

DATA CENTER UPDATE

MONTREAL

SUMMER 2020



Key Indicators



In Planning
75 MW



Vacancy
23%



Absorption (1st Half)
7 MW

MORE INFORMATION

Randy Borron
Vice Chairman
Global Data Center Advisory Group
+1 416 359 2474
Randy.borron@cushwake.com

Kevin Imboden
Director of Research
Global Data Center Advisory Group
+1 408 436 3622
kevin.imboden@cushwake.com

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.

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Market Overview

Montreal continued its progress in the first half, with the 7 MW taken up the highest in-market over the past three years. Interest continues for the city and throughout greater Quebec, drawn by the low-cost hydroelectric power on offer and the relative ease of obtaining land for large development. Recent entrant Vantage and Cologix completed new phases early in the year, and other large developments remain in near-term planning. Overall vacancy remains a bit high for a large market, leading to a general pause in construction while this space fills in coming months.

US-based REIT Equinix generated the biggest national data center news of 2020, signing to acquire a 13-property data center portfolio from Bell Canada for C\$1.04 billion. A mix of owned and leased assets, the portfolio will expand the Equinix platform in-country across seven new cities, including secondary locations such as Kamloops and Saint John. While a consistent array of new entrants have moved north over the past two years, this is the first deal that moves beyond Ontario and Quebec into these regional areas.

Ecosystem Developments

- **eStructure** has announced a new connectivity partner at MTL-1, with Beanfield providing HYPERRoute access to directly connect to US AWS locations. The operator followed this news with another partnership with the Montreal Internet Exchange, adding an array of further connectivity and peering options.
- In other **Beanfield** news, the company acquired local fiber provider Openface early in 2020, adding 100 kilometers of owned fiber to their local network. The network includes access to over 200 on-net buildings throughout Montreal.
- **Oracle** continued its global cloud services expansion, with Montreal becoming the second city in Canada to have access. Unlike many cloud service peers, Oracle has chosen to sign colocation leases instead of building bespoke facilities and received a recent big win to supply the Canadian government.

Construction Update

OPERATOR	LOCATION	SIZE (SF)	POWER (MW)	STAGE / EST. DELIVERY
UnitedCorp	Beauharnois	770,000	49	In Planning
Hypertec	YUL-02	300,000 (est)	26	In Planning

DATA CENTER UPDATE TORONTO

SUMMER 2020



Key Indicators



Under Construction
52 MW



Vacancy
6%



Absorption (1st Half)
29 MW

MORE INFORMATION

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Vice Chairman
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Market Overview

Toronto had a spectacular first half of 2020, with the highest absorption recorded in-market, new capacity from many large services and a new region announced by Google. The city continues to attract services for their Canadian market entry, drawn by the diversified local economy and the continued IT transformation of the largest local enterprises. Digital Realty, Urbacon, and new entrant Compass are all underway on large new developments, with Compass the latest new market entrant after their recent acquisition of a former industrial property in Etobicoke to retrofit for data center purposes.

Powerhouse REIT Equinix created the biggest headline in the first half, signing to acquire a 13-property data center portfolio from Bell Canada for C\$1.04 billion. A mix of owned and leased assets, the portfolio will expand the Equinix platform in-country across seven new cities, including secondary locations such as Kamloops and Saint John. While several new operators have moved into Toronto and Montreal over the past two years, this is the first major market entrant in smaller regional areas across Canada and will allow for expanded connectivity across the board.

Ecosystem Developments

- **iland** made its entry to Canada early in 2020, with a new region in Toronto marking the 10th cloud region for the company globally. The facility offers the full package of iland services, from IaaS solutions to backup and disaster recovery.
- **Salute Mission Critical** gained a new contract in springtime, signing on to manage engineering services for ServerFarm in their local facility on Bartor Road. The operator has just completed an expansion on-site, adding a major 14 MW expansion.
- **Crosslake Fibre** has selected Equinix at both ends of their recently completed cable for backhaul capacity, with Equinix TR2 in Toronto and Equinix NY4 in Secaucus included as connection points. Low latency and dense connectivity were two of the key factors in their selection.
- **Microsoft** added further capacity in both Canada Central (Toronto) and Canada East (Quebec City) early in 2020, responding to continued increases in Azure usage in-country. A further ExpressRoute site was later added in Vancouver, providing further regional access to the platform.
- **Google** has announced a new Cloud region in Toronto, with the city becoming the second in-country behind Montreal. Likely coming in 2021, the new region joins other upcoming regions in Melbourne, Doha, and Delhi.
- **Zayo** is creating an intriguing new fiber route linking Chicago to Toronto, directly connecting the Chicago Mercantile Exchange to the Toronto Stock Exchange. The new route will be faster than the currently operational Zayo route between the two cities.



Construction Update

OPERATOR	LOCATION	SIZE (SF)	POWER (MW)	STAGE / EST. DELIVERY
Digital Realty	TOR1	87,080	10	Under Construction / Q1 2021
Urbacon	DC2	105,000	12	Under Construction
Compass Datacenters	Etobicoke	214,000	30	Under Construction

Recent Site Sales

PROPERTY	SIZE (Acres)	SALE DATE	SALE PRICE	BUYER	SELLER
77 Fima Crescent, Etobicoke	7.8	May-20	C\$30,000,000	Compass Data Centers	Mantella & Sons, Horner Development

Recent Property Sales

PROPERTY	SIZE (SF)	SALE DATE	SALE PRICE	BUYER	SELLER
60 Via Renzo Dr, Richmond Hill	94,439	May-20	C\$48,200,000 (full value, 50% interest)	AIMCo	Summit Industrial Income REIT
6800 Millcreek Dr, Mississauga	83,758	Jan-20	C\$45,640,000	Mapletree Investments, Mapletree Industrial	Digital Realty

Toronto enjoyed a fantastic first half of absorption, pulling vacancy down to 6% and launching new development.