Data Centres
Emerging Markets Report

Knight Frank

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Navigating the Data Centre landscape in key growth markets across the EMEA and APAC regions

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Foreword

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Data centre operators and hyperscale tenants are increasingly expanding beyond traditional hubs into fast growth markets across EMEA and APAC. This is for several strategic reasons as they seek to address growing challenges in traditional markets while capitalising on increasing demands for digital infrastructure. These emerging markets offer attractive opportunities, including cost-effective expansion and proximity to underserved or fast-growing user bases.

Throughout 2024, secondary and tertiary data centre markets have gained prominence, driven by eastward cloud migration across Europe, the diversification from metro regions in Asia, and a broader footprint in Africa and the Middle East. Microsoft launched its first cloud region in Madrid, while Amazon Web Services (AWS) opened a region in Kuala Lumpur. Additionally, Cairo witnessed the debut of its first cloud region, introduced by Huawei Cloud. Microsoft, AWS, Google, Oracle, and IBM currently have 38 new regions in development, with rollout anticipated over the next one to four years.

The rise of artificial intelligence (AI) has arguably been the most transformative trend in recent years, reshaping the landscape of data centre design, development, and operations. As applications like ChatGPT and Reface drive unprecedented data demands, the industry is witnessing a new era of multi-billion-dollar investments and joint ventures aimed at meeting these needs. AI's growth is set to impact secondary and tertiary data centre markets across EMEA and APAC, where these locations can offer more affordable, larger parcels of land—ideal for scalable campuses—as well as access to cheaper, more abundant energy sources.

However, as interest grows in tertiary locations near power stations, the two fundamental pillars of successful data centre development—Power and Fibre Connectivity—cannot be overlooked. Sites that do not prioritise these essentials, especially connectivity, may face long-term viability issues. Insufficient infrastructure risks creating latency and reliability concerns, which can deter lease renewal and impact project success.

A viable AI site throughout Europe and Asia should have access to at least 400MVA – ideally green – before 2030, with access to a multitude of fibre offerings.

In essence therefore, and in reality, a viable AI site should also work for cloud. If not, one must question how financeable the development really is.

Our latest report explores some key emerging markets across EMEA and APAC, assessing current opportunities, drivers, and constraints, as well as the potential impact of emerging technologies on these markets' future growth.

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Berlin

6.4m
Population

94%
Internet Users

3.4%
Interest Rate

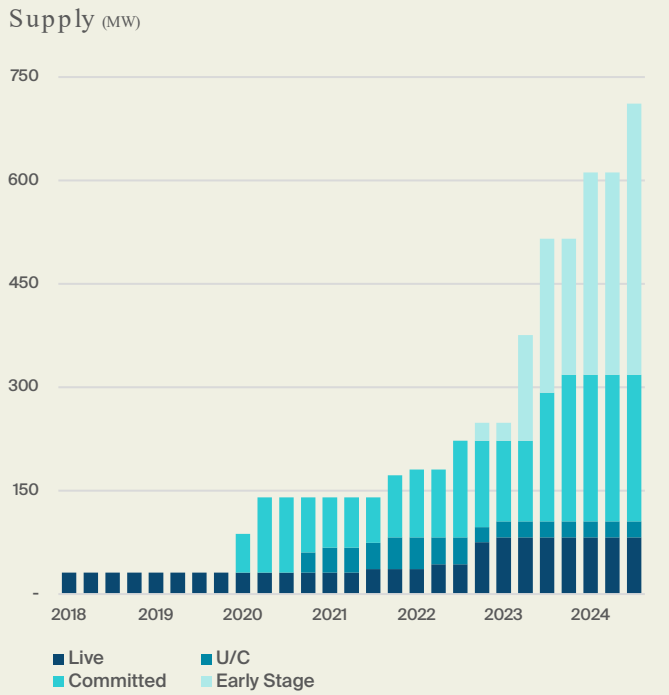
0.189
Electricity Price, USD per kWh

SUPPLY

Berlin, Germany's capital city, is a strategic commercial real estate hub, with growing demand for logistics, manufacturing, and more recently data centres. Following the launch of Google's Berlin cloud region in 2023, Amazon Web Services (AWS), which currently operates an edge location in the city, announced in May 2024 its plans to invest €7.8 billion in the AWS European Sovereign Cloud in Germany through 2040, with the launch of an AWS region in the state of Brandenburg expected by the end of 2025.

Alongside developing its cloud environment, Berlin has retained strong investor interest in its data centre market in 2024, with aggregate supply surging by 38% over the first three quarters of the year, following 196MW worth of new project announcements.

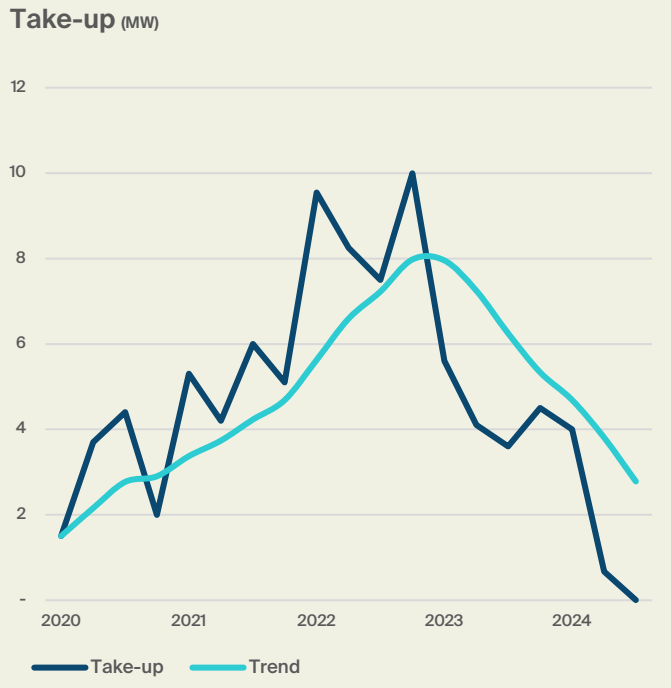
Maincubes acquired a 14-hectare plot in Nauen, on which it plans to construct a modern campus designed for cloud services, high-performance computing, and artificial intelligence (AI). NTT GDC also confirmed its plans for the development of a third, 96MW, campus in Berlin. These two projects are both expected to commence first-phase construction in 2025, with completion anticipated during 2027.



TAKE-UP

Take-up in Berlin has been muted during the first three quarters of the year, with 4.67MW transacted in 2024 so far. 75% of transactions were the result of cloud-based demand in the city, with the remainder being dedicated to general colocation requirements.

These declining take-up volumes are not the result of a fall in demand for Berlin, but more so the result of limited availability volumes. Vacancy in Berlin is currently at 2.1%, with its construction pipeline being entirely pre-let. As a result, Berlin is one of Europe's most constrained markets.



LEADING OPERATORS

NTT GDC is presently the largest colocation operator, being responsible for 52% of Berlin's live colocation capacity and 24% of its future capacity. Vantage is currently the second largest colocation provider with 28% of live supply, followed by AtlasEdge Data Centres at 7%.

Future growth is dominated by VIRTUS Data Centres, which is responsible for a third of the current long-term pipeline. This is followed by NTT GDC (24%), Prea (11%), and Vantage Data Centers (10%).

Chennai

12.1m
Population

53%
Internet Users

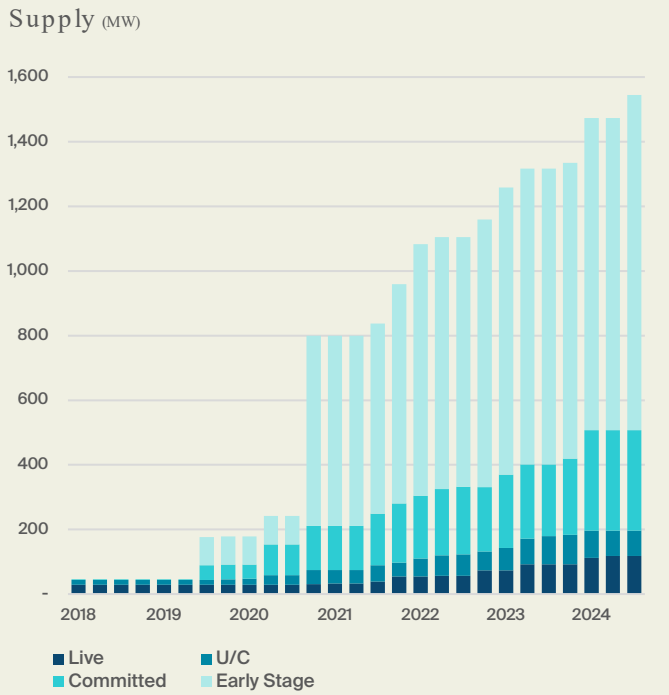
6.5%
Interest Rate

0.114
Electricity Price, USD per kWh

SUPPLY

Chennai has emerged as a key hub for industrial and commercial real estate in India, characterised by rapid infrastructure development and a burgeoning data centre market, fuelled by rising digital consumption and cloud services. The market has entertained interest from major US cloud service providers, with Microsoft operating a dedicated cloud region, alongside Amazon Web Services establishing an edge network in the city. Chennai is also host to five in-service submarine cable networks, as well as a further three in development.

So far in 2024, live capacity in Chennai has expanded by 29%, with 26.4MW worth of projects being energised. Aggregate supply volumes in Chennai have grown by 15.7% over the first three quarters of 2024, following 210MW worth of new project announcements. Princeton Digital Group confirmed a new 72MW AI-ready campus, CH1, in the northern Chennai metropolitan area. Similarly, Colt DCS acquired a 10-acre plot in the city of Ambattur, plans for which centre on the creation of a 72MW facility, aimed at servicing scalable cloud, high-performance computing, and AI-based capacity. STT GDC India has also been active, securing two new sites in the city, DC4 and DC7, where it plans to construct 50MW and 18MW facilities, respectively.

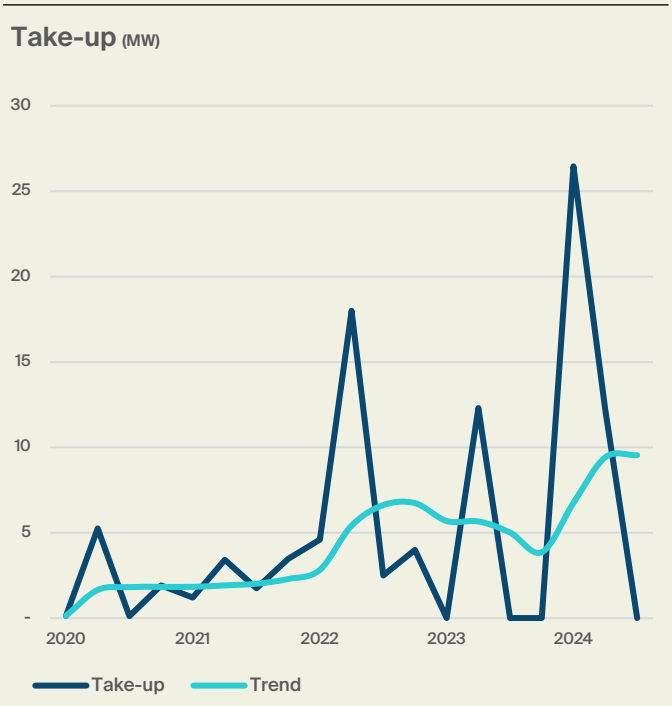


TAKE-UP

Chennai has recorded 38.7MW worth of take-up across the first three quarters of 2024, three times greater than total volumes recorded in 2023, and 33% higher than in 2022.

Live vacancy in Chennai is currently 11.7%, with 13.27MW worth of available space, the majority of which, 11MW, is housed at AdaniConneX's Chennai campus, excess capacity here is anticipated to lease during H1 2025.

Space under construction in Chennai is 17% pre-let, whilst future pipelines are 5% pre-let.



LEADING OPERATORS

STT GDC India is the largest operator of live colocation space in Chennai with 33% of the market, followed by Digital Connexion at 18% and NTT-Netmagic at 17%.

AdaniConnex is responsible for 21% of space under construction, with CapitaLand, Sify Technologies and STT GDC India making up the next 56%.

Sify Technologies owns the largest share, 14%, of future pipeline capacity in Chennai, after which CrtlS, Larsen & Toubro, and Digital Connexion own 33%.

Norway

5.6m
Population

98%
Internet Users

4.5%
Interest Rate

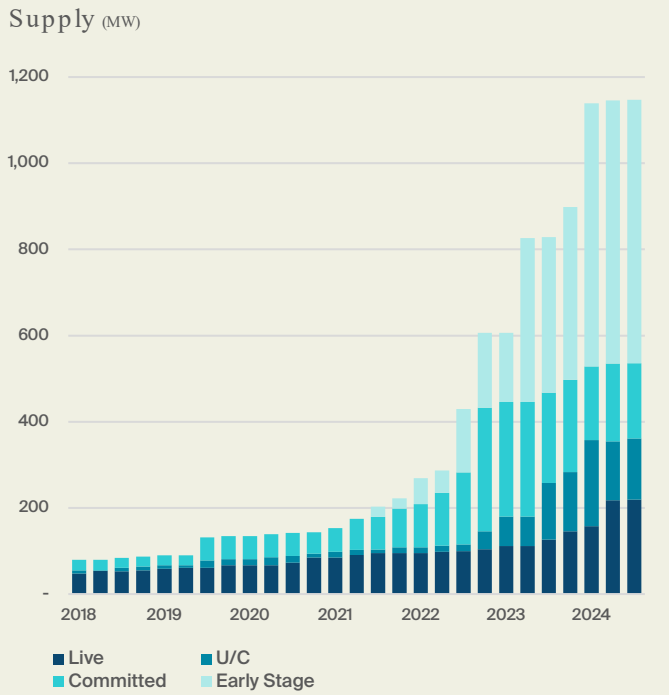
0.087
Electricity Price, USD per kWh

SUPPLY

Norway's industrial real estate market is bolstered by its sustainable energy resources and favourable regulations, making it an increasingly attractive destination for data centres. Cloud deployment within Norway has been steadily developing, including a Microsoft cloud region deployed in 2019, as well as edge deployments from Amazon Web Services and IBM Cloud. Google is the latest cloud service provider to express an interest in Norway, having initiated construction on first phase construction of its upcoming 240MW facility in Skien.

Live supply volumes in Norway increased by 50% over the course of the first three quarters of the year. Green Mountain energised the first 60MW of its initial 90MW development with TikTok, the final 30MW of which went live at the onset of the fourth quarter. TikTok also retains an option to increase its capacity at the site to 150MW.

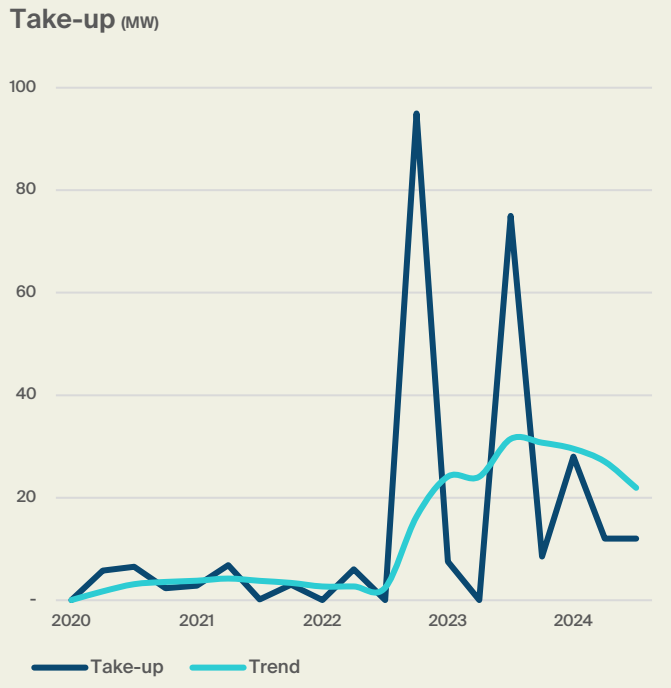
Bulk Infrastructure went under construction at phase two of its N01 Campus deployment with an additional 42MW due for completion in the fourth quarter of 2024. AQ-Compute has initiated construction on phase one of its AI-dedicated facility. Likewise, Polar DC is underway with phase one development of its AI facility west of Skien.



TAKE-UP

52MW worth of space has been transacted in Norway over the opening three quarters of 2024. To date, Social Media requirements from TikTok have been the largest driver of space requirements, after which Public Cloud demand has been responsible for 55MW worth of leasing transactions and HPC/AI requirements have resulted in 53MW space transacted.

Live colocation vacancy in Norway is 4.2%, with 9.1MW worth of available IT space. The construction pipeline is 63% pre-let.



LEADING OPERATORS

Green Mountain is the largest operator in Norway, being responsible for 54% of the market's built IT capacity. This is followed by STACK Infrastructure with 17%, then Bulk Infrastructure at 10%.

The construction pipeline is primarily being developed by Green Mountain (33%) and Bulk Infrastructure (31%).

Future pipelines are dominated by Bulk Infrastructure, Green Mountain, Google, and Lefdal Mine Datacenter.

Manila

14.9m
Population

74%
Internet Users

6%
Interest Rate

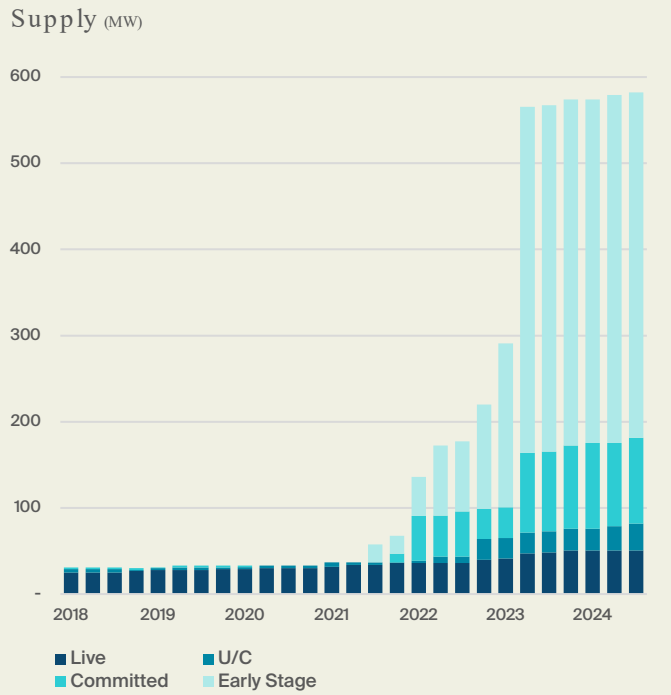
0.130
Electricity Price, USD per kWh

SUPPLY

Manila's commercial real estate landscape is experiencing significant growth, particularly in its data centre sector, driven by increasing internet penetration and growing demand for cloud services among local businesses. As one of the most densely populated cities in the world, Manila hosts 79% of the Philippines' built IT capacity and 60% of its pipeline capacity. The city has attracted the interest of US and Chinese cloud service providers alike, featuring edge deployments from Amazon Web Services and Google Cloud, through its Cloud CDN, as well as a dedicated cloud region from Alibaba Cloud released in 2021.

Development over the first nine months of 2024, however, has been slow. Live IT volumes have remained stagnant, whilst a further 6MW has entered construction with A-FLOW at its first deployment in the market, phase one of which is due to launch in the fourth quarter of 2025.

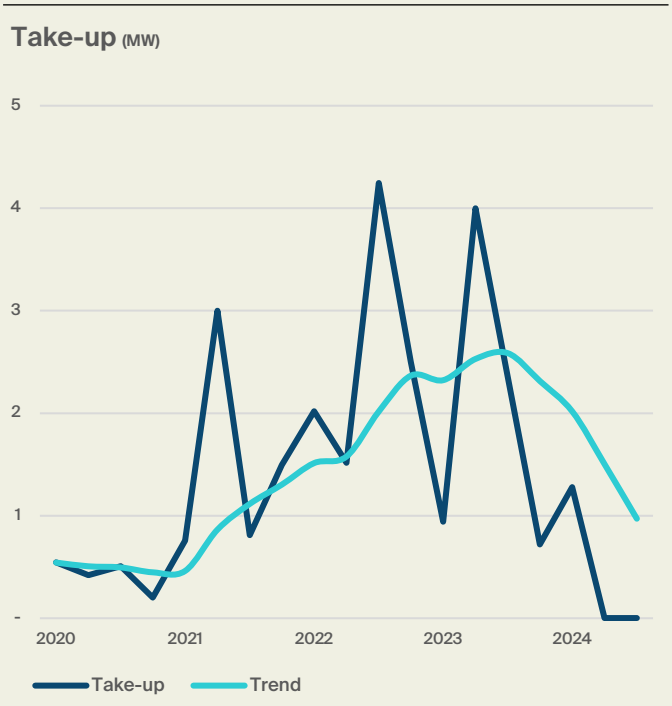
Construction continues on several projects, including a 14MW first-phase deployment from ePLDT at its VITRO Santa Rosa facility due in the fourth quarter of 2024. STT GDC is expected to complete a 3MW first phase deployment at its new Cavite 2 facility in the first half of 2025, followed by first phase deployment at its Fairview campus.



TAKE-UP

Amidst stagnant growth of both its live and under construction IT volumes, coupled with a pre-leasing culture, has resulted in falling leasing volumes across 2024 so far. 1.28MW has been transacted during the first three quarters, 78% of which has been the result of cloud-based demand.

Live vacancy in Manila is 31%, with 15.48MW of available capacity, 37% of which is housed at ePDLT's Makati 2 site. Volumes under construction remain un-let.



LEADING OPERATORS

ePLDT and STT GDC are the largest operators of live colocation space in Manila, being responsible for 40% and 32%, respectively. The same can also be found when considering volumes under construction, with ePLDT and STT GDC representing 55% and 26%.

ePLDT and STT GDC also dominate future pipelines, being responsible for 25% each. However, future pipelines also feature a healthy presence of competing operators, with Evolution Data Centres, Converge ICT Solutions, and EdgeConneX each looking to deploy in the region.

Dammam

769k
Population

99%
Internet Users

5.5%
Interest Rate

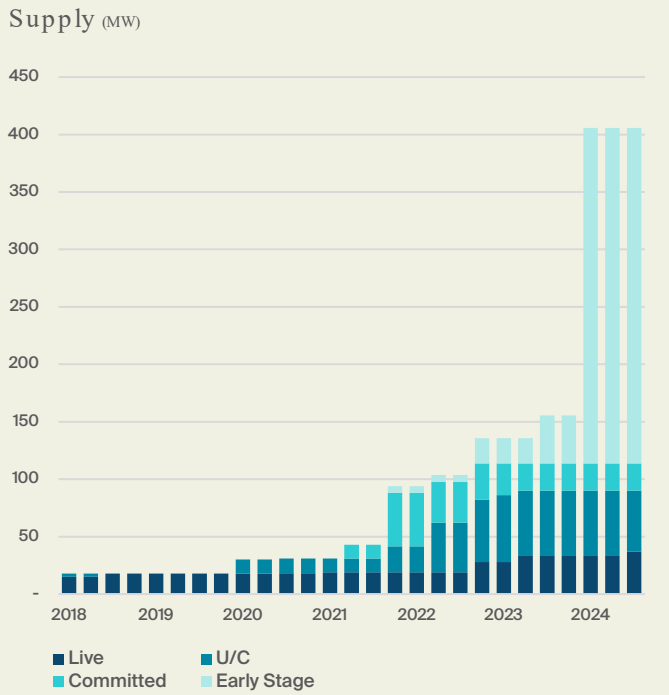
0.045
Electricity Price, USD per kWh

SUPPLY

Dammam, supported by the kingdom's 'Vision 2030' initiative, is experiencing a rapidly expanding data centre market, enhanced by robust investments in the region's digital infrastructure and economic diversification. Resultingly, several major cloud service providers have established or announced plans to launch dedicated cloud regions in Saudi Arabia. Google launched its Dammam-based cloud region in November 2023, whilst Microsoft, Oracle, and some Chinese hyperscalers are in negotiation to begin operating space in the city from 2025 onwards.

The largest development over the last few quarters has been Ezditek's procurement of a 300MVA power offer from Saudi Electric at SPARK Energy Park. Land has been secured in JV with Equinix, with the scheme likely chasing a 100MW requirement from Aramco Digital. However, initial plans for the site are unlikely to be realised until 2027. Gulf Data Hub and Edgnex Data Centres by DAMAC are the next largest constructors of capacity, each targeting the market's growing cloud scene.

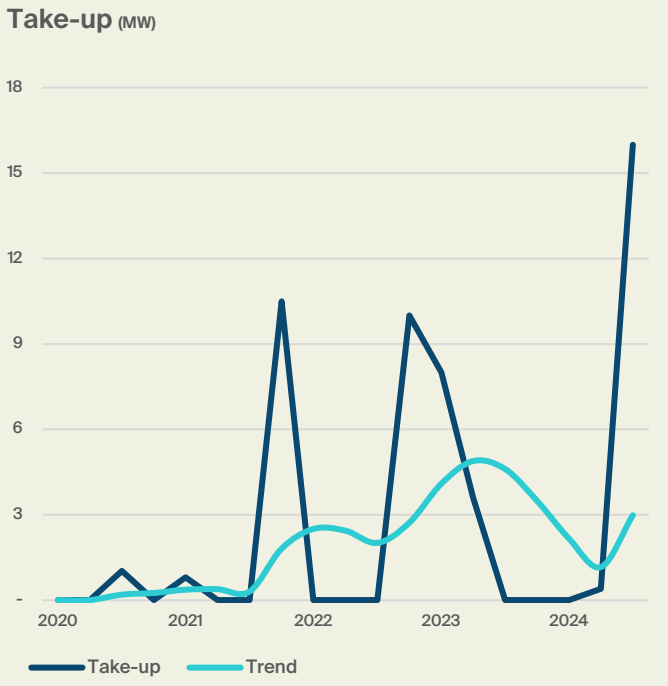
Knight Frank forecasts live colocation capacity in Dammam to double over the course of 2025, growing at a CAGR of 56% through until the end of the decade.



TAKE-UP

Take-up in Dammam was traditionally dependent on individual network & telecommunications operators and small enterprise requirements. Post-COVID, public cloud demand has been the driving force behind leasing requirements in the city, now representing 69% of aggregate transactions to date.

Live colocation vacancy in the city is 6.8%, with 1.6MW of remaining built capacity in the city. 70% of the under-construction pipeline has been pre-let, with 63% of the remainder in active negotiation.



LEADING OPERATORS

Quantum Switch is currently the largest colocation provider in Dammam, with a 33% ownership of the market's built IT capacity. Gulf Data Hub are the second largest provider, followed by Mobily with a 20% ownership.

Center3 are responsible for the largest share of Dammam's construction pipeline, followed by MIS, Edgnex, and Gulf Data Hub.

Future pipelines are largely controlled by Ezditek/Equinix but includes deployments from Edgnex and Gulf Data Hub.

Melbourne

5.3m
Population

95%
Internet Users

4.35%
Interest Rate

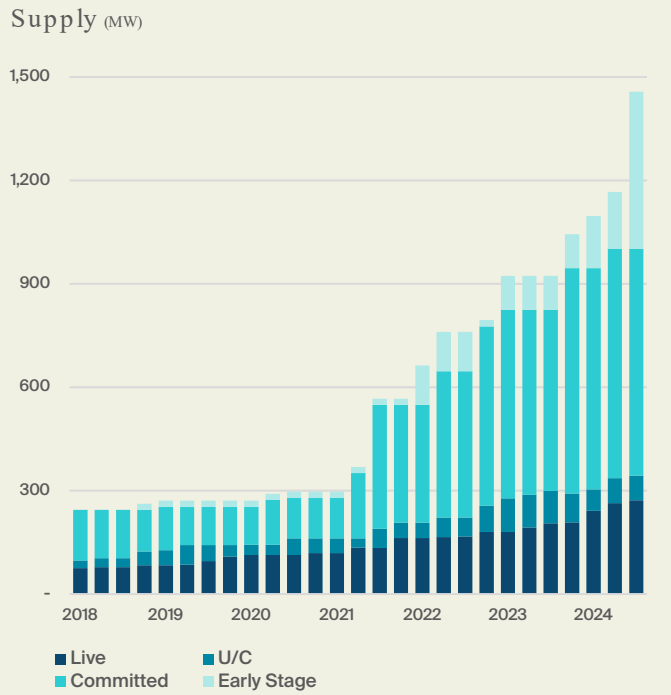
0.205
Electricity Price, USD per kWh

SUPPLY

Melbourne boasts a strong industrial real estate sector, with a rapidly growing data centre market propelled by increasing demand for cloud and AI services, as well as the city's favourable business environment. The market has amassed a cloud network featuring dedicated cloud region deployments from the four major US cloud service providers: Amazon Web Services, Microsoft, Google, and Oracle.

As Sydney continues to grapple with issues regarding land scarcity and power constraints, Melbourne looks to benefit from this. Melbourne offers larger, more affordable parcels of land, making it easier for operators to acquire space for scalable campuses. Melbourne also suffers fewer power grid constraints, with proximity to both renewable energy sources and robust grid infrastructure, making it attractive for operators focussing on sustainable growth, a particular benefit to those concerned with ESG targets.

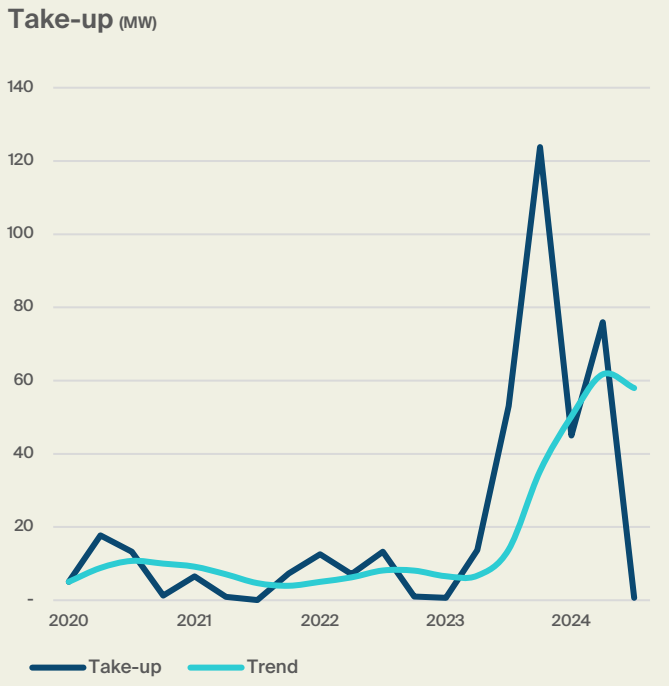
AirTrunk, STACK Infrastructure, and NEXTDC added a combined 123MW to their respective pipelines. Alongside this, ESR Group has initiated plans for a 290MW data centre campus, details on which remain relatively thin at the time of writing.



TAKE-UP

Melbourne has seen 121.58MW worth of space transacted over the first three quarters of the year, 60% of which has been the result of public-cloud-based demand. Artificial Intelligence is having an increasing impact on the Melbourne market, being responsible for 39% of take-up in 2024 so far, and now accounts for 25% of aggregate take-up to date.

Live vacancy in Melbourne is currently 6.6%, whilst space under construction is 86% pre-let. Sydney, for comparison, has a live vacancy of 7.9% and a pre-leasing volume of 83%.



LEADING OPERATORS

The live colocation environment in Melbourne offers a competitive scene, with the largest operator in the market, AirTrunk, owning 29%, followed by NEXTDC at 23%.

Construction pipelines are dominated by NEXTDC, who are responsible for 41%, with the remainder coming from STACK Infrastructure, CDC Data Centres, and Equinix.

NEXTDC are also responsible for 44% of the market's long-term pipeline, followed by CDC Data Centres (19%), AirTrunk (18%), and STACK Infrastructure (10%).

Nairobi

5.5m
Population

41%
Internet Users

12%
Interest Rate

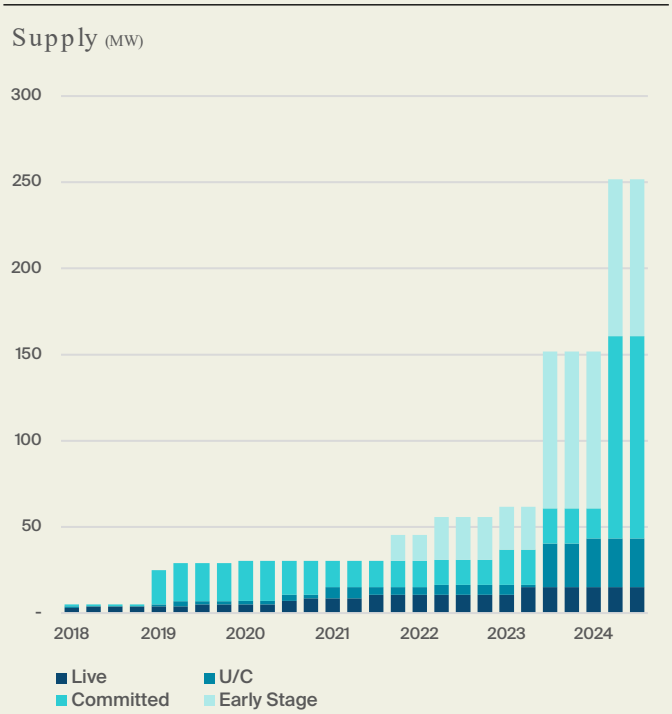
0.137
Electricity Price, USD per kWh

SUPPLY

Nairobi's commercial real estate market is evolving, with a notable surge in data centre development, spurred by the city's role as a regional tech hub and increasing foreign direct investment in its digital infrastructure. The market has witnessed thriving interest in its cloud infrastructure, with Microsoft and Oracle having both announced plans to develop cloud regions in Kenya. Amazon Web Services already operates a local zone in the city.

As a part of a $1 billion investment into Kenya, Microsoft, in conjunction with Dubai-based AI firm G42, has announced plans for the construction of a geothermal data centre campus in Olkaria, south-west Kenya, with an initial capacity of 100MW up and running in the next two years. The site is to be entirely powered by geothermal energy, with the potential capacity for the campus eventually rising to 1GW.

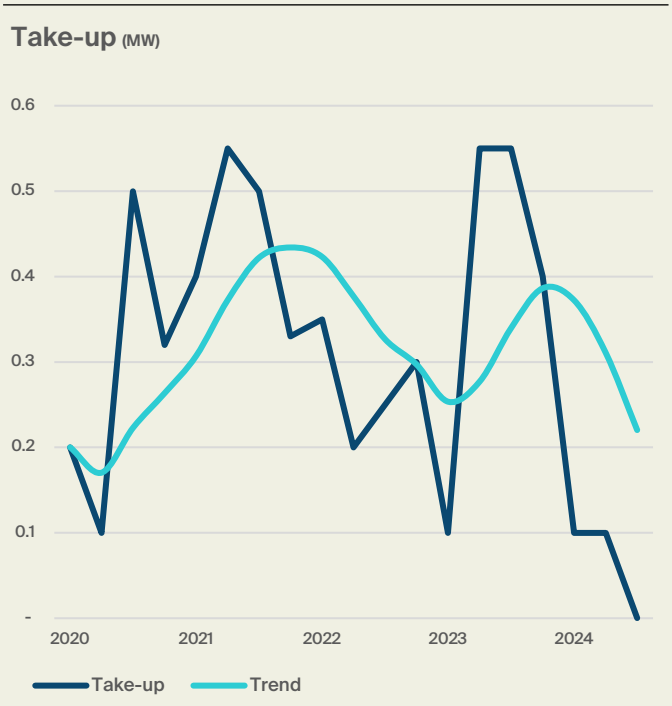
Aggregate supply capacity in Nairobi has increased by 350% over the last two years, within which time live IT volumes have grown by 43%.



TAKE-UP

0.2MW worth of IT space has transacted over the first three quarters of 2024, an 83% decrease on volumes recorded for the same period in 2023 and 81% behind the post-COVID three-quarter average. Nairobi is expected to see significant gains in annual take-up volumes from 2026 onwards, once cloud developments from Microsoft and Oracle begin to take shape.

Live colocation vacancy in Nairobi is 37%, whilst none of the volumes under construction are pre-let.



LEADING OPERATORS

IXAfrica are the largest provider of colocation space in Nairobi, owning 33% of the market. This is followed by KoTDA (30%), Africa Data Centres (20%), PAIX (11%), and icolo.io (6%), who make up the remainder of the market.

Olkaria EcoCloud is responsible for the majority of volumes under construction with its Project Eagle development.

Microsoft, in conjunction with G42, is responsible for the largest percentage of Nairobi's future pipeline. IXAfrica are responsible for the second largest share of future capacity.

Bangkok

6.6m
Population

88%
Internet Users

2.25%
Interest Rate

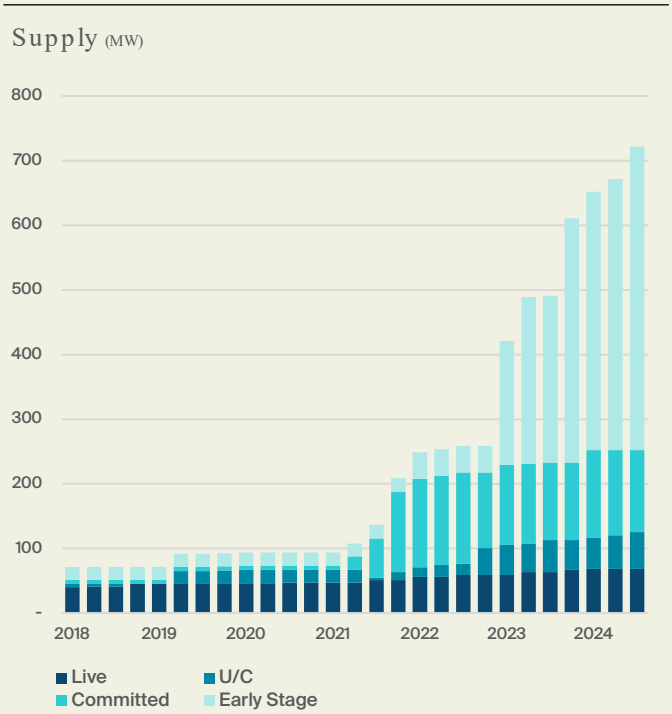
0.128
Electricity Price, USD per kWh

SUPPLY

Bridging the gap from China to both India and Southeast Asia, Bangkok has naturally garnered interest from the three Chinese global cloud service providers – Alibaba, Huawei, and Tencent – and in recent years has seen development announcements from Microsoft, Amazon Web Services and Google. Driven by the city's strategic location in Southeast Asia and a surge in demand for digital services and connectivity from local and global businesses, Bangkok's data centre market is experiencing rapid expansion.

Aggregate supply volumes have expanded by 18.2% over the first three quarters of 2024, following 111MW worth of new project announcements. OneAs1a announced a 50MW expansion to its site north of the city, True IDC unveiled its fourth site in the city, whilst Edgnex has announced its first site and entry into the Bangkok market.

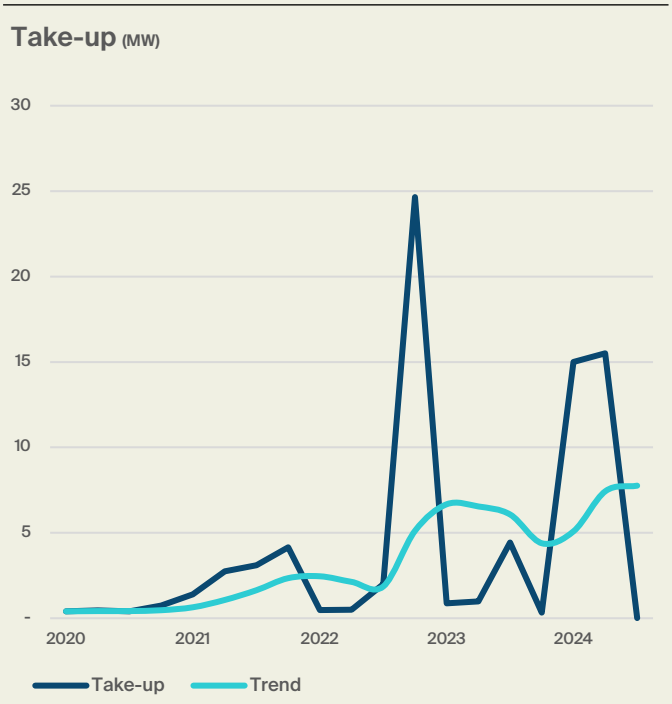
Live IT volumes grew by 2.2% following Etix Everywhere completing a 1.5MW expansion to its facility in southeast Bangkok. 12.5MW worth of projects initiated construction, bringing total construction volumes to 57MW, including three 8MW deployments from Amazon Web Services.



TAKE-UP

30.5MW worth of space has transacted in Bangkok over the first three quarters of the year, featuring 15MW worth of Public Cloud leasing and 15.5MW worth of Artificial Intelligence (AI) leasing.

Live colocation vacancy is presently 29%, with 17.6MW worth of unleased space available in the market. Volumes under construction are 52% pre-let, with no new unoccupied space expected to launch until the fourth quarter of 2025.



LEADING OPERATORS

The colocation data centre market in Bangkok offers a competitive environment, with the largest operator of built IT capacity in the market, CSL, operating 17% of the market. True IDC are the second largest colocation operator with a 15% market share, followed by SUPERNAP (8%), KDDI Telehouse (8%), and NTT GDC (7%).

True IDC is responsible for the largest volume of colocation space under construction (27%), whilst STT GDC is responsible for the largest percentage of the future pipeline, with 152MW in development across three sites.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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