

# DATA CENTER SNAPSHOT

## Atlanta

3<sup>rd</sup> Quarter 2017



### KEY MARKET PLAYERS

**Ascent Data Centers** acquired BlackBerry data centers in Atlanta and Toronto in March 2017. The Alpharetta location at 4905 North Point Pkwy. has 5.5 MW of critical power, expandable to 14 MW.

**ByteGrid** operates a fully-occupied 77,300 sq. ft. data center in Alpharetta, and plans to expand on the 16-acre property with an additional 100,000 sq. ft. and 15 MW.

**Compass Data Centers** acquired 23.5 acres of land in Lithia Springs in August 2015. Power from both Greystone Power and Georgia Power can support five 1.2 MW Compass deployments.

**Cytxera Technologies** has an 86,000 sq. ft. data center in Lithia Springs with 31,500 sq. ft. of raised floor and 6.8 MW. There is about 4,500 sq. ft. of vacant space and 400 kW immediately available.

**DataSite** Marietta is a 73,000 sq. ft. data center on 7.5 acres. The 2 MW facility has about 600 kW available along with 23,670 sq. ft. and the ability to add 1.25 MW within six months.

**Digital Realty** acquired 56 Marietta with its acquisition of TelX in 2015, this 152,650 sq. ft. data center has 9.5 MW committed to existing customers. Digital's 375 Riverside Parkway has 250,200 sq. ft. and 2.3 MW that is fully occupied. To meet demand, the REIT deviated from its playbook and is leasing space at 250 Williams, spending \$22.3 million to develop 38,500 sq. ft. with 1.6 MW.

**EdgeConneX** has a 29,800 sq. ft. data center with 6,700 sq. ft. of raised floor. 500 kW is immediately available with potential to add 2 MW in 3-5 months within 9,500 sq. ft. of expansion space.

**Equinix** operates five of its IBX data centers in Atlanta, including two recently acquired Verizon facilities, for a combined estimate of 200,000 sq. ft. and ~17 MW.

**H5 Data Centers** has a 110,000 sq. ft. data center with 7 MW. Three suites are currently available ranging from 6,900 to 21,000 sq. ft.

**INAP** is headquartered in Atlanta and has two data centers totaling 130,400 sq. ft. and 4.25 MW. 6,000 sq. ft. was added in 2015.

**Lincoln Rackhouse** purchased Coca-Cola's 88,000 sq. ft. Atlanta data center in June, 2017. This Tier III data center at 40 Perimeter City East rests on 12.6 acres. The current 2.5 MW and 32,000 sq. ft. is occupied for the next two years, after which Lincoln Rackhouse can lease the space to new users. 3 MW can be developed within the existing space.

**Peak 10** opened its third regional data center in 2014 with a 15,000 sq. ft. deployment in Alpharetta, and has additional expansion space.

**QTS** Suwanee data center has 205,600 sq. ft. of raised floor and 36 MW that is 100% occupied. The Atlanta campus is a 968,700 sq. ft. building with 453,000 sq. ft. of raised floor and 72 MW that is 86% leased. 30,000 sq. ft. is being built-out, and the existing building has capacity for another 44,200 sq. ft. Looking ahead, QTS purchased 3.4 acres adjacent to its existing Atlanta campus for \$1 million.

**T5@Atlanta** in Alpharetta has 54,400 sq. ft. of raised floor and 6 MW, expandable to 7.5 MW. A suite with 8,000 sq. ft. is currently available with up to 1.5 MW. T5 also acquired an adjacent parcel for potential to add another building with 10-20 MW.

### Market Analytics

Atlanta is part of the ninth-largest metropolitan area in the U.S. and a key interconnection hub for the southeastern U.S. The city has developed as a transportation hub since 1837 at the intersection of two railroad lines. The on-going \$2.8 billion Beltline Project is converting a former 22-mile freight railroad loop surrounding the city into a multi-use trail which will increase the city's park space by 40%. Atlanta remains a key transportation hub with the Hartsfield-Jackson International Airport, having served over 104 million passengers in 2016, the world's busiest airport since 1998. Regional economic drivers include hospitality, healthcare and technology. In addition, Atlanta has a business-friendly climate with relatively low costs of doing business.

With approximately 1.8 million sq. ft. of multi-tenant data center space and 200 MW, Atlanta is the 7<sup>th</sup>-largest data center market in the U.S. The downtown area has concentration of data centers, while others are located in the surrounding suburbs of Lithia Springs, Marietta, Norcross, Alpharetta, and Suwanee. Data center development is driven by relatively affordable land, inexpensive power, and investment incentives. These facilities offer IT infrastructure and connectivity to regional customers including 13,000 tech companies and 12 Fortune 500 companies headquartered in Atlanta.

### Fortune 500 Companies based in Atlanta

Rank	Company	Industry	Revenue (\$M)	Employees
23	Home Depot	Retailing	\$94,595	406,000
46	UPS	Transportation	\$60,906	335,520
64	Coca-Cola	Food-Beverage	\$41,863	100,300
71	Delta Air Lines	Transportation	\$39,639	83,756
145	Southern	Energy	\$19,896	32,015
180	Genuine Parts	Wholesalers	\$15,340	40,000
242	First Data	Business	\$11,584	24,000
303	SunTrust Banks	Financials	\$9,161	24,375
331	Veritiv	Wholesalers	\$8,327	8,700
353	PluteGroup	Homebuilders	\$7,669	4,623
364	HD Supply Holdings	Wholesalers	\$7,524	14,000
437	Intercontinental Ex.	Financials	\$5,958	5,631

Time Inc. (2017) fortune.com/fortune500/

### MARKET INDICATORS

#### WHOLESALE PRICING

LOW (\$US/kW/MO)	HIGH (\$US/kW/MO)	QUARTER TREND	2017 FORECAST
Downtown – \$130	\$175	→	↗
Suburbs – \$115	\$135		

#### SUPPLY & DEMAND

SUPPLY ESTIMATE	BALANCE			TENANT DEMAND	SUPPLY PIPELINE
	OVER SUPPLY	EQUILIBRIUM	UNDER SUPPLY		
~10 MW			✓	↗	↗

Wholesale pricing reflects initial monthly recurring rental charge without electricity per kW per month.

An estimate for operating expenses is added where landlords quote only NNN rates.

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### News & Trends

Hyperscale cloud operators are maneuvering to establish a southeast presence in Atlanta. Switch plans to break ground in late 2017 for a large development in Douglas County, and CyrusOne is considering Atlanta for a large data center campus. Google recently completed a \$300 million data center expansion adjacent to its existing 500,000 sq. ft. Lithia Springs data center.

In August 2016, Delta Air Lines' data center in Atlanta experienced a five-hour outage, grounding 2,000 flights over three days, at a cost of \$150 million. The outage was attributed to electrical equipment failure.

In March 2017, Ascent purchased former BlackBerry data centers in Atlanta and Toronto in a partnership with TowerBrook Capital Partners. Both facilities are partially leased-back to the previous owner, and offer 'plug-and-play' space to new customers. The Atlanta location at 4905 North Point Parkway, Alpharetta, has 8.1 MW of critical power, expandable to 14 MW.

In April 2017, DataSite completed an expansion of 10,000 sq. ft. and 1 MW to its Marietta data center, and has another 2-3 MW of expansion capacity. This same month, Green House Data acquired Cirracore, an infrastructure IaaS and hybrid cloud provider within two Equinix facilities in Atlanta.

In May 2017, QTS purchased 3.4 acres adjacent to its existing Atlanta campus for \$1 million.

Lincoln Rackhouse purchased Coca-Cola's 88,000 sq. ft. Atlanta data center in June, 2017. This Tier III data center at 40 Perimeter City East rests on 12.6 acres. The current 2.5 MW and 32,000 sq. ft. is occupied for the next two years, after which Lincoln Rackhouse can lease the space to new users. 3 MW can be developed within the existing space. Coca-Cola has about 20% of its infrastructure supported by other cloud providers, which may increase 50% over the next several years.

In June 2017, Carter Validus acquired 250 Williams, \$166 million. The 9-story building is leased to 12 tenants which account for a combined 88% occupancy.

Switch has acquired land in Douglas County to build a \$2.5 billion Tier IV data center of more than 1 million square feet. Ground breaking is expected for late 2017, with phase I to open 8-12 months after. The provider has agreements with several anchor tenants, which may extend existing relationships with eBay, Amazon Web Services, and Hulu. Switch will work to secure 100% renewable energy for the Atlanta campus.

Digital Realty will be occupying 50,000 sq. ft. at 250 Williams Street. The REIT will spend \$22.3 million to develop 18,000 sq. ft. of data center space to support growth through 2018.

According to the Atlanta Business Chronicle, CyrusOne considering Atlanta for a \$500 million data center campus with up to one million sq. ft.

### FIBER

Forbes named Atlanta the Most Wired City in 2007 and 2008. In early 2015, Google Inc. announced that Google Fiber will soon be available in Atlanta to offer internet speeds up to one gigabit per second. The on-going project will add 3,000 miles of fiber to the metro area.

Comcast operates about 8,000 miles of fiber throughout Atlanta and began offering Gigabit Pro in mid-2016, a service with potential to reach two gigabits per second, or twice as fast as Google and AT&T.

### POWER

The average electricity rate in Georgia is 5 cents per kWh. Georgia Power operates a diverse portfolio of natural gas, nuclear, coal, and renewable energy sources to offer power rates 14% below the national average.

### Data Center Incentives

Georgia was one of the first states to offer data center incentives when it passed favorable legislation in 2005. The state's incentive allows for 100% exemption from sales tax on hardware, software, and construction with a minimum investment of \$15 million per year.

Proposed Georgia House Bill 487 would include sales and use tax exemptions on electricity and equipment for qualifying data centers with a minimum investment of \$50 million within a four-year period and the creation of at least five full-time jobs paying 150% of the average county wage.

### MARKET HIGHLIGHTS

- 7<sup>th</sup> largest data center market in U.S.
- Major interconnection hub in southeast
- ~1.8 million sq. ft. and 200 MW in greater Atlanta
- 6.5 MW of multi-tenant absorption through 2016
- Industrial power rates average \$0.05/kWh
- Low costs of land and operation
- Favorable business climate
- 12 Fortune 500 companies headquartered in Atlanta
- 13,000 tech companies
- World's busiest airport +104 million passengers in 2016
- Low risk of natural disaster – one of the highest elevations among U.S. cities east of Mississippi

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### MARKET HIGHLIGHTS

#### WHOLESALE PRODUCTS

PROVIDER/FACILITY	BUILDING SIZE (SF)	ULTIMATE CAPACITY	CURRENT AVAILABILITY	CURRENT COMMITTED	ADDITIONAL PLANNED (WITHIN 180 DAYS/ BEYOND 180 DAYS)
<b>Ascent – ATL 1</b> 4905 North Point Pkwy. Alpharetta	30,000 raised sq. ft.	14 MW	3 MW	2.5 MW	2.7 MW / 5.8 MW
<b>Cytxera Technologies – AT1</b> 375 Riverside Pkwy. Lithia Springs	31,500 raised sq. ft.	6.8 MW	0.4 MW	6.4 MW	0 MW / 0 MW
<b>DataSite Atlanta</b> 1130 Powers Ferry Place, Marietta	73,000 sq. ft.	5 MW	0.6 MW	1.5 MW	0.5 MW / 2.5 MW
<b>Digital Realty</b> 56 Marietta St. Atlanta	152,650 sq. ft.	9.5 MW	0 MW	9.5 MW	0 MW / 0 MW
<b>Digital Realty</b> 375 Riverside Pkwy. Atlanta	250,200 sq. ft.	2.3 MW	0 MW	2.3 MW	0 MW / 0 MW
<b>EdgeConneX</b> 1003 Donnelly Ave. Atlanta	6,700 raised sq. ft.	NA	0.5 MW	NA	2 MW / 0 MW
<b>H5 Data Centers</b> 345 Courland St. Atlanta	110,000 sq. ft.	7 MW	3.25 MW	3 MW	0.75 MW / 0 MW
<b>Lincoln Rackhouse</b> 40 Perimeter City East, Atlanta	88,000 sq. ft.	5.5 MW	0 MW	2.5 MW	0 MW / 3 MW
<b>QTS</b> 1033 Jefferson St. Atlanta	453,000 raised sq. ft.	72 MW	0 MW	62 MW	5 MW / 5 MW
<b>QTS</b> 300 Satellite Blvd. Suwanee	205,600 raised sq. ft.	36 MW	0 MW	36 MW	0 MW / 0 MW
<b>T5@Atlanta</b> 3200 Webb Bridge Rd. Alpharetta	54,400 raised sq. ft.	7.5 MW	1 MW	5 MW	1.5 MW / 0 MW

#### NEW SUPPLY PIPELINE

ENTITY	LOCATION	ESTIMATED RSF	ESTIMATED COMPLETION DATE	COMMENT
<b>ByteGrid</b>	Alpharetta	50,000 sq. ft.	Market Driven	15 MW planned for colocation
<b>Digital Realty</b>	Atlanta	38,500 sq. ft.	Mid-2017	\$22.3 million investment in 250 Williams Street for 1.6 MW
<b>QTS</b>	Atlanta	30,000 sq. ft.	3Q & 4Q 2017	\$38 million expansion
<b>Switch</b>		1,000,000+	Phase I – 4Q 2018	\$2.5 billion project known as “The Keep” will be the forth Switch PRIME location

For more information, contact:

**William Hall**

Director,

Global Data Center Advisory Group

Tel: +1 213 955 5196

william.hall@cushwake.com

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