

DATA CENTRE MARKETBEAT

Autumn 2019



CUSHMAN & WAKEFIELD

LONDON

MARKET OVERVIEW

London has enjoyed another fruitful six months, with major cloud service companies expanding their local offerings and several new projects underway, totaling nearly 200 MW of new capacity expected to come online in the next year. These projects are led by operators such as Virtus, currently at work on four sites across their platform, along with Ark Data Centres, Colt, e-shelter, and large American REITs Digital Realty, Equinix, and CyrusOne.

If the competition in the FLAP-D markets wasn't stiff enough already, several dramatic changes have occurred of late across the landscape. Recognizing the shift of major enterprises to cloud services and the corresponding power demands of these cloud operators, Equinix signed a joint venture agreement with GIC to build hyperscale facilities across Europe. This news was followed by the Digital Realty/Interxion merger agreement, giving both REITs larger stakes across Europe both current and planned, and allowing for Digital Realty to move into many second tier continental markets they were not previously involved with. Local and regional operators thus need to find niches in which to succeed going forward, as it will become increasingly difficult to compete on a global basis.

While worries regarding Brexit continue, no projects have been halted as yet, suggesting larger global forces (i.e. increased cloud spend, corporate IT transformation) are in play locally for London. No new data localization requirements have been seriously mooted, and most major data center operators view London as one of the main portions of any pan-European strategy, with a powerful financial sector consistently requiring new technology and further capacity.

Similar to our last report, the outlook remains cautiously positive and with largely beneficial trends for the local market. Expect continued investment in coming months for projects currently underway and the possibility of further consolidation as potential investment capital searches for a home.

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“Recently announced mergers and joint ventures have altered the local landscape, though these deals should lead to further large investments.”



UNDER CONSTRUCTION

196 MW

ECOSYSTEM DEVELOPMENTS

- **LogRhythm** launched their first London data centre, responding to customer interest and utilizing the Google Cloud platform. LogRhythm acts as a security intelligence company and is based in Colorado.
- **Kao Data** announced a 1.5 MW lease with the European Bioinformatics Institute, with the organization continuing work to support medical research. Kao Data has marketed the campus to life science firms throughout the UK.
- **CyrusOne** signed an agreement with Megaport, with the full suite of services now available at their London I data centre in Slough. Megaport provides a variety of connectivity options, and this agreement will be the first of many planned throughout Europe. CyrusOne is also underway on a 6 MW expansion at their London III facility.
- **Equinix** created a new joint venture with Singaporean sovereign wealth fund GIC, with GIC now taking an 80% interest in the London LD10 data centre among other projects. The JV is called xScale and will involve further assets as they are constructed, including the LD11 campus already underway. Plans are for the venture to aim for the largest hyperscale builds across the continent.
- **Oracle** has continued its global rollout, with plans to release a government region in London to join the already operating business region. The software giant also confirmed an expansion of its cloud partnership with Microsoft for the London region.
- In other **Microsoft** news, the company announced dozens of additional Azure edge sites globally, including a new site in London among other major markets.
- As widely reported, **Digital Realty** has signed to acquire competitor Interxion, valuing the listed Dutch operator at £6.5 billion. London will become the largest market in Europe for the combined company, with a total of 108 MW across the local portfolio. All current construction projects for both companies are expected to complete on schedule.

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“Nearly 200 MW are under construction throughout London, with locally based operators and major international REITs alike attempting to keep up with demand.”

CONSTRUCTION UPDATE

OPERATOR	LOCATION	SIZE (SQM)	POWER (MW)	STAGE / EST. DELIVERY
Digital Realty	London	12,760	11.43	Under Construction / Q4 2019
Equinix	LD9 Phase VI	1,589	2 (est)	Under Construction / Q4 2019
	LD11 Phase I	10,000 (est)	10	Under Construction / Q1 2021
Colt Data Centres	WGC 2	4,000 (est)	3.2	Under Construction / Q4 2019
	PWG	5,000 (est)	4.8	In Planning / Q1 2020
	WGC 3	8,000 (est)	6.4	In Planning / Q2 2020
Virtus	London 7	10,000	24	Under Construction / Q4 2019
	London 6	7,000	16	Under Construction / Q1 2020
	London 10	3,000	6.6	Under Construction / Q2 2020
	London 9	9,000	22.5	Under Construction / Q4 2020
Pulsant	South London	1,000 (est)	1	Under Construction / Q4 2019
Interxion	LON3	1,800	2 (est)	Under Construction / Q1 2020
CyrusOne	London III	87,000	6	Under Construction / Q2 2020
Cyxtera	LHR1	30,000 (est)	2.4	Under Construction / Q2 2020
e-shelter	London 1	25,600	8	Under Construction / Q2 2020
Echelon Data Centres	Docklands	13,000	20	Under Construction / Q2 2020
	Cody Park	45,000	18	Under Construction
Ark Data Centres	Spring Park	45,000	18	Under Construction
	Meridian Park	35,200	16	Under Construction
Kao Data	Harlow	8,000	8.8	Under Construction
Global Switch	London North	29,000	14	In Planning

MORE INFORMATION:

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