



U.S. data center update

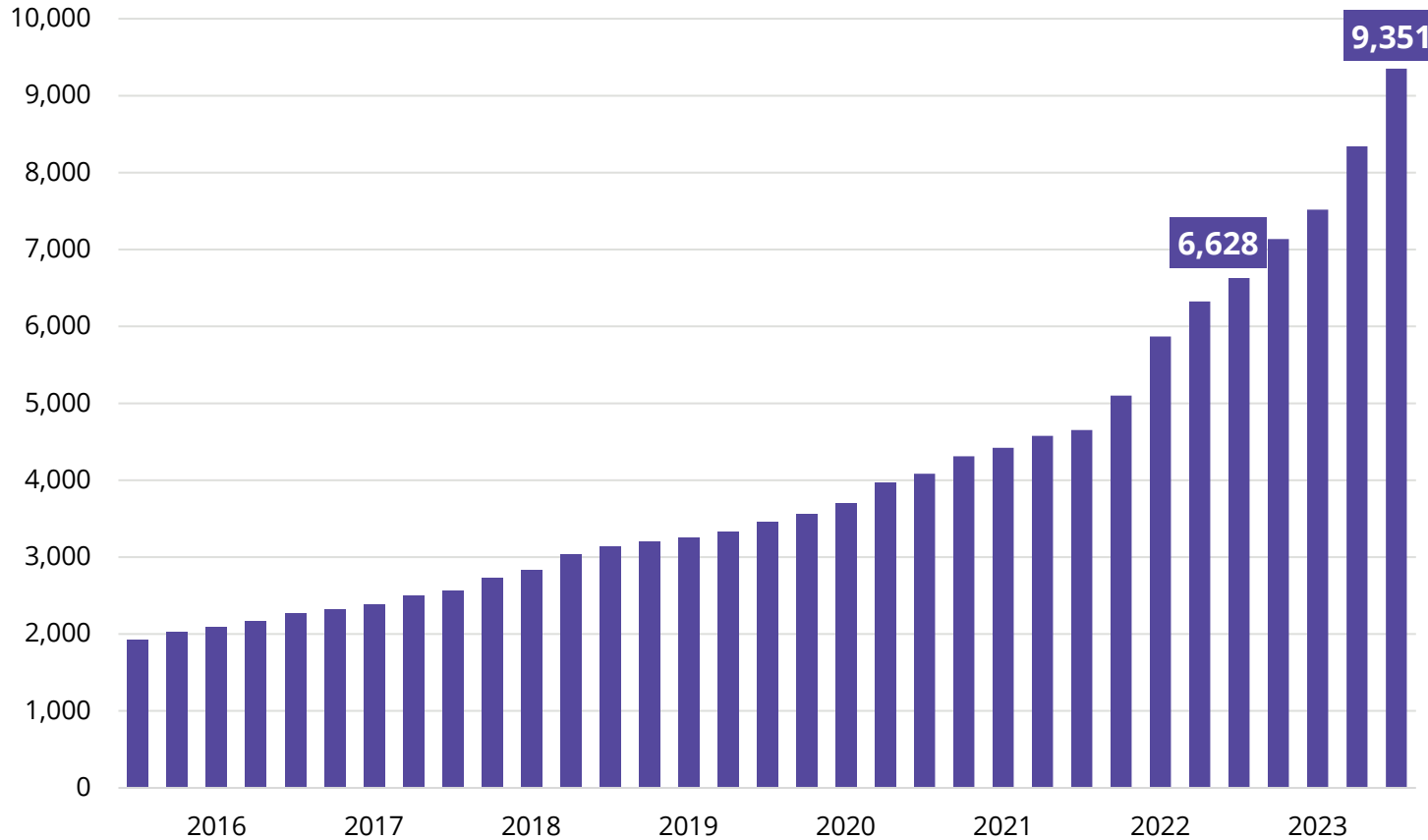
Leasing and
Capital Markets trends

Q3 2023

**AVISON
YOUNG**

Inventory

Inventory by quarter (MW)

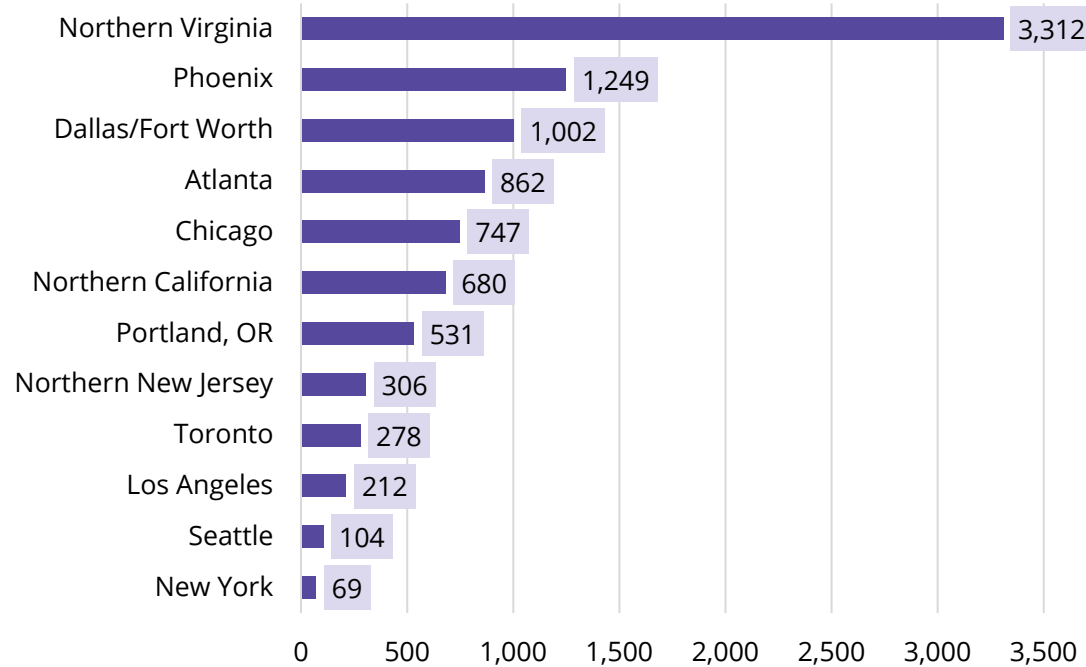


Inventory growth in North American markets has sped up in response to a significant surge in demand. Total data center inventory in the top 12 markets has increased by 41% since the same quarter last year.

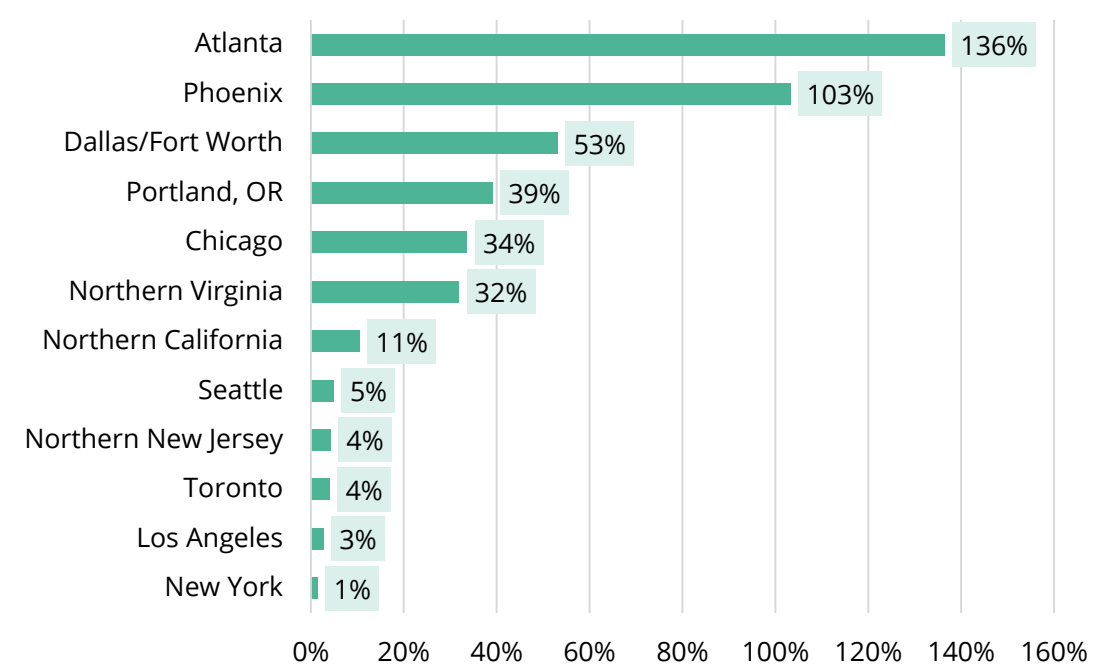
Inventory

Northern Virginia continues to extend its lead in overall market size, as its globally-unmatched concentration of data centers continues to attract users seeking strong connectivity and low latency. In proportional terms, Atlanta and Phoenix are currently experiencing the fastest growth, year over year.

Inventory by market (MW)



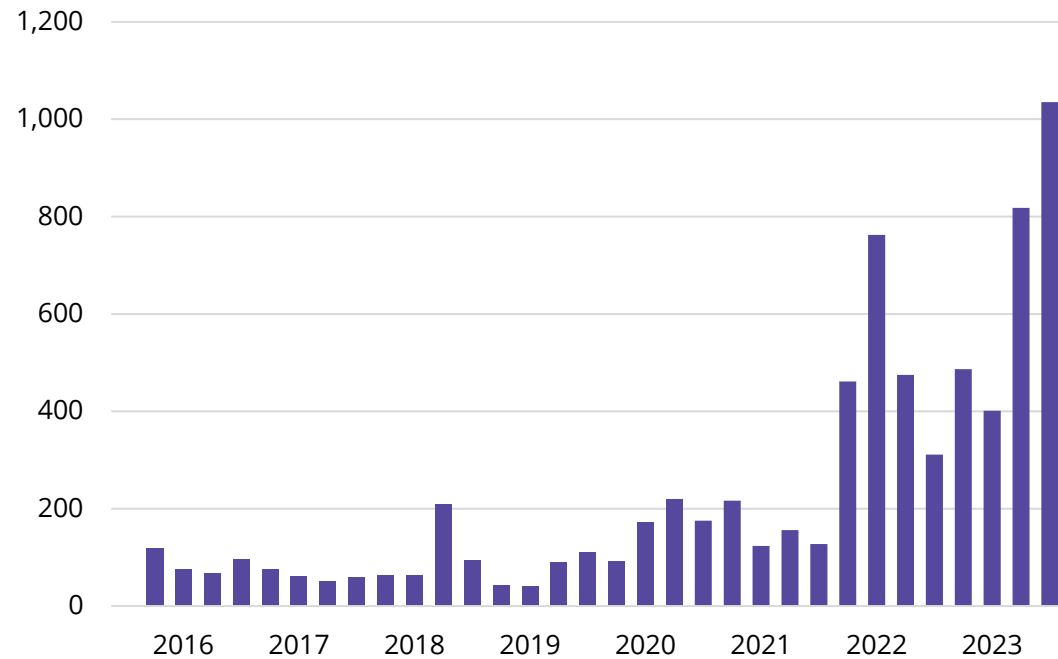
YoY inventory growth



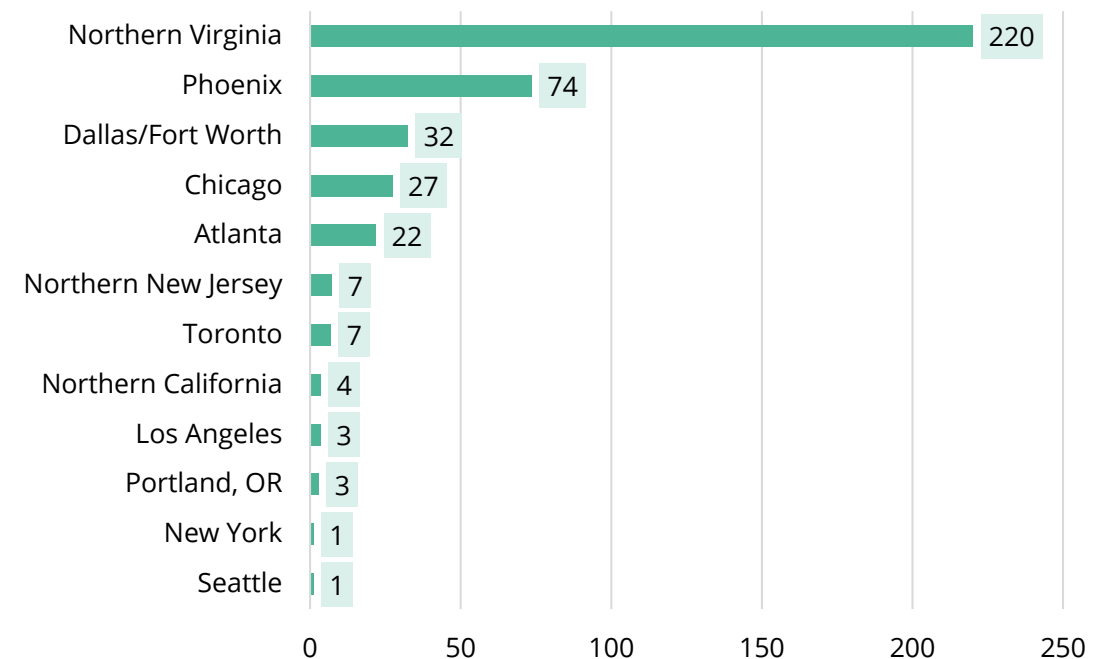
Absorption

While Q3's 1,035 MW of net absorption marks a new record high for North America primary markets. Northern Virginia accounted for over half the net absorption in Q3 2023.

Net absorption (MW)

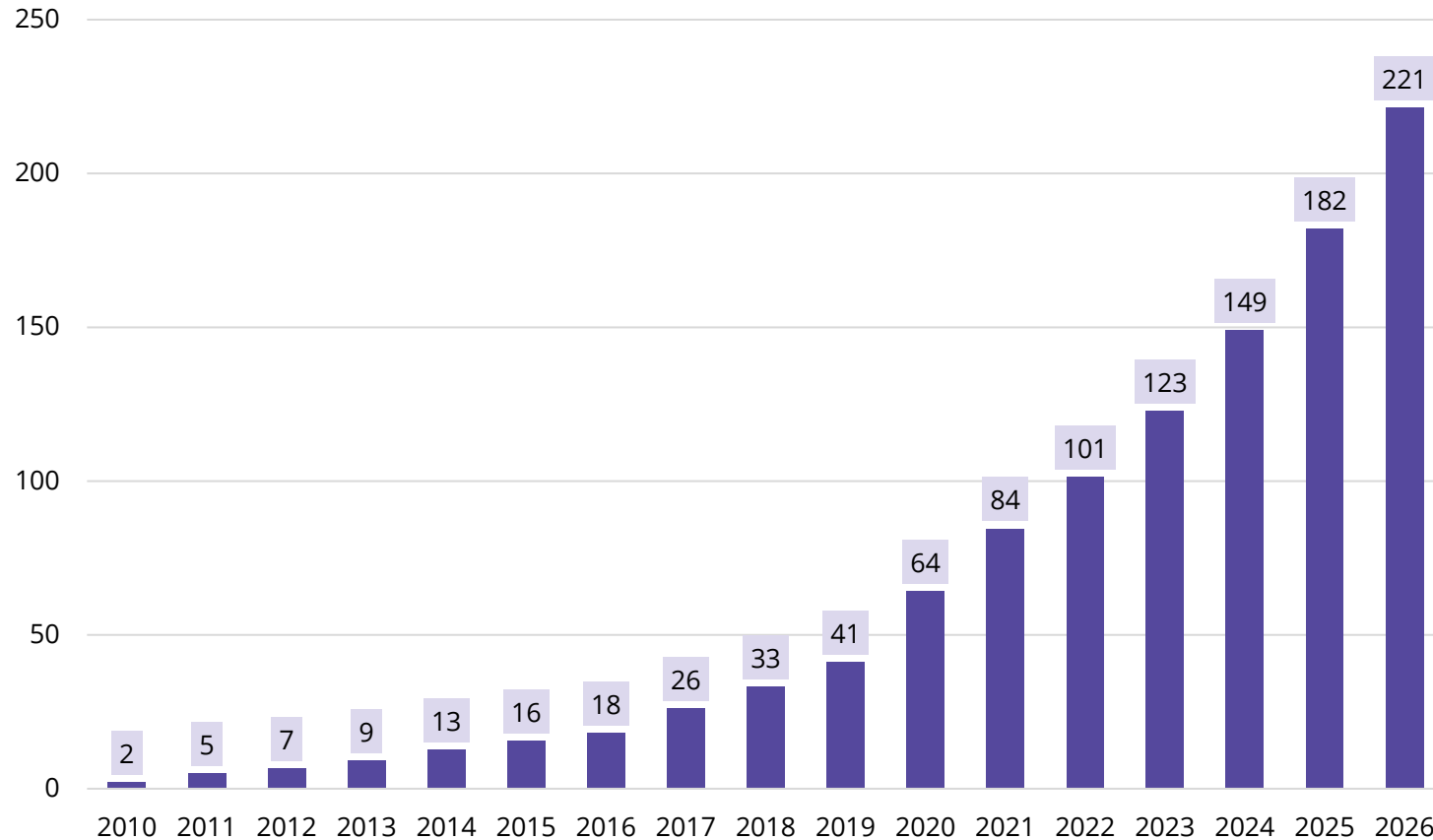


Q3 2023 net absorption by market (MW)



Demand drivers

Data created and replicated worldwide (zettabytes)¹



The global datasphere (data created/replicated worldwide) is growing rapidly, projected to more than double by 2026 relative to the end of 2022. Several new technologies are emerging that have the potential to consume orders of magnitude more data than typical applications today, including:

Internet of things: previously “dumb” devices are now connected and generating data

Advancing technology: existing technologies require more data as sophistication increases (e.g., photo file size)

Autonomous vehicles (AVs): require storage/processing of extraordinary amounts of sensor data (est. 4 TB/car/day)

Artificial intelligence (AI): AI and machine learning necessitate the collection, storage and processing of massive data sets

Virtual and augmented reality: a 1-hour VR experience requires the data of 17,000 songs

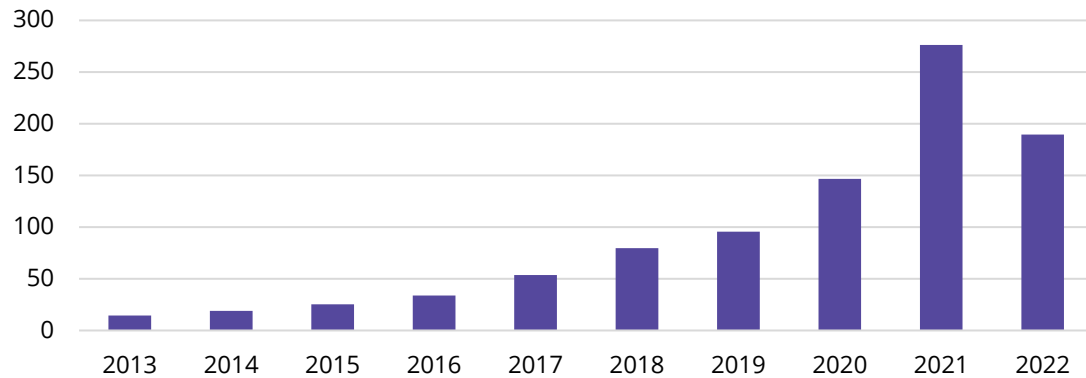
5G connectivity: enhanced mobile connection speeds have enabled new use cases that rely on quick communication with edge data centers (necessitating many more such edge data centers)

¹Source: IDC Global DataSphere Forecast, 2022-2026

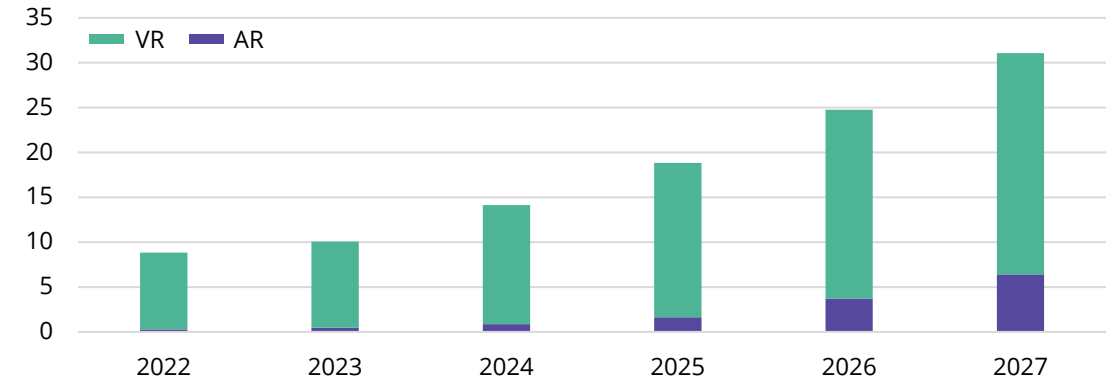
Demand drivers

A host of factors will lead to an explosion in the amount of data being created, stored and processed worldwide, ensuring that today's exceptional pace of data center demand continues.

Global corporate AI investment (billions)¹



AR/VR headsets installed worldwide (millions)²



AI transforms data sector

Although already in use for everything from drug formulation to real-time language translation, artificial intelligence (AI) is still in its infancy. The coming years will see an explosion of AI-powered workflows across all industries, requiring an extraordinary volume of data storage and compute. AI workloads will require changes in data center design, while use of AI monitoring in data centers will streamline operations.

Virtually limitless

The next frontier beyond video conferencing will involve pulling the user through the screen, so to speak, and immersing them in virtual environments. VR can generate up to 1TB of data per hour, and the technology is being adopted rapidly both for recreation and a variety of commercial/military applications.

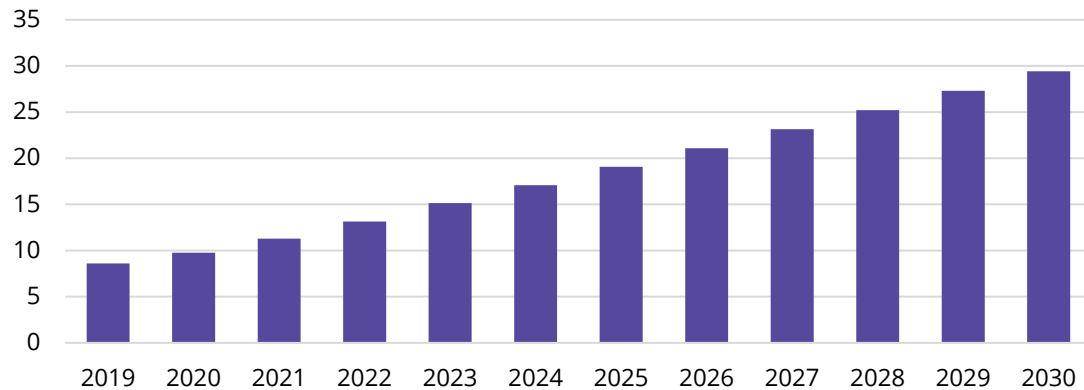
¹Source: NetBase Quid AI Index Report (2023)

²Source: International Data Corporation (IDC)

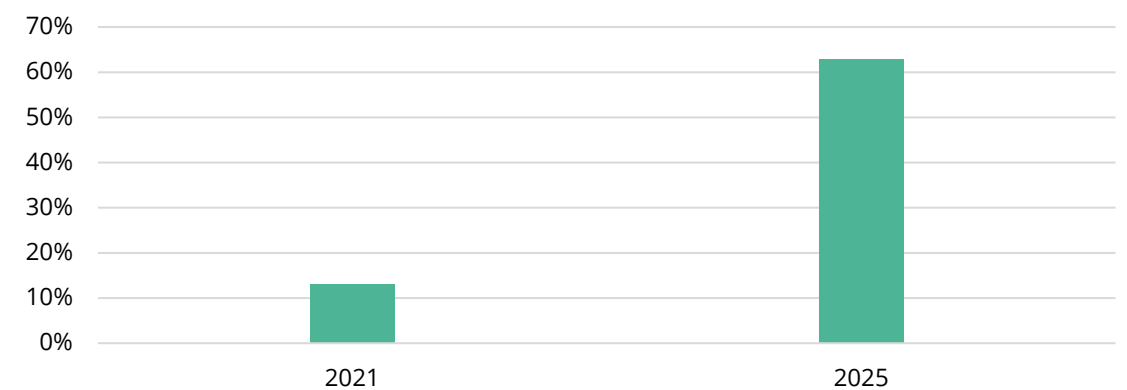
Demand drivers

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Customer IoT devices worldwide (billions)¹



5G share of all mobile connections (North America)²



Internet of things

Across households and commercial industries, devices that were previously “dumb” are now generating data. From smart appliances at home to inventory management in warehouses to patient monitoring in hospitals, the use cases for connected devices are multiplying.

5G enables data growth

5G is poised to proliferate in the next few years, and will offer connection speeds 13x faster than the average mobile connection today, according to Cisco. 5G will enable the other technologies we've mentioned (like self-driving, VR, IoT) to proliferate on mobile networks and generate massive amounts of data.

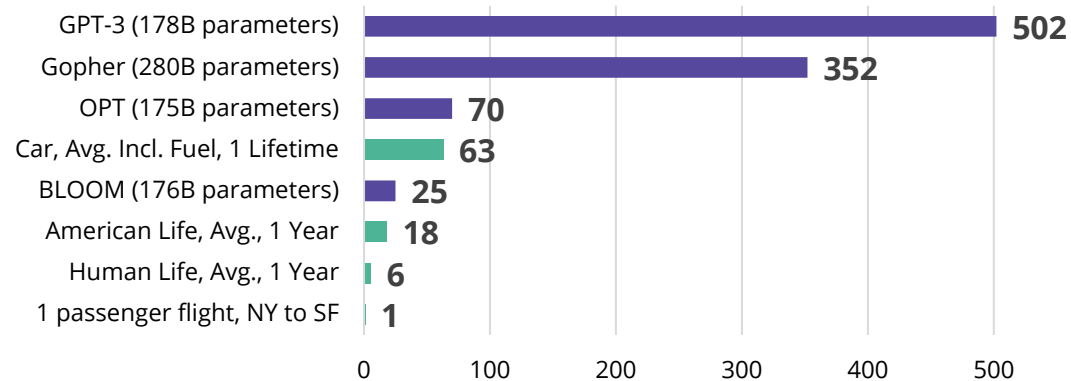
¹Source: Transforma Insights, *IoT Connections Forecast 2019-2030*

²Source: Cisco Annual Internet Report (2018-2023)

Demand drivers – Artificial Intelligence

A host of factors will lead to an explosion in the amount of being created, stored and processed worldwide, ensuring that today's exceptional pace of data center demand continues.

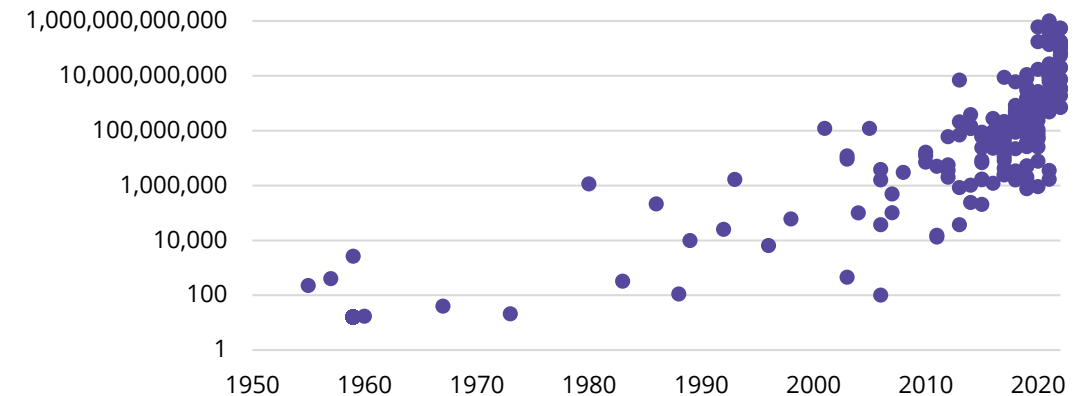
CO2 emissions equivalent of energy use (Tonnes)¹



AI training draws immense power

Training GPT-3, the language model powering OpenAI's ChatGPT, is estimated to have resulted in 502 tonnes of CO2 equivalent emissions from data center operations. This is roughly equivalent to the energy consumed by the average American over 28 years. GPT-4, the successor to GPT-3, is rumored to use over 1.7 trillion parameters.

Number of parameters of significant ML systems²



ML complexity is growing rapidly

The number of parameters in significant machine learning models has grown exponentially. As artificial intelligence technology grows in complexity, the requirement for computational power and data centers grows alongside it.

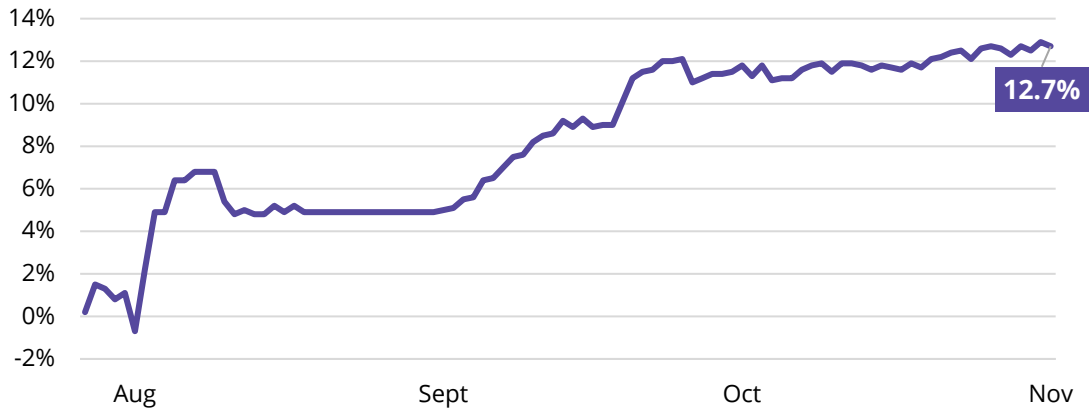
¹Source: Epoch (2022)

²Source: Luccioni et al., 2022; Strubell et al., (2019)

Transformative technologies on the horizon

The rise of commercialized AI applications, and recent breakthroughs in nuclear fusion brings potential to significantly boost data center efficiency and capabilities, potentially driving more cost-effective and environmentally friendly operations in the years ahead.

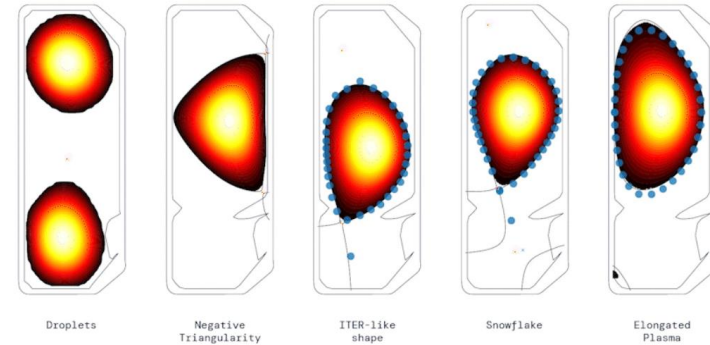
BCOOLER experiment energy savings¹



DeepMind's BCOOLER experiment

Google's AI-focused subsidiary, DeepMind, unveiled the results of their 2022 experiment involving the training of BCOOLER (BVE-based CONstrained Optimization Learner with Ensemble Regularization). This project aimed to optimize cooling for Google's data centers. After a three-month trial, BCOOLER delivered an impressive 12.7% reduction in energy consumption.

Nuclear Fusion



Source: DeepMind, 2022

In 2022, DeepMind partnered with the Swiss Plasma Center to train a deep reinforcement learning algorithm using simulation². They were able to successfully control and manipulate plasma in a tokamak device, a significant stepping-stone in nuclear fusion research.

Nuclear fusion opens new horizons

A long time coming, nuclear fusion has gotten closer than ever before to being a viable source of sustainable, clean, and nearly limitless power. Milestones like Lawrence Livermore National Laboratory's feat of yielding net positive energy for the second time³ with laser fusion in December 2022 coupled with the potential for AI-driven research acceleration, offer hope for a transformative shift in energy production

¹Source: Transforma Insights, *IoT Connections Forecast 2019-2030*

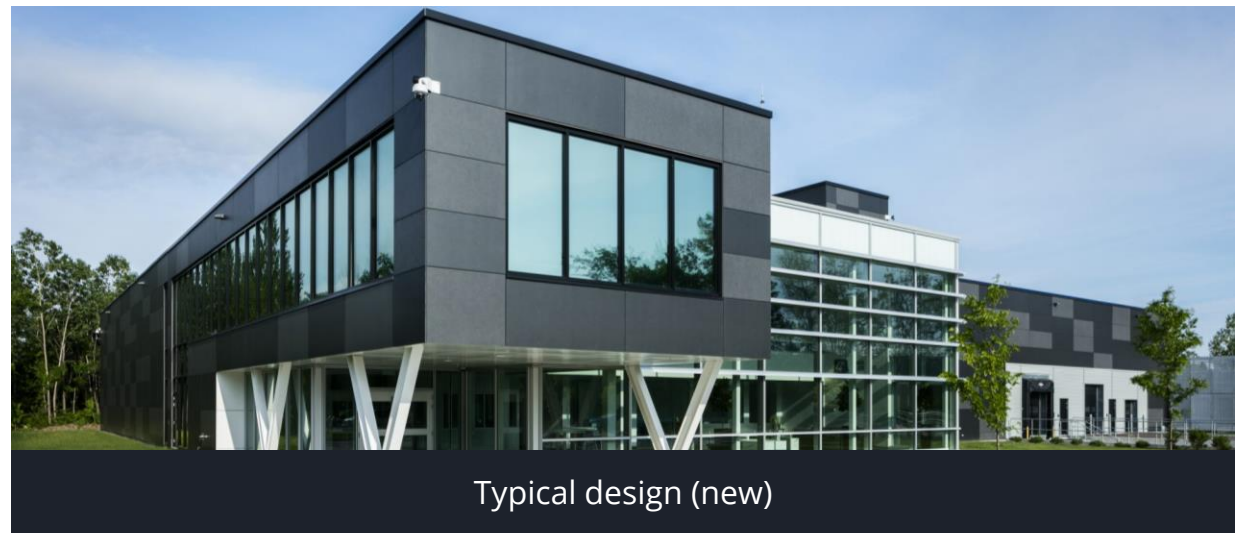
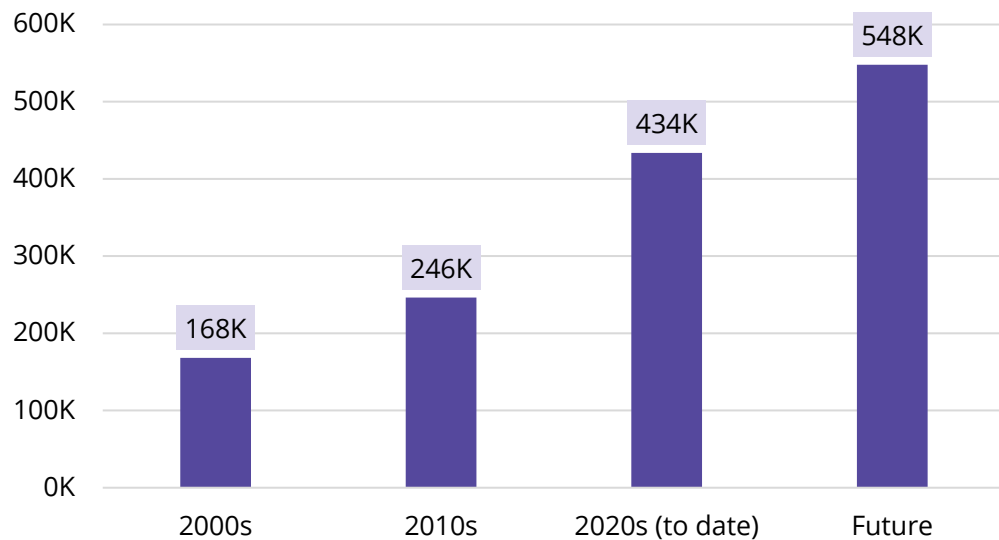
²Source: Scientific American, *What Is The Future of Fusion Energy? (2023)*

³Source: Lawrence Livermore National Laboratory (2022)

Building design

As data is generated at an ever-accelerating pace, data center design is shifting toward larger facilities to accommodate the new level of scale. Data centers are also moving away from strictly utilitarian designs toward more visually appealing exteriors that blend with the surrounding built environment.

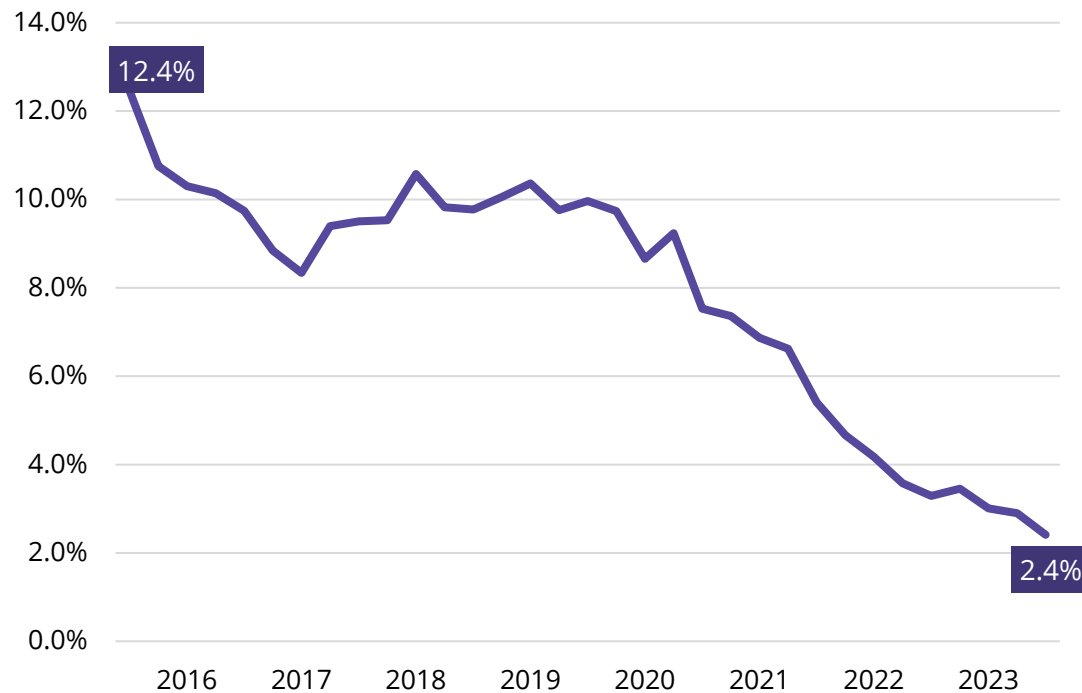
Average data center size by decade built (sf)



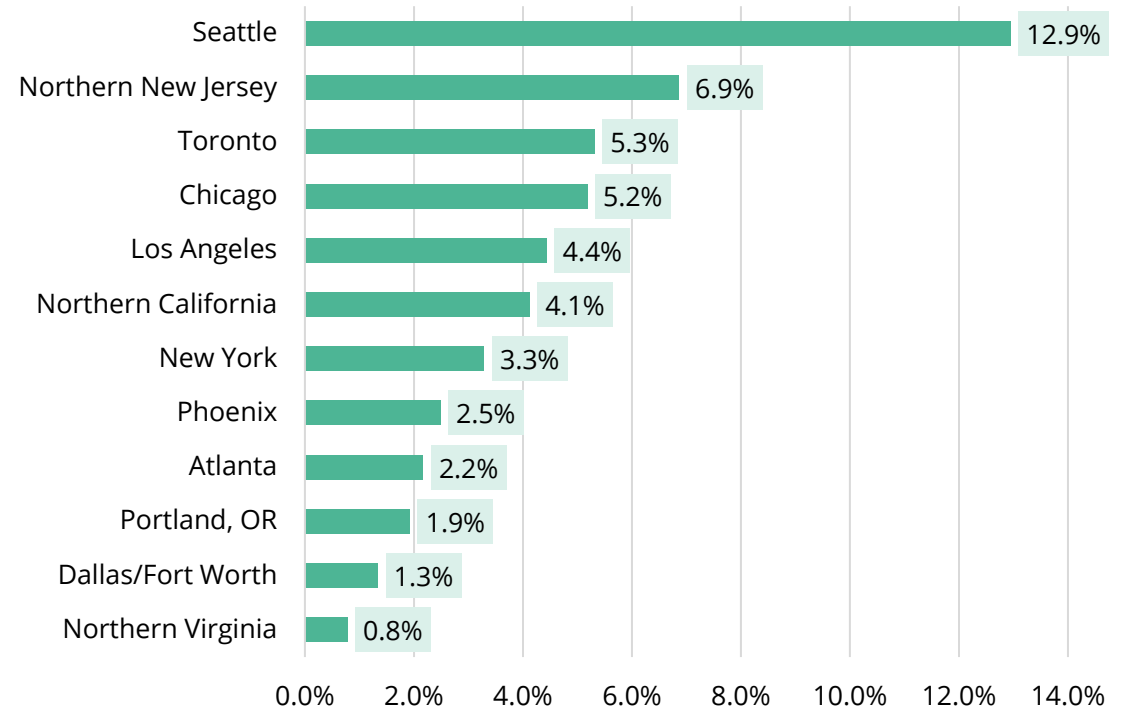
Vacancy

Despite a flurry of construction and deliveries in Q3, demand continues to outpace supply. Vacancy rates have reached a new low at just 2.4%

Vacancy rate by quarter

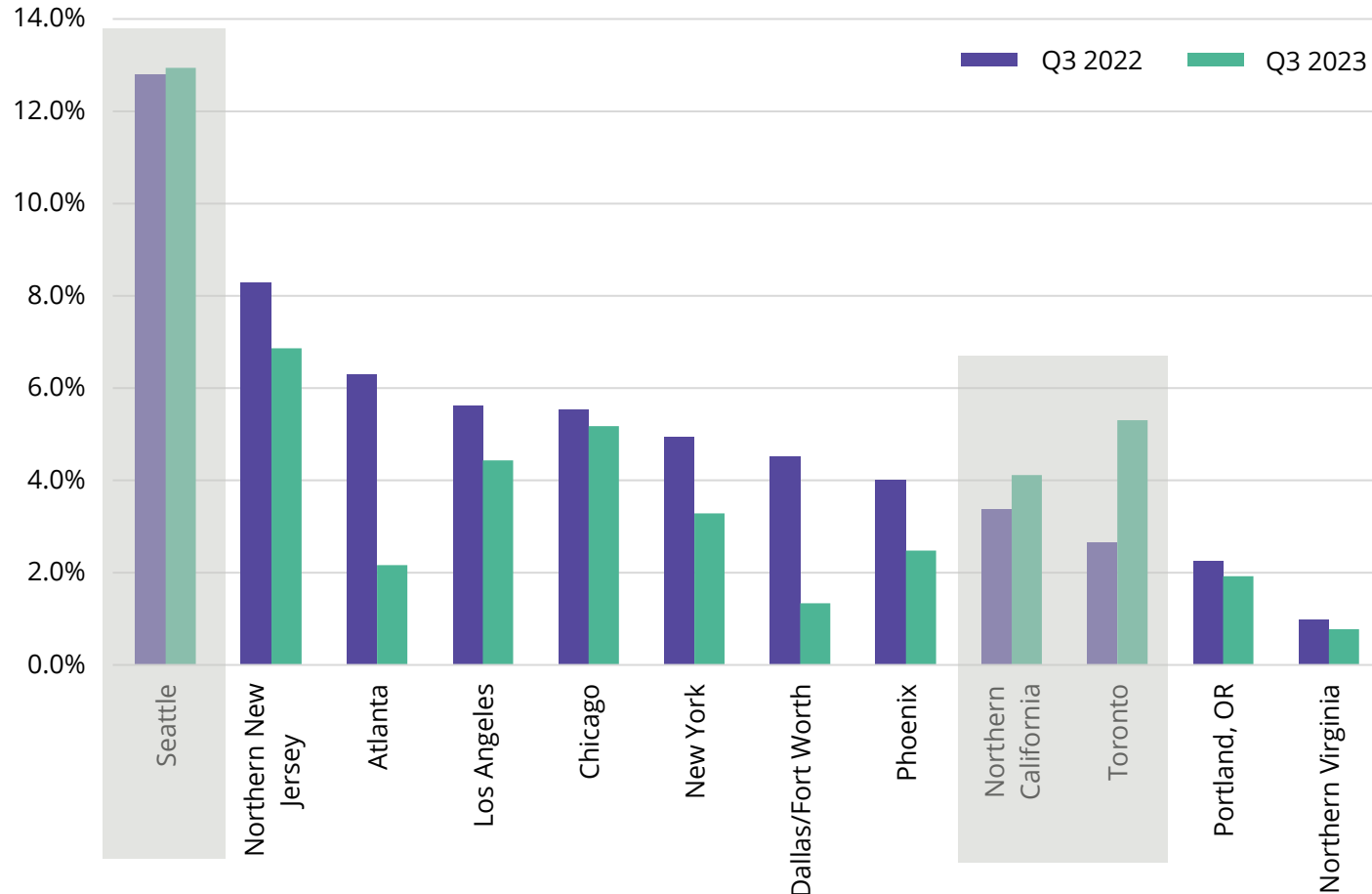


Vacancy rate by market



Vacancy

Year over year change in vacancy rate

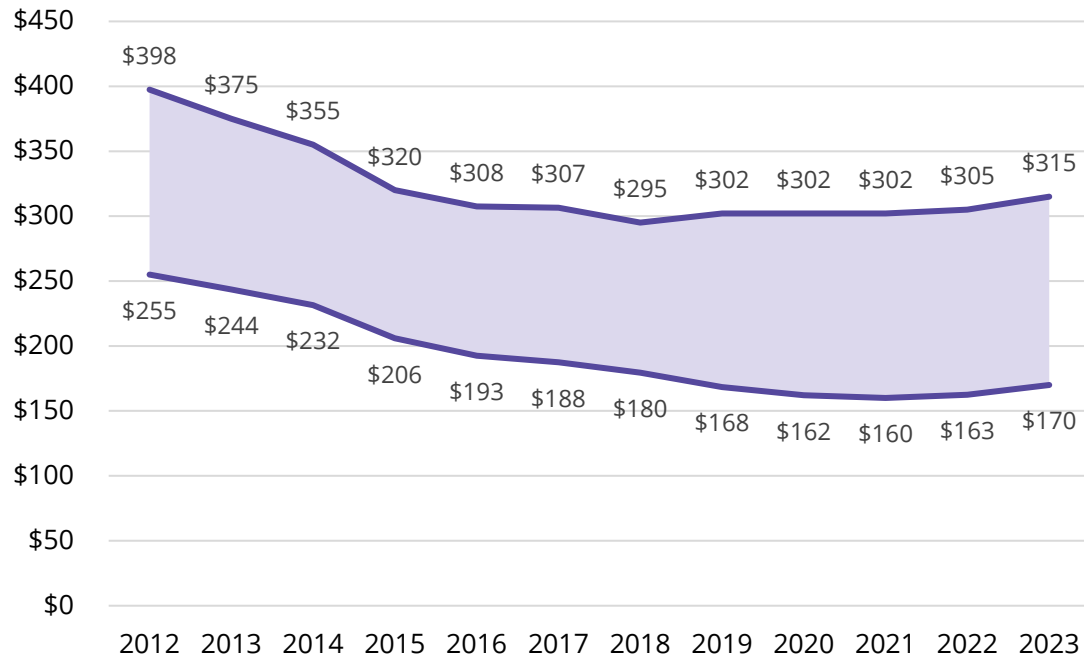


All major markets except for Seattle, Toronto and Northern California have seen vacancy fall over the past 12 months as demand has outpaced the rate at which new supply can be delivered.

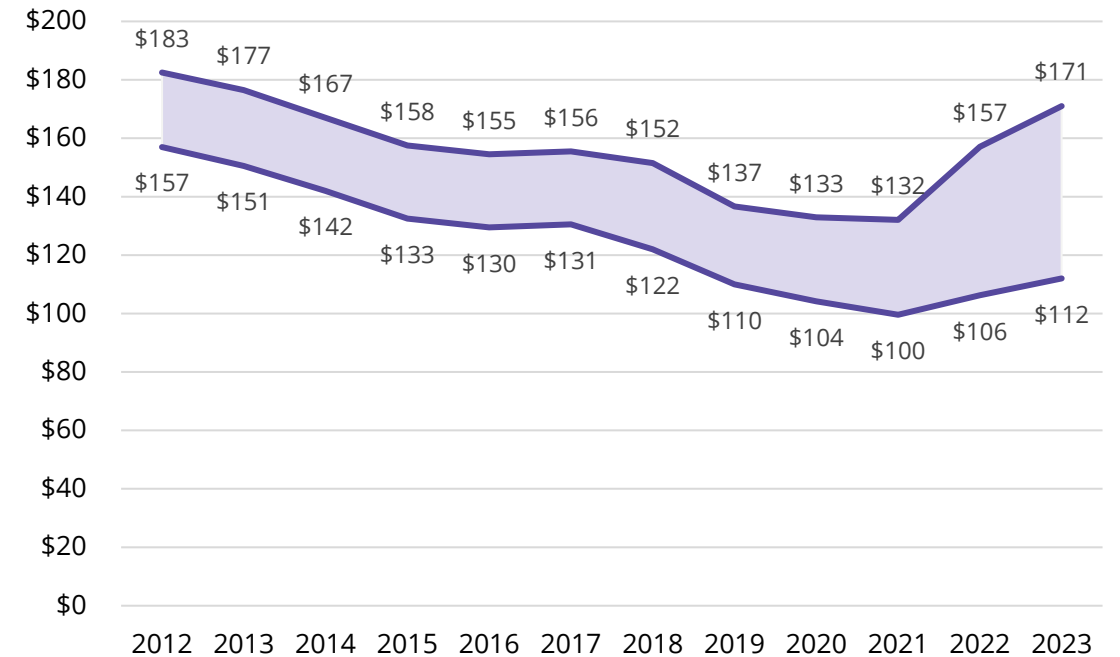
Historical pricing

Turnkey rents are beginning to move upward in response to tightening market conditions. Pricing for large requirements has seen a greater increase, as large existing availabilities are few and far between in most mature markets.

Average retail rental range (\$/kW MG)



Average wholesale rental range (\$/kW MG)



Capital markets trends



Acquisitions have slowed

Entity-level transactions have decelerated in 2023, following a busy year of activity in 2022. Large-sized transactions of the likes seen in 2022 has yet to be materialize this year.



New players

As the sector matures, private & public equity is seeking to enter the space. PE and institutional capital both continued to account for a larger share of data center investment in 2023.



Cap rate reversal

Cap rates have finally begun to respond to sharply rising interest rates, reversing the years-long trend of compression, though only slightly. Shells are typically trading in the range of 4.50% to 5.50% while turnkey facilities generally range from 6.50% to 7.50%.

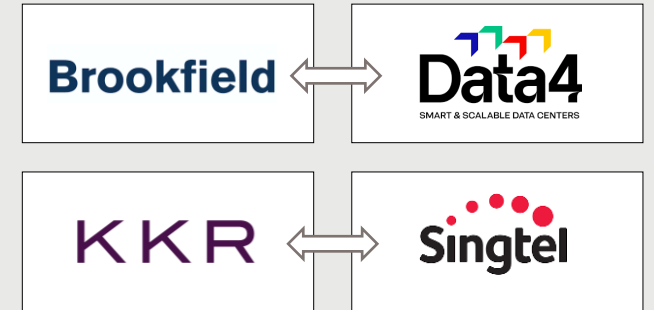


Sale/leaseback

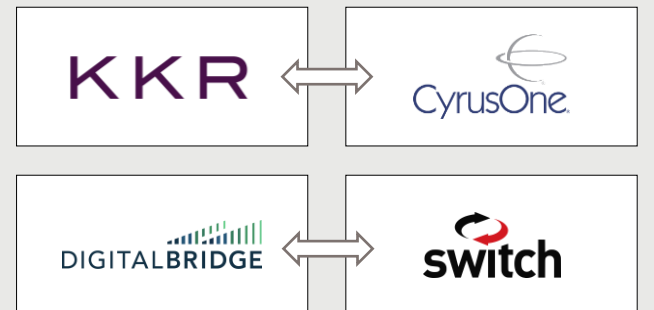
Enterprise & telecom users will capitalize on increased investor interest by selling off data centers to redeploy capital into core business elements.

M&A deals

2023

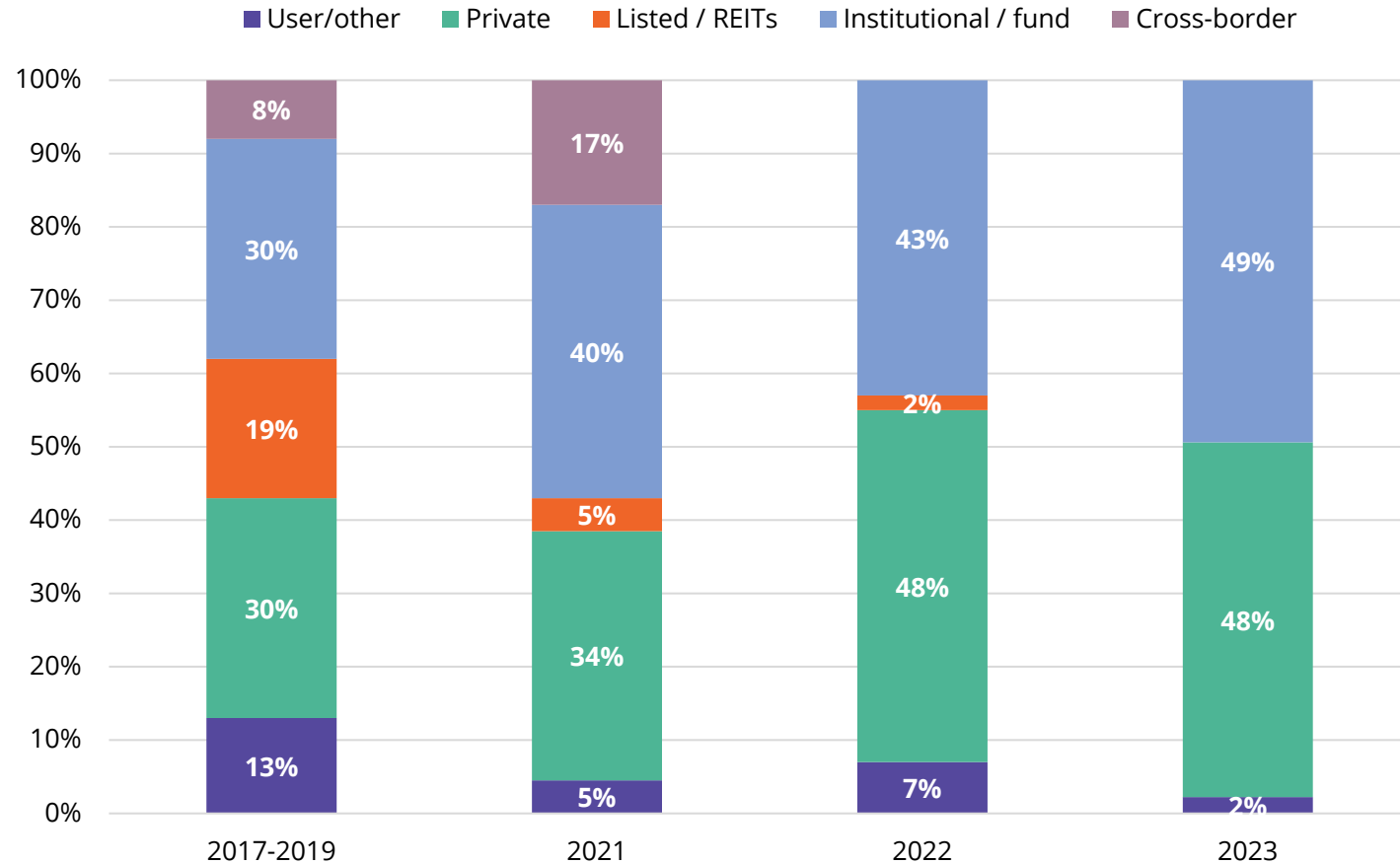


2022



Buyer composition

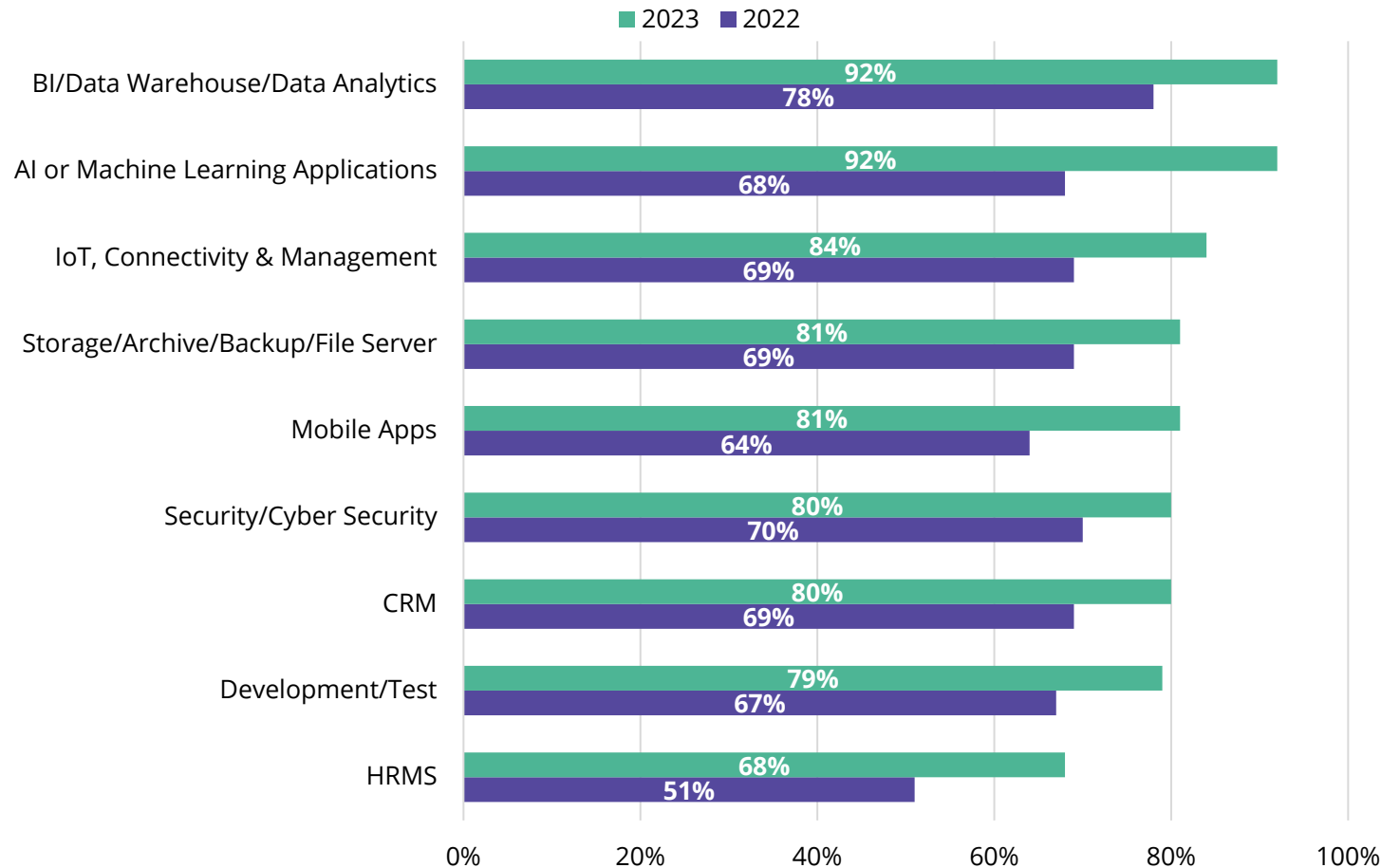
Data center buyer composition (single-asset trades)



Private and institutional buyers have rapidly become the dominant players in the data center market, with nearly all the sales volume in 2023 evenly divided between them.

Cloud Repatriation

Key workloads under consideration to move from public cloud

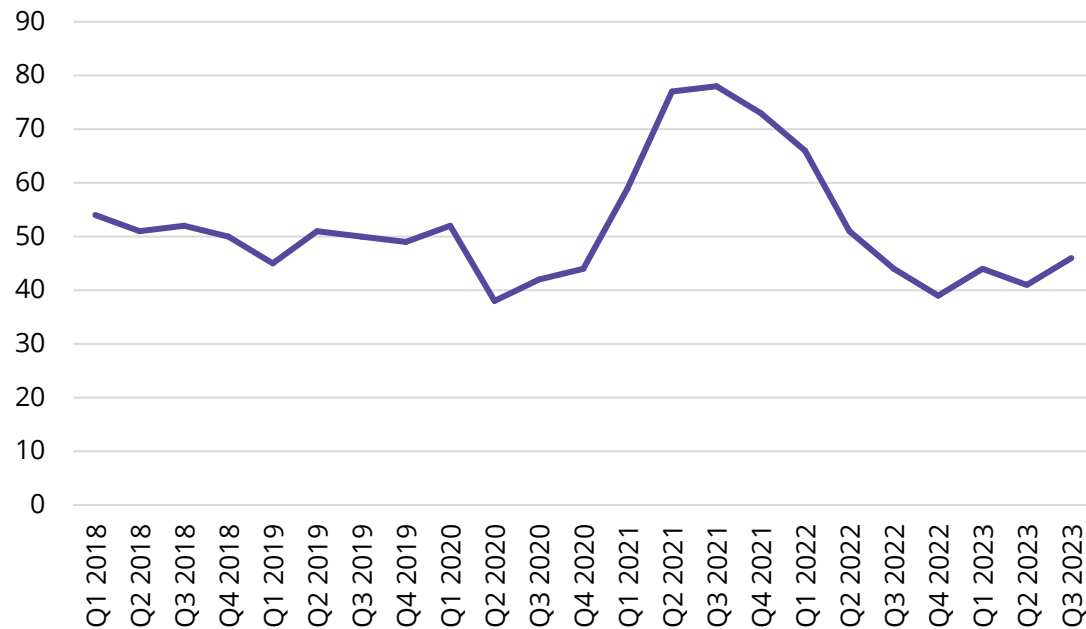


A survey of IT leaders and line of business operators show that data center users are more open than ever before to moving their critical workloads from public cloud to colocation.

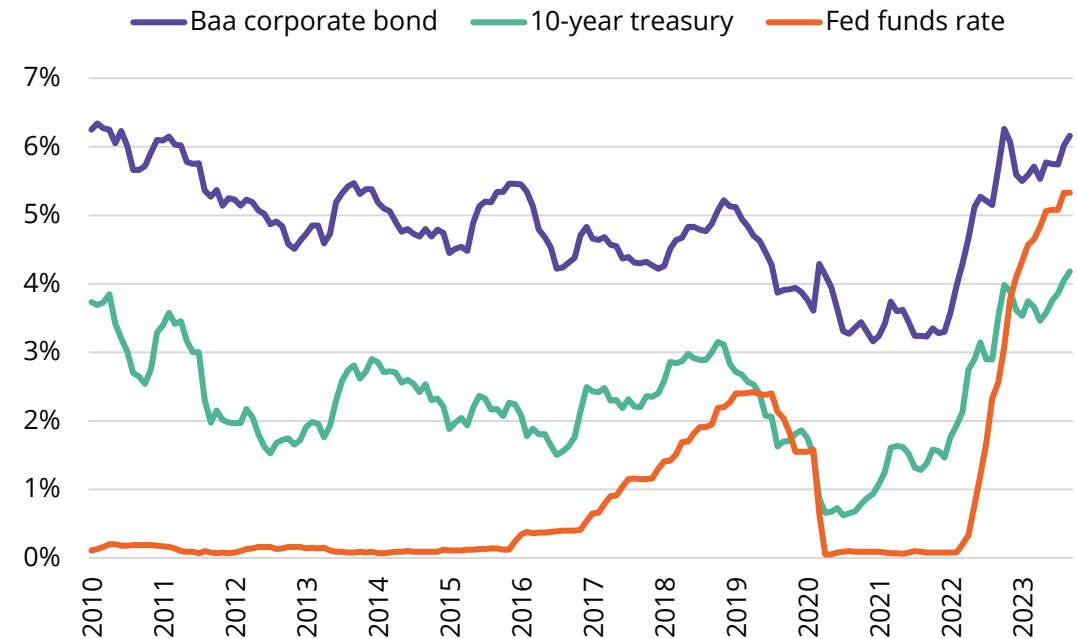
Capital markets trends

Investor sentiment toward commercial real estate (across all product types) has fallen back below pre-pandemic levels after experiencing a surge in 2021. An enduring lack of confidence in traditional asset classes could push more capital toward the data center sector, though investment demand will be tempered by rapidly rising interest rates.

CRE sentiment index¹



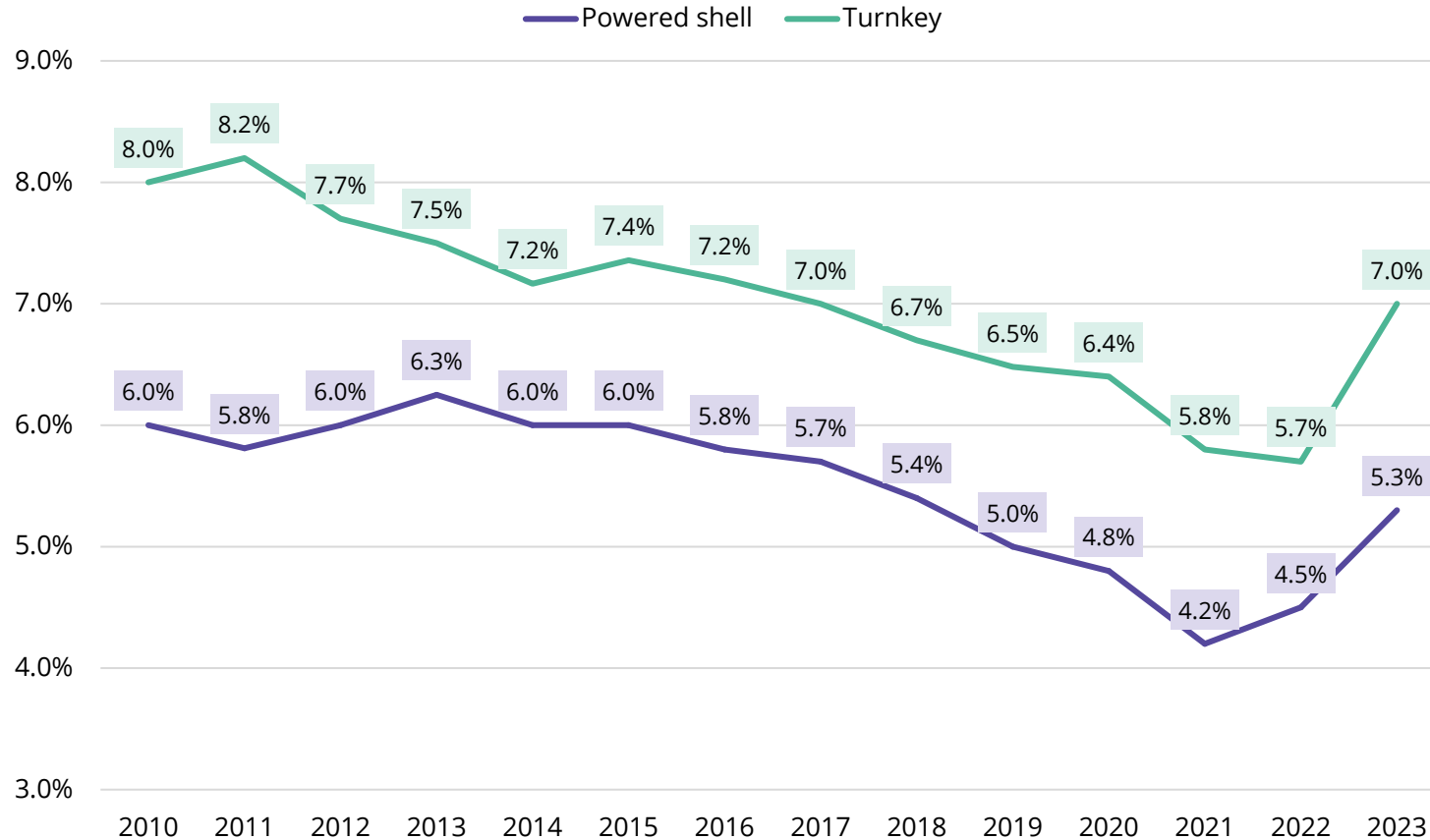
Bond yields and fed funds rate²



¹Real Estate Round Table, CRE Sentiment Survey (Q3 2023), "Overall" Sentiment (current and future outlook)
²St. Louis Fed

Cap rates

Typical data center cap rate



After more than a decade of consistent compression, cap rates have finally begun to reverse course in response to sharply rising interest rates, with assets typically trading 120-150 bp higher than at 2021-2022 lows.

Note, typical cap rates are not necessarily averages of all market transactions; to handle small sample sizes, we have made adjustments to remove outliers and/or correct for deal nuances that may impact cap rate.

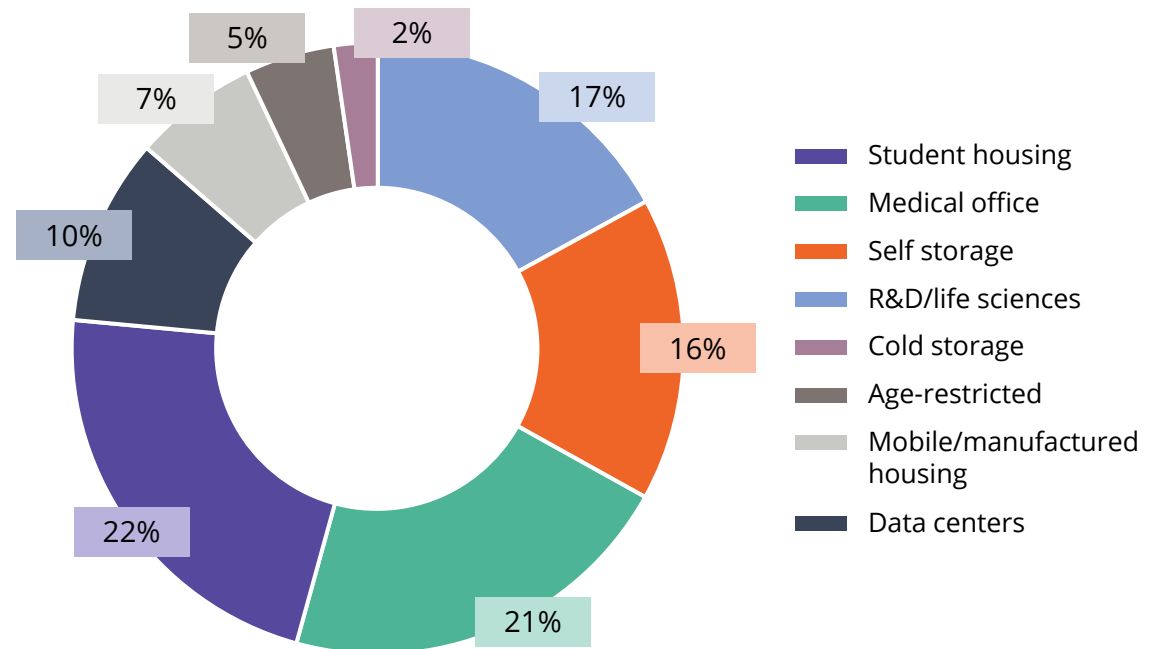
Capital markets trends

The demand for alternative real estate asset classes has reached unprecedented levels, with data centers claiming an increasingly significant share of alternative investment volume (4% in 2020, 8% in 2021, and 10% in 2022). This proportion is expected to rise further if additional opportunities become available in the currently limited asset pool.

Real estate asset classes

Annual deal volume (\$B)	2022	%	2021	%	2020	%	2017-2019 (avg)	%
R&D/life sciences	\$15.5	17%	\$25.1	25%	\$13.0	23%	\$10.2	19%
Self storage	\$14.6	16%	\$23.6	24%	\$8.4	15%	\$5.5	10%
Medical office	\$19.3	21%	\$16.8	17%	\$13.9	25%	\$13.9	26%
Student housing	\$20.2	22%	\$11.8	12%	\$6.6	12%	\$8.9	17%
Data centers	\$9.0	10%	\$8.4	8%	\$2.5	4%	\$6.3	12%
Mobile/manufactured housing	\$6.0	7%	\$7.5	8%	\$5.3	9%	\$4.4	8%
Age-restricted	\$4.3	5%	\$3.6	4%	\$2.8	5%	\$2.3	4%
Cold storage	\$2.1	2%	\$2.6	3%	\$3.5	6%	\$2.1	4%
Total	\$91.0		\$99.4		\$56.0		\$53.6	

2022 alternative RE assets (share of volume)



Looking ahead



Lease, then build

Given sharp vacancy declines across all major markets, expect nearly all future leasing to take place in projects under construction or have yet to break ground.



Transformer shortage

The ongoing shortage of transformers in the United States has considerably extended lead times for transformer deliveries. This will impact data center development, potentially causing delays of 2 to 3 years.



Cloud repatriation

Public cloud users have become increasingly receptive to migrating critical workloads to colocation options. This shift is primarily driven by the need for improved security, performance, and scalability.



Outward push

Near-zero vacancy in Northern Virginia, the largest market by far, could have a spillover effect to other large markets. As these markets densify, they, too will push data center development to outlying areas.



Covered land

Given land scarcity and the potentially long timeline for rezoning/permitting and power, covered land plays will become a key strategy for groups that have the agility to acquire and convert other asset types.



Pricing will keep rising

Low vacancy will persist as supply chain and utility constraints keep deliveries from meeting demand, which will create upward pressure on rents.

Market snapshots



Northern Virginia

Market overview

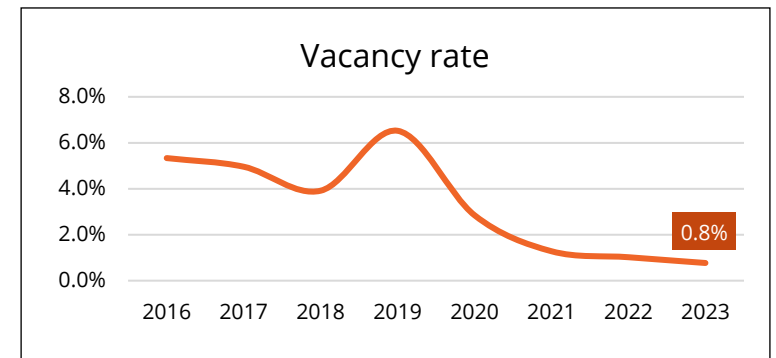
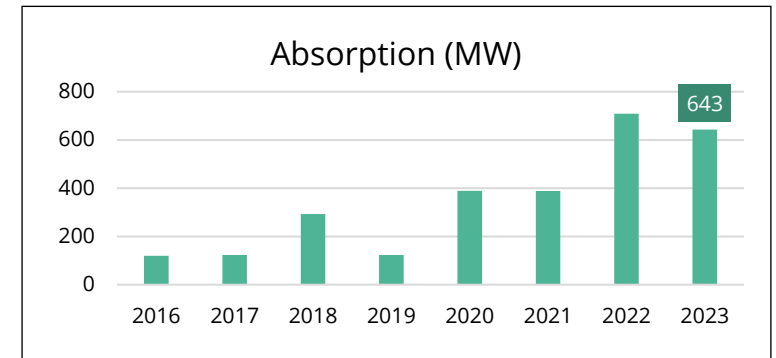
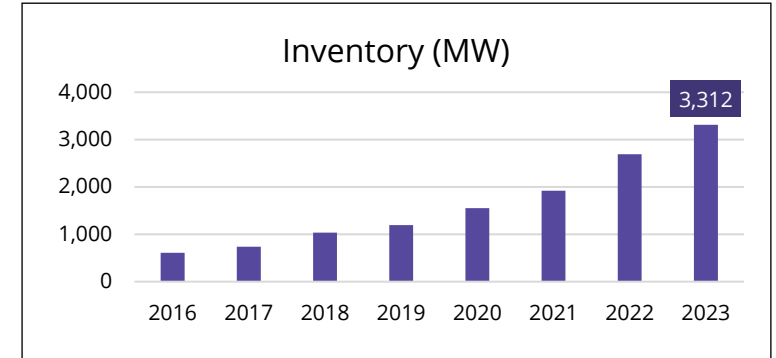
Northern Virginia is the world's largest data center market. The unmatched concentration of data centers and network infrastructure attract major companies seeking strong connectivity and low latency. As growth in Northern Virginia has continued at a breakneck pace, some growing pains have begun to emerge – namely scarce development sites, delayed power infrastructure deliveries, and political opposition – which will keep supply constrained and vacancy low over the course of the next several years.

Supply trends

- Vacancy has decreased quarter-over-quarter once again to an all time low of 0.8%.
- NTT has completed a VA6, a new 36 MW data center on Gigabit Campus. It was fully pre-leased before delivery.
- H5 has a data center under construction in Beaumeade Circle that will offer up to 42W across 255,000 SF. (Q2 2023)

Demand trends

- Microsoft acquired a 14-acre parcel at \$1.1 million per acre in Sterling with plans to construct a new data center. (Q3 2023)
- EdgeCore is planning multiple new developments in Loudoun County. (Q2 2023)



Phoenix

Market overview

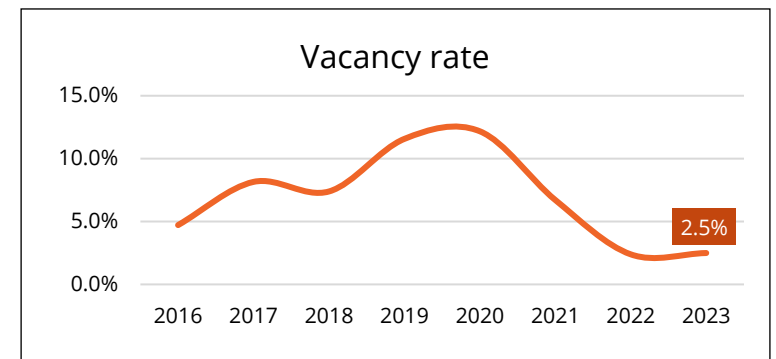
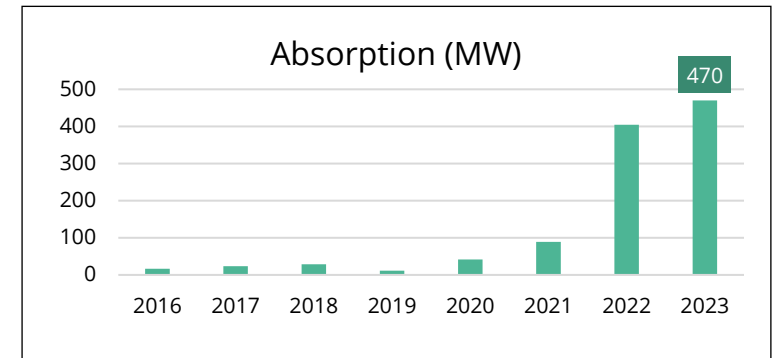
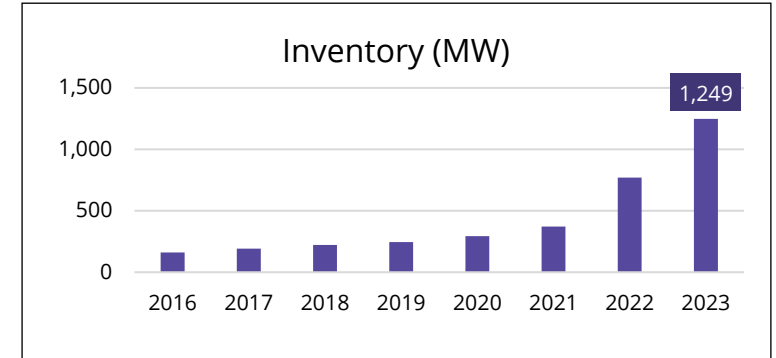
Phoenix's desert location is a double-edged sword for data centers. On the one hand, free cooling at night benefits power usage effectiveness and abundant sunlight offers a good source for solar power. However, high temperatures increase the need for more electricity and threaten water supply, both of which necessary for cooling. Restrictions on water use will likely limit data center growth, and some jurisdictions (e.g. Chandler) have passed tight restrictions on data centers.

Supply trends

- Vacancy has decreased slightly, by 28 basis points since Q2 2023.
- Google is beginning construction on the 185-acre plot in Mesa, with the first phase slated for completion in Q3 2025. (Q2 2023)
- EdgeCore to expand Mesa campus by up to 200 MW after acquiring land adjacent to current facility. (Q2 2023)

Demand trends

- Amazon Web Services has filed to build four 227,000 sf data centers in Mesa. (Q3 2023)
- NOVVA Data Centers purchased 165 acres in Mesa from Meta for \$62.7 million. (Q3 2023)
- Prime Data Centers purchased 66.5 acres of land in Avondale for \$28.9M to build a 210 MW campus. (Q2 2023)
- Edged Energy plans to develop 48 MW campus in recently acquired 14-acre lot in Phoenix (Q2 2023)



Dallas/Fort Worth

Market overview

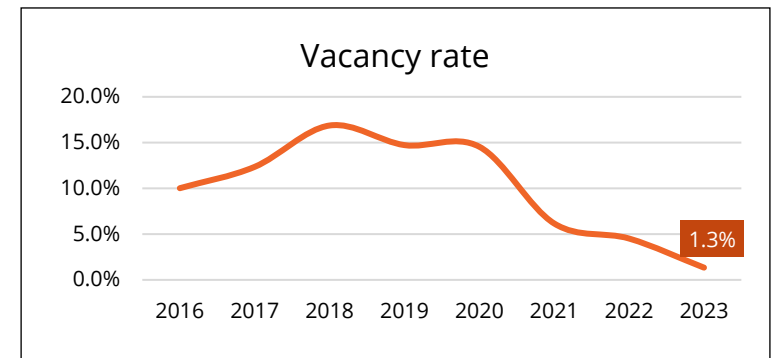
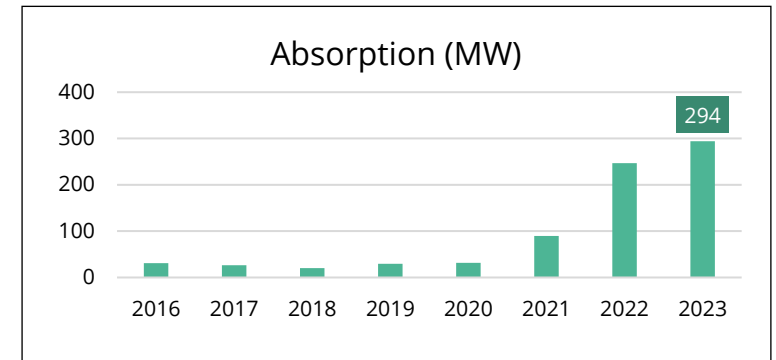
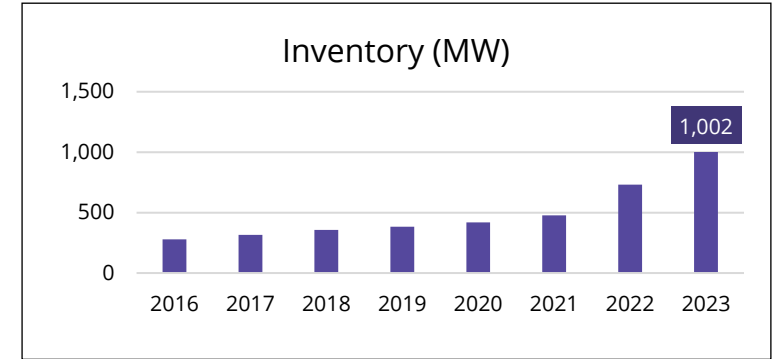
In addition to having a favorable business environment, Dallas became an ideal location for data centers in the last 15 years due to its central location, relatively inexpensive electricity, affordable real estate, and growing labor force particularly in the technology industry. Overbuilding in past years led to double-digit vacancy, but recent demand, especially for hyperscale use, has pushed vacancy into a steady decline. Still, even with recent economic conditions that are unfavorable for commercial real estate, capital providers are becoming more selective for investments and favoring projects in primary markets such as Dallas.

Supply trends

- Vacancy drops by over 200 basis points to a new low at just 1.3%.
- Aligned Data Centers is planning a DFW03, a 391,150 sf two-story data center in Mansfield Texas. (Q3 2023)
- 5C Data Centers is bringing 144 MW to the market at two buildings in South Fort Wort. (Q3 2023)
- Edged Energy began construction on a 162,500 sf shell data center redevelopment, scheduled to be completed in Q4 2023. (Q3 2023)

Demand trends

- Databank acquired 400 Akard Street from Digital Realty. (Q2 2023)



Atlanta

Market overview

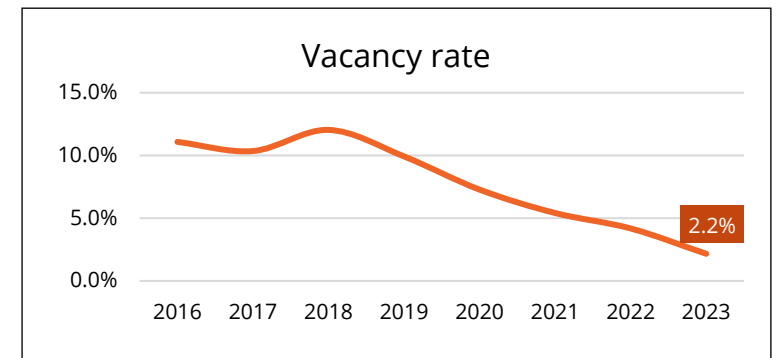
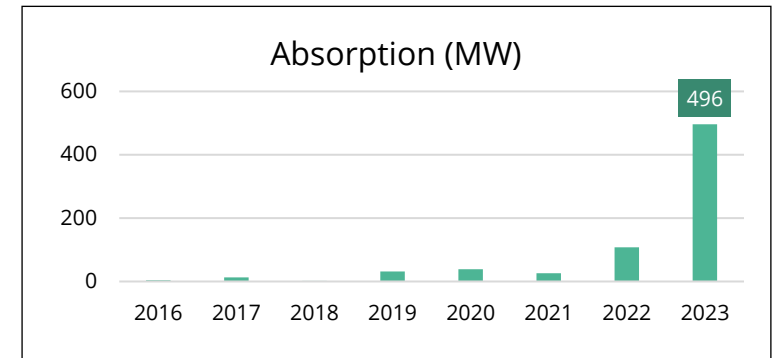
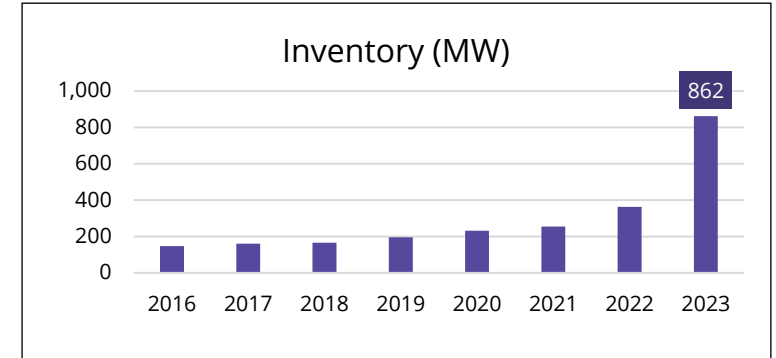
The Atlanta data center market continues to grow due to its robust fiber infrastructure, which is driven by strong demand, especially for hyperscale use, from the region's high concentration of technology companies that are headquartered there and the 70% of all financial transactions that go through Georgia. Many of these companies are attracted to the Atlanta region due to tax incentives for data center equipment as well as reliable and affordable power.

Supply trends

- Flexential announces construction of new 36 MW phase of Douglasville campus. (Q3 2023)
- Edged Energy breaks ground on a 70-acre, 180 MW campus in downtown Atlanta.
- DataBank breaks ground on 200,000 sf facility that will accommodate up to 40 MW. (Q2 2023)
- Microsoft breaks ground on three sites in Lithia Springs, Palmetto and East Point. (Q2 2023)

Demand trends

- Atlanta sees a colossal 376 MW of net absorption in Q3 2023.
- T5 files application for a 2.95 msf, seven-building campus on 200 acres in Lithia Springs to be delivered through 2030. (Q3 2023)
- AI focused cloud service provider CoreWeave expands by 9 MW at Flexential's Douglasville campus. (Q3 2023)
- Amazon purchased 13.57 acres in Suwannee for data center development. (Q2 2023)



Chicago

Market overview

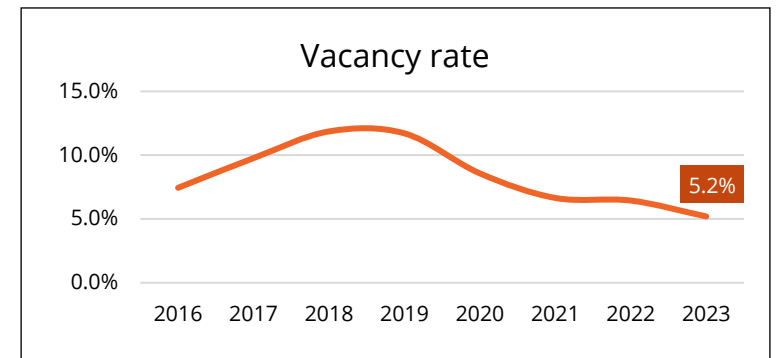
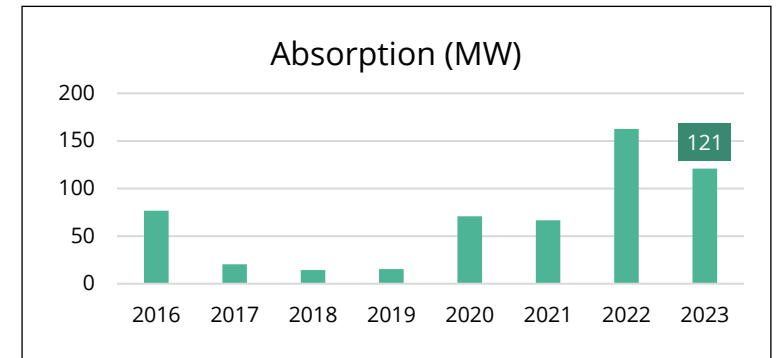
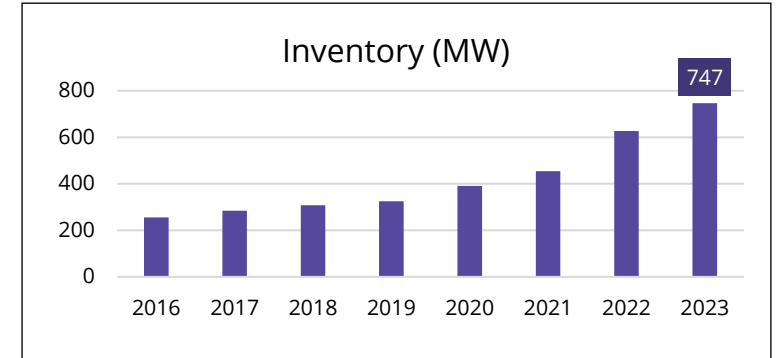
Chicago's status as the third largest US city and its central location have made it a major financial and commercial center for decades. As a result, it has been an ideal place for data center growth over the last ten years. Chicago is also advantageous for data centers because an average of 300 days in the year are cool enough to pipe outside air into data centers, which lowers energy costs.

Supply trends

- Edged Energy breaks ground on first 3 phases of new 100 MW campus in Aurora, to be complete by June 2024 (Q2 2023)
- CloudHQ receives final approval to begin work on their 3-building Mount Prospect Campus with an onsite substation. (Q1 2023)

Demand trends

- Compass Data Centers closes on a 197-acre parcel in Hoffman Estates for \$194 million. (Q3 2023).
- T5 Data centers purchased land in Northlake with plans for a 36 MW data center. (Q3 2023)
- Nextar Media Group files plans to build a 3-building data center and substation at 720 Rohlwing Rd in Elk Grove Village. (Q2 2023)
- Metro Edge IMD1 is approved for a 5-story building with 184K sf of white space and 19.8 MW power. (Q2 2023)



Northern California

Market overview

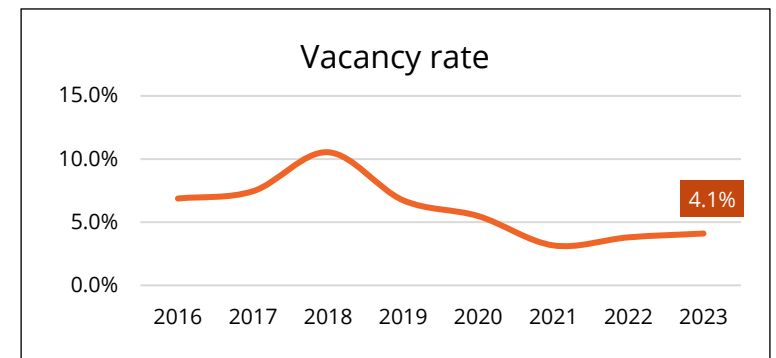
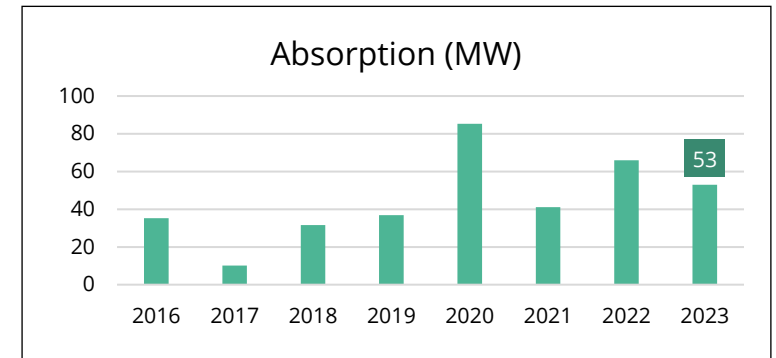
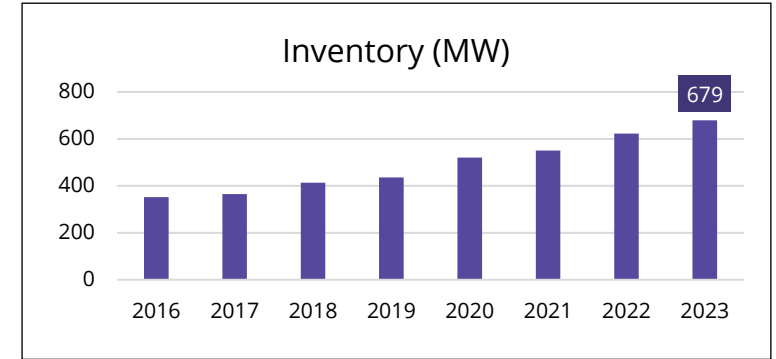
Northern California is the 2nd largest US data center market, driven by its robust tech industry, but several factors hinder the market from tapping its full potential. Expensive real estate, high power costs, earthquakes, and drought pose major challenges. Moreover, the state offers no tax incentives for data centers, which causes the sector to locate elsewhere. Power constraints are a major obstacle with current estimates for new capacity not expected to deliver until 2028. Silicon Valley Power reports many projects will receive a maximum of just 2 MW, drastically stemming future growth.

Supply trends

- Colocation provider Cyxtera declared bankruptcy in June and is now seeking to sell data centers to Brookfield. (Q3 2023)
- STACK Infrastructure proposes SVY03A, a two-building campus with an on-site substation. (Q3 2023)
- Rowan Digital Infrastructure plans Project Matterhorn data center near San Francisco Bay Area (Q3 2023)

Demand trends

- Avaio Digital Partners purchases the 101.7-acre Delta View Golf Course in Pittsburg for \$16.7 million to build a data center campus. (Q3 2023)
- Cerebras AI agrees to 9 MW deployment in Colovore SJC02 over the next year. (Q3 2023)
- Invesco purchased Equinix SV3, a 6.7-acre, 5.4 MW site from Sobrato for \$86.3M. (Q2 2023)
- Arelion announces fiber route from Denver that will go through Salt Lake City and Reno to go live in Q2. (Q2 2023)



Portland

Market overview

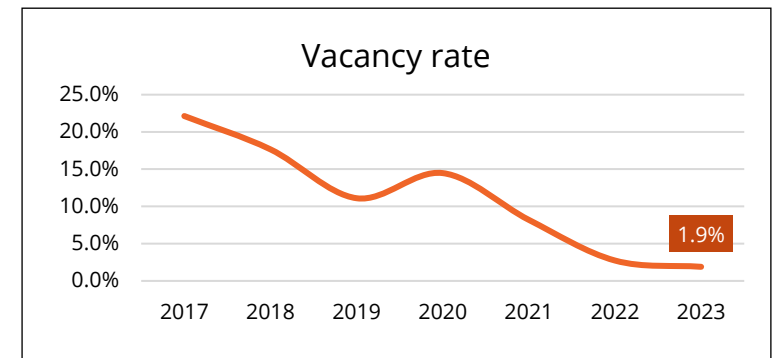
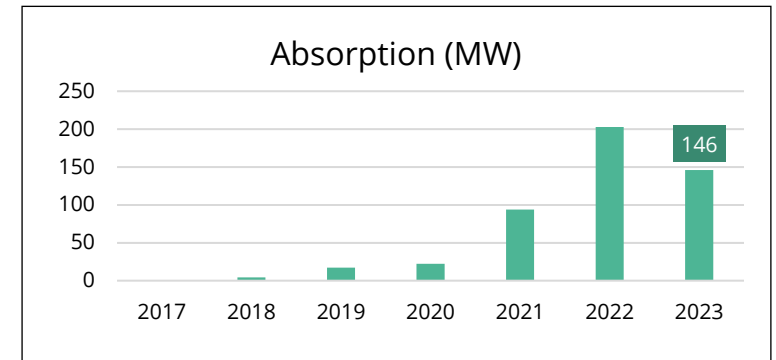
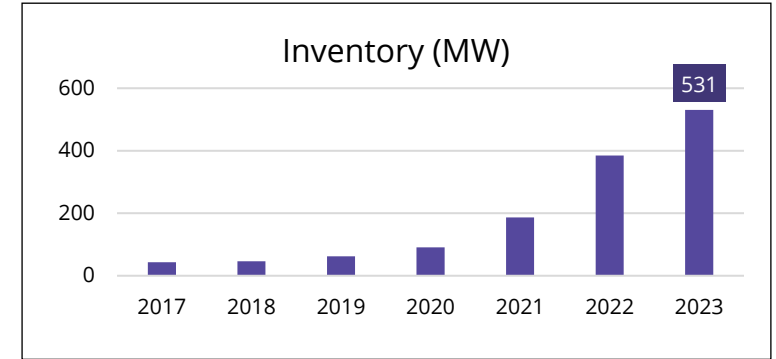
Data center users are drawn to Portland due to its robust tech sector and hydroelectricity. Intel's investments in Hillsboro catalyzed activity in this market, which has since garnered interest from the likes of Meta, AWS and others. Portland hosts one of the only major internet exchanges in the Northwest and is a landing site for subsea connections to Asia and along the west coast of the Americas. Portland ranks 2nd in the nation for tax incentives; Oregon's sales tax is already 0%, and the state offers property tax exemptions for companies that build in zones within Portland's suburbs.

Supply trends

- Crane Data Centers plans to build a two-building 100 MW data center campus in Forrest Grove. (Q1 2023)
- Roundhouse Digital proposed a 10 MW data center in Cascade Locks to the east of Portland. (Q1 2023)

Demand trends

- Flexential is planning Hillsboro 5, which will offer 36 MW of data center capacity. (Q2 2023)
- Crane Data Centers is planning to build a two-building 100 MW data center campus in Forest Grove. (Q1 2023)
- Roundhouse Digital proposed a 10 MW datacenter in Cascade Locks. (Q1 2023)



New Jersey

Market overview

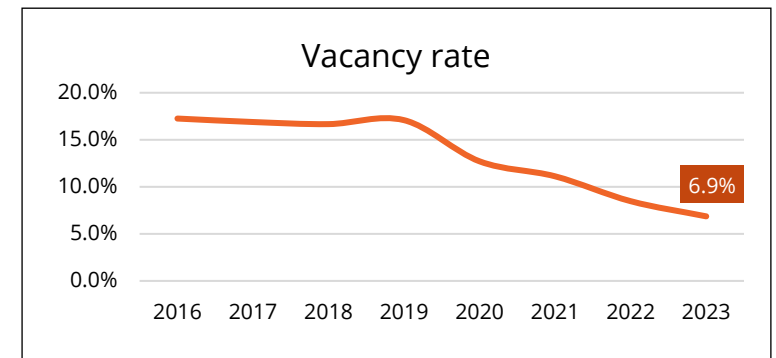
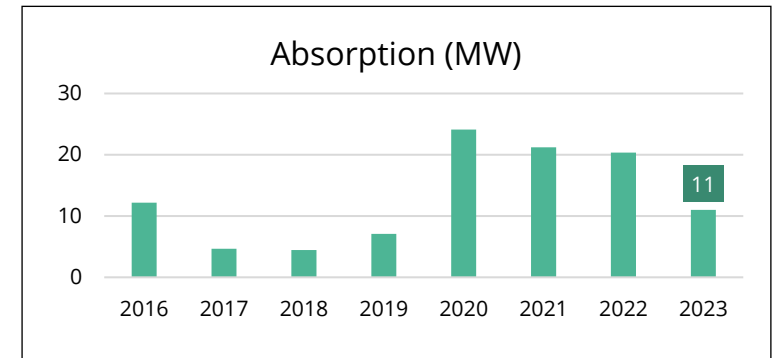
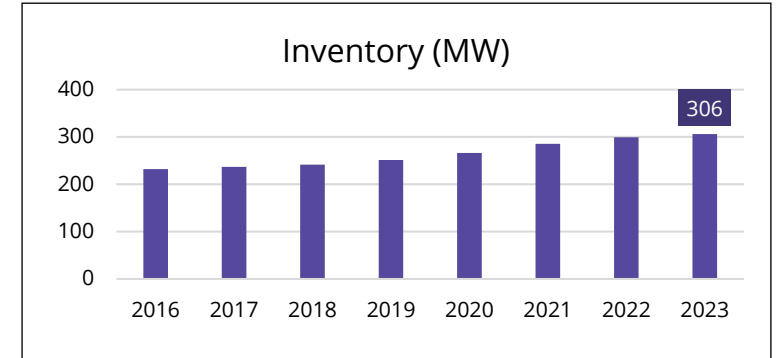
Northern New Jersey, just outside New York City, offers relief from New York's high land and power costs, though costs in Northern New Jersey are still high by national standards. This has driven major financial institutions, including the NYSE and NASDAQ, to move their operations into New Jersey. In 2020, the state nearly introduced a tax on stock trades that would have killed the market's cost advantage for the stock exchanges, but with that tax off the table, the market is poised for further growth fueled by the finance sector. However, recent turmoil in the financial markets may buck that trend.

Supply trends

- Xtel Communications announces its third data center and first in the New Jersey market. (Q3 2022)
- QTS to expand Piscataway data center with 12 MW, two-story addition.
- Equinix begins expansion of NY11 facility to be occupied by NASDAQ. (Q2 2022)

Demand trends

- H5 enters New Jersey market with the acquisition of seven vXchnge data centers. (Q1 2022)
- ColoHouse acquires Steadfast, giving it a presence in Iron Mountain's Edison data center (Q1 2022)



Toronto

Market overview

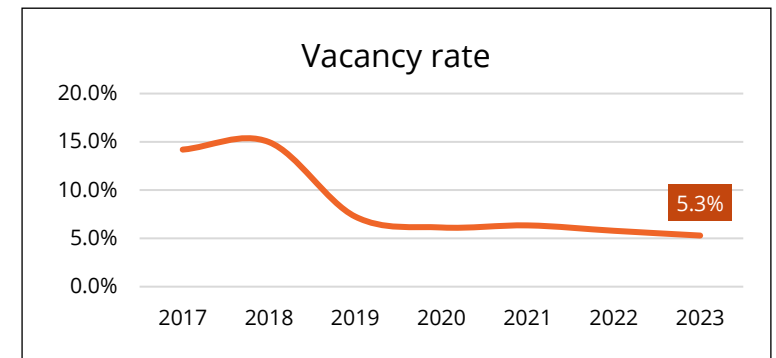
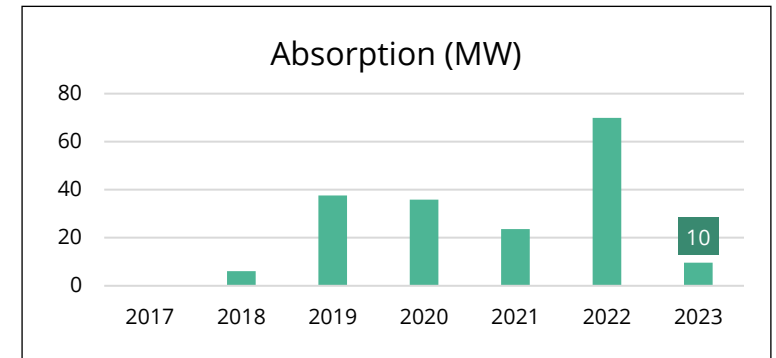
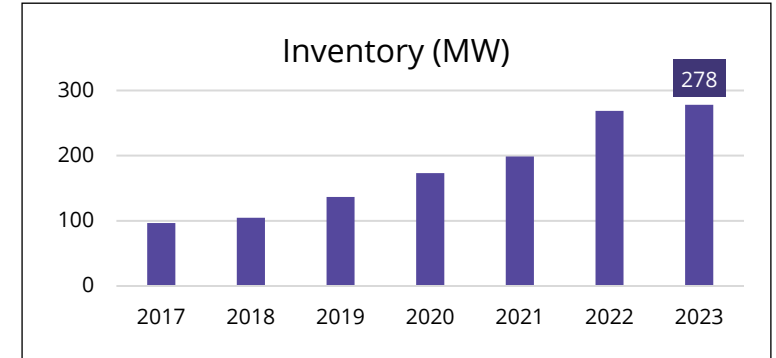
Toronto is attractive to data center users due to the city's large size and central location. Its location gives it connectivity to many large cities including, Chicago, Indianapolis, Detroit, Cincinnati, Washington DC, New York, Philadelphia, Boston, Montreal, and Ottawa. Toronto also receives demand from international data center users that have privacy concerns related to the US Patriot Act, which could allow the US government to access their US-stored data without consent. However, a lack of land for development restricts data center supply.

Supply trends

- Toronto's data center activity has slowed down due to limited supply, with a year-to-date net absorption of only 9.6 MW.
- Digital Realty took back their facility at 384 Gough Rd, which was leased by Sungard Availability Services. (Q2 2023)

Demand trends

- Telehouse acquired Allied REIT's portfolio that includes three Toronto data centers at 250 Front St, 905 King St, and 151 Front St. (Q2 2023)
- Digital Realty retook possession of 381 Gough Road leased by Sungard Availability Services. (Q1 2023)



Los Angeles

Market overview

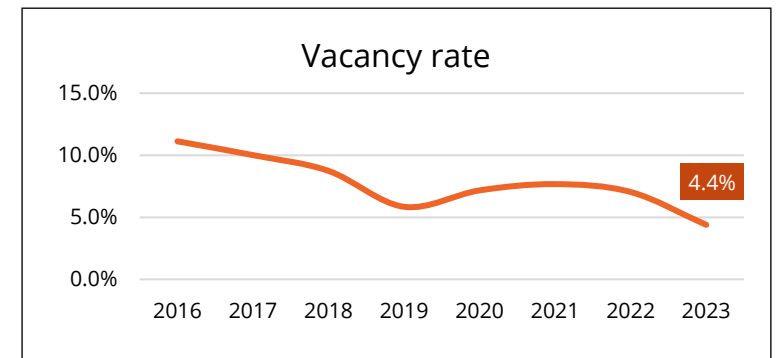
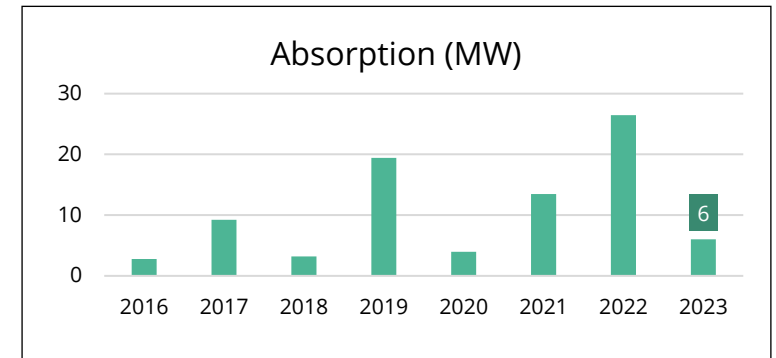
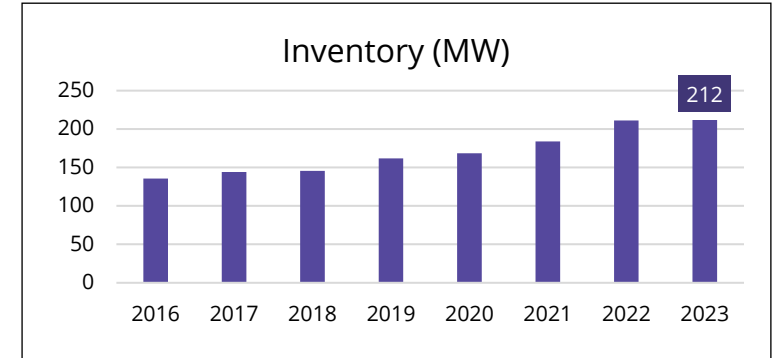
Los Angeles has a robust economy that is particularly known for entertainment. As Hollywood and other sectors such as video games embrace internet delivery, the Los Angeles data center market has grown to meet demand, especially for colocation. However, power costs and real estate prices are especially high in Los Angeles, and California offers no incentives for data centers. This has driven activity to California-proximate markets that offer relief from those costs and challenges, including Phoenix, Portland, and Las Vegas. Still, smaller edge facilities may find success since they do not require large amounts of water, energy infrastructure, or physical space.

Supply trends

- Vacancy declined by over 160 basis points since Q1 2023. (Q3 2023)
- Unity Submarine Cable, which connects Chikura, Japan to Los Angeles, will be upgraded to extend the cable's lifespan by 25% and to increase capacity per fiber pair from 4.8Tbps to 7.4Tbps. (Q1 2023)

Demand trends

- Digital Realty filed to build a 13-story data center at 727 South Grand Ave, adjacent to LAX10. (Q2 2023)
- Prime Data Centers secures pre-lease with anchor tenant at LAX-01 for 12 MW. (Q1 2023)
- GI Partners buys 12800 Culver Boulevard data center from Starwood Capital and Digital Realty. (Q1 2023)



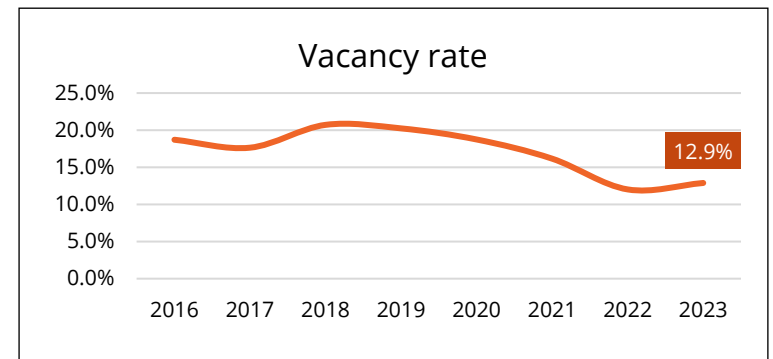
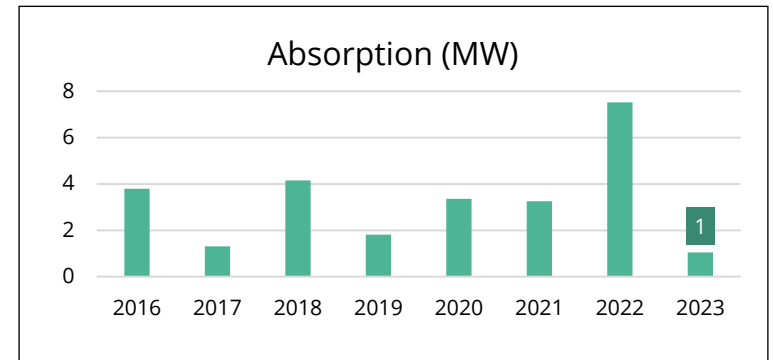
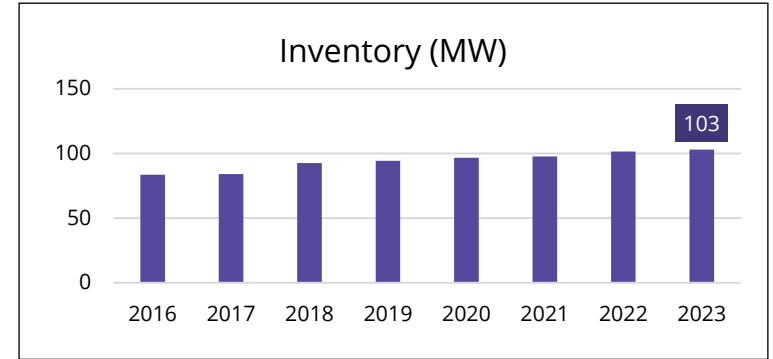
Seattle

Market overview

The Seattle data center market has grown significantly due to the presence of tech giants Amazon and Microsoft, which have driven up activity in recent years. Seattle is strategically located, having connections to Northern California, Los Angeles, Portland, as well as Canada and Asia. Seattle also has abundant hydroelectricity and ten months of free cooling from the rainy weather, which make power costs lower than the national average. Washington State passed new data center incentives in early 2022, further strengthening Seattle's cost-competitiveness. In 2019, Washington passed legislation requiring utilities to become carbon neutral by 2030 and carbon free by 2045, which has led companies to seek renewable energy solutions for cost efficiency.

Supply & Demand trends

- Vacancy has increased by 170 basis points over the previous quarter, reversing previous trends. (Q3 2023)
- Databank is expanding SEA2 by 2 MW, expected to be complete by Q4 2024. (Q2 2023)
- ION Q opens a second location, Quantum Computing factory, at 3755 Monte Villa Pkwy in Bothell. (Q2 2023)
- LevelTen Energy and Google are developing a platform to cut deal times from a year to two or three months for renewable energy deals. (Q1 2023)
- Puget Sound Energy is lobbying for legislation to secure 60% of new renewable energy projects, which will cut power costs for end-users. (Q1 2023)



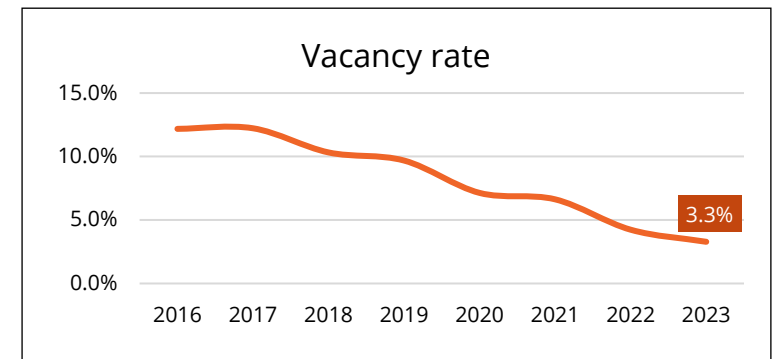
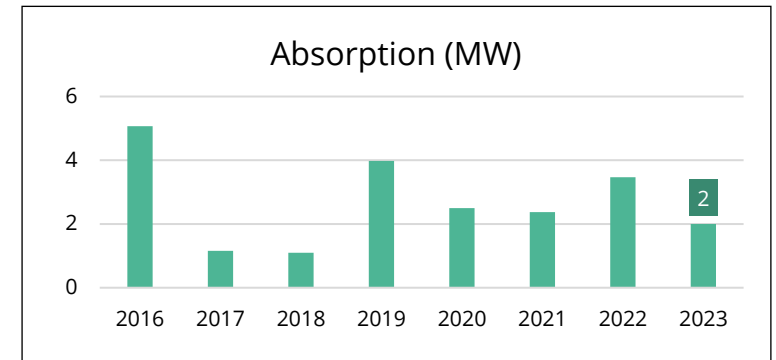
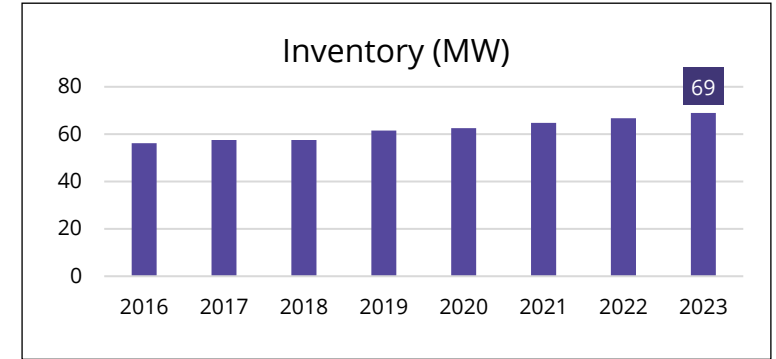
New York

Market overview

As America's largest city, New York City offers data center users a strategic location with proximity to large businesses and faster international connectivity through the transatlantic cables, which enable direct network access across parts of Canada, Europe, Asia, South America, and Africa. Google's Grace Hopper subsea cable system, which connects New York and Bude, UK, recently went live. However, NYC has extremely high power and real estate prices and very few suitable development sites, which often pushes demand to neighboring New Jersey.

Supply trends

- Vacancy has declined over 120 basis points over the previous quarter. (Q3 2023)
- NYI will help manage 75 Broad carrier hotel. (Q1 2023)
- NYI expanded in the 60 Hudson St carrier hotel, acquiring space previously occupied by Equinix. (Q3 2022)
- UK-based Cordiant Digital Infrastructure acquires DataGryd and its sole data center within 60 Hudson St for \$74 million, rebranding the acquired company as Hudson IX and setting its sights on further US expansion.



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information visit **avisonyoung.com**

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