European fibre rollout closes in on major milestone

Both consumers and businesses moved increasingly online during the Covid-19 pandemic. With this shift came an even bigger appetite for bandwidth at home for video calls, streaming and gaming. In 2020, the fibre rollout moved towards a major milestone of offering superfast connections to half of all homes, adding a record 8.4 million subscribers

Not quite halfway home

In Europe's Gigabit Society, full-fibre networks will play a major role. The rollout of fibre across the 27 EU countries plus the UK, however, shows big differences in the percentage of homes with fibre access, the number of subscribers and the penetration rates. In the year to September 2020, full-fibre broadband became available for an additional 16 million homes in Europe, an increase of almost 20% on the previous period. The increase refers to where fibre is available to households even if they do not subscribe.

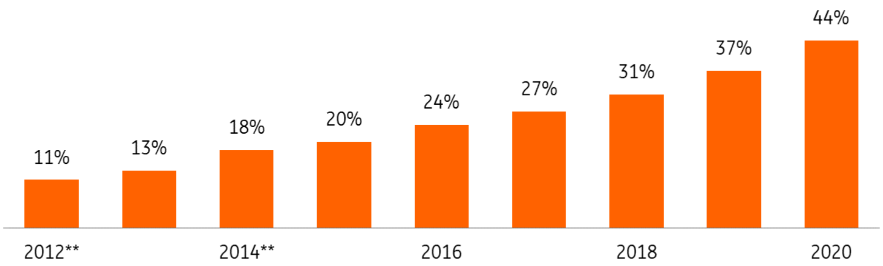
In 14 out of 28 European countries, 50% or more of all homes can be connected to fibre. As some of the bigger countries lag behind in rolling out fibre to the home (FTTH), only 44% of all European households can connect to fibre. However, if the current level of deployment is maintained, 2021 will see half of all households having access to full fibre.

Altnets continued to drive rollout

The rollout in 2020 was again driven by alternative internet service providers (altnets), such as CityFibre and Deutsche Glasfaser, increasing their market share from 55% to 57% of homes. Incumbents now have a market share of 39% of homes that can be connected to fibre (without further installation of a substantial fibre optic cable plant). The trailing position of incumbents reflects the fact that most of them have to phase out their existing copper networks when deploying fibre.

More and more households can access full fibre internet

Full fibre internet coverage rate of EU27 and UK households*



Source: FTTH Council Europe * homes passed as % of households ** per end of year, as of 2015 per September
Note: FTTH Council Europe figures refer to both FTTH and FTTB

UK and Germany trail in rolling out fibre

The state of FTTH rollout differs widely from country to country. The top five consist of both Nordic and Southern European countries. Latvia is in the lead with 92% of homes having access to full-fibre. Of the biggest countries, Spain leads the way (88%). The main reason for the quick fibre deployment in Spain has been the relatively low cost of deployment due to above-ground connections, the ability to use pre-existing physical infrastructure such as ducts, poles and manholes, and relatively low labour costs.

Baltic countries lead full-fibre rollout

Top five and bottom five countries in ranking homes passed as a % of households

Top 5	Coverage rate	Bottom 5	Coverage rate
Latvia	92%	Austria	21%
Lithuania	90%	Germany	16%
Spain	88%	United Kingdom	15%
Portugal	83%	Greece	10%
Sweden	81%	Belgium	6%

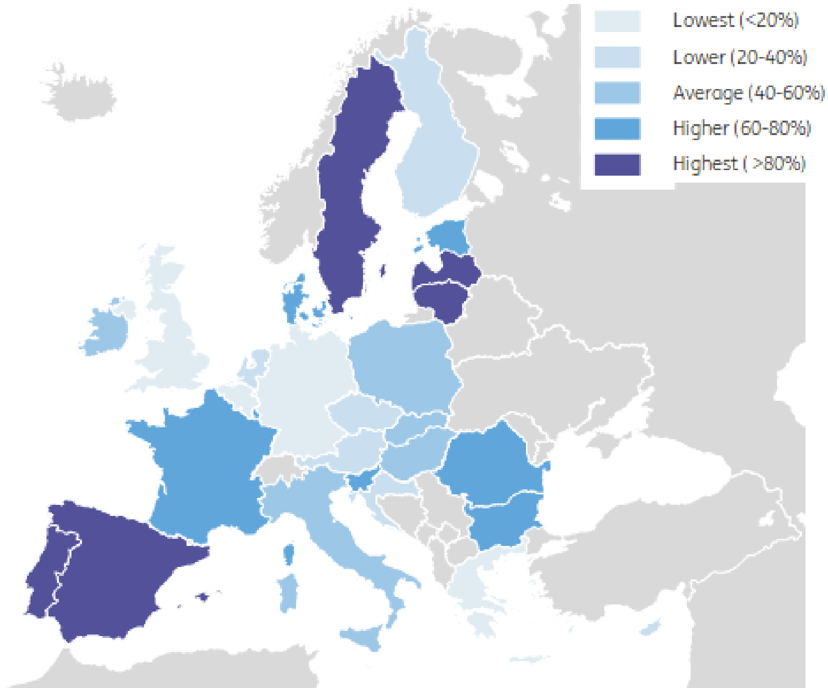
Source: FTTH Council Europe

Near the bottom of the rankings, we find Germany (16%), the UK (15%) and Belgium with less than 6% of homes connected to full-fibre broadband networks. The low rate of connected homes in

Germany and Belgium reflects widespread cable coverage and amongst other things, the high upfront costs to incumbents of deploying fibre networks, as existing infrastructure cannot easily be used and therefore new digging is required. In the UK, full-fibre rollout remains at a lower rate because of the earlier success of rolling out slower hybrid fibre.

Fibre rollout across Europe shows diverse picture

Share of households that can access full-fibre internet



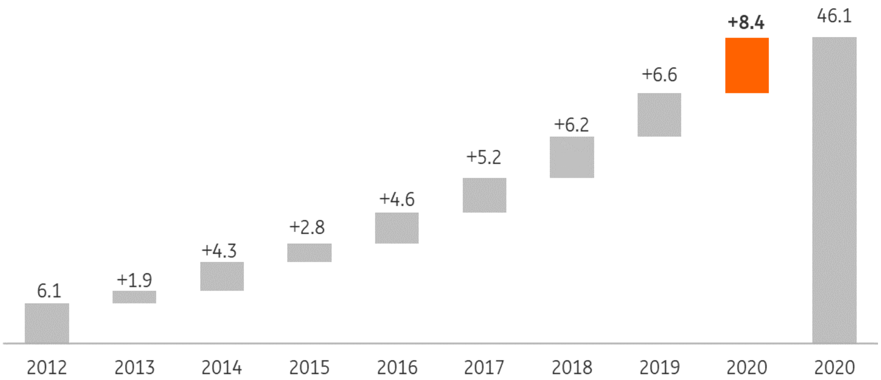
Source: FTTH Council Europe

More than eight million subscribers added

As of September 2020, Europe had some 46 million subscribers to full-fibre broadband, up 22% from the previous year. Partly driven by the pandemic, with working from home driving a need for stable, high bandwidth connections, fibre providers added a record 8.4 million additional subscribers. France and Spain show the biggest rise with 2.8 and 1.4 million subscribers added, respectively. Spain also has the highest number of subscriptions per 100 households: 63. With limited fibre deployment, Germany, the UK and Belgium also find themselves in the lower regions with five or fewer subscribers per 100 households.

Highest growth in number of subscribers to fibre added in 2020

Overall number of subscribers and number of subscribers added



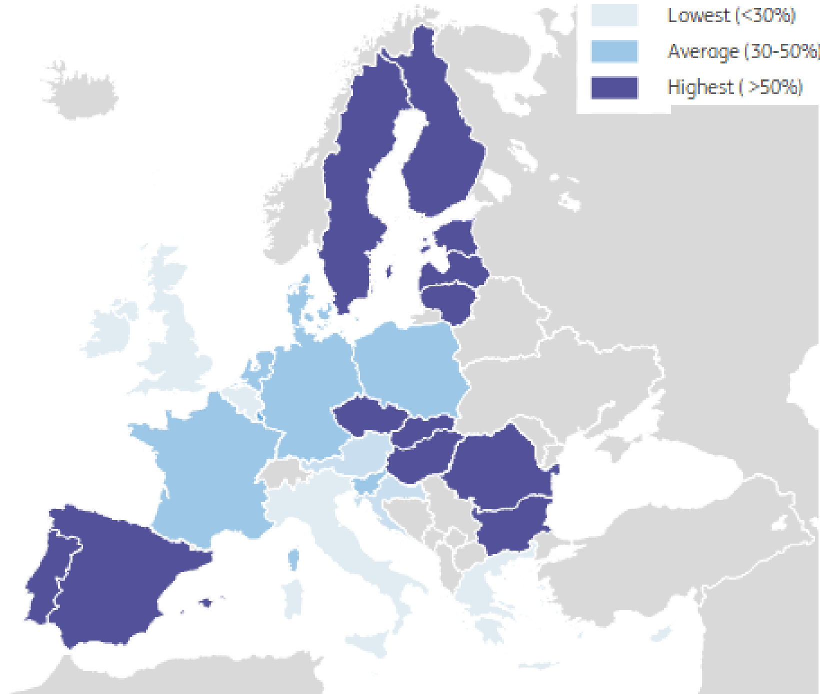
Source: FTTH Council Europe

Take-up of fibre broadband moves towards 50%

Approximately 47% of all homes where access is offered subscribe to full-fibre broadband. This take-up rate has almost doubled since the end of 2012. Take-up also differs vastly between countries and is usually higher in countries where full-fibre has been around for a longer time and networks using intermediate technologies are (almost) absent. In Italy, only 14% of homes that can subscribe to full-fibre broadband actually do (with Spain and Portugal showing take up of 71% and 60%, respectively). Telecom Italia is replacing its hybrid fibre network with a limited number of clients switching to full-fibre. In Spain and Portugal, take-up was driven up by offering cross-subsidising bundles (quadruple-play; internet, TV, fixed telephony and mobile).

Take-up rates highest in Nordic, Iberian and Central and Eastern European countries

Subscriptions to full fibre internet as a percentage of homes that can be connected (homes passed)



Source: FTTH Council Europe

Future growth: expect more from incumbents

Multiple factors stimulate the further deployment of fibre networks in Europe. Infrastructure investors and pension funds are keen to invest in fibre, removing the investment limitations while governments stimulate further deployment.

National governments have their national broadband plans, while regional authorities also plan to lay fibre optic cables in remote areas. A fifth of the €672.5 billion EU Recovery and Resilience Facility (RRF) is directed to plans focused on improving digital capabilities, with a prominent role for fibre rollout. Take-up, meanwhile, is boosted by the desire for cloud access by companies and institutions and working from home, along with increased consumer demand for digital entertainment. Altnets have been driving fibre deployment across Europe in the past. In the current environment, however, incumbents are expected to pick up the pace in rolling out full-fibre to remain competitive. After all, more and more clients will want to benefit from the digital infrastructure of the future. Find out more about rollout plans in this article.

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