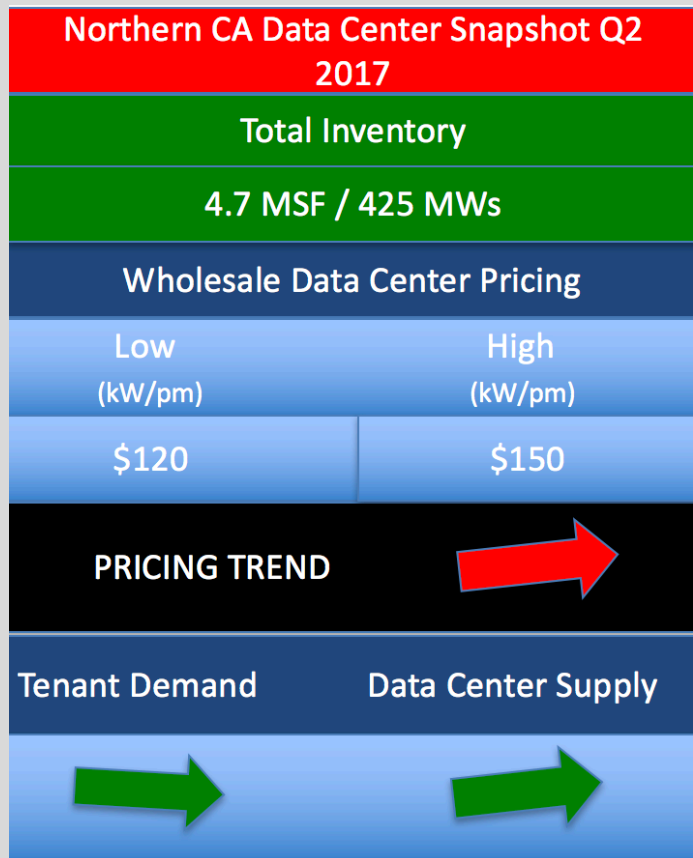


Data Center Market Overview 2017 – Q2

The Northern California/Silicon Valley data center market is one of the top data center markets in the US with demand being driven mainly by the technology sector. Northern California experienced a very strong 2016 with 59 MWs of absorption with Microsoft, AWS and Softlayer being largest consumers of data center space in the area.

Leasing has slowed in 2017 with limited current supply on the market and an historic low vacancy rate of 4.5%.



Notable Northern California Data Center Activity

Vantage Data Centers was acquired by Digital Bridge for approximately \$1B and is in the process of developing its new 15MW V5 data center to be on the market by mid-2018.

Digital Realty Trust (DRT) is in the process of acquiring Dupont Fabros which will expand the DRT Santa Clara footprint by 360k SF and 36 MWs of capacity.

Coresite is acquiring land adjacent to its existing Santa Clara campus with plans to build a 160,000 SF data center with 18 MWs of new capacity.

1547 Realty and CIM have announced plans to develop a new 187,000 SF data center in downtown San Francisco.

Equinix is building its SV10 data center in South San Jose which will bring 14 MWs of capacity to the market upon completion. Equinix has further expansion capacity in its South San Jose campus.

Informart Data Centers is underway with an expansion phase of its data center in Santa Clara which will bring 6 MW of capacity to the market upon completion.

Summary

The Northern California data center market, and specifically Santa Clara, has experienced slower leasing activity than compared to 2016....so far, but it is still the center of the universe on the west coast and a very active data center market. Limited supply has hampered absorption, but a number of new projects are underway that will allow some larger requirements to get filled either by way of pre-leasing or new 2018 lease signings. Santa Clara is land constrained which will remain a real issue in the area for the foreseeable future.

We anticipate new deals to have landlord-side leverage over the next 18 months with PPKW pricing to be higher than 2016 levels.

For full market report or if we can help you with your data center requirement, please contact us.