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MANAGERS

BGO raises \$800m US industrial fund with a data center allocation

The manager said it pulled in \$260m in co-investment capital after identifying three power-ready sites suited for data centers.

BGO aims to give a newly raised US industrial fund an added boost by setting aside some of its power-ready development sites for data center projects instead.

The New York-based real estate manager has closed the first fund in a new US industrial strategies series, garnering \$800 million in total commitments, including \$260 million for a co-investment vehicle devoted to data center projects, PERE can reveal.

In partnership with Kansas City-based NorthPoint Development, BGO will use the capital to finance eight industrial projects across the US, three of which will include up to 3.2 million square feet of data centers. BGO is “in the advanced stages” of securing 800 MW in aggregate power capacity on those three data center sites, according to an announcement viewed by PERE.

The main fund scored backing from nine investors, all of them US-based, including pensions, insurers and high-net-worth capital. The \$260 million data-center co-investment included capital from some of those investors as well as two Canadian institutions and one Swiss group, according to BGO.

The reason for the hybrid capital raise is that all eight sites were once purely slated for industrial projects, BGO co-CEO John Carrafiell told PERE. BGO had been using predictive data analysis in the early years of the covid-19 pandemic,

he said, to identify potential development sites it could acquire in markets where newly built logistics assets might achieve outsized performance.

The firm recognized the potential uplift from land that came with access to robust power. When the even greater potential of data center development on powered land became more apparent in the years since, a decision was made to raise separate co-investment capital to support such projects on some of the parcels.

“This land is going to pencil to generate a target return based on industrial logistics, modern industrial logistics,” Carrafiell said. “The powered-land opportunity is purely optionality and upside.”

Power struggle

Carrafiell declined to share details on the return targets for the strategy or identify where each of the data centers will be built. He said the sites were picked because they are all located next to power substations, are connected to grids with excess power and have existing transmission lines either abutting or running through them.

Institutions are growing increasingly aware that many data center projects will not get developed if they cannot secure access to power, Carrafiell said. “Investors probably have a GP walking in every day with a data center story,” he added. “I think the market has become much more discerning.”

The larger eight-asset portfolio, to which all of the capital raised has already been committed, comprises 17.1 million square feet of buildable space across 1,500 acres, according to BGO. Some 6.4 million square feet of that has already been built, and five million leased to “institutional-grade tenants” according to the announcement. BGO does not have in-place tenants for the planned data center developments, which could determine the ultimate plans for those sites, but the manager projects a combined gross asset value of up to \$2.43 billion once all of the fund’s logistics and data center projects are completed.

Vehicles focused on developing the data centers necessary to support the growth of AI and cloud computing continue to capture an ever-larger share of real estate capital allocations. The category has overtaken industrial funds as the second-largest recipient of sector-specific real estate fundraising this year, accounting for 31 percent of such capital raised thus far in 2025, according to PERE’s Q3 fundraising report. That is compared to 36 percent for residential funds and 20 percent for industrial funds.