



Accelerating success.

Data Centres

COUNTRY FOCUS | IRELAND 2015

There's a new Celtic Tiger and it's digital.

Recent analysis of the data centre market in Ireland has shown that the growth of this digital economy in Ireland is one of the nation's great success stories, showing true collaboration and savvy business development in the face of very difficult economic times. Whilst the Irish economy has seen a slow recovery from recession in 2008, recent years have shown steady growth. For example in 2014 Irish GDP grew by 5% and is forecast to increase by 4% in 2015.

When you look at the Irish digital economy a very positive story emerges. Since 2008 Amazon, Microsoft, IBM, EMC, BT and Google have all opened new facilities there representing over €1bn in investment and the creation of hundreds of new jobs. This attraction in investment has been driven by sharp government focus and proactive collaboration by the likes of Host in Ireland.

An interesting reference to this growth is the Irish Web Summit, which began in the midst of the recession in 2009 as an event for 200 people. It has now grown to become Europe's biggest technology conference with 10,000 people attending and 950 start-ups from more than 90 countries exhibiting at last year's event.

So what is it about Ireland that is attracting such a high level of investment?

In simple terms, Ireland is geographically, economically and culturally well located to meet the needs of the IT and internet industry. The temperate and windy climate means there is opportunity to reduce the operating costs associated with running data centres. Additionally, Ireland has been exploring renewable energy sources and are seeking to obtain 40% of power generation from renewable sources by 2020.

The Irish population is highly skilled and English speaking; providing an easy route for US business to develop and expand within.

The Irish Government has been committed to providing an attractive financial environment for enterprise. Corporation tax rates remain at only 12.5% which is significantly lower than most other European countries e.g. Germany 29%

The communications infrastructure has received significant investment over recent years from both Telcos and the Irish Government. Upgrades to the metro fibre rings have been implemented together with the installation of the T-50 fibre route, which connects the main business parks and data centres located around Dublin. Transatlantic and inter-Europe connections have also increased in number and capacity, with Aqua Comms and Hibernia most recently announcing new direct back-bone connections between the US and Ireland in the second half of 2015.

Political stability and the Government's pro-business culture provides enterprise with a low-risk and cost effective location to site business and gain access to the 500+ million people within the EU.

It is because of these factors Ireland has become the 'go to location' for US content providers, who must host EU customer data within Europe.



So what about the data centre market?

Our research shows that Dublin has firmly established itself as the fifth largest European colocation data centre market, by carrier neutral supply, overtaking Madrid in both scale and diversity of providers.

As with all of the major locations for carrier neutral data centres within Europe, Dublin experienced significant oversupply following the burst of the dot com bubble. Since the mid 2000's investment in new colocation data centres has returned, firstly dominated by international companies such as Digital Realty and Keppel. However, more recently the local and pan European operators have increased their presence within the market with additional data centre space with Interxion, Telecty, Dataplex and BT all making recent expansions.

Colliers International's analysis of the size of the transactions completed by the major colocation operators during the period 2013-2014 found a number of interesting outcomes, firstly that sub 100kW and over 1 mW wholesale deals ended up going to a just a few dominant players in the Dublin market. Whereas, midsized deals of 100- 500 kW are hotly contested with all data centre operators competing for and winning transactions in this size range.

In terms of demand, our research shows that on average 75% - 95% of colocation demand is from US enterprise. This view is broadly consistent with both colocation providers and industry bodies including Host in Ireland.

Conclusion

Steady take up of approximately 2MW per quarter for the last eight quarters in Dublin underwrites the city's ability to attract business. Dublin's data centre market represents a relatively low risk and stable profile for operators due to its demonstrated consistent demand dynamic.

Colliers International Data Centres Advisory in Ireland

Navigating the multiple offerings presented by the data centre market and ensuring that you get the right deal requires strong market knowledge. The EMEA Colliers International Data Centres team are specialists in the acquisition and disposal of data centres across the region. Our tailored approach to client requirements and breadth of experience ensures that any deal can be accurately benchmarked, providing an auditable and transparent process.

If you would like more information on Dublin or any other EMEA Data Centre Market please contact us at EMEADataCentres@colliers.com

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DUBLIN HAS RECENTLY BUT FIRMLY ESTABLISHED ITSELF AS THE FIFTH EUROPEAN COLOCATION DATA CENTRE MARKET BY CARRIER NEUTRAL SUPPLY

CORPORATE TAX RATES

remain at only **12.5%** which is significantly lower than most other European countries.

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have all opened new facilities there representing over **€1BN IN INVESTMENT** and the creation of **hundreds OF NEW JOBS.**

2014 Irish GDP grew by 5% and is forecast to increase by 4% in 2015.

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