



## SYDNEY

### MARKET OVERVIEW

The Sydney data center market has had a busy few months, with several new developments announced and the arrival of many new cloud services that previously operated in Australia from afar. Starting with the international operators, Equinix is nearing completion on their new SY5 expansion, adding over 25,000 square metres of space in Alexandria. The American REIT is joined by continued investment from Singapore, with Keppel DC REIT and the related Alpha DC Fund both under construction on new projects in the area to be completed in 2020 and 2021, respectively. Interest has migrated from within Australia as well, with Canberra Data Centres (CDC) choosing Sydney for a big investment push. CDC acquired the former DXC data center in Eastern Creek with the intention of turning the single building into a full campus in several phases. Development is already underway on the next 25 MW phase, with completion expected mid-2020.



*“Sydney is rapidly growing as a hub for cloud services, with several large developments underway responding to this demand.”*

Demand for data center space has increased thanks to the corresponding increase in local cloud spend. A recent Gartner study indicates a 20 percent increase in public cloud spend over the past year by Australian companies, with similar large increases predicted in the next two years as well. This is faster than the global average, and indicates a desire by local firms to modernize their compute. A flood of software-as-a-service (SaaS) providers have responded to this interest by localizing operations in-country, after previously serving Australia from either the United States or locations in Japan and Singapore. As the main data center market in the country, Sydney has received the majority of this focus, with multinationals Cisco, IBM, Oracle, Amazon, and a host of specialized service providers joining in the mix.

While Sydney remains the number one data centre market, the most powerful platforms going forward will have operations on a country-wide basis to take advantage of the need for local cloud onramps. Melbourne is currently a growing second, with Perth, Brisbane, Canberra, and Adelaide following as the developing edge. As local companies continue to diversify their spend, expect markets to grow accordingly.



UNDER CONSTRUCTION

**78 MW**

### ECOSYSTEM DEVELOPMENTS

- **Cisco** has completed a A\$20 million investment in a new Webex data centre in Sydney, adding to a larger A\$61 million investment in Australian operations. Webex is a portion of larger Cisco operations in country, including hybrid cloud infrastructure, cybersecurity, and mobile platforms.
- The **Digital Transformation Agency** has announced a dual-level certification system, requiring full local ownership of data centre facilities for the most sensitive government data. The certification framework is expected to be rolled out between 2020 and 2022.
- **Options** has opened two new colocation facilities, with their managed services now available at the Australian Liquidity Centre and Equinix SY2. Options focuses on working with the global financial sector.
- **Okta** has opened a new data centre in Sydney, providing localized options for Okta Identity Cloud and infrastructure through AWS.
- **Gotransverse** also opened their own local data centre in July, with the billing service responding to new client Belong.
- **IBM** has launched an expansion of IBM Cloud access throughout Australia with a new Cloud Direct Link partnership with Digital Realty in Erskine Park.
- **TransPerfect Legal** opened a new data centre in Sydney alongside hiring a new client service team as part of a large Australian expansion. TransPerfect provides e-discovery and litigation support assistance.
- **Hurricane Electric** has opened a new point of presence (PoP) in the NextDC Sydney location. NextDC expects considerable speed improvements, and this is Hurricane's fourth Australian deployment.
- **PacketFabric** has announced a new Sydney PoP at Equinix SY4, becoming the first location for the platform throughout the Asia Pacific region. PacketFabric utilizes the Hawaiki cable, linking Australia, New Zealand, and the United States.
- The **Coral Sea Cable System** is now under construction, with the 4,700-kilometre cable to link Sydney with Port Moresby in Papua New Guinea and Honiara in the Solomon Islands upon completion. Funded by ISP Vocus Group, this will be the first cable connecting to the Solomon Islands.
- **Linode** announced a new data center coming in Sydney, marking their 11<sup>th</sup> location and providing faster access to a large local customer basis. Linode serves as a cloud hosting and services firm, and will be located in Equinix SY4.

# DATA CENTRE MARKETBEAT

Second Half 2019



CUSHMAN & WAKEFIELD

## SYDNEY



*“Sydney is the number one market in Australia and will be for the future, though other edge markets are expected to develop.”*

### ECOSYSTEM DEVELOPMENTS

- **Oracle** has announced a new cloud region in Sydney, the first for the company in Australia. The announcement comes on the heels of recent Asia expansion in Seoul and Mumbai, with a further region planned for Melbourne next year. Sydney serves as the initial deployment of the software giant's second generation architecture, with a new emphasis on machine learning.
- **5G Networks** has acquired Australian Pacific Data Centres for A\$3.5 million, taking control of the 1.5 MW data centre in leased space in Pymont. 5G plans to use the acquisition as a launch point for further distribution of fibre in the Sydney CBD.
- **Amazon** has signed a new delivery service partner, with NextDC as the latest Sydney operator to offer AWS Direct Connect. The Brisbane-based company has two operating facilities in the area, with the 80 MW S3 in planning.

### CONSTRUCTION UPDATE

OPERATOR	PROJECT	SIZE (SQM)	POWER (MW)	STAGE / EST. DELIVERY
Data Exchange Network	SYD01	4,351	1	Completed / Q3 2019
Equinix	SY5	25,780	30 (est)	Under Construction / Q3 2019
Canberra Data Centres	Eastern Creek	20,000 (est)	25	Under Construction / Q2 2020
Keppel DC REIT	Intellicentre 3 East	13,400	16	Under Construction / Q3 2020
Alpha DC Fund	KDC Sydney 1	5,300	7 (est)	Under Construction / Q2 2021
Digital Realty	Erskine Park III	10,934	12	In Planning
NextDC	S3	70,000 (est)	80	In Planning

### RECENT SYDNEY PROPERTY SALES

PROPERTY	SIZE (SQM)	SALE DATE	SALE PRICE (A\$)	BUYER	SELLER
2 Roberts Rd, Eastern Creek	3,000	Apr-19	\$100,000,000	Canberra Data Centres	DXC

### RECENT SYDNEY LAND SALES

PROPERTY	SIZE (SQM)	SALE DATE	SALE PRICE (A\$)	BUYER	SELLER
3 Broadcast Way, Artarmon	3,840	Aug-19	\$30,000,000	Alpha DC Fund	Lindsay Bennelong Developments

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#### GLOBAL DATA CENTER ADVISORY GROUP

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