

DATA CENTERS

REAL ESTATE ACQUISITIONS REPORT

YEAR IN REVIEW

2013



FIVE 9S DIGITAL



DATA CENTERS

REAL ESTATE ACQUISITIONS REPORT

Five 9s Digital – www.five9sdigital.com

2013 Year End Review

Data center real estate acquisition activity for the full year 2013 yielded a total of \$1.292 billion of total transactions with 7.387 million SF of space sold. This follows just over \$2B worth of transactions in 2012. Geographically, the acquisitions were spread out throughout the US.

The data center acquisitions market was very active in 2013 after a somewhat tepid start during the first half the year. Notably, GI Partners made a big splash through its acquisition of the 663,000 SF One Wilshire Building in Los Angeles for \$437M in July 2013.

Cap rates on average came down during 2013 as buyer competition heated up for quality assets with good credit corporate tenancy and long term lease commitments. Competition will remain among buyer groups for well positioned, highly improved data center assets in Tier 1 and Tier 2 markets. Several new and well capitalized buyers have entered the data center real estate market which will continue to pressure investors with filling the bucket with the right assets at pre-conceived returns. As 2014 unfolds, the interest rate climate may put some pressure on anticipated spreads which may put a hold on some acquisitions with anchored seller expectations.

Trend Spotting: Sale-Partial Leasebacks. As corporations have benefitted from the miniaturization of equipment and outsourcing, excess data center space is available in many corporate data centers throughout the country. Corporations are considering leasing the vacancy in an effort to reduce operating expenses or conduct a sale-partial leaseback for a new owner to deal with the vacancy. Problem: Corporates do not like to share their facilities and subdividing an existing operational facility is not without cost, so the wave of sale-partial leasebacks will not be overnight.

The purchase prices of the data centers on the following pages range considerably as do the price per sq ft of each. The variations are related, but not limited, to variables such as terms of lease, tenant credit, building shell rent vs. turnkey rents, and location. This outline is meant to be a sampling of acquisitions based upon information obtained by public record and publications and is not meant to be a full representation of details involved in any specific transaction. The information herein used for any purposes other than a general example of the overall marketplace shall need to be verified.

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PROPERTY	SIZE	PRICE	PRICE PSF	DATE
Corporate Research Center Hayward, CA	299,387 SF	\$65 Million	\$217	February 2013
Macquarie Park Data Center Sydney, Australia	24,606 SF	\$12.43 Million	\$505	January 2013
3 Data Center Portfolio Sale-Leaseback Paris, France	87,000 RSF	\$80.3 Million	\$923	January 2013
NJR2 Data Center Clifton, NJ	80,000 SF	\$29 Million	\$362	January 2013
4800 Longhorn Drive (Vacant Conversion) Irving, TX	700,000 SF	\$12 Million	\$17	February 2013
Secaucus Data Center Secaucus, NJ	283,215 SF	\$18.4 Million	\$65	February 2013
Chandler Project Data Center Chandler, CA	241,000 SF	\$24 Million	\$100	February 2013

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PROPERTY	SIZE	PRICE	PRICE PSF	DATE
McCrimmon Parkway Data Center Raleigh, NC	143,770 SF	\$19.5 Million	\$136	March 2013
Delta Airlines Data Center Sale-Leaseback Eagan, MN	329,000 SF	\$37 Million	\$112	March 2013
Warehouse/Data Center Markham, ON (Canada)	120,000 SF	\$8.54 Million	\$71	March 2013
Operating Data Center Dallas, TX	61,750 SF	\$8.5 Million	\$138	March 2013
3 Building Acquisition Phoenix, AZ	227,000 SF	\$24 Million	\$106	March 2013
15 Shattuck Road Andover, MA	92,700 SF	\$12 Million	\$129	March 2013
Level 3 Communications Data Center Atlanta GA	108,000 SF	\$14 Million	\$130	May 2013

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PROPERTY	SIZE	PRICE	PRICE PSF	DATE
Former Entergris HQ Building Conversion Chaska, MN	158,000 SF	\$6.8 Million	\$43	May 2013
Met Center Business Park 6 Properties Austin TX	337,000 SF	\$31.9 Million	\$95	May 2013
Dacentec Data Center 801 NW Main Street Lenoir NC	23,000 SF	\$6 Million	\$261	June 2013
Cleveland Tech Center 1425 Rockwell Avenue Cleveland OH	333,000 SF	\$16.9 Million	\$51	June 2013
One Wilshire Multi-Tenant Carrier Hotel Los Angeles, CA	663,000 SF	\$437 Million	\$660	July 2013
AT&T Data Center Sale-Leaseback Waukesha, WI	142,952 SF	\$52 Million	\$364	September 2013
Infocrossing Data Center 2 Christie Heights Leonia, NJ	67,000 SF	\$14.8 Million	\$221	July 2013

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Gatorade Plant Building Conversion Pryor, Oklahoma	1,400,000 SF	\$24.5 Million	\$18	September 2013
NJR3- Telx Data Center 2 Peekay Drive Clifton, NJ	215,000 SF	\$53.9 Million	\$251	November 2013
AT&T Data Center Sale-Leaseback Brentwood TN	347,515 SF	\$110 Million	\$317	November 2013
Windstream Data Center Charlotte NC	60,000 SF	\$5.315 Million	\$89	July 2013
Oak Brook Tech Center 800 & 801 Jorie Blvd Chicago IL	194,178 SF	\$16.250 Million	\$84	December 2013
Amazon Data Center Manassas, VA	150,000 SF	\$18 Million	\$120	December 2013
AT&T Data Center Sale-Leaseback San Diego, CA	499,402 SF	\$134.5 Million	\$269	December 2013

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DATA CENTER REAL ESTATE ACQUISITIONS 2013 SUMMARY

AVERAGE SF PER DEAL

263,838 SF

AVERAGE PRICE PER DEAL

\$46,161,964 MILLION

AVERAGE PRICE PER SF

\$175 PSF

Figures are based solely on information contained in this report. This summary provides a snapshot, and is not intended to represent the totality of data center real estate acquisitions for the year 2013.

This overview shows roughly 7,387,475 SF of data center space sold in 2013, valued at approximately \$1.292 Billion.

The largest transaction, based upon square footage, was Google's acquisition of the former Gatorade plant in Pryor, Oklahoma. The deal was completed in September of 2013, and totaled approximately 1,400,000 SF.



The largest transaction, based upon the total cost, was GI Partners acquisition of the One Wilshire building in downtown Los Angeles, CA. The building is 663,000 SF was sold for \$437 Million in July, 2013.

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Five 9s Digital is a mission critical real estate company offering boutique advisory and brokerage services for data center real estate transactions in North America.

Five 9s Digital offers a high level of service to assist with buy and sell side data center investments, asset identification, financial underwriting, deal shaping and stabilization advisory, and due diligence services.

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