451 Research®

EXECUTIVE OVERVIEW

MARKET FORECAST

Paris

MAR 2017

Multi-Tenant Datacenter Market

Penny Jones, Principal Analyst, MTDC and Managed Services

Paris is the third-largest multi-tenant datacenter market in Europe, but the city's providers had not been seeing as much growth as London or Frankfurt. Through 2016, however, a new wave of cloud providers has come into the market, triggering new build and expansion plans. This report provides an overview of the competitive dynamics in the Paris market, a 451 Research Market Map™ of the competitors in the area, market share of the dominant providers, supply-demand and utilization trends, a discussion of planned multi-tenant datacenter builds and insight into the trends affecting the market in 2017.

ABOUT 451 RESEARCH

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Penny Jones is a Principal Analyst for the Multi-Tenant Datacenter and Managed Services channels. Penny provides insight into the European multi-tenant datacenter and colocation markets; European Web, application and managed hosting markets; European cloud (IaaS, PaaS & SaaS) markets; and Internet exchanges and content delivery network (CDN) markets.

Key Findings

Providers in the Paris market brought an estimated 99,000 operational square feet (55MW) of supply online in 2016. The market currently has 1,887,800 square feet of operational multi-tenant datacenter space and 295MW of power.

Like all other European locations, Paris is affected by incoming EU regulations such as the General Data Protection Regulation and could suffer some uncertainty following the UK's Brexit vote. But MTDC providers also feel there could be a lot of business to be done in Paris, as UK companies seek a European datacenter presence.

All providers with scale say they have seen increasing demand from US cloud providers as well as smaller SaaS and cloud operators over the last year, and we expect this will continue into 2018 and beyond.

Providers in the market – in particular those in the north of Paris – face power constraints due to the city's inability to fund new generation plants, as well as increasing strain on the electricity grid resulting from very large infrastructure projects planned for coming years.

Consolidation has reshaped the market in recent years, and we expect it will continue to do so as more providers start to put Paris back on the list for European build or expansion plans.

Executive Summary

INTRODUCTION

An increase in cloud provider demand has helped renew the faith of providers in the Paris multi-tenant datacenter (MTDC) market. Both retail and wholesale operators say they have seen more RFPs from large hyperscale providers (and following them, the smaller cloud and managed service providers). Paris failed to win bids during the first wave of hyperscale cloud growth in Europe, losing out to Frankfurt, Amsterdam and London – cities perceived to offer friendlier alternatives in terms of international business and greater reach across geographies. But now it is Paris' turn, with many providers saying an increased adoption of hybrid cloud has driven demand for services, while concerns over data residency call for these services to be delivered locally. The city is also enjoying economic growth – another hindrance to providers in the years leading up to 2016 – and a number of providers expect to see some business on the back of Brexit.

Paris does have challenges when it comes to enabling new datacenter builds. The north, where there are locations close to key fiber routes, can pose challenges for providers seeking access to power. A number of providers have moved to the edge of the city, where land and power is more readily available, but the same connectivity options do not exist in those locations. Many of these providers have won hyperscale cloud deals on the back of their ability to scale. However, cloud providers have also selected vendors such as Equinix and Interxion in the north, where the RFP is focused on connectivity, and paid more for the privilege. It will be up to the Parisian datacenter industry to put the case forward to local government for suitable datacenter locations and additional investment into energy infrastructure if the Paris MTDC market is to continue to grow. In the meantime, providers are doing what they can to bring more space online fast enough to meet the growing need for access to cloud services.

METHODOLOGY

The data in this report was assembled in part through the use of 451 Research's Datacenter KnowledgeBase, which tracks hundreds of companies in the space, including product mix and regional market shares. Our methodology includes tours of many of the datacenters in the markets, surveys of datacenter providers, phone briefings and data collection from competitors. 451 Research also interviews real estate professionals as part of our research.

This report was written by:

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451 Research client input and comments on this report are encouraged. Any questions about the methodology should be addressed to datacenter@451research.com.

In cases where metrics are not available from the company, we have used general industry averages and assumptions. The report identifies all datacenter providers discovered by 451 Research in each market, except for those with less than 1,000 square feet of space, and estimates market share for the top three to five providers in each area. Market share is calculated based on operational square footage. For wholesale providers that also lease to retail colocation providers, such space is counted only once in the retail listing – as the retail colocation provider's space – since they are selling to the end customer. In other words, this report depicts market share from the viewpoint of the customer that leases space. The only exception is for the wholesale market share graphs, where retail space is not subtracted in order to give a clearer sense of the true wholesale market share.

This report uses the most up-to-date information received from datacenter providers to estimate market size, supply, demand and utilization. Figures in this report represent year-end numbers and can differ from previous editions of our reports due to more disclosures received from more providers. The maps in this report may not reflect all datacenter facilities in a particular market because not all datacenter providers disclose addresses. The datacenter market includes facilities located within roughly a 50-mile radius from each city center.

Datacenter supply and demand is often referred to in the industry in terms of power available (typically in megawatts, MW), and we expect to convert our graphs to MW eventually. However, not all datacenter providers have given us power metrics and, even when obtained, such metrics can be difficult to confirm (particularly for utilization). Thus, for the time being, we continue to show supply and demand in terms of operational square footage.

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