

# DATA CENTER MARKETBEAT

Spring 2019



CUSHMAN & WAKEFIELD

## DALLAS

### MARKET OVERVIEW

A red-hot last few months have continued to boost the attractiveness of the Dallas market, with several large projects under construction or returning to planning phases. Stream, KDC, and QTS all plan to deliver on new inventory throughout 2019, with QTS in particular receiving a boost in Fort Worth thanks to a new agreements with Facebook.

Equinix has also elected to begin work on a major expansion at the Dallas Infomart, acquired in 2018 for \$800 million. Another 42 megawatts will be brought online, with completion expected mid-2020 for an upgrade cost of \$138 million.

In addition to the project with QTS, Facebook is completing a third phase at their adjoining Fort Worth campus, and Google has begun sitework at their recently-announced Midlothian project. Hyperscale remains a key driver throughout Dallas, with the ability to scale large campuses crucial for local users. Power remains cheaper than several other large markets at 5.5 cents/kWh.

As detailed in our previous report, attractive tax incentives from local and state governments continue to be a big draw in the Dallas area. Incentives include a full exemption of sales taxes for 10-15 years on a \$200 million investment for a 100,000-SF building if it creates 20 new jobs with wages at 120% of the national average. It is understood that these incentives were a major driver for the Google project among others.

### ABSORPTION

Absorption totaled 7 MW through the last two quarters, finishing off nearly 25 MW for 2018 and roughly equaling 2017 performance.

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*“Another year of strong absorption has led to several large projects, with another potential 200 MW in planning.”*

### KEY INDICATORS



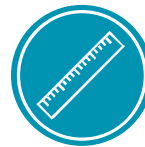
UNDER CONSTRUCTION

**104 MW**



VACANCY

**16%**



ABSORPTION (6 MOS)

**7 MW**

### MARKET HIGHLIGHTS

- **Zayo** has announced a new dark fiber route that will link Dallas to Atlanta, with the 870-mile route beginning construction this year. The company strongly values both markets, with five data centers in Dallas and two in Atlanta.
- **INAP** announced a major new lease late in 2018 with Blade for colocation in their Dallas data center. This is the first capacity taken by the company in the central US.
- **Google** remains committed to their \$500 million project in Midlothian, with the 375-acre campus qualifying for a bevy of state and local incentives.
- **Facebook** elected to move in a different direction for their next phase in Fort Worth, partnering with QTS to take over their data center that adjoins the current Facebook campus. The renovations and expansion are projected to cost \$150 million. In the meantime, Facebook is completing the third phase of their own campus, which now stretches past half a million square feet.

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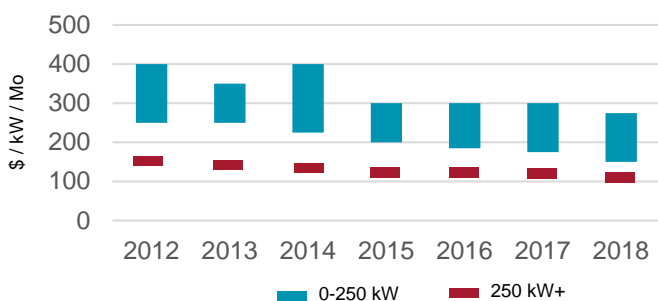
### CONSTRUCTION UPDATE

OPERATOR	LOCATION	SIZE (SF)	POWER (MW)	STAGE / EST. DELIVERY
Stream Data Centers	Garland	138,000	15	Under Construction / Q2 2019
KDC	Richardson	130,000	25	Under Construction / Q2 2019
QTS	Fort Worth	26,000	2 (est)	Under Construction / Q4 2019
	Irving	120,000	20 (est)	Under Construction / Q4 2020
Equinix	Dallas	290,000	42	Under Construction / Q2 2020
Digital Realty	Garland	800,000	160	In Planning
Skybox	Plano	150,000	30	In Planning
Stack Infrastructure Hillwood IPI	AllianceTexas	1,300,000	70	In Planning

### RECENT DALLAS PROPERTY SALES

PROPERTY	SIZE (SF)	SALE DATE	SALE PRICE	BUYER	SELLER
13751 Independence Pkwy, Fort Worth	88,600	Mar-19	\$5,700,000	Aero-Glen Intl	Skyrise Properties
2300 W Plano Pkwy, Plano	1,082,673	Dec-18	\$35,000,000	GI Partners	NTT Data Centers

### DALLAS DATA CENTER PRICING



Source: datacenterHawk

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*“The northern suburbs continue to thrive, with large projects underway in Garland and Richardson to match the upcoming expansion of the Infomart.”*

#### MORE INFORMATION:

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#### 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.