



Data Centre Real Estate Market Update

Supply and Demand in the Face of Recession
1st December 2008

















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Agenda

- Market Positioning
- Demand
- Supply
- Pricing
- Conclusions

Market Positioning

Total Market		
Retail Colocation	Wholesale Colocation	Self Build
    	  	       
Carrier Neutral Hotels		

CBRE data centre research: Amsterdam, Frankfurt, London, Madrid, Paris

Internal Drivers

- Existing facilities no longer fit for purpose
 - Insufficient power/cooling to accommodate new (blade) technology
 - Pressure to use space for people
 - Requirement for Zero Downtime – 2N specification
 - Landlord conflict to limit data centre plant
- Increasing reliance on IT
- Expansion of IT equipment
- Data centre consolidation initiatives



External Drivers

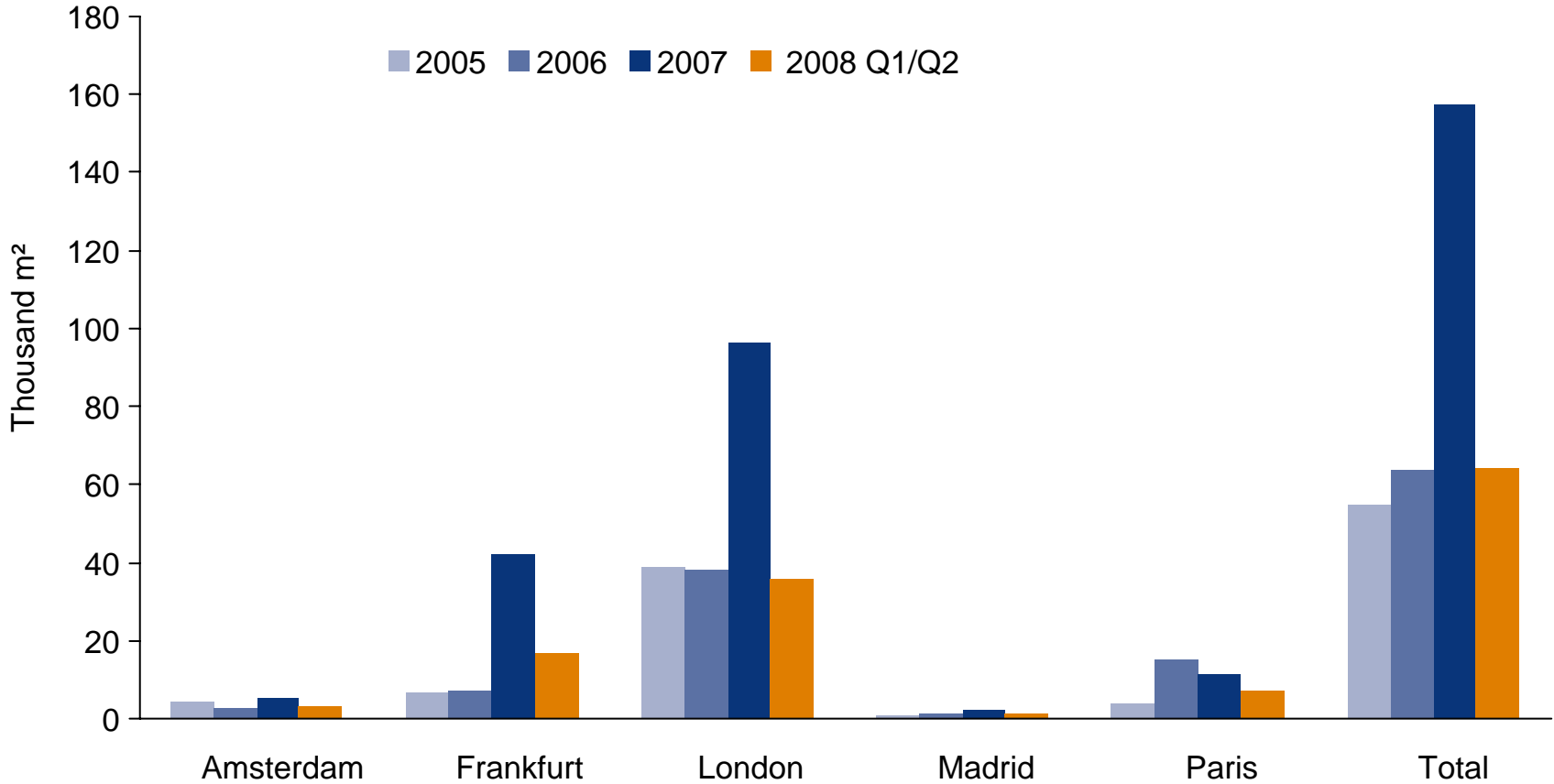
- Terrorist threat or catastrophic event – 9/11
- Statutory and regulatory pressures on business continuity (PAS 56) and disaster recovery (FSA regulations)
- Corporate Governance – Sarbanes Oxley
- Meeting criteria for insurance purposes
- Meeting client expectations



BANK FOR INTERNATIONAL SETTLEMENTS

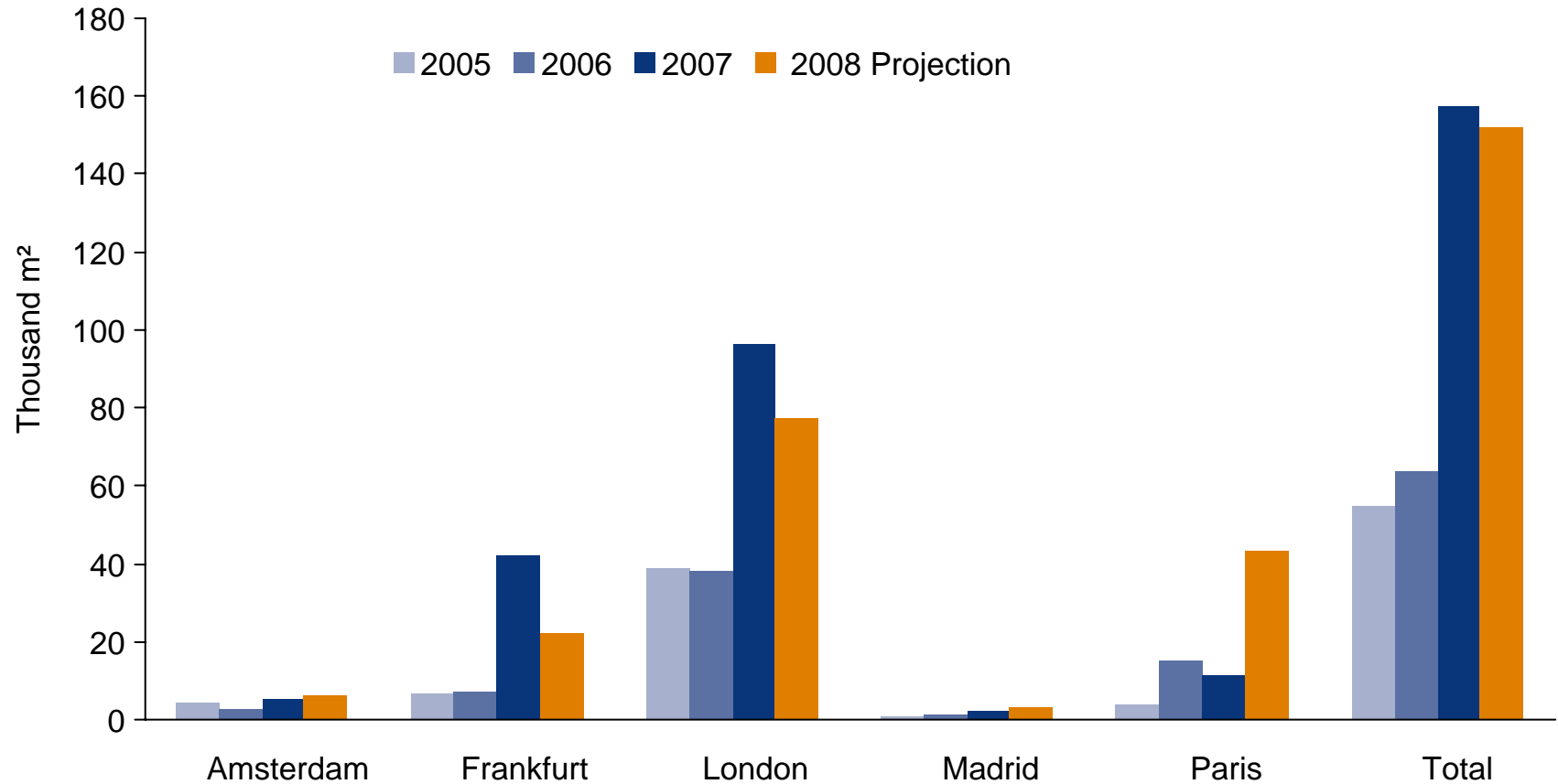
Demand

Total Market Take-up

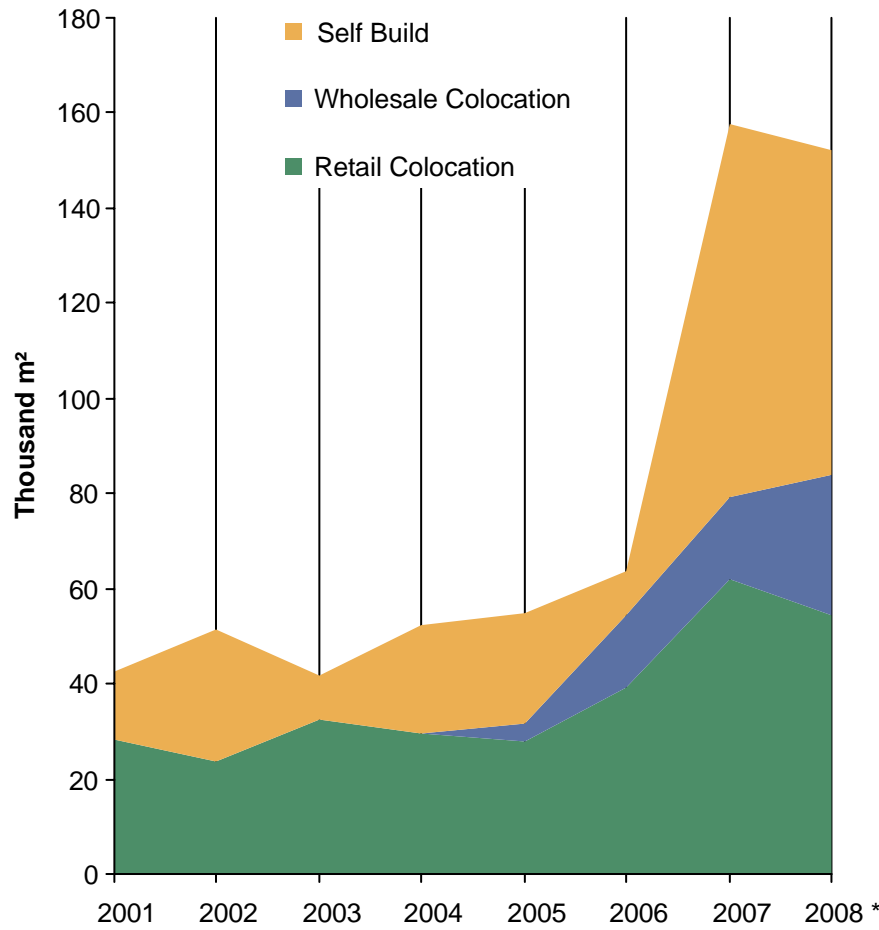


Demand

Total Market Take-up



Take-up by Market Type & Sector



* Projected take-up

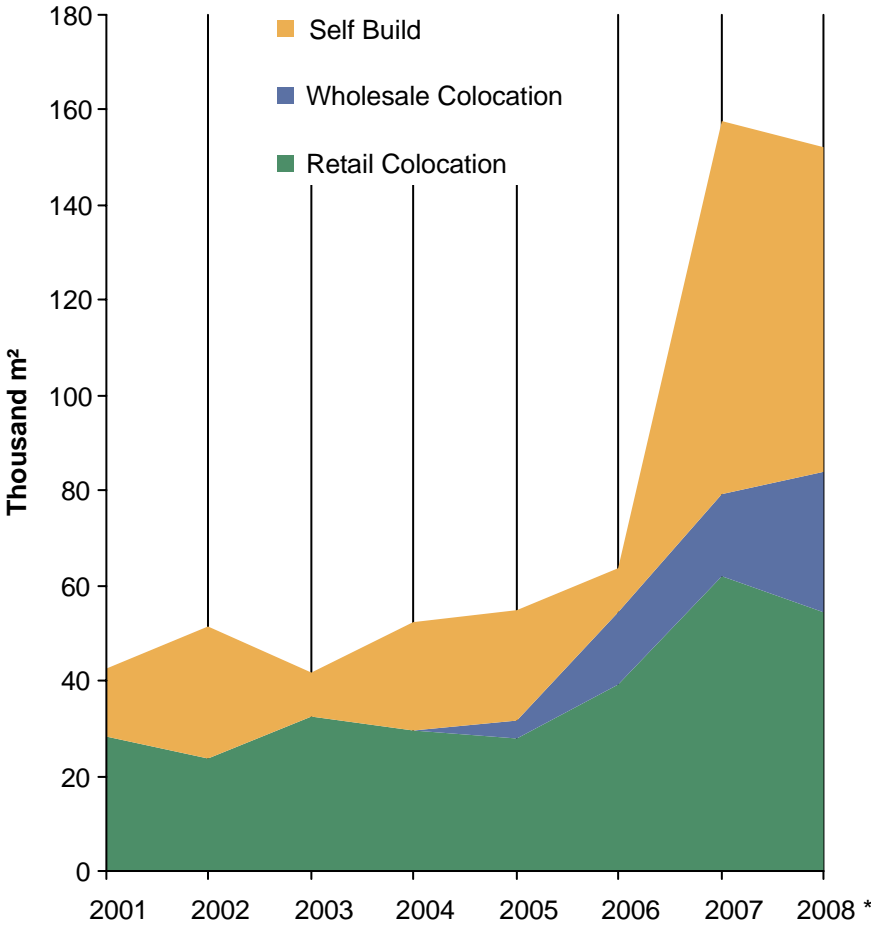
■ Wholesale Colocation Model

- Real estate model
- Variety of product offerings
- Modular bespoke fitout is contract led
- FM services are optional
- No managed services
- Pricing is driven by return on build cost

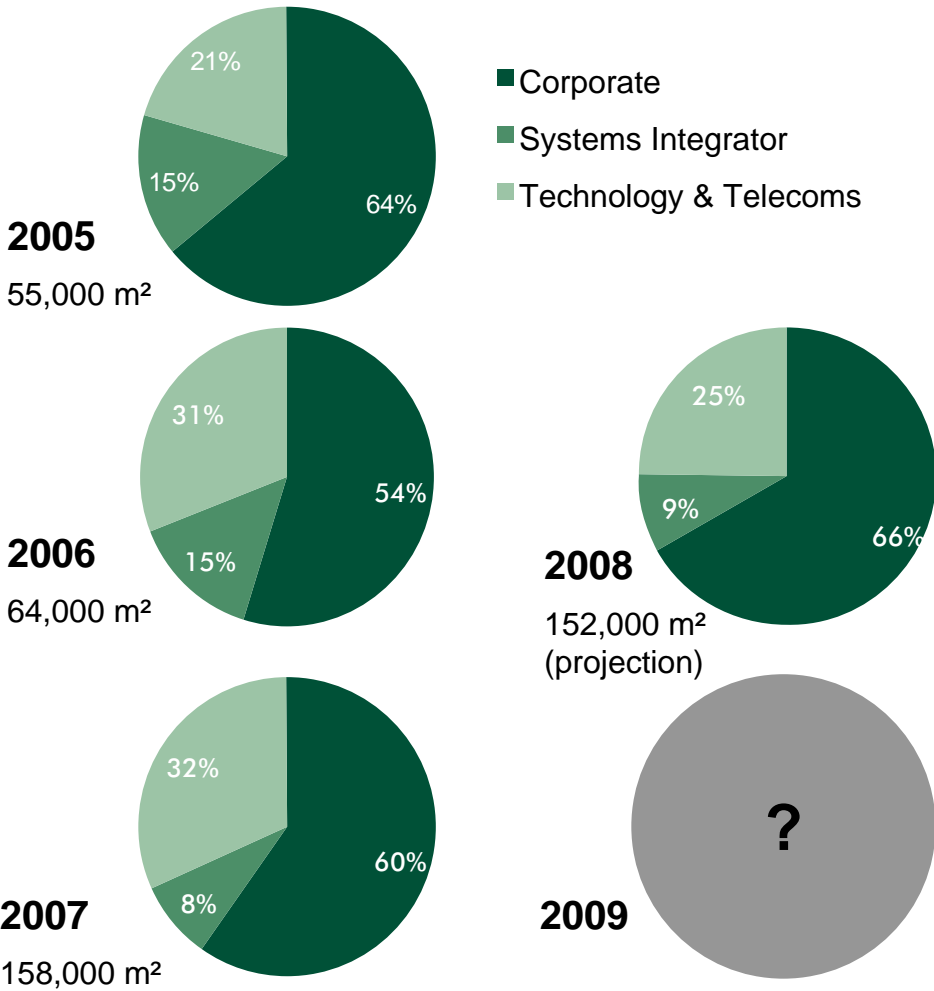


Demand

Take-up by Market Type & Sector



* Projected take-up



Take-up By Market Type

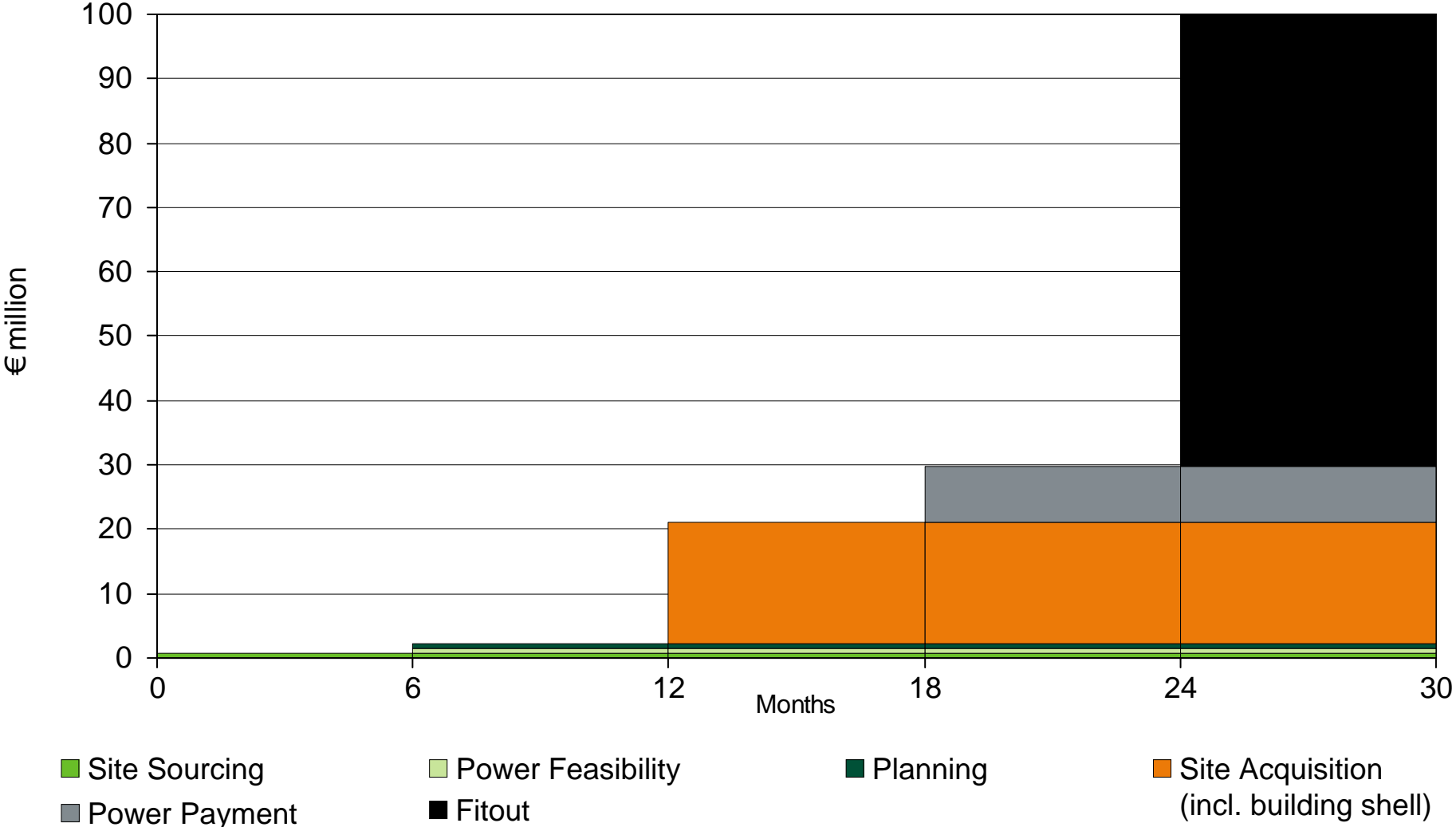
Company	Location	Market Type	Floor Area (m²)
Adapt	London	Retail Colocation	1,500
IBM	Paris	Retail Colocation	1,000
AT&T	Paris	Retail Colocation	400

German Bank	London	Wholesale Colocation	4,000
BT	London	Wholesale Colocation	2,000
Petrochemical Company	London	Wholesale Colocation	2,000

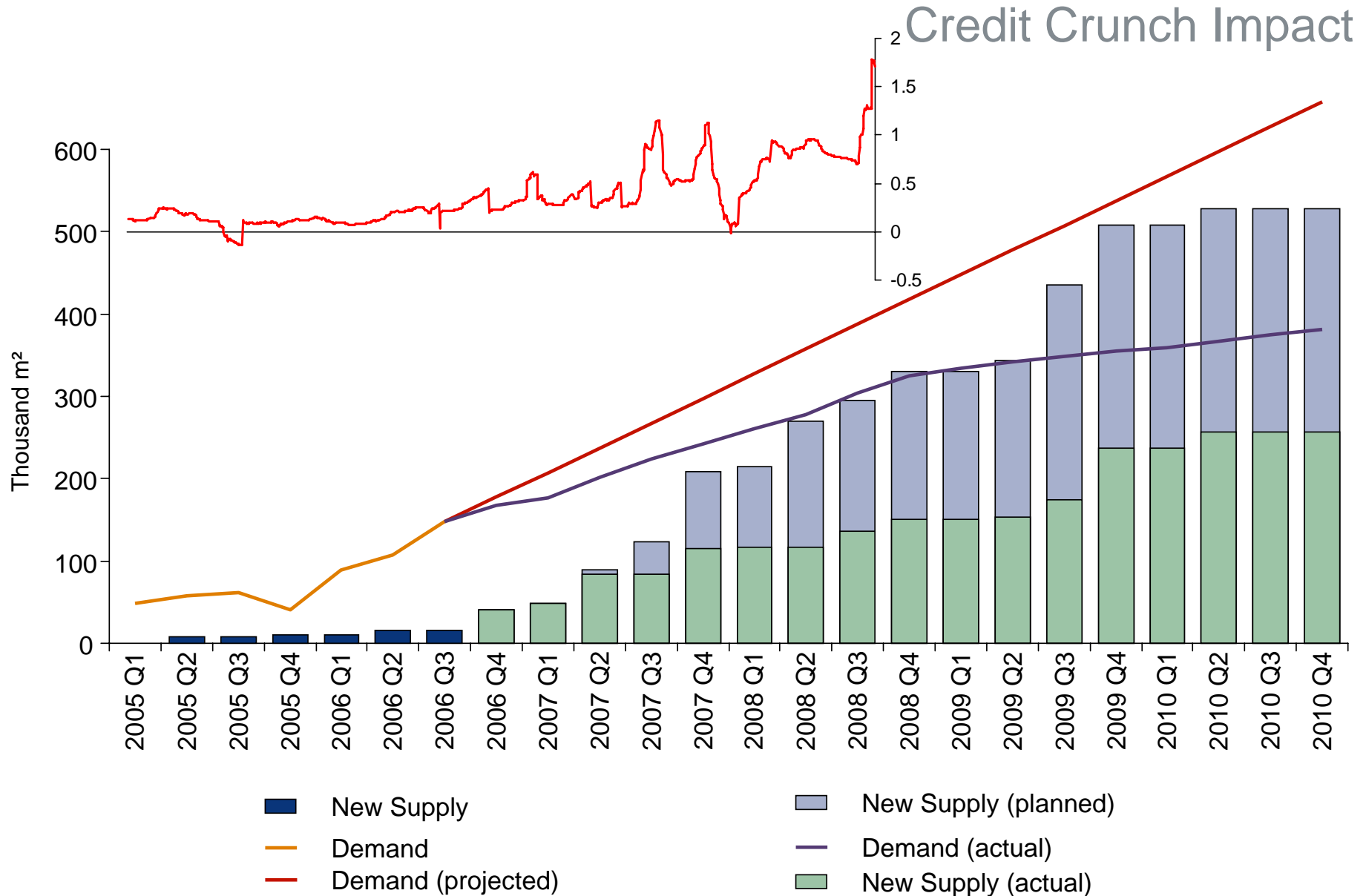
US Investment Bank	London	Self Build	15,000
SAVVIS	London	Self Build	6,000
Rackspace	London	Self Build	5,000

Demand

Build – Time and Cost



Demand and Supply



Supply

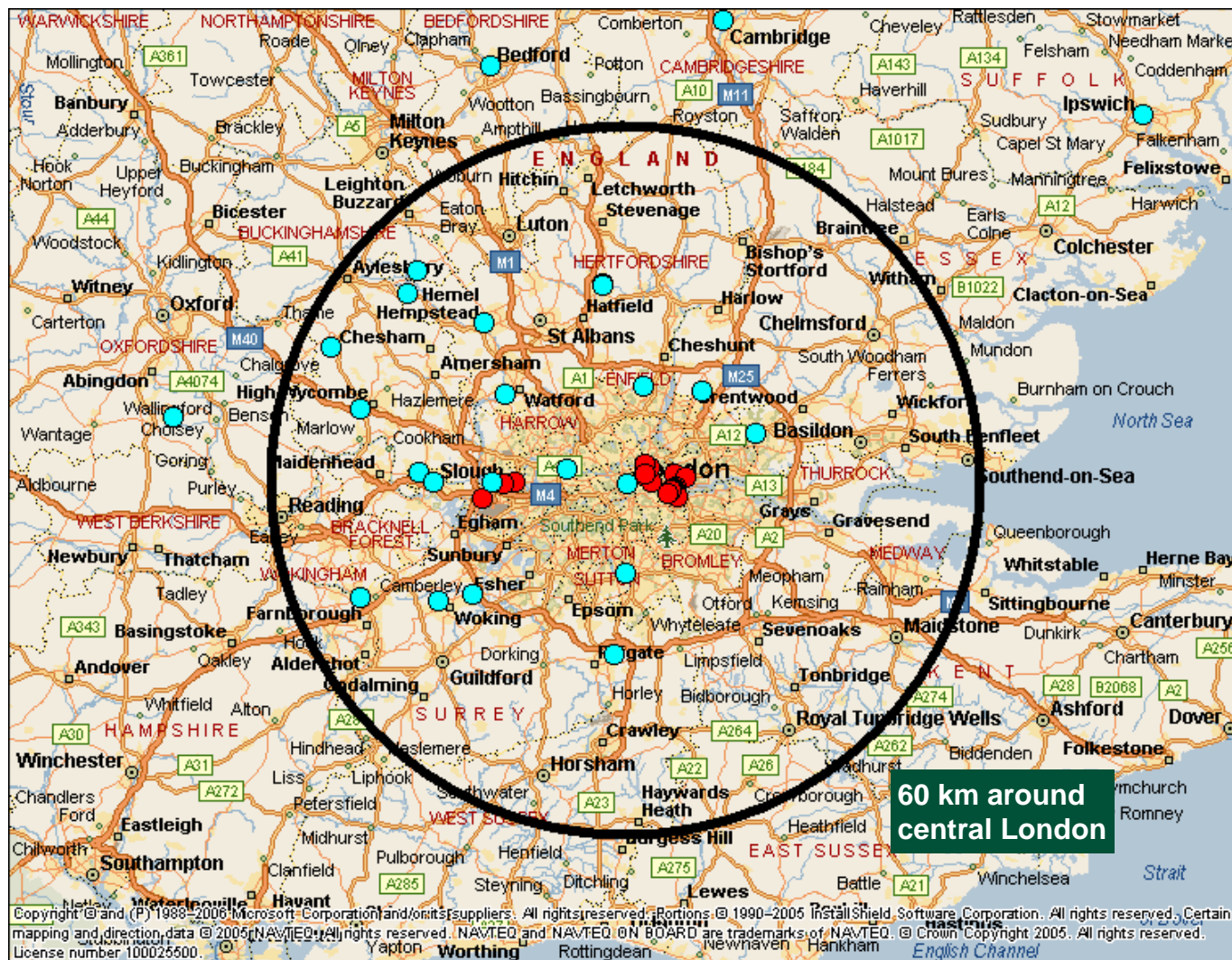
London Colocation Market



● Existing colocation facilities at 1 Jan 2005
19 facilities, 160,000 m²

Supply

London Colocation Market

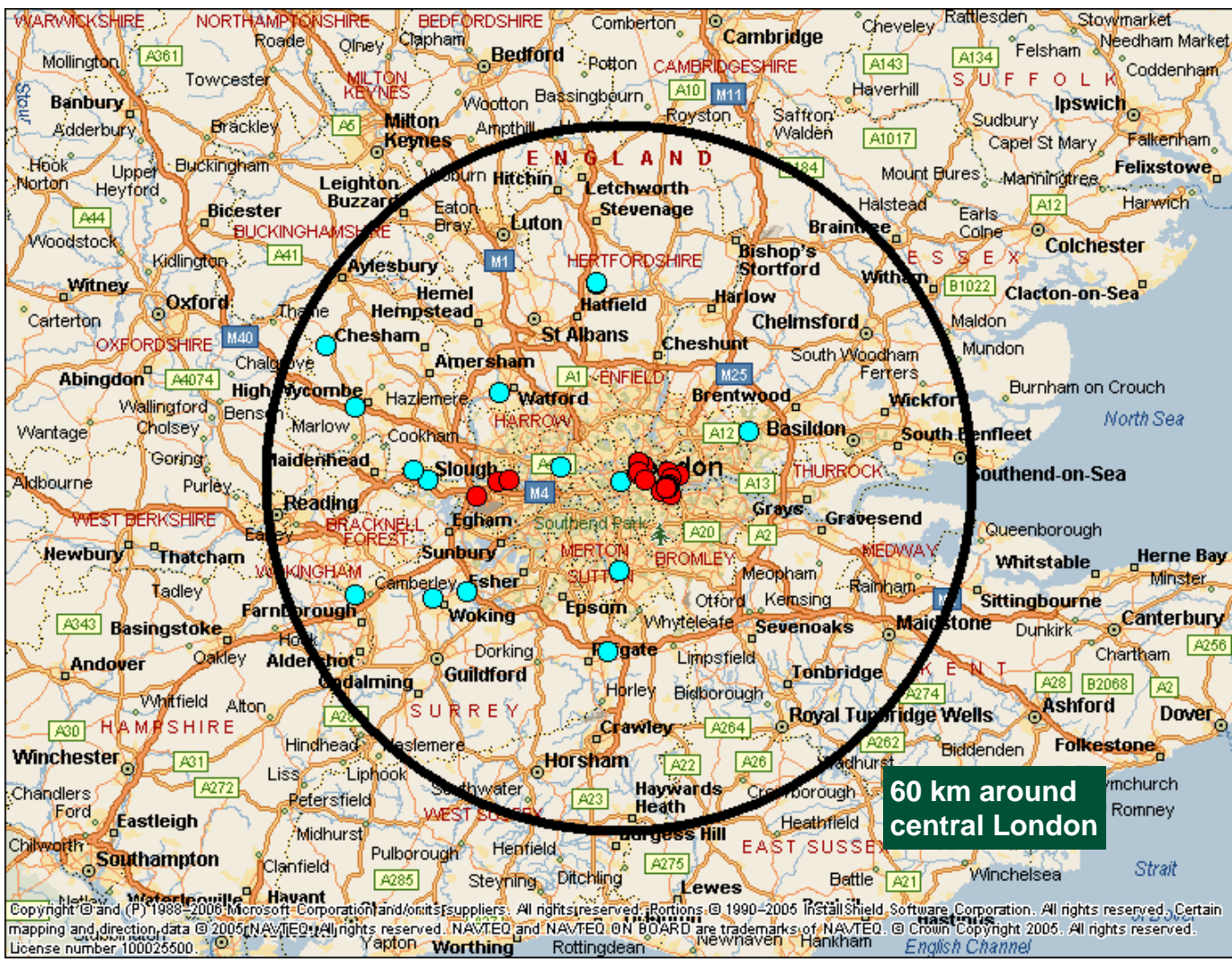


- Existing colocation facilities at 1 Jan 2005
19 facilities, 160,000 m²
- New supply (pre-crunch) 2005 to 2010
35 facilities, 406,900 m²

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Supply

London Colocation Market

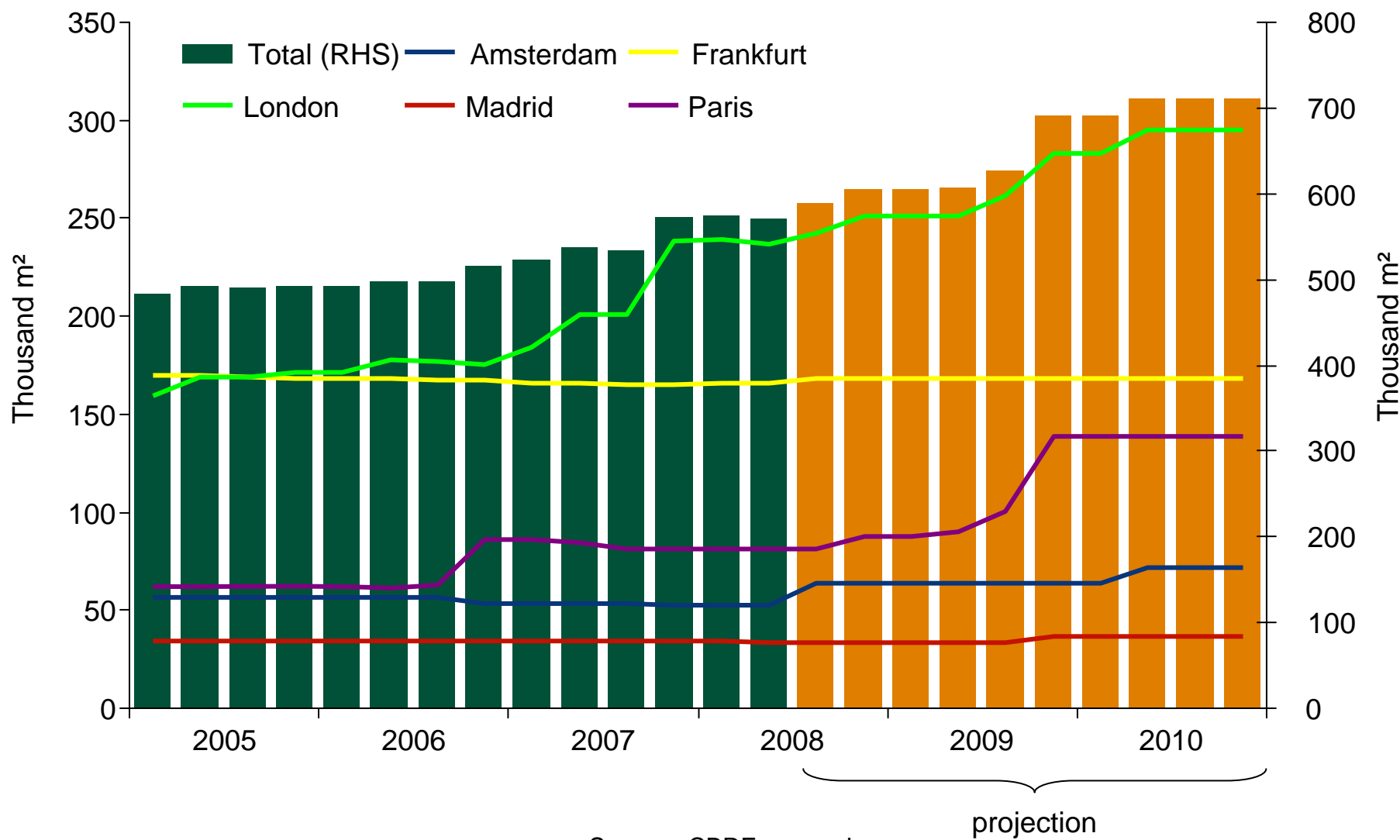


- Existing colocation facilities at 1 Jan 2005
 19 facilities, 160,000 m²
 - New supply (pre-crunch) 2005 to 2010
 35 facilities, 406,900 m²
 - New supply (actual) 2005 to 2010
 17 facilities, 145,900 m²
- 64% reduction in proposed new floor space

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Supply

Colocation – Total Supply



New Supply To Market, Q1 2005 to Q3 2008

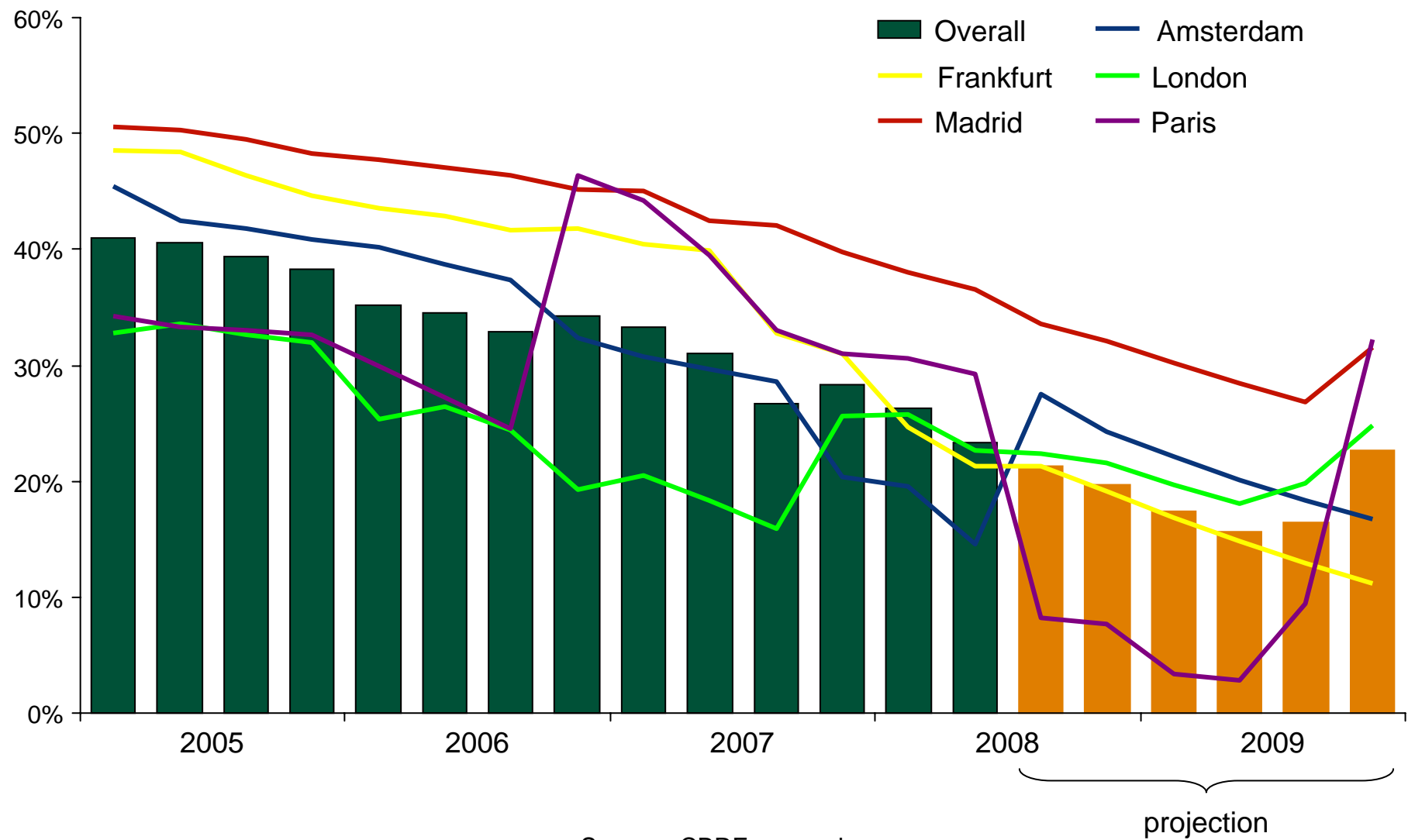
Developer	Location	Gross Size (m ²)	
Equinix	Amsterdam	3,000	
Interxion	Amsterdam	4,000	
Telecity Group	Amsterdam	4,000	11,000
Interxion	Frankfurt	2,500	2,500
Colony Capital/Data IV	Paris	6,000	
Digital Realty Trust	Paris	20,000	
Equinix	Paris	5,900	
Interxion x2	Paris	3,400	35,300
Broadoaks	London	2,000	
Digital Realty Trust x3	London	20,400	
Equinix x2	London	12,500	
Infinity	London	7,000	
Pioneer Technology	London	14,000	
Sentrum x4	London	41,000	
Telecity Group	London	5,000	101,900
		150,700	

Future Supply Pipeline from Q4 2008 to Q1 2010

Developer	Location	Gross Size (m ²)	
Global Switch	Amsterdam	8,000	8,000
Interxion	Madrid	3,000	3,000
Colony Capital/Data IV	Paris	18,000	
Digital Realty Trust	Paris	10,000	
Equinix	Paris	10,000	
Global Switch	Paris	10,000	
Telecity Group	Paris	3,000	51,000
Equinix	London	10,000	
e-shelter	London	12,000	
Sentrum	London	10,000	
Telehouse	London	12,000	44,000
		106,000	

Supply

Vacancy Rates



Colocation Pricing

- Pricing trending towards € per kW
- Retail Pricing
 - €2,900 - €3,500+ per m² pa (1,250 Watts per m²) - €2,560 per kW per annum
- Wholesale Pricing
 - €1,800 - €2,400 per m² pa (1,250 Watts per m²) - €1,680 per kW per annum
- Rents driven by
 - SPECIFICATION
 - Power density
 - Level of service provided
 - Supply and demand (by market and building)

- Underlying demand drivers remain – increased reliance on IT and need for increased processing power
- Credit Crunch has had relatively minor impact on Demand compared to Supply
- Capital constraints mean less opportunities to self build – OPEX solutions preferred
- BEWARE – fragile supply and demand dynamics

Thank you

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