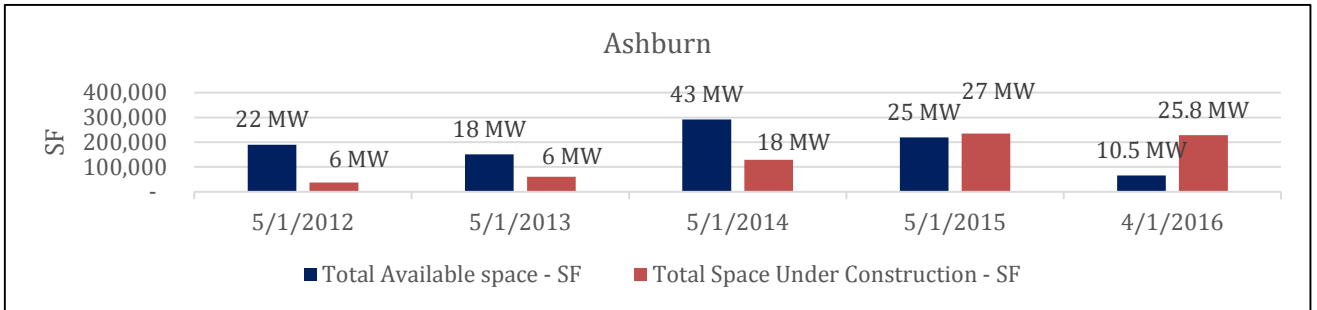


North American Data Centers



National Highlights

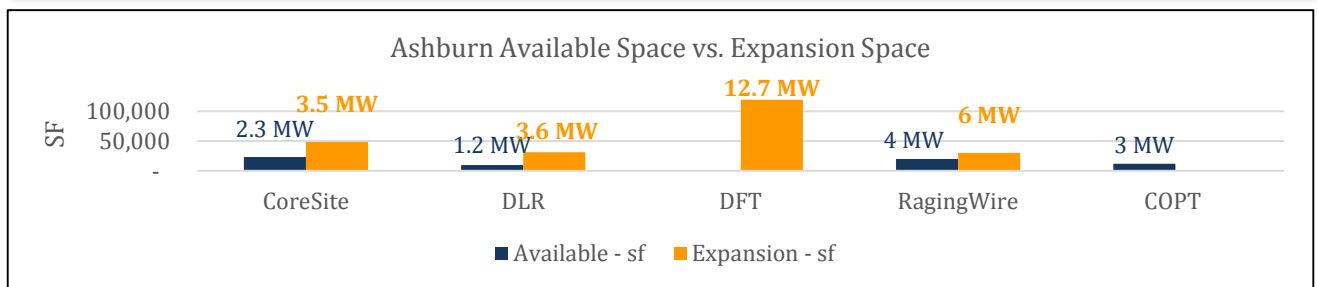
- Very strong first quarter highlighted by Microsoft completing large transactions in Ashburn (22 MW) and San Antonio (9 MW) with Cyrus One and (16 MW) with DuPont Fabros in Santa Clara.
- Large blocks of built out space will be key as cloud providers attempt to gain market share by taking down existing MTDC.
- Election is likely to slow down enterprise activity during next two quarters.
- Chicago Mercantile Exchange in Aurora, IL sold to CyrusOne for \$130 MM (15 year sale leaseback) and was the start of sale leaseback activity. There is over \$300 MM in the pipeline of companies looking to monetize data center assets.
- Several key colocation facilities are at capacity in key markets (Chicago, Dallas, Ashburn) which will likely drive up pricing with certain providers (Equinix/Telx).

Favorite Red Wines of the Quarter

- HARUMPH 2012 Napa Valley Cab Sav
- 2012 Fantesca Estate Cabernet Sauvignon
- 2010 Anakota Helena Montana Vineyard Cabernet Sauvignon

Existing MTDC Inventory at all Time Low in Northern Virginia

- Northern Virginia (NOVA) continues to be the largest data center market in the country with over 4 MM sf of inventory.
- The relatively low costs for space and power, coupled with the unique density of carriers, content providers, and cloud firms, have driven demand for data centers in the area and will continue to do so; During Q1, Virginia extended incentives for data centers extending from 2020 through 2035.
- Dominion Power and NOVEC are providing electricity at \$.045-\$.065 trying to keep up with demand from data centers.
- Top transaction in 2015 were Microsoft 10.4 MW with DFT, Apple 6 MW with DFT, Oracle 4.5 MW with DLR, and Uber 4 MW with DLR.
- Even though tenant demand remains strong, new projects have led to the lowest wholesale pricing (\$105-\$115/kW) in the country.
- RagingWire built a 140,000 sf property with 30,000 sf, 4 MW recently commissioned.
- Iron Mountain & Sabey could be the newest Multi-Tenant Data Center (MTDC) to develop ground up sites in Manassas and Ashburn, respectively.
- Infomart is currently undergoing renovations and is projected to add 4 MW of capacity by Q2 2017.
- Expect MCI's 125 acre former campus to be marketed to be sold in the next 3 months.



Note: These numbers do not reflect colocation offerings albeit often colocation and multi-tenant data center properties are often blended.

