

BREKO Market Analysis 2026 introduces new Telecommunications Business Climate Index: Poor investment conditions dampen market sentiment

- **Negative investment climate in the telecommunications market** (-13.3 percentage points). Current business conditions remain positive (26.8), but the outlook is significantly weaker (15.8). Investment conditions urgently need to improve.
- **Sharply higher deployment and financing costs** call for even more efficient fibre rollout: coverage rises to 62%, while the connection rate increases only marginally to 29.8% and the take-up rate remains at 27%.
- A rules-based framework for the **transition from copper to fibre networks** that safeguards competition is seen by 78% of network operators as an incentive for further investment.
- At 29.4% of revenue, **competitors' investment** remains almost 50% higher than Deutsche Telekom's (20.9%), and competitors account for the bulk of total investment of €15.3 billion.

Bonn/Cologne, 2 September 2026 – **Network operators in Germany are advancing fibre deployment, bringing coverage to 62.0% (28.7 million households and businesses; up 9.2 percentage points year on year) and the number of active connections to 7.9 million (up 1.3 million). Yet market conditions are increasingly deteriorating. These are the findings of the latest BREKO Market Analysis, covering the period up to 30 June 2026, which this year was conducted for the first time by IW Consult, a subsidiary of the German Economic Institute (IW).**

The study shows that fibre deployment is at a critical investment stage. According to the new Telecommunications Business Climate Index introduced in the study, companies still view their current business situation positively but have a less positive outlook. By contrast, they take a distinctly negative view of current investment conditions in the telecommunications market, although they express some hope of improvement.

Sharply higher material, construction and financing costs are taking a clear toll on fibre deployment. Three out of four companies report rising civil engineering costs. In 2025, rising costs led to a slight decline in investment by Deutsche Telekom's competitors for the first time in ten years. Although these competitors have delivered the bulk of fibre deployment to date – accounting for 72% (up 2 percentage points) of buildings and dwellings physically connected to fibre (Homes Connected) – and also provided almost

two thirds (€9.8 billion; down €0.4 billion) of the sector's total investment of €15.3 billion in 2025 (unchanged from the previous year), current conditions are presenting many companies with significant economic challenges.

Professor Dr Michael Hüther, Director of the German Economic Institute (IW), assesses the situation considering the changed economic reality: “Fibre deployment is progressing. But there is still a long way to go before nationwide coverage is achieved. Rising costs and the associated subdued investment climate should give us pause for thought. Artificial intelligence is continuing to drive strong growth in demand for network capacity. Anyone who wants high-performance networks across the country tomorrow must create the right investment conditions today.”

Companies focus on efficient deployment: Connecting buildings ahead of demand is not economically viable

Fibre coverage (Homes Passed) has increased by more than nine percentage points to 62.0% (28.7 million households and businesses; up 9.2 percentage points), and the number of active connections has climbed to 7.9 million (up 1.3 million). However, the number of buildings and dwellings connected to fibre (Homes Connected) has grown by only 1.2 million – significantly more slowly than in the corresponding period a year earlier (up 2.1 million). Germany is therefore moving slightly closer to the European average but remains well behind overall.

Given high construction, material and financing costs, network operators are therefore no longer connecting buildings ahead of demand. In practice, this means that connections to individual buildings are now rarely installed unless a customer contract is already in place (Homes Activated). This is because the “drop connection”—laying the cable from the street into the basement – is the most expensive part of the entire fibre rollout, at an average cost of €1,950 per connection.

Competitors call for a reliable framework for further fibre deployment

The market data underline the continuing central role of Deutsche Telekom's competitors in fibre deployment: BREKO members have now laid almost 900,000 kilometres of fibre in total, including just under 40,000 kilometres in 2025. Measured as a proportion of revenue, investment by competitors remains almost 50% higher than at Deutsche Telekom: 29.4% compared with 20.9%. To improve the commercial viability of their fibre investments, 88% of network operators already rely on commercial partnerships—primarily in the form of open access through Layer 2 bitstream access.

BREKO President Norbert Westfal emphasises: “Competitors make the largest contribution to fibre deployment in Germany and want to continue doing so. But we can only sustain this major effort within economically viable limits. We see open access as the most important driver of efficient resource pooling and network utilisation. For it to

deliver its full potential, we need to protect the market against unfair predatory competition. With its proposal for a Fairplay Agreement for open access in fixed-line and mobile networks, the industry itself has already put forward a solution to establish reliable ground rules. New regulatory interventions would jeopardise a market-led agreement.”

Companies expect better investment conditions from the copper-to-fibre upgrade

With a binding, rules-based roadmap for the transition from copper to fibre networks, just over three quarters (77%) of companies would be willing to invest further in fibre deployment. Without such a framework, more than half of network operators (52%) would scale back their further rollout. Network density in many regions is already high enough to begin phasing out the copper network: just under one fifth of all addresses (5.7 million households and business premises) are in areas where fibre coverage already exceeds 85%. In these areas, it is therefore possible to ensure that enough fibre connections are built during the minimum three-year period before the DSL network is switched off, so that no household or business is left without internet access.

BREKO Managing Director Dr Stephan Albers stresses the urgency of the approach advocated by the industry: “Anyone who wants the networks of the future must now accelerate the transition to future-proof fibre networks. The findings of our market analysis are clear: high local coverage is crucial to starting the transition process. The Homes Passed rate must be used as the key trigger, rather than making the transition conditional on a high proportion of buildings already being fully connected. Only in this way can we generate the investment boost needed for further deployment. We expect the federal government and the Federal Network Agency to make a strong case in Brussels for a rules-based framework in the Digital Networks Act for the copper-to-fibre upgrade that safeguards competition. A binding framework will ensure network utilisation and provide the necessary investment certainty.”

A measured approach to regulation

If the deployment pace of the past five years can be maintained, the BREKO Market Analysis 2026 forecasts that active fibre connections will outnumber DSL connections as early as 2030. However, many billions of euros in additional private capital are still needed to achieve nationwide fibre coverage in Germany.

The investment climate has cooled considerably in recent years. Regulatory intervention must therefore strike a careful balance between investment incentives and competition, particularly at this stage. New regulatory obligations applying to companies regardless of their market power—as envisaged in the current draft of the Telecommunications Act—carry a substantial risk of further slowing private investment. This comes at a time when companies in the sector urgently need a reliable framework. Rather than new obstacles, the market needs conditions that specifically support

deployment and the activation of existing connections. Regulatory intervention must be limited to cases where concrete competition problems actually exist.

State-by-state fibre comparison: Schleswig-Holstein retains top spot; Saarland records the strongest growth

Northern Germany continues to lead the comparison of fibre deployment across the federal states. In mid-2026, fibre coverage in Schleswig-Holstein stands at 94.0% (up 1.3 percentage points year on year), followed by Hamburg (92.5%; up 1.7 percentage points) and Bremen (88.9%; up 9 percentage points). Saarland and Berlin record the largest increases, up 19.0 and 16.8 percentage points respectively compared with the previous year. In terms of fibre connection rates, Schleswig-Holstein (66.7%; up 1.8 percentage points), Hamburg (50.0%; up 2.7 percentage points) and Brandenburg (48.8%; up 1.8 percentage points) lead the way.

AI and regional data centres as new drivers of growth

The rapidly increasing use of artificial intelligence is driving demand for data centre capacity. Growing requirements for data sovereignty, resilience and low latency are making regional data centres, in particular, an attractive line of business for many companies in the telecommunications sector. Around half of the network operators surveyed (46.8%) already operate their own data centres, while 6.4% plan to do so. However, the high level of investment required acts as a barrier to building data centres for 80% of companies, while more than half (58.2%) are deterred by the energy efficiency requirements for operating them.

About BREKO

As the leading fibre association with more than 540 member companies, the German Broadband Association (BREKO) promotes competition in the German telecommunications market. Its members are clearly committed to future-proof fibre networks and are responsible for more than half of the deployment of fibre connections in Germany. In 2024, they invested 4.9 billion euros for this purpose. Further information can be found at brekoverband.de/en.

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