

North American Data Centers

NEWSLETTER

JANUARY 2014 REPORT: 2013 YEAR IN REVIEW

Issues That Impact Data Centers During 2013

2013 had wholesale leasing activity comparable to 2012.

Several major companies expanded from Equinix footprint to wholesale footprint including LinkedIn & Dropbox.

There is more than 1.4 MM sf of wholesale turn-key data center space available for immediate occupancy or that will be delivered by end of 1st quarter; 20 % less than this time last year.

In 2013 there was significant downward pricing pressure particularly on larger wholesale transactions.

Emergence in second generation space left behind by Yahoo (Ashburn), Facebook (Santa Clara and San Jose), NTT (San Jose), and Zynga (Santa Clara) is contributing to excess supply.

Slow down by Microsoft in leasing wholesale space during 2nd half of 2013; should lead to pent-up leasing in 2014.

Several companies renewed large power-based building leases at significant rate increases.

QTS, CyrusOne & RagingWire will look to expand their national footprint during 2014.

Largest Wholesale Turn-Key Leases During 2013

Twitter	20 MW	Santa Clara (RagingWire)
Microsoft	8.4 MW	San Antonio (CyrusOne)
Shutterfly	8 MW	Las Vegas (Switch)
LinkedIn	7.2 MW	Dallas (DLR)
LinkedIn	6.75 MW	Ashburn (DLR)
Bloomberg	6 MW	New York (Sentinel)
Microsoft	6 MW	Santa Clara (DFT)
Twitter	5 MW	Atlanta (QTS)
Tmobile	3.5 MW	Dallas T5
Time Warner	3 MW	Las Vegas (Switch)
Unisys	2.7MW	Ashburn (RagingWire)
DropBox	2.6 MW	Chicago (DLR)

Microsoft	2.6 MW	Reston (DFT)
Internap	2.5 MW	Santa Clara (Facebook)
Dropbox	2.2 MW	Ashburn (DRT)
RBS	2 MW	North Carolina (T5)
Dimension Data	2 MW	Ashburn (RagingWire)
Softlayer	2 MW	Chantilly (DRT)
Gaikai	2 MW	Manassas (COPT)
DirectTV	2 MW	Denver (ViaWest)
Singlehop	1.5 MW	Chicago (DLR)
Dropbox	1.5 MW	Santa Clara (DFT)
Express Scripts	1.5 MW	New Jersey (DFT)

Largest Blocks of Wholesale Space Available for Immediate Occupancy

Benaroya	52,000 sf (8 MW)	Puyallup, WA
Fortune	39,000 sf (7 MW)	Hillsboro, OR
Vantage	35,000 sf (7 MW)	Santa Clara, CA

DFT (VA3)	65,000 sf (5.72 MW)	Reston, VA
T5	50,883 sf (5.5 MW)	Atlanta, GA
CyrusOne	38,000 sf (4 MW)	Chandler, AZ



North American Data Centers

NEWSLETTER

JANUARY 2014 REPORT: 2013 YEAR IN REVIEW

Largest New Colocation Facilities Announced During 2013

Forsythe	221,000 sf	Elk Grove Village, IL	DuPont Fabros	150,000 sf	Elk Grove Village, IL
ViaWest	210,000 sf	Denver, CO	Stream	75,675 sf	Minneapolis, MN
ViaWest	150,000 sf	Minneapolis, MN	telx	70,000 sf	New York (60 Hudson)
CyrusOne	150,000 sf	Houston, TX	Continuum	30,000 sf	West Chicago, IL

Largest Build-To-Suits

Microsoft	West Des Moines, IA	\$677.6 MM	Google	Council Bluffs, IA	\$400 MM
Google	South Carolina	\$600 MM exp.	Facebook	Altoona, IA	\$300 MM
Google	Lenior, NC	\$400 MM exp.			

Great Wines We Enjoyed This Year

Darioush Napa Valley Cabernet Sauvignon 2010

Obsidian Ridge Cabernet Sauvignon 2011

Joseph Phelps Cabernet Sauvignon 2011

Paul Hobbs Cabernet Sauvignon 2008

2013 Investment Activity

In April, Digital Realty Trust acquired a 329,000 sf partially leased Delta Airlines data center as a sale-leaseback for \$37 MM.

In May, Digital Realty Trust paid \$31.9 MM for 6 properties in Austin, TX for a total of 337,000 sf.

In June, ByteGrid acquired the Cleveland Technology Center, a 333,215 sf property for \$16.9 MM which was 53% leased.

In July, GI Partners acquired One Wilshire, 633,000 sf carrier hotel in Los Angeles from Hines Property Trust. The property sold for \$437 MM which was reported to be a 5.7% cap rate.

In March, Carter Validus acquired a long term net leased 92,700 sf data center property in Andover MA for \$12MM (8.3% cap rate) and a 143,770 sf Raleigh data center property for \$19.5 MM (8.6% cap rate), and in June, Carter Validus acquired a 67,000 sf data center property in Leonia, NJ (7.5% cap rate) for \$14.76 MM.

In October, NTT acquired an 80% stake in RagingWire for \$350 MM.

GI Partners acquired fully leased 215,000 sf Telx facility for \$53.9 MM at a 7.5% cap rate.

In September, November and December Carter Validus purchased three AT&T Data Center properties via sale-leaseback transactions: the first for \$52 MM for the 148,952 sf property in Waukesha, WI (6.55% cap rate), the second for approximately \$110 MM for the 347,000 sf property in Brentwood, TN (7% cap rate) and the third for \$135 MM for a 499,000 sf property in San Diego, CA (7.5% cap rate).

In December, GI Partners acquired 150,000 sf fully leased Amazon facility for \$18 MM at a 6.1% cap rate in Manassas, VA, and earlier in the year acquired the 127,000 sf fully leased Amazon facility for \$17 MM at a 5.8% cap rate in Ashburn, VA.

Canadian colocation companies Peer1 (14.8 x EBITDA), Pivot, Q9 Networks, and BlackIron (15.4 x EBITDA) have sold during the last 18 months at 13-15 multiples.



North American Data Centers

Jim Kerrigan | Managing Principal | Jim.kerrigan@nadatcenters.com

For the largest wholesale transactions, the numbers set forth represent what is believed to be the total commitment of the lease agreement. The build-to-suit/new wholesale transaction size, by and large, part represents the total size of the shell not necessarily the technical space. This is further complicated by the multiple phases of the projects and/or the total power committed to the project versus initial build out.