

Revenue and Valuation Analysis Supporting the Acquisition and Redevelopment of an Existing Office Building into a Multi-Tenant Data Center in Plano, Texas

Background & Objectives

- The Client is an opportunistic mezzanine capital provider evaluating investment in a value-add office acquisition in Plano, TX.
- The Sponsor business plan contemplated the acquisition of a 1980s office building and redeveloping into a state-of-the-art data center.
- In support of underwriting, the Client required a strategic assessment of the data center market, both nationally and in the Dallas Metro, and recommendation of lease rates to yield successful lease-up.

Results

- TCG provided an overview of the national data center market, evaluating historical deliveries, occupancy and lease rates over a ten-year period.
- Leveraging various secondary sources and interviews with local commercial brokers, TCG compiled a database of data center properties in the Dallas Metro, characterized by leasable area, kW capacity, vintage, occupancy and lease rates (measured by utilized kW); for select properties, TCG surveyed typical operating expenses associated with data center buildings.
- TCG compiled major data center lease transactions and building trades over a two-year period.
- TCG reviewed Sponsor underwriting assumptions and recommended select adjustments based on the market findings; Client utilized TCG's revenue and operating expense conclusions in their own underwriting of the investment.

LOCATION

Plano, TX

PRODUCT

Office / Data Center

CLIENT

Capital Provider