

DATA CENTRE MARKETBEAT

Spring 2020



CUSHMAN & WAKEFIELD

LONDON

MARKET OVERVIEW

The brutal twin strikes of Brexit followed by COVID-19 would test the resolve of any market, yet the resilience of the data centre arena in London continues to prove unflappable. Over 200 MW remains under construction, as providers local, continental, and international compete to attract large deployments by the biggest cloud service providers and enterprises. A recent Gartner study (albeit prior to the pandemic) cited the United Kingdom as a distant second in global cloud services spending to the United States, suggesting that despite a more sophisticated IT spending regime than in other countries throughout Europe, there is considerable room for growth. As mid- and large-size enterprises have contended with a fully remote workforce in recent weeks, everything from remote application access to video conferencing protocols to disaster recovery scenarios is now up for scrutiny to buoy productivity in future.

As other commercial real estate sectors work out operating and finance plans, those developing throughout London are remarkably well capitalized. Dublin-based Echelon Data Centres (underway on their first London development) just secured further investment from a partnership between Pioneer Point Partners and Davidson Kempner, with the investors taking a 15% stake in the company. Ark Data Centres obtained £450 million of new funding led by ING late in 2019 to continue expansion on three campuses in greater London. NTT has unified their operating companies worldwide, with an immediate local effect of a new major campus coming soon in Dagenham. Virtus is a fully-owned subsidiary of Singapore's STT, and Equinix also received a large influx of capital from Singaporean fund GIC Real Estate as reported in our last update to develop hyperscale campuses across the continent. All of this (combined with the recent Digital Realty/Interxion tie-up referenced elsewhere in this report) indicates an ability to complete projects already underway and pursue further development as clients demand, even with the considerable recent volatility across global capital markets.

The London outlook thus remains cautiously optimistic, albeit in stronger health than several other continental locations. Power (although occasionally difficult to obtain) remains in greater availability than other FLAP-D cities and development approvals continue for large projects. Continued demand and potential supply allow London to maintain its European lead.



UNDER CONSTRUCTION

203 MW

ECOSYSTEM DEVELOPMENTS

- **CyrusOne** brought IBM Public Cloud services to their London I data centre in February, with the deployment their first in the UK and following on similar initiatives in the US and Germany. The REIT is also underway on a 6 MW expansion at their London III facility.
- The £6.5 billion acquisition of Interxion by **Digital Realty** closed in March, with the US REIT now stewarding a combined portfolio of 108 MW across London and gaining entry to several secondary markets. The Interxion name will continue for the time being, now branded as Interxion: A Digital Realty Company. The newly branded organization wasted no time in announcing a new relationship with Amito, which will now offer colocation services from the Interxion central London campus.
- **euNetworks** has completed the 1,000-kilometre Super Highway 1, a subsea and terrestrial fibre network that connects London, Dublin, Manchester, and connection points Southport and Lowestoft. The network will provide direct connectivity to multiple data centres at high speed.
- **Hurricane Electric** added three points-of-presence globally in Global Switch data centres early in 2020, with London joining Amsterdam and Sydney as those facilities selected. Hurricane Electric cited the large markets and excellent connectivity as determining their choice.
- **Amazon Web Services (AWS)** launched their new Outposts service across seven cloud regions, with London one of the first markets to gain access. Outposts provides end users with the ability to create hybrid IT environments that integrate with the greater suite of AWS services.

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“Despite recent global shocks most local operators remain well-funded and are focused on continued growth.”

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“London has maintained a consistent pace of roughly 200 MW under construction over the past year, with further campuses in planning. Deliveries are anticipated from mid-year and into 2021.”

CONSTRUCTION UPDATE

OPERATOR	LOCATION	SIZE (SQM)	POWER (MW)	STAGE / EST. DELIVERY
Virtus	London 10	3,000	6.6	Under Construction / Q2 2020
	London 9	9,000	24	Under Construction / Q4 2020
	London 8	7,000	16	Under Construction / Q4 2021
CyrusOne	London III	8,083	6	Under Construction / Q2 2020
Digital Realty	London	12,720	7.4	Under Construction / Q2 2020
Cyxtera	LHR1	3,000 (est)	2.4	Under Construction / Q2 2020
NTT	Dagenham	54,000	60	Under Construction / Q2 2020
	London 1	25,600	8	Under Construction / Q2 2020
	Meridian Park	35,200	16	Under Construction / Q4 2020
Ark Data Centres	Longcross Park	35,768	16 (est)	Under Construction / Q4 2021
	Union Park	56,000	25 (est)	In Planning / 2021
Echelon Data Centres	LCY 10	12,000	20	Under Construction / Q4 2020
Equinix	LD7 Phase II	1,545	2 (est)	Under Construction / Q1 2021
	LD11x Phase I	10,000 (est)	10	Under Construction / Q1 2021
Kao Data	Harlow	8,000	8.8	Under Construction
Global Switch	London North	29,000	14	In Planning
Iron Mountain	Slough	20,000 (est)	25	In Planning

RECENT LONDON LAND SALES

PROPERTY	SIZE (Hectares)	SALE DATE	SALE PRICE	BUYER	SELLER
Longcross Park	4.05	Dec-19	£10,500,000 (est)	Ark Data Centres	Crest Nicholson, Aviva

MORE INFORMATION:

Stephen Kirby
Partner
Global Data Center Advisory Group
Tel + 44 121 697 7299
Stephen.Kirby@cushwake.com

Kevin Imboden
Director of Research
Global Data Center Advisory Group
Tel + 1 408 436 3622
kevin.imboden@cushwake.com

GLOBAL DATA CENTER ADVISORY GROUP

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