DATA CENTRE UPDATE
LONDON
SUMMER 2021

Key Indicators

Under Construction
320 MW

Vacancy
11%

MORE INFORMATION

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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.

Market Overview

As vacancy continues to tighten toward single digits, a swathe of new projects have rolled out across London, with over 300 MW now underway through the end of 2023. Ark Data Centres leads the way with three large campuses underway, though NTT, Telehouse, Equinix, Virtus, Echelon and newcomer Global Technical Realty all have large expansion projects pushing ahead, with most operators appealing to the ever-growing hyperscale market. The recent recapitalisation of the xScale joint venture between Equinix and GIC Real Estate will also be paying local dividends in coming years, with two large projects planned for London as part of the agreement. All this development should allow London to keep roughly in line with demand, though the city continues to stand alone as the sole data centre market of consequence throughout Great Britain. As other continental locations develop secondary markets in-country (Berlin and Marseille as examples, along with prospective development in rural areas of the Netherlands), another data centre cluster in the UK seems a long way off.

The local investment market received a boost in springtime, with Digital Realty electing to sell a portfolio of pan-European assets to Singaporean REIT Ascendas. This deal included three facilities in greater London, with nearly 40 MW of data centre capacity changing hands. As with other real estate asset classes, London serves as a gateway to Europe for property acquisition and further investor interest is expected. The outlook for London remains bright, with a continued mix of established players and new entrants soon to make the area the first one-gigawatt market in Europe.

Ecosystem Developments

- **Capgemini** was awarded a £600 million infrastructure contract from the London Metropolitan Police in springtime, assuming control of all data centres and services. The focus will be on consolidation and cost savings moving forward, and shows the continued transformation across government organizations.
- In another move to the cloud, the **Ministry of Justice** signed a £23.8 million deal to move to Amazon Web Services (AWS), focusing on hosting, software, and support. The deal was the most recent for AWS, having earlier signed HM Revenue & Customs to a £94 million deal.
- **Kao Data** recently signed Civo as a new client, with the cloud platform launching its local region in the high-density environment. Civo cited the Open Compute Project (OCP) readiness of the Kao facility as a factor in their decision. Kao has also announced a new partnership with Megaport, offering further Network-as-a-Service options to optimize flexibility and lowest latency. InstaDeep signed on as a client early in 2021, with the artificial intelligence (AI) startup attracted by the robust rack density on offer.
- **AWS** has launched Wavelength zones in London on the local Vodafone network, with the goal of bringing AWS compute to the network edge. The deployment should allow for the lowest-latency applications in the public cloud environment.
- **Tampnet** rolled out an optimized network route linking Stockholm to London, with Digiplex on the Swedish end and Interxion locally as endpoints for the new fibre. The network utilizes the Tampnet South undersea cable and further backhaul to both data centres.

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OPERATOR	LOCATION	SIZE (SQM)	POWER (MW)	STAGE / EST. DELIVERY
China Mobile	Slough Phase II	10,000 (est)	10	Completed / Q2 2021
CyrusOne	London III	1,765	6	Under Construction / Q2 2021
Netwise	London East	1,208	1.5	Under Construction / Q3 2021
Echelon Data Centres	LCY 10	12,000	20	Under Construction / Q4 2021
NTT	Hemel Hempstead 4	9,600	24	Under Construction / Q4 2021
Equinix	LD8 Phase 4 LD7 Phase 2	971 4,017	3 5 (est)	Under Construction / Q1 2022 Under Construction / Q2 2022
Virtus	London 8 London 11	19,000 5,500	18 13	Under Construction / Q1 2022 Under Construction / Q4 2022
Telehouse	Docklands	31,000	30	Under Construction / Q1 2022
Iron Mountain	LON-2	25,000	9	Under Construction / Q2 2022
Ark Data Centres	Union Park Longcross Park Alliance Park	56,000 35,768 27,871	75 30 45	Under Construction / Q4 2022 Under Construction / Q4 2023 Under Construction / Q4 2023
Global Technical Realty	Slough	16,125	40.5	Under Construction / Q4 2022
Columbia Threadneedle	Langley	93,000	100 (est)	In Planning
Stratus Cromwell	London	90,000 (est)	100	In Planning
EdgeCore	Bracknell	8,692	20	In Planning

Recent Property Sales

PROPERTY	SIZE (SQM)	SALE DATE	SALE PRICE	BUYER	SELLER
Three Assets (Welwyn Garden City, High Wycombe, Croydon)	26,413	Mar-21	£236,600,000	Ascendas REIT	Digital Realty

The largest operators have continued to roll out new phases of construction, with the potential for half a gigawatt to be completed over the next few years.