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Verizon offloads towers to American Tower for \$5B

February 5, 2015 | By [Sue Marek](#)

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Verizon Wireless (NYSE: VZ) agreed to lease the rights to 11,324 of its communications towers and sell 165 additional towers to American Tower for \$5.056 billion in cash. The deal comes as no surprise as Verizon has said for months that it would be open to selling its tower assets. The sale of Verizon's towers will help fund the company's recent \$10.4 billion purchase of AWS-3 spectrum licenses during the FCC's auction.

Verizon's deal with American Tower, which is expected to close in the first half of the year, calls for American Tower to have exclusive right to lease and operate Verizon's towers for 28 years. In addition, American Tower will have the right to acquire the towers at the end of the lease term. American Tower estimates that the towers will generate about \$410 million in rental revenue and around \$235 million in gross margin.

Verizon, meanwhile, will sublease the tower space for a minimum of 10 years at a monthly rate of \$1,900 per site and fixed annual rent escalators of 2 percent. Verizon will also have access to additional space on the towers for future use.



[Webinar] Resolving Common Sources of Interference in LTE Networks

DATE: TUESDAY, FEBRUARY 17TH | 2PM ET / 11AM PT

This webinar focuses on the most common sources of interference found in LTE networks throughout the United States, using real-world examples from actual issues encountered and resolved in the field. In addition, the impact of interference on more recent LTE enhancements such as VoLTE, carrier aggregation, and in-building/DAS systems will be discussed. [Register Now!](#)

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American Tower said that by acquiring access to Verizon's towers it expects to get incremental leasing revenue from additional tenants and enable faster broadband growth throughout the U.S. The Verizon towers are in all 50 states. With the addition of Verizon's towers, American Tower's portfolio now tops more than 40,000 tower sites in the U.S.

American Tower execs praised Verizon's tower portfolio, noting that more than half of the towers have no competitive sites within a mile. In addition, most of the sites have extra capacity necessary for an additional tenant.

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Network Selection Intelligence - For When Best Effort Isn't Good Enough.

Verizon's towers aren't the only thing the company has offloaded. The company also has sold some of its wireline assets to Frontier Communications as part of a \$10 billion deal with that company. [Click here](#) for that story.

In a research note, New Street Research said that Verizon's selling of these non-strategic assets was sensible. However, the firm believes that Verizon could be at a disadvantage in wireless for the first time ever because it has less capacity than its competitors in a market where New Street believes capacity utilization is rising rapidly.

Nevertheless, Verizon isn't the only operator to offload its tower assets. Several wireless operators have sold their tower portfolios in recent years. In 2013, AT&T (NYSE:T) agreed to sell and lease 9,700 of its cell towers to Crown Castle in a \$4.85 billion deal.

For more:

- see this [FierceTelecom](#) article

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Article updated Feb. 6 with additional commentary.

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Filed Under [American Tower](#), [AWS-3](#), [Verizon](#)

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llewellynh • a day ago

Haven't we been paying via special charges on the bottom of our bills for much of this? Can we now look forward to getting our share of this sale back via a credit?

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red_dog007 • 2 days ago

What is the advantage of selling off your towers?

Is it more of an initial investment? Throw the tower up, get it how you like it and then sell it so you don't have to manage it?

I do like this however.

"American Tower execs praised Verizon's tower portfolio, noting that more than half of the towers have no competitive sites within a mile. In addition, most of the sites have extra capacity necessary for an additional tenant."

Sounds like with VZW no longer owning those towers, it can be better competition to those who want to add their equipment to it.

^ | v • Reply • Share



Joshua Burke • 2 days ago

The tower wars are essentially over. It's a game of lease agreements at this point.

Mobile operators are now looking towards Wi-Fi to help to meet consumers' insatiable demand for data with lower cost networks. However ensuring customer quality of experience on Wi-Fi and developing strategies to best monetize Wi-Fi has proven challenging for many operators. [Learn more!](#)

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