

Chicago

Data Center Market Snapshot



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Green Street

Grade	Nominal Cap Rate	YoY CPF Change			Risk-Adjuste IRR	d Avg. Effectiv Rent	e Occupancy
	6.8%	2.3%	5.2%	2.9%	8.5%	\$160	93.1%
(3 of 14)	(9 of 14)	(14 of 14	(8 of 14)	(3 of 14)	(3 of 14)	(5 of 14)	(9 of 14)
Market Overview	Submarket	Overview	Supply & Demand	Forecast Scenarios	Valuation	Sales Comps	REIT Properties

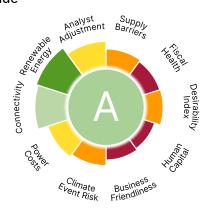
Market Overview

Chicago: Concerning demographic and fiscal trends are persisting within Chicago. The market is home to numerous large companies that cover a range of sectors. However, below-average employment growth is forecasted in the intermediate term, and out-migration of working-age Chicagoans is likely to persist through at least '29. This underperformance can be attributed in part to the market's high crime rates and the potential for increased future tax pressures. The large budget deficit and pension funding concerns are some of the headline fiscal problems faced in the metro and an impetus for future tax hikes. Aside from the mounting issues, Chicago is home to well-educated individuals and a strong university system. It also has affluent suburban pockets that have experienced stronger demand in recent years. The market's ability to attract Midwestern graduates early in their careers and its high concentration of FIRE industries bolsters demand for apartments. There are several new mega-projects on the market's horizon, including the recent announcement of PsiQuantum's investment in Southside Chicago.

Strengths & Weaknesses

- + Robust network connectivity, a cooler climate, and renewable energy serve as tailwinds for growth
- + Elk Grove Village has become a robust data center hub due to its network connectivity, access to O'Hare airport, and availability of utilities
- + Tax incentives for data center developers are available at both the city and state level, promoting connectivity and growth in the market
- A slightly below-average going-in yield creates headwinds for risk-adjusted returns
- NIMBYism toward data center development is beginning to intensify due to power-availability concerns
- Poor fiscal health and below-average desirability decrease long-term growth potential

Market Grade



<u>→ Methodology</u>

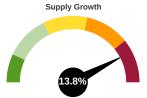
5-Year Forecasts



(Rank: 13 of 14)



(Rank: 5 of 14)



(Rank: 12 of 14)



(Rank: 8 of 14)

Recent News & Research

Commercial Mortgage Alert

Goldman Prepping Novel Data-Center Deal

Goldman Sachs has teed up a unique CMBS offering backed by most of a \$485 million loan that financed an Australian REIT's purchase of a data center still under...



21-Mar-2025

Annual Sector Outlook

2025 Global Data Center Outlook

Green Street's Annual Global Data Center Outlook provides updated views on major trends driving sector fundamentals and valuation.



David Guarino

16-Jan-2025

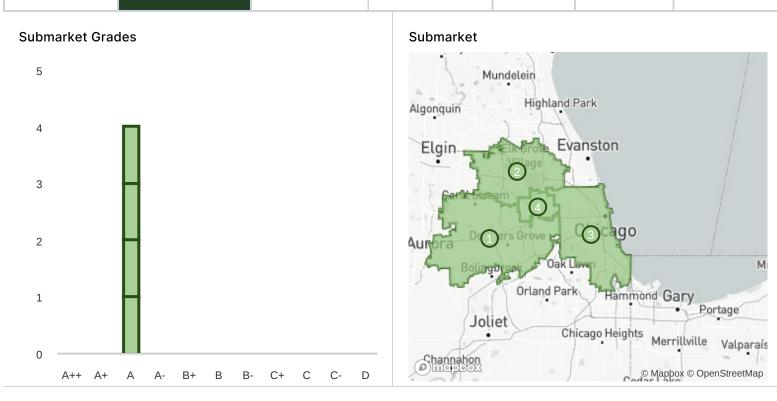
Commercial Mortgage Alert

Goldman Inks Loan for Big Data-Center Buy

Goldman Sachs has originated a \$514 million loan to back the purchase of a recently completed data center near Chicago. The bank finalized the debt last week for HMC...



6-Dec-2024



Top Submarkets (Ranked by Grade)

	Submarket	Nominal Cap Rates	Current Effective Rent	Current Occupancy	Median Household Income	Median Home Price	Population Density	Climate Event Risk	Desirability Index	Supply Barriers	Submarket Grade
1	Southwest	6.8%	\$160	93.1%	\$119k	\$406k	3,570	Average	56	Low	A
2	Elk Grove	6.8%	\$160	93.1%	\$98k	\$353k	4,530	Average	55	Low	A
3	Chicago (CBD)	6.8%	\$160	93.1%	\$78k	\$348k	14,380	Very High	44	Low	A
4	Franklin Park/Northlake	6.8%	\$160	93.1%	\$98k	\$348k	5,420	Average	47	Very Low	A
	Chicago	6.8%	\$160	93.1%	\$91k	\$362k	10,000	High	50	Low	A





Market Overview

Submarket Overview

Supply & Demand

Commissioned Power (MW)

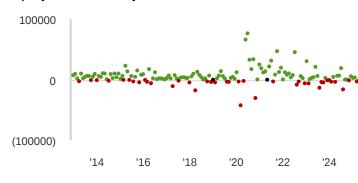
Forecast Scenarios

Valuation

Sales Comps

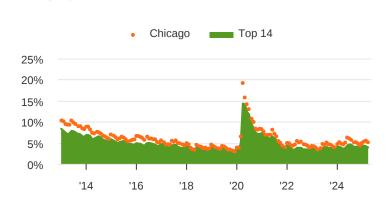
REIT Properties

Employment: Monthly Job Gains



*Excludes large outliers from the onset of the COVID-19 pandemic in 2020

Unemployment Rate

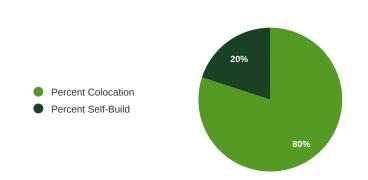


Top Operators

Operator

Meta 240 Digital Realty 198 Aligned 166 CyrusOne 100 NTT Global Data Centers 72 Stream Data Centers 47 QTS Datacenters 42 STACK Infrastructure 37 EdgeConneX 27 T5 Data Centers 26	•	
Aligned 166 CyrusOne 100 NTT Global Data Centers 72 Stream Data Centers 47 QTS Datacenters 42 STACK Infrastructure 37 EdgeConneX 27	Meta	240
CyrusOne 100 NTT Global Data Centers 72 Stream Data Centers 47 QTS Datacenters 42 STACK Infrastructure 37 EdgeConneX 27	Digital Realty	198
NTT Global Data Centers 72 Stream Data Centers 47 QTS Datacenters 42 STACK Infrastructure 37 EdgeConneX 27	Aligned	166
Stream Data Centers 47 QTS Datacenters 42 STACK Infrastructure 37 EdgeConneX 27	CyrusOne	100
QTS Datacenters 42 STACK Infrastructure 37 EdgeConneX 27	NTT Global Data Centers	72
STACK Infrastructure 37 EdgeConneX 27	Stream Data Centers	47
EdgeConneX 27	QTS Datacenters	42
	STACK Infrastructure	37
T5 Data Centers 26	EdgeConneX	27
	T5 Data Centers	26

Inventory Mix



Demand Drivers

Inventory

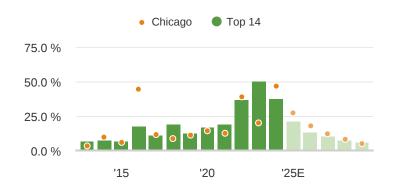
(5 out of 14)



Homeownership Rate

(10 out of 14)

Supply Growth

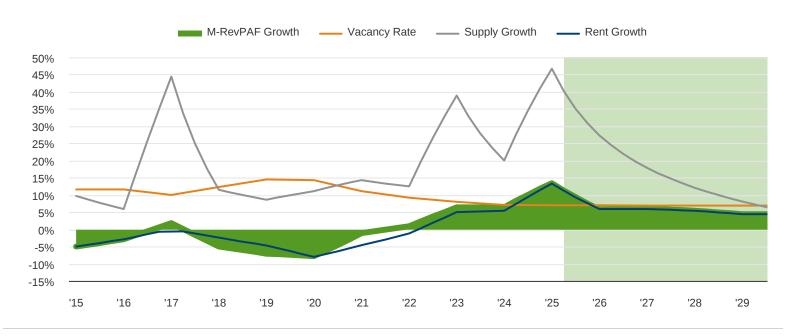


Sources: BLS, Census, ClimateCheck, Company filings, DC Byte, EIA, EPA E-Grid, NeighborhoodScout, NetDense, Oxford Economics, U.S. Census Bureau, datacenterHawk, Green Street

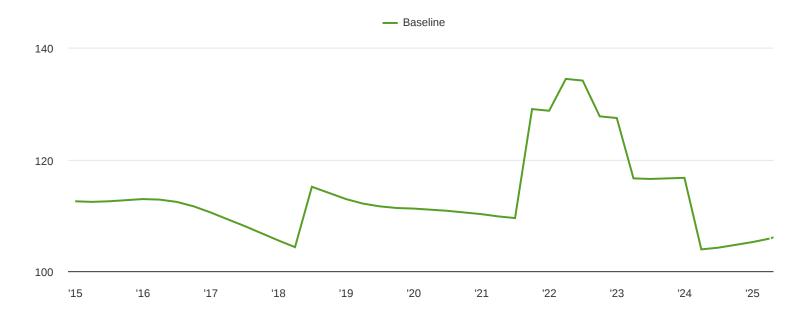
Households

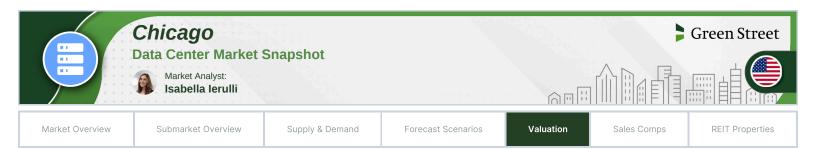
(2 out of 14)

Baseline Rent And Vacancy Rate



Commercial Property Price Index Scenarios

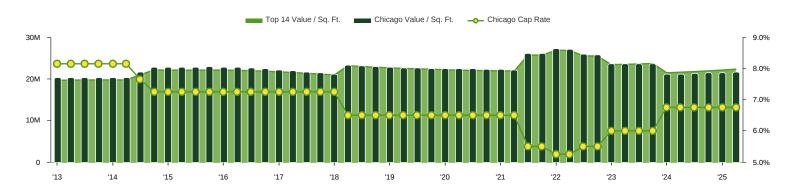




Momentum



Asset Values

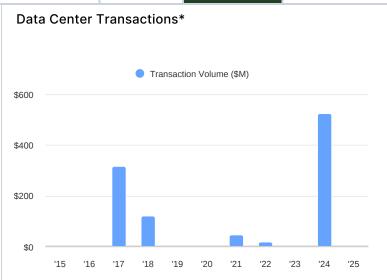


Market Valuation

		Unlevered IRR Build-Up
Nominal Cap Rate	6.8%	
Cap-Ex Reserve (% of NOI)	22.5%	
Economic Cap Rate	5.2%	
Intermediate NOI Growth	5.5%	6.8%
Long-Term NOI Growth	2.9%	
Unlevered IRR	8.6%	
Sector Risk/Market Beta Adjustment	0.2%	
Liquidity Adjustment	-	Proching Confest Confe
Risk-Adjusted IRR	8.5%	Augustage coast newegleer "I MO Coats" teet best best best best best best best



Recent Transactions Algonquin Batavi Batavi Bolingbrow Orland Park Hammond G Mapbox © OpenStreetMap



*Representative of transactions \$5M and up. Prior to 2019, Green Street exclusively tracked transactions in excess of \$25M.

Recent Sales Comps Summary

	roperty Name ddress	Sale Date	Sale Price	Size	Price Per	Year Built	Submarket Grade	Zip Code Grade	Buyer	Seller
Ø	800 Devon Avenue Elk Grove Village, IL, 60007	30-Nov-2024	\$439.7M	174.0K SF	\$2,527	2022			HMC Capital	Prologis (PLD); Skybox Datacenters
Ø	2425 Busse Road Elk Grove Village, IL, 60007	12-Jan-2024	\$83.5M	163.7K SF	\$510	2000			Brookfield Asset Management	Deutsche Bank
Ø	1331 East Business Center Drive Mount Prospect, IL, 60056	03-Jun-2022	\$17.1M	32.0K SF	\$534	-			-	-
Ø	300 South Fish Lake Road 300 S Fish Lake Rd Volo, IL, 60073	05-Jun-2021	\$8.4M	340.0K SF	\$25	-	-	-	-	-
Ø	601 West Polk Street 601 W Polk St Chicago, IL, 60607	31-Mar-2021	\$37.2M	104.0K SF	\$358	1917		A+	-	GI Partners
Ø	1441 Touhy Ave Elk Grove Village, IL, 60007	04-Sep-2018	\$118.9M	208.0K SF	\$572	2010			Iconiq Capital; Iron Point Partners	T5 Data Centers
Ø	CH2 Data Center 505 N Railroad Ave Northlake, IL, 60164	15-Dec-2017	\$315.0M	251.0K SF	\$1,255	2011			Digital Realty Trust (DLR)	Carter Validus Mission Critical REIT
Ø	CH2 Data Center 505 N Railroad Ave Northlake, IL, 60164	23-May-2014	\$211.7M	251.0K SF	\$843	-			Carter Validus Mission Critical REIT	Ascent Corp.
	Average		\$153.9M	190.0K SF	\$828	1992				

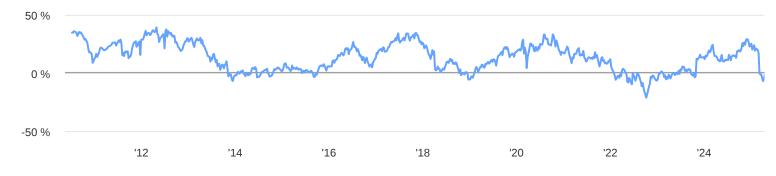
REIT Properties



Chicago REIT Portfolio Summary

Name	Submarket Grade	Zip Code Grade	% of REIT NOI	# Props	Size	Nominal Cap Rate
Equinix	A	A	-	5	-	-
Digital Realty Trust	A	A	11.9%	8	-	5.8%
Total REIT Exposure	-	-	11.9%	13	-	5.8%

Data Center Sector Premium/Discount to GAV



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