CoreSite Realty Corp
Form S-11/A
July 28, 2010

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As filed with the Securities and Exchange Commission on July 27, 2010

Registration No. 333-166810

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2
to

Form S-11
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

CoreSite Realty Corporation
(Exact name of registrant as specified in governing instruments)

1050 17th Street, Suite 800
Denver, CO 80265
(866) 777-2673
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ (Do not check if a smaller reporting company)	Smaller reporting company o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information contained in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 27, 2010

PROSPECTUS

Shares

CoreSite Realty Corporation
Common Stock
$ per share

This is our initial public offering of our common stock. We are selling shares of our common stock. We currently expect the initial public offering price to be between $ and $ per share.

We have granted the underwriters an option to purchase up to additional shares of common stock to cover over-allotments.

We intend to apply to have our common stock listed on the New York Stock Exchange under the symbol COR.

We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our tax year ending December 31, 2010. Shares of our common stock are subject to ownership limitations that are intended to assist us in qualifying and maintaining our qualification as a REIT, including, subject to certain exceptions, a 9.8% ownership limit. See Description of Securities.

Investing in our common stock involves risks. See Risk Factors beginning on page 18 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discounts and Commissions	$	$
Proceeds to CoreSite (before expenses)	$	$

The underwriters expect to deliver the shares to purchasers on or about , 2010 through the book-entry facilities of The Depository Trust Company.

Joint Book-Running Managers

Citi	BofA Merrill Lynch	RBC Capital Markets

Lead Managers

KeyBanc Capital Markets	Credit Suisse

, 2010

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

This prospectus contains third-party estimates and data regarding growth in the Internet and data center industries. This data was obtained from reports by and publications of Tier1 Research, LLC, Cisco Systems, Inc., Nemertes Research and Gartner, Inc. Although we have not independently verified the data and estimates contained in these reports and publications, we believe that this information is reliable. However, there can be no guarantee that the markets discussed in these reports will grow at the estimated rates or at all, and actual results may differ from the projections and estimates contained in these reports. Any failure of the markets to grow at projected rates could have an adverse impact on our business. See Appendix B: Citations for a complete list of these reports and publications.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. Before making your investment decision, you should read this entire prospectus and should consider, among other things, the matters set forth under Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and our unaudited pro forma financial statements and our historical consolidated and combined financial statements and related notes included elsewhere in this prospectus. Unless the context requires otherwise, references in this prospectus to we, our, us and our company refer to CoreSite Realty Corporation, a Maryland corporation, together with its consolidated subsidiaries after giving effect to the Restructuring Transactions described in this prospectus, including CoreSite, L.P., a Delaware limited partnership of which CoreSite Realty Corporation is the sole general partner and which we refer to in this prospectus as our operating partnership and CoreSite Services, Inc., a Delaware corporation, our taxable REIT subsidiary, or TRS. Our promoters are our President, Chief Executive Officer and Director, Thomas M. Ray and CoreSite, L.L.C. References to pro forma revenues, pro forma net loss and pro forma funds from operations refer to our revenues, net loss and funds from operations as described in Summary of Historical and Pro Forma Financial Data and the unaudited pro forma financial statements included elsewhere in this prospectus. Unless otherwise indicated, the information contained in this prospectus is as of June 30, 2010 and assumes that the transactions described under the caption Structure and Formation of Our Company have been consummated. For a list of certain industry terms and sources cited herein, see Appendix A: Glossary of Terms and Appendix B: Citations, respectively.

Our Company

We are an owner, developer and operator of strategically located data centers in some of the largest and fastest growing data center markets in the United States, including Los Angeles, the San Francisco Bay and Northern Virginia areas, Chicago and New York City. Our high-quality data centers feature ample and redundant power, advanced cooling and security systems and many are points of dense network interconnection. We are able to satisfy the full spectrum of our customers data center requirements by providing data center space ranging in size from an entire building or large dedicated suite to a cage or cabinet. We lease our space to a broad and growing customer base ranging from enterprise customers to less space-intensive, more network-centric customers. Our operational flexibility allows us to selectively lease data center space to its highest and best use depending on customer demand, regional economies and property characteristics.

As of June 30, 2010, our property portfolio included 11 operating data center facilities, one data center under construction and one development site, which collectively comprise over 2.0 million net rentable square feet, or NRSF, of which over 1.0 million NRSF is existing data center space. These properties include 277,126 NRSF of space readily available for lease, of which 190,788 NRSF is available for lease as data center space. We expect that our redevelopment and development potential will enable us to accommodate existing and future customer demand and positions us to significantly increase our cash flows.

Our data center acquisitions have been historically funded and held through real estate funds affiliated with The Carlyle Group, or Carlyle, a global private equity firm. The first data center in our portfolio was purchased in 2000 and since then we have continued to acquire, redevelop, develop and operate these types of facilities.

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Our Portfolio

The following table provides an overview of our properties as of June 30, 2010 after giving effect to the Restructuring Transactions.

					NRSF					Rec D
			Data Center(2)		Operating(1) Office and Light-Industrial(3)		Total			
tropolitan Area	Acquisition Date(5)	Annualized Rent ($000)(6)	Total	Percent Leased(7)	Total	Percent Leased(7)	Total(8)	Percent Leased(7)	Under Construction(	
ngeles	Aug. 2007	$ 20,411	156,521	74.1%	7,500	62.2%	164,021	73.6%		
ngeles	Oct. 2006	12,469	256,690	91.1	16,622	7.1	273,312	86.0	16,126	
ancisco Bay	Feb. 2000	11,657	84,045	86.5	205,846	77.9	289,891	80.4		
rn Virginia	Dec. 2007	9,125	116,498	70.5	38,350	99.2	154,848	77.6		
o	Feb. 2007	6,667	129,790	74.5	45,283	100.0	175,073	81.1		
ancisco Bay	Dec. 2006	6,508	71,847	85.7			71,847	85.7	4,829	
	Apr. 2007	6,239	118,991	94.0	2,600	57.1	121,591	93.2	25,118	
ork	June 2007	3,730	48,404	68.8			48,404	58.8		
rn Virginia	June 2006	1,914	22,137	96.6			22,137	96.6		
	June 2006	1,314	30,176	49.4	1,641	40.2	31,817	49.0		
ancisco Bay	Feb. 2007	9,762	50,000	100.0			50,000	100.0		
ancisco Bay	Feb. 2007	996			78,800	74.3	78,800	74.3		
ancisco Bay	Feb. 2007								50,400	
		$ 90,792	**1,085,099**	**82.4%**	**396,642**	**78.2%**	**1,481,741**	**81.3%**	**96,473**	

* Indicates properties in which we hold a leasehold interest.

(1) Represents the square feet at a building under lease as specified in existing customer lease agreements plus management s estimate of space available for lease to customers based on engineers drawings and other factors, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas. Total NRSF at a given facility includes the total operating NRSF and total redevelopment and development NRSF, but excludes our office space at a facility and our corporate headquarters.

(2) Represents the NRSF at an operating facility that is currently leased or readily available for lease as data center space. Both leased and available data center NRSF include a customer s proportionate share of the required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

(3) Represents the NRSF at an operating facility that is currently leased or readily available for lease as space other than data center space, which is typically space offered for office or light-industrial use.

(4) Represents vacant space in our portfolio that requires significant capital investment in order to redevelop or develop into data center facilities. Total redevelopment and development NRSF and total operating NRSF represent the total NRSF at a given facility.

(5) Represents the date a property was acquired by a Carlyle real estate fund or, in the case of a property under lease, the date the initial lease commenced for the property.

(6) Represents the monthly contractual rent under existing customer leases as of June 30, 2010 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and is shown on a gross basis; thus, under a net lease, the current year operating expenses (which may be estimates as of such date) are added to contractual net rent (as of June 30, 2010, operating expense reimbursements added to annualized rent under triple-net leases, where the customers are responsible for their pro rata share of all operating expenses, property taxes and insurance, totaled $4,341,014 on an annualized basis). The addition of operating expenses excludes electricity use attributable to customers. Total abatements for leases in effect as of June 30, 2010 for the 12 months ending June 30, 2011 were $26,303.

(7) Includes customer leases in effect as of June 30, 2010. The percent leased is determined based on leased square feet as a proportion of total operating NRSF.

(8) Represents the NRSF at an operating facility currently leased or readily available for lease. This excludes existing vacant space held for redevelopment or development.

(9) Reflects NRSF for which substantial activities are ongoing to prepare the property for its intended use following redevelopment or development, as applicable. Of the 96,473 NRSF under construction as of June 30, 2010, 85,434 NRSF was data center space and 11,039 NRSF was ancillary data center support space.

(10) We currently have the ability to develop 129,200 NRSF of data center space at the Coronado-Stender Properties and, subject to our obtaining a negative declaration from the City of Santa Clara, we believe that we will be able to develop an additional 216,050 NRSF, or up to 345,250 NRSF in the aggregate, of data center space at this property. See Business and Properties Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

(11) We currently have the ability to develop 50,400 NRSF of data center space at 2972 Stender. We have submitted a request for a negative declaration from the City of Santa Clara to enable us to construct up to an additional 50,600 NRSF at this building, for a total of up to 101,000 NRSF of data center space. We are under construction on the currently entitled 50,400 NRSF of data center space. Should we obtain entitlements to construct the additional 50,600 NRSF and, provided we then believe market demand warrants, we may elect to construct the entire 101,000 NRSF of space, comprised of the initial 50,400 NRSF of data center space plus the incremental 50,600 NRSF of unconditioned core and shell space held for potential future development into data center space. See Business and Properties Description of Our Portfolio Coronado-Stender Business Park, Santa Clara, California.

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Industry Overview

Data centers are highly specialized and secure buildings that house networking, storage and communications technology infrastructure, including servers, storage devices, switches, routers and fiber optic transmission equipment. These buildings are designed to provide the power, cooling and network connectivity necessary to efficiently operate this mission-critical IT equipment. This infrastructure requires an uninterruptible power supply, backup generators, cooling equipment, fire suppression systems and physical security. Data centers located at points where many communications networks converge can also function as interconnection hubs where customers are able to connect to multiple networks and exchange traffic with each other.

According to Tier1 Research, LLC, the global Internet data center market is estimated to grow from $9.2 billion in 2008 to $18.5 billion in 2012, representing a compound annual growth rate of 19%.[(a)] We believe that the data center industry enjoys strong demand dynamics principally driven by the continued growth of Internet traffic, the corresponding increase in processing and storage equipment and the increased need for network interconnection capabilities. Additionally, companies are increasingly outsourcing their data center needs due to the high cost of operating and maintaining in-house data center facilities, increasing power and cooling requirements for data centers and the growing focus on business and disaster recovery planning.

We believe that sufficiently capitalized operators with space and land available for redevelopment and development, as well as a proven track record and reputation for operating high-quality data center facilities, will enjoy a significant competitive advantage and be best-positioned to accommodate market demand.

Our Competitive Strengths

We believe the following key competitive strengths position us to efficiently scale our business, capitalize on the growing demand for data center space and interconnection services, and thereby grow our cash flow.

High Quality Data Center Portfolio. As of June 30, 2010, our property portfolio included 11 operating data center facilities, one data center under construction and one development site. Much of our data center portfolio has been recently constructed. Specifically, since January 1, 2006, we have redeveloped or developed 620,586 NRSF into data center space, or approximately 57.2% of our current data center portfolio. Based upon our portfolio as of June 30, 2010 and including the completion of the 85,434 NRSF of data center space under construction at that time, 60.3% of our data center portfolio will have been built since January 1, 2006.

Expansion Capability. Our data center facilities currently have 190,788 NRSF of space readily available for lease. We also have the ability to expand our operating data center square footage by approximately 80%, or 865,621 NRSF, by redeveloping 419,371 NRSF of vacant space and developing up to 446,250 NRSF of new data center space on land that we currently own, subject to our obtaining a negative declaration from the City of Santa Clara. Of this redevelopment and development space, 85,434 NRSF of data center space was under construction as of June 30, 2010.

Significant Network Density. Many of our data centers are points of dense network interconnection that provide our customers with valuable networking opportunities that help us retain existing customers and attract new ones. We believe that the network connectivity at these data centers provides us with a significant competitive advantage because network-dense facilities offering high levels of connectivity typically take many years to establish. To facilitate access to these networking opportunities, we provide services enabling interconnection among our data center customers including private cross connections and publicly-switched peering services.

Facilities in Key Markets. Our portfolio is concentrated in some of the largest and most important U.S. metropolitan markets. As of June 30, 2010, over 70% of our leased operating NRSF, accounting for over 90% of our annualized rent, was located in five of the six North American markets identified by Tier1 Research, LLC as markets of high data center demand.[a]

Diversified Customer Base. We have a diverse, global base of over 600 customers, which we believe is a reflection of our strong reputation and proven track record, as well as our customers trust in our ability to house their mission-critical applications and vital communications technology. As of June 30, 2010, no one

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customer represented more than 13.8% of our annualized rent and our top ten customers represented 38.9% of our annualized rent. Our diverse customer base spans many industries and includes:

Global Telecommunications Carriers and Internet Service Providers: AT&T Inc., British Telecom (BT Group Plc.), China Netcom Group Corp., China Unicom (Hong Kong) Limited, France Telecom SA, Internap Network Services Corp., Japan Telecom Co., Ltd., Korea Telecom Corporation, Singapore Telecom Ltd., Sprint Nextel Corporation, Tata Communications Ltd., Telmex U.S.A., L.L.C. and Verizon Communications Inc;

Enterprise Companies, Financial and Educational Institutions and Government Agencies: Computer Science Corporation, the Government of the District of Columbia, Macmillan Inc., Microsoft Corporation, The NASDAQ OMX Group, Inc., NYSE Euronext and the University of Southern California; and

Media and Content Providers: Akamai Technologies, Inc., CDNetworks Co. Ltd., DreamWorks Animation SKG, Inc., Facebook, Inc., Google Inc., NBC Universal Inc., Sony Pictures Imageworks Inc. and Warner Brothers Entertainment, Inc.

Experienced Management Team. Our management team has significant experience in the real estate, communications and technology industries. Notably, our Chief Executive Officer has over 22 years of experience in the acquisition, financing and operation of commercial real estate, which includes over 11 years in the data center industry and five years at publicly traded REITs. Additionally, our Chief Financial Officer has approximately 16 years of financial experience, including nearly ten years with a publicly traded REIT. We believe our management team s significant expertise in acquiring, redeveloping, developing and operating efficient data center properties has enabled us to develop a high-quality data center portfolio and offer customer-focused solutions.

Balance Sheet Positioned to Fund Continued Growth. Following completion of this offering, we believe we will be conservatively capitalized with sufficient funds and available capacity to pursue our anticipated redevelopment and development plans. After giving effect to the Restructuring Transactions, the Financing Transactions and the use of proceeds therefrom as described more fully below, as of June 30, 2010, we would have had approximately $124.9 million of total long-term debt equal to approximately 12.7% of the undepreciated book value of our total assets. See The Restructuring Transactions and The Financing Transactions. In addition, we expect to have $ million of cash available on our balance sheet and the ability to borrow up to an additional $ million under a new $100.0 million revolving credit facility, subject to satisfying certain financial tests. We may also incur additional indebtedness to pursue our redevelopment and development plans in amounts limited only by the restrictive covenants under our revolving credit facility and any policy limiting the amount of indebtedness we may incur adopted by our Board of Directors. See Policies with Respect to Certain Activities Financing Policies. We believe this available capital will be sufficient to fund our general corporate needs, including the completion of 85,434 NRSF of data center space under construction as of June 30, 2010 and the redevelopment or development of an additional 99,578 NRSF of space prior to December 31, 2011, of which 82,620 NRSF is planned data center space and 16,958 NRSF is ancillary data center support space.

Business and Growth Strategies

Our business objective is to continue growing our position as a provider of strategically located data center space in North America. The key elements of our strategy are as follows:

Increase Cash Flow of Our In-Place Data Center Space. We actively manage and lease our properties to increase cash flow by:

Increasing Rents. Approximately 90% of our annualized rent as of June 30, 2010 was derived from data center leases. Additionally, the occupancy rate of our data centers has remained strong with over 81% of our data center operating space under lease as of June 30, 2010 and December 31, 2009. We believe that the average rental rate for our in-place data center leases is substantially below market and that our ability to renew these leases at market rates provides us with an opportunity to increase our cash flows. We renewed approximately 75% of our data center leases that expired during the year ended December 31, 2009, while increasing rents under data center leases renewed or newly-leased during the year. The dollar-weighted average rental rate per NRSF of the leases for our data center space renewed or newly-leased during 2009 was approximately 25% greater than that of the data center leases expiring in the same facilities during the year. We also believe that many of our data center leases that are contractually scheduled to expire during 2010 are at rental rates meaningfully below current market rates. Specifically, the dollar-weighted average rental rate per NRSF of data center leases we renewed or newly-leased in 2009 was over 25% greater than that of the data center leases contractually scheduled to expire in the same facilities during 2010. As a result, we believe that the average rental rate for data center leases that we renew in 2010 will be significantly increased; however, we cannot assure you that we will achieve the same or comparable rate increases or renewal levels achieved in 2009.

Leasing up Available Space and Power. We have the ability to increase both our revenue and our revenue per square foot by leasing additional space and power to new and existing data center customers. As of June 30, 2010, substantially all of our data center facilities offered our customers the ability to increase their square footage under lease as well as the amount of power they use per square foot. In total, our existing data center facilities have 190,788 NRSF of space available for lease. We believe this space, together with available power, enables us to generate incremental revenue within our existing data center footprint without necessitating extensive capital expenditures.

Capitalize on Embedded Expansion Opportunities. Our portfolio includes 419,371 NRSF of vacant space that can be redeveloped into data center space. In addition to our redevelopment space, as of June 30, 2010, our portfolio included a 15.75-acre property housing seven buildings in Santa Clara, California, which we refer to as the Coronado-Stender Business Park. The Coronado-Stender Business Park currently includes:

2901 Coronado, a 50,000 NRSF data center on 3.14 acres, representing the first phase of our development at the Coronado-Stender Business Park, which we completed during the second quarter of 2010. During March 2010, we fully leased this space to a leading online social networking company pursuant to a six-year lease;

2972 Stender, a 50,400 NRSF data center under construction on 3.51 acres, which represents the second phase of our development at the Coronado-Stender Business Park. We have submitted a request for a negative declaration from the City of Santa Clara to enable us to construct up to an additional 50,600 NRSF at this building, for a total of up to 101,000 NRSF of data center space. Should we obtain entitlements to construct the additional 50,600 NRSF and, provided we then believe market demand warrants, we may elect to construct the entire 101,000 NRSF of space, comprised of the initial 50,400 NRSF of data center space plus the incremental 50,600 NRSF of unconditioned core and shell space held for potential future development into data center space; and

the Coronado-Stender Properties, a 9.1 acre development site with five buildings consisting of 78,800 NRSF of office and light-industrial operating space and 50,400 NRSF of vacant space in land held for development, portions of which generate revenue under short-term leases. This development site currently provides us with the ability to develop additional data center space in one of the fastest growing and most important data center markets in North America. We currently have the ability to develop 129,200 NRSF of data center space at the Coronado-Stender Properties and, subject to our obtaining a negative declaration from the City of Santa Clara, we believe that we will be able to develop an additional 216,050 NRSF, or up to 345,250 NRSF in the aggregate, of data center space at this property.

Upon completion of the Restructuring Transactions and the Financing Transactions as described more fully below, we believe that we will have sufficient capital to execute our redevelopment and development plans as demand dictates.

Selectively Pursue Acquisition Opportunities in New and Existing Markets. We intend to seek opportunities to acquire existing or potential data center space in key markets with abundant power and/or dense points of interconnection that will expand our customer base and broaden our geographic footprint. We will also continue to implement our hub-and-spoke strategy that we have successfully deployed in our three largest markets, Los Angeles and the San Francisco Bay and Northern Virginia areas. In these markets, we have extended our data center footprint by connecting our newer facilities, the spokes, to our established data centers, our hubs, which allows our customers leasing space at the spokes to leverage the significant interconnection capabilities of our hubs.

Leverage Existing Customer Relationships and Reach New Customers. Our strong customer and industry relationships, combined with our national footprint and sales force, afford us insight into the size, timing and location of customers planned growth. We have historically been successful in leveraging this market visibility to expand our footprint and customer base in existing and new markets. We intend to continue to strengthen our relationship with existing customers, including the pursuit of build-to-suit opportunities, and to expand and diversify our customer base by targeting growing enterprise customers and segments, such as healthcare, financial services, media and entertainment companies, and local, state and federal governments and agencies.

Summary Risk Factors

An investment in our common stock involves significant risks. You should carefully consider the matters discussed in the section Risk Factors beginning on page 18 prior to deciding whether to invest in our common stock. These risks include, but are not limited to, the following:

Our portfolio of properties consists primarily of data centers geographically concentrated in certain markets and any adverse developments in local economic conditions or the demand for data center space in these markets may negatively impact our operating results;

We have experienced significant losses and we cannot assure you that we will achieve profitability;

We face significant competition and may be unable to lease vacant space, renew existing leases or release space as leases expire, which may have a material adverse effect on our business and results of operations;

Our success depends on key personnel whose continued service is not guaranteed and we may not be able to retain or attract knowledgeable, experienced and qualified personnel;

We are continuing to invest in our expansion efforts, but we may not have sufficient customer demand in the future to realize expected returns on these investments;

Any failure of our physical infrastructure or services could lead to significant costs and disruptions that could reduce our revenues, harm our business reputation and have a material adverse effect on our financial results;

Even if we have additional space available for lease at any one of our data centers, our ability to lease this space to existing or new customers could be constrained by our access to sufficient electrical power;

To fund our growth strategy and refinance our indebtedness, we depend on external sources of capital, which may not be available to us on commercially reasonable terms or at all;

Our expenses may not decrease if our revenue decreases;

Illiquidity of real estate investments, particularly our data centers, could significantly impede our ability to respond to adverse changes in the performance of our properties, which could harm our financial condition;

While the Carlyle real estate funds and their affiliates will not control our company following the completion of this offering, they will own a majority of our operating partnership and have the right initially to nominate two directors, and their interests may differ from or conflict with the interests of our stockholders; and

Failure to qualify as a REIT would have material adverse consequences to us and the value of our stock.

The Financing Transactions

Prior to the completion of this offering, we expect to assume and, in one case, refinance certain loans currently held by the entities contributing the 427 S. LaSalle property, 55 S. Market property and 12100 Sunrise

Valley property to our portfolio in connection with the Restructuring Transactions. We expect to obtain lender consent to assume a total of $40.0 million of debt under three loans secured by our 427 S. LaSalle property. These loans on 427 S. LaSalle mature in March 2011. We have one 12-month option to extend each of these loans to March 2012 and there are no performance tests or conditions outside of our control to exercise these extension options. We also expect to obtain lender consent to assume a $32.0 million construction loan on our 12100 Sunrise Valley property due June 2013, of which $24.9 million was outstanding as of June 30, 2010. Concurrently with the completion of this offering, we expect to refinance the existing $73.0 million of debt secured by the 55 S. Market property with a new $60.0 million mortgage, which will have a term of not less than two years. We plan to repay the remaining $13.0 million of the existing loan with the proceeds from this offering. Additionally, concurrently with the completion of this offering, we will enter into a new $100.0 million revolving credit facility. We refer to these transactions, together with this offering, as the Financing Transactions. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

The Restructuring Transactions

Immediately prior to the completion of the initial public offering of our common stock, we will enter into a series of transactions with the Carlyle real estate funds or their affiliates to create our new organizational structure. In connection with this restructuring, all of the property and non-cash assets that will be used in the operation of our company s business will be contributed to our operating partnership. While all of these properties and assets have been operated under common management and the CoreSite brand, they have been owned by different entities affiliated with the Carlyle real estate funds since they were initially acquired or developed by the Carlyle real estate funds or their affiliates. Prior to the Restructuring Transactions, each of the properties or leasehold interests that will comprise our portfolio, as well as the other assets used by us to manage the portfolio, were held in separate partnerships or limited liability companies each of which was formed by one or more of the Carlyle real estate funds or their affiliates for the purpose of acquiring, holding and operating these properties or assets. These partnerships or limited liability companies were held by the applicable real estate fund through one or more holding companies the sole purpose of which was to hold such interest or to obtain related financing. In order to simplify the organizational structure of our company following our initial public offering, certain of the holding companies will be liquidated or merged prior to the contribution in connection with the Restructuring Transactions. Although our portfolio has been owned by various Carlyle real estate funds or their affiliates, all of our data centers have been managed by our management team.

In the Restructuring Transactions, and prior to the completion of the offering, the Carlyle real estate funds or their affiliates will contribute 100% of their ownership interests in the entities that, directly or indirectly, own or lease all of the properties that comprise our portfolio and all the other non-cash assets used in our business. The aggregate undepreciated book value plus construction in progress of the contributed properties was $542.8 million as of December 31, 2009. In exchange for this contribution, our operating partnership will issue to the Carlyle real estate funds or their affiliates operating partnership units in the aggregate having a total value of $ million, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). Of these operating partnership units, approximately %, or $ million in value, will be issued to our Predecessor and %, or $ million in value, will be issued to the entities contributing our Acquired Properties, in each case, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions).

Concurrently with the completion of this offering, we will use a portion of the cash proceeds to purchase from the Carlyle real estate funds and their affiliates operating partnership units in the aggregate, at a price per unit equal to the initial public offering price per share for our common stock (less underwriting discounts and commissions) for an aggregate purchase price of $, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). Our Predecessor will sell operating partnership units to us for an aggregate purchase price of $, and the entities that contributed our Acquired Properties will sell operating partnership units to us for an aggregate purchase price of $, in each case, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). We will also purchase an additional newly-issued operating partnership units from our operating partnership for $, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions). Following our purchase of the units from the Carlyle real estate funds and their affiliates and the newly-issued operating partnership units from our operating partnership, we will own % of the operating partnership units then outstanding.

Upon completion of this offering, the Carlyle real estate funds and their affiliates will have received aggregate consideration with a value of $ million, consisting of $ million in cash and $ million in operating partnership units. Following our purchase of these units, the Carlyle real estate funds or their affiliates will have an aggregate beneficial ownership interest in our operating partnership of approximately %, which, if exchanged for our common stock, would represent an approximately % interest in our common stock, with % being held by our Predecessor and % being held by the entities contributing our Acquired Properties. In the event that the underwriters of the offering exercise their over-allotment option in full, we will purchase from the Carlyle real estate funds or their affiliates an aggregate of of these operating partnership units for an aggregate purchase price of $, based upon the midpoint of the range set forth on the cover of this prospectus (less underwriting discounts and commissions), and we will purchase from our operating partnership an additional newly-issued operating partnership units for $, at the same price per unit. Following such purchases, we and the Carlyle real estate funds and their affiliates would own % and % of the operating partnership units then outstanding, respectively.

Additionally, concurrently with the completion of this offering, we will issue shares to certain members of our management and our operating partnership will issue operating partnership units to certain other members of our management, in each case, in exchange for previously issued profits interests under our profits interest incentive program, or PIP. All previously issued profits interest awards under the PIP will be exchanged for operating partnership units or shares of our common stock in connection with the completion of the Restructuring Transactions and our initial public offering. Following the completion of our initial public offering, all future equity incentive awards will be granted under our 2010 Equity Incentive Plan. See Management Executive Officer Compensation Compensation Discussion and Analysis Elements of 2009 Compensation.

As a result of the Restructuring Transactions, after the completion of this offering, substantially all of our assets will be held by, and our operations conducted through, CoreSite, L.P. and its subsidiaries. We intend to elect to be taxed and to operate in a manner that will allow us to qualify as a REIT for federal income tax purposes beginning with our tax year ending December 31, 2010. Substantially all of our interconnection services will be provided by CoreSite Services, Inc., our taxable REIT subsidiary, a wholly owned subsidiary of our operating partnership. We will control CoreSite, L.P. as general partner and as the owner of approximately % of the interests in our operating partnership. Our primary asset will be our general and limited partner interests in our operating partnership.

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Our Structure

The following diagram summarizes our ownership structure upon completion of this offering and the completion of the Restructuring Transactions (assuming no exercise by the underwriters of their over-allotment option). Our operating partnership will indirectly own 100% of the various properties depicted below.

(1) Reflects the issuance of shares of our common stock to certain members of management (but not our Chief Executive Officer, Thomas M. Ray) concurrently with the completion of this offering and in exchange for previously granted awards under our profits interest incentive plan. Also reflects awards of shares of restricted stock under our 2010 Equity Incentive Plan to members of management in connection with the completion of this offering, based on an initial public offering price of $ per share, the midpoint of the range set forth on the cover of this prospectus.

(2) Reflects the purchase by us of operating partnership units from our operating partnership and operating partnership units from the Carlyle real estate funds and their affiliates concurrently with the completion of this offering and the Restructuring Transactions.

(3) Reflects operating partnership units acquired by the Carlyle real estate funds and their affiliates in consideration of the contributions by such entities to our operating partnership in the Restructuring Transactions after giving effect to our purchase of of such operating partnership units as described in note (2) concurrently with the completion of this offering.

(4) Reflects operating partnership units issued to certain members of management (but not our Chief Executive Officer, Thomas M. Ray) in exchange for previously granted awards under our profits interest incentive plan concurrently with the completion of this offering.

Material Benefits to Related Parties

Upon completion of this offering and the Restructuring Transactions, the Carlyle real estate funds or their affiliates, our executive officers and members of our Board of Directors will receive material financial and other benefits, as described below. For a more detailed discussion of these benefits see Management and Certain Relationships and Related Party Transactions.

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Partnership Agreement

Concurrently with the completion of this offering, we will enter into a partnership agreement with the various limited partners of our operating partnership, of which we will be the general partner. Upon completion of this offering and the Restructuring Transactions, the Carlyle real estate funds or their affiliates, will have an aggregate beneficial ownership interest in our operating partnership of approximately % which, if exchanged for our common stock, would represent an approximate % interest in our common stock. The operating partnership agreement will initially grant the Carlyle real estate funds or their affiliates that are contributing properties to our operating partnership the right to nominate two of the seven directors to our Board of Directors. Pursuant to the operating partnership agreement, the Carlyle real estate funds or their affiliates will only be entitled to nominate one director once the number of shares of common stock held by them collectively (assuming all operating partnership units are exchanged into common stock) falls below 50% and shall have no right to nominate directors below a 10% ownership threshold. See Description of the Partnership Agreement of CoreSite, L.P.

Employment Agreement with Thomas M. Ray

Prior to or concurrently with the completion of this offering, Thomas M. Ray, currently a managing director of The Carlyle Group and a member of our Board of Directors, will resign from his position at Carlyle and will enter into an employment agreement with us to serve exclusively as our President and Chief Executive Officer. Mr. Ray s compensation and the salary of his executive assistant have historically been paid by an affiliate of The Carlyle Group. However, we paid an affiliate of The Carlyle Group $575,000 as partial reimbursement for related services rendered to us by Mr. Ray and his executive assistant during the year ended December 31, 2009 and have paid $287,500 as partial reimbursement for such services during the six months ended June 30, 2010.

Director Compensation

Upon completion of the offering, each of our directors, other than Thomas M. Ray and those directors nominated by the Carlyle real estate funds or their affiliates, will receive, as compensation for their services, shares of common stock and other cash compensation as set forth in Management Compensation of Directors.

Registration Rights

The Carlyle real estate funds or their affiliates will receive registration rights with respect to shares of our common stock that may be issued to them upon the redemption of operating partnership units. See Shares Eligible for Future Sale Registration Rights Agreement.

Indemnification Agreements

Effective upon completion of this offering, we will enter into an indemnification agreement with each of our executive officers and directors as described in Management Limitation of Liability and Indemnification.

Tax Protection Agreements

We have agreed with each of the Carlyle real estate funds or their affiliates, which have directly or indirectly contributed their interests in the properties in our portfolio to our operating partnership, that if we directly or indirectly sell, convey, transfer or otherwise dispose of all or any portion of these interests in a taxable transaction, we will make an interest-free loan to the contributors in an amount equal to the contributor s tax liabilities, based on an assumed tax rate. Any such loan would be repayable out of the after- tax proceeds (based on an assumed tax rate) of any distribution from the operating partnership to, or any sale of operating partnership units (or common stock issued by us in exchange for such units) by, the recipient of such loan, and would be non-recourse to the borrower other than with respect to such proceeds. These tax protection provisions apply for a period expiring on the earlier of (i) the seventh anniversary of the completion of this offering and (ii) the date on which these contributors (or certain transferees) dispose in certain taxable transactions of 90% of the operating partnership units that were issued to them in connection with the contribution of these properties. See Certain Relationships and Related Party Transactions Tax Protection Agreement.

Letters of Credit

Affiliates of The Carlyle Group caused $20.1 million of letters of credit to be issued under certain of their credit facilities to guarantee payments under mortgages, lease commitments, payments to vendors and construction redevelopment at certain properties in our portfolio. At the completion of the Financing Transactions, these letters of credit will be cancelled.

Distribution Policy and Payment of Distributions

We intend to pay regular quarterly dividends to our stockholders, beginning with a dividend for the period commencing on the completion of this offering and ending on , .

To obtain the favorable tax treatment associated with our qualification as a REIT, commencing with our taxable year ending on December 31, 2010, we will be required to distribute to our stockholders at least 90% of our net taxable income (excluding net capital gains) each year. To the extent that we distribute at least 90% but less than 100% of our net taxable income, we will be subject to tax at ordinary corporate tax rates on the retained portion. As such, commencing with our taxable year ending on December 31, 2010, we intend to distribute to our stockholders each year all or substantially all of our REIT net taxable income. We will not have any substantial REIT net taxable income prior to the closing of this offering. The actual amount, timing and frequency of distributions will be determined by our Board of Directors based upon a variety of factors deemed relevant by our directors, including our results of operations and our debt service obligations. See Dividend Policy.

Restrictions on Transfer

Under the partnership agreement of our operating partnership, holders of operating partnership units will not have the right to tender their units for redemption prior to the first anniversary of the completion of this offering. In addition, subject to certain exceptions, we, our operating partnership and our officers and directors have agreed that for a period of 180 days from the date of this prospectus, and the Carlyle real estate funds or their affiliates that are contributing properties to our operating partnership have agreed for a period of 365 days from the date of this prospectus, that we and they will not, without the prior written consent of the joint book-running managers in this offering, sell, transfer, dispose of, or enter into any transaction that is designed to transfer the economic ownership of, any shares of our common stock, operating partnership units or any other securities that are convertible into or exchangeable for our common stock. See Underwriting.

Conflicts of Interest

Following completion of this offering, there will be conflicts of interest with respect to certain transactions between the holders of operating partnership units and our stockholders. In particular, the consummation of certain business combinations, the sale of any properties or a reduction of indebtedness may have different tax consequences to holders of operating partnership units as compared to holders of our common stock, which could make those transactions more or less desirable to the holders of such units. For more information regarding these conflicts of interests, see Certain Relationships and Related Party Transactions and Policies with Respect to Certain Activities.

Restrictions on Ownership of our Stock

Due to limitations on the concentration of ownership of REIT stock imposed by the Internal Revenue Code of 1986, as amended, or the Code, our charter generally prohibits any person or entity (other than a person who or entity that has been granted an exception as described below) from actually or constructively owning more than 9.8% (by value or by number of shares, whichever is more restrictive) of our common stock or more than 9.8% (by value) of our capital stock. We refer to these restrictions as the ownership limits. Our charter permits our Board of Directors to make certain exceptions to these ownership limits, unless it would cause us to fail to qualify as a REIT. We expect that our Board of Directors will grant some or all of the Carlyle real estate funds or their affiliates exceptions from the ownership limits applicable to other holders of our common stock.

Corporate Information

We formed CoreSite Realty Corporation as a Maryland corporation on February 17, 2010, with perpetual existence. We elected to be treated as an S corporation for federal income tax purposes effective as of the date of our incorporation. We will terminate our S corporate status shortly before completion of this offering (ending the S corporation tax year) and intend to qualify as a REIT for federal income tax purposes commencing with our taxable year ending on December 31, 2010. Our corporate offices are located at 1050 17th Street, Suite 800, Denver, CO 80265. Our telephone number is (866) 777-2673. Our website is www.coresite.com. The information contained on, or accessible through, our website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

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THE OFFERING

Common stock offered by us	shares
Common stock to be outstanding after the offering	shares(x)
Common stock and operating partnership units to be outstanding after the offering	shares and operating partnership units(x)(y)
Option to purchase additional shares	We have granted the underwriters an option exercisable for 30 days after the date of this prospectus to purchase, from time to time, in whole or in part, up to additional shares of our common stock from us at the public offering price less underwriting discounts and commissions to cover over-allotments.
Use of proceeds	Based on an assumed initial public offering price of $ per share, which is the midpoint of the range set forth on the cover of this prospectus, we estimate that we will receive net proceeds from this offering of approximately $ million after deducting underwriting discounts and commissions and offering expenses payable by us. We estimate that we will receive aggregate net proceeds from this offering of $ million. We intend to use the proceeds from the offering (i) to repay approximately $ million of indebtedness, including related fees and expenses; (ii) to purchase operating partnership units from our operating partnership; (iii) to purchase operating partnership units from the Carlyle real estate funds or their affiliates that are contributing properties to our operating partnership and (iv) for related transaction expenses. Our operating partnership intends to use the cash received from our purchase of its operating partnership units to redevelop and develop additional data center space and for general corporate purposes. See Use of Proceeds.
Distribution policy	To obtain the favorable tax treatment associated with our qualification as a REIT, commencing with our taxable year ending on December 31, 2010, we will be required to distribute to our stockholders at least 90% of our net taxable income (excluding capital gains) each year. To the extent that we distribute at least 90% but less than 100% of our net taxable income, we will be subject to tax at ordinary corporate tax rates on the retained portion. As such, commencing with our taxable year ending on December 31, 2010, we intend to generally distribute to our stockholders each year on a regular quarterly basis all or substantially all of our REIT net taxable income. Any payment of cash dividends on our common stock in the future will be at the discretion of our Board of Directors and will depend upon our results of operations, economic conditions and other factors deemed relevant by our Board of Directors. See Dividend Policy.
Proposed New York Stock Exchange symbol	We intend to apply to list our common stock on the New York Stock Exchange, or NYSE, under the symbol COR.

Risk factors	Investing in our common stock involves certain risks. See the risk factors described under the heading Risk Factors beginning on page 18 of this prospectus and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

(x) Includes shares of common stock to be issued by us in connection with the Restructuring Transactions in exchange for profits interests previously issued under our profits interest incentive program and shares of restricted stock to be issued to members of management under our 2010 Equity Incentive Plan in connection with this offering, based on an initial public offering price per share of $, the midpoint of the range set forth on the cover of this prospectus, and excludes (a) up to shares issuable upon exercise of the underwriters over-allotment option, (b) shares issuable upon conversion of outstanding operating partnership units issued to the Carlyle real estate funds and their affiliates in connection with the Restructuring Transactions, (c) operating partnership units to be issued by us to members of management under our profits interest incentive program in connection with the Restructuring Transactions and (d) shares available for future issuance under our 2010 Equity Incentive Plan.

(y) Includes operating partnership units acquired by the Carlyle real estate funds and their affiliates in consideration of the contributions by such entities to our operating partnership in the Restructuring Transactions after giving effect to our purchase of a portion of such operating partnership units and operating partnership units issued to members of management concurrently with the completion of this offering in exchange for previously granted awards under our profits interest incentive plan, and excludes (a) operating partnership units that we will purchase from the Carlyle real estate funds and their affiliates concurrently with the completion of this offering and the Restructuring Transactions and (b) operating partnership units that we will purchase from our operating partnership.

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SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The following table sets forth summary selected financial data on a historical basis for our accounting predecessor, or our Predecessor. Our Predecessor is comprised of the real estate activities of four of our operating properties, 1656 McCarthy, 32 Avenue of the Americas, 12100 Sunrise Valley and 70 Innerbelt, as well as the Coronado-Stender Business Park, all wholly owned by CRP Fund V Holdings, LLC. As part of our Restructuring Transactions, we will acquire other data center properties and buildings housing office and other space under common management, which we refer to in this prospectus as our Acquired Properties. Our Acquired Properties include our continuing real estate operations at 55 S. Market, One Wilshire, 1275 K Street, 900 N. Alameda, 427 S. LaSalle and 2115 NW 22nd Street, as well as 1050 17th Street, a property we lease for our corporate headquarters, which does not generate operating revenue. For accounting purposes, our Predecessor is considered to be the acquiring entity in the Restructuring Transactions and, accordingly, the acquisition of our Acquired Properties will be recorded at fair value. For more information regarding the Restructuring Transactions, please see Structure and Formation of Our Company.

The summary historical financial information as of December 31, 2009 and 2008 and for each of the years ended December 31, 2009, 2008 and 2007 has been derived from our Predecessor s audited financial statements included elsewhere in this prospectus. The summary historical financial data as of June 30, 2010 and for each of the six months ended June 30, 2010 and 2009 has been derived from our Predecessor s unaudited financial statements included elsewhere in this prospectus. In the opinion of the management of our company, the unaudited interim financial information included herein includes any adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth herein.

The unaudited pro forma condensed consolidated financial data for the year ended December 31, 2009 and the six months ended June 30, 2010 are presented as if the Restructuring Transactions and Financing Transactions had all occurred on June 30, 2010 for the pro forma condensed consolidated balance sheet data and as of January 1, 2009 for the pro forma condensed consolidated statement of operations data. Our pro forma condensed consolidated financial information is not necessarily indicative of what our actual financial position and results of operations would have been as of the date and for the periods indicated, nor does it purport to represent our future financial position or results of operations.

You should read the following summary selected financial data in conjunction with our pro forma financial statements, our Predecessor s historical consolidated financial statements and the related notes thereto, and our Acquired Properties historical combined financial statements and the related notes thereto, along with Management s Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this prospectus.

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	Six Months Ended June 30,			Year Ended December 31,			
	Pro Forma Consolidated	Historical Predecessor		Pro Forma Consolidated	Historical Predecessor		
	2010	2010	2009	2009	2009	2008	2007
	(In thousands, except per share data)			(In thousands, except per share data)			
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)			
Statement of Operations Data							
Operating revenues	$ 66,567	$ 21,419	$ 12,362	$ 114,011	$ 28,831	$ 15,581	$ 10,349
Operating expenses:							
Property operating and maintenance	20,742	8,465	6,586	37,466	13,954	11,258	4,451
Management fees to related party		2,295	914		2,244	1,523	363
Real estate taxes and insurance	2,836	812	903	5,730	1,787	2,125	1,015
Depreciation and amortization	18,661	6,948	5,279	41,330	11,193	7,966	3,528
Sales and marketing	1,178	59	63	2,650	135	170	60
General and administrative	13,708	501	633	22,042	1,401	1,325	267
Rent expense	9,411	1,389	1,438	19,206	2,816	2,624	509
Total operating expenses	66,536	20,469	15,816	128,424	33,530	26,991	10,193
Operating income (loss)	31	950	(3,454)	(14,413)	(4,699)	(11,410)	156
Other income and expense							
Interest income	4		2	79	3	17	38
Interest expense	(3,841)	(911)	(1,178)	(7,460)	(2,343)	(2,495)	(2,123)
Gain on sale of real estate							4,500
Net income (loss)	(3,806)	39	(4,630)	(21,794)	(7,039)	(13,888)	2,571
Net loss attributable to redeemable noncontrolling interests in operating partnership	(2,550)			(14,602)			
Net income (loss) attributable to controlling interests	$ (1,256)	$ 39	$ (4,630)	$ (7,192)	$ (7,039)	$ (13,888)	$ 2,571

Pro forma (earning/loss) per share basic and diluted	$	$
Pro forma weighted average common shares - basic and diluted		

	As of June 30,		
	Pro Forma Consolidated	Historical Predecessor	As of December 31, Historical Predecessor