

**Data Center Market Overview – Silicon Valley**  
**1500 Space Park Drive, Santa Clara, CA**

Presented to:  
**Critical Facilities Roundtable**



Presented by:  
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# Market Overview



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## Bay Area Absorption



21,000 SF



106,690 SF



157,500 SF

Stanford Medical

30,000 SF



40,000 SF

## Vacancy - Silicon Valley

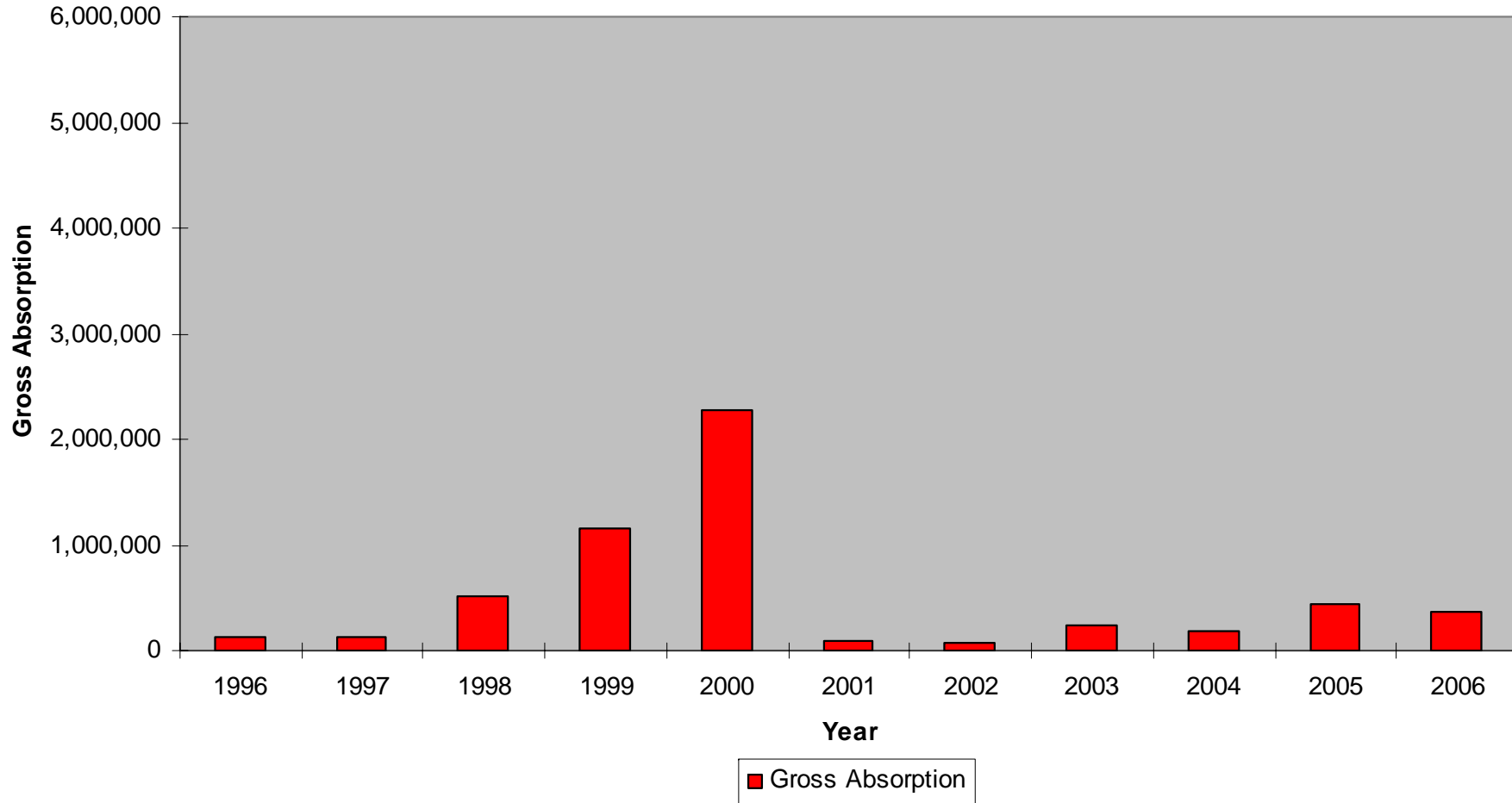


from 16% to 10%



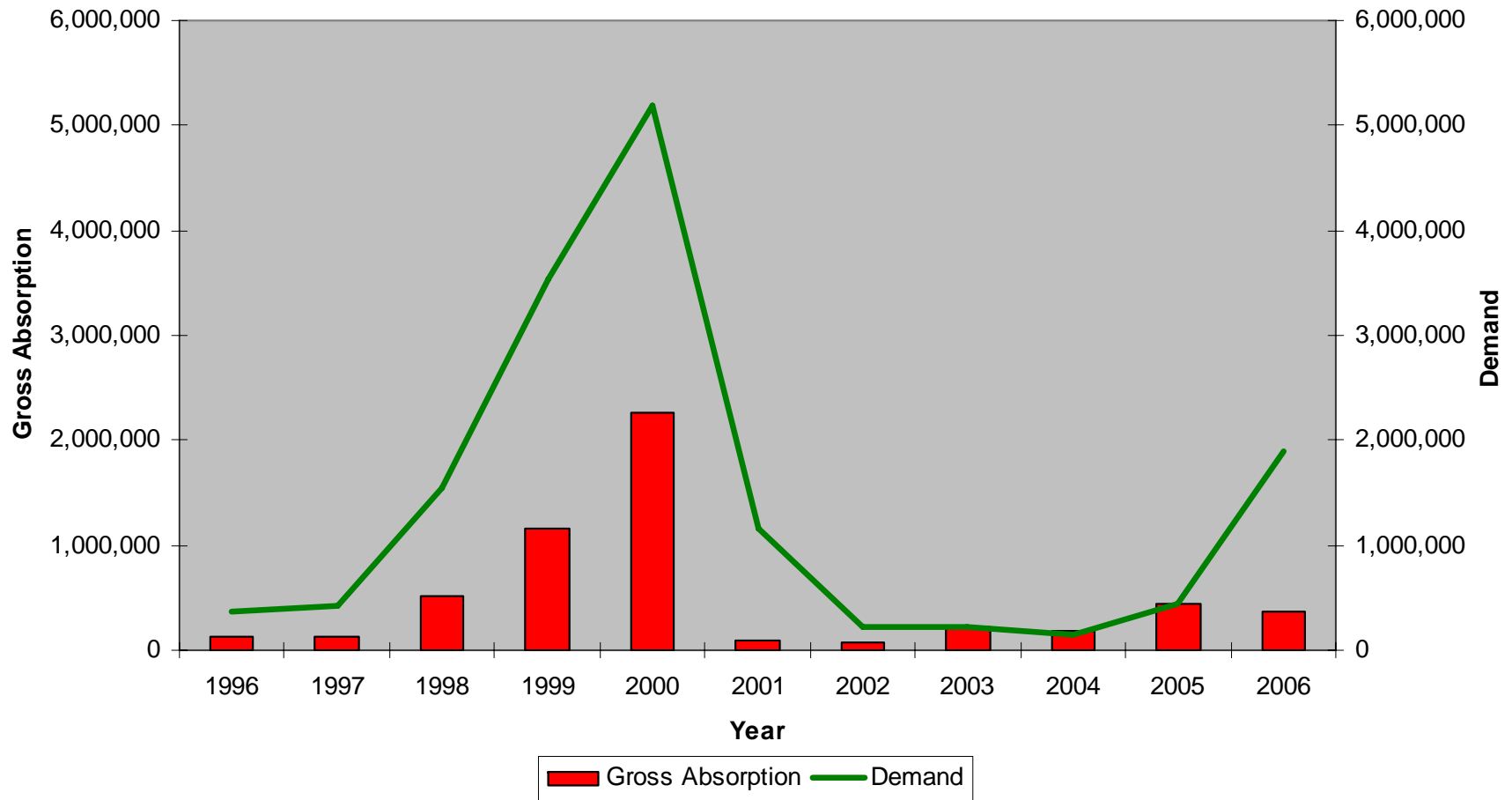
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## Gross Absorption Comparison



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## Gross Absorption vs. Demand



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# Supply

City	Available Raised Floor	June 2005 Available Raised Floor	Available Raised Floor as % of Inventory	Combined Industrial & Office Inventory (Million SF)	Industrial Vacancy 4Q'05	Office Vacancy 4Q'05
Atlanta	50,000	60,000	0.009	563.3	16.2%	20.1%
Dallas	145,000	199,593	0.018	820.1	9.9%	20.9%
Denver	213,105	213,105	0.065	325.7	8.5%	15.8%
Northern New Jersey	235,000	384,000	0.025	939.5	6.8%	14.4%
Phoenix	79,000	138,000	0.027	291.4	5.6%	12.6%
Silicon Valley	82,000	221,635	0.026	312.4	12.7%	14.3%



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- **Barriers to Entry**
  - Power-Cheap, Good
  - Connectivity
  - Risk – Flight / Next to Residential Area / Seismic
  
- **Government Legislation**
  - Section 409 of the Sarbanes-Oxley Act of 2002
  - Section 404 of the Sarbanes-Oxley Act of 2002
  - Sound Practices to Strengthen the Resilience of the US Financial System
  - Check 21
  - Rule 446 of the NYSE (New York Stock Exchange)
  - Rule 3510 of the NASD (National Association of Securities Dealers)
  - HIPPA, 1996 (Health Insurance Portability & Accountability Act)
  
- **Market Pressures**
  - More Demand
  - Organic Growth
  
- **Legacy Facilities / Antiquated Facilities**
  - Upgrade
  - Consolidate
  - Redundant
  - Out of Power
  - Out of Space
  - Evolution of Technology



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- Absorption – Less Supply
  - Users - Organic
  - Reemerge of Colo Operators
- 1<sup>st</sup> Shell Deal Done in ±5 years
- Tenant Responsibilities increase
- 4 Year Window Starting to Shut on Opportunity to Leverage Existing Infrastructure
- Large Deal Ownership
  - 100% Ownership
  - Low Cost of Funds
  - Fed & SEC Compliance



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- Upward Pressure on Lease and Purchase Rates
- More Green Field
- More Competition
- Up Swing of Curve
- More Inflationary Factors Pushing Up Cost



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# Project Overview



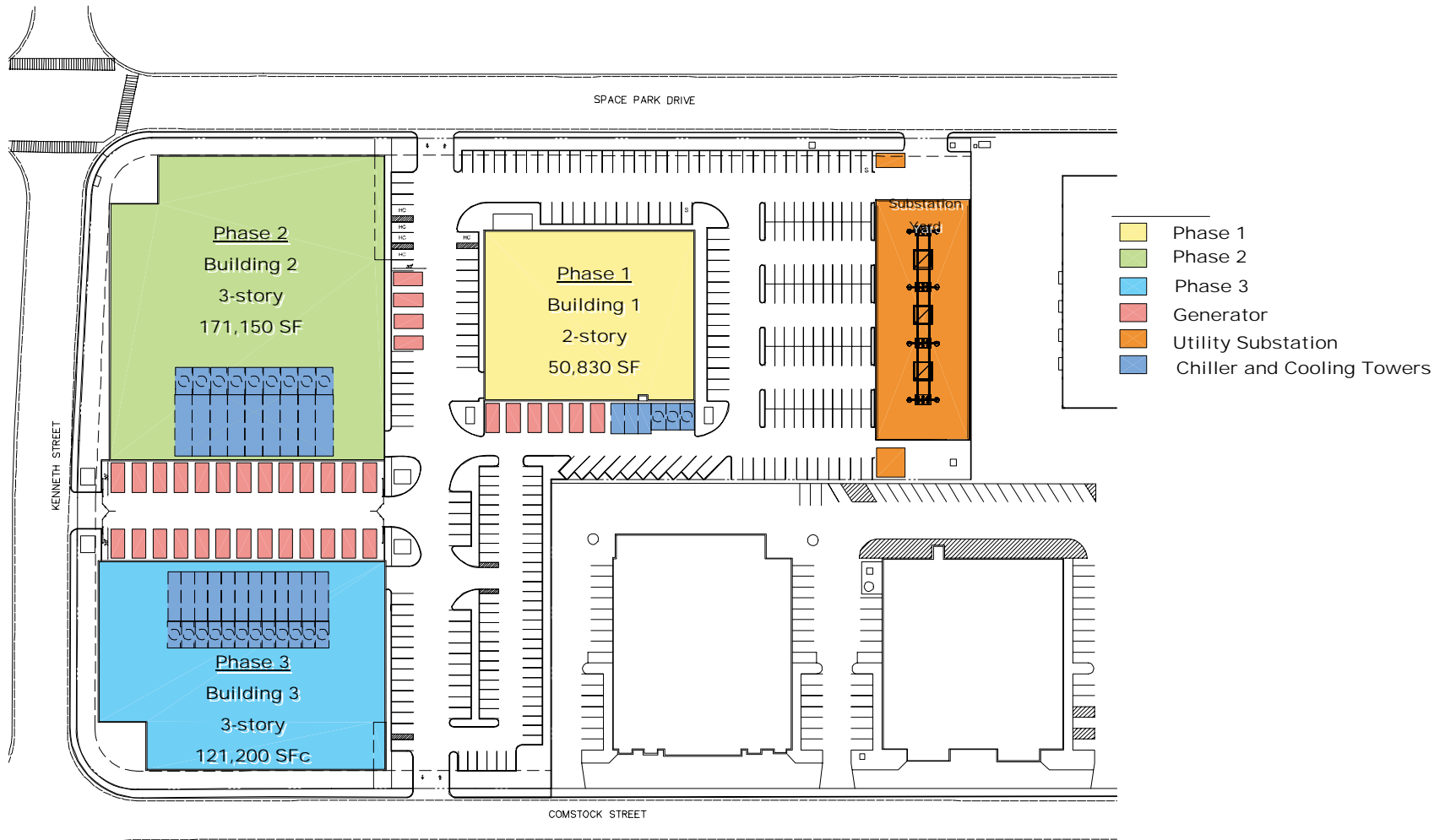
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# Site Plan



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# Elevation



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**CBRE**  
CB RICHARD ELLIS

➤ **POWER**

9 MW consisting of two (2) separate feeds with third feed expansion totaling 13.5 MW to existing building. Planned on-site electrical substation up to 150 MW. SVP is the most reliable and most competitive power in Silicon Valley by a minimum of 24%, as determined by comparing preferred tier published rates.

➤ **REDUNDANT CARRIER CONNECTIVITY**

Providers in the street: ELI, Level 3, Looking Glass, Pacific Bell/SBC, Qwest, SV Power, WiTel Communications, Worldcom (MFS/BFC) & XO Comm.

➤ **REDUNDANT ROUTE CONNECTIVITY**

PG&E physically redundant route network offered through building owner's strategic partner, IP Networks.

➤ **MISSION CRITICAL FACILITIES**

Building shell seismic upgrades with appropriate floor loads and ceiling heights.

➤ **SCALABILITY**

The ±7.14 acre site can expand up to 500,000 sq. ft.

➤ **SPEED**

50,000 sq. ft. currently available.

➤ **DEVELOPER**

Local developer with significant data center / telecom development experience.



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