

## Data Center Space May become Harder to Find

Contributed by Staff Writer  
Wednesday, 15 August 2007

The data center industry is hot and that includes the real estate market for data center space. The market that was once flooded with the remnants of the dot.com bubble is no more. Demand has soared, thanks in part to our slow conversion from paper to digital, Sarbanes-Oxley and various privacy laws, which has increased the demand of document retention.

In the recent report from the EPA to congress on data center energy use the data center industry has been summarized as follows:

“As our economy shifts from paper-based to digital information management, data centers — facilities that primarily contain electronic equipment used for data processing, data storage, and communications networking — have become common and essential to the functioning of business, communications, academic, and governmental systems. Data centers are found in nearly every sector of the economy: financial services, media, high-tech, universities, government institutions, and many others use and operate data centers to aid business processes, information management, and communications functions.

The U.S. data center industry is in the midst of a major growth period stimulated by increasing demand for data processing and storage. This demand is driven by several factors, including but not limited to:

- the increased use of electronic transactions in financial services, such as on-line banking and electronic trading,
- the growing use of internet communication and entertainment,
- the shift to electronic medical records for healthcare,
- the growth in global commerce and services, and
- the adoption of satellite navigation and electronic shipment tracking in transportation. “

As the report notes the data center industry is in the midst of continued growth, however the construction of new data centers is not growing as rapidly.

“Today in U.S. boardrooms, the investment and location focus is squarely on the I.T. sector, especially data center operations” according to the Boyd Company, Inc, a corporate location consultant.

“From a real estate perspective, the growth of the data center industry is truly impressive, notes John Boyd of the Boyd Company ([www.theboydcompany.com](http://www.theboydcompany.com)). “I firmly believe that there will be a severe shortage of data center space over the next few years given the unprecedented growth of the industry in a number of key sectors: financial services, healthcare, retail, gov't, defense, etc.” states Boyd.

Statistics such as that noted by research group, Tier 1 notes that data center demand is up 13 to 14 percent, while supply has increased just by 4 percent. At that rate it is only a matter of time.

For companies that see growth or compliance initiatives in their future it is best that planning begin now along with careful examination of the possible impact that a data center space shortage in the United States will create for an organization.