



## Thorofare Capital Lends \$54M on Chicago-Area Data Center Portfolio

*By Cathy Cunningham | Originally published on [commercialobserver.com](https://commercialobserver.com) on November 28, 2023*

“In God we trust. All others must bring data,” W. Edwards Deming once said.

As market volatility continues, the commercial real estate industry has become a proponent of not only gathering and sharing data, but also of increased investment in the properties that house data and facilitate its utilization across the U.S.

Case in point: Safanad just landed a \$54 million refinance for its two-property data center portfolio near Chicago’s O’Hare International Airport, Commercial Observer can first report.

Thorofare Capital provided the three-year loan, originated by Jonathan Hart in the lender’s Dallas office and executed by Eddie Prosser and Henry Johnson, based out of Thorofare’s Los Angeles and Dallas offices, respectively.

The two properties, at 711 North Edgewood Avenue and 341 Haynes Drive in Wood Dale, Ill., have a combined 193,395 square feet and a total capacity of 4,801 kilowatts. Both are operated by Element Critical, a wholly owned subsidiary of Safanad.

Thorofare's loan retires the two buildings' \$71 million of existing debt, provided by Annaly Capital Management in April 2021.

"The deal was compelling because the sponsor had just executed a long-term lease with a credit tenant for a nontrivial power requirement," Hart told CO of Thorofare's draw to the deal. "The tenant will utilize the space to support their global technological infrastructure requirements."

Hart also listed the data centers' strong ownership, upgrades to the facilities and their increasing occupancy year-over-year as big pulls.

As with several deals in the works today, there were challenges along the way for sponsorship. In fact, Thorofare stepped in when the lender that was originally chosen didn't close at the 11th hour.

Felix Gutnikov, head of originations at Thorofare, said the deal underscores the firm's surety of execution in times of dislocation.

"We weren't the first choice lender for the borrower, but it underscores our positioning in the market to be reliable, when would-be reliable sources falter in such an uncertain credit market," he said.

The deal also speaks to Thorofare's focus on specific property types that are outperforming others in current challenged market conditions, Gutnikov added.

"Thorofare has continued agility when the market turns, and a focus on alternative property types that appear to be more recession-resilient, like medical office, data centers, self-storage,

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manufactured housing, mobile home parks and build-to-rent deals,” Gutnikov said.

“The data center space seems to be resilient in the face of any sort of economic headwinds, with nationwide and primary market occupancy around 97 percent,” Hart added. “As you’re looking at the story with venture capital raises and capital coming into new companies, AI funding continues to increase while the other sectors, outside of semiconductors, are seeing fewer capital inflows. Given this dynamic and firms outsourcing their storage and IT operations to groups like Element Critical, we’re bullish on the industry and asset type.”

CBRE’s Frank Piasta negotiated the debt.

Safanad officials couldn’t immediately be reached for comment.