

# P R E S S   R E L E A S E

## **CB RICHARD ELLIS REPORTS CONTINUED REDUCTION IN TAKE-UP ACROSS THE EUROPEAN DATA CENTRE MARKET**

**London, 29 September 2009** – The European Data Centre market continued to see a reduction in take-up in the second quarter of 2009, according to the latest quarterly report by CB Richard Ellis (CBRE), *European Data Centres*, which has monitored the worldwide Carrier Neutral Hotel supply since 1999.

There are signs, however, that corporate budgets will be increased in 2010, which should fuel take-up in the Retail and Wholesale Co-location markets in particular.

Overall take-up in Quarter 2 2009 was only 6,440 sq m across the five Tier 1 markets. This brings the total take-up for the first half of 2009 to 17,460 sq m which represents the lowest performing half year since 2004, compared with the 64,140 sq m for the first half of 2008.

In Quarter 2, all the recorded take-up across the five Tier 1 markets was in the Carrier Neutral Hotel (CNH) market. Of this take-up, 5,740 sq m (89%) was in the Retail Co-location market and 700 sq m (11%) was in the Wholesale Co-location market.

Across Europe, CNH take-up was apportioned as follows: 3,120 sq m (48%) in London; 2,100 sq m (19%) in Madrid; 1,290 sq m (20%) in Frankfurt; 530 sq m (8%) in Amsterdam; and 200 sq m (3%) in Paris.

Andrew Jay, Head of the Technology Practice Group, CB Richard Ellis, said: “The major reason for the decline in take-up is that the shell market, which consists of large single let transactions, has for the time being vanished. In 2008 there were three shell transactions making a total of 68,410 sq m of take-up – this year we expect there to be none.

“When analysing total market take-up, it is important to note the impact of shell transactions, which in a European context contributed to 46 per cent of total take-up last year. It is clear why

total take-up levels have reduced so dramatically as capital budgets required to fit-out these facilities are simply not available in the current economic climate, therefore leading to a dearth of these transactions in 2009.”

“The capital-intensive nature of data centre schemes means that speculative development is virtually non-existent at the moment and this means that the markets remain in relatively healthy equilibrium. Vacancy rates were down in each marketplace in Q2 and we expect this to continue for the rest of the year. This means that the data centre sector will move into the recovery relatively unscathed. There are signs that corporate budgets will be increased in 2010, which should fuel take-up in the Retail and Wholesale Co-location markets in particular.”

There has been little change in European CNH supply during Quarter 2, which is reflective of a general lack of activity in the sector currently. There has been virtually no space built out and as such there was only a marginal change in stock on the previous quarter.

Of the total stock recorded this quarter, 444,670 sq m (71%) was fully-fitted space and 177,640 sq m (29%) was shell and core space.

Total stock was apportioned across the five Tier 1 cities as follows: 259,910 sq m (42%) in London; 177,020 sq m (28%) in Frankfurt; 85,870 sq m (14%) in Paris; 63,160 sq m (10%) in Amsterdam; and 36,350 sq m (6%) in Madrid.

Andrew Jay continued: “Compared with the same quarter in 2008, total stock has increased by 51,580 sq m (9%). We expect stock to continue to increase over the next year but at a far more restricted level due to a reduction in demand and capital constraints impacting on build-out. We are aware of new schemes coming through in Paris and Frankfurt which should meet local levels of demand. Additionally, there are a number of schemes planned for London, most of which are unlikely to commence without a significant pre-let in place.”

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