STRATEGIC INTELLIGENCE DIVISION

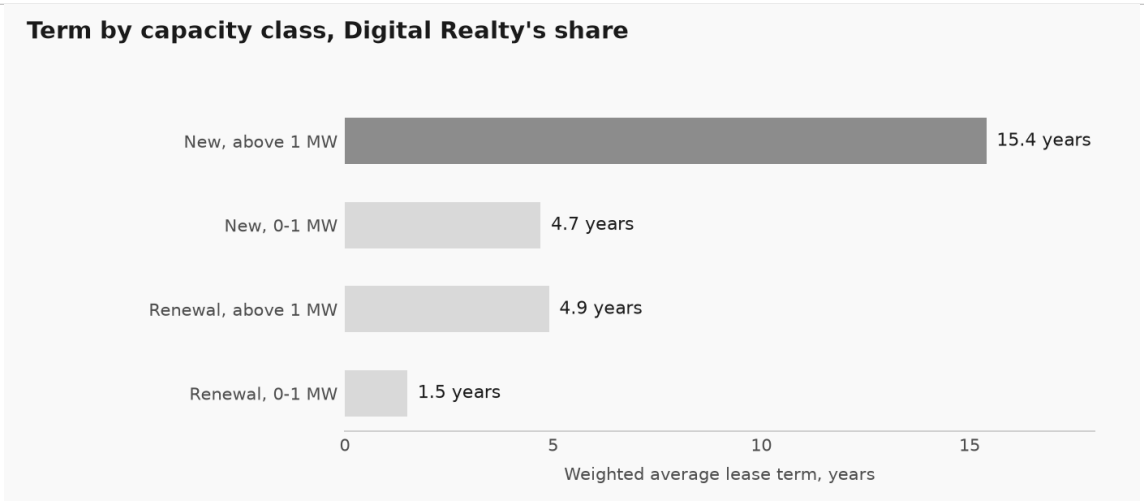
The lease term is sold by the megawatt

Digital Realty renewed 0-1 MW space on a 1.5-year weighted average term in the nine months to 30 September 2026, at 5.7% more cash rent per kilowatt, while new leases above 1 MW ran 15.4 years. A 15-year term is not for sale at that size: 63% of the 1,464 MW under development was already pre-leased, so the next renewal is priced by a queue.

Annika Sorensen, Strategic Intelligence Division · 3 November 2026 · 9 minute read

In brief

- Digital Realty's 11.8% renewal spread for the quarter sits on a nine-month table where 0-1 MW renewals repriced 5.7% and renewals above 1 MW repriced 53.7%.
- New space below 1 MW signs on 4.7 years and new space above 1 MW on 15.4; Digital Realty's table splits by megawatt, not by workload.
- A 250 kW renewal at $317 per kilowatt a month costs $951,000 a year, and the rate is set again 18 months later: 5.7% compounded ten times is 74%, which is arithmetic and not a forecast.
- 63% of 1,464 MW under development was pre-leased at 30 September 2026 and new capacity commences about 17 months after signature, so declining a renewal means waiting behind committed paper.
- Equinix writes the default into the contract: initial terms of one to five years, then automatic renewal in one-year increments, with interconnection making the exit a rebuild.



Weighted average lease term by capacity class, Digital Realty's share, nine months to 30 September 2026. Units: years. Source: Digital Realty Form 10-Q for the quarter ended 30 September 2026, filed 30 October 2026, Leasing Activities table, DLR's share.

The rent is not the exposure. The number of times the rent is set is. A 250 kW suite renewed at the category's average $317 per kilowatt a month costs $951,000 a year, and that rate is set again 18 months later; a tenant signing above 1 MW in the same nine months signed for 15.4 years. The decision belongs to the CIO and head of infrastructure, with the CFO on term and capex and the general counsel on the renewal clause, and the date that forces it is the 2027 budget, fixed before 31 December 2026.

New leases above one megawatt average 15.4 years; below it, 4.7

Digital Realty's leasing table for the nine months to 30 September 2026 separates the two categories twice. New leases in the 0-1 MW category covered 93,947 kW on a weighted average term of 4.7 years, at $263 GAAP rent per kilowatt a month. New leases above 1 MW covered 345,852 kW on 15.4 years, at $216. The larger category took 3.7 times the capacity on 3.3 times the term, and the 21.8% gap in rent per kilowatt is not a like-for-like price, because the table separates two different products. The term gap needs no such

adjustment. It is the product. The table splits by megawatt, not by workload: the 15.4 years belongs to the class, and whichever tenant can sign above 1 MW buys it.

Four leasing categories, one table

Leasing category, nine months to 30 September 2026	Capacity leased (kW)	Weighted average term	Rent per kilowatt a month	Change on renewal, cash (%)
New, 0-1 MW	93,947	4.7 years	$263 GAAP	Does not apply
New, above 1 MW	345,852	15.4 years	$216 GAAP	Does not apply
Renewal, 0-1 MW	121,779	1.5 years	$300 expiring, $317 renewed	+5.7
Renewal, above 1 MW	100,467	4.9 years	$136 expiring, $209 renewed	+53.7

Source: Digital Realty Form 10-Q for the quarter ended 30 September 2026, filed 30 October 2026, Leasing Activities table, DLR's share. The change on renewal is renewed cash rent per kilowatt divided by expiring cash rent per kilowatt, less one, computed from the four printed figures; Mosaic Singularity analysis, November 2026.

Read the renewal rows together and the headline changes character. Digital Realty's Form 8-K of 30 October 2026 reported rental rate increases on renewal leases of 11.8% on a cash basis in the third quarter, one blended figure for one quarter covering both categories. The nine-month leasing table separates them: the 0-1 MW category repriced 5.7% and the category above 1 MW repriced 53.7%. The tenant in the 0-1 MW suite did not escape repricing. It was repriced mildly, and it will be repriced far more often.

Sixty three per cent of the new capacity was spoken for before it was built

Renewing is a choice only where there is somewhere else to go. Digital Realty's Form 10-Q for the quarter ended 30 September 2026, filed 30 October 2026, reports 1,464 MW of projects under way, an increase of approximately 90% on 31 December 2025, with 63% of it, about 922 MW, pre-leased, and an estimated pre-tax stabilized cash yield of approximately 11.6% on that construction. Its Form 8-K of 30 October 2026 put the weighted average lag between new leases signed in the third quarter and contractual commencement at 17 months, so capacity committed in November 2026 serves a tenant about 17 months later, in 2028. What stands in front of the enterprise renewal is not a shortage forecast. It is signed paper.

Equinix's Form 8-K of 28 October 2026 reports the same two things: capacity arriving faster than it planned, and prices strengthening. Nearly 40% more cabinets are scheduled for delivery in 2026 than it initially anticipated, on expected total capital expenditure of $5bn to $6bn, and it raised full-year guidance for the third consecutive quarter. Record annualized gross bookings of $533m, up 35% year over year, came, in its own words, "on robust demand and strengthening pricing", alongside 6,900 net interconnections added in the quarter. Capacity is arriving. What a tenant needs to know is who it was built for.

The default is a one-year roll, and it renews itself

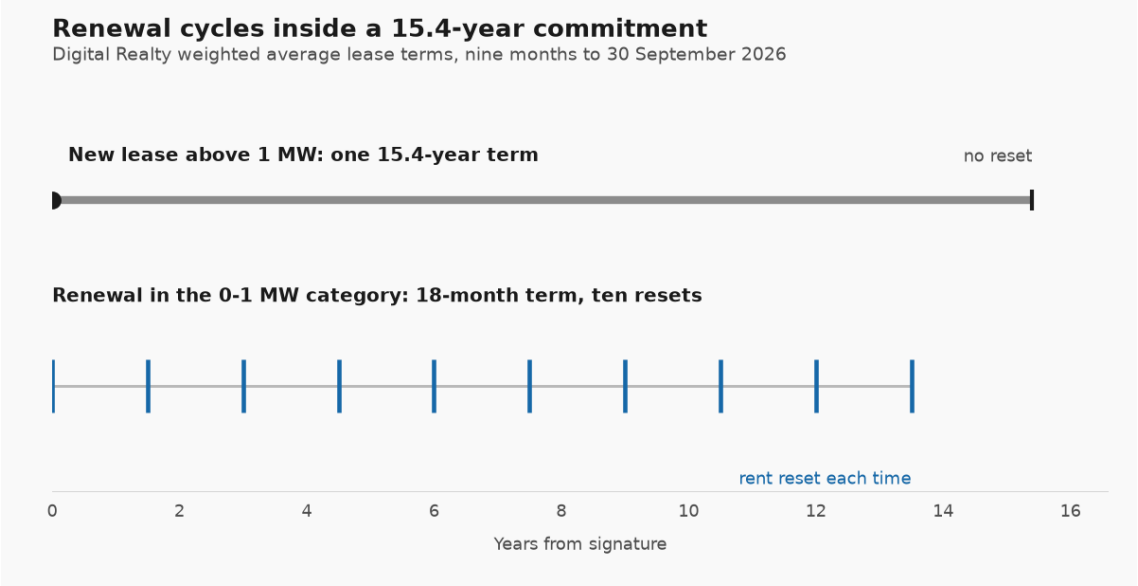
> *Most of our revenue contracts have an initial term varying from one to five years, and thereafter automatically renew in one-year increments.*

Equinix Form 10-Q for the quarter ended 30 September 2026, filed 28 October 2026

That sentence is the whole exposure. After that initial term, most Equinix revenue contracts become a one-year roll that continues until someone stops it. Interconnection is what makes the roll hold. Equinix added 6,900 net interconnections in the quarter and grew interconnection revenue 10% year over year, and more than 90% of its monthly recurring revenue bookings over the past three years came from existing customers. A tenant with its cross-connects through that building is not choosing between two landlords at renewal. It is choosing between a roll and a rebuild.

Five point seven per cent, ten times, is a forecast line

A small percentage applied often is the expensive case. Over the 15.4 years a new lease above 1 MW runs, a 1.5-year renewal resets about ten times, and the same 5.7% at each reset multiplies rent per kilowatt by 1.74. On a 250 kW suite the first step alone is $54,207 a year on top of $951,000. That is repeated arithmetic, not a forecast: it holds only while the landlord keeps taking the same step, and the sequence ends at the first renewal that takes none. The interval is what a forecast misses. A colocation line built on a flat annual escalator and a five-year assumption is wrong on the rate and wrong on the frequency, and an 18-month commitment is short enough to disappear from a lease maturity schedule that stops at the planning horizon.



Ten 18-month resets inside the 15.4-year term of a new lease above 1 MW. Source: Digital Realty Form 10-Q, nine months to 30 September 2026; the reset count is 15.4 years divided by 1.5 years, Mosaic Singularity analysis, November 2026.

The tenant who leaves moves the quarter least

Digital Realty's two largest customers accounted for approximately 11% and 10% of total revenue at 30 September 2026, and no other customer reached 10%. Those are the accounts a commercial team is organised around, and they are not the accounts that roll every 18 months. Equinix runs the opposite book: its largest customer was about 2% of recurring revenue and its 50 largest about 35%, which is why its renewal is a standard-form roll rather than a negotiation with a named team. The counter-case deserves its hearing. A landlord cannot sell 15 years on 40 kilowatts, and the 0-1 MW category is a mix of retail suites with no scale to commit; on that reading the term gap is a fact about size rather than a choice about power. It survives as an explanation and not as a remedy, because the tenant's exposure is the same either way, and the only lever size gives it is to consolidate.

What each seat owes, and by when

- CIO and head of infrastructure: list every colocation and data centre agreement that renews before 31 December 2028, mark the automatic renewal clause and its notice period, and rank the list by contiguous kilowatts at each site. Term follows size in Digital Realty's own table, so a scatter of small suites is the exposure and one 2 MW block is the instrument.
- CFO: re-forecast the colocation line at a 5.7% step every 18 months rather than a flat annual escalator, and carry the compounded number into the FY2027 plan before 31 December 2026. The reported step on that category is small and the interval is not, and the arithmetic runs to ten resets inside one 15.4-year lease.

- General counsel: read the renewal clause and the notice mechanics before the next roll. Equinix's stated default is automatic renewal in one-year increments, so the question is not what the next rate will be but whether, and by when, the renewal can be stopped.
- CIO with CFO sign-off, on the largest contiguous block only: convert the roll into a multi-year commitment during the 2027 planning cycle, before the next reset. Sixty three per cent of 1,464 MW under construction is pre-let and delivery runs about 17 months behind signature, so the capacity that would replace the block is being committed while the block is being negotiated.

Four questions for the board to put to management

By 30 November 2026 the board resolves the first question below, so that the count of agreements that renew automatically and the notice period that stops each one is tabled before the FY2027 budget closes on 31 December 2026.

- How many of our colocation agreements renew automatically before 30 September 2028, and what notice period stops each one?
- What aggregate kilowatts do we hold below 1 MW, and does any single site hold enough contiguous capacity to be negotiated as one block?
- On our last renewal, what did we pay per kilowatt a month against the expiring rate, and on what term?
- If our largest site were not renewed, how many months and how much capital to replicate its interconnection?

What to watch, and the date this reading fails

Digital Realty's nine-month leasing table is the test, and the line to read is the weighted average term on 0-1 MW renewals. If the nine months to 30 September 2027 put that term at three years or longer, or the cash spread on that category at or below zero, the reading fails: the small tenant will have bought term at no toll, and the asymmetry will have been a property of supply rather than of the contract. Four other lines move the same way. The pre-leasing percentage as the 1,464 MW delivers, because a fall below half returns the tenant's alternative. The 0-1 MW share of bookings, which was $130m of $627m in the quarter, because a rising share means the landlord is competing for small tenants again. Any change to Equinix's stated initial term of one to five years. And the two-customer concentration in Digital Realty's next annual report, because a landlord protecting 21% of revenue prices the rest of the book to suit it.

- Digital Realty Form 10-Q, quarter ended 30 September 2026, filed 30 October 2026, accession 0001104659-26-120710.
- Digital Realty Form 8-K, Exhibit 99.1, release dated 29 October 2026, filed 30 October 2026, accession 0001104659-26-120212.
- Equinix, Inc. Form 8-K, Exhibit 99.1, filed 28 October 2026, accession 0001101239-26-000178.
- Equinix, Inc. Form 10-Q, quarter ended 30 September 2026, filed 28 October 2026, accession 0001101239-26-000180.