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Data Centre Space will run short

Story by [Kay Ewbank](#), 26-02-2009, 0 comment

The effects of the credit crunch appear in strange places. One unexpected result could be a lack of space in data centres from 2010 onwards.

The reason behind the possible data centre shortage lies in the fact that data centre construction has been put on hold, and as the timescale for building new centres runs to a couple of years, supplies will be restricted. The problem arises because it takes time to find a suitable site, gain planning permission and then build the centre. When data centres are put on hold, it takes a long time to catch up.

Phil Dawson, Managing Director, MDS Technologies, commented that "The limited supply of data centre capacity in the UK has been well documented. Over the last 12 months, availability in areas such as London has reported to have dropped below two per cent

With the global economic downturn having squeezed revenue streams and finance deals, this supply shortage has been further exacerbated by many data centre developments, both corporate and third party, having been put on hold. All the while, demand for managed hosting and co-location services remains as strong as ever – and this is unlikely to change anytime soon."

Redstation's Richard Deacon has also seen the effects of the credit crunch. "It has led to an increase in demand for data centre space due to companies turning to colocation instead of building in-house data centres – allowing them to cut costs due to budgetary constraints and a need to focus on their core business activities.

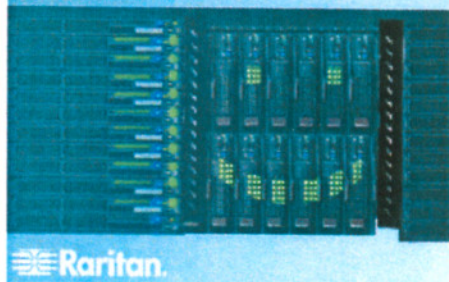
Recent research by HP revealed that the majority of data centres across Europe have reached 80% capacity and although new data centres are either being planned or under construction – demand will continue to outstrip supply. Furthermore, due to the regional nature of colocation, capacity in some areas will be strained more than others.

We are seeing an increase in the rate of forward leasing and are already taking pre-orders for space in our new data centre which is due to open in 2010."

One problem that has caused the low availability in London is the need by financial institutions to have data centres within a very specific distance. Financial regulations state that trading companies such as investment banks must locate their data centres a minimum of 15km from their head offices, but the need to support real-time processing has meant the companies are unwilling to have the data centres located too far from their offices to avoid latency in replicating transactions across a network in real time.

Although many banks are facing problems due to the financial crisis, they still need data centres, and mergers and acquisitions can exacerbate the problem with a requirement for more space in a specific area. If you're likely to need data centre space in the next few years, it's worth checking out your options.

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