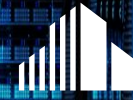


DATA CENTER MARKETBEAT

Spring 2019



CUSHMAN & WAKEFIELD

PHOENIX

MARKET OVERVIEW

Phoenix has continued its progression to major market status, with new players entering the area each quarter and continued demand for greater capacity. Lower cost than locating in California and location on multiple robust fiber routes has stimulated continued interest, with Vantage and Stream both announcing new developments of late. Similar to other markets with fewer space constraints, these developers are building big: Vantage is planning a multi-phase 160 MW campus, and Stream is utilizing an on-site substation to build toward 200 MW across 157 acres. These two new developments (along with a campus planned by Microsoft) have turned Goodyear into another local data center cluster, following on the progression of Mesa as noted in our last report.

EdgeCore, Iron Mountain, and Aligned Energy are also underway on new developments or expansions, with Digital Realty, QTS, EdgeConneX, and CyrusOne also reviewing prospective new buildings. Market vacancy is an ultra-thin five percent, with rumored hyperscale interest from multiple large companies driving investment.

ABSORPTION

The last six months saw 3 MW absorbed throughout Phoenix, with further take-up limited by extremely tight supply. A record 33 MW was taken up over the course of 2018.

KEY INDICATORS



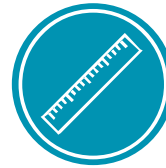
UNDER CONSTRUCTION

18 MW



VACANCY

5%



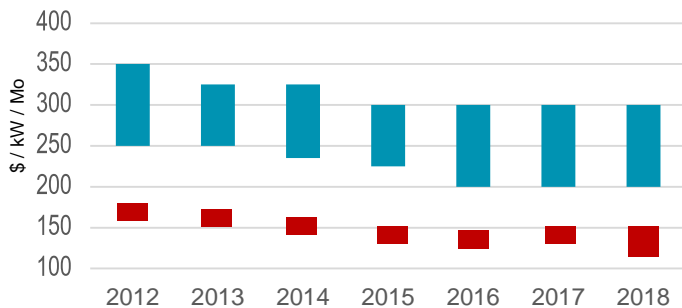
ABSORPTION (6 MOS)

3 MW

INVESTMENT HIGHLIGHTS

Digital Realty announced a deal to purchase solar energy from Salt River Project for their four currently operated Phoenix-area data centers. Salt River Project is currently under construction on a 100 MW solar plant.

PHOENIX DATA CENTER PRICING



Source: datacenterHawk

0-250 kW

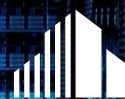
250 kW+

“

“Phoenix has the potential to grow from under 300 MW to 1.25 GW over the next five years thanks to projects already under construction or in near-term planning.”

DATA CENTER MARKETBEAT

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PHOENIX

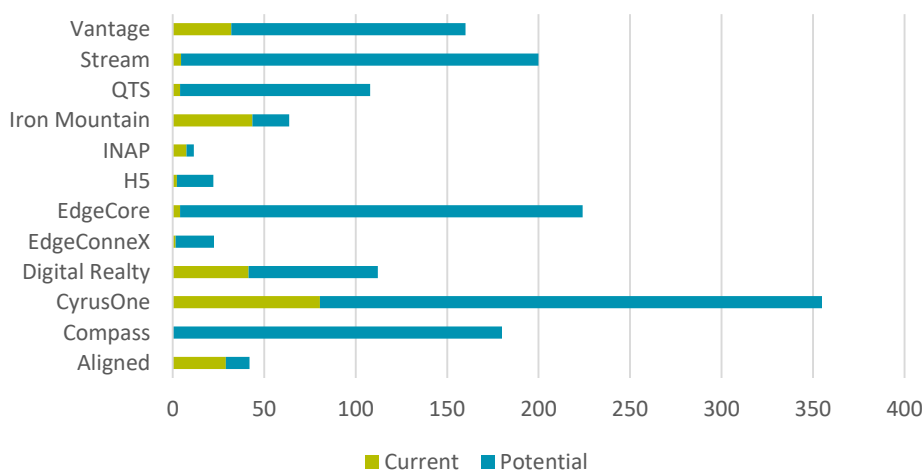
CONSTRUCTION UPDATE

OPERATOR	LOCATION	SIZE (SF)	POWER (MW)	STAGE / EST. DELIVERY
EdgeCore	Mesa	180,000	4	Under Construction / Q2 2019
Iron Mountain	Phoenix	21,000	4	Under Construction / Q4 2019
Stream Data Centers	Goodyear	418,200	4.5	Under Construction / Q1 2020
Aligned Energy	Phoenix	50,000	5	Under Construction
Vantage	Goodyear	250,000 (est)	32	Planned / Q1 2020

RECENT LAND SALES

PROPERTY	SIZE (Acres)	SALE DATE	SALE PRICE	BUYER	SELLER
W Indian School Rd, Goodyear	147	Apr-19	\$37,000,000	Microsoft	First Industrial
2950 S Litchfield Rd, Goodyear	157	Feb-19	\$42,000,000	Stream Data Centers	Sun Life Financial
N Bullard Ave, Goodyear	50	Jan-19	\$12,760,000	Vantage Data Centers	Seldin Real Estate

PHOENIX POTENTIAL (MW)



GROWTH COMING...

Thanks to the availability of land throughout Phoenix, modern hyperscale campuses are being planned by many data center operators. As with all markets, these are being planned in phases based on demand, though the ceiling in Phoenix is potentially much higher than other major locations. Goodyear, Mesa, Chandler, and Phoenix itself all have the potential to grow by several multiples over the next five years.

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.