

Feeding a Data Hungry World: Planning for Data Centres

Planning Update June 2025



Leonie Oliva

Partner

t +44 (0)20 7333 6445

Leonie.Oliva@nmrk.com

The new Government has wasted no time in setting out its stall for delivering both housing and economic growth as reflected in the revisions to the NPPF that were published at the end of July and also in Angela Raynor's Written Ministerial Statement which confirms:

“

with respect to commercial development, the Government is determined to do more to support those sectors which will be the engine room of the UK's economy in the years ahead.”



John Howells

Partner

t +44 (0)20 3486 3453

John.Howells@nmrk.com



Sophie Hinton

Senior Associate

t +44 (0)20 3486 3493

Sophie.Hinton@nmrk.com

Not previously referred to in national planning policy, data centres form a critical part of our infrastructure and are essential for supporting economies across the globe as growth in data-based industries, cloud computing and AI explodes. On an individual level, for most of us, our daily tasks and activities will be making use of existing data centres multiple times a day.

As such, it is tremendously important that data centres are actively planned for, and their provision supported in plan making and decision taking. Not least because in some cases they have very specific locational requirements, needing suitable grid connectivity and capacity as well as water supply for cooling. Therefore, it is positive and most welcome that the above need will now be specifically addressed in national planning policy.



Carla Jokic

Senior Surveyor

t +44 (0)20 3486 3663

Carla.Jokic@nmrk.com

The consultation document that accompanies the draft NPPF explains that it is essential that the planning system is reformed to build the infrastructure needed to power our economy and support the Government's industrial strategy. It explains that it is vital that planning policies reflect infrastructure priorities, including supporting rapidly advancing commercial opportunities which will be the foundation of the UK's future: data centres, gigafactories and laboratories.



The document notes that battery cell manufacturing plants, commonly called gigafactories (when capacity exceeds 1GWh of cells), are essential for the electric vehicle supply chain and accelerating domestic battery making capacity will give the manufacturing sector the certainty it needs to flourish. While it acknowledges that data centres produce an estimated £4.6bn in revenue each year in the UK (2021) and are forecast to support a UK tech sector worth an additional £41.5bn and 678,000 jobs by 2025.

Reflecting this, proposed additions to the NPPF states that within local plans:

“

Appropriate sites for commercial development which meet the needs of a modern economy should be identified, including suitable locations for uses such as laboratories, gigafactories, data centres, digital infrastructure, freight and logistics.”

The draft document goes on to say that planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for:

“

Clusters or networks of knowledge and data-driven, creative or high technology industries; and for new, expanded or upgraded facilities and infrastructure that are needed to support the growth of these industries (including data centres and grid connections);”

Apart from the obvious benefits of supporting our data hungry lives, there are other benefits to consider. Data centres generate heat, and this can be fed into local heat networks. A current proposed scheme in Canning Town, London, that has recently received a resolution to grant planning permission from the London Borough of Newham would supply heat to around 13,000 local homes in total. The near two-hectare site, formerly a metal recycling facility, has been allocated for industrial use, and is bordered by a planned housing estate of around 900 homes.

Although they are not employment intensive, there is a level of employment of high value technical jobs and their highway impacts are likely to be far less intensive than a similar scale of industrial or logistics scheme. They will also be much quieter than many industrial uses and can offer a range of environmental and community benefits. There are also benefits in terms of business rates and investment in the digital economy. However, they can be extremely large and will face competition for sites from other land uses, while planning applications may face opposition from local communities.

The size requirement is bespoke to the operator- some developers will adopt a far higher power density than others- for example a 50 acre site could accommodate anything between 150-400MW, depending on the operator, their technology and their build (how tall the building is, etc.). Generally speaking, because of the way the market has moved (i.e., greater power demands), so to have the land requirements to facilitate huge new data centres for AI. In urban areas, in established data centre locations, smaller sites of say 4 acres plus would be suitable.

When you leave the core location, we are increasingly seeing data centre sites of well over 100MW and up to 1GW in some instances. The key locational factor here is increasingly the proximity to the transmission network.

Suitable sites will be hard to come by for the scale of development that is needed. The planning challenges of data centre development in the UK has been voiced as a concern by developers. Therefore, the NPPF consultation is asking some specific questions.

It is testing opinion on whether the Government should go further by enabling digital infrastructure projects to opt into the Nationally Significant Infrastructure Project (NSIP) regime that was established by the Planning Act of 2008. NSIP projects obtain planning permission, and any other required consents such as CPO, through the Development Consent Order (DCO) process. The NSIP regime was introduced to streamline the decision-making process for major infrastructure projects (e.g. airports, power stations and new major roads), with applications submitted to the Planning Inspectorate rather than local planning authorities. The process has tightly defined and front ended consultation processes and statutory timetables.

The consultation document explains there is the potential for data centres, gigafactories and laboratories to be prescribed as a type of business and commercial NSIP and be directed into the NSIP consenting regime through section 35 direction, on request and subject to certain conditions. It is asking for views on this. It also asks if the direction power is extended to these developments, should it be limited by scale, and what would be an appropriate scale if so?

Another aspect of the proposed revisions to the NPPF that was been widely headlined is the concept of “Grey Belt” – a subset of the Green Belt. The definition of Grey Belt is interesting and broad. It is to be land which is land in the Green Belt comprising Previously Developed Land and any other parcels and/or areas of Green Belt land that make a limited contribution to the five Green Belt purposes (as defined in para 140 of the NPPF), but excluding those areas or assets of particular importance

listed in footnote 7 of the NPPF (Sites of Special Scientific Interest; land designated as Local Green Space, an Area of Outstanding Natural Beauty, a National Park (or within the Broads Authority) or defined as Heritage Coast; irreplaceable habitats; designated heritage assets; and areas at risk of flooding or coastal change).

While Grey Belt is primarily being discussed in the context of land for housing, it could also provide an opportunity for industry, logistics and data centres. There are a number of current planning applications and appeals for major data centres in the Green Belt and it will be interesting to see how they are determined in the light of emerging policy.

Our data usage is on a one-way trajectory. It is really difficult to land on an accurate forecast as it is hard to say where the technology is headed, how hardware will become more efficient and how sustainability/energy might constrain growth. However, according to a report from Synergy Research Group published earlier this year, the capacity of hyperscale data centres around the world has doubled in the last four years and a similar growth rate will continue through the next decade amid high demand for cloud services and AI tools.

Therefore, it is essential that we embrace change and ensure that we have a fit for purpose planning system that enables the data – based infrastructure that we need. Apart from positive national planning policy wording, this will require local authorities to take a strategic approach and consider the best sites for this type of infrastructure given the need to link to grid capacity.



NEWMARK

©Newmark Gerald Eve LLP

This document is provided for general information only. It is not intended as advice and must not be relied upon in any way. Neither Newmark Gerald Eve LLP (“Newmark”), nor any partner, employee or consultant thereof (or any such person in respect of Newmark GE Services LLP) (“Newmark Persons”) accept any liability for any losses or damage that may result from any use of, reliance on, or reference to the contents of this document. This document may not be reproduced in whole or in part without the express written consent of Newmark, including as to the form and context in which such reproductions will appear. Newmark is a limited liability partnership registered in England and Wales (registered number OC339470 and registered office at One Fitzroy 6 Mortimer Street London W1T 3JJ). The term “partner” is used to refer to a Newmark Person with equivalent standing and qualifications.