Colocation Market Trends, Drivers and Challenges

Trends

Decentralization to Tier 2/3 markets as hyperscalers and enterprises expand beyond traditional hubs.

Surge in AI-ready infrastructure with growing demand for high-density compute and AI-optimized facilities.

Enhanced submarine connectivity boosting inter-regional data flow and colocation adoption.

Shift toward sustainable operations through renewable energy integration, efficient cooling, and green certifications.

Drivers

Rapid cloud adoption and digital transformation increasing demand for scalable colocation solutions.

Booming e-commerce and a vibrant startup ecosystem driving localized data center needs.

Government support and data-sovereignty policies encouraging local colocation

investments.

Significant hyperscaler investments from AWS, Microsoft Azure, Google Cloud, and others expanding into emerging APAC regions.

Challenges

Limited land availability in prime markets, forcing developers to seek less mature locations.

Power and energy constraints, with grids struggling to support increasing data center loads.

Diverse regulatory and compliance requirements across APAC complicating site selection and approvals.

Rising capital and operational costs (land, labor, materials, power, cooling) affecting return on investment.

How can this report add value to an organization?

Product/Innovation Strategy: The APAC data center colocation market is segmented based on diverse applications, business models, and operator types, providing insights into its broad range of use cases. Key applications include IT and telecom, banking, financial services, insurance (BFSI), government, healthcare, manufacturing, retail, and others, each benefiting from scalable, secure, and reliable colocation services. The market also distinguishes between retail colocation, which caters to smaller businesses requiring flexible solutions, and wholesale colocation, designed for large-scale enterprises with high-volume data needs. Additionally, operators are categorized as global, offering extensive network coverage and robust infrastructure, or regional, providing localized services tailored to specific market demands. Continuous technological advancements, such as energy-efficient cooling, automation, and enhanced security features, are expected to drive the market's growth, providing substantial opportunities for industry players to expand their offerings and strengthen their market position in this rapidly evolving sector.

Growth/Marketing Strategy: The APAC data center colocation market has been growing

at a rapid pace. The market offers enormous opportunities for existing and emerging market players. Some of the strategies covered in this segment are mergers and acquisitions, product launches, partnerships and collaborations, business expansions, and investments. The strategies preferred by companies to maintain and strengthen their market position primarily include product development.

Contents

Executive Summary
Scope and Definition

1 MARKETS

- 1.1 Colocation Data Center Market Trends: Current and Future Impact Assessment
 - 1.1.1 Data Center Capacities: Current and Future
 - 1.1.1.1 Retrofitting and Brownfield Projects
 - 1.1.1.2 Green Field Projects and New Installation
 - 1.1.2 Data Center Power Consumption Scenario
 - 1.1.3 Vacancy Rates and Absorption (by Region)
 - 1.1.4 Key Markets to Focus on
 - 1.1.5 Other Industrial Trends
 - 1.1.5.1 HPC Cluster Developments
 - 1.1.5.2 Blockchain Initiatives
 - 1.1.5.3 Super Computing
 - 1.1.5.4 5G and 6G Developments
 - 1.1.5.5 Impact of Server/Rack Density
- 1.2 Research and Development Review
 - 1.2.1 Patent Filing Trend (by Company)
 - 1.2.2 End User and Buying Criteria
- 1.3 Market Dynamics Overview
 - 1.3.1 Market Drivers
 - 1.3.1.1 Increasing Data Center Spending
 - 1.3.1.2 Growing Integration of AI and Cloud Computing
 - 1.3.1.3 Sustainability and Environmental Pressures
 - 1.3.2 Market Restraints
 - 1.3.2.1 Power and Energy Constraints
 - 1.3.2.2 Data Security and Compliance Challenges
 - 1.3.3 Market Opportunities
 - 1.3.3.1 Growing Demand for Different Business Models
 - 1.3.3.2 Growth in AI Workloads

2 REGIONS

- 2.1 Regional Summary
- 2.2 Asia-Pacific

- 2.2.1 Regional Overview
- 2.2.2 Driving Factors for Market Growth
- 2.2.3 Factors Challenging the Market
- 2.2.4 Application
- 2.2.5 Product
- 2.2.6 Asia-Pacific (by Country)
 - 2.2.6.1 China
 - 2.2.6.1.1 Application
 - 2.2.6.1.2 Product
 - 2.2.6.2 Japan
 - 2.2.6.2.1 Application
 - 2.2.6.2.2 Product
 - 2.2.6.3 Australia
 - 2.2.6.3.1 Application
 - 2.2.6.3.2 Product
 - 2.2.6.4 India
 - 2.2.6.4.1 Application
 - 2.2.6.4.2 Product
 - 2.2.6.5 South Korea
 - 2.2.6.5.1 Application
 - 2.2.6.5.2 Product
 - 2.2.6.6 Rest-of-Asia-Pacific
 - 2.2.6.6.1 Application
 - 2.2.6.6.2 Product

3 MARKETS - COMPETITIVE BENCHMARKING AND COMPANY PROFILES

- 3.1 Next Frontiers
- 3.2 Geographic Assessment

4 RESEARCH METHODOLOGY

- 4.1 Data Sources
 - 4.1.1 Primary Data Sources
 - 4.1.2 Secondary Data Sources
 - 4.1.3 Data Triangulation
- 4.2 Market Estimation and Forecast

List Of Figures

LIST OF FIGURES

Figure 1: Asia-Pacific Data Center Colocation Market, \$Billion, 2024, 2027, and 2034

Figure 2: Asia-Pacific Data Center Colocation Market (by Application), \$Billion, 2023, 2027, and 2034

Figure 3: Asia-Pacific Data Center Colocation Market (by Business Model), \$Billion, 2023, 2027, and 2034

Figure 4: Key Events

Figure 5: Estimated Increase in Data Center Capacity, 2023 and 2030, in GW

Figure 6: HPC Cluster Developments in the Data Center Market

Figure 7: Share of Total 5G Mobile Connections (by Region) 2023 and 2030

Figure 8: Increasing Rack Power Density Across Key Data Center Segments

Figure 9: Comparison of Different Rack Densities in Data Centers

Figure 10: Patent Analysis (by Company), January 2021-January 2025

Figure 11: End User and Buying Criteria in the Data Center Colocation Market

Figure 12: North America and Europe: Leading Hubs for Data Center Investments

Figure 13: Estimated Data Creation, Zettabytes or Billions of Terabytes

Figure 14: Estimated Increase in IoT Adoption in 2023

Figure 15: Estimated Data Centers Energy Consumption (by Country), 2022

Figure 16: China Data Center Colocation Market, \$Billion, 2023-2034

Figure 17: Japan Data Center Colocation Market, \$Billion, 2023-2034

Figure 18: Australia Data Center Colocation Market, \$Billion, 2023-2034

Figure 19: India Data Center Colocation Market, \$Billion, 2023-2034

Figure 20: South Korea Data Center Colocation Market, \$Billion, 2023-2034

Figure 21: Rest-of-Asia-Pacific Data Center Colocation Market, \$Billion, 2023-2034

Figure 22: Data Triangulation

Figure 23: Top-Down and Bottom-Up Approach

Figure 24: Assumptions and Limitations

List Of Tables

LIST OF TABLES

Table 1: Market Snapshot

Table 2: Opportunities across Region

Table 3: Competitive Landscape Snapshot of Key Players

Table 4: Trends Overview

Table 5: Annual Vacancy Rates, Percentage, by Region, 2019-2023

Table 6: Annual Net Absorption Estimation (by Region), MW, 2019-2023

Table 7: Outlook of Data Center Colocation Market (by Location)

Table 8: Recent Investments and Developments in Data Center Liquid Cooling Innovations

Table 9: Data Center Colocation Market (by Region), \$Billion, 2023-2034

Table 10: Asia-Pacific Data Center Colocation Market (by Application), \$Billion, 2023-2034

Table 11: Asia-Pacific Data Center Colocation Market (by Business Model), \$Billion, 2023-2034

Table 12: China Data Center Colocation Market (by Application), \$Billion, 2023-2034

Table 13: China Data Center Colocation Market (by Business Model), \$Billion, 2023-2034

Table 14: Japan Data Center Colocation Market (by Application), \$Billion, 2023-2034

Table 15: Japan Data Center Colocation Market (by Business Model), \$Billion, 2023-2034

Table 16: Australia Data Center Colocation Market (by Application), \$Billion, 2023-2034

Table 17: Australia Data Center Colocation Market (by Business Model), \$Billion, 2023-2034

Table 18: India Data Center Colocation Market (by Application), \$Billion, 2023-2034

Table 19: India Data Center Colocation Market (by Business Model), \$Billion, 2023-2034

Table 20: South Korea Data Center Colocation Market (by Application), \$Billion, 2023-2034

Table 21: South Korea Data Center Colocation Market (by Business Model), \$Billion, 2023-2034

Table 22: Rest-of-Asia-Pacific Data Center Colocation Market (by Application), \$Billion, 2023-2034

Table 23: Rest-of-Asia-Pacific Data Center Colocation Market (by Business Model), \$Billion, 2023-2034

Table 24: Market Share, 2023

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