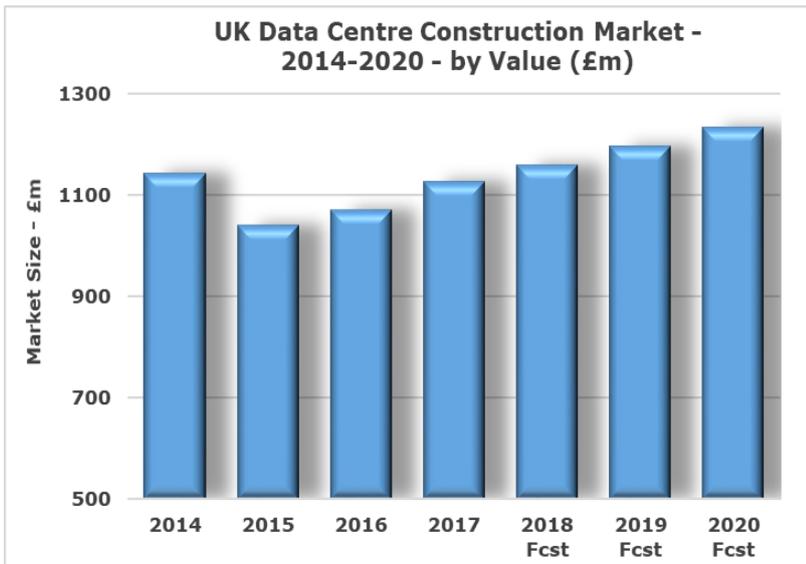




## PRESS RELEASE

### UK data centre construction market worth around £1.1bn following two years of growth

May 2018 – Cheltenham, UK



The UK construction market for data centres is estimated to be valued at around £1.1bn in 2017, following two years of market growth. Performance has been positive in recent years, with high take up of space in the co-location sector from late 2015 onwards. In 2016 and 2017, the data centre market benefitted from major investment decisions from *Amazon Web Services*, *Microsoft*, *IBM* and *Google*, and there are several other major data centres being developed across the UK, which should provide further impetus to the market in the next year or two.

Source: AMA Research Ltd/Trade Estimates

The commercial, or co-location, sector has experienced the greatest level of growth, boosted by major data investments from global players in the last two years. Co-location providers account for a significant proportion of new build data centre projects and data centres in this sector are built to a high specification. While growth in the commercial sector has outpaced the private data centre sector, most of the existing data centre estate still belongs to private businesses.

In contrast, expenditure in the public sector has fallen slightly as the Government's cloud-first policy has led to increased outsourcing and use of wholesale and co-location providers to reduce its IT expenditure. Output in the private sector has remained static since 2015, as businesses increasingly seek to adopt cloud-based solutions and reduce reliance on in-house data centres, recognising the cost, efficiency and security benefits associated with using commercial data centre provision.

A key driver for data centre construction has been the rapid growth in demand for data storage. Consumers' demand for digital content continues to grow, particularly due to increasing levels of online video streaming, downloading of other media such as music and reliance on social networks. In addition, ongoing rapid growth in mobile data usage is fuelling demand. Greater levels of online shopping, banking, information services etc, have also led to rapidly increasing amounts of data being processed over networks.

By far the largest geographical UK data centre cluster remains in the London and M25 area, though there is growth in other areas with large campus style data centres established in Wiltshire, Leicestershire, South Wales and Cambridgeshire. Manchester and Scotland are also becoming more established data centre markets. This trend of migration from London to other regions, offers cheaper alternatives for data centre locations without compromising the quality of service offered.

*"Indications are that construction output within the data centre sector will rise consistently from 2018 onwards, driven by steady overall construction output, but primarily by underlying factors driving greater IT and internet usage" said Hayley Thornley, Market Research Manager at AMA Research. "The commercial sector is expected to drive construction growth, while the trend towards outsourcing data centre services from both the public sector and private businesses is likely to lead to relatively modest growth in these sectors."*

Overall, the data centre construction market is forecast to grow by around 3-4% per year through to 2022.

An increasing focus on cloud-based delivery of software and platforms will continue the shift from private corporate servers to cloud-based solutions, and this, coupled with increased use of blade servers, much more significant growth of virtualisation of servers, should support the development of larger, 'high density' data centres. The adoption of modular design data centres is also likely to continue in coming years, with a move towards more automated, software-defined data centres likely to improve productivity and reduce costs.

The '**Data Centre Construction Market Report – UK 2018-2022**' report is available now and can be ordered online at [www.amaresearch.co.uk](http://www.amaresearch.co.uk) or by calling 01242 235724.

### **Editors Note:**

Please include our web address on any press release or article published, and it would also be appreciated if a copy of the review or a link could be forwarded to AMA Research. If you would like to receive more information on the report, or would like to speak to the editor, then please contact:

Anna Eriksson  
AMA Research  
t: +44 (0) 1242 235724  
e: [annaeriksson@amaresearch.co.uk](mailto:annaeriksson@amaresearch.co.uk)

### **About AMA Research**

AMA Research is a leading provider of market research and consultancy services with over 25 years' experience within the construction and home improvement markets. For more information, go to [www.amaresearch.co.uk](http://www.amaresearch.co.uk) or follow us on Twitter [@AMAResearch](https://twitter.com/AMAResearch) for all the latest building and construction market news.

Since 2017, AMA Research has been part of Barbour ABI, a leading provider of construction intelligence services. Barbour ABI is part of UBM plc: for more information, go to [www.ubm.com](http://www.ubm.com).