PRESS RELEASE

CBRE

Contact:
Jason Green
+1 503 221 4810
Jason.Green@cbre.com

NEW CBRE REPORT RANKS PORTLAND AS ONE OF THE MOST ATTRACTIVE MARKETS FOR LEASING A DATA CENTER

Los Angeles — November 12, 2014 —The growing reliance on cloud computing is reshaping traditional network computing and boosting demand for leased data center space in the U.S. For occupiers, Portland ranks among the five most attractive markets for leasing a data center, according to CBRE Group, Inc.'s latest research report, ***Leasing a Data Center: U.S. Market Cost Comparison***.

The CBRE report, written by Jessica Ostermick, Director of Research and Analysis, CBRE, analyzed a typical 1-megawatt (MW), or 1,000-kilowatt (kW), data center lease over a seven-year term across 23 key markets in the U.S.

Joining Portland in the top eight of most attractive data center markets are Atlanta, Colorado Springs, Dallas, Houston, Northern Virginia, Seattle and Salt Lake City.

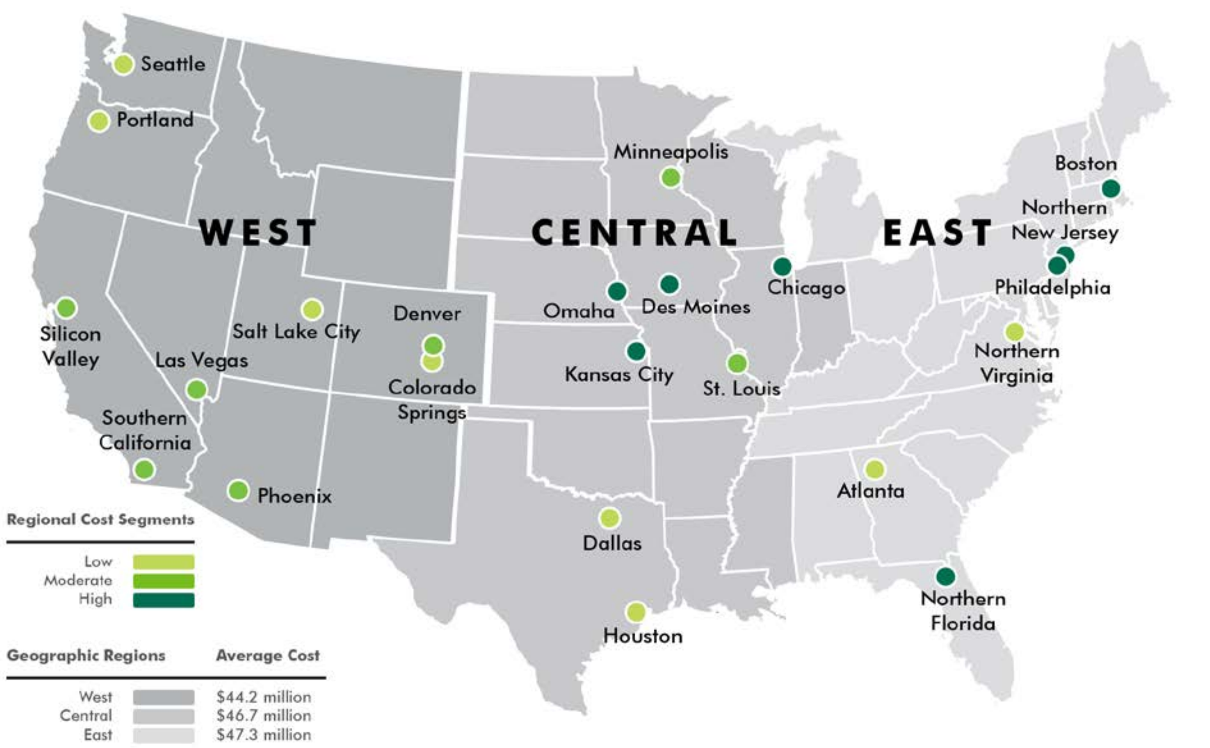
In contrast, Boston, Chicago, Des Moines, Kansas City, Northern Florida, Northern New Jersey, Omaha and Philadelphia had the highest total project costs. Markets identified as moderate in terms of cost segment included Denver, Las Vegas, Minneapolis, Phoenix, Silicon Valley, Southern California and St. Louis.

Colocation lease rates per kW are heavily driven by both market competitiveness and maturity. Accordingly, lease rates in a less mature and competitive market like Des Moines are higher than in a more competitive and mature market like Silicon Valley.

"As the data center industry expands, IT and real estate executives are grappling with complex site selection decisions, including whether to lease or own a facility. For occupiers seeking to preserve capital or lease a data center, the selection process needs to carefully consider the primary cost variables of rent, power and taxes, and recognize the variability that exists from market to market," said Pat Lynch, Managing Director, Data Center Solutions, CBRE. "The site selection process for an owned data center will hinge more on the relative costs of power, real and personal property taxes, sales taxes, available incentives, and construction costs."

Wholesale data center inventory is steadily increasing across primary and secondary markets in the U.S. to keep up with the growing demand. As of Q2 2014, total inventory in primary* markets reached 1,140.9 MW, with another 107.3 MW under construction, according to CBRE.** Between Q2 2013 and Q2 2014, primary market inventory measured in MW increased 31.3 percent.

Market Costs by Cost Segment and Region



Source: CBRE Data Center Solutions; CBRE Location Incentives; ASHRAE, Inc., "2011 Thermal Guidelines for Data Processing Environments – Expanded Data Center Classes and Usage Guidelines."

"Portland is an extremely attractive data center market for multiple reasons. Our superb fiber connectivity with reduced latency combined with our mild climate, low cost, high quality power (with abundant green hydro and wind assets) drive down operational and maintenance costs. Add to this no state sales tax and you have an ideal location for data center activity," said Ajay Malhotra, Vice President, Data Center Solutions, Portland, CBRE.

Other highlights of the report include:

- Despite healthy incentive packages, high lease rates in Kansas City, Des Moines and Omaha of 120 percent to 140 percent above the average proved difficult to overcome in the highly competitive colocation marketplace.

- The average total cost for a 1-MW lease across the 23 key markets over a seven-year lease term is $45.9 million.

- The average first-year rent among the 23 markets is $158 per kW per month, or $1.9 million per year. The average cost of power among the 23 markets is $0.076 per kWh, or $798,000 per year. The average total tax payment, including sales/use tax and likely incentives, is about $1.9 million over the life of the project.

- While the highest rents were typically found in the Central and Eastern U.S. regions, several of the Central region's less mature markets offered the greatest potential tax incentive offset. Incentive savings represented more than a 10 percent reduction in the total rent payment over the life of the lease or an average of just over $2.0 million in nine markets: Atlanta, Dallas, Houston, Kansas City, Northern Virginia, Omaha, Phoenix, Seattle and St. Louis.

- No tax incentives were available for leased data centers in nine of the 23 markets, including both California markets and several markets in the East.

The lease scenario considers capital expenditures for equipment, sales/use tax for equipment expenditures, annual lease rate expenses at a modified gross rate (as of Q2 2014), cost of power, operating capacity, market-specific power usage effectiveness ratios (PUEs) and likely tax incentives.

Key assumptions include annual inflation for the cost of power and lease rates, 80% annual operating capacity and constant equipment and telecom pricing. Variables not accounted for include employee wages, permit fees, interior finishes, equipment refreshes that typically occur after seven years of use and any costs associated with building the facility that are outside of the lessee's scope.

** Tier I markets in the U.S. include Atlanta, Chicago, Dallas/Ft. Worth, New York-Tri State Region, Northern Virginia, Phoenix and Silicon Valley.*

*** Data center real estate is primarily measured in power utilization instead of square feet, reflecting the relative importance of power usage over physical space. Raised floor square feet and building square feet are secondary measurement benchmarks.*

To request a copy of the report or to speak with a CBRE expert, please contact Marina Fridlyand, marina.fridlyand@cbre.com.

through approximately 350 offices (excluding affiliates) worldwide. CBRE offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting. Please visit our website at www.cbre.com.