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PRESENTATION

Operator

Good day, and welcome to the Crown Castle Q4 2018 Earnings Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Mr. Ben Lowe. Please go ahead, sir.

Benjamin Raymond Lowe ***Crown Castle International Corp. (REIT) - VP of Corporate Finance***

Great. Thank you, Brian, and good morning, everyone. Thank you for joining us today as we discuss our fourth quarter 2018 results. With me on the call this morning are Jay Brown, Crown Castle's Chief Executive Officer; and Dan Schlanger, Crown Castle's Chief Financial Officer.

To aid the discussion, we have posted supplemental materials in the Investors section of our website at crowncastle.com, which we'll refer to throughout the call this morning. This conference call will contain forward-looking statements which are subject to certain risks, uncertainties and assumptions, and any actual results may vary materially from those expected.

Information about potential factors which could affect our results is available in the press release and the Risk Factors sections of the company's SEC filings. Our statements are made as of today, January 24, 2019, and we assume no obligation to update any forward-looking statements.

In addition, today's call includes discussions of certain non-GAAP financial measures. Tables reconciling these non-GAAP financial measures are available in the supplemental information package in the Investors section of the company's website at crowncastle.com.

So with that, let me turn the call over to Jay.

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Thanks, Dan, and good morning, everyone. Thanks for joining us on the call. As you saw from our results, we capped off another year of growth with solid fourth quarter results. As I look forward, I'm optimistic the positive trends we see in the market will drive demand for our communications infrastructure assets. And I believe Crown Castle is well positioned to take advantage of those trends and deliver growth and returns for shareholders for years to come.

Through disciplined capital allocation and execution, we have established an unmatched portfolio of more than 40,000 towers and 65,000 route miles of high capacity fiber in the top U.S. markets where we see the greatest long-term growth and opportunity.

On this call, there are 3 important themes I want to discuss. First, 2018 was a successful year for Crown Castle. Secondly, our strategy of offering towers, small cells and fiber solutions is delivering the results we expected. And third, I'm excited about the long runway of growth as 4G investment remains robust and the deployment of 5G infrastructure is just getting started.

On the first point, we delivered 10% growth in dividends per share in 2018, supported by cash flow growth across both our tower and fiber assets. Tower leasing increased in the back half of the year as all of our major customers were actively investing in the network by deploying new cell sites and additional spectrum. Further highlighting the strong demand for our infrastructure, we deployed a record number of small cells during 2018.

In addition to the great operational performance in small cells, we added significantly more small cell nodes to our backlog than we installed in 2018, meaning we have a larger contracted pipeline of small cells to build today than we did at this time last year.

Importantly, our team delivered these results while integrating our recent fiber acquisition. With the integration work substantially complete, I'm excited as I look ahead and see the potential growth opportunity as we focus on adding both small cell and fiber solutions customers to our 65,000 route miles of dense, high-capacity fiber.

This brings me to my second point. Our unique strategy of offering towers, small cells and fiber solutions, which are all critical components of communication networks that can be shared across multiple customers is delivering the results we expected. With the volume of data delivered by both wireless and wired networks growing rapidly, our customers are leasing access to our tower and fiber assets to increase the capacity of their networks and keep pace with that growth. Because we have the ability to share our assets across multiple customers, we can provide our customers with cost-effective assets to the critical infrastructure they need while generating significant value for our shareholders over time as we lease our assets and drive cash flow growth.

Steady performance and consistent execution over the last 2 decades has proven that providing shared infrastructure assets in the U.S. is a great business. Over that time frame, we've invested approximately $23 billion in tower assets and continue to create tremendous value for our shareholders as we grow the cash flows and returns on those investments by adding tenants. Since 2001, we've increased site rental revenues in our tower business at a compound annual growth rate of approximately 14%, scaling the business from approximately $350 million in annual revenue in 2001 to more than $3 billion in 2018.

In recent years, we've expanded our infrastructure offering beyond towers by investing approximately $13 billion to establish fiber footprints in prime locations across the top U.S. markets where we see the greatest long-term demand. Our fiber investments are already yielding 8% and have significant available capacity to add new small cells and fiber solutions.

As you can see in our 2019 outlook, we are seeing increasing levels of demand for our fiber assets. Following a record year in 2018 in terms of the number of small cells we deployed, we expect to nearly double our production this year by deploying 10,000 to 15,000 nodes. In addition, we have approximately 20,000 additional nodes in the pipeline that we expect to deploy in 2020 and beyond. Since it typically takes about 18 to 24 months for contracted nodes to be put on air and start generating revenue, we have a line of sight into meaningful small cell revenue growth beyond 2019.

With respect to towers, we expect the higher new leasing activity we saw in the back half of 2018 to continue, resulting in a meaningful acceleration in tower new leasing in 2019 as compared to 2018. With higher levels of new leasing activity across towers and small cells and steady growth from our fiber solutions business, I'm excited about our opportunity to continue to translate revenue growth into anticipated long-term growth in dividends per share of 7% to 8% per year, which brings me to my third and final point.

I see a long runway of growth in front of Crown Castle as our customers continue to invest heavily in their 4G network to keep pace with data demand growth from existing technologies, while the deployment of 5G is just getting started.

According to the latest estimates from Cisco, mobile data traffic in the U.S. is expected to grow fivefold from 2017 through 2022. To put that growth into perspective, that means mobile data traffic in 2022 is expected to be equal to 12x the volume of all Internet traffic in the

U.S. in 2005. While the sheer scale of the expected growth is staggering and should drive significant demand for our infrastructure assets, I get even more excited when I consider how early we are in the digital transformation of the U.S. economy and the critical role mobile infrastructure will play. I think we're just scratching the surface when you consider mobile traffic is expected to account for just 6% of total IT traffic in the U.S. in 2022, up from 3% a couple of years ago.

While we continue to underwrite our investments based on existing applications and existing technologies, we believe the network infrastructure needed to support the next-generation services will dramatically increase the demand for our tower and fiber assets. The journey from first generation mobile technology through 4G has changed the way we as consumers live and work.

What I find really intriguing about 5G and some of the emerging technologies is that they have the potential to fundamentally alter the role of wireless networks, going from connecting over 300 million people in the U.S. to potentially connecting billions of devices in the future.

Some of those emerging technologies include autonomous cars augmented to virtual reality and industrial applications that require networks to provide availability anywhere at any time and on any device. To meet those requirements at the speeds and latency that will be necessary, industry estimates predict that carriers will need to achieve a tenfold increase in network performance as measured by latency, reliability and speed.

From an infrastructure perspective, that will require the deployment of additional spectrum across more cell sites, both on towers and on small cells for decades to come. And we believe Crown Castle is in a great position at the center of these megatrends with our unmatched portfolio of towers and high-capacity metro fiber assets. Given these long-term opportunities, we are investing in assets we believe will attract and generate long-term returns for shareholders while paying a high quality dividend that we expect to be able to grow somewhere between 7% and 8% on an annual basis.

And with that, I'll turn the call over to Dan.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Thanks, Jay, and good morning, everyone. As Jay mentioned, we closed 2018 with solid fourth quarter results, completing another very successful year for Crown Castle on several fronts. We increased dividends per share by 10%, consistent with our growth in AFFO per share and our commitment to return capital to shareholders. We substantially completed the integration of our recent fiber acquisitions and made significant investments in new fiber assets across the top markets where we see the greatest demand for small cells and fiber solutions. And we made those investments while improving our overall financial flexibility by proactively refinancing upcoming maturities and increasing the average maturity of our debt.

Turning first to the fourth quarter 2018 results on Slide 4. I want to walk through a few items that should be considered when comparing the results to our prior outlook. First, site rental revenues exceeded the midpoint of the prior range by approximately $15 million including $10 million of additional straight-line revenues, primarily resulting from the term extensions associated with leasing activity. In addition, there are approximately $10 million of higher costs associated with the combination of additional incentive accruals for 2018 and the expenses associated with certain natural disasters that occurred during the quarter. Results were also impacted by approximately $5 million of lower services contribution that is timing related. So we now expect that contribution in 2019. And finally, AFFO benefited by approximately $10 million from lower sustaining capital expenditures in the quarter, a portion of which are expected to now occur in 2019. Adjusting for the total impact of these items, results were within the ranges provided in our prior outlook for site rental revenues, adjusted EBITDA and AFFO.

For the full year 2018, site rental revenues increased approximately 29% or $1.05 billion including approximately 5.6% growth in organic contribution to site rental revenues.

Moving on to investment activities during the year. We deployed approximately $1.7 billion in capital expenditures including $1.6 billion of revenue-generating capital expenditures comprised of $1.2 billion in fiber and approximately $350 million for towers. For the full year 2019, we expect gross CapEx of approximately $2 billion or approximately $1.5 billion net of prepaid rent.

Based on our expected cash flow growth and the incremental leverage capacity that growth will create, we believe we can finance this level of spending without issuing equity. Supporting this belief, we ended 2018 at just over 5x debt-to-EBITDA, consistent with our intent to finance the business with approximately 5x of leverage as we remain committed to maintaining our investment grade credit profile.

Additionally, with more than $3 billion of available capacity on our revolver and no maturities until 2021, we're comfortable with our debt balance sheet flexibility.

Turning now to Slide 5 of the presentation. At the midpoint, we increased our full year 2019 outlook for site rental revenues and adjusted EBITDA by approximately $40 million due to higher straight-lined revenues, primarily resulting from the term extensions associated with leasing activity that I mentioned earlier. As you can see, AFFO guidance remains unchanged at approximately $5.85 per share as the higher straight-lined revenue does not contribute to AFFO.

Turning to Slide 6. We now expect between $223 million and $268 million of growth in site rental revenues in 2019. As you can see in the chart on the slide, when compared to the prior outlook, the only change relates to the impact of the higher straight-lined revenues I just discussed.

Our expectations for growth in organic contribution to site rental revenues remain unchanged at approximately 6%, up from 5.6% in 2018. We continue to expect higher 2019 new leasing activity for both towers and small cells with consistent levels of growth from fiber solutions.

To wrap up, 2018 was another very successful year for Crown Castle, and we're excited about the anticipated growth in our business in 2019. Currently, we are seeing the benefits from the investments our customers are making in wireless networks to keep pace with increasing data demand, which allows us to provide near-term returns through a high-quality dividend that we expect to grow 7% to 8% annually. At the same time, we are making significant investments in our small cell and fiber business that we believe will position Crown Castle to take advantage of the long-term growth trends Jay discussed earlier. Because we are still early in the growth cycle for small cells, we believe our investments will provide significant long-term upside as we add tenants to those new assets. It is this combination of near-term returns and expected long-term upside that I think makes Crown Castle such an attractive investment.

And with that, Brian, I'd like to open the call to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We'll now take our first question from Simon Flannery from Morgan Stanley.

Simon William Flannery ***Morgan Stanley, Research Division - MD***

Coming back down to your comments around the balance sheet, could you just talk a little bit more about the use of leverage versus equity? So what are you comfortable with in terms of taking the leverage from where it is today? What's that upper end of that range? And then is this something that you might amend if, say, you were looking at some M&A? Maybe if you could just comment more broadly on any M&A opportunities that you might be considering.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Sure. Thanks, Simon. As we've discussed a lot in the past, what we look at is we want to maintain an investment grade credit profile, which we believe means we need to stay at 5x debt-to-EBITDA which is our target leverage. We've been right around there. We ended the year right around there, right at 5x or just north of it. And so when we look out and see what our expected capital spend is over the course of 2019 and the incremental EBITDA that we believe we will generate and the leverage capacity it will create, we think that we're going to be able to use that leverage capacity and our internally generated cash flow to pay for the capital expenditures and maintain around 5x debt-to-EBITDA. So that's why we think that we're in a position where we don't need equity -- from what we can tell right now, we don't need equity for 2019 based on what we see the capital spend profile to be. To your point, though, if we do see some M&A activity out and think that's something that's attractive for us, that would be external to what we just talked about. That would be funded in a way that would be consistent with maintaining our investment grade rating and 5x leverage and would likely include equity because I think we're going to buy -- whatever company or assets we would buy, it would be for more than 5x. So it would include some equity at that point. But when we're talking about our capital program for '19, we feel pretty good about our ability to finance it.

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Simon, more broadly, on the M&A front, we've talked about this, I think the last several quarters on the call. We really don't see opportunities in the market of large scale that are going to fit our strategy, our focus around owning metro fiber that's dense with high capacity and believe the more likely approach for us is going to be to invest via building ourselves, organic build. There may be some tuck-in acquisitions in some markets where we find an opportunity where it makes sense to buy it versus build it. But we think the more likely outcome is that we're going to be building fiber to meet the demand that we see coming through for small cells.

Simon William Flannery ***Morgan Stanley, Research Division - MD***

And limited interest internationally?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Yes. We continue to believe the U.S. market is the best market in the world for the investment in communications infrastructure. We're always open to learning and seeing what else is going on in the world. But based on everything we've had the opportunity to see thus far, we think the best opportunity for returns exists here in the U.S. It continues to be the largest and fastest-growing market in the world. And to my comments that I made around 5G, we certainly believe the U.S. is going to lead the way on 5G, and the amount of capital investment here and the potential opportunities, we think, are the greatest here in the U.S.

Operator

We'll now take our next question from David Barden from Bank of America.

David William Barden ***BofA Merrill Lynch, Research Division - MD***

I guess one follow-up on that, Dan. Just when you guys gave guidance last quarter, with the interest expense that you built in, it was clear that the debt funding was going to be the lead vehicle for financing the business. Have you kind of -- can you give us any more color now in terms of what you're thinking in whether it's revolver or debt, unsecured or secured, and kind of the timing as we think about kind of the numbers flowing through in the year? And then the second one is, could you guys share any kind of incremental color on the tenant extension that you kind of announced was the source of kind of the guidance raise this quarter? When I look at the supplement on Page 18, it's really hard to see that anything really changed there at all, so it wasn't clear kind of what the moving part there was, it would be helpful.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Sure. I'll take the first one, Dave, and thanks for the question. When we put together the guidance, as you pointed out, we had assumptions around how we would finance the business and -- through 2019. And nothing has significantly changed in the way we think about that. We clarified just now on the equity point, but nothing has definitely changed on how we think about financing our business. What we're trying to do is maintain our investment grade credit profile and do it at the lowest cost we possibly can. And when we look out and see what the market looks like in terms of trying to term out debt or what our revolver capacity is, we feel good about the flexibility we have on our balance sheet, and we'll just be opportunistic as we look out and see when it makes sense to try to term things out to the extent that we want to between secured and unsecured and any other funding source we could possibly get our hands on because we want to be open to everything.

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Dave, to your second question, we did not do a new -- as people would often term it, a new deal during the quarter. So what we're speaking to and the adjustment that we made to the outlook doesn't have anything to do with something new that we crafted a new deal with customers. It was just related to the activity that we saw and then the term of the leases on those -- on that leasing activity. So as you know, we're hesitant to get into the specifics of how we transact with customers, but that's what's driving the reference in both the press release and in the numbers.

David William Barden ***BofA Merrill Lynch, Research Division - MD***

So this wasn't something new. And it was not a term extension that got signed in the quarter?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

It was not a new deal that we did, no. It would be term related to the leasing activity that we saw during the quarter.

Operator

We will now take our next question from Ric Prentiss from Raymond James.

Richard Hamilton Prentiss ***Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research***

Two quick ones. Dan, you mentioned in your prepared remarks the CapEx, the $1.7 billion in 2018 and then in 2019, $2 billion gross, $1.5 billion net. The 2018 number, that $1.7 billion, is that a gross number or the net number?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

That's a gross number, the $1.7 billion.

Richard Hamilton Prentiss ***Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research***

Okay. So $1.7 billion we compare to the $2.0 billion gross in 2019.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Yes.

Richard Hamilton Prentiss ***Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research***

Okay. And then following on David's question on the Page 18 of the supplement. The one thing we noticed was -- and I know you don't like to talk specific, but the numbers are out there that I think T-Mobile 2022 annual rent cash payments, that renewal went from $560 million to $510 million in '22. Is that part of what we're seeing that some of that renewal time frame got extended out beyond '22?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Ric, I don't want to tie components of what we've given together, but you're correctly reading the supplement to see that the term for components of revenues that were in earlier periods are getting pushed out to later dates. I would be careful about drawing too many connections between the numbers. But as you read the supplement, on the face of the supplement, you're accurate that term has been extended.

Richard Hamilton Prentiss ***Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research***

Okay. And the average life, I think, did come down for Sprint from 7 years to 6 years. All the other guys stayed at their previous number. Is that just that we've rolled off another year and if somebody stays at 5 years or 6 years that there's been some extension? I'm just trying to think how should we read the supplement kind of year to year and what happens to the remaining life.

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Yes. I think the way you described it is a good way to think about it as we've just crossed over the year. And so depending on what the terms of given contracts are, absent activity on a site, then you're going to see those -- that come closer to 0. And to the extent that there is activity or new leasing activity, it's going to move the book out towards the right.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

The only thing I would mention, Ric, is that to maybe clarify the point you made is because they're whole numbers, there's rounding in there, too. So the fact that one stays at 5 from one period to the next period doesn't mean we extended. It just means that it hadn't crossed over from a rounding perspective.

Richard Hamilton Prentiss ***Raymond James & Associates, Inc., Research Division - Head of Telecommunication Services Equity Research***

Makes sense. And we haven't heard any comments from you guys on DISH, but it does feel like other people are starting to see DISH show up. Has that been helping the benefits? Have you seen some movement from DISH on putting their narrowband IoT network out there?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

As you know, we don't like to comment specifically on individual customers. I would tell you outside of the Big 4 that there is spectrum that's being deployed for a number of different uses. And that is helping our revenue growth results, and we think there's opportunity for more of that in the future. The majority of the revenue growth that we see both on towers and small cells is really being driven by the Big 4 operators. But beyond that, the infrastructure is useful for anyone who wants to deploy a wireless network, and we're seeing leasing demand from a number of customers outside of the Big 4.

Operator

We will now take our next question from Brett Feldman from Goodman Sachs.

Brett Joseph Feldman ***Goldman Sachs Group Inc., Research Division - Equity Analyst***

You were talking about the increasing pace of small cell no deployment going from 10,000 to 15,000 up to 20,000. And what we've seen in the past is that as you've ramped up your capacity to deploy small cells, there has been some increase in your operating expenses. I was hoping maybe you could just explain that dynamic to us. Are you at the point right now where there's some type of a linear relationship, meaning if you increase your deployment pace by 1,000 nodes or so, there's going to be a certain amount of increase in your expense? Or are you beginning to hit a point where there's an increasing degree of operating leverage within the business so that as you scale your growth, you maybe start to see more conversion of that revenue towards the bottom line?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Yes. Brett, I would say based on what we have in the backlog currently that we're working on, both for 2019 and the work that we're already beginning on nodes that will go on air in 2020 and beyond, we think that our operating structure as it's currently situated is sufficient to manage that growth. To the extent that the pipeline grows even larger or we're trying to put on air more than -- as I mentioned in my comments, trying to get on air somewhere between 10,000 and 15,000 nodes in 2019, if we were to meaningfully raise that number beyond that, then we'd have to come back and talk about what we think the cost structure is appropriate. If it were to get to that, things that would matter in that analysis is how many new markets are we having to go towards. To the extent that the increase was in markets that we already exist in, it might have less of an impact towards rising costs. If we see the opportunity expanding beyond existing markets, then that would have a different calculus in terms of thinking about operating expenses. But I think the right way to look at it now is for the pipeline that we have currently contracted, we think the operating expenses are a stable level of activity to handle that level of demand.

Brett Joseph Feldman ***Goldman Sachs Group Inc., Research Division - Equity Analyst***

Do you mind if I ask a quick follow-up? As we think about the bottleneck in your abilities to deploy at any given pace, what would you say it is? Is it the absolute level of demand for small cell deployments? Is it your own capacity to meet that demand? Or is it external factors like the zoning process?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Well, in terms of timing, obviously, as we talk about the time line to deploy this of 18 to 24 months to get them deployed, we could -- if we were to see an increase in the amount of nodes that we're contracting today, we'd be 2 years away from actually benefiting from the revenue associated with that. So in terms of financial results, I think the biggest bottleneck I would point to is the amount of time it takes to get these deployed. The hurdles -- the regulatory hurdles to get there are significant, and the FCC has obviously helped us through their recent order. And it gives some clarity around what the nature of the deployment should look like and it gives us a path towards working with communities in order to get something in place. But nonetheless, the hurdles are there and the time line is significant. So that's probably the biggest bottleneck. Obviously, we think based on everything that we know and what we're seeing around 5G, we think the opportunities for small cells is very likely to increase over time. And so to the extent that the overall demand for small cells increase, that is certainly a gating item currently in terms of what the cap on what our opportunity is. And over time, we think the opportunity is going to grow. But specific to financial results, it would be the time line currently that it takes between when it's contracted and when we can get it on air.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

And the only thing I would add to that, Brett, is I don't think it's our internal capabilities or capacity that is the bottleneck at all. We've been able to scale, as Jay was talking about in answer to the first question you asked, from 5,000 nodes or so a few years ago to 10,000 to 15,000 nodes now. We think we can continue to scale. It's really the combination of how big that demand will be ultimately and the time it takes to get there.

Operator

We will now take our next question from Jon Atkin from RBC.

Jonathan Atkin ***RBC Capital Markets, LLC, Research Division - MD and Senior Analyst***

So I was interested, the natural disaster reference, what specifically were you referring to? And is there any sort of continued impact into 1Q?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Jon, we don't expect there to be any flow-through to Q1. Specifically, what we're referring to was Hurricane Michael in Puerto Rico and then the significant fire that happened in Southern California.

Jonathan Atkin ***RBC Capital Markets, LLC, Research Division - MD and Senior Analyst***

Okay. And then during the script, you mentioned the word latency, so that made me think about Vapor IO. And I wondered if you could kind of provide any update operationally and potentially financially what we can kind of expect over the next year or so.

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

We're continuing to do some work on edge computing. As the networks get designed and traffic increases, to my comments around where traffic is increasing on mobile networks, we continue to believe that some of the traffic in order to get to the latency required for Internet of Things, some portion of the network is going to have to be designed where information is kept at the very edge of the network, some for cost purposes but also for reduction in latency. And we believe that it makes a lot of sense for a meaningful portion of that edge compute to be put in places where there are existing macro sites connected to small cells. So we're continuing to do a number of trials there. And -- but it's still very early, and you shouldn't expect to see any impact to our financial results, certainly not in 2019, and the outlook that we've given from the work that we're doing there. But long term, it could be an opportunity. It may result in us having another use for leasing our sites, whether it's the ground or space on the towers related to edge compute.

Jonathan Atkin ***RBC Capital Markets, LLC, Research Division - MD and Senior Analyst***

Okay. And then finally, I was wondering if you could comment on the organic growth rate within fiber exclusive of small cells, so enterprise fiber essentially.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Sure. What we're looking at is about mid-single-digit growth rate on a revenue basis for the fiber solutions business exclusive of small cells. The small cells growth, we think is going to be closer to the 20% range, so and that's comprised in the fiber solutions business, net of high single digits of churn. So the overall growth we think we'll get there is around 5%.

Operator

We will now take our next question, Colby Synesael from Cowen and Company.

Colby Alexander Synesael ***Cowen and Company, LLC, Research Division - MD and Senior Research Analyst***

You've historically talked about expanding the number of markets where you see the small cell opportunity. I was wondering if you can give us color on what that looks like today and how many of those markets do you have fiber in at this point versus you'll need to get there? And those markets that you don't have fiber in, I mean, is it about organically building? Or is it more like that you'd do those tuck-ins that you described? And then secondly, when would you expect to see massive MIMO-type equipment start to get put up on towers? Based on the conversations that you're having with your customers, is that something that you see starting to happen in 2019 in a material way? Or is that still out there?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Yes. Colby, to your first question, the vast majority of the spend by the wireless operators for small cells continues to be in the top 30 markets in the U.S., so basically like NFL cities. And we have a fiber plant in many, if not all, of those markets now or we're in the process of constructing it. To the extent that there's -- the expansion goes beyond those top 30 markets, which we're doing some of that but it's not a meaningful amount of capital or, frankly, a meaningful number of small cells yet, so that's where the opportunity is currently. And that would stand for both the pipeline of nodes that we're deploying and we'll put on air in 2019 as well as our contracted backlog at this point is mostly focused on those top 30 markets. As I mentioned earlier, my comments around the M&A, I intended those to be more broad than just the markets that we're currently working in. As we look at markets even beyond the top 30, we don't see acquisitions as a likely outcome for any meaningful amount of the fiber that we may one day own. We think it's more likely that we're going to end up having to build it. And that's a result of us assessing the type of fiber that exists in the market. We just don't see the dense, high-capacity urban fiber in markets, whether we're talking about top 30 or beyond the top 30 that are likely targets of any meaningful size to us. We think we're much more likely to be organically building that fiber. On your second question around MIMO and tenants, we are seeing some of that. But I don't know that that's, frankly, that relevant ultimately to our investment story. As carriers deploy equipment on the small cells and on towers in order to deploy network and manage both their spectrum position and capacity needs, they do a number of different things with the antennas in order to meet that. And in order to design the network, there are a lot of demographic characteristics that are going to fall into that analysis. The relevance for us is much more around, is there need for it and then how are they designing their network. We are seeing some of the massive MIMO antennas being deployed, but I don't know that that's really a meaningful component of our investment story. I would look much more at just the overall activity and the deployment of network, and the carriers will make different choices around how they deploy that network depending on the demographics.

Colby Alexander Synesael ***Cowen and Company, LLC, Research Division - MD and Senior Research Analyst***

I think for the lower-band spectrum, massive MIMO will require significant pieces of equipment, some people would say like the size of a small dorm room type refrigerator. And as a result of that, just considering the size of that, there's a viewpoint that, that could by itself be a material driver to growth for the tower operators when that happens. I guess your point is that we shouldn't isolate that as a material revenue opportunity, is that what I'm hearing?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Exactly. Because they could solve the same thing by using more sites or different types of equipment depending on what spectrum bands they use and how they choose to do it. So just in isolation, I wouldn't necessarily assume that would be a large revenue driver for us.

Operator

We will now take our next question from Matt Niknam from Deutsche Bank.

Matthew Niknam ***Deutsche Bank AG, Research Division - Director***

It's on Lightower. So I guess, it's been about a year now -- over a year since you closed that deal. Can you just update us on some of the revenue synergies you had talked about for both CCI's existing enterprise and fiber assets to leverage the Lightower network and then obviously your ability to add new small cell revenue on that existing fiber? And then on the cost side, I know there wasn't much that you'd outlined in the way of cost synergies. But is there anything to think about now that you've fully integrated the asset on a go-forward basis, having multiple fiber assets under CCI's ownership?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Sure. One year into the Lightower acquisition, things have gone basically as we expected. So we've been pleased with how things have gone the first year into ownership. We, as a part of that acquisition, have the benefit of attracting about 900 employees that came with it, and they have been terrific, very seasoned, great skills and have done a good job continuing to run that business and have been an integral part of the integration of the other fiber assets that we had acquired previously. And pleased today that we've effectively completed almost all of the integration activities and have everything on a common system. So excited about what that's going to mean for us with regards to revenue synergies. When we announced that transaction and as we look today, yes, there are a number of nodes that are going on existing fiber. And some of the fiber that we acquired, we were down the road on already contracting the nodes, and so we're using a fiber that we acquired to handle some of those nodes. And given the markets that we acquired, mostly in the Northeast Lightower and then the 2 Texas markets that we got with FiberNet, there is a significant amount of opportunity in those markets for small cells. So we're really early days in terms of the deployment of small cells against the fiber that we've owned. But the thesis is playing out as we would have expected 12 months into it.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

And from a -- the second part, on a cost synergy standpoint, what we talked about is what we meant. We thought -- as Jay said, we picked up 900 people that knew what they're doing and we kept the vast majority of those people. And we're not looking to try to wring out cost synergies to try to make sure we're operating that any differently than it has been operated in the past. What we're looking to is trying to expand our market.

Operator

We will now take our next question from Nick Del Deo from MoffettNathanson.

Nicholas Ralph Del Deo ***MoffettNathanson LLC - Analyst***

I realized that it might be a challenging question to answer just given the very nature of fiber. But can you try to give us a sense for what share of your purpose-built small cell systems are also generating some sort of revenue from a nonsmall cell source, like an enterprise customer? Or perhaps what share do sell a few years after they were constructed?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

I don't know that I have the number off the top of my head, Nick, to be able to answer that question for you. As we look at individual markets, which is -- we tend more to look at the business on a -- as we study, how have we done in particular markets. And we've talked about some of these case studies in the past. We'll do a deep dive in a market like Chicago or New York and look at what was our initial investment, how much fiber did we own initially, what was the nature of that initial fiber relationship, whether it was K-12 or enterprise or small cells and then watch it develop over time. And as we look at individual case studies, what we've seen is the thesis has played out as we expected. When you own fiber in areas where there's a dense population of people, those are the places where the network -- the wireless networks are challenged and they need to add capacity. And so we see those fiber networks, whether we start with small cells or we start with a fiber solutions application, we see over time it being an asset that's shared. And we find that in areas that are dense, urban, downtown business districts. And then we find it in more suburban applications. In both situations, the fiber ends up -- where the people are, the fiber ends up being needed for business enterprise, hospitals, universities, schools and being necessary for wireless.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

And one of the good things about the strategy we've deployed is -- and why we're so interested in the fiber we're interested is having lots of strands, high-capacity fiber and lots of density really plays into all of that. So having the ability to serve all of those markets at the same time with the level of service that isn't necessarily available in the market because the fiber is so unique, just the capacity we have is unique through most -- through a lot of that, positions us really well to take advantage of all the markets we can serve.

Nicholas Ralph Del Deo ***MoffettNathanson LLC - Analyst***

Okay. Got it. That's helpful. And then, Jay, in your prepared remarks, you talked about expected wireless traffic growth and how that drives your outlook for your wireless infrastructure. And historically, with towers, the exclusive nature of the assets and the physics of wireless deliveries meant that there's been a pretty strong linkage between traffic growth and monetization rates. When I think about fiber solutions, that relationship doesn't seem quite as clear given ongoing improvements in optronics and there being more competition. So with respect to fiber solutions specifically, how do you think about the long-term relationship between traffic growth and revenue growth?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Nick, appreciate that question because I think there is a sense in which that question drives towards the heart of our strategy of all the IP traffic that's out there, Internet traffic that's out there is not the target of our business. So there's a significant portion of that traffic that we don't serve today, a significant portion of it that we wouldn't ever aim to serve. The portion of the market that we're aiming for is large enterprises, universities, hospitals, in some cases, government systems that are large users, most of the time a few multi-location businesses. And that's really our only -- that's our target for providing fiber solutions where really all we're providing is the pipe. And the pipe happens to run along places where -- because of the demographics of an area, there's going to be a lot of users of mobile technology there and constraints on the networks, and therefore, that fiber is going to be needed for small cells. So I think overall traffic is indicative, to some degree, of the opportunity that's in front of us with those large enterprises, hospitals, universities, et cetera. But I would not try to take our fiber solutions business and draw a direct connection to overall growth in Internet or IP traffic over time as a direct correlation to what our revenue growth in our fiber solutions business is. I do think on the mobile side, which is why I made the comments that I made, I do think on the mobile side that, that traffic is a good indication of the necessity of improvement in network, particularly with regard to the uses of that network. As latency comes down, not only is latency a concern, but reliability has to go up pretty meaningfully from where the wireless networks are today in order for the devices that are likely to be used in the 5G environment to actually be effective and be able to be relied upon for industrial uses. And that increase and the reliability of the networks and the reduction in latency is going to mean a pretty significant increase, we believe, in the number of places where there's deployment of wireless spectrum both on towers and small cells. So to wireless traffic, I think it's a pretty good indication; on the total traffic side or wired side, probably not the best indication for our business.

Operator

We will now take our next question from Michael Rollins from Citi.

Adam Todd Ilkowitz ***Citigroup Inc, Research Division - Senior Associate***

This is Adam Ilkowitz on for Mike. I was curious about the site leasing growth in the fourth quarter. It came in a little bit above what we were expecting. I was wondering if you can give a reason for what drove that and maybe why it didn't roll through to the 2019 guidance. That wasn't updated for organic.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Sure. The driver of most of that incremental activity was actually our small cell business where we saw the activity levels a little higher than what we expected going into the quarter. And the reason that it didn't roll through is because we have given ranges around what we think 2019 will be, and this is all within those ranges. So we don't anticipate updating guidance every time something moves by a couple million dollars. We're trying to make it to where the ranges incorporate what we think is a reasonable expectation of the potential outcomes, and this falls within that range. So we're not going to update it for that.

Adam Todd Ilkowitz ***Citigroup Inc, Research Division - Senior Associate***

Okay. And then just to follow on the Small cell business and the tower business, given that a lot of customers are overlapping, can you talk about what type of relationship those 2 businesses are having in the sales process? Are you signing joint contracts for both products? Or are your customers continuing to think about those products in the areas they're addressing separately?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

On the carrier side, the individuals who are deploying network would be handling both towers and small cells. So we don't see separate groups that we're having those conversations with. They're very different conversations, though, in terms of as we think about value. On the small cells side, we're deploying a significant amount of capital. Generally speaking, about 75% of the activity that we have or thereabouts is going to be related to anchor activity and the balance would be colo. So in that 70% -- 70%, 75% of the total activity being anchor activity, we're deploying a significant amount of capital in order to build those systems. So the conversation on that front is around the yield and return on that invested capital. As we've talked about before, we would expect in order to deploy capital somewhere in the neighborhood of a 6% to 7% initial yield. And then ultimately, we get to a return to justify the investments and an acceptable return ultimately to the shareholder of adding multiple tenants beyond that. So our evaluation on the small cell side comes down to what's the investment required and what do we think the potential return is based on location and other things. On the tower side, it's a different conversation. It's around what assets exist in the market that will meet or solve the needs that they have. And there, because of the agreements that we would have with all of the customers, we're not really doing an analysis around what the return on a per dollar basis is for the investment of capital because the capital investment has already been made. So it's a conversation that happens with the same people, but it's a very different conversation depending on the type of product that they're trying to buy from us.

Operator

We will now take our next question from Walter Piecyk from BTIG.

Walter Paul Piecyk ***BTIG, LLC, Research Division - Co-Head of Research and MD***

Just wanted to ask, obviously, again, about the prepaid, my favorite question. It looks like for the year, you were guiding to $35 million to $40 million. It was at a minimum at the high end, maybe a little over. If you can talk about what were the issues there. And then for next year, you had talked about doing $35 million to $40 million. What's -- on top of this year, right, the increase. Is the baseline for that the $327 million that's reported? Or is the baseline the $292 million or maybe lower that excludes the acquired prepaid for the quarter?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Sure, Walt. So first, yes, the prepaid came a little bit above our $35 million to $40 million guidance. Small cell activity was a little higher, and so we got a little bit more prepaid activity -- or prepaid rent received in that case for 2018. Going forward, I think what we said is somewhere in the $30 million to $40 million range in 2019. That would be over and above the $327 million you talked about, so total, all-in. That's the number I think you're looking for.

Walter Paul Piecyk ***BTIG, LLC, Research Division - Co-Head of Research and MD***

Got it. That's helpful. And then just one other question. As far as the churn makeup, when you look at the guided churn, assuming the tower churn is in this kind of, whatever, 2% to 2.1% ballpark, right, and then so for the fiber business, what's left over is if you get -- 25% of your business is small cells and that's, whatever, let's say a 1.5% churn, although that's probably high given it's early stage. To get to your -- the guided churn or disconnect stuff, that's implying like a 10% churn number for the enterprise business. Is that -- am I thinking about that properly in terms of kind of the breakdown of the churn?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Yes. I think you're close. I think on the tower side both for '19 and years beyond, we think the churn rates are around 1% to 2%. And as you mentioned, we're going to be at the high end of that for 2019. Our working assumption for long term is that small cells are going to have about the same level of churn. Fair to say that maybe in the short term here, we don't see quite that level but in that same 1% to 2% range. And then on the fiber side, we think it's high single digits. So we've talked about the fact that we think it's about 9% in 2019 in the outlook that we gave.

Walter Paul Piecyk ***BTIG, LLC, Research Division - Co-Head of Research and MD***

Right. So you're basically being pretty conservative then, because just the numbers would -- if you put 9% in there, then that would kind of take you to the low end of the range. So I guess the guidance on the churn, it sounds like it's fairly conservative then, unless there -- because there's no exogenous churn events in the macro towers, I don't think, expected in 2019, right?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Yes. I think we're probably -- we're trying to give ranges, so depending on where you'd pick a point in the range, it will squeeze out the other side. And -- but we're just trying to give a range. But I think for modeling purposes, I think somewhere in the neighborhood -- we think the fiber business is going to run in and around those high single digits, around 9% and then 1% to 2% on towers and small cells.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Yes. And Walt, just to clarify, on the exogenous tower event, we do think that some of the -- about half of the churn we're going to see in towers is because of the acquired network churn that's coming through. So I'm not sure you'd call that exogenous or not, but we didn't want to call it out. It's something that we see as -- we don't think it repeats forever.

Walter Paul Piecyk ***BTIG, LLC, Research Division - Co-Head of Research and MD***

I may have to look that word up in the dictionary. I just used it. I'm not even sure I know what it means.

Operator

We will now take our next question from Amy Yong from Macquarie.

Amy Yong ***Macquarie Research - Analyst***

I guess I'm just following up on a previous question, but I think your past view was that small cells return would be similar to macro sites at scale. I guess, where do you think you are? And how far along are you to reach scale? And has there been anything in the past year that's changed your view on that?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Amy, we're really early days on small cells. So our initial yields on small cells, as I mentioned, are around 6% to 7%. If you look at our entire fiber segment with small cells and the fiber solutions, we're getting about an 8% yield on the invested capital around fiber. So we've taken both the acquisitions that we've done as well as the builds and we've grown -- we've already grown the yield on the $13 billion that was spent there above kind of our initial entry point. On a tower basis, if we roll the clock back to couple decades ago when we first started acquiring towers, we acquired a significant number of our towers at about a 3% yield and have grown that yield over the last 2 decades. If you look at it on a micro sense and look at what's the return on a tower versus a return on a small cell system, they're very comparable. As we add additional tenants to small cells, we see the returns and the margins expand at about the same pace, if not maybe slightly faster on the margin side than what we saw in the tower business. And at the end of the day, we see returns with pretty reasonable assumptions around what we think lease-up is, somewhere in the neighborhood of about the equivalent of a little over 2 tenants per tower on a tower basis. If we were to do that same math on the small cells side, we would get to returns that are well above a blended cost of debt and equity and provide substantial return as we think about growing the dividends per share over the long term. Last thing I'll mention about this is the key characteristic around what drives that return is what is the lease-up associated with the asset. So you enter the asset with an anchor tenant and have a going-in yield from the tower side. Historically, it's been about 3%. Small cells, it's about double that at 6% to 7%. But then what's the co-location model look like and at what rate do we see co-locations, and that drives the return long term. Our experience has been, thus far, that the pace of leasing on existing investments, we've seen lease-up that's about twice the pace of what co-locations on the tower has happened over the last decade or so. So we've accelerated the path towards co-locating and sharing the asset as we've deployed these early systems with the small cells as the second and, in some cases, a third tenant has come along and use that same system. So our thesis in terms of the model is similar to towers is playing out at the same time that we're scaling the business significantly. As I mentioned -- I think I mentioned this last quarter, in 2019, we think we'll deploy roughly double the number of small cells or double the growth that we had in 2017. So that kind of growth is expanding the overall size of the pie. And as we look at it on a micro sense, the model is playing out, but it's playing out against the scale of assets that's much smaller than the entire size of the investment is today because it's grown so significantly in terms of our investment and opportunity that when you look at the yields on a total, yes, it's headed in the right direction going from initially 6% to 7% to now 8%, 8%-plus. But the overall book of that growth and the total return yield is going to take many years, just like what it did in towers as we move the base and increase the opportunity.

Amy Yong ***Macquarie Research - Analyst***

Got it. And I guess, just following up on that. I think we've seen 1 or 2 carriers deploy small cells internally. And what do you think is driving that decision? And does that potentially shape your view on what you just said?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

I think there are -- I think all of the carriers are deploying small cells in some form of a self-perform. We certainly don't anticipate that we'll win 100% of the market share, just like we've never done that on the tower side either. We think at the moment, we're somewhere in the neighborhood of about half of what's getting deployed that we're winning. And I think the fact that the carriers are self-performing should be a good indication of the fact that this is a good business, and they need small cells. There are certain locations where we're going to choose not to build them because we don't see the lease-up opportunity there, and therefore, we don't see the shared economics for great returns over the long term. So I think the carriers will continue to self-perform in places where we don't view those to be the best places to invest capital, and just like we saw for a long time on the tower side where carriers built their own towers in places where tower companies or others were not willing to invest the capital in order to build the infrastructure.

Operator

We will now take our next call from Spencer Kurn from New Street Research.

Spencer Harris Kurn ***New Street Research LLP - Analyst of Towers and Infrastructure***

I'm just wondering, you've guided to $120 million to $130 million of new leasing revenue on towers in 2019. How does that compare to what you guys saw in the fourth quarter? I'm just trying to gauge whether your guidance assumes any acceleration in activity or if it's pretty much an annualization of this past quarter?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Yes, Spencer, it's similar to what we saw in the fourth quarter. But as we're talking about and have talked about, what we're excited about is just the level of activity increasing over time and all of our customers being active across our towers business. So we do think that, that will continue through 2019.

Spencer Harris Kurn ***New Street Research LLP - Analyst of Towers and Infrastructure***

Great. And I just have one other question on node density, I think, in small cells. I think today you've got around 2 nodes per mile on average -- and oh sorry, actually, it's lower than that. But my question is, we've heard of some deals where carriers are signing deals for 10 to 20 nodes per mile. I'm just curious, could you talk about the sort of distribution of your small cell node density, sort of how many markets do you have with node density above maybe 10 nodes per mile or 5 nodes per mile? I'm not sure how you break it out. And then also, are you seeing these types of deals becoming more prevalent in your conversations?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Yes. Spencer, just to clarify a couple of points. So when we're deploying new fiber and building it for the purpose of small cells, our average is just over 2 nodes per mile currently as we're deploying. That's held pretty consistent. When you get to specific examples and we start to look at some case studies, we could show you many examples in dense urban markets where the node count is between 6 and 10 nodes per mile. And we don't think those are by any means isolated examples. We think that over time, we're going to continue to see a density that's significantly beyond what we are currently in terms of small cells per mile. That's well beyond -- if we start talking about 6 to 10 nodes per mile, that's well beyond what we're underwriting when we do -- when we decide to make these investments. We're closer to underwriting in the neighborhood of about 4 or a little over 4 nodes per mile in terms of the density. So if ultimately networks get to kind of some of the numbers that you're talking about, and I believe there is a case where that could happen, that's not in our underwriting case, but we've both seen it in practice and believe depending on the density that ultimately happens and is necessary for 5G, we could get well beyond what we're underwriting when we make these investments. And time will tell on that front. But as we look at individual case studies and look at some markets, some of the early deployments in both center of business districts as well as some areas of suburbia, we do find examples. As the carriers go out and initially deploy, they're deploying somewhere in the neighborhood of 2 per mile. A second carrier comes along and does a similar deployment. And then 1 of those 2 original carriers comes back and adds additional nodes to that existing deployment in order to increase the density. So we end up getting lease-up, if you will, or co-location both from the existing deployment as well as a secondary deployment that comes back and adds additional nodes in order to increase the density. We think over time that's the way this is going to play out.

Operator

We will now take our next question from Robert Gutman from Guggenheim Partners.

Robert Ari Gutman ***Guggenheim Securities, LLC, Research Division - Senior Analyst***

It seems like almost 80% of CapEx is on the fiber and small cells side. It seems like small cells specifically would be a small portion of that at this point. Can you discuss broadly how it's being spent? Is this on the organic sort of dense fiber builds in markets that you mentioned earlier that you're trying to get to organically? What is the timing of associated revenue generation on that? In other words, is it specifically linked to the backlog of small cells? Or is it just building without specific contracts? That's basically what I'm trying to get.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Sure. I think maybe to try to take a step back and tell you how we think about spending capital. What we're doing is we're spending capital to build the fiber in markets where we see significant demand for small cells and continuing increases in that demand for small cells. So what we're trying to do is take markets where we think it's going to ultimately be very conducive for small cells. And we will only start building in those markets when we have a contract in order to do so. So when we think about what that new capital expenditure -- revenue-generating capital expenditure looks like, the majority of it isn't in our fiber segment, but the vast majority of that is going in to build small cells systems. Having said that, those small cells systems include fiber that, as Jay was pointing out earlier, will put us in a position to go after some fiber solutions business that we're really interested in within those markets because it will likely be that the small cell deployment is close to where that fiber solutions business will come as well. But to your specific point on what the revenue timing is, since the vast majority of that is for fiber -- I mean, is for small cells, the fiber to support small cells, it's an 18- to 24-month on average deployment cycle, which means that the capital will come in through the course of that 18 to 24 months before we see the revenue come in from it. But there's not going to be a case where we're spending capital in hope that someday we'll get revenue on it.

Robert Ari Gutman ***Guggenheim Securities, LLC, Research Division - Senior Analyst***

Got it. And earlier in the call, you mentioned -- I think prior to this call, you targeted 6,000 to 8,000 deployments in 2018 of small cell nodes. You had also prior mentioned the 35,000 node backlog. I think earlier today, you said 20,000 node backlog, but I would assume that's net of the 10,000 to 15,000 you expect to deploy this year. So then conclusion would be the backlog is unchanged, is that right?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Yes. So the short answer is yes, but I just want to make sure we get to all the same points. We have about 65,000 nodes either on air or under development. That number really hasn't changed. And so there hasn't been a significant move in that. We've put around 7,000 nodes on air in 2018. And as Jay mentioned, the ending 2018 backlog was higher than the beginning 2018 backlog, so that we more than replaced the nodes we put on air with new bookings. Moving forward, we think 10,000 to 15,000 nodes we'd put on air in '19 and then we have 20,000 or so that will be put on air in the year 2020 or beyond. So you're right. The short answer is no, the backlog really hasn't changed. We're just trying to give a little bit more color around the timing and how that looks going forward.

Robert Ari Gutman ***Guggenheim Securities, LLC, Research Division - Senior Analyst***

Last small point. Could you break out the final leasing by segment, sort of in -- as it compares to the guidance that was outstanding in terms of towers, small cells and fiber?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Are you asking for 2018?

Robert Ari Gutman ***Guggenheim Securities, LLC, Research Division - Senior Analyst***

Yes. Yes. Just the 3 numbers.

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Okay. Yes, so new leasing activity was around 110 for towers, around 60 for small cells and around 45 for fiber solutions.

Operator

We will now take our last final question from Philip Cusick from JP Morgan.

Philip A. Cusick ***JP Morgan Chase & Co, Research Division - MD and Senior Analyst***

I guess 2 please, if I can. First, as we think about those term extensions that drove higher straight-lined revenue, it seems like that would be activity beyond regular way. But you've raised straight-line guide nearly every quarter in the last couple of years. Can you give me examples of what this sort of unexpected activity might be and why it might not happen in a particular quarter?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

Yes. It's not unexpected activity. It's related to new leases that we think are -- we understand are coming. It's just the timing of that is sometimes difficult to predict, but it's also the length of the term extension that we get may be different than what we have in our forecast, and that can drive incremental straight-line activity.

Philip A. Cusick ***JP Morgan Chase & Co, Research Division - MD and Senior Analyst***

Is it fair to say that you come in guiding for sort of the worst case in what those extensions might look like? And then as they come in, you just stretch out the straight line?

Daniel K. Schlanger ***Crown Castle International Corp. (REIT) - CFO, Senior VP & Treasurer***

I wouldn't call it worst case, but it's hard to predict. And so I think we're probably on the conservative side of that assumption specifically, yes.

Philip A. Cusick ***JP Morgan Chase & Co, Research Division - MD and Senior Analyst***

That helps. And then what do you see -- any change in the trends in enterprise fiber demand? Any change in bookings or churn pace there?

Jay A. Brown ***Crown Castle International Corp. (REIT) - President, CEO & Director***

Phil, we really haven't seen any trends there. As we've now had the business for about a year, I think it has played out roughly in line with what our expectations were going into the business. I think we're getting better at understanding how the business works and how to position ourselves in the market. But I wouldn't point to anything that's changing our long-term view of how that business will perform.

Well, thanks, everyone, for joining the call this morning. Obviously, we were thrilled with the outcome in 2018 and excited about the opportunity ahead, as we talked about on the call this morning, on a number of fronts. The increased level of leasing activity around towers and small cells is exciting given what it means not only for calendar year 2019 but also what we think it will mean over the long term as the carriers look to deploy beyond 4G and into the 5G world. So thanks for joining us this morning. Look forward to catching up soon.
