Enterprise and colocation operators face rising costs in 2025
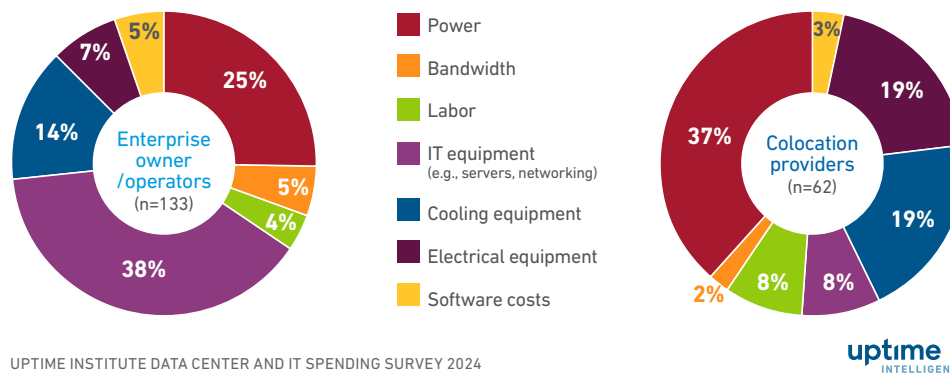
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SUMMARY

Most data center operators plan to spend more in 2025 than the previous year. However, spending strategies vary widely between enterprises and colocation providers, and each faces its own risks from supply chain issues.

Results from the Uptime Institute Data Center and IT Spending Survey 2024 show how operators across different market segments plan to navigate cost challenges in 2025.
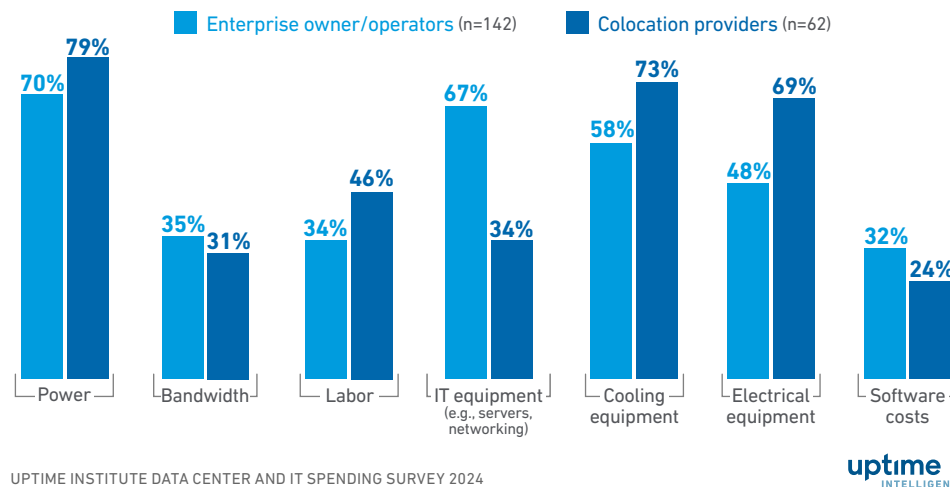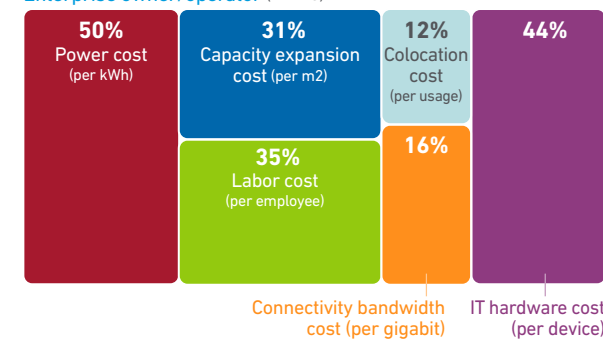
ABOUT THIS SURVEY

The Uptime Institute Data Center and IT Spending Survey 2024, conducted online in October and November 2024, had more than 850 respondents. This report highlights some of the findings.

Enterprises to prioritize IT spending in 2025

Which of the following will experience the single greatest spending increase in 2025?

Enterprise owner/operators (n=133)
- Power 25%
- Bandwidth 5%
- Labor 4%
- IT equipment (e.g., servers, networking) 38%
- Cooling equipment 14%
- Electrical equipment 7%
- Software costs 5%

Colocation providers (n=62)
- Power 37%
- Bandwidth 2%
- Labor 8%
- IT equipment 8%
- Cooling equipment 19%
- Electrical equipment 19%
- Software costs 3%

Legend:
- Power
- Bandwidth
- Labor
- IT equipment (e.g., servers, networking)
- Cooling equipment
- Electrical equipment
- Software costs

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Operators plan to spend more on power and cooling

Which of the following will your organization be spending more on in 2025? Choose all that apply.

	Enterprise owner/operators (n=142)	Colocation providers (n=62)
Power	70%	79%
Bandwidth	35%	31%
Labor	34%	46%
IT equipment (e.g., servers, networking)	67%	34%
Cooling equipment	58%	73%
Electrical equipment	48%	69%
Software costs	32%	24%

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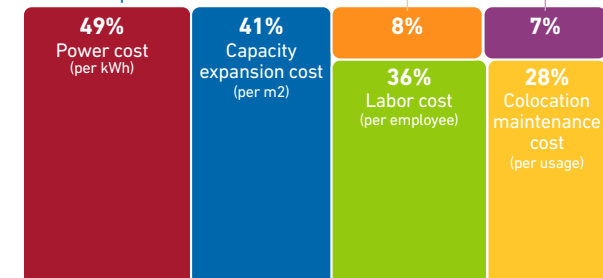
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Power and IT hardware drive enterprise costs

In which areas has your organization experienced the greatest unit cost increases over the past 12 months? Choose no more than two.
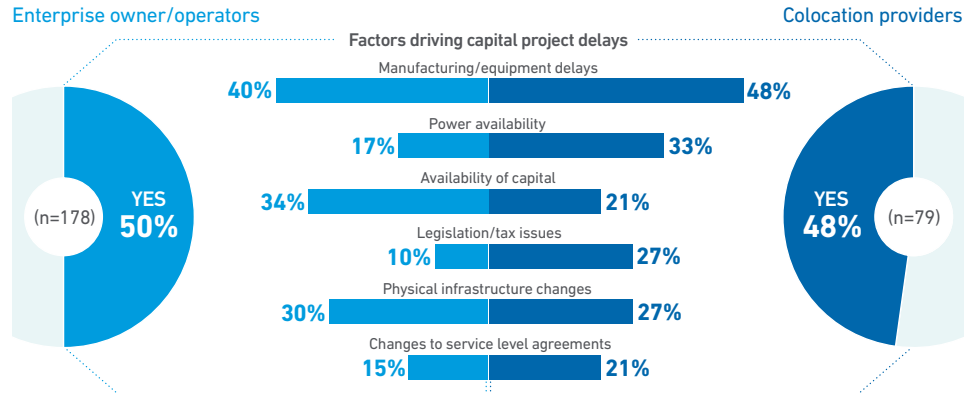
Enterprise owner/operator (n=170)
- Power cost (per kWh) 50%
- Capacity expansion cost (per m2) 31%
- Colocation cost (per usage) 12%
- Labor cost (per employee) 35%
- Connectivity bandwidth cost (per gigabit) 16%
- IT hardware cost (per device) 44%

Colocation provider (n=81)
- Power cost (per kWh) 49%
- Capacity expansion cost (per m2) 41%
- Connectivity bandwidth cost (per gigabit) 8%
- IT hardware cost (per device) 7%
- Labor cost (per employee) 36%
- Colocation maintenance cost (per usage) 28%

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Cost challenges rise for enterprise and colocation data center operators

Manufacturing issues drive most capital project delays
Have any of your organization's capital projects been delayed over the past 12 months?

Enterprise owner/operators — Colocation providers

(n=178) YES 50%   (n=79) YES 48%

Factors driving capital project delays

Manufacturing/equipment delays: 40% / 48%
Power availability: 17% / 33%
Availability of capital: 34% / 21%
Legislation/tax issues: 10% / 27%
Physical infrastructure changes: 30% / 27%
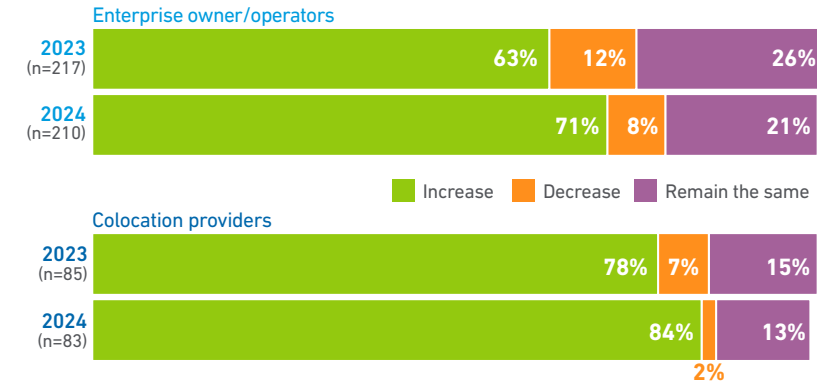Changes to service level agreements: 15% / 21%

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More operators expect higher budgets in 2025
Do you expect your company's budget (for facilities, power, IT hardware, etc.) to increase, decrease or remain the same in 2025 versus 2024?
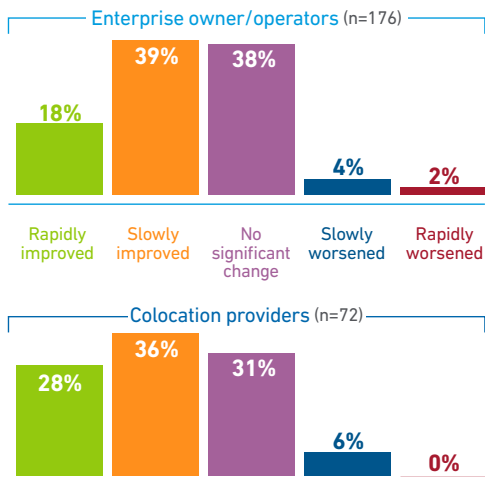
Enterprise owner/operators
2023 (n=217): 63% | 12% | 26%
2024 (n=210): 71% | 8% | 21%

Legend: Increase | Decrease | Remain the same

Colocation providers
2023 (n=85): 78% | 7% | 15%
2024 (n=83): 84% | 2% | 13%

("Don't know" responses are not included.)

UPTIME INSTITUTE DATA CENTER AND IT SPENDING SURVEY 2024

More colocations report improved supply chains
Which of the following best describes your organization's overall data center supply chain experience over the past six months?

Enterprise owner/operators (n=176)
Rapidly improved: 18%
Slowly improved: 39%
No significant change: 38%
Slowly worsened: 4%
Rapidly worsened: 2%

Colocation providers (n=72)
Rapidly improved: 28%
Slowly improved: 36%
No significant change: 31%
Slowly worsened: 6%
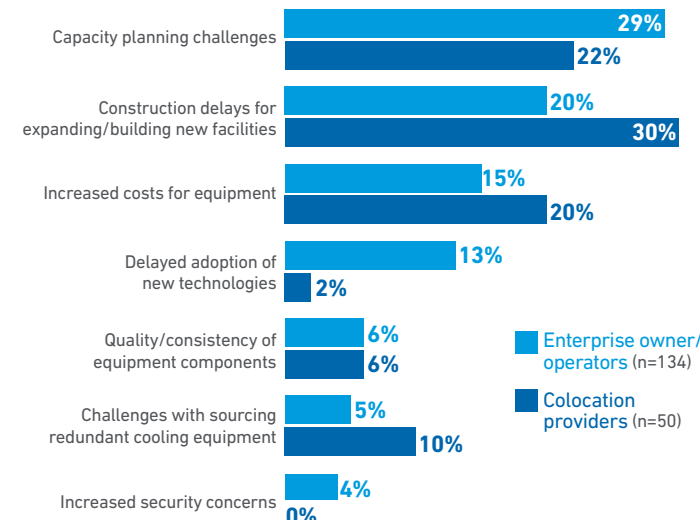Rapidly worsened: 0%

UPTIME INSTITUTE DATA CENTER AND IT SPENDING SURVEY 2024

Supply chain issues disrupt capacity and expansion plans
Which of the following has had the most significant impact on your organization as a result of supply chain disruptions?

Enterprise owner/operators (n=134) | Colocation providers (n=50)

Capacity planning challenges: 29% / 22%
Construction delays for expanding/building new facilities: 20% / 30%
Increased costs for equipment: 15% / 20%
Delayed adoption of new technologies: 13% / 2%
Quality/consistency of equipment components: 6% / 6%
Challenges with sourcing redundant cooling equipment: 5% / 10%
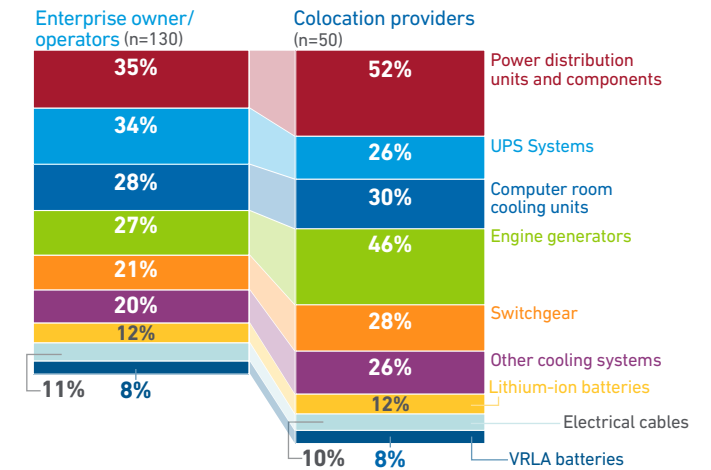Increased security concerns: 4% / 0%

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Colocations face greater PDU and genset supply challenges
In terms of data center facilities equipment, which of these have been most affected by your organization's supply chain disruptions? Choose all that apply.
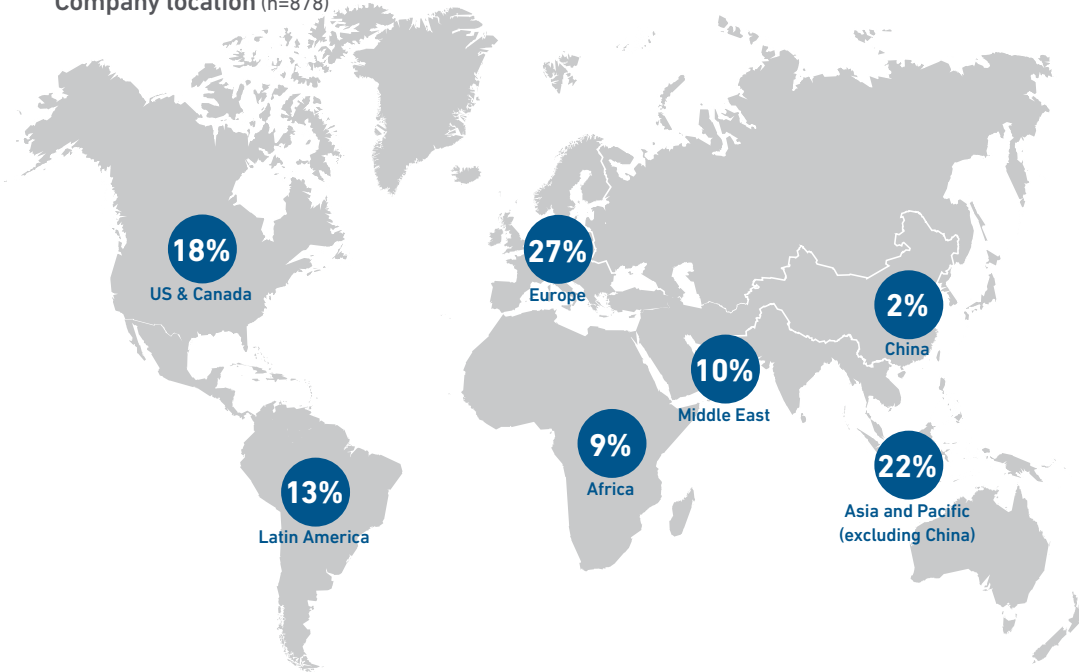
Enterprise owner/operators (n=130) | Colocation providers (n=50)

Power distribution units and components: 35% / 52%
UPS Systems: 34% / 26%
Computer room cooling units: 28% / 30%
Engine generators: 27% / 46%
Switchgear: 21% / 28%
Other cooling systems: 20% / 26%
Lithium-ion batteries: 12% / 12%
Electrical cables: 11% / 8%
VRLA batteries: 10% / 8%

UPTIME INSTITUTE DATA CENTER AND IT SPENDING SURVEY 2024

Demographics: Uptime Institute Data Center and IT Spending Survey 2024

Company location (n=878)
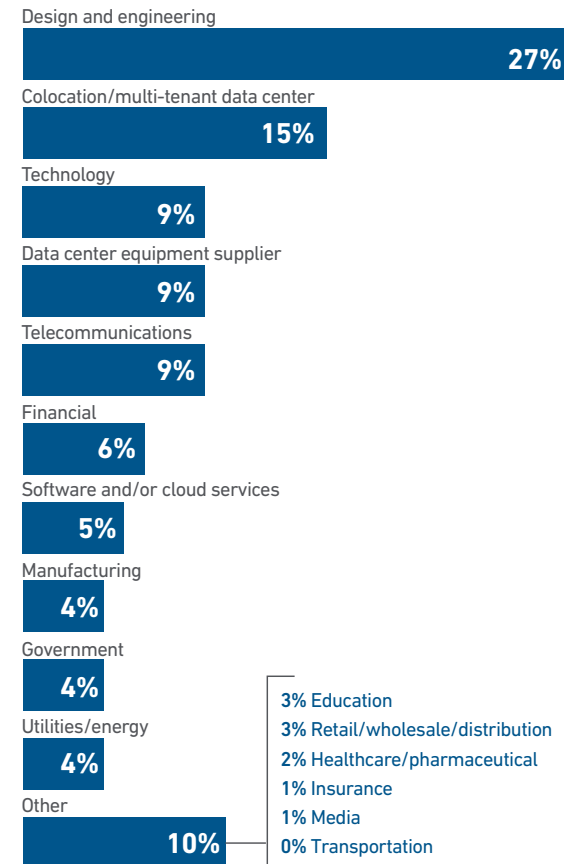
- **18%** US & Canada
- **27%** Europe
- **2%** China
- **10%** Middle East
- **9%** Africa
- **13%** Latin America
- **22%** Asia and Pacific (excluding China)

Job description (n=664)

23% Senior executive (VP or C-level)

15% Design engineer

9% IT manager

3% IT operations staff

21% Consultant

11% Critical facilities manager

5% Critical facilities operations staff

12% Other

Verticals (n=633)

Vertical	%
Design and engineering	27%
Colocation/multi-tenant data center	15%
Technology	9%
Data center equipment supplier	9%
Telecommunications	9%
Financial	6%
Software and/or cloud services	5%
Manufacturing	4%
Government	4%
Utilities/energy	4%
Other	10%

- 3% Education
- 3% Retail/wholesale/distribution
- 2% Healthcare/pharmaceutical
- 1% Insurance
- 1% Media
- 0% Transportation

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About Uptime Institute

Uptime Institute is the Global Digital Infrastructure Authority. Its Tier Standard is the IT industry's most trusted and adopted global standard for the proper design, construction, and operation of data centers – the backbone of the digital economy. For over 25 years, the company has served as the standard for data center reliability, sustainability, and efficiency, providing customers assurance that their digital infrastructure can perform at a level that is consistent with their business needs across a wide array of operating conditions.

With its data center Tier Standard & Certifications, Management & Operations reviews, broad range of related risk and performance assessments, and accredited educational curriculum completed by over 10,000 data center professionals, Uptime Institute has helped thousands of companies, in over 100 countries to optimize critical IT assets while managing costs, resources, and efficiency.

Uptime Institute is headquartered in New York, NY, with offices in Seattle, London, Sao Paulo, Dubai, Singapore, and Taipei. For more information, please visit **www.uptimeinstitute.com**