

P R E S S R E L E A S E

CB RICHARD ELLIS REPORTS BUOYANT YEAR OF ACTIVITY IN DATA CENTRE MARKET WITH GREEN ISSUES DOMINATING THE AGENDA

London, 15 April, 2009 – CB Richard Ellis, the world’s leading real estate advisor, has announced that the total take-up for 2008 in the European Data Centre market was 147,380 sq m across the five tier 1 markets. This was only seven per cent down on the highest ever take-up figure reported in 2007 and was 131 per cent higher than 2006.

Andrew Jay, Head of Technology Practice Group, CB Richard Ellis, said: “The buoyant activity amongst occupiers and developers of technical real estate in Europe during the course of 2008 has defied the global economic downturn and provides strong evidence that the data centre industry has reached a maturity perhaps not previously witnessed.

“However in 2009, given the constraints in the capital markets, total take-up will reduce and it is likely that there will be fewer of the capital-intensive single-let shell transactions which have a significant impact on take-up levels.

“Whilst it is eight years since the dotcom downturn savaged sentiment towards data centre investment and development, the current favourable supply and demand balance underpins the strength of the investment market and has led to an increased profile for the industry amongst real estate professionals.”

During the course of 2008, carrier neutral colocation operators continued their growth plans through expanding existing sites, building out undeveloped properties and announcing intentions to develop new schemes. All of the five largest European players showed an appetite for continuing to develop floor space in established markets, underpinning the positive sentiment towards the health of the colocation industry and the favourable balance seen between supply and demand of European technical floorspace.

Amongst the larger providers, TelecityGroup reported new facilities in Paris (3,100 sq m), Milan (1,900 sq m), Amsterdam (3,700 sq m), Stockholm (3,100 sq m) and London Park Royal (4,600

sq m), whilst Equinix announced it will build a further 28,000 sq m scheme next to its newly-opened 13,500 sq m LD4 facility in Slough and also took a long-term lease on a 10,800 sq m building next to its existing 6,000 sq m facility in Saint-Denis, Paris.

The Green Agenda

Jonathan Heap, Director, iXNewsSearch Consulting Ltd., said: “2008 was the year that energy dominated the data centre agenda. Occupiers focussed on how to use it more efficiently in the data centre environment whilst developers concentrated on acquiring it from renewable sources and making use of any waste products. 2009 should see more schemes involving ‘innovation in the data centre’ come to fruition.”

Some of 2008 ‘green’ schemes included the data centre built by IBM’S Zurich Research Laboratory that re-uses 85 per cent of the waste heat it generates for nearby homes while consuming about half the electricity which estimates that a 10MW data centre could produce enough energy to heat 700 homes. IBM’s data centre project on behalf of colocation provider, GIB-Services, in Zurich where waste heat is used by a nearby swimming pool, in addition to sites in Austria and Egypt where the global systems integrator is reducing power consumption by some 40 per cent through its Project Big Green initiative. The Cork Internet Exchange has announced that it uses excess heat from server rooms to feed back into heat exchanges, whilst BMW’s US facility uses gas from a waste dump in South Carolina to generate electricity, and in Munich it recycles ground water for cooling its facility and then warming water back to the mains supply in winter.

The year also saw the introduction of a series of new metrics designed to guide and aid stakeholders within the data centre industry specifically in the area of constraining IT energy costs growth. The EU released its Code of Conduct for data centres, open to users and suppliers on a voluntary basis. The Carbon Trust announced its partnership with the British Computer Society (BCS) specialist group BCS Data Centre to develop a simulation software tool allowing operators to manage total costs of ownership and energy efficiency. Promoted by The Green Grid, the Power Usage Effectiveness (PUE) metric appears to be gaining traction as the dominant standard, with the aim of providing a simple and consistent method of measuring the ratio of power delivered to IT equipment to the total amount of power used by the data centre facility.

Digital Realty Trust announced that it will use the PUE metric as the methodology for measuring and reporting energy efficiency in its facilities in North America and Europe.

Establishing tools such as these should help with the understanding of power consumption in the data centre environment, and enable developers and operators to make decisions on effectively and efficiently running facilities. And if these voluntary 'carrots' fail to drive efficiencies into data centre operations, legislative 'sticks', such as the UK's Department of Business Enterprise and Regulatory Reform recent confirmation that all new commercial property must be zero carbon by 2019, will force businesses to look for energy-efficient strategies in respect of their data centre estates.

Andrew Jay concluded: "Despite the encouragingly high levels of take-up in 2008 we remain cautious going into 2009. In the medium term we still expect underlying demand to continue to grow, due to the ever increasing reliance on IT from both corporates and consumers. However in 2009, given the constraints in the capital markets, total take-up will reduce and it is likely that there will be fewer of the capital-intensive single-let shell transactions which have a significant impact on take-up levels. This should be good news for specialist third party developers/operators offering opex solutions."

"The rise of the data centre up the list of recognised asset classes has been welcome, but caution must also prevail to ensure that the balance remains favourable and whilst speculative development is welcome, restraint must be shown in order to ensure that supply does not accelerate away beyond expected demand in the near future. The current lending environment should act as a natural constraint to oversupply as most schemes will need a large proportion of pre-lettings to catalyse the development. However, as the economy moves into a more positive part of its cycle either this year or next, and restraints on lending are relaxed, the industry must ensure that the fundamentals of supply and demand are adhered to."