

# DATA CENTRE MARKETBEAT

Fall 2019



CUSHMAN & WAKEFIELD

## SINGAPORE

### MARKET OVERVIEW

Singapore continues to be a global data centre titan, with over 300 MW of new stock under construction and a recent best-in-Asia ranking in our recent review of Southeast Asia data centre markets. Recent growth in Singapore has been spurred by its strongest regional infrastructure, large number of undersea cables for maximum global connectivity, and relative clarity in obtaining land for development. Internet penetration remains the highest in region, with 84% of the population online. These factors enable the market to act as a regional data centre hub, one increasingly buoyed by a diverse array of cloud service providers.

### OUTBOUND INVESTMENT CONTINUES

As chronicled in our last report, outbound investment by Singapore-based funds continue to power the global data centre market, with several new deals announced in recent months.

GIC Real Estate has created a joint venture with US REIT Equinix, forming a \$1 billion fund to develop hyperscale facilities in London, Paris, and Frankfurt, with Amsterdam a future target. Initial phases of the four projects total 34 MW, with the new partnership to use the xScale name. GIC has also chosen to form a partnership closer to home, agreeing to work with Polymer Connected to develop a new data centre campus in Jakarta. Initial press suggests a campus of nearly 29 MW, 26 MW of which will be Tier IV.

Mapletree has been on their own acquisition spree in North America, with Mapletree Investments and Mapletree Industrial partnering to acquire assets in two portfolios from Digital Realty. In the first deal, Mapletree will take an 80% interest in three data centres in the key Northern Virginia market, with Digital retaining the remaining interest. In the second transaction, the Mapletree entities will acquire outright a portfolio of ten data centres in the Denver, Atlanta, Northern Virginia, Boston, Phoenix, Toronto, and Dallas markets. The deals are scheduled to close in late 2019 and early 2020, with total costs of \$1.4 billion.

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*“Singapore is gaining multiple new cloud compute options, with Baidu, Huawei, and Oracle all creating new local regions.”*

### KEY INDICATORS



UNDER CONSTRUCTION

**342 MW**



VACANCY

**10.3%**

### ECOSYSTEM DEVELOPMENTS

- **Huawei Cloud** has launched a new cloud region in Singapore, with plans to make the market one of the largest outside of mainland China. Huawei's latest update utilizes artificial intelligence and provides a full suite of services.
- **SP Telecom** announced direct connectivity to Google Cloud via points of presence at Equinix SG3 and Global Switch Singapore. SP Telecom is a partnership between ST Engineering and Singapore Power, with both the fiber and power companies planning to benefit from customers utilizing faster connectivity.
- **STT GDC** has acquired the 26% of the STT Tai Seng business that they previously held in partnership with Tata Communications. STT Tai Seng is a six-floor data centre, with the building owned by Mapletree Industrial.
- **PCCW Global** has announced a new point-of-presence (PoP) at the Global Switch Tai Seng data centre. PCCW's Console Connect platform offers access to all major cloud on-ramps.
- **Baidu** has launched their cloud services in Singapore, with their new artificial intelligence-enhanced package including database, networking, and other options.
- **Keppel** is strongly considering the construction of a floating data centre that would be docked just offshore. While a specific site still has yet to be determined, there are intriguing technical ramifications such as cooling the prospective facility with seawater and a scalable architecture.
- **Princeton Digital Group** acquired the operating business of what was once io Data Centres, taking control of the management of the facility at 7000 Ang Mo Kio Avenue 5. Princeton will be signing up further colocation tenants in the ESR-REIT and Ho Lee Group-owned building.
- **Oracle** revealed a new availability zone in Singapore for their cloud services, one of 17 new zones announced this year. The software giant is bringing on new sites throughout the Americas, Europe, East and South Asia, the Middle East, and Africa.

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### CONSTRUCTION UPDATE

| OPERATOR                  | LOCATION            | GFA SIZE (SQM) | TOTAL POWER (MW) | STAGE / EST. DELIVERY        |
|---------------------------|---------------------|----------------|------------------|------------------------------|
| China Mobile              | Tai Seng            | 17,490         | 20 (est)         | Completed / Q3 2019          |
| Iron Mountain             | Serangoon (phase 2) | 929            | 1.5              | Completed / Q3 2019          |
| Equinix                   | SG4 (Phase I)       | 23,800         | 15 (est)         | Under Construction / Q4 2019 |
| CapitaLand (fmr Ascendas) | Tai Seng            | 20,337         | 12 (est)         | Under Construction / Q1 2020 |
| Google                    | Jurong West         | 21,410         | 25 (est)         | Under Construction / Q2 2020 |
| STT                       | Loyang              | 27,000         | 30               | Under Construction / Q2 2020 |
| AirTrunk                  | SGP1                | 40,000 (est)   | 60               | Under Construction / Q2 2020 |
| Digital Realty            | Digital Loyang II   | 34,000         | 50               | Under Construction / Q3 2020 |
| Facebook                  | Tanjong Kling       | 170,000        | 150              | Under Construction / Q2 2022 |

### RECENT SINGAPORE PROPERTY SALES

| PROPERTY          | SIZE (SQM)       | SALE DATE                        | SALE PRICE (\$) | BUYER                   | SELLER                                      |
|-------------------|------------------|----------------------------------|-----------------|-------------------------|---|
| 20 Tampines St 91 | 7,854 (IT space) | Sep-19 (pending sale completion) | \$384,900,000   | Keppel Data Centre REIT | Alpha Data Centre Fund, Keppel Data Centres |
| 18 Riverside Rd   | 19,864 (GFA)     | Sep-19 (pending sale completion) | \$200,200,000   | Keppel Data Centre REIT | Keppel Infrastructure Trust, Shimizu Corp   |

### Singapore Market Map



#### MORE INFORMATION:

**Lynus Pook**  
Associate Director  
Global Data Center Advisory Group  
Tel: +65 6232 0845  
[Lynus.pook@cushwake.com](mailto:Lynus.pook@cushwake.com)

**Kevin Imboden**  
Director of Research  
Global Data Center Advisory Group  
Tel + 1 408 436 3622  
[kevin.imboden@cushwake.com](mailto:kevin.imboden@cushwake.com)

#### GLOBAL DATA CENTER ADVISORY GROUP

Cushman & Wakefield's [Data Center Advisory Group](#) is a global team of elite professionals delivering specialized real estate solutions for mission critical users, owners, and environments. With scalability, reliability, and security as a driving force, our highly knowledgeable and responsive professionals guide clients to make effective financial decisions. Our expertise ranges includes colocation facilities, control centers, greenfields, powered shell, and trading floors. We lend additional value through our understanding of global dynamics and their impact on local markets.

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*Facebook and Google are continuing on their own large projects, and multiple new colocation projects have been announced for completion in 2020.”*