

DATA CENTRE MARKETBEAT

Spring 2020



CUSHMAN & WAKEFIELD

FRANKFURT

MARKET OVERVIEW

The crushing blow from COVID-19 and the corresponding national lockdown has proven the need for robust IT infrastructure as companies deployed their workforce at their own homes for weeks at a time and people turned to ever more video streaming and online gaming during their off hours. Immediate spikes in internet traffic reflected the new reality, as the local DE-CIX internet exchange reported a world record throughput of 9.1 terabits per second. This data flow included 50% increases in videoconferencing and 25% increases in both online gaming and social media use.

This usage confirmed the extreme importance of the local data centre market, with bullish operators now underway on well over 100 MW of expansion. This includes global powerhouses Digital Realty and Equinix working on multiple sites, fellow REITs CyrusOne and Iron Mountain each developing large projects, and Colt, Interxion, and Etix all actively expanding. Many of these projects are aiming big, looking to take advantage of the increase in global cloud services usage with the expectation of landing one of the cloud giants as an anchor tenant. The previously announced xScale partnership between Equinix and GIC is already bearing fruit locally, with the first phase of FR9x slated to come online mid-2021.

Two large mergers have completed in recent months, both with local implications and spurring further development. The previously reported €7.6 billion buyout of Interxion by Digital Realty closed earlier in springtime, with the combined platform spanning 86 MW throughout Frankfurt. Interxion will function as a rebranded separate entity for the time being, now called Interxion: A Digital Realty Company. Both firms are interested in local expansion, with previously mentioned projects underway and Interxion under contract on a large expansion site on Hanauer Landstraße.

Vantage Data Centres announced an impressive expansion throughout Europe in February, planning new projects in several secondary markets and acquiring Luxembourg-based Etix Everywhere to gain an immediate foothold. Of particular interest was the recently announced Offenbach campus, now on track for an initial 15 MW phase to complete by the end of the year. At full buildout the campus will span a full 60,000 square metres and provide 55 MW of capacity for large-scale tenants.

The local investment market also received an international vote of confidence of late, with Keppel Data Centre REIT closing on their acquisition of a facility in Kelsterbach for just under €82 million. Leased to IBM through 2025, the property is Keppel's second local data centre after their earlier acquisition of maincubes FRA01.



UNDER CONSTRUCTION

123 MW

ECOSYSTEM DEVELOPMENTS

- **maincubes** has enjoyed considerable recent success at their FRA01 data centre, starting with CenturyLink signing on for a new point of presence (PoP) at the beginning of the year. The US carrier will allow for greater international connectivity for local clients. Cogent Communications has also deployed their routers in FRA01, adding further network coverage and interconnection options. This announcement was followed by a new PoP from RETN, as the pan-Eurasian network provider brings considerable international clientele including immediately new business in Frankfurt from managed services provider efero. If all of this was not enough, partnerships were also announced with Hydro66 (for marketing and client optimization efforts) and Epsilon (software-defined networking).
- **Equinix** added Microsoft Azure ExpressRoute to several new markets across Europe, with Frankfurt among those gaining access. In addition to these new service options, the REIT is under construction on three new expansions locally, including a new xScale hyperscale build in partnership with GIC Real Estate.
- Berlin-based advertising technology firm **Adjust** signed a five-year contract for servers in Leaseweb data centres in Frankfurt along with Amsterdam and Los Angeles. The deal expands their current operating relationship and focuses on the connectivity and speed available in Leaseweb facilities.

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“The Frankfurt data centre ecosystem has performed admirably in the face of adversity.”

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“Frankfurt continues its star performance, with well over 100 MW under construction and continued investor interest in further expansion.”

RECENT FRANKFURT PROPERTY SALES

PROPERTY	SIZE (SQM)	SALE DATE	SALE PRICE (EUR)	BUYER	SELLER
Am Weiher 24, Kelsterbach	50,248	May-20	€81,800,000	Keppel DC REIT	KGAL

RECENT FRANKFURT SITE SALES

PROPERTY	SIZE (SQM)	SALE DATE	SALE PRICE (EUR)	BUYER	SELLER
Hanauer Landstraße 360, Frankfurt	107,000	Feb-20	€170,000,000 (in contract)	Interxion	Sinpas

CONSTRUCTION UPDATE

OPERATOR	LOCATION	SIZE (SQM)	POWER (MW)	STAGE / EST. DELIVERY
Equinix	FR5 Phase IV	618	2 (est)	Under Construction / Q2 2020
	FR9x Phase I	3,216	10	Under Construction / Q2 2021
	FR8 Phase I	4,066	12 (est)	Under Construction / Q3 2021
CyrusOne	Frankfurt III	23,969	35	Under Construction / Q3 2020
Digital Realty	Frankfurt	11,163	9	Under Construction / Q4 2020
	Sossenheim	8,082	6	Under Construction / Q1 2022
Colt Data Centres	West Frankfurt	8,000	12.5	Under Construction / Q4 2020
Etix	Frankfurt	22,400	15	Under Construction / Q4 2020
Iron Mountain	Frankfurt	40,000	9	Under Construction / Q2 2021
Interxion	FRA15 Phase 1-4	9,600	12 (est)	Under Construction / Q3 2021
maincubes	FRA02	7,500	12 (est)	In Planning

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GLOBAL DATA CENTER ADVISORY GROUP

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