

# Inside the Site Race:

## What Developers Must Know Before Buying Data Center Land

### Executive Overview

The digital infrastructure market is entering a decisive new phase. Demand driven by AI, hyperscale cloud growth, and advanced compute workloads is pushing developers to rethink the fundamentals of where and how data centers are built.

This Marshall & Stevens Strategic Real Estate Insights report Q&A consolidates findings from our September 2025 Data Centers Forum Series and a Q&A discussion with Marshall & Stevens, Real Estate Valuation Practice Leader, Patrick Craig, MAI, MRICS. The report provides practical guidance on the questions that now define successful development: *Is power available? Is the land ready? And can capital flow efficiently to both assets?*

Across the U.S., power scarcity has become the dominant constraint and the strongest driver of value. Developers are increasingly pursuing modular, behind-the-meter generation to accelerate deployment timelines, while investors structure financing that treats energy infrastructure as its own asset class. These shifts are reshaping site selection, valuation, and project economics across Tier 1 and Tier 2 markets alike.

Emerging regions in the Southeast and Midwest, including parts of South Carolina, illustrate how the market is adapting. As legacy hubs like Northern Virginia reach capacity, new development corridors are drawing attention with lower costs, shorter interconnection queues, and scalable infrastructure potential.

Ultimately, this Q&A highlights how the intersection of land, power, and capital is redefining competitiveness and risk across the data center sector and how developers who approach energy strategy first will lead the next cycle of growth.



### **Why is land readiness such a decisive factor?**

Fully entitled, “data-center ready” land can be worth two to four times more than standard industrial parcels. The premium reflects reduced risk—projects can move immediately into design and permitting phases without waiting for zoning, power, or fiber approvals.



### **What are developers really competing for?**

Infrastructure proximity has overtaken geography as the main differentiator. Data centers now follow infrastructure corridors rather than population growth—seeking adjacency to substations, dark fiber, and low-latency interconnect hubs.



### **How critical is power access?**

Power is the ultimate gating factor. Interconnection queues of five to eight years in major U.S. grids have made it the top constraint on feasibility. Developers increasingly deploy modular, on-site generation to energize campuses years ahead of utility connections.



### **What are the most common power strategies?**

Developers are installing prime behind-the-meter systems—clusters of 5–10 MW modular engines—to phase capacity and hedge grid delays. Natural gas remains dominant, but battery, CHP, and renewable hybrids are emerging as scalable solutions.



### **How is power being financed?**

Energy-as-a-Service (EaaS) and Energy Services Agreements (ESAs) separate the financing of generation assets from the core data center. This dual structure attracts specialized capital while reducing developer exposure and accelerating deployment.



## Q

### How do policy and incentives shape site value?

Federal and state programs remain pivotal. ITCs can cut power system capex by up to 40%. PILOT and Fee-in-Lieu-of-Tax (FILOT) agreements stabilize long-term property costs, while new renewable mandates create both incentives and regulatory volatility.

## Q

### Why is South Carolina emerging as a data center hotspot?

South Carolina has rapidly become one of the most competitive Tier 2 markets for data center development, driven by three converging forces:

#### Hyperscale Validation

South Carolina has drawn significant hyperscale investment, led by Google's long-running expansion in Berkeley County, where the company has invested more than \$2.9 billion since 2007.<sup>1</sup> Meta strengthened this trend with its \$800 million data center campus announced in Aiken County in 2022.<sup>2</sup> These projects demonstrate that the state can support large-scale, high-power digital infrastructure, encouraging additional market entrants. These investments have effectively de-risked the market, signaling to other developers that South Carolina's infrastructure and policy environment are enterprise-ready.

#### Northern Virginia Overflow

With land in Ashburn selling for more than \$3.5 million per acre<sup>3</sup> and PJM interconnection queues stretching 5–7+ years,<sup>4</sup> developers are increasingly evaluating Southeast markets. South Carolina benefits from lower land costs, manageable timelines, and strategic fiber routes. Industry reports from CBRE and JLL identify the state as part of a broader regional shift driven by Northern Virginia capacity constraints. Developers are migrating south in search of *scalable power, lower costs, and available land*. South Carolina offers that balance—positioned near major transmission corridors and fiber routes connecting to Atlanta and the Mid-Atlantic.

#### Long-term Incentive Structures

South Carolina's economic-development tools, most notably FILOT agreements, continue to support capital-intensive projects by reducing long-term operating costs.<sup>5</sup> Additionally, state law provides sales-tax exemptions for qualifying data-center equipment and construction materials under SC Code §12-36-2120(67).<sup>6</sup> Ongoing legislative discussions may adjust elements of these incentives, but the state remains structurally competitive for large digital-infrastructure investments.

*As Virginia reaches its power limits, South Carolina is emerging as the Southeast's next logical growth corridor—where power, land, and policy still align.*





**Q****Why are land values rising so fast?**

Power-ready land is now the scarcest asset class in digital infrastructure. In Tier 1 markets (like Northern Virginia), values exceed \$3.5 million per acre. Secondary markets (Texas, Utah, Ohio) are quickly catching up as developers chase available capacity.

**Q****How important is water?**

While next-generation air and liquid cooling are reducing dependence, access to reliable municipal or reclaimed water remains a strategic advantage for high-density facilities.

**Q****What is the role of fiber connectivity?**

Multiple carriers, dark fiber proximity, and short latency routes directly translate to higher valuations. Sites near existing backbone routes or meet-me points see the highest absorption and long-term lease durability.

**Q****How do valuation challenges differ from other property types?**

Data centers face faster technological obsolescence and uncertain residual value after 15–20 years. Investors mitigate this risk with build-to-suit leases, modular phases, and exit flexibility.

**Q****What's the value of faster deployment types?**

Speed-to-market can add \$0.10–\$0.40 per kWh in effective value. For hyperscalers and AI workloads, energizing a campus even a year earlier can equate to billions in incremental output.

*Time-to-power equals time-to-profit.*

**Q****What defines a 'power-ready' site?**

Industrial zoning, proximity to high-voltage lines, and completed interconnection studies define readiness. Such parcels allow immediate capital modeling and execution without speculative assumptions.



**Q****Which technologies are currently preferred and which ones are emerging?**

Powering a data center requires non-stop power availability, and the various power sources such as Solar & Wind offer only intermittent power. Fossil fuels emit high levels of greenhouse gas, whereas nuclear is virtually zero emissions. In the U.S., nuclear is the largest source of clean power, and with this type of power, it allows decarbonizing of data center operations. Developers of data centers are also seeking scalable power and energy independence, both of which are satisfied by nuclear power.

Modular nuclear is also gaining traction. Small modular reactors (SMRs) are being evaluated as a steady, carbon-free power source for large data-center campuses. Several major tech firms have begun partnering with nuclear developers, and industry analyses note that SMRs could provide reliable baseload energy as AI-driven power demand grows.<sup>7 8</sup>

Fuel cells, modular nuclear, hydrogen hubs, and carbon capture are transitioning from pilots to commercial scale. Battery storage is now standard at multiple levels—GPU, UPS, and grid—to balance fluctuating AI loads.

**Q****What is the biggest long-term strategic insight?**

The integration of land, power, and finance defines the new development model. As Marshall & Stevens' Forum concluded: "Those who master megawatts, cooling, and capital together will define the next growth wave".

## Conclusion: Power Is the New Location

The foundation of competitive advantage in data center development has shifted. Where developers once asked "Where's the land?" they now ask "Where's the power?"

The future of data center development rests on mastering the relationship between power, land, and financing. In a landscape where power access dictates feasibility, readiness and speed to energize have become the true measures of value.

Markets once considered secondary are gaining relevance not through incentives alone, but because they offer what Tier 1 locations increasingly cannot—capacity, scalability, and timeline certainty. As regions from Texas to Utah and

the Carolinas continue to mature, developers are learning that diversification of geography is also diversification of grid risk.

Marshall & Stevens' research and advisory experience show that projects succeed not merely by securing acreage but by aligning energy strategy, capital structure, and entitlement readiness into a unified plan.

The future belongs to developers who build around power—who view energy not as a utility cost but as a strategic asset.



# *Energy strategy is development strategy.*

— Marshall & Stevens Data Center Forum

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Our specialists combine technical, financial, and regulatory expertise to help clients assess value, de-risk projects, and accelerate execution.



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### Sources:

- <sup>1</sup> Google, Google in South Carolina (official site).
- <sup>2</sup> Aiken Standard, "Meta to invest \$800 million in Aiken County data center," 2022.
- <sup>3</sup> Washington Business Journal, "Digital Realty pays \$375M for 100-acre Loudoun County property," 2024.
- <sup>4</sup> PJM Interconnection, Generation Interconnection Queue Overview, 2023.
- <sup>5</sup> South Carolina Department of Commerce, Incentives Overview.
- <sup>6</sup> South Carolina Code of Laws §12-36-2120(67).
- <sup>7</sup> Deloitte, Nuclear energy: A possible solution to support data center growth, 2024.
- <sup>8</sup> IEEE Spectrum, Why Data Centers May Go Nuclear, 2023.