**451 Research Market Insight Report Reprint**

# Start Campus to bring its first facility in Portugal online by year-end

September 17, 2024

**by Pedro Schweizer**

The datacenter operator is preparing to launch its datacenter campus in the country in 2024, now with 1.2 GW in grid capacity signed with local authorities. It plans to open the first of six buildings later this year. The facility is set to bring online an initial 14 MW of IT capacity, with an additional 12 MW added by 2025.

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## Introduction

Start Campus intends to launch a datacenter campus in Portugal in 2024, now with 1.2 GW of grid capacity signed with local authorities. The datacenter operator, which is developing a site in the Sines region south of Lisbon, will unveil the first of six facilities later this year. That building, SIN01, will bring online an initial 14 MW of IT capacity, with an additional 12 MW added by 2025, for a total rollout of 1.2 GW.

## THE TAKE

A key issue in the European datacenter space is how AI workloads can reshape the region's digital infrastructure landscape. With the sector recently seeing areas such as Frankfurt, London, Amsterdam, Paris and Dublin (FLAP-D) becoming increasingly crowded, many now feel that AI workloads will boost demand in secondary new-build locations even more. As AI training workloads are typically less latency sensitive and can be located in more distant locations, many assert that smaller markets with renewable energy available — including the Nordics and Spain/Portugal — are ideal for those workloads.

Although Start Campus predates the AI industry boom, initially driven by strong hyperscale demand in Europe for datacenter space, its business proposition is intriguing in this new context. If it can deliver the large amounts of capacity it has planned, the operator could single-handedly make Portugal a destination for AI training workloads, in addition to the hyperscale business it has already secured.

## Context

In 2020, US-based asset manager Davidson Kempner Capital Management and British private equity firm Pioneer Point Partners jointly created Start Campus. In April 2021, Start Campus announced details on its first datacenter development, planning a 495-MW datacenter campus (SINES DC) in the Sines Industrial and Logistics Zone (ZILS), roughly 72 miles south of Lisbon. At the time, the provider planned to invest €3.5 billion in the project. The site, which is being built with direct connections to the EllaLink subsea cable system, will offer global connectivity from Europe to the Americas and Northern Africa. The provider says that it has signed a $22 million deal with Siemens Energy AG to supply transformers for the site.

Upon completion, the SINES DC will house six datacenter buildings — SIN01 to SIN06 — slated to be completed in phases from late 2024 to 2030. SIN01 is set to launch in 2024 with 14 MW of IT capacity, expanding with another 12 MW in 2025. The operator claims that it will be able to house high-density deployments at launch, with its first facility capable of offering densities of as much as 130 kW per rack. Start Campus has deployed liquid cooling technology to support a 6.8-MW pair of clusters, including 50-kW racks. The following building, SIN02, is due to come online in 2026 and is being developed as a powered shell or turnkey, offering 180 MW of capacity.

## Strategy

According to company leadership, the campus will be fully powered with renewable electricity, allowing it to eliminate Scope 2 emissions and increase its attractiveness to hyperscale customers committed to minimizing Scope 3 emissions. Furthermore, the next few buildings, SIN02 to SIN06, are designed to have a power usage effectiveness (PUE) ratio equal to 1.1, ensuring greater energy efficiency and translating into total cost of ownership competitiveness and high sustainability standards for clients.

In August, Start Campus announced that it would be increasing the planned uninterruptible power supply capacity of its campus from 495 MW to 1.2 GW. The availability of renewable electricity generated on the campus, along with new tender agreements signed with local utilities — namely local supplier REN, which oversees the country's energy transmission grids — allowed the operator to expand the UPS capacity of its campus, eyeing additional demand from US hyperscalers and cloud suppliers serving the Europe, Middle East and Africa market, as well as potential additional demand driven by AI.

Several submarine cables link Portugal to densely populated and fast-growing metros on the west coast of Africa, including Lagos and Luanda, Angola. Given the low data latency enabled by these cables, Portugal could be considered not only a transit market, but also a region where a large volume of data could be generated/computed.

The attractiveness of the SINES datacenter for large customers from the US was bolstered by the partnership established in 2021 between Start Campus and EllaLink to strengthen connectivity between the Latin America and EMEA markets. Indeed, EllaLink — a project sponsored by the Marguerite Fund — provides high-capacity natural transatlantic fibers between the two continents with points of presence in Sines, Portugal; Funchal, Portugal; Fortaleza, Brazil; Cayenne, French Guiana; Casablanca, Morocco; and Praia, Cape Verde.

The strategic position of the SINES DC has been further enhanced by the launch in June of the 2Africa cable, which has its Portuguese landing station in Carcavelos, roughly 80 miles north of Sines. The 2Africa cable circles the entire African continent, reaching the Middle East and India. At full buildout, the cable will have over 50 cable landing stations in the main coastal metro areas of Africa and South Asia, connecting more than 3 billion people across three continents.

Furthermore, operating a campus in the ZILS close to the ocean should allow Start Campus to use seawater to cool the servers hosted in the facilities. Leveraging a seawater heat exchange system left over from the now-decommissioned power plant next door, cold water is pumped through pipelines into the datacenter's cooling system, which subsequently cools the air circulating around the rack aisles. Although somewhat novel to the datacenter space, the power industry has been using this type of cooling method for decades.

The mechanics of this approach are similar to standard chiller systems, but seawater cooling eliminates the need to cool down water with more traditional, energy-intensive methods. Sines 4.0 will employ this system to curb energy consumption of the premises and improve its sustainability credentials for potential customers, aiming to beat the target of 1.1 PUE for the datacenter facilities on the campus. Achieving this target could mean competitive cost advantages for Start Campus, potentially allowing it to compete with providers based in the Nordics for regional workloads.

## Competition

Start Campus' most direct rival in its home country is Altice Portugal, which owns and operates six datacenters, with its largest facility in Covilhã supplying a white space of 70,000 square feet with a UPS capacity of 10 MW. Altice operates other sites in Lisbon, Porto, Azores and Madeira. However, Start Campus' AI-ready, multi-megawatt SINES DC will also vie with similar locations in the broader Iberian Peninsula, including those in Spain offering similar amounts of space for hyperscale customers.

Cloud suppliers have moved into Spain — particularly Madrid — in full force since 2020 due to the country's multiple connectivity offerings: Microsoft Corp., Google, Amazon Web Services and Oracle Corp. have all worked to launch cloud regions in the country. Providers like Nabiax, Global Switch, Digital Realty Trust Inc., Equinix Inc. and Data4, as well as new entrants NTT Corp. and CyrusOne, operate a vast footprint in the country and will likely come up in future deals for hyperscale customers looking to build their presence in Iberia.

## SWOT Analysis

### STRENGTHS

With the recent increase in secured grid capacity, Start Campus has become one of the largest datacenter developers not just in Portugal, but in all of Europe. The operator has signed tenders with REN, which is responsible for managing Portugal's energy transmission grid, to secure additional power for the campus, and has partnered with Siemens Energy to supply transformers for its campus.

### WEAKNESSES

The company has suffered a series of setbacks since it announced its development in 2021, particularly in the regulatory and environmental segments, which has led to some delays.

### OPPORTUNITIES

Europe's datacenter landscape has changed significantly since 2021, when the provider unveiled its development. In the past 12 to 18 months, AI has been the source of much optimism among industry leaders, as many believe it could spur another boom in demand for datacenter space, particularly in locations that offer an alternative to the increasingly power-constrained FLAP-D markets.

### THREATS

An increasing number of datacenter providers are betting on the Nordics as the most likely location to benefit from AI workloads, not Portugal, and Spain has seen much higher rates of hyperscale activity. Start Campus will have to work to attract hyperscale and AI workloads to Portugal, as well as market it as a suitable alternative to the Nordics moving forward.

**CONTACTS**

**Americas:** +1 800 447 2273
**Japan:** +81 3 6262 1887
**Asia-Pacific:** +60 4 291 3600
**Europe, Middle East, Africa:** +44 (0) 134 432 8300

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