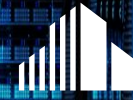


# DATA CENTER MARKETBEAT

Spring 2019



CUSHMAN & WAKEFIELD

## NORTHERN VIRGINIA

### MARKET OVERVIEW

Records continue to fall each year in Northern Virginia, with the market becoming the first one gigawatt locale late in 2018. While in other markets this much development might be considered hubris, in Northern Virginia it is anything but; any vacancy is immediately absorbed, with most new developments pre-leased before construction even begins. Vacancy has dropped to four percent, with the many users looking for large space having to wait for their space to be constructed before beginning operations. Hyperscale users continue to drive demand, with Microsoft, Facebook, Amazon, Google, and a variety of international firms asking for more capacity.

As a result, well over 300 MW is under construction, with completions forecast throughout 2019 and 2020 and far more looking to begin construction thereafter. This total surpasses all construction in other major US markets combined, as the fastest and most robust connectivity remains the main attractor to Northern Virginia.

Data center alley continues to grow in size, with little remaining land in Ashburn and pricing often passing \$1.5 million per acre. Sterling, Chantilly, and Manassas are now considered established locations for data center construction, with pricing in each beginning to creep upward accordingly. Digital Realty ended the year acquiring a 424 acre site in Sterling for \$236.5 million, taking advantage of the large site purchase price to lower the per-acre cost.

As an additional bonus to the greater region, Stafford County is soon to review a proposed tax cut for computer equipment, reducing the tariff to just \$0.0001 for every \$100 spent. The county would thus follow in the footsteps of Loudoun, Prince William, and Danville counties that have already trimmed local taxes to attract data center investment.

### ABSORPTION

Absorption over the last six months totaled 25 MW, a drop-off over the record second quarter but still far outpacing all other markets in the country. For 2018 as a whole, 293 MW were taken up, with the amount under construction just staying ahead of what was taken off the market in the past year.

### KEY INDICATORS



UNDER CONSTRUCTION

**364 MW**



VACANCY

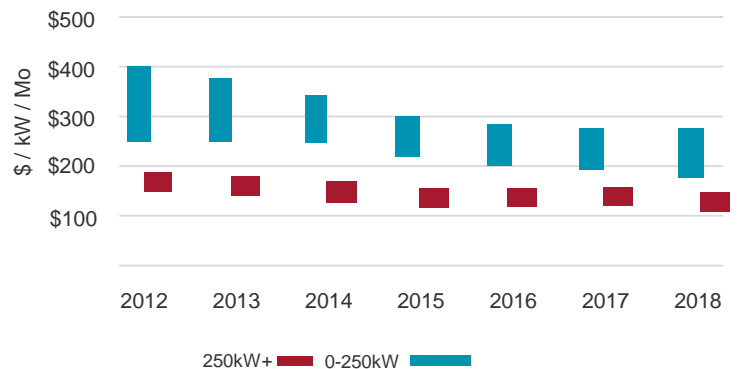
**4%**



ABSORPTION (6 MOS)

**25 MW**

### NORTHERN VA DATA CENTER PRICING



Pricing stats courtesy of datacenterHawk

### SALE AND INVESTMENT HIGHLIGHTS

- To support Facebook's decision to utilize fully renewable power throughout their portfolio, **Digital Realty** has completed a virtual PPA for 80 MW of solar energy from SunEnergy1's facility in North Carolina. Facebook is a major tenant of the REIT in multiple Northern Virginia locations.
- QTS** took on Alinda Capital as an equal partner on their Manassas development, which will have 9 MW available mid-year. The agreement valued the 118,000-square-foot data center at \$240 million.

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## NORTHERN VIRGINIA

### CONSTRUCTION UPDATE: NORTHERN VIRGINIA

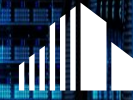
OPERATOR	LOCATION	SIZE (SF)	POWER (MW)	STAGE / EST. DELIVERY
Sabey	Ashburn (Bldg B)	262,000	22.8	Under Construction / Q2 2019
CoreSite	Reston	50,000	6	Under Construction / Q2 2019
QTS	Manassas	118,000	9	Under Construction / Q2 2019
	Ashburn	180,000	32	Under Construction / Q4 2019
Vantage	Ashburn	720,000	24 (phase 1) 108 (phase 2)	Under Construction / Q2 2019 (phase 1)
Digital Realty	Ashburn (ACC9)	45,000	7.2	Under Construction / Q2 2019
	Ashburn (Bldg P)	40,000	6	Under Construction / Q2 2019
RagingWire	Ashburn (VA4)	253,000	32	Under Construction / Q2 2019
CyrusOne	Sterling (Sterling VI)	258,000	36	Under Construction / Q2 2019
	Sterling (Sterling VII)	93,000	12 (est)	Under Construction / Q3 2019
	Sterling (Sterling VIII)	151,000	30	Under Construction / Q3 2019
COPT	DC23	149,000	25 (est)	Under Construction / Q2 2019
	MP1	216,000	25 (est)	Under Construction / Q2 2019
	IN2	216,000	25 (est)	Under Construction / Q2 2019
CloudHQ	Ashburn	300,000	72	Under Construction / Q2 2020
Aligned Energy	Ashburn	370,000	80	Under Construction
Matan	Manassas	189,125	15 (est)	Planned / Q1 2020
Cologix	Ashburn	141,744	7.1	Planned
EdgeCore	Sterling	180,000	36	Planned
New View Real Estate	Loudon West	2,300,000 Four Buildings	150 (est)	Planned
Sentinel Data Centers	Ashburn	238,000 Two Buildings	47	Planned
EFO Capital Management	Vint Hill	1,400,000	100 (est)	Planned

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*“Many of the new developments underway are pre-leased, with big cloud users taking the majority of the capacity coming online.”*

# DATA CENTER MARKETBEAT

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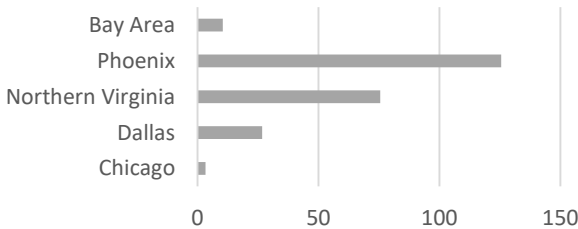
CUSHMAN & WAKEFIELD

## NORTHERN VIRGINIA

### HYPERSCALE DRIVES LAND ACQUISITION

With the exception of Phoenix (with far cheaper per-acre cost), Northern Virginia has the largest average per-acre size of site acquisition for data center development, far more than the spacious areas for development in Dallas and even greater than more space constricted markets like Chicago or the Bay Area.

#### AVERAGE ACREAGE- DATA CENTER SITE ACQUISITION



#### SITE ACQUISITION COST PER ACRE



### RECENT NORTHERN VIRGINIA LAND SALES

PROPERTY	SIZE (ACRES)	SALE DATE	SALE PRICE	BUYER	SELLER
Waterside Chantilly	78	Jan-19	\$49,000,000	COPT	Gudelsky Group
45781 Maries Road Ashburn	10	Dec-18	\$9,000,000	COPT	Matan Cos
24086 Bears School Road Sterling	424	Nov-18	\$236,500,000	Digital Realty	Metropolitan Washington Airports Authority
9000 Freedom Center Boulevard Manassas	19	Nov-18	\$5,625,660	Northstar Commercial Partners	Lee Sammis Associates
22001 Loudoun County Parkway Ashburn	26	Sep-18	\$37,700,000	Aligned Energy	Davidson Kempner



*“The past six months featured another \$300 million of regional land sales, with 2018 totals surpassing \$800 million in total land transacted. Land outside of Ashburn is now a focus, in an attempt to obtain larger sites at lower cost.”*

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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.