

# DELIVERING DATA CENTRES IN EUROPE AMID DISRUPTION AND PRICE HIKES



**Lisa Duignan**  
Data Centres Lead, Europe  
Turner & Townsend

The economic and political landscape in Europe is having a complex impact on the data centre construction market, at a time when broad industry outlook in the region remains optimistic.

Amidst the current risks, wholesale data centre developers see huge opportunity. But achieving the best speed to market in such a tough environment will be critical to strengthening reputations and building a wider customer base. Speculative builds by newer entrants to the data centre market in Europe

are expected to proceed more cautiously, especially if customer relationships are not mature.

In our interim **European Data Centre Market Intelligence Report**, we find that staying close to price fluctuations and understanding security of supply chains is more important than ever in the planning and delivery of these projects. Price hikes for commodities like metals and energy are pushing costs for construction material and components upwards, while supply and demand imbalances are affecting lead times.

Procurement needs an agile and pragmatic approach in the face of rising inflationary pressures. Clients should consider:

- ▶ Striking the balance of growing strong working relationships with their trusted partners, while diversifying the supply chain to reduce full reliance on any one contractor.
- ▶ Taking a programme delivery structure and utilising a PMO can play an important part in getting the basics right from the beginning.

Entering contracts at the wrong price is a bad outcome for everyone. Contractors should consider:

- ▶ Having more open and regular dialogue with their client stakeholder teams during procurement stages.
- ▶ Early focus on agreeing mutually acceptable ways of dealing with cost and schedule volatility on their projects.
- ▶ Open book methodologies can allow for fairer risk sharing, but do require highly skilled commercial staff on both contractor and client teams, proactively managing the supply chain costs.

Looking to the future, the current sanctions and material shortages further highlight the need for industry investment in local manufacturing facilities. There is also a responsibility on international data centre focused businesses, mainly from Ireland and the UK, to invest in growing strong local teams across mainland Europe, reducing the DC sectors dependency on a relatively small pool of talent. It will require considerable collaboration to plot our path towards that.

Our interim **European Data Centre Market Intelligence Report** provides a detailed exploration of changes affecting prices for key construction materials and components. To receive a copy of the full report, contact Turner & Townsend real estate insights: [ttreinsights@turntown.com](mailto:ttreinsights@turntown.com).

## Turner & Townsend's expertise in the data centre sector



As the global economy transforms into a digital economy, our society has never been more reliant on digital technology and resources. The COVID-19 pandemic has only accelerated this process. We are supporting data centre clients to increase capacity and manage construction risk, so they can keep delivering 24/7.

Turner & Townsend has been at the forefront of Hyperscale data centre development from the outset, delivering multi-billion pounds/dollars of construction each year globally. We bring local market insight combined with our in-depth understanding of global trends, giving our clients confidence when entering the Irish market. We have a large and diverse team of data centre experts located in our Ireland hub, specialising in providing Europe wide cost and

commercial management, local project management, and contract advisory services to hyperscale end users and developers, both at programme and project level.

We know what it costs to procure, design, build and operate data centres in both established and emerging markets. We work with clients to deliver certainty and maximise their return on investment, delivering effective programme management, project and cost management and project controls services. Our services are underpinned by our market-leading digital products, collectively providing a single source of truth to deliver predictable outcomes, everywhere.

For more information, please contact:  
Lisa Duignan - Data Centres Lead, Europe ([lisa.duignan@turntown.com](mailto:lisa.duignan@turntown.com)) or  
Conor Nugent - Data Centres Lead, Ireland ([conor.nugent@turntown.com](mailto:conor.nugent@turntown.com)).