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# Market Trends – from an European and Norwegian perspective

Isabell Kemlin  
Datacenter Forum  
Oslo

# Agenda

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# Market Stats for FLAP

## Definitions

### Supply

- Retailer colocation supply - comprises fitted data centre space only; unbuilt shell phases of the data centre are excluded.
- Wholesaler colocation supply – includes both fitted and shell data centre space. Typically, wholesaler operators sell shell space which is built out to suit customers.

### Availability

- Retailer availability – is based on fully fitted space that is vacant and available to sell.
- Wholesaler availability – is based on all vacant space.

### Vacancy Rate

- Measured by available supply divided by total supply.

### Colocation take-up

- Data centre space sold at operational retail and wholesale colocation facilities in the relevant quarter.

## FLAP datacenter markets record start for 2021!

- Supply: Q2 quieter after a record Q1
- High number of pre-lets: more take-up H2 forecast: 229 MW compared to H1: 141 MW
- Activity expected to regain pace in Q3 – challenges in supply chain for IT, mechanical and electrical equipment have continued to push out deals and deployments

2,029  
MW!  
+ 17%  
compared to Q2  
2020

Colocation Total  
Supply

402 MW  
+13% compared  
to Q2 2020

Colocation Availability

48 MW  
-48% compared  
to Q1 2021

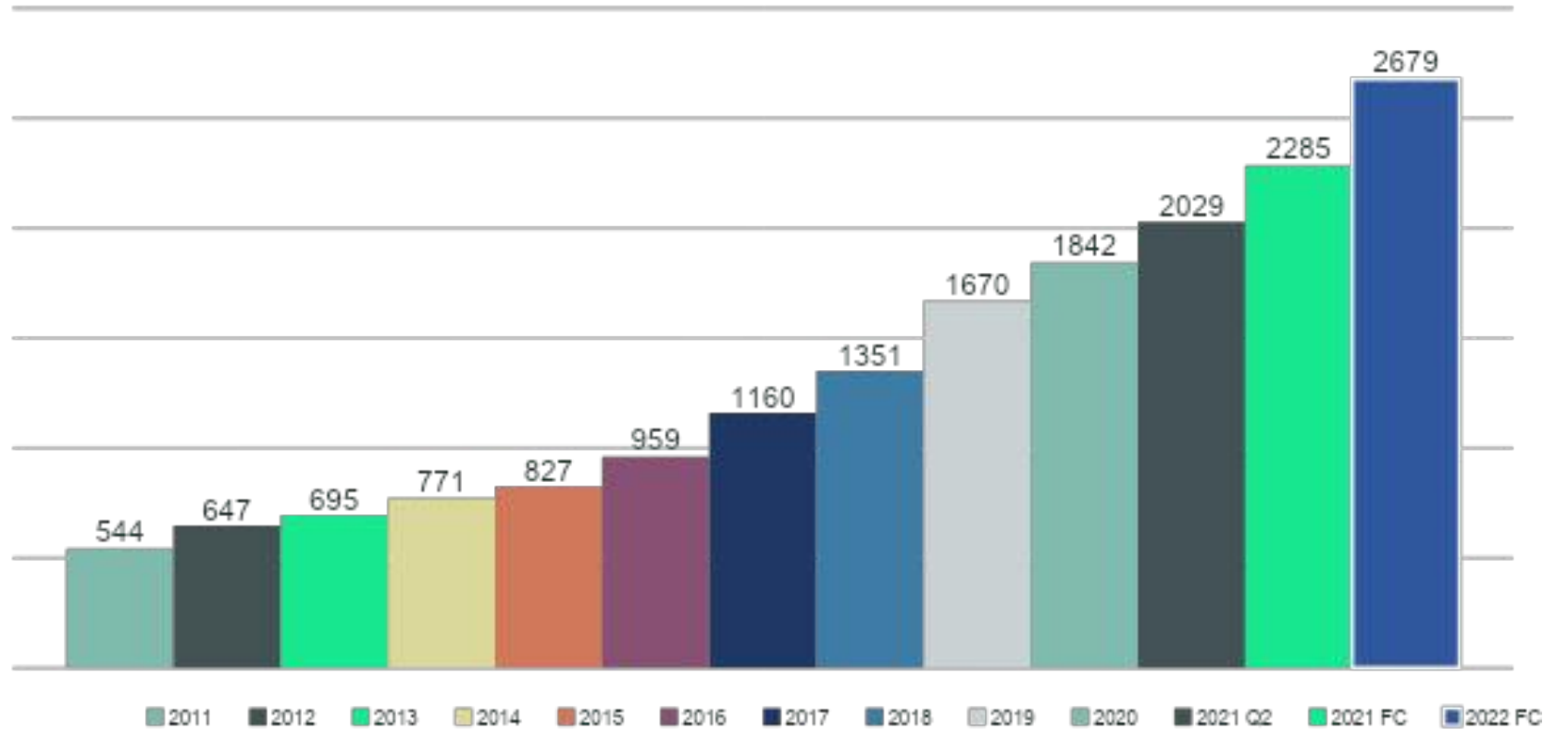
Quarterly Take-up

FLAP Market Total Supply (MW)

# A Rapidly Growing Market

Supply is now growing at twice the speed

- 2011-2016 (five years) 415 MW added
- 2016-2020 (four years) 883 MW added
- 2020-2022 (two years) 837 MW added



# Continuous growth and individual pledges regarding Sustainability announced during Q2

## Market Highlights

- **Equinix** announced 32 xScale data centres with GIC, 19 of which are in Europe. Frankfurt, Madrid, Dublin, London, Madrid, Helsinki, Milan and Warsaw
- In the London market **Global Technical Realty** announced a 40.5MW campus in Slough due online in Q4 2022 and **Iron Mountain** announced a second data centre LON 2 (27MW) also in Slough. **Pure Data Centres** announced a 50MW campus at Borehamwood
- **DATA4 Group** secured €620m in debt financing to pursue growth across Europe including entry into Warsaw with a 50MW campus
- **Interxion, a Digital Realty Company**, broke ground on its fourth facility in Marseille and connected its portfolio of data centres in London with fibre creating a virtual campus
- **NTT** announced new data centres at its campuses in Frankfurt, Bonn and Berlin

## Climate-conscious Commitments and Pacts

The **European Climate Neutral Data Centre Pact** took its proposals to the EU with a pledge to make the sector climate neutral by 2030

Providers that made individual pledges include:

- **Equinix** - commitment to be climate-neutral across operations and supply chain by 2030
- **CyrusOne/Colt** - 100% renewable power
- **DATA4** - joined French Planet Tech'Care manifesto to reduce environmental impact
- **Iron Mountain** - tracking renewable power use by the hour
- **Digital Realty** - signed up to Science-Based Targets Initiative for sustainability



Market  
Stats  
Norway



## Norway leased data center supply forecast 2020-2026

- Growth by nearly 100 MW by 2024 for both retail and wholesale colocation.
- Total market supply is going to be more than 200 MW, only in 2024
- Vacancy rate at 24%





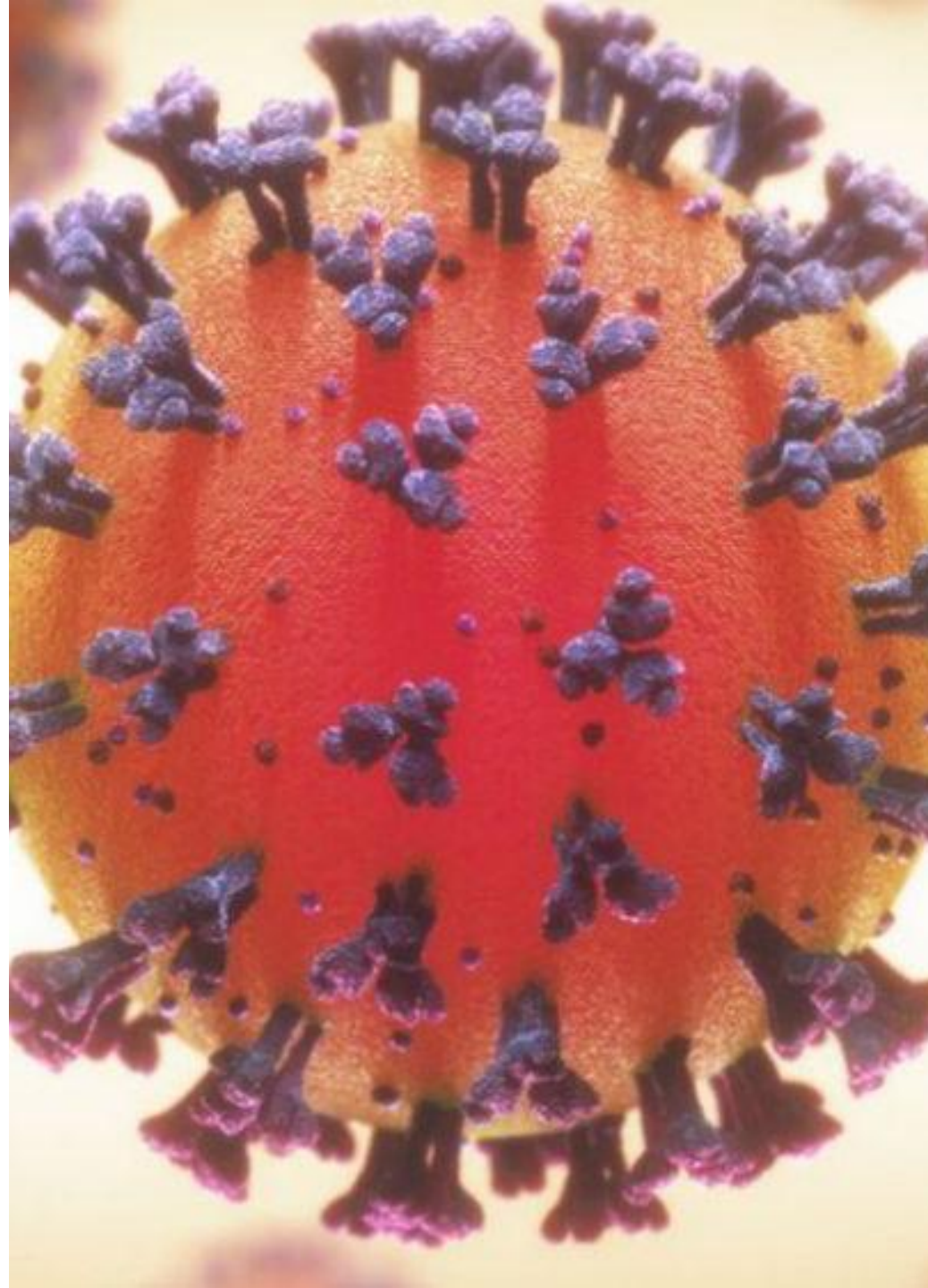
# 36% Take-up in the last two years

- Majority attributed to international business
- Microsoft has deployed an availability zone (AZ) to serve the Nordics
- The wholesale colocation market accounts for 83% of take up this year and CBRE expects it will reach above 90% in 2024



Market  
Trends

## Covid-19 emphasised things... and created challenges



- Demand for connectivity-focused colo and hyperscale wholesale supply grew
- Increased investor interest
- Pushed enterprises to rethink IT strategies, with a focus on cloud
  
- Access to sites/ new build pipelines
- Delayed customer/ enterprise interest
- Increased competition for M&A, land and for customers!

Supply requirements are growing...

... and Demand is shifting



- Campus growth
- Higher density builds
- Introduction of build-to-suit
- Increasing appetite for investor and provider investment
- Hyperscalers accounted for around 80% of leased DC demand and will continue to do so
- Enterprises started leveraging colo as a cloud onramp
- Colo:s a vehicle for connectivity

# What is happening right now?



- Business models are changing
- Build-to-suit is growing
- Hyperscalers are encouraging build-to-suit and are exploring self-builds further



## Increasing investment and M&A activity

### Lefdal Mine

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Now owned 75% by  
Columbia Threadneedle  
(announced 5<sup>th</sup> June 2020)

UBS Asset Management  
Infrastructure Debt  
Platform financing  
arrangement

(announced 31<sup>st</sup> May  
2021)

### DigiPlex

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Now owned 100% by IPI  
(announced 27<sup>th</sup> July  
2021)

### Green Mountain

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Now owned 100% by Azrieli  
(announced 19<sup>th</sup> July 2021)

### Bulk Infrastructure

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Partnership with  
BentallGreenOak (BGO), a  
global real estate investment  
manager, as a strategic  
partner and investor

(announced 22<sup>nd</sup> Dec 2020)

## What distinguishes the Norwegian DC market and what are the drivers?

- The availability of fresh water and both low-cost and green energy
  - Strong technology footprint from Oil&Gas, Energy, Aquaculture and Maritime
  - Many traditional enterprise customers have deployed their less latency or security sensitive operations to Norway
  - Europe's leading producer of hydropower
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- The market is currently being driven by larger deals that can benefit from deploying data centre environments at scale with lower costs





## What is up and coming in Norway?

- Political commitment in 2018 – a datacenter strategy was signed to continuously improve the framework and conditions (taxes, energy, fiber) has been updated in 2021
- New subsea fiber projects
- Investment interest heating up
- High demand for enterprise business with HPC and AI needs
- A country fit for data center giants!



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# Thank you!



Isabelle Kemlin

Business Unit Director  
m +46 70 631 67 41  
isabelle.kemlin@cbre.com



Ulrik Alexandersson

Business Development  
Manager  
m +46 73 439 26 79

ulrik.alexandersson@cbre.com



Daniel Kolm

Head of Projects  
m +46 70 173 34 56  
daniel.kolm@cbre.com

**CBRE DATACENTER SOLUTIONS**

Tak!

Takk!

Thank You!

Tack!