



DEAL ANALYSIS

GI Partners' TechCore buys Seattle's KOMO Plaza

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Hines Global REIT has closed its sale of the KOMO Plaza to GI Partners' TechCore fund for \$276m. The plaza consists of two multi-use buildings that provide wholesale datacenter services, Class A office and retail space with communications and media service facilities. The two buildings total 293,727 gross square feet and the plaza is roughly 90% leased to tenants. Hines will continue as acting manager for the property.

Acquirer

GI Partners/CalPERS

Target

Hines Global REIT [KOMO Plaza assets]

Subsector

Multi-tenant datacenters / Hosted services

Deal value

\$276m

Date announced

December 22, 2016

Closing date

December 27, 2016

The 451 Take

GI Partners' purchase of Seattle's KOMO Plaza adds yet another asset to its datacenter portfolio, albeit at a premium valuation compared with the last sale of this property. Yet as one of the Pacific Northwest's prized datacenter assets, it provides a central location, high-quality infrastructure, dense connectivity and a robust tenant base that includes not only datacenter customers but also media and broadcast tenants as well. The KOMO Plaza carrier hotel complements GI Partners' Los Angeles One Wilshire carrier hotel. The addition of the KOMO Plaza carrier hotel nicely bolsters GI Partners' datacenter portfolio of West Coast assets.

Deal details

GI Partners bought the property through GI TC Seattle (an entity of GI Partners' TechCore fund) for \$276m. GI manages the TechCore fund for the California Public Employees' Retirement System (CalPERS). Hines Global REIT acquired it on December 15, 2011, for \$160m from Fisher Communications. The property is in a prime location in downtown Seattle for datacenter and media and broadcast tenants.

Deal rationale

GI Partners partnered with CalPERS to create TechCore in early 2012 in order to invest in technology-focused real estate in the US. It is similar to the GI Partners DataCore fund set up with the California State Teachers' Retirement System (CalSTRS). TechCore concentrates on stable income properties with a tech focus, such as datacenters, internet gateways, corporate campuses and life science properties.

In 2013, GI Partners' TechCore fund purchased the One Wilshire carrier hotel in Los Angeles from Hines to add one of the most connected buildings on the West Coast to its portfolio. Now with its purchase of the KOMO Plaza, GI has extended its datacenter footprint to the Pacific Northwest, with another connectivity-dense datacenter asset that features a meet-me room with 15 carriers, proximity to trans-Pacific subsea cables to Asia and datacenter space with 18MW of critical load. The addition of the KOMO Plaza carrier hotel nicely bolsters GI Partners' datacenter portfolio on the West Coast.

Acquirer profile

Established in 2001, GI Partners is a private equity firm with investments in North America and Western Europe. The firm's active sectors include IT and business services, specialist healthcare, financial services, leisure, retail, logistics and media. Since 2001, GI Partners has secured \$12bn of capital commitments from private equity and real estate investors in the US, Europe, Asia and the Middle East. GI Partners has experience in the internet infrastructure world, with investments in ViaWest, SoftLayer, Peak 10 and Hines' One Wilshire carrier hotel.

CalPERS manages pension benefits for 1.7 million members and health benefits for more than 1.4 million California public employees, retirees and their families. The company reported a total fund market value of \$288bn in September 2015.

Competition

The KOMO Plaza serves the downtown Seattle market and provides traditional wholesale suites and interconnection services. In the downtown market, the company primarily competes with the Westin Building Exchange (WBX), which also has an annex with Equinix as its single anchor tenant. The WBX provides retail colocation, wholesale suites and interconnection services. H5 Data Centers also owns its wholesale facility at the 1000 Denny Way facility downtown. South of downtown, Sabey Data Centers has two wholesale campuses in Tukwila and Centeris has a facility in Puyallup. North of Seattle, ByteGrid provides wholesale services in Lynnwood.

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M&A ACTIVITY BY SECTOR

Hosted services / General (281) (https://makb.the451group.com/results?basic_selected_sectors=676)

M&A ACTIVITY BY ACQUIRER

ByteGrid Holdings LLC (5) ([https://makb.the451group.com/results?basic_acquirers=ByteGrid+Holdings LLC](https://makb.the451group.com/results?basic_acquirers=ByteGrid+Holdings+LLC))

Equinix Inc. (14) (https://makb.the451group.com/results?basic_acquirers=Equinix+Inc.)

Everyones Internet [GI Partners] (2) ([https://makb.the451group.com/results?basic_acquirers=Everyones+Internet \[GI Partners\]](https://makb.the451group.com/results?basic_acquirers=Everyones+Internet+[GI+Partners]))

Fisher Communications Inc. (1) ([https://makb.the451group.com/results?basic_acquirers=Fisher+Communications Inc.](https://makb.the451group.com/results?basic_acquirers=Fisher+Communications+Inc.))

Peak 10 Inc. (4) ([https://makb.the451group.com/results?basic_acquirers=Peak+10 Inc.](https://makb.the451group.com/results?basic_acquirers=Peak+10+Inc.))

SoftLayer Technologies, Inc. (1) ([https://makb.the451group.com/results?basic_acquirers=SoftLayer+Technologies, Inc.](https://makb.the451group.com/results?basic_acquirers=SoftLayer+Technologies,+Inc.))

ViaWest, Inc. (3) (https://makb.the451group.com/results?basic_acquirers=ViaWest,+Inc.)

Figures shown indicate number of transactions

COMPANY MENTIONS (PRIMARY)

California Public Employees' Retirement System , GI Partners , Hines Global REIT (</search?company=Hines+Global+REIT>)

COMPANY MENTIONS (OTHER)

ByteGrid Holdings , CalSTRS , Centeris , Equinix , Fisher Communications , H5 Data Centers , Peak 10 , Sabey Data Centers , IBM Softlayer , ViaWest , Westin Building Exchange (</search?company=Westin+Building+Exchange>)

CHANNELS

Service Providers (</dashboard?view=channel&channel=9>)

SECTORS

All / Hosted services / General (</search?sector=676>)

