

# The Backbone of Society: The Data Center Real Estate Opportunity

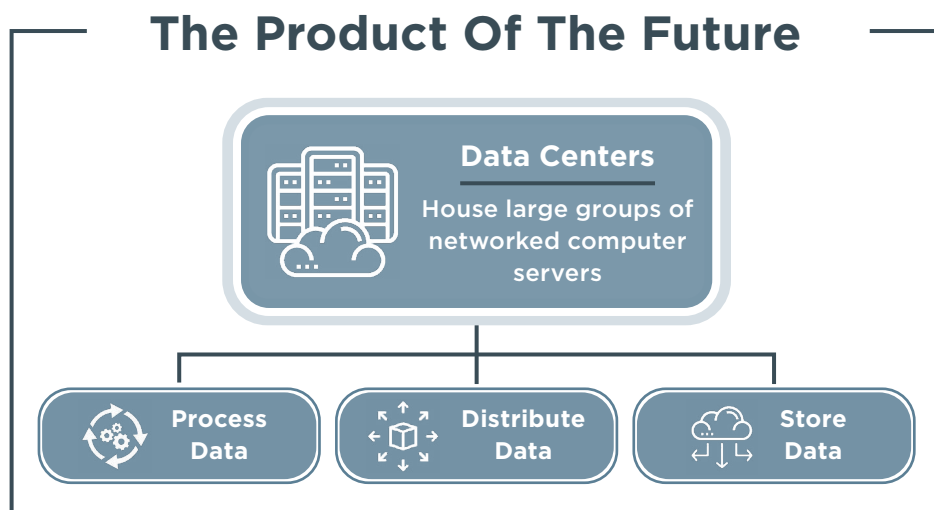


Dear Clients & Colleagues –

Since COVID-19's introduction to American society in March 2020, the virus has upended everyday life in ways that were previously unimaginable. The stay-at-home orders put in place by governmental authorities have driven businesses to close and companies to mandate employees to telecommute. Communication platforms ranging from our smartphones to Zoom video conference meetings have become more critical than ever and are helping our society stay connected. Hundreds of millions of Americans have become utterly dependent upon the internet as their lifeline to conduct business, entertain themselves, connect with family members, stay informed, order food and supplies, and much more. The demand for data to support each of these key functions has become virtually insatiable.

Imagine if COVID-19 had struck 20 years ago, in 2000. It is easy to envision a far more frightening dystopia that modern technology is sheltering us from today. At the very heart of the internet's infrastructure are **Data Centers – buildings that house large groups of networked computer servers that process, distribute, and store large amounts of data. These buildings are the very backbone of our entire internet infrastructure in the United States and the world.** Data Centers are used by the largest companies in the country, such as Amazon, Google, Apple, Verizon, and Netflix, amongst countless others – to process their data and keep their operations running. **Northern Virginia is the largest data center market in the world, with 70% of the Globe's internet traffic running through the Dulles Technology corridor,** which includes both defense and business tech companies. The global pandemic we are experiencing accentuates the crucial role Data Centers play in our society, and their importance will only grow greater in the future as we deploy 5G infrastructure throughout the country and develop our IOT (internet of things) capabilities.

As the effects of the global pandemic continue to be felt, corporations and individuals around the world are beginning to realize that there will be no quick return back to life in 2019 – but the development of a “new normal” in society. Businesses that normally operate in office environments are learning that their employees can be productive and effective from home. Restaurants are leveraging digital platforms to provide contactless deliveries – a strategy predicted to continue well into the future. The accelerated shift of our society to the “virtual” world massively increases the demand for, and value of, Data Centers. Opportunistic investors will understand that this once niche commercial real estate asset is worth their attention and it may just be *the* product of the future.



**BJ Feller**  
Managing Director & Partner  
bfeller@stanjohnsonco.com

**Isaiah Harf**  
Regional Director & Partner  
iharf@stanjohnsonco.com

**Andy Gatchell**  
Associate Director  
agatchell@stanjohnsonco.com

**Blaise Bennett**  
Associate Director  
bbennett@stanjohnsonco.com

**Mark Lovering**  
Associate  
mlovering@stanjohnsonco.com

**Rachel Walz**  
Associate  
rwalz@stanjohnsonco.com

**Josh Dicker**  
Analyst  
jdicker@stanjohnsonco.com

**Stan Johnson Company**  
303 East Wacker Drive | Suite 1111  
Chicago, IL 60601  
stanjohnsonco.com