

# DATA CENTER MARKETBEAT

Fall 2018



CUSHMAN & WAKEFIELD

## ATLANTA

### MARKET OVERVIEW

Atlanta is a top ten data center market, with 1.8 million gross square feet already constructed and well over one million square feet planned for the next five years. The local market features a main cluster downtown and several smaller nodes spread throughout the northern suburbs of Alpharetta, Suwanee, and Sandy Springs.

Many large enterprise users have selected Atlanta, with the area being home to many corporate and regional headquarters. Several new providers entered Atlanta in the past year, including Switch, CyrusOne, and Serverfarm. These operators are permanently altering the Atlanta data center environment, changing it from largely colocation to increasingly hyperscale. Mild weather, low cost of electricity (under six cents/kWh), strong connectivity, and a low natural hazard risk are all Atlanta benefits.

In May, Governor Deal announced ten-year sales and use tax exemptions available as of 2019 for new data centers that create 20 new jobs and invest \$100 million. QTS and CyrusOne immediately voiced approval, while many new players are now likely to be attracted to the area. The package is one of the most aggressive in the country, with the expectation of local politicians that Atlanta would be able to compete equally with Northern Virginia.

Several local governments have provided specific project-based benefits. Morgan, Jasper, Walton, and Newton counties collectively landed an upcoming Facebook project with a bond issuance of up to \$42 million to assist with construction, offset by a one-time payment from Facebook of \$88 million in lieu of taxes. With a project cost in the tens of billions, the local area expects to reap rewards.

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*“Continued expansion by key players Switch, T5, QTS, DataBank, and EdgeConneX are raising Atlanta’s profile and new statewide incentives exempting sales and use taxes could lead to further growth in this key southeast locale.”*

### KEY INDICATORS



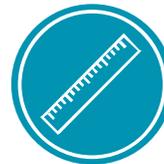
UNDER CONSTRUCTION

**130 MW**



VACANCY

**13%**



ABSORPTION (YTD)

**1 MW**

### ABSORPTION

Market absorption remains low with just over 1 MW taken up throughout 2018. Many large projects remain in the planning stages or under development to free up supply.

### LEASING AND SALE HIGHLIGHTS

- **EdgeConneX** launched 2018 with the \$5.4 million acquisition of a 93,000-SF warehouse adjacent to its Donnelly Avenue facility. After several months of work, this space was launched to the market in August with 15 MW of capacity available for colocation. Australian cloud on-ramp provider **Megaport** was an immediate signee for the facility.
- **Legacy Investing** has continued to build out its data center platform, acquiring the E-Trade data center in Alpharetta from **Carter Validus Mission Critical REIT** for \$64 million. Spanning nearly 168,000 square feet, the sale marks a nice increase for Carter Validus, which acquired the property in 2014 for \$56.7 million.

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### CONSTRUCTION UPDATE

OPERATOR	LOCATION	SIZE (SF)	POWER (MW)	STAGE / EST. DELIVERY
DataBank	Atlanta	98,000	10	Under Construction / Q4 2018
Flexential	Alpharetta	58,000	8.7	Under Construction / Q2 2019
Switch	Atlanta	1,000,000	110	Under Construction / Q4 2019
H5	Atlanta	22,000	2 (est)	Under Construction
CyrusOne	Douglasville	440,000	50	In Planning
T5	Lithia Springs	130,000	10	In Planning

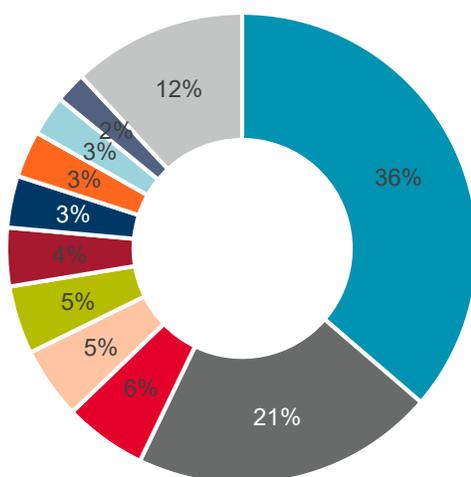
### RECENT LAND SALES

PROPERTY	SIZE (ACRES)	SALE DATE	SALE PRICE	BUYER	SELLER
5905 Windward Pkwy, Alpharetta	12.15	Jun-18	\$10,750,000	Flexential	Raulet Property

QTS remains the current market leader in terms of usable space, with Digital Realty the next closest. Several national operators all have a toehold in Atlanta, with no others taking a dominant position as yet. With several new projects coming soon and new incentives available, it is quite likely that this situation will change rapidly in the next two to five years.

### COLOCATION COMPOSITION

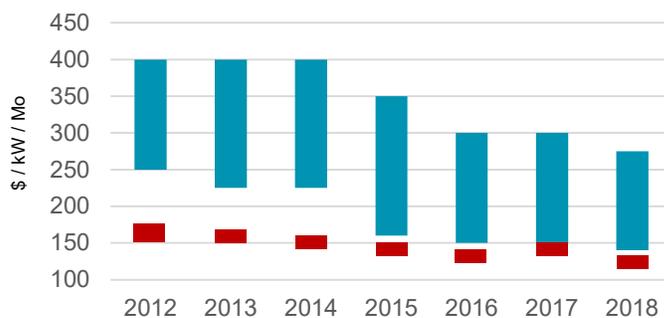
- QTS
- Digital Realty
- Equinix
- ServerFarm Realty
- ColoATL
- T5
- INAP
- zColo
- DataSite
- Cyxtera
- Others



### MORE INFORMATION:

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### ATLANTA DATA CENTER PRICING



Source: datacenterHawk

■ 0-250 kW ■ 250 kW+

### GLOBAL DATA CENTER ADVISORY GROUP

Cushman & Wakefield's [Data Center Advisory Group](#) is a global team of elite professionals delivering specialized real estate solutions for mission critical users, owners, and environments. With scalability, reliability, and security as a driving force, our highly knowledgeable and responsive professionals guide clients to make effective financial decisions. Our expertise ranges includes colocation facilities, control centers, greenfields, powered shell, and trading floors. We lend additional value through our understanding of global dynamics and their impact on local markets.