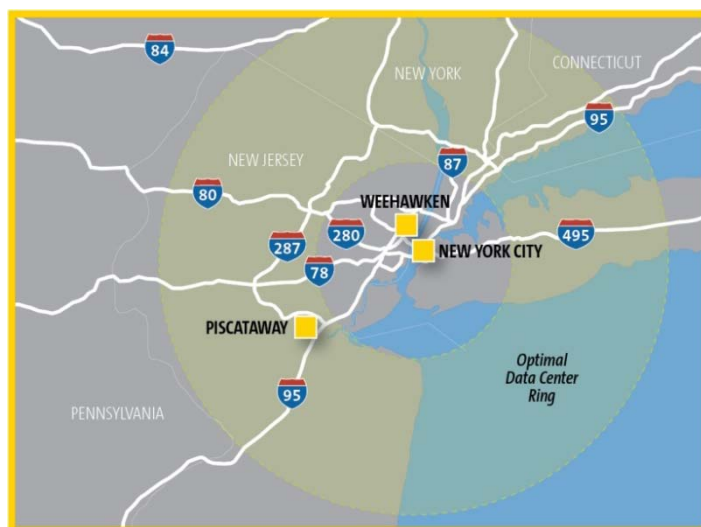
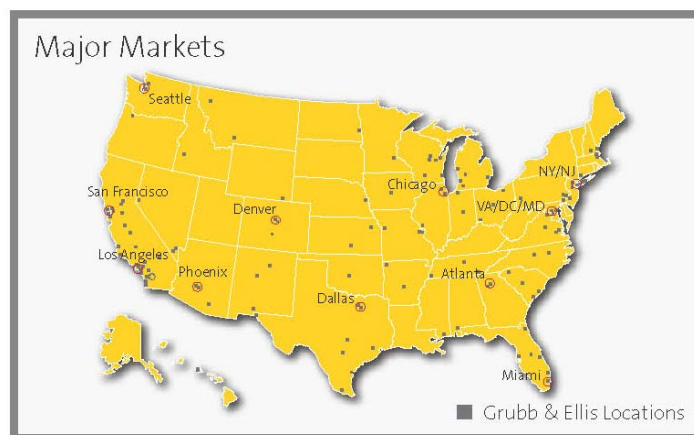


National Highlights

- 2009 was one of the slowest years ever for investment sales transactions. In all of the nation's Central Business Districts combined, there were 85 office properties sold at prices over \$15 MM for a total of \$6 BB.
- Despite its small size relative to the office market, investment sales of data centers saw the sale of 12 data center properties (10 to Digital Realty Trust) for approximately \$1 BB.
- There are several major enterprise users in the process of finalizing their transactions during the first quarter of 2010. In addition to Facebook announcing its new Oregon build-to-suit, it is likely another major user will announce a large build-to-suit this quarter.

Spotlight: New York

- The New York metro data center market has historically been dominated by financial institutions. The demand for low latency drives requirements for close proximity to Manhattan-based financial institutions and stock exchanges. According to *Information Week* a millisecond advantage in trading applications can be worth over \$100 million a year to a major brokerage firm.
- Offsetting the benefits of locating near Manhattan, the New York metro area has the highest rates for electricity in the continental United States, ranging from \$0.15 to \$0.19/kwh in NJ, NY and CT.
- Most financial users have chosen to locate their redundant data centers no closer to Manhattan than a 15 mile radius. Additionally, due to the need for synchronous data transfer, these users will not locate their data centers farther from Manhattan than approximately 100 fiber kilometers, or 62 miles. This creates an optimal data center ring ("The Doughnut") covering parts of NJ, NY and CT. Due to the largest availability of real estate and power, and the lowest costs of real estate and power, northern New Jersey has been the most desirable area for data centers.
- Sale leaseback opportunities – There have been a few owners that have quietly tested the market in New Jersey.
- There have been a number of financial institutions building new projects including a 400,000 sf data center building by NYSE Euronext that just opened in Mahwah, NJ. This facility consists of two-thirds colocation space and one-third NYSE data space. Other financial firms with new facilities include Credit Suisse, expected to soon start construction on a 284,000 sf facility in Clifton, NJ, and Morgan Stanley in the final stages of construction of a 330,000 sf data center in Franklin Township, NJ.



- Several new colocation and wholesale opportunities have been recently announced: Cervalis (150,000 sf) in Totowa, NJ, Coresite (30,000 sf) at 32 Ave. of the Americas in New York City, Datapipe (55,000 sf) in Somerset, NJ, HCL America (35,000 sf) in Parsippany, NJ, New York Internet (40,000 sf) in Bridgewater, NJ, Savvis (105,000 sf) in Weehawken NJ.
- At 111 Eighth Avenue, Digital Realty Trust ("DRT") has over 30,000 sf of wholesale data center space coming on the market over the next year and a half. DRT is asking \$500 per KW per month for the space. This is at the top of the range compared to Coresite at \$250 /kW at 32 Ave. of the Americas.
- There are currently four top tier greenfield sites in northern NJ for data center development. These sites can accommodate buildings upwards of 100,000 sf and can provide up to 80 MW of power. Construction has restarted on DuPont Fabros' greenfield data center project and is expected to be completed in the fourth quarter of 2010.