

# Infrastructure Planning Report North America - Miami

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Iron Mountain Data Centers (IMDC) has compiled this Infrastructure Planner to give you a balanced overview of key colocation markets - their strengths and weaknesses, and the latest issues and opportunities.

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# 2020 to 2030

North America colocation forecast CAGR 11.5%

### NA MARKET VALUE by 2030 **= \$43BN**

### 35% of total colo spend in 2023 = \$20 BN



# North American Infrastructure

North America continues to be the highest revenue contributor to the \$55 BN+ global data center colocation market, accounting for around 35% of demand. According to GrandViewResearch, the North American market is forecast to exceed \$43 BN by 2030, with a CAGR of 11.5%.

The bulk of data center infrastructure is located in a small number of key strategically-located hotspots -Northern Virginia; Dallas/Fort Worth; Silicon Valley; Chicago; Phoenix; New York Tri-State; and Atlanta. 2023 saw record levels under construction and rising levels of pre-leasing. Costs vary considerably across the regions, with Silicon Valley and Miami representing the high and low price points respectively.

### Key Drivers

The generative AI boom, digital transformation, the growing adoption of multi-cloud, and network upgrades to support 5G are critical drivers of this growth, as well as the rapid expansion of hyperscalers. User requirements are growing in both size and number while power and supply chain constraints are slowing growth, and this, combined with rising power costs, means that prices are rising fast as a result. Average price across key markets for a 250-500 kW requirement increased by 7.2% in H1 2023 (source: CBRE Research).

On the wholesale/hyperscale side, major deals of 60 MW and above are now common. As demand accelerates, space availability is becoming tighter and pre-leasing 24-36 months ahead of use is becoming more widespread to avoid potential capacity bottlenecks down the line. As a result, vacancy rates in the primary markets remained near their all-time low (3.2%) at 3.3% in H1 2023.

### North America Data Center Demand 2020 - 2023



Source: CBRE Research, CBRE Data Center Solutions, H1 2023.

# The Miami Market

While it is not one of the top tier colocation markets in North America, Miami is a fast-growing data center hub with over 30 data centers, a welcoming business climate and a dynamic tech-intensive local economy. Capacity is around <u>75 MW in total with just under 2</u> million sqft of total space.

The largest data center market in Florida, Miami is also the gateway to Latin America. One of the most significant interconnection points on the continent, it handles huge amounts of traffic from the Caribbean, Central and South America. With data levels rising fast in the south, Miami's strategic location delivers considerable scope for growth and will continue to attract digital investment such as Microsoft's recently-opened Latin America headquarters.

The local digital economy is strong and growing fast. Organic demand for colocation capacity is rising due to an increase in the number of tech startups relocating to the city. In 2023 Miami was the base for over 500 tech start-ups, with large amounts of capital inflow (over \$5 billion in 2022). 'Wall Street South', the Miami Brickell financial center, is America's second largest financial hub, and fintech is growing particularly fast, accounting for around 40% of funding. As well as finance, Miami has particular strengths in commerce, tourism, media and healthcare.

Miami's demographics are also on the rise. Florida's population is expected to grow by 6 million to 26 million by 2030, and a lot of that growth will happen in Miami-Dade, Broward, and Palm Beach counties.

### Key Drivers

- Connectivity: One of the world's largest international internet exchange and communications hubs
- Cost: Power pricing is extremely competitive compared to other North American markets
- Competition: Over 36,000 tech businesses with steep growth (4.8% in 2022); dynamic and diverse local economy and leading financial center
- > Location: Strategic gateway to fast-growing Latin American markets with good European and North Eastern US connections
- > Population: Rising; expected to grow by 30% by 2030
- > Tax: As well as low (5.5%) corporate tax, Florida is one of only four states in the USA that exempts electricity sales tax.

# Geography

Miami has 35 colocation data centers run by 25 operators. The vast majority are fairly long-established, with limited room remaining to locate contiguous equipment and low power availability.

There are three key facility clusters in the North West, South and East (mainland), with a spread of six facilities to the west of Miami International Airport and a cluster of four facilities further north, above the Biscayne Canal. The eastern facilities are on or near the beach and have grown up around the Network Access Point (NAP) of the Americas (NOTA), one of America's busiest peering points.

IMDC is currently constructing a major new facility in the Central NorthWest, between the city's two airports.





# Issues & Opportunities

With a fast-growing digital economy deploying low-latency cloud, 5G, Internet of Things (IoT), artificial intelligence (AI) and data analytics, robust digital infrastructure, and exceptional international reach, Miami is an extremely lively and promising colocation market.



#### Space Squeeze

However, rated 31st in data center market size in the USA, Miami has a lot of the features of a slow-grown metropolitan market addressing steeply rising demand. As more opportunities and more modern colocation capacity is required, space becomes harder to find and prices rise in sought-after areas. High-density GPU-friendly space for AI makes the challenge even greater as it requires either new-build facilities or major upgrades.



#### Pricing Pressure

Industrial space in Miami-Dade is scarce, and land constraints limit the prospect of large-scale construction.The growth of the Miami colocation market and a lack of available industrial space in the city has put affordable scalable space at a premium, particularly in locations close to the coast.



#### **Power Potential**

While prices are on the rise, users enjoy extremely competitive power prices, with electricity in Miami-Dade available at up to 30% less than the national average. Currently only 6% of Florida's power is generated from renewable sources (primarily solar) but the state has plans to achieve 40 percent clean energy by 2030.

### **Financial Incentives**

As well as a low corporate tax and personal burden, Florida offers sales tax exemption for data center facilities, equipment, infrastructure, personal property, and electricity, doing away with sales and use tax. Also, data centers are acceptable for Florida's Enterprise Zone programs, which offer a range of tax credits, refunds, and more.



# International Interconnection

Miami and South Florida account for the largest number of submarine cable landings in the USA. The region is a termination point for over 100,000 km of subsea cabling that connects the U.S. to Latin American and South American hubs, around the Caribbean and up the East Coast. The potential for growth which this network density creates is substantial as many Latin and South American markets are experiencing double-digit GDP growth.

### **Cable Connections**

Cables include major long-distance routes such as the Monet subsea system, Mid-Atlantic Crossing, ARCOS-1, Caribbean Express, Globenet, Americas-II, AMX-1, SAM-1, Maya, TGN-Atlantic and the soon-to-becompleted Confluence connecting up the east coast.

### **Global Exchange Point**

Located in downtown Miami, the Network Access Point (NAP) of the Americas (NOTA) is one of the world's largest internet exchange points and serves as a major communications gateway to commercial centers in Latin America and South America as well as the Northeastern U.S. and Europe.



## Latencies

As well as exchanging traffic on the latest routes to the Caribbean, Latin and South America and Europe, Miami offers low-latency reach to the Southeastern and central USA and up the Northeastern seaboard.

### USA

- > Atlanta 13.46 ms
- > Raleigh 21.85 ms
- > Washington 30.75 ms
- > Chicago 32.33 ms
- > NYC 36.61 ms
- > Boston 41.41 ms
- > Denver 54.42 ms
- > Phoenix 65.20 ms

### Central & South America, Europe

- > Caracas, Venezuela 54.40 ms
- > Panama City, Panama 55.15 ms
- > Mexico City, Mexico 71.70 ms
- > Lima, Peru 77.25 ms
- > Madrid, Spain 104.67 ms
- > Santiago, Chile 106.83 ms
- > Brasilia, Brasil 124.61 ms
- > uenos Aires, Argentina 130.59 ms



# Iron Mountain Data Centers in Miami



Located on a 3.4 acre site in the city's Westview [check] district in the Central NorthWest of Miami, our purpose-built MIA-1 data center is just 8 miles (25 minutes) from Miami International Airport and 3 miles (10 minutes) from Miami-Opa Locka Executive Airport.

By mid-2025 this 150,000 ft2 AI-ready facility will phase up to support 16 MW of customer IT load based on 26 MVA of redundant operational power.

Operated to IMDC's industry-leading standards, MIA-1 offers an exceptional colocation opportunity for ambitious enterprises, cloud and content providers and large-scale users looking for a long-term high-density solution in Florida.

- > **Strategic** location for Southern US with easy access to Latin and South American traffic.
- Low-latency connectivity to Miami's international Internet Exchange hub
- > Resilient: Category 5 hurricane-proof construction [check]
- > Connected: Carrier-neutral for maximum connectivity choice
- > Compliant: Operated to the highest third-party standards
- > Green: Run on 100% renewable power
- > Sustainable: Planned BREEAM low impact accreditation
- > Customer-friendly: Offices and conference rooms available on-site.
- > Efficient: Design PUE of between 1.2 and 1.3 for optimal energy efficiency.





#### About Iron Mountain Data Centers

Iron Mountain Data Centers operates a global colocation platform that enables customers to build tailored, sustainable, carrier and cloud-neutral data solutions. As a proud part of Iron Mountain Inc., a world leader in the secure management of data and assets trusted by 95% of the Fortune 1000, we are uniquely positioned to protect, connect and activate high-value customer data. We lead the data center industry in highly regulated compliance, environmental sustainability, physical security and business continuity. We collaborate with our 1,300+ customers in order to build and support their long-term digital transformations across our global footprint, which spans three continents.

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