RESEARCH

MARKET IN MINUTES

Are data centres - competitor or catalyst for I&L space?

European Industrial and Logistics – Q1 2026

savills

KEY STATS

231
DATA CENTRES UNDER CONSTRUCTION IN EUROPE

18%
ANNUAL GROWTH IN ENERGY NEED BY 2030

0.5m sq ft
OF LOGISTICS SPACE UNDER OFFER IN THE DUBLIN MARKET

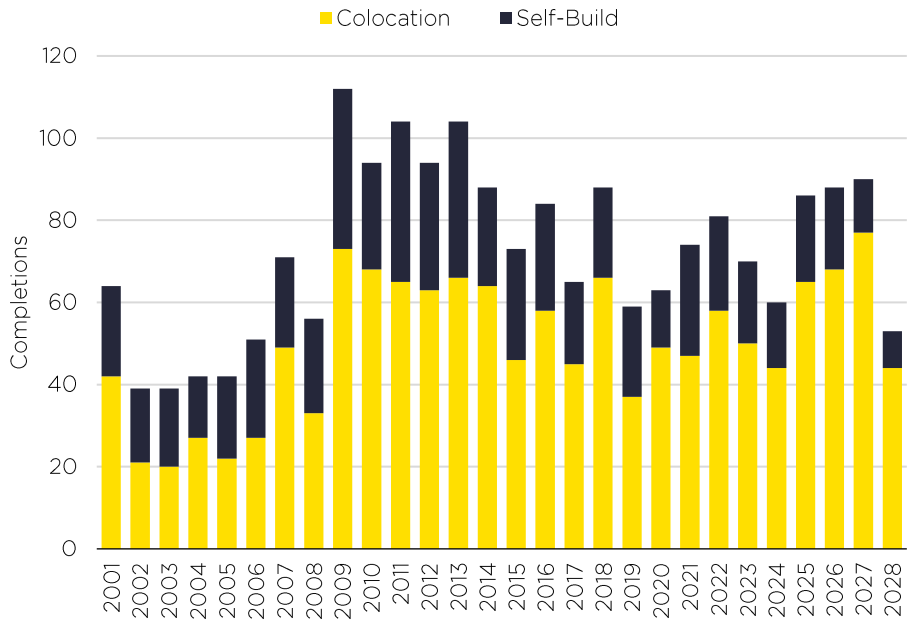
8.4m sq ft
ESTIMATED LOGISTICS DEMAND IN FLAPD MARKETS

Data Centres and Logistics

In an increasingly digital world, data centres (DCs) have become the infrastructure that underpins modern society. Beyond this, an arms race for AI supremacy amongst incumbent tech giants and smaller challengers is driving the need for vast arrays of computing power and storage. This combination of steady digital growth and an AI-driven infrastructure super-cycle has led to a radical rethink of forecasted demand for energy, space and components.

According to Macquarie, global data centre power capacity grew by more than 200% between 2015 and 2024, rising from 26 gigawatts (GW) to 81 GW. This figure is forecast to rise to 222 GW by 2030. Comparing the two periods, growth has accelerated from 13.5% per annum to 18.0%. The sector's energy needs were initially expected to grow slowly and linearly. Far from this, more recent estimates suggest a 15-17% annual uptick in energy demand from DCs.

Data centres built in Continental Europe



Source: Savills Research based on DCbytes

With both asset types typically operating in similar footprints and locations, DCs and logistics have inevitably begun to compete. Across Europe, we have seen a plethora of examples of speculatively built warehouse units being leased and retrofitted to house DCs. Occupiers are increasingly implementing automation, AI and EV charging into their warehouse operations as observed in our European and UK Logistics censuses. Combining constraints and bureaucracy of Europe's power grids and the energy appetite of DCs only intensifies this competition. With DCs currently outperforming traditional I&L assets in terms of total return, land that would typically have been considered part of the future supply pipeline for the I&L sector is being taken out of play. This trend shows no sign of abating. According to DCBytes, there are currently 231 units under construction and due to be completed by the end of 2028. Indeed, in Megawatts (MW), in the European market, live DCs account for 10,990 MW, with a further 2,449 MW of DCs under construction. Beyond this, at a more speculative level, there are a further 11,191 MW committed and some 39,206 MW in early stages of planning. It's unlikely that all projects will come to fruition, but the fact that the sector is expecting to see power capacity grow by 22% in the near term, with a potential to double over the medium-term, is staggering.

Will DC growth drive demand for warehouses?

The breakneck pace of expansion has created issues for the sector. Within the Frankfurt, London, Amsterdam, Paris and Dublin (FLAPD) markets, which dominate the European DC market, severe grid congestion has hampered expansion, with grid connections experiencing severe delays and policy risk rising. Dublin presents an interesting case, where a three-year de facto moratorium on new DC grid connections has only just ended, with new laws now in effect. Under these laws, new developments must include renewable energy projects to produce at least 80% of the energy demand they will generate on the grid. This will drive demand for on-site energy generation, whether through renewables or other sources.

In the Netherlands, according to the Dutch Data Centre Association, 50% of operators intend to invest in on-site renewables. To comply with Dutch regulations on heat reuse, 60% of operators are ready to export heat, and over half are investing in technology that will allow heat export. These trends demonstrate that even beyond the standard equipment needed to build a DC, demand for components and materials is increasing.

A new supply chain?

We are also starting to see the DC sector require its own supply chain to maintain spare parts and the equipment needed to run an operational unit. This trend is already evident in several markets. In the US DHL have recently added 10 dedicated sites which total 7m sq ft to provide storage of servers, power modules, and networking systems which will supply DC's with the equipment they need, either during the construction phase or when in operation. In Dublin, DC-related occupiers accounted for 10% of annual logistics take-up in 2025, totalling 225,000 sq ft, and Savills is aware of a further 500,000 sq ft of space under offer from tenants involved in the sector. Similarly, in the US, our research indicates that three of the top five deals in the Houston market in Q4 2025 were driven by DC or energy grid-related demand, to support expansion in the market's huge DC presence.

How much warehouse space is needed?

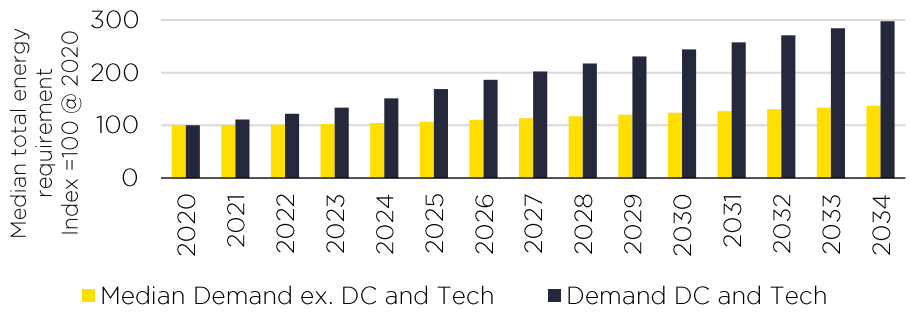
Taking these trends in aggregate, expansion in the DC sector is a clearly structural tailwind for the industrial and logistics sector. The four deals in Houston accounted for 11% of take-up in H2 2025, in line with the 10% of take-up in the Dublin market in 2025 accounted for by the DC sector. Comparing total take-up volume in each market relative to the growth in energy demand from DCs currently under construction in each market, 71MW in Dublin and 250MW in Houston, we find a corresponding logistics take-up impact of 7,250-10,560 sq ft per DC MW. Although notably in the case of Houston, we are only taking the top deals, which could push this lower bound even higher. Taking an average of 8,900 sq ft of logistics space per MW and extrapolating demand for the FLAPD markets, where 950 MW of space is currently under construction, we would estimate an additional 8,462,000 sq ft (786,130 sqm) of demand for logistics space. While this is an evolving understanding of demand dynamics and analysis, we're already seeing evidence of this demand in the UK, with DC power solutions and AI infrastructure firm AVK SEG leasing 140,000 sq ft of logistics space in the North West of the UK.

Houston H2 Major Logistics deals driven by DC demand

Signed	Tenant/Buyer	Area (sq ft)	Industry
Q4 2025	Modular Power Systems	435,680	Industrial Machinery & Supplies
Q4 2025	Enchanted Rock	407,302	Energy
Q4 2025	W-Industries	241,712	Industrial Machinery & Supplies
Q3 2025	Panlematic	728,080	Industrial Machinery & Supplies

Source: Savills North America

Irish Grid demand for DCs is dramatically outpacing the other consumption



Source: Savills Research using EirGrid

Savills Research

We're a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of the UK property market. To view copies of our previous Spotlight publications, go to www.savills.co.uk/insight-and-opinion/



Kevin Mofid
Head of EMEA logistics Research
+44 (0)7812 24936
kmofid@savills.com



Cameron Bell
EMEA Data Centres
+44 (0)7870 555982
CLBell@savills.com



Toby Green
Head of UK industrial & logistics
+44 (0)7870 555716
Tgreen@savills.com



George Unwin
Occupier Advisory – logistics
+44 (0)7813 528440
george.unwin@savills.com

Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 700 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure it's accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.