



FOREWORD



Welcome to our new look European Data Centre Market Review. I am very proud of the evolution of our research document over recent years and this, our latest launch, provides further depth to our existing industry-leading analysis.

Through our research we continue to provide you with the most comprehensive analysis of data centre space in Europe. But, whilst our market knowledge is extensive, our commitment to client confidentiality prevents us from publishing much of it. Consequently we have partnered with the industry-leading news and information provider, iXNewsSearch, to bring you a unique market opinion piece developed from publicly available information.

CB Richard Ellis's ability to provide timely and comprehensive research of the data centre market has been vital to our ability to consistently deliver measurable results to our clients and is reflected in the growth of our team which is now the world's largest consisting of the best and the brightest individuals.

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EUROPEAN DATA CENTRES MARKET OPINION



APRIL 2008

HOT TOPICS

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2007 has undoubtedly been a successful year for the data centre industry in Europe. In a period that saw CBRE-monitored take-up reach record levels across the five major centres, we have witnessed major European investment from global data centre developer **Digital Realty Trust**; the £270 million take-over of **iXEurope** by data centre owner **Equinix**; and the continued enthusiasm of colocation providers to increase their footprint across the European landscape.

But will the data centre market be able to weather the stormy economic clouds that have settled over Europe in the wake of the global credit crisis?

HIGHLIGHTS

- Technical real estate developers and investors have ramped up their European investment plans in response to the continued rise in demand for stock
- Strong take-up of data centre space has benefited the carrier neutral and carrier tied colocation markets, as well as leasehold and freehold real estate developed for owner occupation
- Activity amongst carriers and systems integrators provides evidence of a buoyant managed network and services market driven by the continued growth and adoption of internet-based services
- Data centre stock should continue to rise across European markets in 2008 as colocation operators complete development and expansion aspirations
- Industry surveys suggest demand will continue, but instability in the global economy will dampen this. Some UK developments in the planning stage may struggle to attract enough demand
- Users are becoming more aware about what they require from their data centres and the industry continues to develop tools to educate them
- Growing concerns about energy shortage and rising prices of electricity will remain one of the key factors of data centre occupation
- There is likely to be a continued demand for new data centres which are more suited to the requirements of changing technological innovation especially in regard to high-power density environments and green energy issues

COLOCATION EXTENDS FOOTPRINT

In 2008 data centre stock from Shell to Fully Fitted should continue to rise across European markets, as colocation operators complete development and expansion aspirations. **Interxion** are set to continue their €90 million investment programme, which they forecast will have added around 140,000 sq ft of net sellable space over the 2007/2008 period. This includes new centres in Amsterdam and Frankfurt, with extensions to London, Brussels and Madrid facilities; having already increased its Paris capacity by 35,000 sq ft in the third quarter of 2007. **Global Switch** has also shown its faith in the Paris market by announcing an expansion of its current facility by 80,000 sq ft in the first quarter of 2008.

Telecity is developing new facilities in Acton, West London (50,000 sq ft) and Amsterdam (40,000 sq ft) which are due for completion in Q2 2008, as well as expanding its current London City facility (inherited as part of the **Globix** take-over) to take high-power density environments. Meanwhile, **Telehouse Europe** recently announced that as part of global expansion funded by parent company **KDDI**, it is to invest £80 million in a new 8-storey, 130,000 sq ft facility adjacent to its two existing data centres in London's Docklands by 2010. In addition they also plan to build a new 160,000 sq ft facility on the outskirts of Paris.

Equinix (né **IXEurope**) have not been left behind. Mid 2007 saw commitment to Phase 2 of their London 4 facility in Slough, doubling their current 50,000 sq ft of technical space, whilst they confirmed investment in expanding their Paris 2 and Frankfurt 2 facilities by 43,000 sq ft and 17,000 sq ft respectively. February's announced purchase of Netherlands based **Virtu Secure Webservices** also provides them with facilities in Enschede (13,000 net sq ft, approximately 40% occupied) and Zwolle (5,400 net sq ft, approximately 80% occupied), as well as a new facility in Amsterdam (formerly an **ING** data centre) that is expected to make available 30,000 sq ft of space by mid-year.

DEVELOPERS AND INVESTORS ACTIVE

With the continued rise in demand for stock, technical real estate developers and investors have ramped up their European investment plans. Most notably American-based **Digital Realty Trust** continued their European drive, acquiring Foxboro Business Park, a three-building complex in Redhill, Surrey, which will be developed to provide increased data centre capacity of over 60,000 sq ft. The deal comes on top of its late 2007 purchase of Cressex 1, High Wycombe offering 20,000 sq ft of raised floor space along with 15,000 sq ft of office/business continuity, and their €19 million investment in the 100% leased Naritaweg 52, Amsterdam property. In addition, UK-based **Sentrum** have just announced that planning permission has been obtained for their 200,000 sq ft facility south west of London, adding to its portfolio of three fully-let sites to the north and south of the capital.

CARRIERS AND SYSTEMS INTEGRATORS CONTINUE EXPANSION

And its not just carrier neutral colocation operators and developers that have been keen to expand their portfolios. Activity amongst carriers and systems integrators also provides evidence of a buoyant managed network and services market driven by the continued growth and adoption of internet-based services, day to day business applications and on-line leisure activities.

Both London and Amsterdam saw data centre commitments from carrier **Colt Telecom** - 90,000 sq ft and 15,000 sq ft respectively, **Lambdanet** increased its Munich and Stuttgart data centre area by a total of 8,000 sq ft, whilst **Savvis** announced plans to build a facility which could give them up to 50,000 sq ft of net technical space west of London. In addition, **AT&T** has pledged expansion in London and Amsterdam as part of its US\$750 million investment in its international infrastructure announced earlier in 2007. **Verizon Business** opened its 23rd premium colocation centre in Frankfurt in the last quarter of the year. The start of 2008 has also seen **KPN** team up with property development company **Borchveste** to develop 50,000 sq ft of net technical space in Almere, a city to the east of Amsterdam.

Notably outside of the five major centres, Dublin has been the focus of activity, which has seen the likes of **IBM**, **Microsoft** and **Data Electronics** add to their data centre footprints. In addition, **Digital Realty Trust** has also invested in over 250,000 sq ft of Dublin stock over 2007, most recently letting their 125,000 sq ft of newly developed facility to telecoms incumbent **Eircom**.

STRONG COMPANY TAKE-UP

The enthusiasm for data centre build-out across the European markets has been underpinned by strong company take-up through 2007. Carrier neutral and carrier tied colocation space, as well as leasehold and freehold schemes developed for owner occupation have all benefited from this. Whilst the very nature of the business carried out in data centres often precludes the details of such deals finding their way into the public domain, some key examples have provided an insight in to the enterprises leading demand.

Four of the largest individual take-up deals recorded by CBRE's quarterly research over 2007 have involved investment banks. **Citi Group** has earmarked investment of €170 million to build, what is claimed will be, one of the world's "greenest" data centres in Nieder-Eschbach, Frankfurt. Meanwhile, **Digital Realty Trust** contracted with **HSBC** to develop and operate the bank's third London data centre, and **Deutsche Bank** signed up with **Sentrum's** facility to the south of London.

The largest CBRE-monitored transaction in the UK market in 2007 was an American investment bank contract with **SEGRO** for the leasehold interest in a development on the Slough Trading Estate. They joined the previously mentioned **Savvis** as well as **Rackspace** who took a building that will give them over 50,000 sq ft of net technical space. **Equinix** were already on the site and announced that nearly £70 million gross of colocation contracts over the last 15 months will be housed in their newly developed facility.

DEMAND TO REMAIN HEALTHY

Evidence supports the opinion that we will continue to see healthy levels of demand for data centre space in Europe in 2008, albeit below the heights of 2007. Surveys from **Digital Realty Trust** suggested that 80% of European decision making respondents planned to expand their data centres within the next two years, with **Adapt** reporting that 45% of those surveyed in the finance and banking sectors are forecasting an increase in server colocation over 2008.

DataCentreDynamics annual survey of London conference goers projected an estimated £1.45 billion this year would be spent on improving and increasing facilities with the emphasis moving towards refits and outsourcing. **Colt Telecom** reported that three quarters of all UK based respondents expected to increase their use of third party data centres.

Taking into account the instability in global economies and the resulting "credit crunch", there is a risk that demand levels, particularly around the London market, will not be sufficient to support all schemes. Some schemes that have yet to secure "anchor tenants" may struggle through 2008. Therefore, whilst European developers are expected to remain active overall, it is unlikely that all currently marketed schemes will come to fruition this year. However, if economic conditions stabilise or improve and corporate IT spending continues, demand for data centre space across the European markets could remain buoyant.

DRIVERS INFLUENCING DEMAND

Users are becoming more aware about what they require from their data centres and the industry continues to develop the tools that are helping to educate them. For example the **Uptime Institute** has recently expanded their data centre tier rating system, the **US Environmental Protection Agency's** Energy Star programme has developed its data centre rating and the **Green Grid** continues to grow its influence in standardising IT green metrics. All of these are likely to mean more educated users requiring newer more efficient and eco-friendly data centre space.

One theme that is likely to become increasingly important is the influence of ageing data centres. A recent survey by **Aperture Research Institute** of more than 600 data centre facilities worldwide found that more than a third of organisations surveyed said that their existing data centres were over four years old. There is therefore, likely to be a continued demand for new data centres which are more suited to the requirements of changing technological innovation especially in regard to high-power density environments and green energy issues. Interestingly, according to the **US Department of Energy**, 87% of today's server rooms in the US were actually built before 2001, when the average data centre build only supported 1kW per rack. Today's requirements demand from 8kW to 10kW, and, according to **Gartner**, could rise to over 18kW by 2011.

Hand in hand with this is the issue of power and its cost for the industry. According to the **Environmental Protection Agency** in the US, the number of installed servers is expected to grow to 15 million by 2010 and data centre energy consumption is predicted to be 110 billion kW hours. Although this example is US specific, the trend remains true for Europe. The cost implications of increasing power and a requirement to meet green standards has led some to consider data centre solutions away from traditional commercial centres to locations further afield which offer either sustainable energy creation options or "natural cooling" alternatives.

Google is reported to be in negotiations with the Lithuanian government about locating a data centre near a hydro power plant in the Kaisiadoriu district of central Lithuania. Meanwhile, **Microsoft** has signed a memorandum of understanding with the regional Siberian government, potentially taking advantage of natural cooling and cheap hydro power. It remains to be seen if either of these schemes are actually built out.

However for occupiers from western Europe, it may be that the answer is closer to home. Most recently, Scotland has been suggested as a location which could

benefit from increased investment in wind power to help develop its data centre industry. In Switzerland, **Yahoo** has acquired nearly 400,000 sq ft of land in Avenches for a European data centre because of cheaper power costs. For more adventurous types, Iceland could also prove to be the answer with its geothermal and hydro power provision ticking the right green boxes. **Invest in Iceland** is actively encouraging companies to locate their data centres in the country on the basis of cost competitiveness, fibre connectivity and renewable power resource. Meanwhile, **Verne Holdings**, a joint venture by **General Catalyst** and **Novator**, signed an agreement with national energy company **Landsvirkjun**, **Farice** and **Keflavik Airport Development Corporation** last month to establish a €200 million data centre by Keflavik International Airport.

Whether enterprises looking for new European data centre locations will seriously consider these options remains to be seen, but growing concerns about energy shortage and rising prices of electricity make green energy an attractive option for all companies, and this is likely to remain one of the key drivers to supply and demand trends over the long term.

Authored by Jonathan Heap, Director iXNewsSearch

All commentary in this Market Opinion has been extracted from publicly available information.



iXNewsSearch is the leading daily news research service developed for organisations with a strategic interest in the data centre and mission critical facility industries. Groundbreaking at its inception in 2001, the interactive e-mailed document is packed with global news providing invaluable and timely insights into the business of data centres.

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European Data Centres

FOURTH QUARTER 2007



157,610 sq m (1.7 million sq ft) of take-up in 2007

Retail and wholesale CNH markets growing strongly

Continued success for London

Strong quarter and year for Frankfurt market

EXECUTIVE OVERVIEW

2007 outperformed even the most optimistic of projections, with 157,610 sq m (1.7 million sq ft) of take-up over the year. Take-up for 2007 was 33% higher than the combined total of the previous two years and shows year-on-year growth of 148%.

Total stock levels in the Carrier Neutral Hotel (CNH) market rose by 7% on the previous quarter to 571,405 sq m (6,150,600 sq ft) following the addition of new facilities in London. Total stock is now 11% higher than one year ago.

CNH availability rose by 14% to 161,750 sq m (1,741,100 sq ft) in Quarter 4 as a result of the additional stock but is 14,800 sq m (159,300 sq ft) lower than a year ago. As such, CNH market vacancy stood at 28.31% with a fully-fitted vacancy rate of 12.12%.

Total market take-up for Quarter 4 was 51,870 sq m (559,000 sq ft). This showed an increase of 28,895 sq m (311,000 sq ft) on the previous quarter, driven by two large shell deals in the London market.

Take-up in Quarter 4 was split between the CNH market 18,490 sq m (199,000 sq ft) (36%) and the shell market 33,380 sq m (360,000 sq ft) (64%).

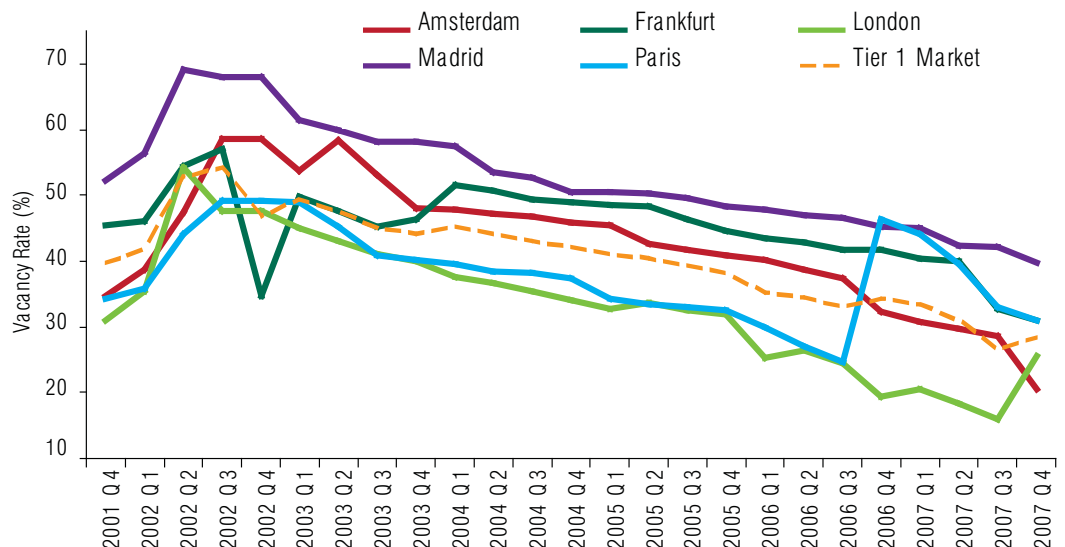
In addition to the significant take-up in London, the Frankfurt market enjoyed the most growth, rising from 7,060 sq m (76,000 sq ft) in 2006 to 41,900 sq m (451,000 sq ft) in 2007, an increase of nearly 500%. 51% of this was in a single shell transaction.

In terms of the outlook for 2008, the effects of the credit crunch will impact on demand from the investment banking sector, with requirements reducing as headcount falls. However, the underlying demand drivers for data centres remain true, with an ever increasing reliance on IT and the need for additional processing power. We expect to see a slow start to the year in terms of take-up, and a reduction on 2007's total. The concern is that in light of this, an excess of new buildings coming to market would upset the supply/demand equilibrium. Difficulties in the credit market should help to offset this.

QUARTER TRENDS AT A GLANCE

Total Stock	↑
Take-up	↑
Availability	↑
Vacancy	↑

GRAPH 1: CNH VACANCY RATE (%) PER TIER 1 MARKET



MARKET OVERVIEW

CNH Supply

In Quarter 4, CNH stock rose by 36,770 sq m (395,800 sq ft) to 571,405 sq m (6,150,600 sq ft). This increase was due to new stock coming to market in London. Of total stock, 375,620 sq m (4,043,200 sq ft) (66%) was fully-fitted space, 62,310 sq m (670,700 sq ft) (11%) was central services space and 133,475 sq m (1,436,700 sq ft) (23%) was shell & core space.

Total stock was apportioned across the five Tier 1 cities as follows: 237,990 sq m (2,561,700 sq ft) (42%) in London; 165,255 sq m (1,778,800 sq ft) (29%) in Frankfurt; 81,455 sq m (876,800 sq ft) (14%) in Paris; 52,565 sq m (565,800 sq ft) (9%) in Amsterdam and 34,140 sq m (367,500 sq ft) (6%) in Madrid.

Compared with the same quarter of last year, total stock has risen by 55,080 sq m (593,000 sq ft). This is due to new supply that has been brought to the market in London and Paris. We expect supply in these markets to continue to grow and, additionally, to see new facilities in Amsterdam and Frankfurt in 2008.

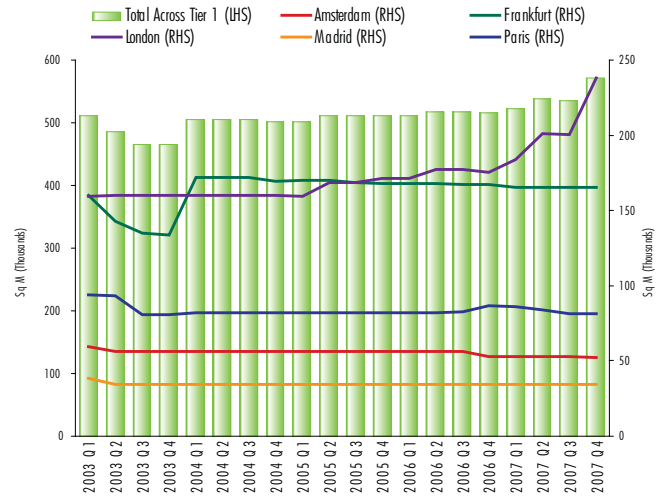
Market Take-up & Demand

Total market take-up for Quarter 4 was 51,870 sq m (559,000 sq ft) which represents an increase on the previous quarter of 125%. The majority of take-up was in the shell market – 33,380 sq m (360,000 sq ft) (64%) – all of which was in London. The remainder was in the CNH market – 18,490 sq m (199,000 sq ft) (36%).

CNH take-up was apportioned as follows: 8,360 sq m (90,000 sq ft) (45%) in London; 4,090 sq m (44,000 sq ft) (22%) in Frankfurt; 3,345 sq m (36,000 sq ft) (18%) in Amsterdam; 1,670 sq m (18,000 sq ft) (9%) in Paris; and 1,020 sq m (11,000 sq ft) (6%) in Madrid.

The extent of Quarter 4 take-up, fuelled by the large shell transactions in London, meant that 2007 ended as a record year in terms of total market take-up. In addition to London, Frankfurt also benefited from a large single-let wholesale transaction in 2007.

GRAPH 2: TOTAL CNH STOCK PER TIER 1 MARKET



GRAPH 3: SOURCE OF QUARTER 4 TOTAL TAKE-UP

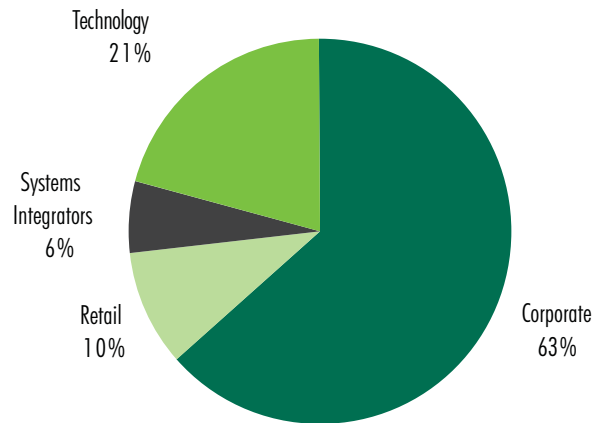
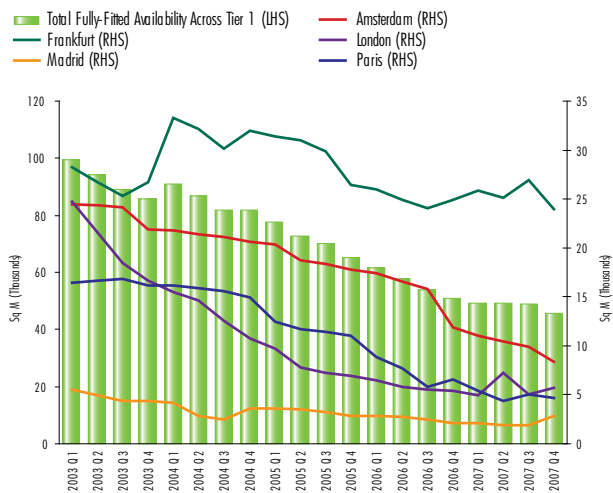


TABLE 1: TOTAL TAKE-UP ANALYSIS

Take-up (Sq M)	Q4 2007	Q3 2007	Total 2007
Amsterdam	3,330	610	5,360
Frankfurt	4,110	13,850	41,910
London	41,810	4,860	96,330
Madrid	980	130	2,320
Paris	1,640	3,620	11,690
Total	51,870	23,070	157,610

GRAPH 4: FULLY-FITTED CNH STOCK AVAILABLE PER TIER 1 MARKET

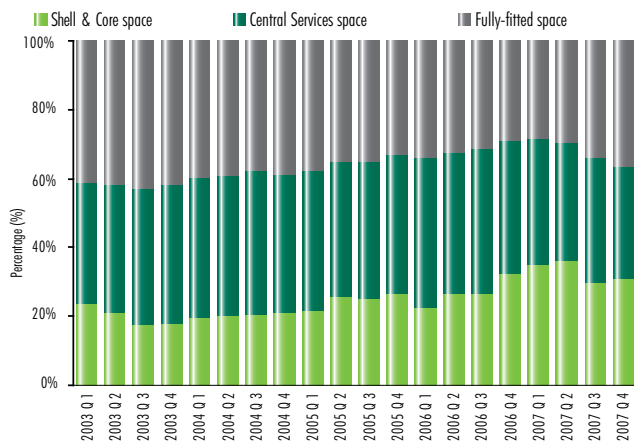


In terms of the source of this quarter's take-up, 32,885 sq m (354,000 sq ft) (63%) was to corporates, 10,870 sq m (117,000 sq ft) (21%) was to the technology sector, 5,015 sq m (54,000 sq ft) (10%) in retail transactions and 3,160 sq m (34,000 sq ft) (6%) to systems integrators.

The corporate sector has continued to drive demand in 2007 with overall corporate take-up of 87,795 sq m (945,000 sq ft) (56%) and the remaining take-up comprising: technology sector 41,900 sq m (451,000 sq ft) (27%); retail transactions 15,235 sq m (164,000 sq ft) (10%); and systems integrators 12,730 sq m (137,000 sq ft) (8%).

Corporate take-up for 2007 represented 56% of total take-up, and has remained steady averaging 53% of total take-up over the last three years. More notable has been the growth from the technology and telecommunications sector, which represented 10% of total take-up in 2005 and 27% of total take-up as at the end of 2007. We feel that this is demonstrative of a maturing market place, and reflective of an ever increasing reliance on IT.

GRAPH 5: DISTRIBUTION OF CNH AVAILABILITY BY MARKET SEGMENT



CNH Availability

Overall availability rose this quarter by 14% from 142,390 sq m (1,532,700 sq ft) to 161,750 sq m (1,741,100 sq ft). This was due to the introduction to our statistics of new facilities in the London market. Of total availability, 75,890 sq m (816,900 sq ft) (47%) was shell & core stock, 45,530 sq m (490,100 sq ft) (28%) was fully-fitted stock and 40,330 sq m (434,100) (25%) was central services stock.

CNH overall market vacancy now stands at 28.31%, an increase from 26.63% in Quarter 3. The vacancy rate rose in London from 15.87% to 25.63% but fell in Amsterdam from 28.57% to 20.42%, in Frankfurt from 32.75% to 30.97%, in Madrid from 42.10% to 39.74% and in Paris from 32.99% to 31.03%.

Fully-fitted vacancy rates rose in London (3.44%) and Madrid (18.04%) but fell in Amsterdam (21.09%), Frankfurt (25.62%) and Paris (7.59%) Overall, the fully-fitted vacancy rate fell and now stands at 12.12%.

FORECAST

In 2008 we expect to see fewer large shell deals, particularly in the London market; this is due to the majority of the investment banks having deployed already. The impact of the credit crunch will mean those who have yet to deploy will do so on a more cost-driven basis. As such, demand from this sector will reduce in 2008. We expect to see a slow start to the year in terms of take-up across all sectors but expect this to change in the second half of the year. On this basis, total market take-up will not reach the record level seen in 2007. We do, however, expect take-up to exceed 2006 levels, and therefore be in the order of 70,000 sq m for 2008.

Given a flatter demand profile we have been concerned about potential oversupply issues, particularly in London and Paris. Driven by the levels of take-up enjoyed in 2007, there is a potential glut of new supply being considered. Credit market issues will undoubtedly constrain schemes which do not have sufficient market credentials, and as such we feel that the supply demand equilibrium should be maintained during the current economic climate.

MARKET FOCUS

London

In Quarter 4, there was 41,805 sq m (450,000 sq ft) of take-up in the London market. This brought to a close another strong year in London, with take-up for the whole year of 96,340 sq m (1 million sq ft).

This represents an increase on 2006's take-up level of 155%, and is more than the whole of the Tier 1 European market for 2006.

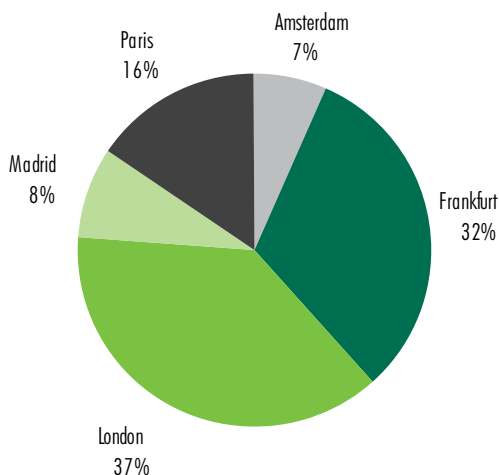
Of the 41,805 sq m (450,000 sq ft) of take-up this quarter, 29,730 sq m (320,000 sq ft) was in the corporate sector, 2,135 sq m (23,000 sq ft) was made up of retail deals, 1,860 sq m (20,000 sq ft) was by systems integrators and 8,080 sq m (87,000 sq ft) in the technology sector.

Overall 2007 take-up in the London market was apportioned as follows: 60,110 sq m (647,000 sq ft) (62%) to corporates, 26,475 sq m (285,000 sq ft) (27%) to the technology sector, 5,665 sq m (61,000 sq ft) (6%) to systems integrators and 4,180 sq m (45,000 sq ft) (4%) in retail transactions.

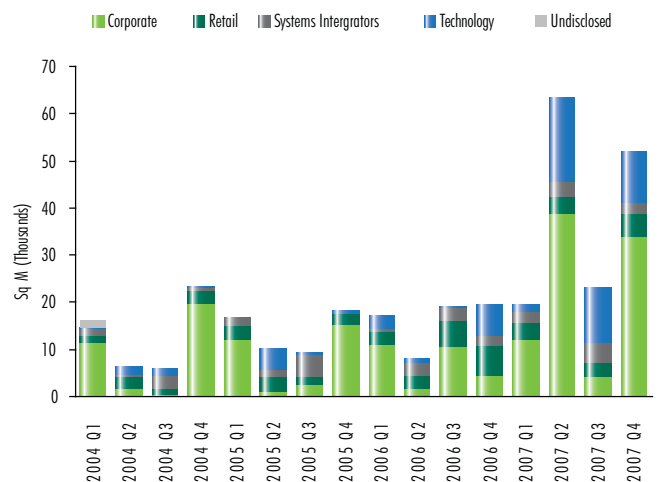
Total stock for this quarter for London stood at 237,990 sq m (2,561,700 sq ft) of which 165,710 sq m (1,783,700 sq ft) was fully-fitted, 19,250 sq m (207,200 sq ft) was central services and 53,030 sq m (570,800 sq ft) was shell & core.

At the end of year the vacancy rate in the London market stood at 25.63% of which fully fitted was 3.44%.

GRAPH 6: AVAILABLE CNH SPACE ACROSS ALL TIER 1 MARKETS



GRAPH 7: QUARTERLY TOTAL TAKE-UP ACROSS ALL TIER 1 MARKETS



We are now reaching an interesting stage in the evolution of the London data centre market. Since 2003 the vast majority of space built in the original technology boom has been absorbed and new supply has been brought to market to meet ever-increasing demand. This dynamic is continuing with the supply pipeline being larger than at any time since the late 1990s. With demand tailing off from last year's high, we would urge caution in order to ensure that the supply/demand equilibrium is not upset.

Frankfurt

This quarter has brought to a close a record year for the Frankfurt market. Take-up for the quarter was 4,085 sq m (44,000 sq ft) of which 1,765 sq m (19,000 sq ft) was to corporates, 835 sq m (9,000 sq ft) was in retail transactions and 1,485 sq m (16,000 sq ft) was in technology transactions. Total take-up this year was 41,900 sq m (451,000 sq ft), an increase on last year of 34,840 sq m (375,000 sq ft). This year has seen evidence of the Frankfurt market having emerged from the micro-economic factors that were constricting IT budgets in Germany.

Total availability in Quarter 4 stood at 51,180 sq m (550,900 sq ft) of which 23,995 sq m (258,300 sq ft) was fully-fitted, 17,410 sq m (187,400 sq ft) was central services and 9,775 sq m (105,200 sq ft) was shell & core. On this basis, Frankfurt remains slightly oversupplied, but the legacy levels of fully-fitted space will continue to be absorbed in 2008, and we would expect to see new facilities being considered.

Amsterdam

Take-up for Quarter 4 was 3,345 sq m (36,000 sq ft) which represents 62% of the 5,390 sq m (58,000 sq ft) total for the year. The year-on-year growth is 114%.

In terms of overall vacancy rate, Amsterdam now has the lowest of the five Tier 1 cities and is at a level which is prompting new schemes. We are not concerned about market equilibrium becoming imbalanced in Amsterdam as these new schemes are from established operators at sensible sizes, underpinned by organic growth of their existing customer bases.

Paris

Total take-up this quarter in the Paris market was 1,670 sq m (18,000 sq ft) bringing take-up for the year to 11,705 sq m (126,000 sq ft). Compared with total take-up in 2006 there was a decrease of 21%.

Of the 1,670 sq m (18,000 sq ft) of take-up in Quarter 4, 1,300 sq m (14,000 sq ft) (78%) consisted of retail transactions and 370 sq m (4,000 sq ft) (22%) was to technology companies. This brings total take-up for Paris in 2007 to 11,705 sq m (126,000 sq ft), which was apportioned as follows: 4,925 sq m (53,000 sq ft) (42%) was to systems integrators, 4,365 sq m (47,000 sq ft) (37%) was in retail transactions and 2,415 sq m (26,000 sq ft) (21%) was in technology deals.

Overall Paris availability stood at 25,280 sq m (272,100 sq ft) a drop on last quarter of 1,590 sq m (17,100 sq ft). Availability was made up as follows: 4,610 sq m (49,600 sq ft) was in fully-fitted space; 225 sq m (2,400 sq ft) of central services space; and 20,450 sq m (220,100 sq ft) was shell & core space.

Paris was the only Tier 1 market not to see annual growth in 2007. This was a factor of 2006 being a strong year locally and restrictive supply issues for most of 2007. The latter issue has been addressed and will not continue to constrain take-up in 2008. As with London, the buoyancy of the market over the last two years in Paris may prompt concerns of oversupply as several large schemes are currently being considered.

Madrid

Madrid remains the smallest market in terms of stock and activity, but we saw relatively encouraging levels of take-up in Quarter 4. Take-up for Quarter 4 was 1,020 sq m (11,000 sq ft); this represents 44% of total take-up for 2007 – 2,320 sq m (25,000 sq ft).

Madrid has a relatively small corporate occupier base compared with London, Paris and Frankfurt, and as such the critical mass of corporate data centre requirements remains low enough to be procured via third parties, notably the systems integrators, who represented 44% of market take-up in 2007

DEFINITIONS

Carrier Neutral Hotel Stock: Data centres where the operator allows any carrier to connect into the facility and to connect to third parties within the facility, not discriminating between different carriers and charging only nominal fees for interconnection.

Threat Stock: In contrast to CNH stock, threat stock data centres are owned or operated by Carriers or hosting organisations which seek to provide bandwidth as part of any service offering and may not be strictly carrier-neutral.

Shell Stock: Typically land for development or modern empty warehouse which is acquired for conversion to a data centre for use by an end-user who will use the space for their own purposes, i.e. a corporate.

Shell & Core: Shell & 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 would obtain permissions for data-centre use and make provisions for tenants to install their own chillers and back-up power generating equipment. In addition, an incoming diverse raw HV (high voltage) power supply would usually be provided.

Central Services: Central services space comprises shell & core plus the main services of diverse chilled-water pipes and a diverse low-voltage generator-backed power supply which are provided by the landlord into the space so that the tenant can install their own dedicated air-conditioning units, power-distribution units, fire suppression and raised-floor systems.

Fully-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.

Retail Transaction: Individual letting smaller than 185 sq m (2,000 sq ft).

Wholesale Transaction: Individual letting greater than 185 sq m (2,000 sq ft).

DATA SOURCE

Accurately capturing the dynamics of all the categories of the Technical Real Estate market is very difficult, especially when attempting to analyse vacancy within standalone Carrier, Web-Hosting and IT outsource data centre facilities. The Carrier Neutral Hotel market caters for the full range of user/operator requirements and so is best indicator of the underlying conditions in the Technical Real Estate market.

CB Richard Ellis has monitored worldwide Carrier Neutral Hotel supply statistics since 1999. -This bulletin relates only to the European Carrier Neutral Hotel Tier 1 markets. In addition, we produce a US bulletin and more detailed Tier 1 market statistics are available on request.

TECHNOLOGY PRACTICE GROUP

CB Richard Ellis formed a Technology Practice Group (TPG) in 1994 to address the specialised technical real estate needs of high-tech firms such as telecommunications companies, data centre operators and corporates across the world.

Core technical real estate services provided by the TPG include:

- ▶ Investment
- ▶ Disposal – one-off assignments, multi-site marketing campaigns
- ▶ Acquisition – one-off assignments, worldwide network rollouts
- ▶ Consultancy – consolidation strategies, Mergers & Acquisitions
- ▶ Asset Valuation – Bank, Corporate
- ▶ Project Management, Development Monitoring, Due Diligence, Building and M&E surveys
- ▶ Facilities Management
- ▶ Research – market reports, statistics, take-up forecasting

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