

Land, Power, and Value: Real Estate Dynamics in the Data Center Boom

INSIGHTS FROM THE SEPTEMBER 2025
MARSHALL & STEVENS DATA CENTERS FORUM

Introduction

The Marshall & Stevens Data Centers Forum brought together developers, investors, operators, and advisors to examine the forces shaping digital infrastructure.

While much of the discussion centered on energy, capital, and technology, real estate emerged as a recurring theme. The panels underscored that land—its cost, availability, and strategic positioning—remains a defining factor in the economics and scalability of data centers. Equally important are the financing structures, valuation methods, and development strategies that link data center projects to the broader real estate market.

Panelist Overview:

Part ONE Panel - Moderator: Ralph Consola, *Marshall & Stevens*. Panelists: Anthony Orso, *Newmark*; Christy Rivera, *Norton Rose Fulbright*; Winston Connolly, *Connolly Inc.*; Sam Sixt, *I Squared Capital*; Charles Miller, *NgenX Energy*.

Part TWO Panel - Moderator: Fernando Sosa, *Marshall & Stevens*. Panelists: Charles Miller, *NgenX Energy*; Akash Deshpande, *SkyBlue AI*; Anthony Festa, *Marshall & Stevens*; Paul Costanzo, *Kais-AIR*; Dino Barajas, *Baker Botts*.

EXPERTISE IN ACTION

Emerging Themes

Taken together, the discussions across both Forum sessions suggest five core real estate dynamics shaping the sector:

- **Scarcity of industrial land** is heightening competition across asset classes.
- **Site selection** is driven by energy and fiber infrastructure, not just land cost.
- **Residual value** of data centers is difficult to predict, complicating financing.
- **Build-to-suit** approaches are critical to aligning real estate with tenant needs.
- **Modular strategies** reduce investment risk and provide scalability in new markets.

Land Availability and Competition

A key theme across both sessions was the scarcity of suitable industrial-zoned land. The panelists explained that in Tier 1 and Tier 2 markets, data center developers are competing directly with logistics, warehousing, and advanced manufacturing for sites. This competition drives up prices and extends timelines, particularly in dense urban corridors. Developers increasingly weigh whether to pursue premium but congested metros or pivot to secondary geographies where land is more affordable but infrastructure build-out is less certain.

Strategic Site Selection

Site selection, speakers emphasized, is no longer primarily about raw acreage. Instead, the decisive factors are proximity to significant reliable power and fiber infrastructure. Developers described how substations, renewable energy sources, and network hubs often dictate land decisions before price or availability come into play. Markets with shorter permitting timelines also hold growing appeal, even if infrastructure must be scaled up after acquisition. The takeaway: data centers are following infrastructure corridors as much as they are following population or enterprise demand.

Valuation and Financing Challenges

Unlike other property asset classes, data centers present unique questions around long-term value. Panelists noted that the residual value of these facilities after 15–20 years remains uncertain, complicating financing and underwriting. Unlike power assets with predictable lifespans and revenue streams, data centers face the risk of technological obsolescence, shifting cooling requirements, and evolving tenant demands. These uncertainties mean capital providers approach data center real estate with more caution than traditional office or industrial assets, often requiring higher risk premiums or alternative deal structures.

Build-to-Suit and Scaling Approaches

Flexibility was another real estate theme in Part TWO of the Forum. Build-to-suit strategies allow land acquisition and facility design to be tightly aligned with hyperscale tenants' requirements, particularly as density and cooling technologies evolve. Panelists highlighted that such tailored approaches give both developers and occupiers confidence in capital deployment.

At the same time, modular construction and prefabricated components are reshaping development risk. By phasing land build-out and enabling faster deployment, modular strategies reduce the need for large upfront commitments while keeping projects scalable. This allows developers to unlock value in new markets without fully exposing themselves to demand uncertainty.

Power

The Marshall & Stevens Forum made one reality clear: energy is the new currency of data center growth. The industry is no longer just about land, fiber, or capital. Projects succeed or fail based on their ability to secure, finance, and manage power. As workloads become more energy-intensive and regulatory scrutiny grows, the convergence of digital infrastructure and energy infrastructure is redefining both industries. The winners will be those who master not only megawatts and cooling but also financing, regulation, and long-term resilience in a volatile energy landscape.

Conclusion

As the digital economy accelerates, data centers are becoming one of the most contested real estate classes in the world. Land cost and availability, site selection criteria, valuation complexity, and flexible development models will remain at the heart of strategic decision-making. The insights shared during the Marshall & Stevens Forum underscore that while energy and capital drive the sector, **real estate is the foundation on which the next generation of data centers will be built.**

How we can help

Marshall & Stevens understands the complexities involved with the development and valuation of data centers. Our specialists provide valuation of early stage through operating data centers, energy generation and storage projects and other infrastructure projects, assets, real estate, and businesses enterprises.

For more information about our transaction advisory opinions and valuations for financial reporting, tax reporting, financing, insurance, and matters in dispute, please visit our website at marshall-stevens.com or contact:

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