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EXCLUSIVE — Harrison Street and fifteenfortyseven Critical Systems Realty buy carrier hotel and data center in Portland, Ore.

BY KALI PERSALL

Harrison Street and 1547 Data Center Real Estate Fund II, an affiliate of fifteenfortyseven Critical Systems Realty, have acquired a vital carrier hotel, colocation data center and office building located in downtown Portland, Ore.

At \$326 million, Pittock Block was the highest priced single-asset transaction in Oregon since 2015, according to sources with knowledge of the deal.

The 302,200-square-foot historic Pittock Block building is one of only two primary Internet Exchanges in the entire Northwest, serving 179 service providers. The building is located 18 miles from Hillsboro, Ore., one of the fastest growing data center submarkets in the world, and has direct access to seven subsea telecommunications cables. In addition, it offers low latency connectivity to Asia Pacific.

“We believe there is significant opportunity at Pittock as data center requirements continue to grow exponentially in the region,” said Todd Raymond, CEO of 1547. “Our plan is to leverage the strong foundation built by the Pittock Block team and immediately expand data center and colocation capacity while simultaneously investing further into the building’s security and world-class meet-me-room.”

Pittock Block is the second investment for Harrison Street and 1547, following the acquisition of the 15-story, 165,000-square-foot historic Wells Building, a carrier hotel and data center located in Milwaukee, Wis., in October 2020.

JLL acted as the broker for the deal, according to people with knowledge of the matter.

“Pittock Block represents a rare opportunity to acquire an established interconnection building with significant opportunity for growth,” added Michael Hochanadel, managing director and head of digital real estate at Harrison Street. “The Pacific Northwest continues to be a top destination for end users seeking highly connected data center capacity, given its robust telecommunication infrastructure that provides low latency to key high-growth markets including Asia.”

According to a data center [outlook](#) authored by JLL, the impact of the COVID-19 pandemic led to significant demand for digital connectivity in 2020. In the first half of the year, eight out of 14 U.S. markets showed a year-over-year increase in demand. In first half of 2019, these domestic markets absorbed 171.2 megawatts, compared to 288.2 megawatts in first half 2020.

Furthermore, the FTSE Nareit All Equity REITs [index](#) reported in December that the global data center infrastructure market is projected to grow at an annual rate of 6.79 percent during the 2020-2025 period, reaching a total market size of \$230.2 billion in 2025, up from \$155.2 billion in 2019. Harrison Street has committed \$1 billion to digital infrastructure projects since 2018.