Europe Data Centres

FIGURE 1: Projected European market new supply and take-up 2024 versus 2023

Year	FLAPD New Supply	FLAPD Take-up	Secondary Market New Supply	Secondary Market Take-up
2024F	387MW	440MW	273MW	274MW
2023	467MW	511MW	94MW	93MW

Source: CBRE Research, Q1 2024; Secondary market category includes Berlin, Brussels, Madrid, Milan, Munich, Oslo, Stockholm, Warsaw, Vienna, and Zurich.

▲ 4,243MW
Colocation supply

▲ 523MW
Colocation availability

▼ 154MW
Colocation take-up

Note: Arrows indicate change from same quarter in previous year. For take-up, the figure represents a comparison of Q1 2024 versus Q4 2023.

Take-up to outstrip new supply in FLAPD for third consecutive year

In Q1, take-up (111MW) exceeded the new supply (108MW) delivered by providers across Frankfurt, London, Amsterdam, Paris and Dublin (FLAPD).

A supply-demand imbalance across FLAPD, the five largest markets in Europe, is projected for 2024.

This year, there are 440MW of take-up and 387MW of new supply expected in FLAPD.

The ongoing data centre space shortfall reflects the persistently strong demand from hyperscalers for data centre capacity in Europe.

The imbalance also highlights the difficulties faced by providers when trying to secure the necessary land, power, and planning to build data centres. Large American technology companies need capacity to ensure their needs are met in future and to keep precious supply away from their competitors.

Five 100MW+ European secondary markets expected by year-end

Demand for wholesale capacity from hyperscalers and local regulation are two factors leading to double-digit supply growth of Europe's secondary markets.

Cloud service providers are increasingly looking to deliver services to local markets from in-country, as opposed to in-region, and this is leading to growth of markets beyond FLAPD.

Enterprises are looking to outsource their equipment to trusted third parties as well.

As a result, CBRE expects double-digit supply growth in eight of the 10 secondary European markets tracked, such as Milan and Berlin, this year. Five of those markets, including Milan and Madrid, are expected to have more than 100MW of supply by year-end, compared to just two at the end of 2022. CBRE reports on 15 European markets quarterly or semi-annually.

Supply

There were 108MW of data centre supply delivered across the primary markets of Europe in Q1.

The capacity was split across Frankfurt (35MW), London (24MW) and Paris (49MW). There was not any capacity delivered in Amsterdam or Dublin.

The location of the new supply is largely reflective of the primary market supply dynamics. London and Frankfurt are easily the two largest markets in Europe, which means there are many customers looking for additional capacity. In Paris, there was more data centre space delivered last year than in any other primary market except for Frankfurt. The four largest hyperscalers need more supply to expand their cloud regions in the French capital.

The latest new supply figure in FLAPD was almost double the 56MW of capacity delivered to the 10 smaller, secondary markets of Europe tracked by CBRE.

Securing available power and appropriate land are the top challenges data centre providers are faced with when trying to meet the considerable demand from their largest customers in Europe.

FIGURE 2: New supply in Q1 and 2024F

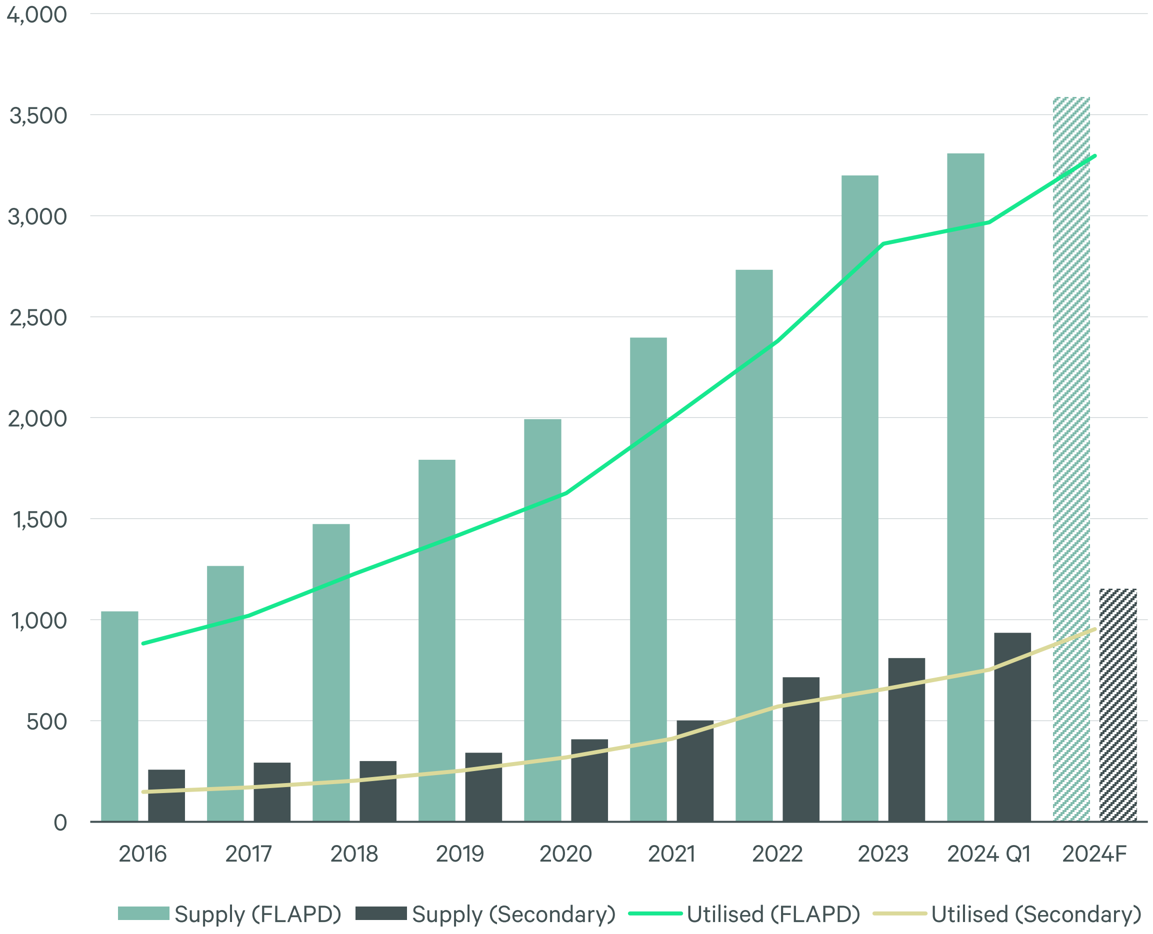
Market	Q1 New Supply	Full Year 2024
Frankfurt	35MW	140MW
London	24MW	96MW
Amsterdam	0MW	0MW
Paris	49MW	101MW
Dublin	0MW	51MW
Secondary markets	56MW	273MW

Key:

Q1 New Supply | Full Year 2024

Q1 and forecasted build activity

FIGURE 3: European market supply and utilisation, 2016–2024F (MW)



Source: CBRE Research, Q1 2024

Take-up

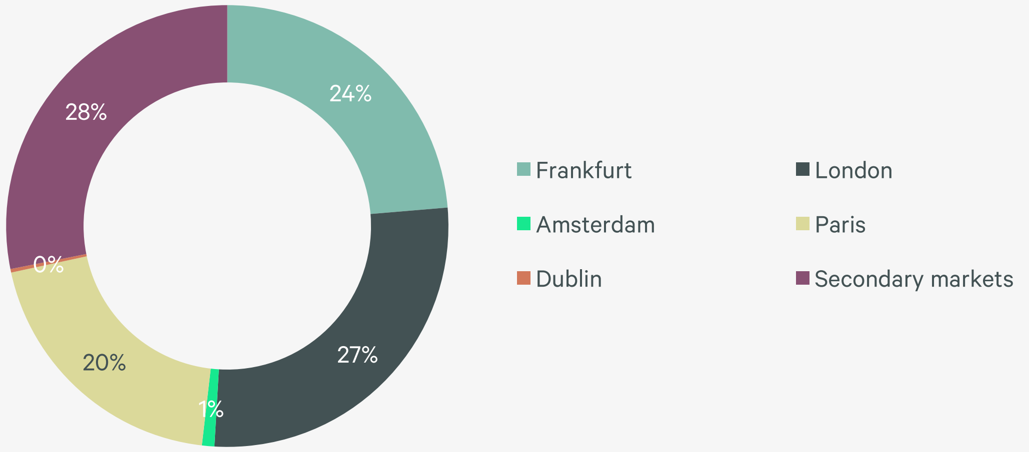
Take-up (111MW) exceeded new supply delivered in FLAPD in the first three months of the year.

Q1 take-up was less than half of the previous quarter (252MW), though a dip in demand was expected given exceptionally strong take-up in Q4 2023 (252MW).

Demand for data centre space in FLAPD this year is expected to reach 440MW – second only to last year's record total – as hyperscaler demand for capacity shows no signs of abating.

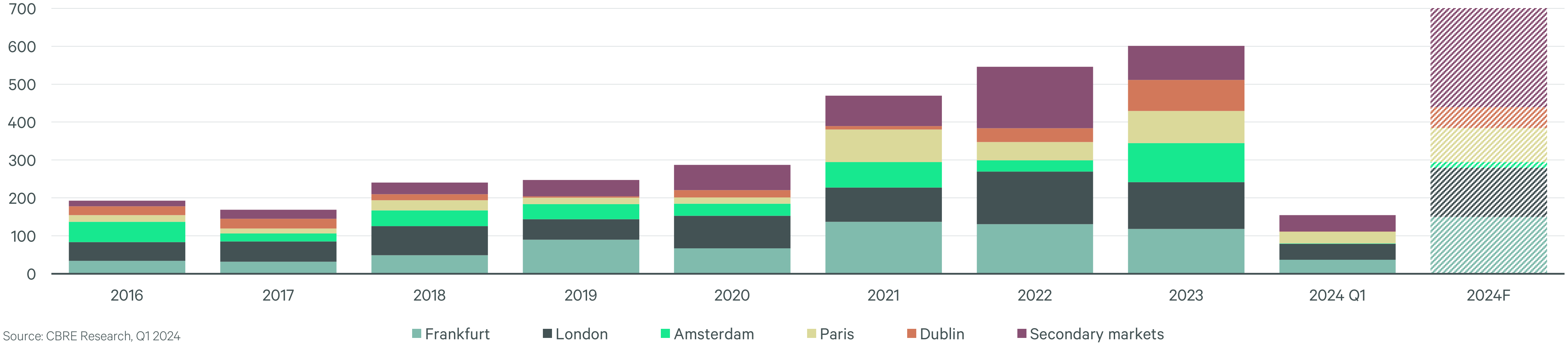
Take-up should continue to climb across the continent in years to come, given expected strong demand from hyperscalers. Artificial intelligence (AI) requirements from organisations should also drive additional demand. However, data centre providers are currently largely unable to accommodate those with AI-specific needs, due to a lack of AI-ready facilities, a shortage of necessary chipsets, and little available power across Europe.

Figure 4: Take-up by market, Q1 2024



Source: CBRE Research, Q1 2024

FIGURE 5: European market take-up (MW), 2016–2024F



Source: CBRE Research, Q1 2024

Pre-lets

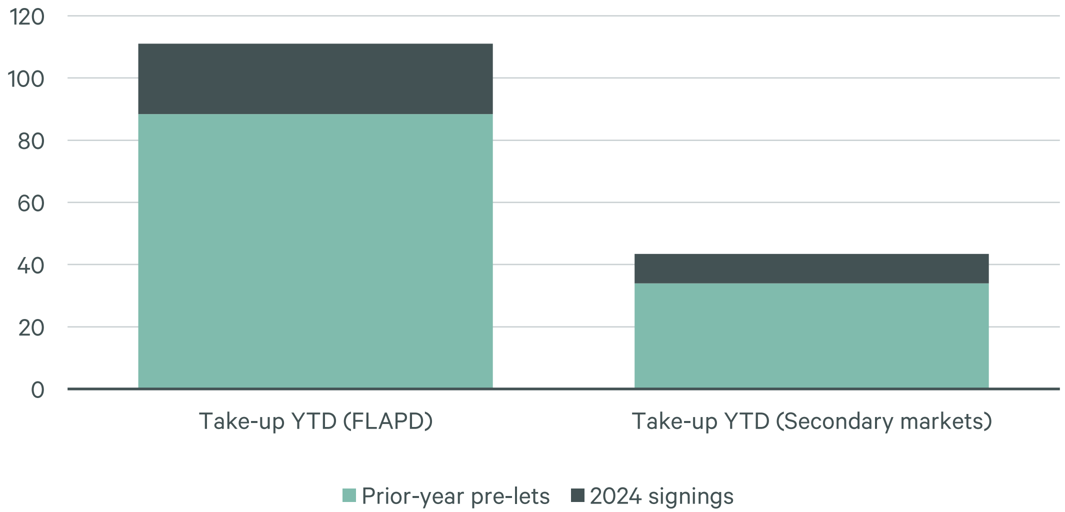
Pre-lets are factoring more prominently into the colocation data centre markets of Europe than ever. Available capacity is on the decline and hyperscalers want to ensure they have the supply required that will allow them to realise their growth in future.

As such, prior-year pre-lets are expected to represent about 72% of take-up (512MW) this year across the 15 markets tracked by CBRE.

In the FLAPD markets, more than two-thirds of take-up (68%) in 2024 will be the result of prior-year pre-lets.

In the secondary markets tracked by CBRE, about 77% of the expected annual take-up total, or 212MW, will be from prior-year pre-lets this year. Prior-year pre-lets represent deals signed prior to 2024 but were recorded as take-up in Q1 or will represent take-up this year.

FIGURE 6: European market YTD take-up by 2024 signings and prior-year pre-lets (MW)



Source: CBRE Research, Q1 2024

Q1 activity

Frankfurt	The financial capital of Germany will arguably be Europe's tightest market this year. Frankfurt is expected to have its greatest year of annual take-up (150MW), which will leave it with sub-5% vacancy, the lowest of any market tracked by CBRE.
London	Despite the rising cost to let capacity, there were 42MW of take-up recorded in Q1, higher than any other European market tracked by CBRE. There are 130MW of take-up forecasted in London this year.
Amsterdam	Take-up in 2024 is expected to be a fraction (15MW) of last year's total (102MW). There is no new supply expected in Europe's third largest market this year, which means there will be limited uptake of data centre space in Amsterdam given low availability.
Paris	Demand for capacity in Paris is expected to remain strong for the foreseeable future as hyperscalers continue to develop their availability zones. Q1 was a case in point; there were almost 31MW of take-up recorded.
Dublin	There are 55MW of take-up expected this year, a figure that will outstrip supply this year as data centre providers struggle with an inability to apply for new power from EirGrid, the country's electricity grid operator.
Secondary markets	There were just over 43MW of take-up recorded in Q1 across the 10 secondary markets of Europe tracked by CBRE. Almost 90% of the expected 274MW of take-up in 2024 will be realised in Berlin, Madrid, Milan, Oslo, and Warsaw.

Vacancy

- Availability of data centre space and vacancy rates are expected to fall for the third consecutive year in the primary markets of Europe largely due to a shortage of stock to meet strong hyperscaler demand.
- Availability is falling faster in the five largest markets of Europe than it is in the 10 secondary markets of Europe, such as Milan and Madrid.
- CBRE expects the vacancy rate of Europe's five largest markets to be 8.1% by the end of 2024. If this forecast materialises, it will be the first time the vacancy rate finishes below the 10% mark. This is also less than half the vacancy rate at the end of 2021 (16.6%).
- In the secondary markets of Europe, CBRE expects the vacancy rate to be 16.6% by year-end, about a percentage point and a half lower than the rate at the end of 2021.
- Vacancy rates in the largest metro markets of Europe are usually lowest in the areas where capacity is in greatest demand. Typically, hyperscaler availability zones reside within those submarkets, such as Slough in the western corridor of London.

FIGURE 7: European market availability, 2016–2024F (MW)

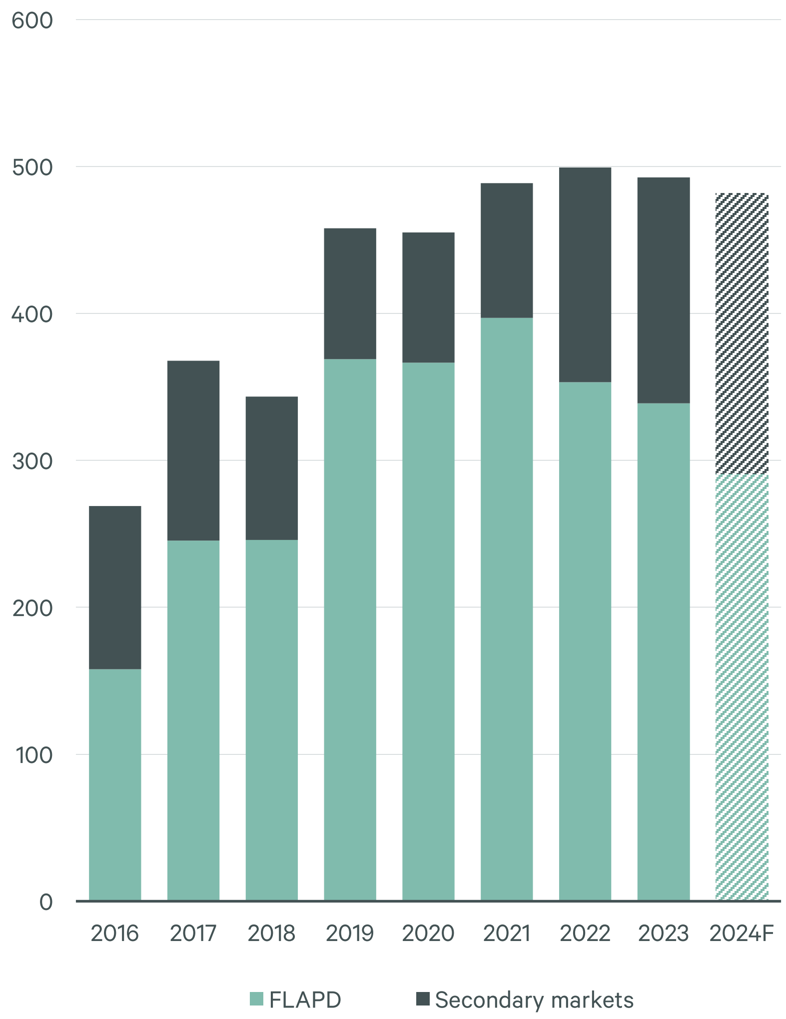
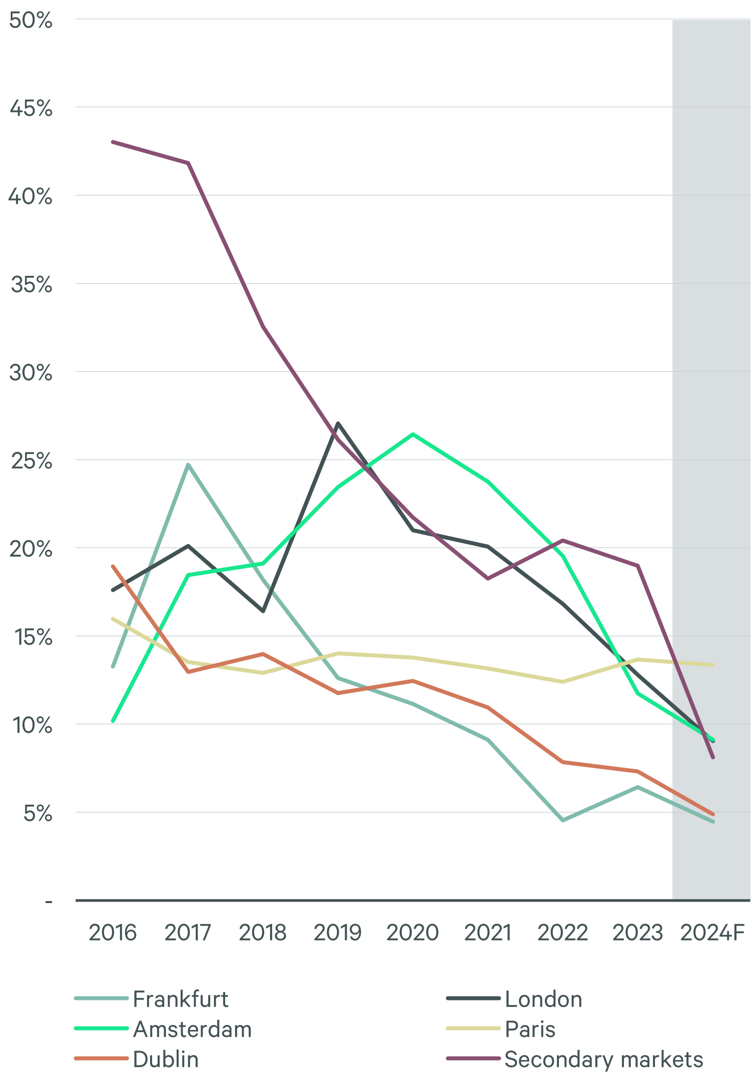


FIGURE 8: European market vacancy rates, 2016–2024F



Source: CBRE Research, Q1 2024

Market focus: London

London is a market of significant interest for hyperscalers and enterprises even though available data centre capacity is dwindling year-on-year in the capital city.

Hyperscalers need capacity to develop cloud regions, and enterprises need additional data centre space to support the delivery of digital services amongst other purposes.

Demand in London is likely to grow as start-ups, enterprises, and GPU-as-a-service providers look for data centre space that can handle compute-intensive AI requirements in the years to come.

Accommodating those requests is increasingly difficult for providers given the lack of capacity, shortage of available power for new facilities, and small number of AI-ready data centres in London. Hyperscalers and enterprises are unlikely to find the power they need in the largest submarkets. There is, however, greater availability of power in areas well outside Greater London where more enterprises may choose to have their equipment located given lesser available supply.

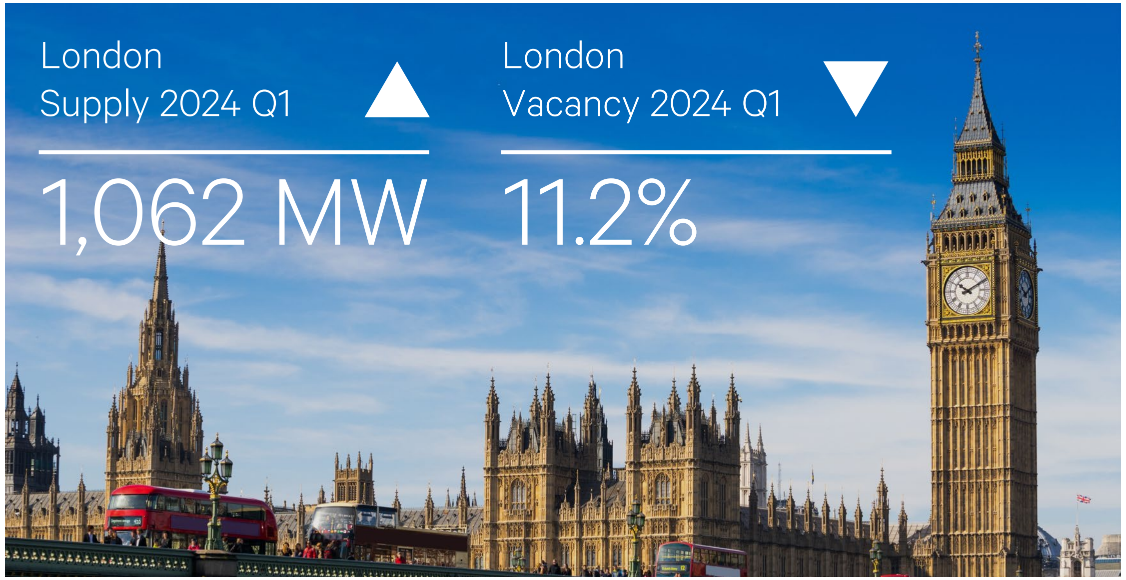
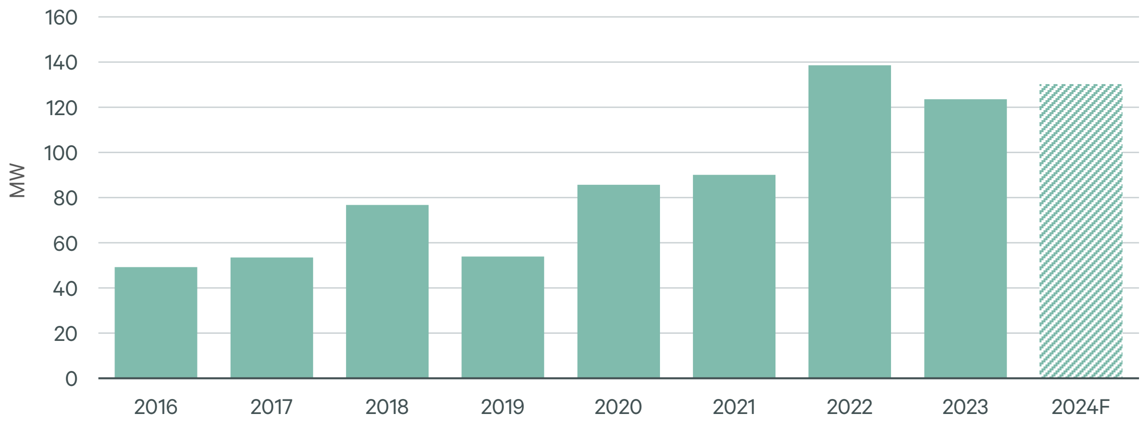
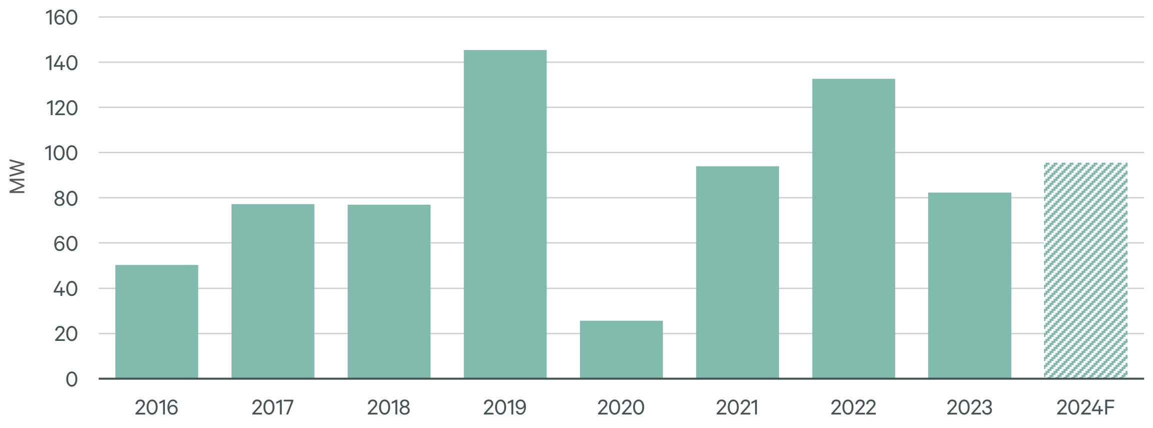


FIGURE 9: London take-up, 2016–2024F



Source: CBRE Research, Q1 2024

FIGURE 10: London new supply, 2016–2024F



Source: CBRE Research, Q1 2024

CBRE's premier colocation report

CBRE has created the sector's Premier Colocation Report to provide the industry with the most in-depth market analysis in Europe. The report provides access to the key metrics specific to each FLAPD market on a quarterly basis.

The report is comprised of take-up, supply, availability, absorption (all of which are forecasted) as well as market maps, new schemes in the supply pipeline, colocation pricing (rental ranges) and occupier and investment commentary.

For more details on the PCR service, please click here

Contents		Figures	PCR
Supply	Aggregated, annual and YTD – chart	✓	✓
Let and available capacity	Aggregated, annual and YTD – chart	✓	✓
Take-up	Aggregated, annual and YTD – chart	✓	✓
High-level market commentary and quarterly highlights		✓	✓
Key metrics	by market, current quarter – table		✓
Supply	by market, annual and YTD – chart		✓
Let and available capacity	by market, annual and YTD – chart		✓
Take-up	by market, annual and YTD – chart		✓
Net absorption	by market, annual and YTD – chart		✓
Supply projection, 2 years	by market, annual – chart		✓
Vacancy projection, 2 years	by market, annual – chart		✓
Take-up projection, 2 years	by market, annual – chart		✓
Market balance analysis	by market, annual and YTD – chart		✓
Supply pipeline, 2 years	by market – table		✓
Market map: key colocation hot spots in the market	by market – map		✓
Colocation pricing	by market, annual and YTD – table		✓
Detailed market commentary and quarterly highlights			✓
Occupier focus			
Occupier take-up review and trends			✓
Colocation pricing analysis			✓
Leading market focus			✓
Investment focus			
Corporate M&A tracker			✓
M&A market commentary			✓
Investment market commentary			✓
+ All charts and data available by individual market			✓
+ Data table with time series available for all charts			✓
+ Wholesaler and retailer split where appropriate			✓
+ Data tables available in Excel for in-house design and analysis			✓

Definitions

Supply

Retailer colocation supply comprises fitted data centre space only – unbuilt shell phases of the data centre are excluded.

Wholesaler colocation supply includes both fitted and shell data centre space. Typically, wholesale operators sell shell space which is built out to suit customers.

Availability

Retailer availability of space is based on fully fitted space, vacant and available to sell.

Wholesaler availability is based on all vacant space.

Market absorption

Market absorption is the number of years it would take current vacant supply to be fully let based on the fixed average take-up of the previous five years (i.e. not including take-up in the current year).

Vacancy rate

The vacancy rate is reflective of availability as a percentage of total supply.

Take-up

Take-up comprises data centre capacity sold at retailer and wholesaler colocation facilities in the relevant quarter where that capacity is in our supply figures. Capacity that will be recorded as supply in future is considered “pre-leased”.

Space type

Shell: Shell and core space is the base real estate of a data centre, a wind and watertight structure with exposed floor and ceiling slabs and exposed finishes to the walls. The landlord obtains permissions for data centre use and makes provisions for tenants to install their own chillers and back-up power generating equipment, or the landlord would provide these on a build-to-suit basis.

In addition, an incoming diverse raw HV (high voltage) power supply would usually be provided.

Fitted: Fully fitted space is ready for tenant IT equipment to be installed almost immediately or subject only to minor works being carried out to account for bespoke equipment and layouts.

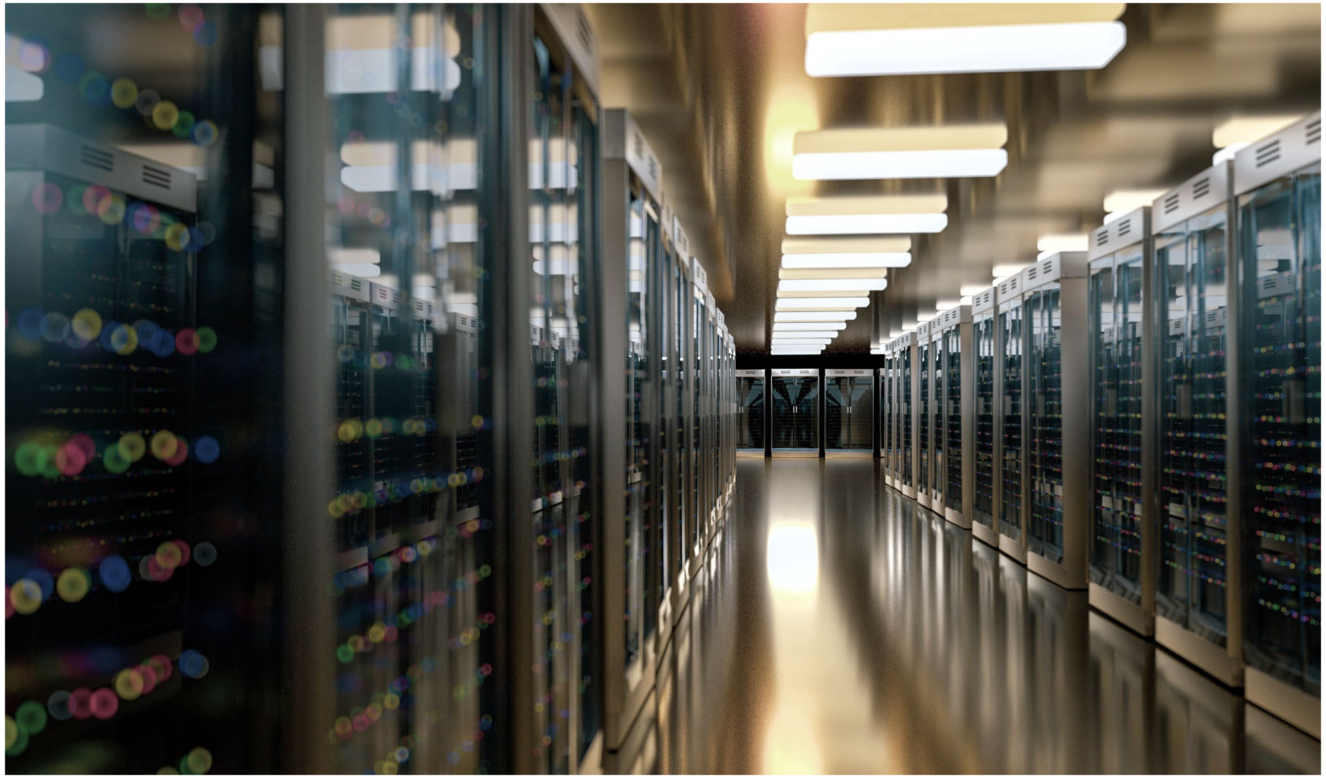
FLAPD and Secondary Markets

The five largest colocation markets in Europe. FLAPD is an acronym used to represent Frankfurt, London, Amsterdam, Paris and Dublin collectively. Secondary markets tracked and reported on by CBRE in this report are Berlin, Madrid, Milan, Munich, Stockholm, Warsaw, Vienna and Zurich.

Headline signings

Headline signings are a measure of capacity signed by an operator during any period of time.

Europe Data Centres



CBRE Data Centre Solutions

CBRE formed a Data Centre team in 1994 to address the specialised technical real estate needs of high-tech firms such as telecommunications companies, data centre operators and corporates.

Core technical real estate services provided by the CBRE Data Centre Solutions team include:

- Acquisition – One-off assignments, worldwide network rollouts
- Disposal – One-off assignments, multi-site marketing campaigns
- Investment – Due diligence and transactional services
- Consultancy – Consolidation strategies, mergers & acquisitions
- Asset Valuation – Bank, corporate
- Project management, development monitoring, due diligence, building and M&E surveys
- Research – Market statistics, forecasting
- IT Consultancy

CBRE has monitored worldwide colocation supply statistics since 1999. This bulletin relates only to the four largest European Colocation markets. Additional market statistics are available on request.

To learn more about CBRE Data Centre Solutions group, please visit:

www.cbre.co.uk/services/industries-and-specialties/data-centre-solutions

To access additional research reports, please visit the Global Research Gateway at:

www.cbre.com/researchgateway

Contacts

Andrew Jay

Head of Data Centre Solutions,
Advisory & Transaction Services, Europe
D: +44 (0) 20 7182 3461
M: +44 (0) 7802 361 351
E: andrew.jay@cbre.com

Kevin Restivo

Head of Data Centre Research,
Advisory & Transaction Services, Europe
D: +44 (0) 20 3257 6669
M: +44 (0) 7876 742 554
E: kevin.restivo@cbre.com

Tasos Vezyridis

Executive Director
Head of Thought Leadership for Europe
D: +44 (0) 20 7182 8550
M +44 (0) 7342 079 387
E: tasos.vezyridis@cbre.com