

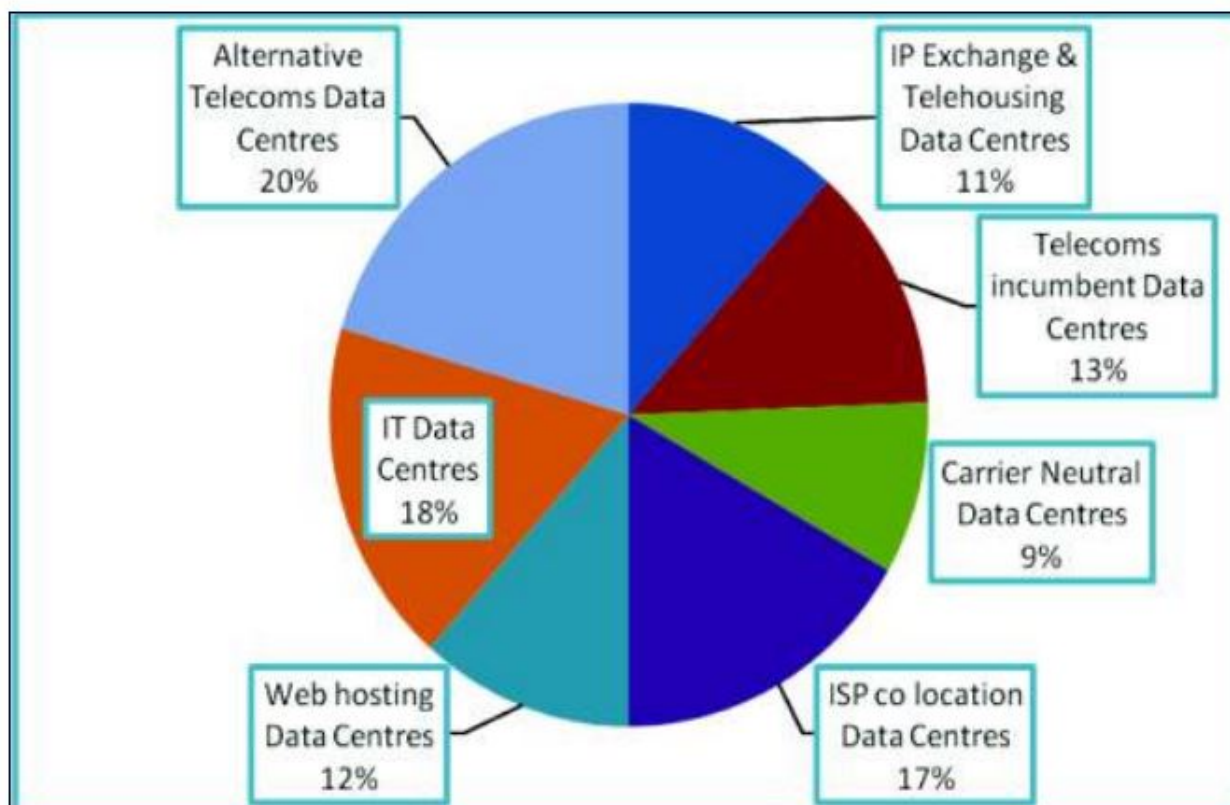
All You Ever Wanted to Know About Data Centres in Europe

Written by Bob Snyder
10 January 2014

Yep, Tariff Consultancy Ltd (TCL) compiles it all. Their Data Centre Pricing in Europe 2013-2018 report details the new growth in "Data Centre raised floor space" by an average of 10,000 square metres per month-- putting pressure on average price levels.

There will be mixed results for Data Centre providers over the next 5-year period, says TCL.

The main Data Centre Business Models in the Emerging Markets by percentage of facilities available



Average Data Centre pricing remains stable over time, with average standard rack space rates from 2010 to 2013 being broadly unchanged over the 23 countries surveyed. Over the 3-year period, average rack space pricing has fallen in 13 Country Markets, but has risen in 10 Country Markets. The price trend is forecast to continue from 2013 to 2018 with average pricing forecast to rise by 1.2% over the next 5-year period.

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But within the average pricing there are a wide range of rack space pricing based on the different types of Data Centre provider in each market. New entrants, Wholesale Data Centre, regional & local Data Centre providers are offering discounted rates disturbing the market equilibrium of supply and demand and lowering average pricing.

The entry of new large capacity Data Centre space in Switzerland & Norway has meant a decline in average pricing as supply exceeds demand. New Data Centre investment in Europe is still mainly focused on the established markets of France, the UK, Netherlands and Germany— all four Country Markets have 3rd party Data Centre raised floor space of over 300,000 square metres – and are seeing expansion in regional areas.

As existing clusters of Data Centre markets are becoming saturated new facilities are being established in surrounding areas are seeing new investment - accompanied with a decline in Data Centre price levels. But Data Centre facilities in the established cities of London, Frankfurt, Paris & Stockholm are priced at a premium to the rest of the market.

A range of Data Centre clusters are now developing in each European Country Market, with the UK, the Netherlands, France and Sweden seeing development in new facilities away from the capital city – typically the main source of Data Centre investment – driven by the availability of land, planning permission and lower development costs.

Despite the increase in Data Centre capacity the TCL Data Centre Pricing in Europe report finds that utilization levels for key providers (including Telecity Group, Equinix & Interxion) has remained stable, with each provider maintaining average gross margins – as the established Data Centre operator seeks to manage the introduction of new raised floor space strictly in line with customer demand. But the increase in new space is acting as a brake on new Data Centre pricing.

Across the 23 European Country Markets surveyed TCL finds that new 3rd party Data Centre space is being added at a rate of 10,000 square metres per month. In some markets – such as Norway – new Data Centre providers are adding substantial new space with the new Lefdal Mine Data Center alone having potential space of up to 120,000 square metres.

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Data Centre pricing in Europe is also being driven by investment in new high specification Data Centre facilities capable of delivering a range of services – with incumbent telecoms operators in Germany, Switzerland, Portugal, France & Spain investing heavily in new cloud computing and hosting facilities with multiple tiers of service, SLA and power levels.

And Carrier Neutral Data Centre providers are investing in new Premium Data Centre facilities with multiple data halls catering for different customer applications and levels of service.

Demand for Data Centre space is also being driven by requirements from telecoms, hosting, integrators & digital content providers who require 3rd party Data Centre space rather than build their own facilities.

But Data Centre providers can maintain a price premium in a market where there is a wide range of IP & network connectivity - including direct connectivity to the national IP exchange – and benefitting from a wide range of partners and digital content providers creating a unique ecosystem.

Additionally the provision of power is becoming a key factor in Data Centre selection as providers upgrade their facilities and price according to each kW of power consumed. In some Country Markets, such as Finland and Norway, Data Centre providers are using the low cost of industrial electricity as a key factor in marketing their Data Centre services.

This TCL report is based on 662 Data Centre providers, with 1227 facilities totaling over 2.7 million square metres of raised floor space. The report costs GBP 1995 for a single user licence. The PowerPoint Summary deck is also available separately for GBP 495 for users who purchase the report (or for GBP 795 if purchased separately).

Go [TCL Data Centre Pricing in Europe 2013-2018 report](#)