

THOROFARE FUNDS \$20.7M ACQUISITION LOAN FOR SILICON VALLEY DATA CENTER ASSEMBLAGE

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Already a regional hub for data centers, Santa Clara could soon be getting another one.

Harrison Street Real Estate Capital LLC and Oppidan Investment Co., a pair of real estate firms that have worked together to build such facilities in the past, plan to develop a new one in the city, their representatives told the Business Journal this week. As part of a joint venture, the companies in December acquired a swath of properties in Santa Clara near Mineta San Jose International Airport on which they plan to build a 50-megawatt, 200,000-square-foot data facility, they said.

“This area is almost perfect for a data center,” Ian Halker, a vice president of development at Minnesota-based Oppidan, told the Business Journal.

Over the last two years, data centers offering a total of 100 megawatts of capacity have been constructed in Santa Clara, the firms said in a press release. But nearly all of that amount was already pre-leased, they said. And the amount of new capacity that could come online in coming years is likely limited, because there are no vacant sites in the city that have already been zoned or appropriate for data center construction, they said.

Assembling the properties was a complex operation

The joint venture spent \$40.6 million total for the four sites, which together tally seven acres, according to documents filed with the Santa Clara County Clerk-Recorder's Office on Dec. 23. The companies paid Rochelle Maize Real Estate \$17.75 million for 790, 795 and 805 Comstock, according to the county documents. They bought the properties from the Beverly Hills firm via three separate transactions, each involving a different affiliate company, according to those documents.

Harrison Street and Oppidan paid nearly \$23 million to acquire 715 Comstock from Watsonville-based Granite Construction Co., according to documents filed with the county.

Data centers require ready access to electricity facilities and fiber optic data lines and have to be located on properties that are zoned for them. Finding sites that meet all those requirements in Silicon Valley can be tough, said Michael Hochenadel, a managing director at Harrison Street and the Chicago firm's

head of digital assets. Adding to the complexity of this particular deal was the fact that it involved two different sellers and multiple properties.

"A site like this was difficult to assemble," Hochenadel said.

The joint venture partially financed the purchases with a \$20.7 million loan from Thorofare Capital, according to county documents.

Harrison Street and Oppidan plan to submit to Santa Clara a formal proposal to build the data center soon, Halker and Hochenadel said. They estimated the city's review and approval process would take about two years.

"Our experience developing multiple product types in California, particularly in Santa Clara, will prove invaluable for successful redevelopment at this site," said Joe Ryan, Oppidan's CEO, in the press release.

By contrast, the properties the joint venture purchased — located at 715, 790, 795 and 805 Comstock St. — are already zoned for data center use, they said.

<https://www.bizjournals.com/sanjose/news/2022/02/11/50mw-data-center-planned-for-santa-clara.html>

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