

# DATA CENTERS

## REAL ESTATE ACQUISITIONS REPORT

END OF YEAR REVIEW  
2019



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Data center real estate acquisition activity for the full year of 2019 yielded approximately \$2.763 Billion of data center real estate transactions totaling 7,989,202 SF. In comparison, full year 2018 total activity was \$3.089 Billion of transactions and 8,055,356 SF of total space.

#### Pricing

Interest rates came down throughout 2019 after several bumps in 2018. Due to current borrowing costs, cap rates have gradually compressed over the past 12 months for good quality data center assets. Data center assets in Tier 1 and Tier 2 markets are trading in the 6%-7% cap rate range pending overall lease dynamics, asset quality and market fundamentals. Data center assets with shorter term leases, multi-tenant occupancy and lack of clear tenant credit are trading in 6.75%-7.5% cap rate range with various factors that push acquisition pricing outside of this range.

#### M&A

M&A activity continued to be robust with an estimated 18% increase in the number of deals for the first half of 2019. Since 2015, over 300 deals have closed with an aggregated estimated value of over \$65B, which is evenly mixed between public and private buyers.

#### Trending

The enterprise sector continues to gradually divest of their corporate-owned data centers as they transition IT workload to the cloud and other third-party data center operator solutions. Corporations continue to see value in selling their data centers to high quality data center operators and right-size their utilization in the facility while transitioning the day-to-day operations, capex and opex to an a data center operator. Data center operators recognize immediate value in these transactions as they gain an anchor tenant via the partial-leaseback and have additional data center space to accommodate new customers.

Recent data center sale-leaseback or partial-leaseback transactions include PNC Bank, Bank of America, Perspecta (DXC), NTT, Ensono (WiPro), Sungard AS, and Nationwide Insurance with several other deals pending with closings expected in Q1 2020.

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GreenHouse Data 1 Ramland Road Orangeburg NY	232,000 SF	\$86 M	\$371	Jan 2019	<ul style="list-style-type: none"> <li>CIM Group &amp; 1547 acquired this multi-tenant data center from an affiliate of 1547 Realty which originally acquired the building in 2012</li> <li>7 MWs of current data center occupancy</li> </ul>
PNC Data Center 35 Summit Park Drive Pittsburgh PA	115,000 SF	\$26.4 M	\$230	Jan 2019	<ul style="list-style-type: none"> <li>DataBank acquired the PNC data center as a sale-partial leaseback</li> <li>PNC signed a long-term lease for approximately 1/3 of the facility</li> </ul>
NTT Data 2300 W. Plano Pkwy Plano TX	1.082 M SF	\$58.2 M	\$54	Jan 2019	<ul style="list-style-type: none"> <li>NTT Data sold its data center campus to an investor and leased back the complex on a long-term basis</li> </ul>
NTT Data 525 D Street NW Quincy WA	206,688 SF	\$50 M	\$242	Jan 2019	<ul style="list-style-type: none"> <li>Sale-leaseback with 180k SF of data center space</li> <li>NTT leased back space at \$18.67 PSF</li> <li>6.7% cap rate based upon leaseback</li> </ul>
Sungard AS CH1 Data Center 711 N. Edgewood Ave Wood Dale, IL	150,480 SF	\$13.5 M	\$90	Jan 2019	<ul style="list-style-type: none"> <li>Sungard AS single-tenant data center upon acquisition</li> </ul>
Frontier Communications 7048-7352 Slater Ave Huntington Beach, CA	47,812 SF	\$33.9 M	\$709	Jan 2019	<ul style="list-style-type: none"> <li>4 building data center and operations complex leased to Frontier through 2029</li> <li>Absolute-net lease with 3% annual escalations</li> </ul>

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Stream Data Centers 2950 S Litchfield Rd Goodyear, AZ	418,000 SF	\$42 M	\$100	Feb 2019	<ul style="list-style-type: none"> <li>Acquisition of a 418k SF shell building on 150 acres for conversion to a data center</li> <li>Additional 127 acres was purchased near the facility.</li> </ul>
Flexential 53401 NW 33 <sup>rd</sup> Ave Ft. Lauderdale, FL	64,164 SF	\$24.5 M	\$382	March 2019	<ul style="list-style-type: none"> <li>Single-tenant data center leased by Flexential</li> <li>Lease expiration of 12/31/2025</li> <li>6.8% cap rate</li> </ul>
Ensono Data Center 140 Riverside Ct Kings Mountain, NC	215,000 SF	\$70 M	\$326	Mar 2019	<ul style="list-style-type: none"> <li>Sale-leaseback with Ensono</li> <li>\$24 PSF, NNN with expiration of 2034</li> <li>Built-out data center and shell expansion space in facility</li> <li>7.37% cap rate</li> </ul>
PNC Bank Data Center Complex 4100 W. 150 <sup>th</sup> Street Cleveland OH	296,825 SF	\$54.2 M	\$183	March 2019	<ul style="list-style-type: none"> <li>Sale-Partial leaseback of PNC office and data center complex</li> <li>PNC leased back a portion of the complex with additional data center space available for lease</li> </ul>
Community Health Network (CHM) Data Center Shadeland Station Indianapolis, IN	51,000 SF	\$22.2 M	\$435	April 2019	<ul style="list-style-type: none"> <li>Investor acquired the CHM Data Center &amp; Office Complex</li> <li>7.25% cap rate</li> <li>10.2 year lease</li> </ul>
T5 Data Center 131 Riverside Court Plano TX	146,000 SF	\$86 M	\$589	April 2019	<ul style="list-style-type: none"> <li>Approximately 70% occupied data center with expansion land</li> </ul>



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Bytegrid Chicago 4267 Meridian Parkway Aurora, IL	70,000 SF	\$20.5 M	\$293	May 2019	<ul style="list-style-type: none"> <li>Investor acquired the 4.5MW data center from Bytegrid with in-place multi-tenancy</li> <li>34,000 SF of raised floor space</li> </ul>
Bytegrid Seattle 4200 194 <sup>th</sup> St SW Lynnwood WA	45,000 SF	\$5.5 M	\$122	May 2019	<ul style="list-style-type: none"> <li>Investor acquired the 5.4MW data center from Bytegrid with new master-lease data center operator tenancy</li> </ul>
Bytegrid Maryland 12401 Prosperity Drive Silver Spring MD	214,082 SF	\$19.5 M	\$91	May 2019	<ul style="list-style-type: none"> <li>Investor acquired the 7.2MW data center from Bytegrid with multiple tenants in place</li> <li>90,000 SF of raised floor space</li> </ul>
Datascan Data Center & Office Building 5925 Cabot Pkwy Alpharetta GA	88,000 SF	\$10.75 M	\$122	May 2019	<ul style="list-style-type: none"> <li>Investor acquired the 88,000 SF facility which includes a 21k SF Datascan data center</li> <li>Remainder of facility is office</li> </ul>
Flexential Data Center 8910 Lenox Pointe Drive Charlotte NC	66,660 SF	\$18.4 M	\$276	June 2019	<ul style="list-style-type: none"> <li>Single-tenant data center leased by Flexential</li> <li>Lease expires 5/2024</li> <li>7% cap rate</li> </ul>
AWS 15 Data Center 44862 Interconnection Place Ashburn VA	148,580 SF	\$25.3 M	\$170	June 2019	<ul style="list-style-type: none"> <li>1 of 7 powered shell portfolio sale 100% leased to AWS</li> <li>Blackstone acquired 90% interest in the portfolio</li> </ul>
AWS 16 Data Center 44858 Interconnection Place Ashburn VA	148,580 SF	\$25.3 M	\$170	June 2019	<ul style="list-style-type: none"> <li>1 of 7 powered shell portfolio sale 100% leased to AWS</li> <li>Blackstone acquired 90% interest in the portfolio</li> </ul>

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AWS 17 Data Center 44854 Interconnection Place Ashburn VA	148,580 SF	\$25.3 M	\$170	June 2019	<ul style="list-style-type: none"> <li>1 of 7 powered shell portfolio sale 100% leased to AWS</li> <li>Blackstone acquired 90% interest in the portfolio</li> </ul>
AWS 18 Data Center 8180 Bethlehem Road Ashburn VA	215,650 SF	\$41.8 M	\$194	June 2019	<ul style="list-style-type: none"> <li>1 of 7 powered shell portfolio sale 100% leased to AWS</li> <li>Blackstone acquired 90% interest in the portfolio</li> </ul>
AWS 19 Data Center 8200 Bethlehem Road Ashburn VA	148,580 SF	\$28.8 M	\$194	June 2019	<ul style="list-style-type: none"> <li>1 of 7 powered shell portfolio sale 100% leased to AWS</li> <li>Blackstone acquired 90% interest in the portfolio</li> </ul>
AWS 20 Data Center 8210 Bethlehem Road Ashburn VA	215,650 SF	\$41.8 M	\$194	June 2019	<ul style="list-style-type: none"> <li>1 of 7 powered shell portfolio sale 100% leased to AWS</li> <li>Blackstone acquired 90% interest in the portfolio</li> </ul>
AWS 19 Data Center Bethlehem Road Ashburn VA	148,560 SF	\$30 M	\$202	June 2019	<ul style="list-style-type: none"> <li>1 of 7 powered shell portfolio sale 100% leased to AWS</li> <li>Blackstone acquired 90% interest in the portfolio</li> </ul>
Internap/Bank of America Data Center 2500 W. Frye Road Chandler AZ	191,000 SF	\$72.75 M	\$381	July 2019	<ul style="list-style-type: none"> <li>Single-tenant data center leased to Internap (INAP)</li> <li>Former Bank of America (BOA) sold to Lincoln Rackhouse in 2018 then leased to INAP</li> </ul>
TierPoint Data Center 34 St. Martin Drive Marlborough, MA	206,000 SF	\$33.25 M	\$161	July 2019	<ul style="list-style-type: none"> <li>TierPoint is the main tenant</li> <li>Average lease term of tenancy over 10 years</li> <li>6.3% cap rate</li> </ul>

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FIS Global Data Center 601 S 2 <sup>nd</sup> Ave South Hopkins MN	29,660 SF	\$4.75 M	\$160	August 2019	<ul style="list-style-type: none"> <li>Single-tenant data center occupied by FIS Global</li> <li>Lease expires 3/2023</li> <li>7.6% cap rate</li> </ul>
New Continuum Data Center 603 Discovery Place West Chicago, IL	80,000 SF	\$13.8 M	\$173	September 2019	<ul style="list-style-type: none"> <li>SBA Communications acquired New Continuum data center operations and building</li> </ul>
Nationwide Data Center 7300 Souder Road New Albany, OH	112,600 SF	\$9.7 M	\$86	October 2019	<ul style="list-style-type: none"> <li>Stack acquired the Nationwide Insurance data center as a sale-partial leaseback and will reduce its data center space usage over a 5 yr period</li> </ul>
Sungard AS Data Center Complex 250 & 260 Locke Drive Marlborough MA	130,654 SF	\$24.25 M	\$186	October 2019	<ul style="list-style-type: none"> <li>Data center complex fully leased by Sungard AS</li> <li>250 Locke has 10 year lease term and 260 Locke has a 5 year lease term</li> <li>7.75% cap rate</li> </ul>
EmeryTech Centre 1400 65 <sup>th</sup> Street Emeryville CA	228,110 SF	\$126.5 M	\$555	October 2019	<ul style="list-style-type: none"> <li>Multi-tenant data center, telecom and office complex acquired by investor</li> </ul>
Digital Realty Trust Power Shell Data Center Portfolio 11900 East Connell Road Aurora, CO	285,176 SF	\$97.6 M	\$342	December 2019	<ul style="list-style-type: none"> <li>1 of 10 fully-leased powered shell data centers</li> <li>Facilities located in CO, GA, MA, VA, AZ, TX &amp; Ontario</li> <li>6.6% cap rate</li> </ul>

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Digital Realty Trust Power Shell Data Center Portfolio 375 Riverside Parkway Lithia Springs, GA	250,191 SF	\$90 M	\$360	December 2019	<ul style="list-style-type: none"> <li>1 of 10 fully-leased powered shell data centers</li> <li>Facilities located in CO, GA, MA, VA, AZ, TX &amp; Ontario</li> <li>6.6% cap rate</li> </ul>
Digital Realty Trust Power Shell Data Center Portfolio 45845 & 45901 Nokes Blvd Sterling, VA	167,160 SF	\$68 M	\$407	December 2019	<ul style="list-style-type: none"> <li>1 of 10 fully-leased powered shell data centers</li> <li>Facilities located in CO, GA, MA, VA, AZ, TX &amp; Ontario</li> <li>6.6% cap rate</li> </ul>
Digital Realty Trust Power Shell Data Center Portfolio 115 Second Avenue Waltham, MA	66,730 SF	\$53.6 M	\$803	December 2019	<ul style="list-style-type: none"> <li>1 of 10 fully-leased powered shell data centers</li> <li>Facilities located in CO, GA, MA, VA, AZ, TX &amp; Ontario</li> <li>6.6% cap rate</li> </ul>
Digital Realty Trust Power Shell Data Center Portfolio 21110 Ridgetop Circle Sterling, VA	135,513 SF	\$56.5 M	\$417	December 2019	<ul style="list-style-type: none"> <li>1 of 10 fully-leased powered shell data centers</li> <li>Facilities located in CO, GA, MA, VA, AZ, TX &amp; Ontario</li> <li>6.6% cap rate</li> </ul>
Digital Realty Trust Power Shell Data Center Portfolio 21561 & 71 Beaumeade Cir Ashburn, VA	164,453 SF	\$52.7 M	\$320	December 2019	<ul style="list-style-type: none"> <li>1 of 10 fully-leased powered shell data centers</li> <li>Facilities located in CO, GA, MA, VA, AZ, TX &amp; Ontario</li> <li>6.6% cap rate</li> </ul>
Digital Realty Trust Power Shell Data Center Portfolio 8534 Concord Center Drive Centennial, CO	85,660 SF	\$48.8 M	\$570	December 2019	<ul style="list-style-type: none"> <li>1 of 10 fully-leased powered shell data centers</li> <li>Facilities located in CO, GA, MA, VA, AZ, TX &amp; Ontario</li> <li>6.6% cap rate</li> </ul>



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Digital Realty Trust Power Shell Data Center Portfolio 2055 E. Technology Circle Tempe, AZ	76,350 SF	\$45 M	\$589	December 2019	<ul style="list-style-type: none"> <li>1 of 10 fully-leased powered shell data centers</li> <li>Facilities located in CO, GA, MA, VA, AZ, TX &amp; Ontario</li> <li>6.6% cap rate</li> </ul>
Digital Realty Trust Power Shell Data Center Portfolio 6800 Millcreek Drive Toronto, ON	83,758 SF	\$33.5 M	\$400	December 2019	<ul style="list-style-type: none"> <li>1 of 10 fully-leased powered shell data centers</li> <li>Facilities located in CO, GA, MA, VA, AZ, TX &amp; Ontario</li> <li>6.6% cap rate</li> </ul>
Digital Realty Trust Power Shell Data Center Portfolio 17201 Waterview Parkway Richardson, TX	61,750 SF	\$11.5 M	\$186	December 2019	<ul style="list-style-type: none"> <li>1 of 10 fully-leased powered shell data centers</li> <li>Facilities located in CO, GA, MA, VA, AZ, TX &amp; Ontario</li> <li>6.6% cap rate</li> </ul>
TierPoint Data Center 23017 E Mission Ave Liberty Lake, WA	16,500 SF	\$6 M	\$364	December 2019	<ul style="list-style-type: none"> <li>TierPoint is the single-tenant in the building</li> <li>12.4 years on the lease</li> <li>6.65% cap rate</li> </ul>
Pespecta Data Center 250 Burlington Drive Clarksville VA	206,199 SF	\$27.1 M	\$131	November 2019	<ul style="list-style-type: none"> <li>Pespecta sale-leaseback with 10 year lease term</li> <li>Termination option after 7.5 years with a 1 year penalty</li> <li>7% cap rate</li> </ul>
701 E Trade Carrier Hotel Data Center Charlotte, NC	25,000 SF	\$14.925 M	\$597	December 2019	<ul style="list-style-type: none"> <li>Multi-tenant telecom and data center building located in Downtown Charlotte</li> <li>7.8% cap rate</li> </ul>

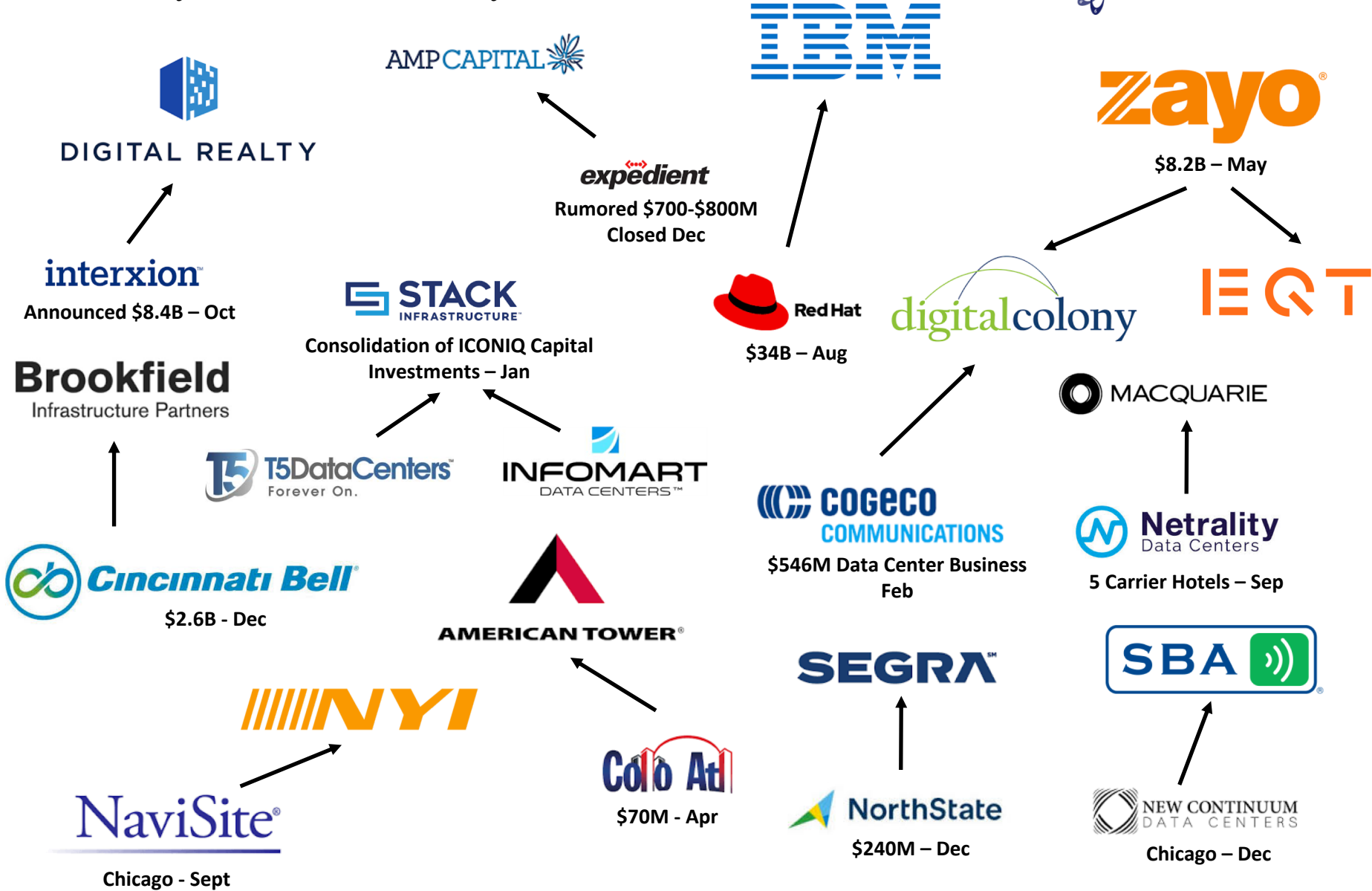
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Digital Realty Trust Turnkey Data Center Portfolio 21745 Sir Timothy Drive Ashburn, VA	327,847 SF	\$459.5 M	\$1,402	December 2019	<ul style="list-style-type: none"><li>• 1 of 3 fully-leased hyperscale turnkey data centers</li><li>• Buyer acquired 80% interest in JV at \$811M valuing total portfolio at \$1.013 B</li><li>• 6% cap rate</li></ul>
Digital Realty Trust Turnkey Data Center Portfolio 21744 Sir Timothy Drive Ashburn, VA	289,000 SF	\$420.5 M	\$1,455	December 2019	<ul style="list-style-type: none"><li>• 1 of 3 fully-leased hyperscale turnkey data centers</li><li>• Buyer acquired 80% interest in JV at \$811M valuing total portfolio at \$1.013 B</li><li>• 6% cap rate</li></ul>
Digital Realty Trust Turnkey Data Center Portfolio 44490 Chillum Place Ashburn, VA	87,000	\$133 M	\$1,529	December 2019	<ul style="list-style-type: none"><li>• 1 of 3 fully-leased hyperscale turnkey data centers</li><li>• Buyer acquired 80% interest in JV at \$811M valuing total portfolio at \$1.013 B</li><li>• 6% cap rate</li></ul>

# Noteworthy 2019 M&A Activity

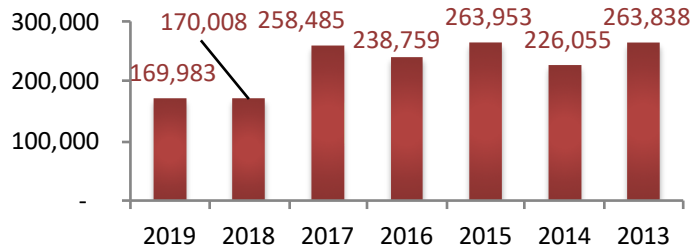


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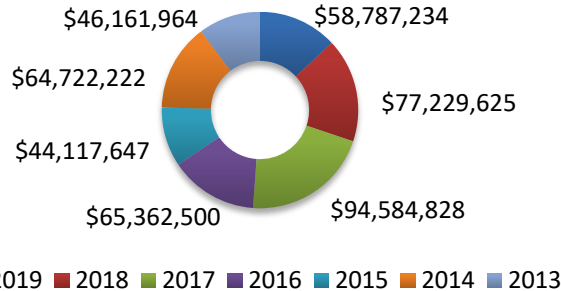
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## DATA CENTER REAL ESTATE ACQUISITIONS ANNUAL SUMMARY

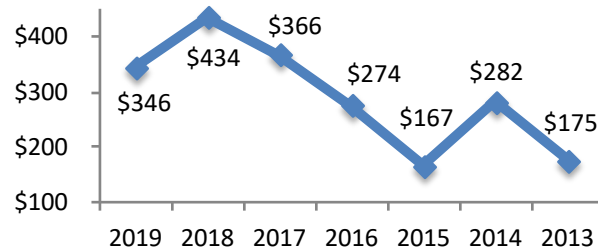
AVERAGE SF PER DEAL



AVERAGE PRICE PER DEAL



AVERAGE PRICE PER SF



In 2019, data center real estate acquisitions totaled 7,989,202 SF of yielding \$2.763 Billion.

The two largest portfolio data center transactions in 2019 were:

The Mapletree \$1.013 Billion JV acquisition of three (3) Digital Realty turnkey fully-leased data centers totaling approximately 703,847 square feet which transacted at a 6% cap rate in December of 2019.

The Mapletree \$557 M JV acquisition of ten (10) fully-leased powered-shell data centers which transacted at 6.6% cap rate.



Five 9s Digital specializes in data center real estate. That's all we do. We offer acquisition and disposition services, brokerage, development, consulting and market research services on national basis.

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