

# Data Center Outlook



Houston | 2015

## Supply

Total inventory: 762,300 s.f. / 119.0 MW  
 Total commissioned vacant: 64,200 s.f. / 7.3 MW  
 Under construction: 155,000 s.f. / 26.3 MW  
 Planned: 425,484 s.f. / 69.6 MW

## Demand

Net absorption: 5.5 MW YTD

## Rental rates

< 250 kW: \$255 - \$355/kW (all in)  
 >250 kW: \$135-\$155/kW (+E)

### Data center overview

**Supply** has been absorbed (approximately 5.53 MW) at a stable rate, much of which is still growth driven by oil and gas firms. Skybox delivered their first building in the Energy Corridor with immediate pre-leasing success. New supply is being built-out with CyrusOne delivering 50,000 square feet in the third quarter of 2015 with runway for significantly more space. DataFoundry brought a 250,000-square-foot building online with 2 MW but with up to 50 MW of future capacity available. Westland Bunker is developing speculative data center space to meet the disaster recovery demand for users looking for distance from the coastline.

**Demand** is coming from all industries due to the population growth in the Houston market. The largest amount of demand is still coming out of the oil and gas sector. Technology is helping drilling and exploration efforts dramatically, but we are seeing data center interest peaking in the healthcare sector.

As HPC (High Performance Computing) becomes more important in the oil and gas exploration sector, companies are **outsourcing** more and more of this technology to colocation operators that can handle the high density computing environments to run seismic data. Much of the HPC companies are utilizing on-demand computer resources in order to control spiking demand needs to process jobs.

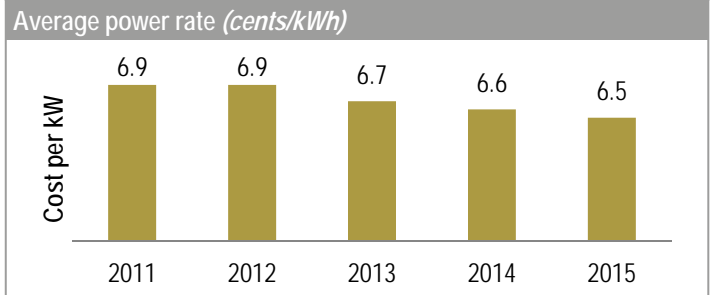
### Outlook

#### for Users

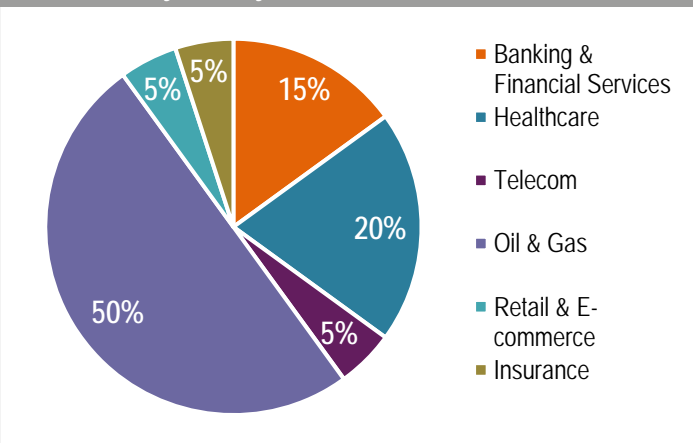
- New providers are introducing more flexibility in infrastructure and design.
- Pricing will compress slightly in the second half 2015 as new supply becomes available.
- We expect power costs might increase slightly to the end of 2015.

#### for Providers

- New entrants are focused on flexible design with varying redundancy environments.
- Users will expect rent ramps to offset migration costs.
- Price compression will be roughly 5.0 percent in 2015.



### User demand by industry



### 2015 significant data center transactions

