



www.pipelinepub.com

Volume 21, Issue 3

Measuring Interconnectivity: Five Fast-Growing Connectivity Markets to Watch in 2025

By: [Jonathan Hjembo](#)

As the world's appetite for faster, more reliable internet reaches new heights, emerging hubs of network interconnection are cropping up across the globe. In following the relentless pace of ICT development, the question I hear the most is, “Where is the next big hub going to be?” Before addressing that, however, it’s useful to consider another question: “What makes a connectivity market a hub?” If data center investment infuses a market, does that make it a hub? How about if a subsea cable lands near a city? Or if a cloud region deploys to a location?

Before we break down five markets we’ve got our eye on, let’s look closer at how best to assess the relative strength and potential of connectivity markets.

How to Evaluate Connectivity Markets

First, it’s important to remember that network infrastructure does not develop in a vacuum. Numerous interdependent components work together to create a thriving, inter-meshed environment for interconnection. I recommend considering nine core factors to consider as part of a holistic view of a hub's offerings.

Data Centers: Data centers provide the housing for a communications market and the underlying infrastructure to keep networks online. These are the buildings where carriers meet to exchange traffic, where cloud providers provide access to compute and storage, and where enterprises interconnect with providers and build their networks. In short — where the internet happens.



Where there is data center capacity, there is network activity. Data center capacity in deployment — as well as in the pipeline — gives us a strong indication of where network activity is taking place. This makes it a key indicator for interconnection.

Internet Exchanges (IXs): Internet exchanges (also known as IXs or IXPs) are network fabrics consisting of ports, switches, routers, and interfaces where networks meet to peer with one another. We can think of them as traffic intersections for the internet. Typically very transparent in sharing specific locations, membership information, and traffic statistics, IXs provide a rich indication of local market health. A market with multiple IXs, interconnected across a diverse mesh of data center nodes, serving numerous networks, exchanging volumes of traffic is a market that's well on its way to being a healthy hub.

Pricing: IP transit pricing is a significant aspect of network competitiveness. Lower IP transit costs can attract more network providers to a specific market, fostering competition and potentially leading to more robust interconnectivity. Put more simply: what's the cost of connecting in a market? If the cost is competitive, or at least rapidly becoming more competitive, that's a good sign.

Cloud Infrastructure: Cloud infrastructure uncovers the extent to which cloud applications can be delivered locally. The mere presence of cloud on-ramps and regions is a vital component of scoring market connectivity. On-ramps indicate that there's enough of a local market for the services to warrant an initial deployment, easing access to cloud services located elsewhere. Full region deployment with a multiplicity of data centers indicates that the local market has generated enough cloud traffic to warrant extensive investment.

Long-Distance Transport: Evaluating the amount of international internet capacity tied to the market and the number of international cities directly connected to this market are significant indicators of how integrated the market is with the outside world.

Local Access: Competitive local network ecosystems are vital for thriving hubs. Robust local access infrastructure provides the foundation for connecting data centers and luring other operators, which is the alchemy you want to see when measuring interconnectivity.

Power: Power is the very lifeblood of any interconnection hub. This has been made abundantly clear in the last five years as the world's largest hubs increasingly wrestle with its scarcity. Our Data Center Research Service estimates that, as of 2024, colocation operators in the top ten data center markets by MW consume about 13 gigawatts of power. That's enough power to generate electricity for roughly 10 million homes — or, in this case, only about 1,000 commercial data centers. As many critical communication hubs suffer from a full-blown crisis due to a lack of electricity to support data center, cloud, and network needs, a city's current and planned availability of clean power can provide a profound advantage.\

Geography & Demographics: This one is easy to overlook because it's almost too obvious. Basic geography and population data are valuable for measuring the relative potential of communications market development. Individual indicators like GDP, population growth, and even the concentration of corporate headquarters provide signals of underlying commercial viability needed to generate network traffic.*Regulations & Governance:* Similarly, things such as

rule of law, conscientious regulation, political stability, and the presence or absence of civil freedoms can help gauge the volatility or dependability of a local operating environment.

Markets on the Rise

Having laid out the key foundational factors to consider in communications market hub development generally, let's dive into some real examples. Here are five cities to watch, and why they should be on your radar in 2025, based on the nine core factors we determined are crucial to assessing market connectivity.

Kuala Lumpur

Thanks to a confluence of network, data center, and cloud developments, Kuala Lumpur is the world's fastest-growing city for near-future connectivity infrastructure growth.

Kuala Lumpur benefits from its proximity to Singapore — one of the world's strongest interconnection hubs — by capitalizing on growth where Singapore faces space and power constraints. Big names like Google, AWS, and Microsoft are building new cloud regions here. Meanwhile, Kuala Lumpur draws major players like STT, Vantage, and EdgeConneX for data center expansion. Fueling local competitiveness on the network side, Kuala Lumpur also offers more affordable IP transit than other Southeast Asian hubs.

Kuala Lumpur's lack of clean energy options is its biggest weakness. For now, fossil fuel supply enables growth where neighboring Singapore is hamstrung, but lack of sustainable energy prospects hampers Kuala Lumpur's potential.

Frankfurt

Despite its status as the world's number one most connected hub as of Q4 2024, Frankfurt also ranks as the third-fastest growing market globally. That may come as a surprise, particularly when considering the fact that Germany's data center industry is wrestling with increasingly stringent sustainability regulations. But demand here is such that tighter regulation and the high cost of doing business are not dampening demand. At least 17 data centers are currently under construction here — more than any other European city. Frankfurt is also home to the world's largest data center-neutral IX, DE-CIX, and the strongest peering ecosystem (both by the number of IX platforms present and the number of ASNs connected). Along with tremendous international internet capacity (223.5 Tbps), Frankfurt boasts an impressive number of international cities with direct international connections (more than 150) and numerous carrier and WAN service providers.

Vienna

Vienna is making moves, eclipsing Stockholm to become Europe's sixth-largest international internet hub, with 62.5 Tbps of capacity. Vienna is now the third fastest-growing connectivity market in Europe, with cloud regions from AWS, Google, and Microsoft in active development. Although it has a relatively small data center market, Vienna has a top-ten European peering

market with multiple exchanges and a high concentration of international ASNs (86 percent) at local IXs.

Berlin

In contrast, Berlin — Europe's fourth fastest-growing connectivity market — has a booming data center scene. Despite increased regulatory and energy constraints, Berlin has more data centers in the works than any European city except Frankfurt. Critically, Berlin boasts more near-term prospects for clean power development than Frankfurt. Despite Berlin's momentum in other areas, however, its peering, cloud, and network ecosystems are less developed than those of larger hubs.

Santiago de Querétaro

Santiago de Querétaro, Mexico is leading the charge in Latin America as the region's fastest-growing hub. Microsoft, Google, and AWS are all setting up shop, while operators like Ascenty, Scala, and ODATA have data centers in the pipeline. Since 2020, the city has seen its data center footprint grow at an impressive 16 percent annually, second only to Santiago, Chile. However, like Kuala Lumpur, Santiago de Querétaro faces challenges with clean energy availability.

What Does This All Mean?

Other markets warrant attention as well. But in these five we have solid examples of a confluence of factors working together to make hubs stronger — network growth moving with cloud, data center, IX, and other components. Remember, network infrastructure doesn't develop in a vacuum. The markets we've flagged for growth have the right alchemy right now. But when the right network and broader economic requirements are met, any hub can flourish.