



Investors expect boom in European data centres in the next two years

- Value of investment into European data centres set to increase in the next 24 months
- 2018 was a record year for investment in Europe's data centres, with 2019 expected to see even higher levels of investment
- Brexit uncertainty has had a significantly negative impact on the data centre infrastructure market

The vast majority (92%) of debt and equity investors surveyed expect the overall value of investment into Europe's data centre infrastructure to increase over the next 24 months, according to research commissioned by DLA Piper and published today.

Data centres are used by organisations for the remote storage, processing and distribution of large amounts of data and are currently estimated to use 3-4% of world's power¹. According to DLA Piper's report *European Data Centre Investment Outlook: Opportunities and Risks in the Months Ahead*, investors anticipate an investment increase in data centres of between 10% and 29% over the next two years.

Data from Acuris in the report shows that the first half of 2019 has already seen a notable rise in investment - with EUR1 billion flooding into the data centres market in H1 alone, compared with a total of EUR1.5 billion for the whole of 2018.

Data centre investment levels in Europe have been impacted by Brexit uncertainty. All respondents agreed that it has negatively impacted the data centre infrastructure market since June 2016, with 56% of equity investors going as far as to say that the negative impact has been 'significant'. On the flip side, the continuing weakness of the sterling means UK assets may look like a bargain for Eurozone investors.

In an increasingly interconnected world, with an ever-expanding need for data storage facilities, respondents are expecting rent charges to increase for data centres with superior technology, with over a third expecting the increase to be 10% or more.

The majority of respondents chose Germany as the European country that will see the biggest growth in data centre project investment over the next 24 months. Investors also expect the UK to see some of the biggest investment growth in the industry, followed by the Netherlands and France.

Commenting on the findings, partner and head of the Infrastructure sector, EMEA and Asia Pacific, at DLA Piper, Martin Nelson-Jones, said: "Investment into European data centres has spiked recently, with transaction values reaching a new high. Figures for the first half of 2019 suggest strongly that another record year could be in sight. While not without risks, data centres are attractive to many infrastructure investors."

Intellectual Property & Technology partner at DLA Piper, Anthony Day, said: "What makes data centres so attractive to many investors? Strong fundamentals help. While data centre investment can involve a higher level of risk as compared to other types of infrastructure assets, demand for big data, cloud computing, artificial intelligence and the Internet of Things is rising significantly. The macro trend is that these technologies drive significantly increased demand for data and digital services and, by extension, the buildings and equipment that make them possible."

European Data Centre Investment Outlook: Opportunities and Risks in the Months Ahead is published today by DLA Piper in conjunction with Acuris. [The full report can be downloaded here.](#)