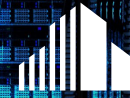


DATA CENTER MARKETBEAT

Fall 2018



CUSHMAN & WAKEFIELD

CHICAGO

MARKET OVERVIEW

In the Chicago area, several large players such as Equinix, CyrusOne, QTS, TierPoint, 1547, and Digital Realty are looking to nearly double the size of the data center market over the next five years, to nearly four million square feet. This expansion is happening despite the fact that neither the State of Illinois or City of Chicago have provided incentives specific to data center development. Hyperscale builds are becoming the norm for any new construction in the market, with operators continuing to build for larger capacity.

ABSORPTION

Absorption totaled 4 MW in the third quarter of 2018, following on a 2 MW second quarter. Another 11 MW is actively under construction throughout the market.

LEASING, SALE, AND INVESTMENT HIGHLIGHTS

- Recently troubled retailer **Eddie Bauer** has sold its 41,000-SF Westmont data center for \$4.5 million at an 11.6% cap rate to **TMBG LLC**, an entity controlled by a local investor. Eddie Bauer will lease back the property. West Suburban Bank provided \$2.9 million in financing for the transaction.
- T5 has sold its recently-expanded 10 MW T5@Chicago data center to **Iconiq Capital** and **Iron Point Partners** for \$119 million. T5 acquired the Elk Grove Village building in mid-2016 for \$43 million when the building had under 3 MW of capacity. Iconiq and Iron Point purchased the Infomart portfolio earlier in 2018.
- **Digital Capital Partners** paid \$10 million for its previously leased nine-story building on Wells Street in Chicago. The seller was **MC Management**. 3.5 MW of power is available in the building, through the occupancies of Digital Capital and Steadfast. International Bank of Chicago provided \$13.5 million in financing for the acquisition and future upgrades.
- Private New York-based **Crystal Acquisitions** has acquired a 112,000-SF building on Algonquin Road in Arlington Heights for \$11.4 million. Purchased from **Alex Brown Realty** and **Biynah Industrial Partners**, the property features a 16,000-SF data center operated by Gigenet with the remainder leased to major multinational Intertek. The transaction was funded with \$8.6 million of securitized debt. The building last sold in 2008 for \$7 million.

KEY INDICATORS



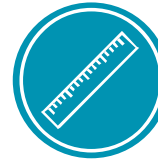
UNDER CONSTRUCTION

12 MW



VACANCY

14%



ABSORPTION (YTD)

8 MW

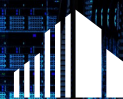
- The global portfolio of data centers moving from **AT&T** ownership to **Brookfield** by year-end 2018 has a local component, with two data centers in Oak Brook and Lisle included in the \$1.1 billion transaction. AT&T will continue to lease the facilities, which combined include 110,000 square feet of white space and additional land for expansion.
- In Oakbrook, **ServerFarm** signed a 24,000-SF lease with Independence Plus, a home medical company. Independence Plus leased some of the non-data center office space at the facility.
- **CyrusOne** has announced a new wireless tower at its campus in Aurora, with colocation services now available for trading firms. The diversified campus offers an array of interconnection options, multiple cloud providers, and 50 MW of power.



“Chicago remains bifurcated in structure, with an urban side focusing on quick connectivity (for local financial tenants) and a suburban side focusing on more power dense applications.”

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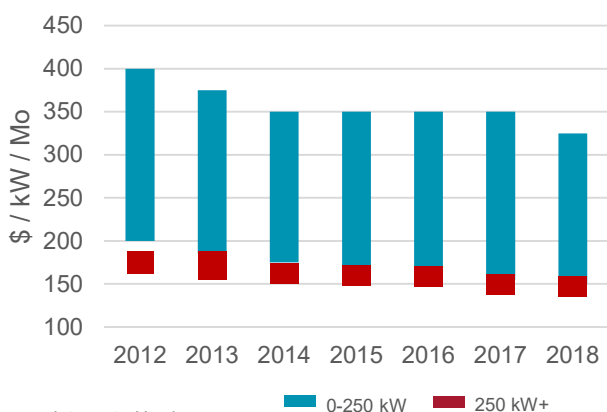
CONSTRUCTION UPDATE

OPERATOR	LOCATION	SIZE (SF)	POWER (MW)	STAGE
QTS	Chicago	14,000	2	Recently Completed
Stream Data Centers	Elk Grove Village	70,000	15	Recently Completed
Indiana NAP	Hammond	105,000	10	Under Construction
ServerFarm	Chicago	20,000	2	Under Construction
Digital Realty	Chicago	720,000	34	In Planning
1547/CIM Group	Chicago	52,000	5	In Planning
James McHugh Construction	Chicago	363,000	16	In Planning
CoreSite	Chicago	175,000	18	In Planning

RECENT LAND SALES

PROPERTY	SIZE (ACRES)	SALE DATE	SALE PRICE	BUYER	SELLER
40 E Garfield Blvd, Chicago	4.69	Jul-18	\$7,500,000	1547, CIM Group	55 th & State Redevelopment LLC (Ghian Foreman)

CHICAGO DATA CENTER PRICING



Source: datacenterHawk



Four completed facilities have sold throughout 2018, and over 100 MW are potentially coming online over the next two years both downtown and in Elk Grove Village.

MORE INFORMATION:

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GLOBAL DATA CENTER ADVISORY GROUP

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