

States And Cities Scramble To Attract Massive Data Center Projects

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(<https://www.bisnow.com/author/annie-gaus-363253>) (<mailto:annie.gaus@bisnow.com>)

Facebook is rapidly expanding its U.S. data center footprint, and cities and states see economic opportunity in hosting a state-of-the-art facility.

The social media giant operates 13 data center sites in the U.S., including several that are spread across the South and Midwest. Of those, eight are fully operational and five are under construction, and the projects amount to billions in total spending. In July, for example, local officials in DeKalb, Illinois, approved an \$800M, 907K SF Facebook data center campus, which will be one of the largest data centers in Illinois once completed.

DeKalb and Illinois officials hailed the project as an economic boon, saying that the Facebook data center will add 1,200 construction jobs at its peak along with 100 other technical or operational positions. The project could also lure more tech companies and talent to the area.



“We’re thrilled with the Facebook project, it’s an \$800M project which represents the largest investment in a single project in the history of DeKalb County,” DeKalb County Economic Development Corp. Executive Director Paul Borek said. “The erection of steel beam construction is underway right now, making the project highly visible along I-88. The visibility draws attention to the scale of development.”

The Facebook data center will span 500 acres; once completed, it will be LEED Gold certified, supported by 100% renewable energy, and will use 80% less water than the average data center, according to the company. Across the country, Facebook has several new data center projects or expansions underway, each of a similar scope. One such site is a \$750M, 970K SF data center campus under construction in Eagle Mountain, Utah. Facebook cited the area’s strong renewable energy access because the site will be powered by 100% solar energy, and a strong and reliable electrical grid.

Along with other so-called hyperscalers, Facebook is growing its data center footprint alongside ambitious energy-efficiency goals. Facebook says it's on track to adopt 100% renewable energy for all of its operations by the end of 2020; it was also the largest buyer of renewable energy in the world last year, purchasing 1,546 gigawatts of renewables (<https://renewablesnow.com/news/facebook-crowned-as-2019s-top-us-buyer-of-renewable-energy-686270/>), according to the Renewable Energy Buyers Alliance. For data-hungry hyperscalers like Facebook, energy efficiency comes with business advantages (<https://www.bisnow.com/national/news/data-center/data-106542>).

“If we look back over the last eight quarters, the biggest growth in the US hyperscale data center footprint has come from Amazon, Facebook and Google. Together those three have accounted for over 80% of new hyperscale data centers that have been opened in the U.S.,” said John Dinsdale, chief analyst and research director at Synergy Research Group.

“Over the last four quarters Amazon, Facebook and Google have in aggregate accounted for over \$75B in capex — the majority of that capex has been focused on the U.S., and by far the biggest-ticket items in their capex programs [have] been investment in data centers and associated IT hardware and software.”

State and local governments want a piece of the booming data center industry. As of 2019, a majority of states had some form of incentive program specifically targeting data centers according to the Site Selection Group (<https://info.siteselectiongroup.com/blog/data-center-economic-incentive-landscape-in-2019>). Those incentives normally include sales tax exemptions or other municipal tax abatements, and can add up to millions of dollars per year in savings to the company. As they expand, companies like Facebook have their pick of locations with welcoming local governments, among other perks like robust infrastructure and affordable power.

“As for future developments, any decision to expand or develop new sites is determined by business needs,” said Melanie Roe, a Facebook spokesperson.

For local governments, the upsides to those deals are especially pronounced given the coronavirus pandemic and struggling economy.

“The extraordinary large number of construction workers have generated significant catering business from our local restaurants, who have been particularly valuable during COVID-19,” Borek noted. “It’s great to have some good news and a positive injection of business and capital in the market, as COVID has created challenges for many businesses, particularly small businesses.”

Apart from the downstream effects to local businesses, the DeKalb data center build also comes with extensions to key utilities like water, sewer lines and road infrastructure, which will make it easier to develop new tracts of land alongside I-88, the major interstate highway that connects DeKalb to Chicago. The extensions of infrastructure could be an additional draw for industry, Borek added.

“We’re quite optimistic that the attraction of Facebook will continue to attract additional tech and industrial projects,” he said.

*Contact Annie Gaus at annie.gaus@bisnow.com
(<mailto:annie.gaus@bisnow.com>)*

See Also: DataBank Breaks Ground on Third Minnesota Data Center Amid Investment Blitz (</national/news/data-center/databank-breaks-ground-on-third-minnesota-data-center-amid-investment-blitz-106842>)

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