PRESS RELEASE

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NY Tri-State Data Center Market Continues Positive Momentum

Nearly Five Megawatts of Positive Absorption in H2 2017 Alone

New York – March 21, 2018 — The New York Tri-State Data Center market continued to experience positive momentum, according to a new report from CBRE. The region had nearly five megawatts (MW) of net absorption in the second half of 2017, which almost matched the figure posted for all of 2016. This strong performance is primarily due to the market's shifting demand dynamic. Over the past several years, demand has shifted from primarily a wholesale market to a retail/wholesale-oriented market.

According to CBRE, an increase in demand for smaller retail colocation requirements is a notable change for the Tri-State market, since larger, hyper scale data centers are gravitating to markets with better incentives and more competitive power costs. The construction pipeline currently stands at 20 MW, with more than 17 MW available. Expectations are for continued momentum in smaller colocation requirements. In addition, data center providers with hybrid and flexible offerings will continue to capture the bulk of the activity in this highly competitive market.

"Due to our proximity to the world's financial markets, population density and accelerating e-commerce industries, the Tri-State region remains one of the most competitive markets in the Northeastern United States," said Jonathan Meisel, Senior Vice President in CBRE's East Brunswick, NJ, office. "Acquisitions of data centers have become increasingly attractive for buyers of all kinds, especially the operators who are not yet in this market and require geographic diversity to their other data centers around the world."

"Net absorption outweighed new supply in the Tri-State region in 2017, underscoring the strong demand for data center space in the market," added Rob Meyers, Senior Vice President in the New York office of CBRE.

National Trends

Investment in the U.S. data center sector reached record levels in 2017, totaling more than $20 billion (inclusive of all single asset, portfolio and entity-level/M&A transactions), surpassing the volume for the three previous years combined.

2017 investment activity was heavily weighted by several large entity-level transactions, as data center providers and users sought to monetize certain assets and migrate to hybrid IT environments.

Other report findings include:

- Heightened demand from multi-megawatt hyperscale cloud users led to record wholesale positive net absorption in 2017
- Accelerating data needs from hyperscale providers and elevated enterprise IT spending trends are driving demand for hybrid cloud architectures
- Northern Virginia, Silicon Valley, Dallas/Ft. Worth, Chicago and New York Tri-State saw the most leasing activity in 2017

"The U.S. data center sector continues to thrive, evidenced by record investment volume and positive net absorption, and elevated levels of new supply across the major markets," said Pat Lynch, senior managing director, Data Center Solutions, CBRE. "We have strong expectations for 2018 and beyond as operators, investors and end-users all seek opportunities to maximize efficiencies, enter new markets and utilize new service offerings."