

North American Data Centers

NEWSLETTER

JANUARY 2015 REPORT: 2014 YEAR IN REVIEW

Issues Impacting Data Centers During 2014/2015

2014 saw a 37% increase in wholesale leasing from 2013

Large blocks of turn-key space are limited due to REITs' limiting their speculative construction

Supply creates demand; the dearth of supply in some markets contributed to an increase in rental rates

Tightest markets for supply are Toronto, Dallas and Chicago

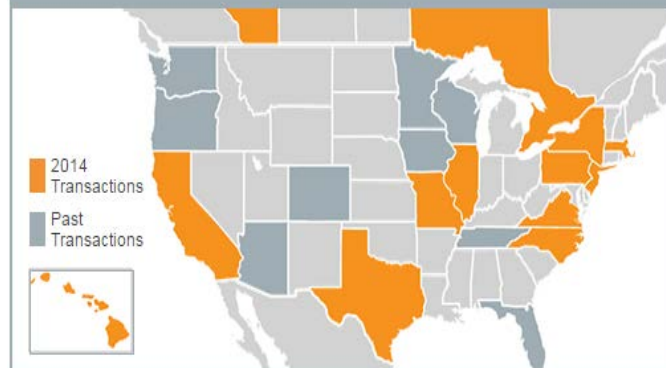
Merger activity could shakeup wholesale and colocation companies

2016 will see an increase in developers building in tertiary markets

Expect a significant uptick in transactions under 500 kW which will adversely affect colocation pricing due to wholesale and cloud pricing

Digital Realty Trust has several non core assets that should sell during the first quarter

North American Data Center Transactions



Largest Wholesale Turn-Key Leases During 2014

Twitter	Richmond, VA	QTS	21.0 MW
Bitcoin Company	Phoenix, AZ	CONE	16.0 MW
Microsoft	Ashburn, VA	Yahoo (DFT)	13.65 MW
Fortune 100 Co.	Hillsboro, OR	T5	9.6 MW
CenturyLink	Phoenix, AZ	IO	9.0 MW
Fortune 100 Co.	Ashburn, VA	DLR	8.4 MW
Dropbox	Dallas, TX	DLR	8.0 MW
Microsoft	Santa Clara, CA	DFT	6.0 MW
Ebay	Las Vegas, NV	SWITCH	5.0 MW
Boeing	Quincy, WA	Vantage	4.8 MW
WellPoint	Harrisonburg, VA	DBT	4.0 MW
Salesforce	Phoenix, AZ	CONE	3.8 MW

Navisite	Santa Clara, CA	DLR	3.6 MW
PNC	Richmond, VA	QTS	3.0 MW
SunGard	Toronto, ON	DLR	3.0 MW
Salesforce	Dallas, TX	QTS	3.0 MW
China Telecom	Santa Clara, CA	COR	3.0 MW
JPMorgan	New Jersey	DLR	2.5 MW
Dropbox	Santa Clara, CA	DFT	2.5 MW
Bitcoin 21E6	Edison, NJ	IO	2.5 MW
SoftLayer	Toronto, ON	DLR	2.5 MW
Two Sigma	Piscataway, NJ	DFT	2.3 MW
GoDaddy	Ashburn, VA	DFT	2.0 MW
State Street	Somerset, NJ	Sentinel	2.0 MW
LinkedIn	Los Angeles, CA	EQIX	2.0 MW
Dropbox	Ashburn, VA	COR	2.0 MW

Largest New Colocation Facilities Announced During 2014

QTS	Chicago, IL	317,000 SF
RagingWire	Ashburn, VA	14 MW
Infomart	Ashburn, VA	11.8 MW

CenturyLink	Phoenix, AZ	9 MW
CyrusOne	Ashburn, VA	124,000 SF
CenturyLink	Shakopee, MN	100,000 SF

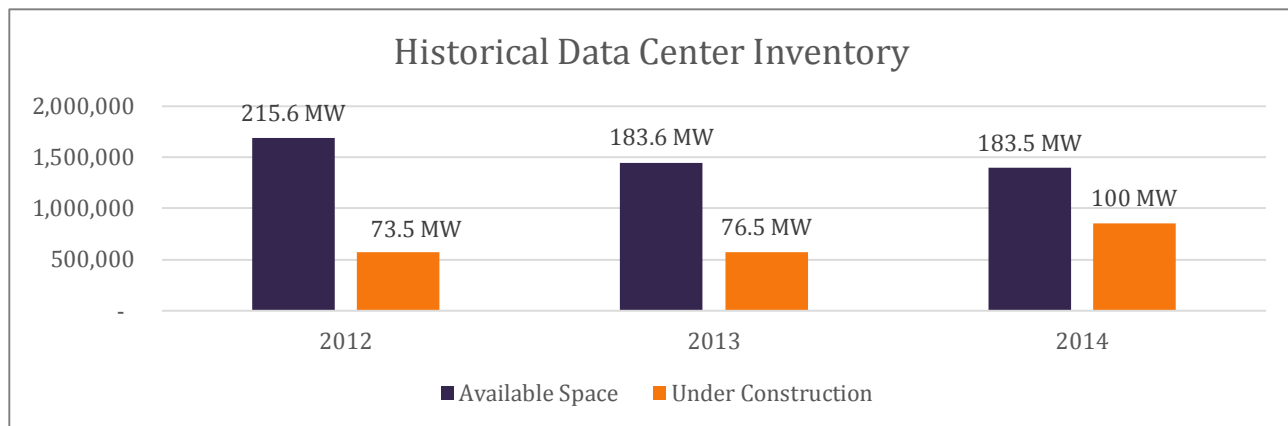
"Most companies underestimate expansion needs when leasing in a MTDC."



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This graph depicts turn-key space that is built-out in Multi-Tenant Data Centers (MTDC).

Big Red Wines We Really Enjoyed During 2014

Caymus "40th Anniversary" Cabernet Sauvignon 2012

Wattle Creek Cabernet Sauvignon 2010

Turley The Label Cabernet Sauvignon 2011

Monster Red Blend 2009

Miner The Oracle Red Wine 2010

Orin Swift Palermo Cabernet Sauvignon 2012

Hidden Ridge 55% Slope Cabernet Sauvignon 2009

2014 Investment Activity

In March, Amerimar & Hunter Newby teamed up to buy the 1.3 MM sf 401 Broad Street in Philadelphia for \$100 MM.

GI Partners purchased a 187,000 sf Latisys Virginia facility for \$41 MM (7.4% cap rate).

In April, DataBank acquired Arsalon Technologies providing them two data centers in Lenexa & Overland Park, KS.

In May, Carter Validus announced the sale of the 251,141 sf Ascent Data Center in Northlake, IL for \$211.7 MM @ 59.9% leased (7.6% cap rate).

In May, Online Tech acquired a 44,000 sf data center in Indianapolis, IN for \$10 MM.

In May, OneNeck IT Solutions announced plans to build a \$20 MM, 35,000 sf Tier 3+ data center in the Denver metro area.

In July, QTS acquired McGraw Hills 560,000 sf facility in East Windsor, NJ for \$75 MM.

In May, Gold Data Centers sold a 30,000 sf property in Rancho Cordova, CA to EdgeConneX for \$3.25 MM.

In August, Carter Validus acquired two properties in a sale leaseback with IO in Phoenix and Scottsdale, AZ for \$125 MM (8.1% cap rate).

In September, Shaw Communications announced that it closed the acquisition of ViaWest from Oak Hill Capital Partners and other shareholders for an enterprise value of \$1.2 billion.

In September, Cologix acquired Colo5 adding 225,000 sf in Lakeland, FL.

In September Infomart acquired a former AOL data center in Ashburn, VA and is retrofitting it to deliver 11MW by the end of 2015

In October, Amerimar and Hunter Newby acquired 717 S. Wells in Chicago for \$20.5 MM.

In October, RagingWire acquired a 150,000 sf property from DBT Holdings in Ashburn, VA and have proposed 14MW expansion of their NOVA footprint.

In December, Involta acquired a 34,000 sf facility in Boise, ID for \$25 MM.



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For the largest wholesale transactions, the numbers set forth represent what is believed to be the total commitment of the lease agreement. The Largest New Colocation Facilities 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. As an example, CenturyLink in Shakopee, MN opened 1.2 MW (13,000 sf) of technical space.