



APRIL 2026

DATA CENTER MARKET UPDATE

CAPRIGHT®

DELIVERING TRANSPARENCY



PERFORMANCE

Revenue

▲ 4.1% QoQ

▲ 9.4% YoY

EBITDA

▲ 2.7% QoQ

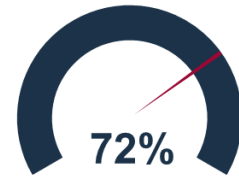
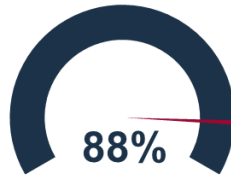
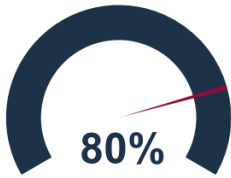
▲ 15.6% YoY

FFO

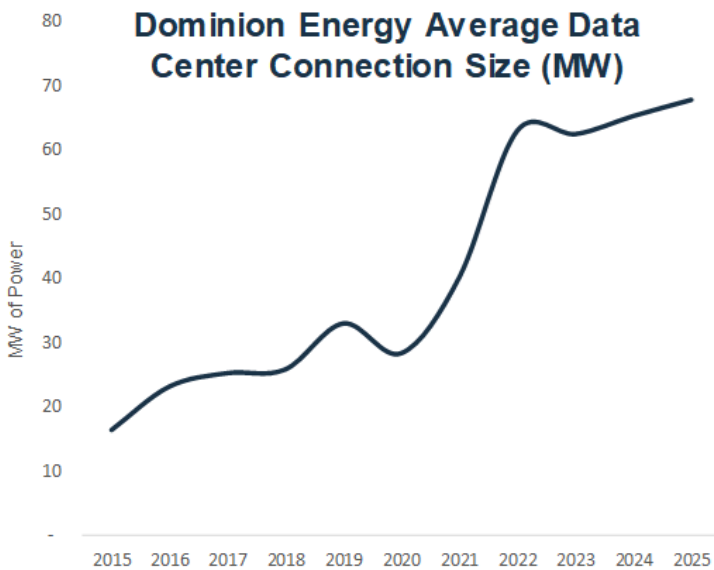
▲ 15.4% QoQ

▲ 20.8% YoY

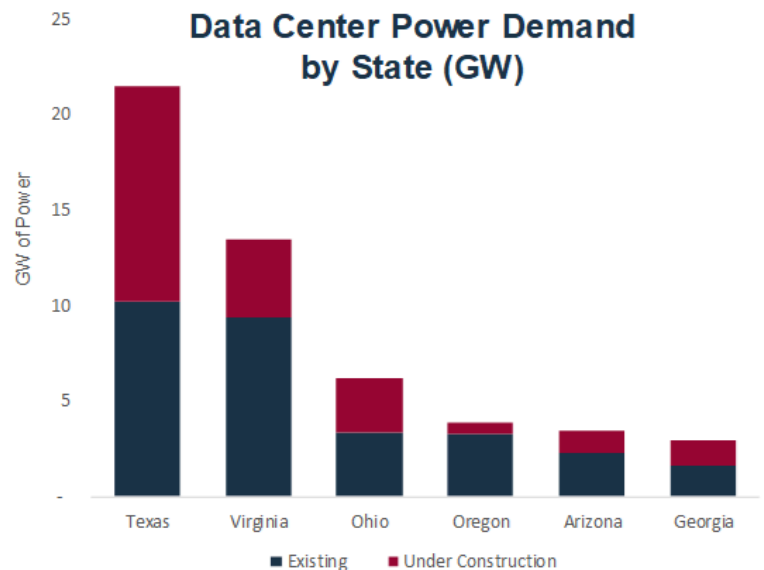
INVENTORY PRE-LEASED



POWER DEMAND



Source: Dominion Energy



■ Existing ■ Under Construction

Source: Department of Energy

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The U.S. data center market experienced a clear deceleration in new development by the end of 2025, marking a departure from the rapid growth seen in recent years. Industry analysts, including Wood Mackenzie and CBRE, observed a reduction in the construction pipeline during 4Q, with primary markets seeing their first drop in new capacity since 2020. Despite strong underlying demand, this slowdown stems from a widening gap between the expansion needs of hyperscale operators and mounting local and regulatory challenges. Increased oversight from government agencies and community organizations has led to lengthier approval processes and, in some cases, restricted new supply in traditional core markets.

To adjust, developers are now prioritizing locations where power can be delivered quickly and entitlements are already in place, streamlining the ability to start construction. Hyperscale clients are demanding faster project delivery, intensifying competition for sites with immediate power capacity. This trend is highlighted by notable land deals, such as SDC Capital Partners' purchase of a 97-acre assemblage in Leesburg, Virginia for \$615.0M in November 2025, or approximately \$6.3M per acre, a high-water market for Northern Virginia.

Simultaneously, the industry is shifting in how it approaches power sourcing and delivery. More developers are turning to behind-the-meter and hybrid on-site power solutions to minimize dependency on strained utility grids and speed up construction timelines. A recent Bloom Energy survey found that utility providers anticipate average time-to-power will be 1.5 to 2 years longer than hyperscalers and co-location companies expect, with the greatest mismatch occurring in Northern Virginia and the Bay Area.





Collectively, these trends point to a market transitioning from unconstrained growth toward a more complex, supply-limited environment where access to power, regulatory certainty, and speed to delivery will increasingly define competitive advantage.

Despite the ever-changing market dynamics, investors continue to deploy significant capital into both development and acquisition opportunities. Below are some of the recent major financing deals that were announced for development and purchases of data centers.

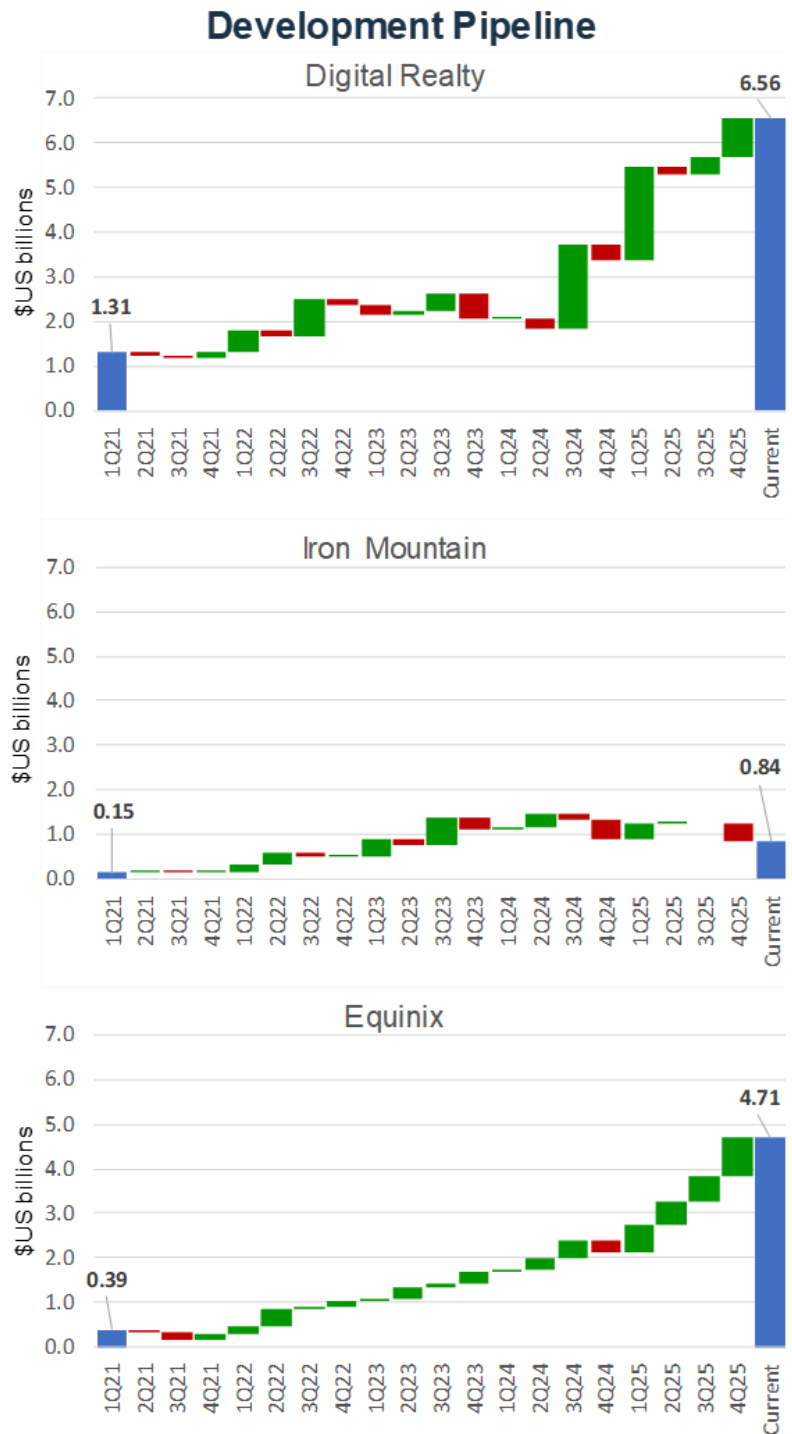
- Apollo Funds completed its acquisition of Stream Data Centers.
- NVIDIA invested \$2.0B in CoreWeave to accelerate the buildout of more than 5 GW of AI factories by 2030.
- The city of Joliet, Illinois approved a proposal for the Joliet Technology Center in March 2026. Hillwood has partnered with PowerHouse Data Centers for a \$20.0B, 24-building data center campus.
- Blackstone-owned QTS purchased approximately 1,700 acres of land in Salem Township, Pennsylvania for a data center campus near the Talen Energy nuclear power plant.
- OpenAI, Oracle, and Related Digital announced they are the partners behind the 1.4 GW “Stargate” data center campus in Saline Township, Michigan.
- SoftBank acquired DigitalBridge for \$4.0B to integrate data center platforms into AI strategy.
- The U.S. Army has conditionally selected Carlyle and CyrusOne to build and operate hyperscale data centers on two Army bases.
- Digital Realty announced the final close of its \$3.25B U.S. Hyperscale Data Center Fund.
- The Wall Street Journal reported that Prologis is considering its first co-investment vehicle focused on data centers.

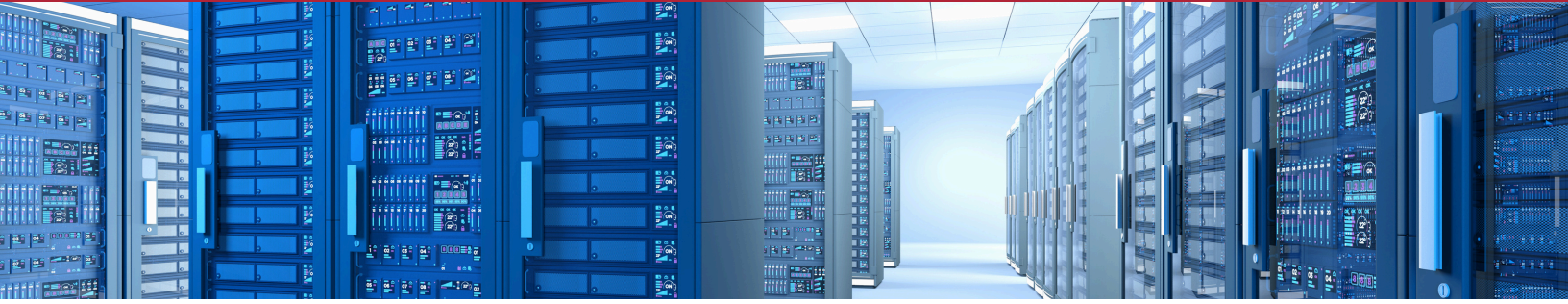
Development Pipeline

Despite a nationwide slowdown in new data center construction, the development pipeline among the three largest data center REITs grew by \$1.3B, led by Digital Realty's \$876.0M in new projects across Northern Virginia, Dallas, and Chicago. Overall, total planned investment for expansion and new developments in the Americas rose from \$1.5B in 3Q21 to \$12.1B in 4Q25, representing a CAGR of 63.1%.

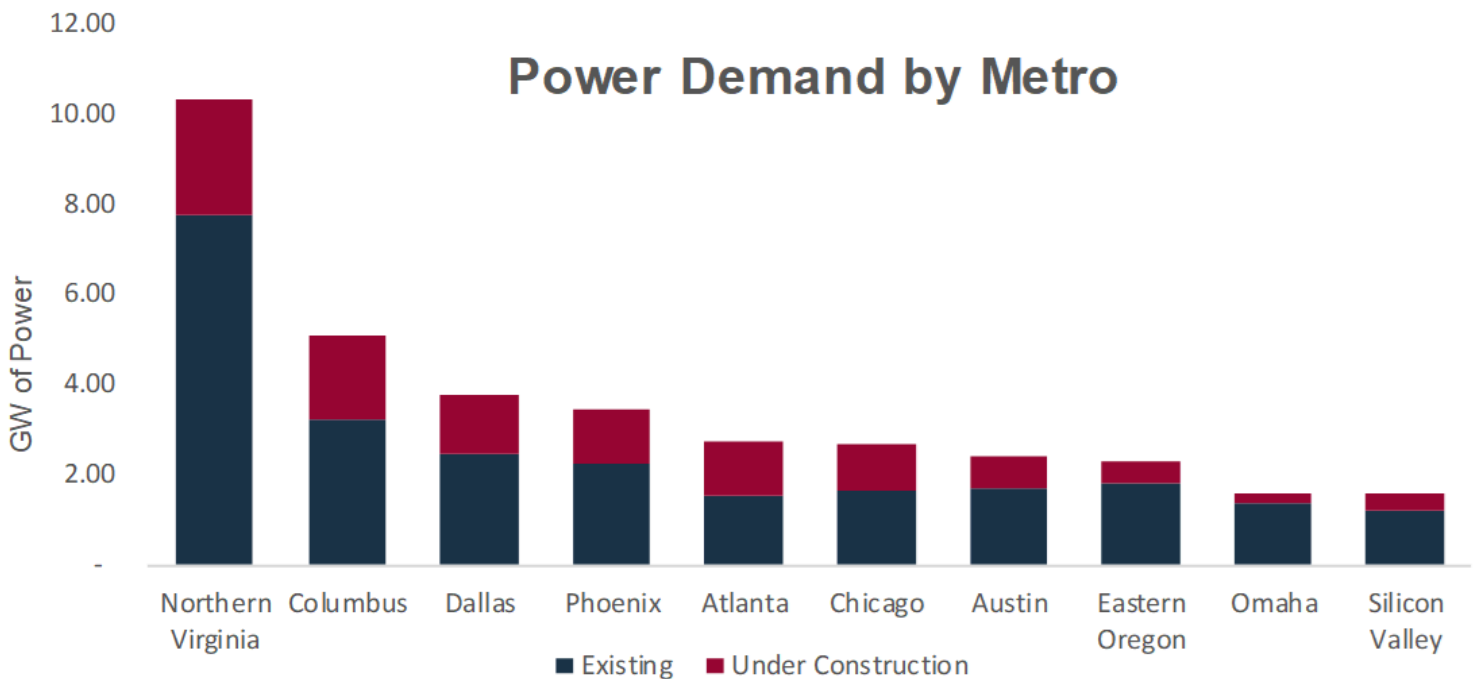
Pre-leasing activity for inventory under construction remained steady QoQ for Digital Realty and Equinix. In contrast, Iron Mountain's pre-leasing rate increased significantly from 62% to 88%, driven by strong demand for its CHI-2 and VA-9 projects, which added 52 MW of new leases. As of 4Q25, Digital Realty reports 523 MW under construction, with 80% pre-leased; Iron Mountain has 134 MW under construction, 88% pre-leased; and Equinix has 158 MW of hyperscale capacity under construction, with 72% of its pipeline pre-leased.

As of 4Q25, Digital Realty, Iron Mountain, and Equinix have a combined \$5.6B in new and expansion projects underway in Northern Virginia (NoVA), nearly matching the total investment of the next six largest metros combined. Digital Realty leads with \$4.1B in NoVA projects, representing 348 MW of new capacity and accounting for almost 64% of its total construction pipeline in the Americas.





Although Northern Virginia is projected to remain the top data center hub in the near term, the Department of Energy reports that Texas has now overtaken Virginia in total power demand and is likely to expand this advantage. This shift is partly driven by Loudoun County's recent removal of by-right data center approvals from its Zoning Ordinance and Comprehensive Plan.



Source: Department of Energy

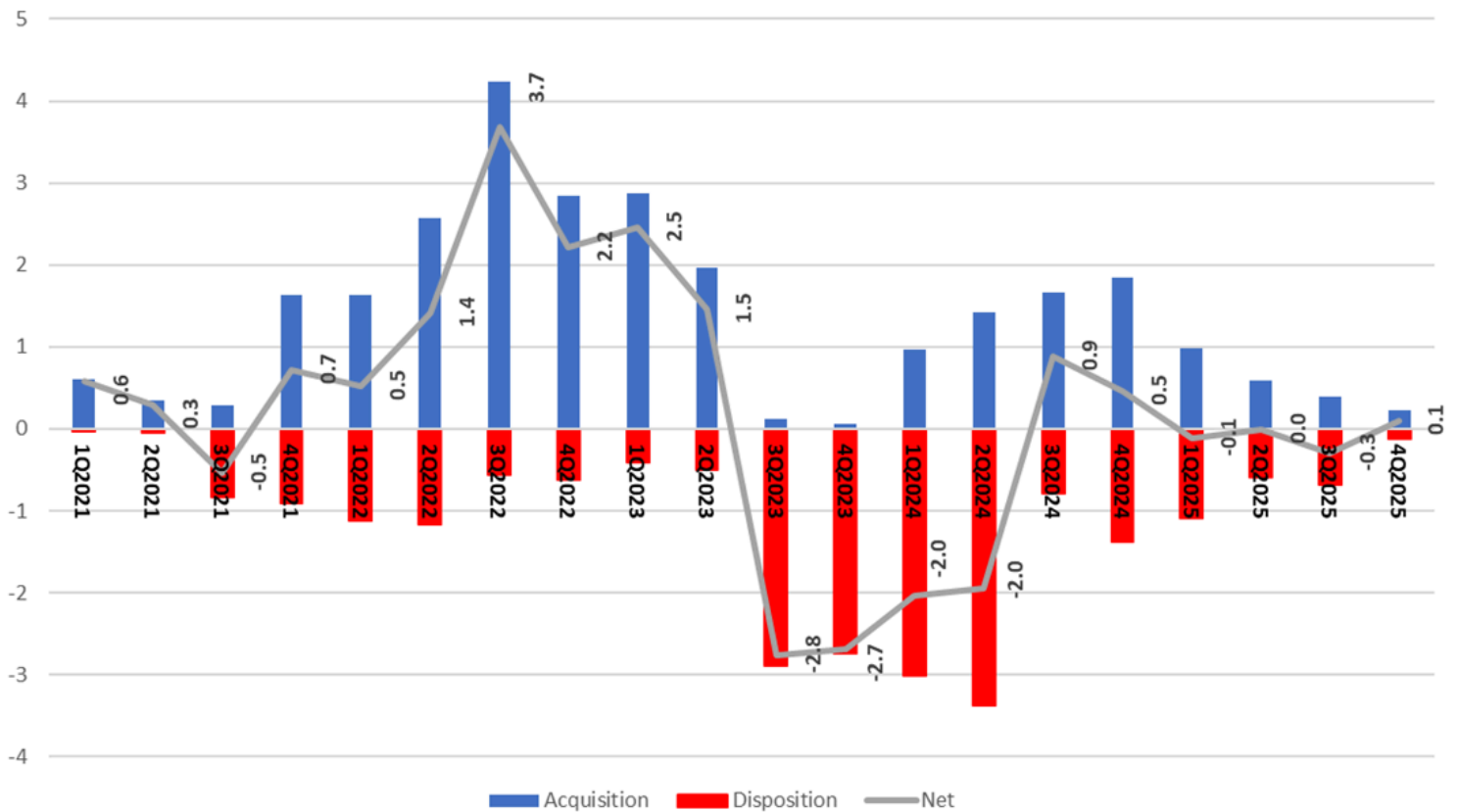
Texas has established itself as the leading destination for data center development, surpassing Virginia in total power demand and solidifying its role as the primary growth market for the industry. The state's edge comes from plentiful and accessible power, a flexible regulatory environment, and the availability of large land parcels suitable for hyperscale campuses. Major markets like Dallas-Fort Worth, Austin, and San Antonio continue to draw substantial investment as developers focus on rapid power delivery and scalability. This momentum is expected to continue, especially as entitlement constraints in traditional hubs like Loudoun County push more development activity toward Texas.



Acquisition Activity

According to data provided by NAREIT, 4Q25 acquisitions outpaced dispositions driven mainly by Digital Realty acquiring two land parcels in the Portland metro and a building and land in Lisbon, Portugal.

Net Acquisitions



Source: NAREIT T-Tracker
Rolling 4 quarters

Data Center Acquisitions

Data centers remain a highly specialized asset class, typically custom-built for single users and held long-term by a limited pool of owners. Most assets that change hands are legacy properties with outdated technology, and sales of existing data centers have been scarce in recent quarters compared to the flurry of financing deals and new development announcements. Investor focus is now largely on ground-up development projects equipped with modern, high-performance infrastructure. Still, a few notable transactions in the resale market offer insights into current acquisition activity.

- GI Partners purchased four data centers totaling 105 MW in 4Q25 across Maryland, Texas, and Georgia.
- TA Realty sold two hyperscale data centers in Leesburg, Virginia to Ares for \$555.1M
- Lincoln Property Company purchased 2500 W Frye Rd for \$130.0M from CBRE Investment Management. The property currently has 6 MW of critical IT load available but was approved for expansion subject to the building transitioning from an evaporative cooled to air cooled mechanical system.

Address	Sale Date	Buyer/ Seller	Power (MW)	Sale Price
Ft. Mead Portfolio Severn & Laurel, MD	Dec-25	GI Partners Harrison Street	60.0	\$221.9M
20575-20680 Celtic Park Dr Leesburg, VA	Dec-25	Ares TA Realty	165.00	\$555.1M
9305 Lightwave Ave San Diego, CA	Nov-25	Hines GI Partners	2.9	\$63.1M
600 New Meister Ln Pflugerville, TX	Nov-25	GI Partners Prologis	30.00	N/A
2500 W Frye Rd Chandler, AZ	Oct-25	Lincoln Property Company CBRE IM	6.0	\$130.0M
4905 North Point Pky Alpharetta, GA	Oct-25	GI Partners Principal Real Estate Investors	15.20	\$253.0M

Recent Land Sales

Demand for data center land with near-term access to significant power remains strong. As a result, transaction activity has increasingly concentrated around parcels with secured utility capacity, favorable zoning, and a clear path to development, often commanding significant pricing premiums relative to traditional industrial land.

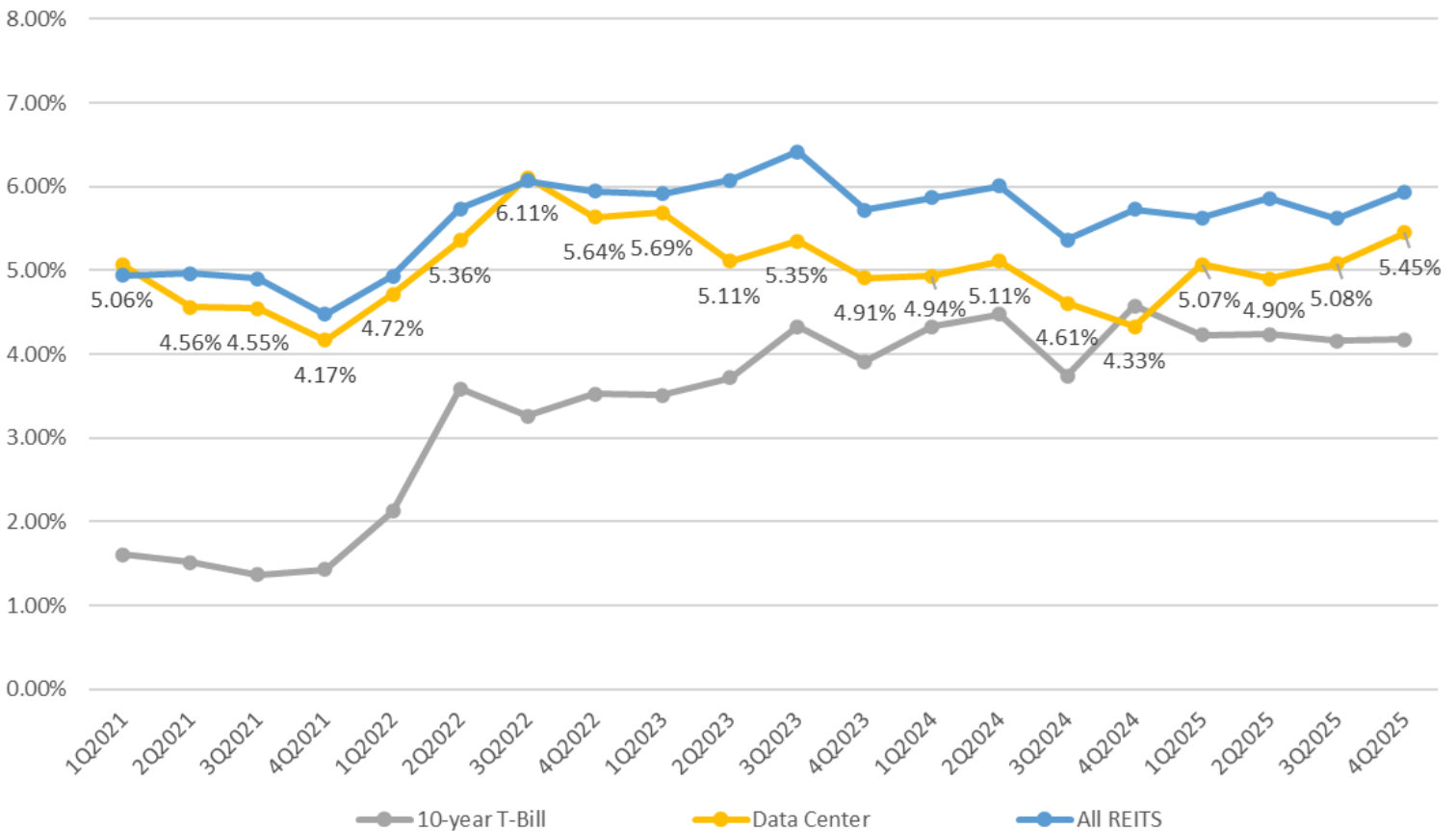
- Amazon purchased 1,300 acres of land near Boardman, Oregon in what The Oregonian is calling Oregon's first potential "exascale" data center.
- Blackstone's QTS purchased over 1,700 acres in Salem Township, Pennsylvania near the Susquehanna nuclear plant for a total of \$580.0M.
- SDC Capital Partners purchased 97 acres in NoVA for \$615.1M, or \$6.3M per acre. This is currently the high-water mark for entitled data center land in NoVA.

Address	Sale Date	Buyer	Acres	Sale Price
Amazon "Exascale" Boardman, OR	Mar-26	Amazon	1,300	\$37.0M
QTS Land Assemblage Salem Twp, PA	Mar-26	QTS	1,700	\$580.0M
Twin Creeks Assemblage Leesburg, VA	Nov-25	SDC Capital Partners	97	\$615.1M
8604-9000 Devlin Dr Bristow, VA	Oct-25	Amazon	189	\$700.0M
6895 Wellington Rd Manassas, VA	Oct-25	BlackChamber Group	35	\$160.0M
Nebius Group Land Assemblage Birmingham, AL	Sep-25	Nebius Group	80	\$90.0M

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Since peaking in 3Q22, implied cap rates for Data Center REITs have declined by 66 basis points, compared to a 13 basis point decline for all REITs tracked by *NAREIT*. Meanwhile, the 10-year Treasury yield has risen by 92 basis points as of year-end 2025. In 4Q25, implied cap rates increased by 37 basis points for data center REITs and by 32 basis points for all REITs. Monetary policy has eased over the past year, with the Federal Reserve's target range at 3.5% to 3.75% after three rate cuts in 2025. Current market expectations now suggest approximately 50 basis points of easing by late-2026 or into 2027. Before the Iran conflict, the 10-year Treasury yield had dropped to 3.97% at the end of February 2026, but it spiked as high as 4.40% in March and has remained elevated since. Most market participants expect the Fed to cut rates again in 2026, though persistent high energy prices, the ongoing partial government shutdown, and global instability may delay the timing of these cuts.

Implied Cap Rate - Data Centers



Source: NAREIT T-Tracker

Financial Highlights

Financial results for 4Q25 were broadly positive, with most companies reporting QoQ growth. Average revenue increased by 4.1%, marking the third straight quarter of gains following a dip in 1Q25 attributed to reduced expense recoveries. Both EBITDA and FFO also rose during the quarter. Looking ahead to 2026, revenue growth for Digital Realty, Iron Mountain, and Equinix is projected between 8.0% and 12.6% YoY. EBITDA guidance ranges from 7.8% to

15.3%, while FFO forecasts span 6.9% to 12.7%. Notably, even though data centers represent a smaller segment of Iron Mountain's business, its data center revenue jumped 29.6% in 2025 compared to 2024.

Conclusion

The U.S. data center market is entering a new phase, where demand remains robust but growth is increasingly constrained by access to power, regulatory hurdles, and intensified competition for suitable sites. While hyperscale requirements continue to drive long-term opportunity, the ability to deliver new capacity now hinges on operational execution and overcoming external barriers. Success will increasingly favor developers and markets that can provide rapid, reliable access to power and clear entitlement pathways. Looking ahead, capital deployment and project planning will be shaped by these evolving challenges, resulting in a more selective, strategically focused, and operationally demanding landscape for data center development across the country.

Revenue Performance - 4Q25			2026 Guidance	
	QoQ	YoY	Low	High
Digital Realty	▲ 3.6%	▲ 13.8%	8.0%	9.6%
Iron Mountain	▲ 5.1%	▲ 16.6%	10.5%	12.6%
Equinix	▲ 3.6%	▲ 1.5%	9.8%	10.9%
Avg.	▲ 4.1%	▲ 9.4%	9.5%	11.1%

EBITDA Performance - 4Q25			2026 Guidance	
	QoQ	YoY	Low	High
Digital Realty	▼ -1.3%	▲ 14.0%	7.8%	10.8%
Iron Mountain	▲ 6.8%	▲ 16.6%	11.7%	13.6%
Equinix	▲ 3.3%	▲ 16.2%	13.5%	15.3%
Avg.	▲ 2.7%	▲ 15.6%	11.2%	13.4%

FFO Performance - 4Q25			2026 Guidance	
	QoQ	YoY	Low	High
Digital Realty	▲ 15.4%	▲ 20.8%	6.9%	8.3%
Iron Mountain	▲ 9.4%	▲ 16.8%	10.6%	12.6%
Equinix	▼ -9.1%	▲ 13.9%	10.6%	12.7%
Avg.	▲ 15.4%	▲ 20.8%	9.5%	11.4%

About Capright

Capright specializes in institutional valuation and advisory services throughout the United States. As a truly independent third-party, Capright has emerged as the leading provider of mark-to-market valuations for many of the largest privately-owned commercial real estate platforms. In addition to valuation services, Capright offers NAV calculation, daily pricing, valuation process implementation, debt mark-to-market, option and JV interest valuation, compliance review, audit assistance, litigation support, and managed services. In partnership with several of the largest institutional investment managers and data platforms, Capright has pioneered industry-leading analytical tools to set higher levels of accuracy and credibility for assets requiring higher-frequency valuation compliance.

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