Critical Environment Practice
Real Estate for Data Centers

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I. What is a Data Center
II. What does it mean to occupiers
III. How do we help our clients
IV. Industry trends
V. Questions
By The Numbers…

- 75% of transactions are **unbrokered**

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100,000 SF Office Lease

$25M Net Lease Value

$30M Capital Investment in Equipment

$1M Commission
What Is It?

- Why are data centers unique?
  - Cost
  - Corporate Risk
  - Compliance
  - Public Confidence
  - Uptime

- It’s physical

- Every company and industry has IT needs
Data Center Examples

ENTERPRISE
Evaluate existing DC site for expansion to accommodate immediate needs

WHOLESALE
Deliver 1.5 MW with “Active-Active” design 20-50 miles away from primary DC location

GREENFIELD
Deliver 3-5 MW (new primary DC); Evaluate TCO and all RE alternatives across a broad geographic region
Why Do Occupiers Need It?

- 3 out of 5 businesses that experience a major IT outage will be out of business in 5 years¹
- An outage can cost a company an average of $5,000/min. that is $300,000 in an hour²

¹ Source: ViaWest InfoGraphic via The Via Group
² Source: Ponemon Institute
Decision Process for Data Centers
Data Center Lease Negotiation Points

- TCO
- COMMISSIONING DATE
- RENT $/KW/MONTH
- UPS CONFIGURATION
- MRC
- DATA CENTER CRITICAL LOAD CAPACITY
- DUAL PATH PIPING
- GENERATOR CONFIGURATION
- RAMP-IN
- CRAH/CRAC CONFIGURATION
- COLOCATION
- PRIMARY POWER REDUNDANCY
- DATA CENTER SUPPLY AIR TEMPERATURE
- SLA
- COOLING INFRASTRUCTURAL REDUNDANCY
- DATA CENTER FACILITY UPTIME
- SLA CREDITS
- CRITICAL POWER LOAD AVAILABILITY
- VESDA
- ELECTRICITY CONSUMPTION THRESHOLD
- MMR INTERCONNECTIONS
- FUEL MIX
- BTU METERING
- ACCESS LISTS
- PUE
- MMR CROSS-CONNECT CHARGES
- DESIGNATED CONDUITS
- POWER RATE PER KWH
- SPECIFIED SECURITY MEASURES
- PDU DISCONNECT NOTICE
- POWER CONTRACT STRUCTURE
- METERED INTERCONNECTIONS
- MATERIAL CONTROLLABLE INTERRUPTIONS OF SERVICES
- ETC WARNING'S
- SERVICES INTERRUPTION EVENT
- MANAGED SERVICES

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Current Industry Trends
92% of IT professionals indicated they will be expanding their data centers in 2012 (Source: DRT 2012 - Study included 300 IT decision makers at NA corporations with annual revenues of at least $1B and/or 5,000 employees.)

820 MW of new IT demand will be generated in the USA in 2012 (Source: Data Center Dynamics, Global Industry Census 2011)

$35B of investment in new data center infrastructure will occur in 2012 (Source: Cisco)

Storage demand is doubling every 18 months

15 Billion devices will be connected by 2015
Changing role of IT from cost center to strategic engine that promotes the success of the business – Oliver Bussman – CIO SAP

“The fabric of IT will be so deeply embedded in every business process, regardless of industry, that you won’t know the difference between the business models, the process and IT.” – John Chambers – CEO Cisco – Oct. 2012
Data infrastructure companies have exhibited counter-cyclical characteristics to the overall economy, continuing to demonstrate strong revenue and profitability growth through the recent economic downturn and recovery.

- Public equity market has generally been strong and investors have rewarded consistent performers.
- Private equity investors have been active and continue to evaluate opportunities in the sector.
- Receptive capital markets with a significant pace of debt and equity financing:
  - Active loan market with increasing number of lenders participating in recent transactions (SoftLayer, QTS, CoreSite, Peak 10, Savvis, Telx, ViaWest, Q9, DuPont Fabros, Vantage, Latisys, Global Switch).
  - High yield issuers have included Terremark, DuPont Fabros, Equinix, InterXion.
  - Recent successful 21Vianet, InterXion and CoreSite IPOs and follow on offerings for Digital Realty and DuPont Fabros.
  - Preferred market opening (DuPont Fabros).
- Increasing M&A activity / valuations.