



Market Insight Report Reprint

Nordics datacenter market, Part 2: First there was FLAP; is the European market now in for a SHROC?

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by **Rahiel Nasir**

With datacenters continuing to steadily expand across the region's capital cities of Stockholm, Helsinki, Reykjavik, Oslo and Copenhagen, this second part of our Nordic focus looks at the key players and their plans for the region.

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Introduction

With datacenters continuing to steadily expand across the region's capital cities of Stockholm, Helsinki, Reykjavik, Oslo and Copenhagen, this second part of our Nordic focus looks at the key players and their plans for the region.

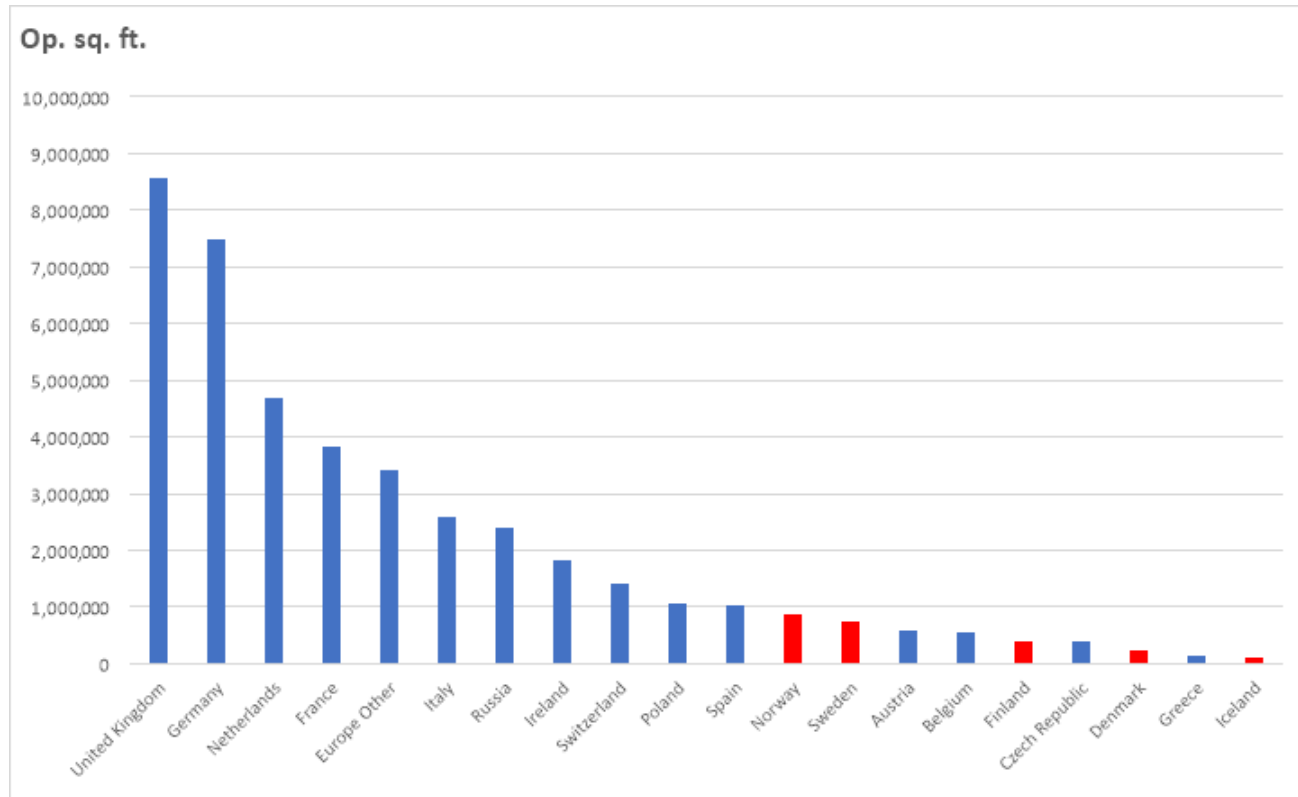
THE TAKE

Given its excellent climate for cooling and relatively low-cost green power on offer, the Nordics region looks to be a dream location for housing datacenter infrastructure (see Part 1 of this report). So why isn't it a northern European datacenter powerhouse in the same way that, say, Amsterdam and Frankfurt are, and why aren't all the big-name global providers that we see in those markets making a beeline for Nordic cities?

Part of the answer lies in the fact that, compared with Europe's biggest datacenter markets of Frankfurt, London, Amsterdam and Paris (FLAP), Stockholm, Helsinki, Reykjavik, Oslo and Copenhagen – or SHROC, if you will – are still at a relatively early stage in their datacenter journeys. However, rapid growth is expected, and while emerging markets elsewhere in the world tend to be dominated by local providers (typically telcos), global datacenter providers and hyperscalers have been present in the Nordic region for several years now. Local providers that are expanding are doing so with guarantees of ample power availability, both for today and tomorrow, thus paving the way to attract more interest from hyperscalers.

Context

The Nordics include the main leased datacenter markets of Sweden, Denmark, Finland, Norway and Iceland. When combined, they account for approximately 2.3 million square feet and 340MW of total operational capacity, according to 451 Research estimates. While that places Nordic countries in the bottom half of the 20 European markets identified and tracked in our Datacenter KnowledgeBase (as shown in Figure 1), we forecast that, as a whole, the region's market will grow in value at an average annual rate of 8.4%, rising from a combined total estimate of \$319m in 2018 to \$566m in 2025. Sweden and Norway will account for much of this, followed by Denmark, Finland and Iceland. While Sweden has the largest number of datacenters and providers in the region, Norway currently offers more operational supply (see Figure 2).

Figure 1: Estimated Net Operational Space – European Markets

Source: 451 Research's Datacenter KnowledgeBase, Q2 2021

Global providers

There are several global datacenter providers active in the Nordics. They include Digital Realty and Equinix, which currently operate 18 datacenters in the region between them. In Sweden, the two go head-to-head, with Equinix being the market leader in terms of operational capacity, with a total of about 157,000 square feet from three datacenters acquired from Telecity in 2016, followed by Digital Realty, which offers about 83,000 square feet from the six local datacenters it purchased from Interxion in 2020.

Elsewhere, Equinix occupies the number two slot in the Finnish capital, Helsinki. The company is reportedly investing €32m (\$37.11m) in expanding two of its six datacenters in Finland with the addition of about 800 cabinets across its HE5 and HE7 sites, in an effort to further capitalize on the country's position as a connectivity hub between Europe, the Baltics and Russia. In Denmark, Digital Realty is the number two player in Copenhagen's market after GlobalConnect, which leads with an estimated 114,300 square feet of operational capacity. At the end of 2020, Digital Realty announced that it had begun construction on its third Danish datacenter. CPH3 will be developed in three phases and is expected to offer 75,340 square feet and 14MW of total IT space when fully completed, with 24,757 square feet of phase one scheduled for delivery during 1H 2022.

Other providers from outside the region include Colt Data Centre Services, Etix Everywhere Borealis (part of Vantage Data Centers following its acquisition of Etix Everywhere's assets in 2020), GTT (whose infrastructure assets have now been purchased by I Squared Capital), Lumen Technologies, Vodafone and Verizon.

Norway

Norway's leased datacenter market is largely dominated by local and regional providers. Oslo is the country's datacenter hub, and DigiPlex is the leader here with an estimated 43% market share in terms of total operational capacity. The firm operates several facilities in the Oslo area, including two datacenters at individual sites and a campus location that are said to offer a combined 144,800 square feet of technical space. It adds that a 6MW dual data hall, which we estimate to be about 40,000 square feet, is currently being designed at the campus. Additionally, DigiPlex has begun developing a second campus site that occupies a 430,556-square-foot plot for six 6MW IT load datacenter buildings. It says the first of these is already fully leased and that the second, which consists of two halls each offering about 10,000 square feet of white space, is currently in design. Furthermore, the company recently acquired a 645,835-square-foot plot of land just outside Oslo with an option to purchase another 107,600 square feet. It says the site has access to more than 200MW of renewable power and that it already has an agreement in place for powering a first phase.

Since being founded in 2000 as a managed service provider in Oslo, Basefarm has been acquired by multiple organizations, the latest being the Orange Group in August 2018. It is now part of the French telco's Orange Business Services enterprise subsidiary. According to our estimates, Basefarm currently accounts for 26% of total operational capacity in Oslo, making it the number two player in the market. It operates datacenters from two locations in Oslo that offer a combined area of 20,451 square feet of white space for phased development.

Rounding out the Norwegian top three, Tieto finalized its merger with Helsinki-based digital services provider EVRY in December 2019. The combined entity is now known as TietoEVRY, and we estimate that it accounts for 15% of the market with a datacenter in the municipality of Gjøvik, about 75 miles north of Oslo.

Other Norwegian datacenter operators include Bulk Infrastructure, which provides access to large sites ready for the development of industrial buildings. In addition to owning sizable plots for industrial development in key locations in Norway, along with a presence in Sweden and Denmark, Bulk builds and operates regional and international fiber networks and datacenters. In Norway, the company operates the Oslo Internet Exchange (OS-IX) and has the NO1 campus, which is said to occupy a 300-hectare site with up to 1GW of renewable power and 100% availability. Campus capacity was expanded in October 2020 with the addition of 3MW of critical power, to deliver power and cooling for 30kW racks for new and existing customers in the UK and beyond looking to support HPC and other needs.

In July Green Mountain announced an agreement to be 100% acquired by Israeli real-estate investor Azrieli Group for about \$850m. Green Mountain now operates three datacenters in Norway, after acquiring 800,000 square feet of land for its DC3-Oslo facility, which launched with its first 4MW building in October 2020, with all of the capacity sold to an unnamed 'international client.' In August DC3-Oslo was expanded with another 4MW facility that was constructed on a build-to-suit basis for a 'large international cloud provider,' again unnamed.

In addition to offering colocation facilities at five sites in Oslo, Blix Solutions also has datacenters in Copenhagen, Stockholm, Amsterdam, London and New York. It opened a new datacenter in the Norwegian capital earlier in 2021. The Blix Data Center is claimed to be a 1MW facility with current capacity for 200 racks and space for further expansion.

Finally, in May Canada's Hive Blockchain Technologies offloaded its Norwegian subsidiary, Kolos Norway, to the local municipality of Narvik, reportedly paying them \$200,000 to take all the shares. Hive originally acquired a datacenter in Ballangen in 2018 with a plan to develop a 30MW cryptocurrency mining facility, but encountered various setbacks that made the project unviable.

Sweden

As well as in Norway, DigiPlex also ranks among the top providers in other Nordic markets, including Sweden, where it is number four in the market after Equinix, Digital Realty and Verizon. DigiPlex aims to add to its existing datacenter in Stockholm, and has secured 215,270 square feet of land and 40MW of power for either two multi-story datacenter buildings or one large construction. The company looks well set to fund its ambitions following an agreement announced in July to be 100% acquired by IPI Partners.

In July Conapto announced that it had been 100% acquired by Pan-European infrastructure investment fund Marguerite II. Conapto operates two geographically separated colocation datacenters – Stockholm South and Stockholm North – that occupy a combined gross area of 58,964 square feet. The latter is the larger facility, and its capacity was doubled earlier in 2021 to offer space for 900 racks and total power of 6MW. Under its new owners, Conapto says the first action will be to build 2MW of further capacity at Stockholm North.

In March Frankfurt-based Northern Data announced the completion of its acquisition of Hydro66's datacenter in Boden, about 50 miles south of the Arctic Circle in Sweden. The 2.5-hectare site currently consists of six datacenter halls that have now been equipped with Northern Data's own HPC hardware.

Following its acquisition of Denmark's GlobalConnect in 2017, EQT Infrastructure went on to purchase Swedish fiber and datacenter provider IP-Only in 2019. EQT has now merged the two companies, with the brand GlobalConnect used for all enterprise operations in Sweden, as well as its other Nordic markets and Germany.

AtNorth (formerly Advania Data Centers) is aiming to make its debut in the Stockholm market toward the end of 2021 with the launch of Sif DC at its SWE01 campus in Kista, northern Stockholm, which is nearing completion. The company also operates Thor DC at its 3.2MW ICE01 campus site in Iceland's capital, Reykjavik, as well as Mjölur DC at its 80MW-plus ICE02 campus near the airport.

Denmark, Finland and Iceland

GlobalConnect, Digital Realty and DigiPlex are the top three providers in Denmark's leased datacenter market, with a combined operational capacity estimated to be 203,000 square feet. DigiPlex is planning its second datacenter in the country on a 1.18-million-square-foot plot west of Copenhagen. The firm says it has secured a guaranteed electricity supply for the first phase, with an option to increase this up to 100MW as the campus grows. Norway-based Bulk Infrastructure made its Danish debut in December 2019 with its DK01 campus in Esbjerg on the west coast. The company says its site occupies an area of 538,196 square feet that can initially scale to 20MW, with additional land and power available for further expansion.

Finland's market is dominated by Telia, which operates three datacenters in the country, offering an estimated total operational capacity of 162,450 square feet. It is followed by Equinix and a number of local providers, such as Datalahti, Elisa and Germany's Hetzner, with each making up a smaller part of the market.

We are currently only tracking four providers in Iceland's market: atNorth, Erix Borealis (Vantage Data Centers), Verne Global and Reykjavik DC. Local company Verne Global is the leader here in terms of capacity, with an estimated 40,200 square feet of colocation space currently available at its 40-acre, 100MW campus just outside Reykjavik. It's followed by atNorth, which is estimated to offer 37,000 square feet of total operational capacity from its three datacenters in the country.

Figure 2: Nordic Markets Leased Datacenter Footprint, Q2 2021

	DENMARK	FINLAND	ICELAND	NORWAY	SWEDEN
Number of active facilities	31	23	8	25	50
Number of datacenter providers	16	13	4	17	28
Total operational square footage (est.)	241,534	394,751	110,446	858,251	734,671
UPS (MW) (est.)	36	60	31	122	97

Source: 451 Research's Datacenter KnowledgeBase, Q2 2021

CONTACTS

The Americas

+1 877 863 1306

market.intelligence@spglobal.com

Europe, Middle East & Africa

+44 20 7176 1234

market.intelligence@spglobal.com

Asia-Pacific

+852 2533 3565

market.intelligence@spglobal.com

www.spglobal.com/marketintelligence

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