

Development Cost Guide 2026

DATA CENTERS



NORTH AMERICA

Regional Growth

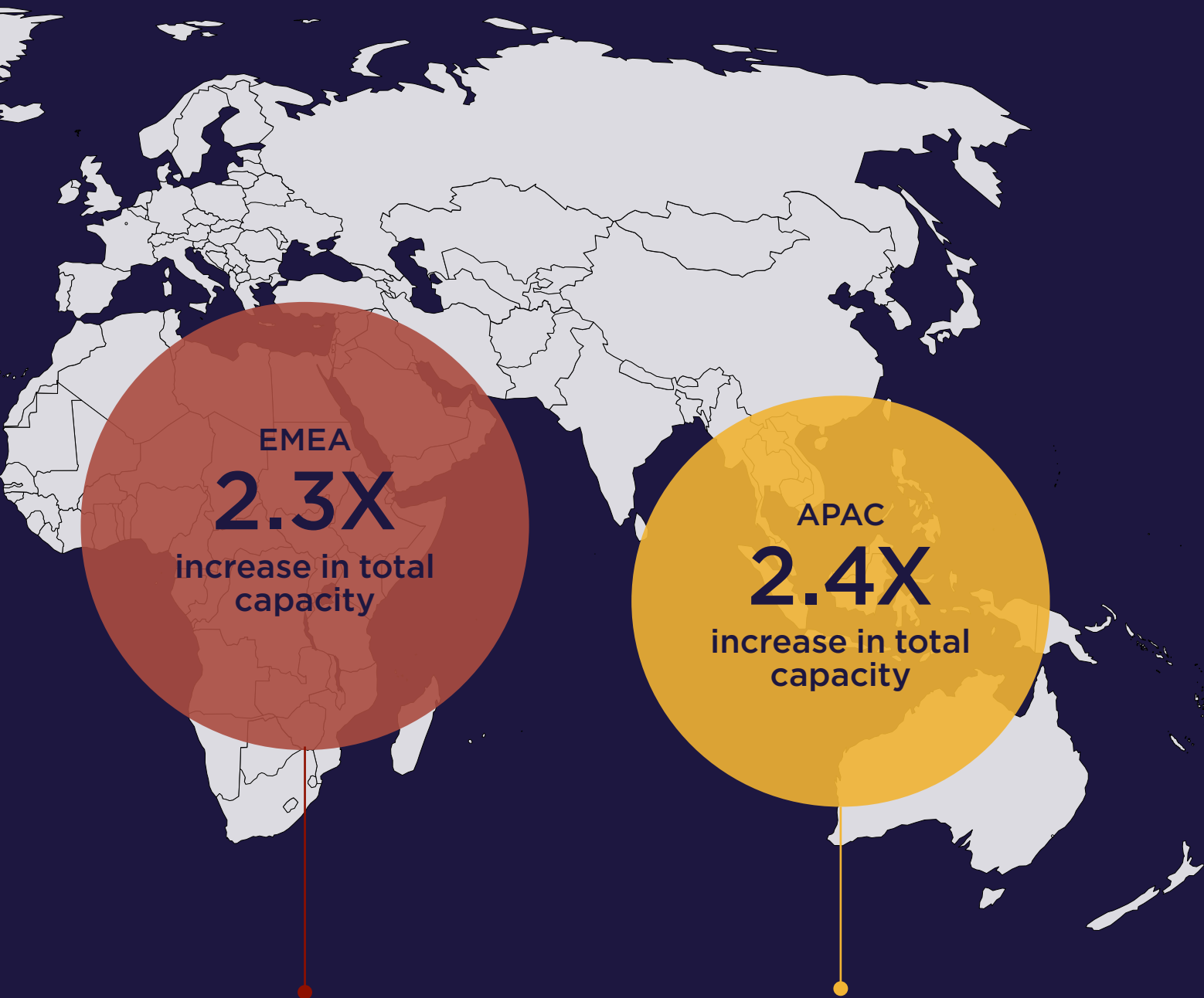
Total capacity is expected to continue growing across regions, with each region expected to double or more.



AMERICAS
7.3X
increase in total capacity

KEY ASSUMPTIONS:

- Development pipeline excludes early-stage projects
- Vacancy is only calculated on operational colocation capacity
- Bubble size directly correlates with regional market size
- **Operational Capacity: 50.4GW**
 - Colocation: 21.3GW
 - Hyperscale: 28.7GW
- **Vacancy: 3.8%**
- **Under Construction: 37.7GW**
 - Colocation: 17.4GW
 - Hyperscale: 20.4GW
- **Planned: 285.4GW**
 - Colocation: 114.1GW
 - Hyperscale: 171.3GW



- **Operational Capacity: 11.5GW**

- Colocation: 8.5GW
- Hyperscale: 3.0GW

- **Vacancy: 9.3%**

- **Under Construction: 2.7GW**

- Colocation: 2.0GW
- Hyperscale: 0.7GW

- **Planned: 15.6GW**

- Colocation: 13.0GW
- Hyperscale: 2.6GW

- **Operational Capacity: 15.1GW**

- Colocation: 13.1GW
- Hyperscale: 2.1GW

- **Vacancy: 10.3%**

- **Under Construction: 4.8GW**

- Colocation: 3.7GW
- Hyperscale: 1.0GW

- **Planned: 21.7GW**

- Colocation: 19.0GW
- Hyperscale: 2.7GW

Key Takeaways





Power availability remains a critical challenge to overcome as grid-connected power becomes increasingly scarce across North America. These constraints initially sparked a trend of land acquisition in secondary and tertiary markets, a trend that has continued. Rising community opposition and regulatory tightening are also contributing to this scarcity.



Data center development costs now fully reflect land values, which vary significantly both regionally and within individual markets, as powered land continues to command far higher prices than non-powered equivalents. The market has fully priced in power, presenting a tradeoff: Buyers either pay a premium to shed risk by buying powered sites or pursue riskier non-powered land to chase the upside.



The shift of data center land purchases outside of primary markets highlights power and land scarcity in primary markets, alongside increasingly organized community opposition and a tightening regulatory environment. As demand for AI and cloud infrastructure continues to rise, truly powered land has become an advantage for companies seeking derisked assets and the ability to scale quickly.



An aging workforce, fewer trade entrants, and high digital infrastructure construction activity have left developers competing for scarce mechanical, electrical and plumbing (MEP) talent, leading to higher-than-expected wages and longer project timelines.



The scale of planned investment underscores just how far the industry's growth expectations extend. While \$492 billion of the \$2.3 trillion development pipeline is currently under construction, the remaining \$1.8 trillion is tied to planned and precommitted projects. Capital deployment is expected to expand well beyond traditional hubs as the industry pursues the land, power and scale required to support future AI and cloud demand.



Data Center Land

Land is foundational to the data center site selection process, and acquisition activity throughout 2025 and 2026 has been high despite market frictions that are lengthening the development timeline. Site selection depends on many factors, which we've outlined in our [Global Data Center Market Comparison](#) report and [Land at a Turning Point](#) article, but the past 12-18 months have seen greater emphasis placed on power, water, zoning and community sentiment. Land that lacks access to power, the ability to host on-site power generation where grid connectivity is unavailable, fiber access, favorable zoning, a supportive community, and a clear path to approval may be better suited to a different type of development. Conversely, when most or all these factors are present, a data center development becomes more viable, and buyers are willing to pay a premium as a result.



Overview

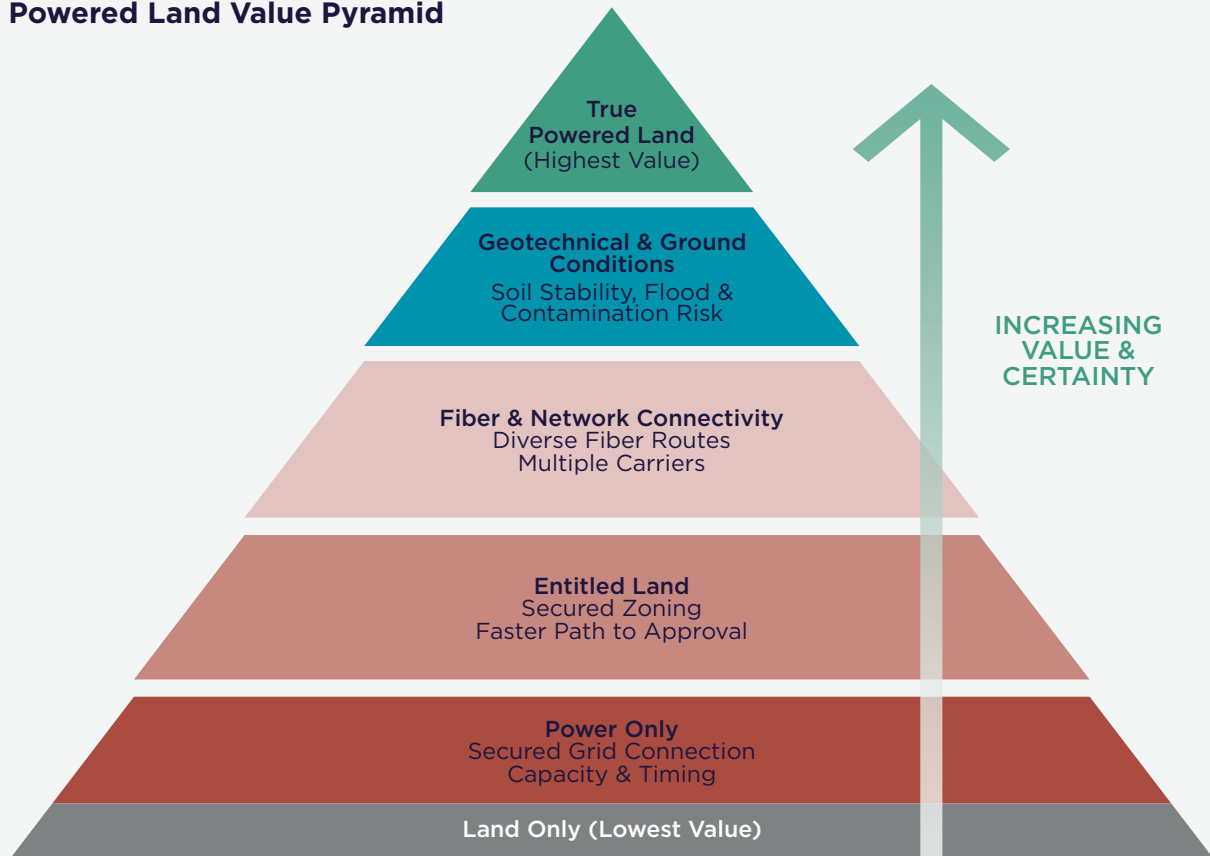
Powered land has become common vernacular in the industry, but it is rarely defined and often means different things to different groups, leading to confusion when assessing the potential upside of raw, non-powered land assets. For the first time, Cushman & Wakefield is providing context to the term by presenting a pyramid roadmap of how these values rise as certainty increases and the land becomes fully scoped and de-risked. The pyramid shape is intentional, representing abundance in the "raw land" category at the bottom and a high degree of scarcity in the "true powered land" category at the top, with risk decreasing and value increasing as parcel characteristics flow upward. Each level of the pyramid should be viewed as an enhancement on top of the previous layer, including everything below it, rather than a standalone characteristic. Taken together, this chart seeks to explain some of the nuance driving the extremely high degree of price variability in powered land transactions.



- Raw land, sitting at the bottom of the pyramid, is the foundational value that powered land models are built on top of, and it is often priced at industrial land rates in more densely populated market areas and at rural farmland rates in unincorporated areas. These parcels carry the highest degree of risk for the buyer.
- Though just one level above raw land, the “power only” category is the single most important driver of value among the nuanced values that shape powered land pricing. Land falling in this category will have a secured grid connection with defined capacity and timing, as well as substation access confirmation from the utility. This is often achieved with a power purchase agreement (PPA) or will-serve letter from the utility. Risk surrounding power has been mitigated to some extent, but not eliminated, and a delivery timeline has been established, even if power delivery isn’t expected until 2033 or later. The shorter the delivery timeline, and the higher the capacity being delivered, the greater value the power component brings.
- The political and regulatory environment surrounding data center development has been changing rapidly as community opposition increases and legislative action preventing, delaying, or otherwise managing where, when and how data centers can be built takes shape. As a result, entitled data center land—whether gained through by-right zoning or a special-use permit—brings additional value as it becomes further derisked. The regulatory certainty attached to land in this category can accelerate the acquisition-to-construction timeline, especially if power delivery timelines are faster than average from the date of transaction.
- The next layer surrounds fiber and network connectivity, an essential need for latency-sensitive hyperscale workloads. Sites with access to multiple long-haul and metro fiber routes, proximity to major internet exchanges, and confirmed carrier commitments bring incremental value, as they reduce latency, improve redundancy and enhance long-term scalability. Fiber is generally less of a gating factor than power or entitlements, but limited connectivity or single-carrier dependency can materially constrain a site’s attractiveness, whereas robust, diverse connectivity further de-risks the asset and broadens the pool of potential end users. Even then, achievable values will be susceptible to the scarcity of power and demand for compute in the area.
- Geotechnical and ground condition factors may not carry as much weight in value as power procurement and zoning, but they do affect a site’s competitiveness. Unfavorable site-level physical and environmental conditions—such as flood exposure, soil stability and contamination—can erode value and lessen desirability. Unfavorable conditions in this category can produce costly surprises, significantly delay construction timelines, and ultimately compromise operational reliability. Sites with favorable findings here carry lower cost, operational and timeline risks.
- True powered land sits atop the pyramid, achieving the highest values, which often come through a competitive bidding process. These sites have been fully de-risked from multiple angles: Power delivery timelines are secured, proper entitlements are in place, diverse fiber routes are accessible, and environmental risk is minimal or absent. They are not common and require significant investment beyond the parcel’s raw land value to reach this category. Moreover, sites in this category with power delivery timelines within 12-18 months often draw headlines when sold, given the significant value they command.



Powered Land Value Pyramid

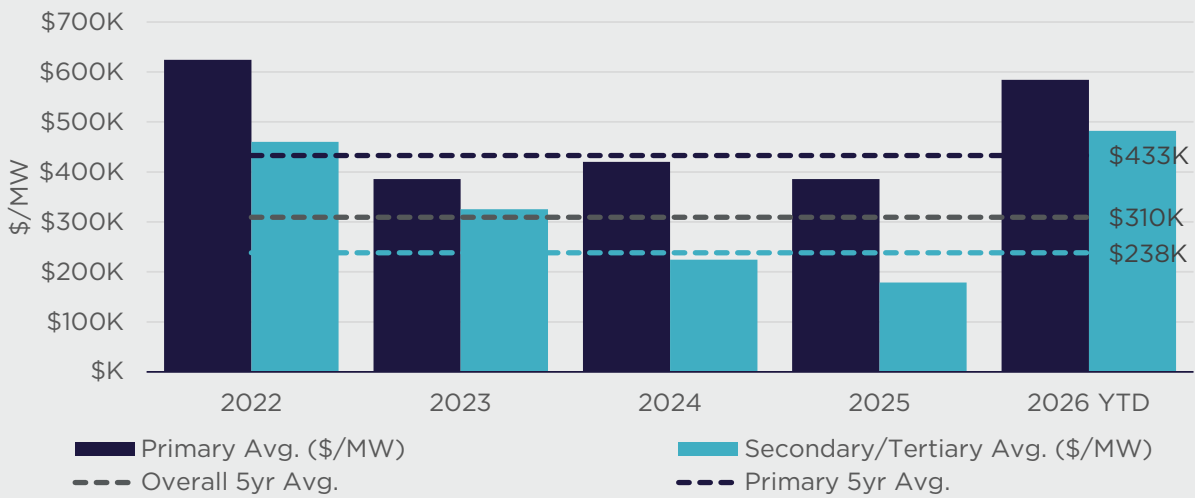


Cushman & Wakefield Research, Cushman & Wakefield Valuation & Advisory

While the pyramid model offers clarity on the hierarchy of powered land, it is often difficult to point to a specific average value for powered data center land, considering the nuance each individual parcel presents and the volatility observed between primary, secondary and tertiary markets—and even within individual markets themselves. Key drivers of achieved values include the value of the underlying land, local demand for near-term IT deployment, scarcity of power in the area, grid interconnection costs, phasing of power delivery and substation costs.

Across the United States, powered land in primary markets achieved average values of \$584,000 per megawatt (MW) in 2026 YTD—35% above its five-year average of \$433,000 per MW and 51% higher year-over-year (YOY). Secondary and tertiary markets present a cost advantage on average but see a higher degree of pricing volatility due to a greater diversity of locations.

Avg. \$/MW for Powered Land in the United States



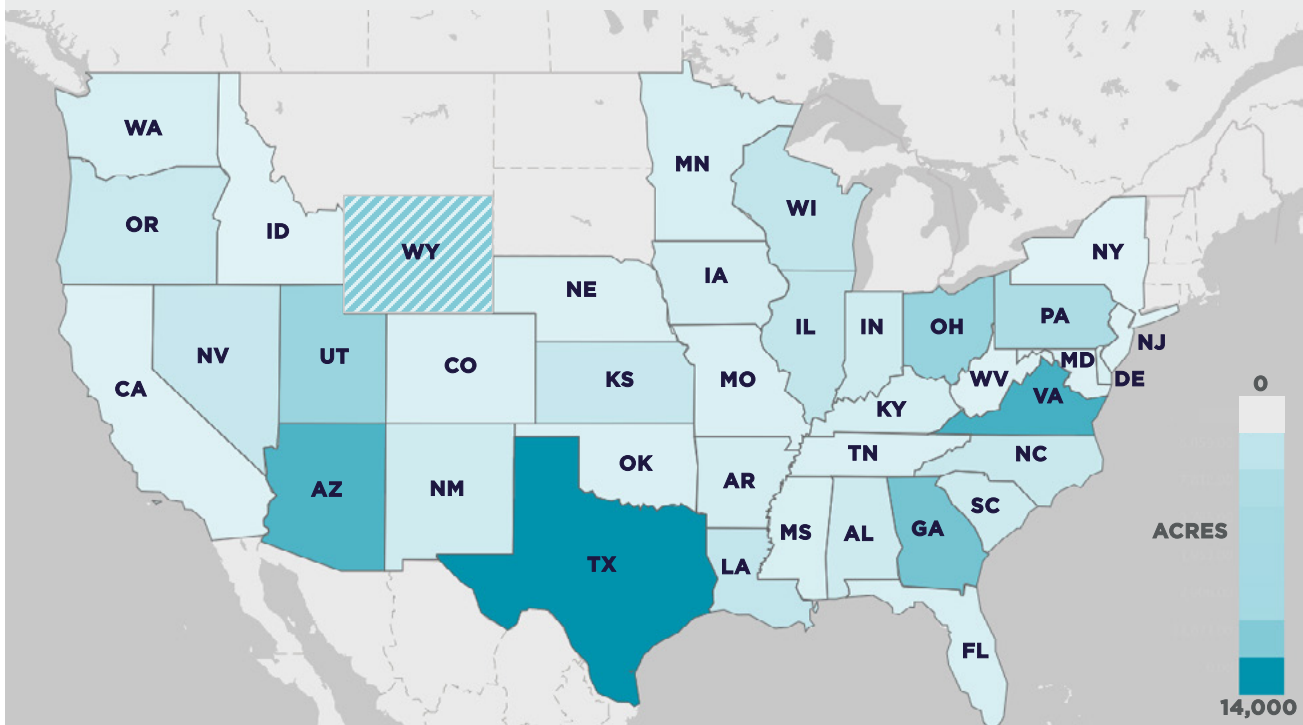
Source: Cushman & Wakefield Research ; Note: Secondary/Tertiary 2025 Avg \$/MW and 5yr Avg and do not include Meta Hyperion land purchase

True powered land represents a growing segment of acquisition activity while acquisition activity for raw non-powered land persists with buyer profiles consisting of developers or users with on-site power plans, investors seeking tremendous upside, and forward-looking buyers willing to wait for grid interconnect. While hyperscalers and well-known developers are typically focused on the near-term power story a site has to offer, the intense, unceasing demand for compute has led to a higher degree of speculative activity than has been seen in the past. The speculative buyer typically seeks to acquire strategically located parcels of raw land that are prime candidates for investment in securing power, infrastructure access and full data center entitlements, in hopes of later dispositioning their asset for a multiple of its total investment. This type of activity has led to a phenomenon the industry refers to as “phantom” or “fake” data centers, as development of these parcels often depends on securing an end user. It is also a reason that some states and utilities are instituting interconnection queue fees or financial security requirements to secure large-load power, and a leading reason why greater weight has been given to the preleased portion of the planned development pipeline when assessing long-term market potential.

The land acquisition map on the following page does not differentiate between powered, unpowered or speculative land acquisition, and instead highlights areas throughout the country where data center-related land acquisition is highest, regardless of where it falls in the hierarchy.

Some states may come as a surprise; Utah, for instance, saw nearly 5,000 acres of data center land transact in 2025-2026 YTD, a figure driven largely by the land purchased for the Stratos Project, while activity in other states like Texas, Virginia, Arizona and Georgia is more consistent with expectations. However, states that are home to established data center markets are seeing transactions continue to radiate outward from historical activity hubs. Texas, which is home to three top 10 markets as ranked in our [Global Data Center Market Comparison](#), has seen a high degree of acquisition beyond its Dallas stronghold that has spread to West Texas, the Texas Panhandle, Austin, San Antonio and Houston. The story is similar in Virginia, where acquisition activity continues heading south along I-95 toward Richmond, just as it is in Phoenix, where it continues westward along I-10 toward Buckeye, Arizona.

Data Center Land Purchases by State 2025-26



Source: Cushman & Wakefield Research ; Note: Acreage totals based on publicly announced transactions and striped line indicates large pending purchase in WY

An analysis of data center land transactions from January 2025 through the second quarter of 2026 highlights the growing importance of land acquisition as a competitive strategy across the industry. The largest buyers largely fall into three categories: hyperscalers acquiring sites to support future cloud and AI infrastructure growth, colocation providers positioning themselves to capture hyperscale AI, HPC and NeoCloud demand, and land developers assembling large land inventories in anticipation of future data center development.

Several of the largest transactions also highlight the widening divide between mature and emerging data center markets. In established markets such as Virginia, the scarcity of sites with power commitments and existing infrastructure has resulted in substantial premiums. In contrast, emerging markets, such as Louisiana, offer hyperscalers

a deeper pool of viable, less contested sites, often resulting in larger land positions at a lower cost.

While both hyperscalers and land developers are actively acquiring sites, the status of parcels targeted is generally quite different. Hyperscalers are willing to pay higher prices for powered land, recognizing that access to electricity has become one of the largest constraints on new development. At the same time, land developers are actively purchasing lower-cost raw land and creating value by securing power and development rights before marketing those sites to future users. These differing strategies are reflected in pricing: Among the top 10 buyers, hyperscalers paid roughly seven times more per acre than land developers. As a result, control of powered land is becoming a competitive advantage and an increasingly important factor shaping the next phase of data center market growth.

Data Center Land Purchases

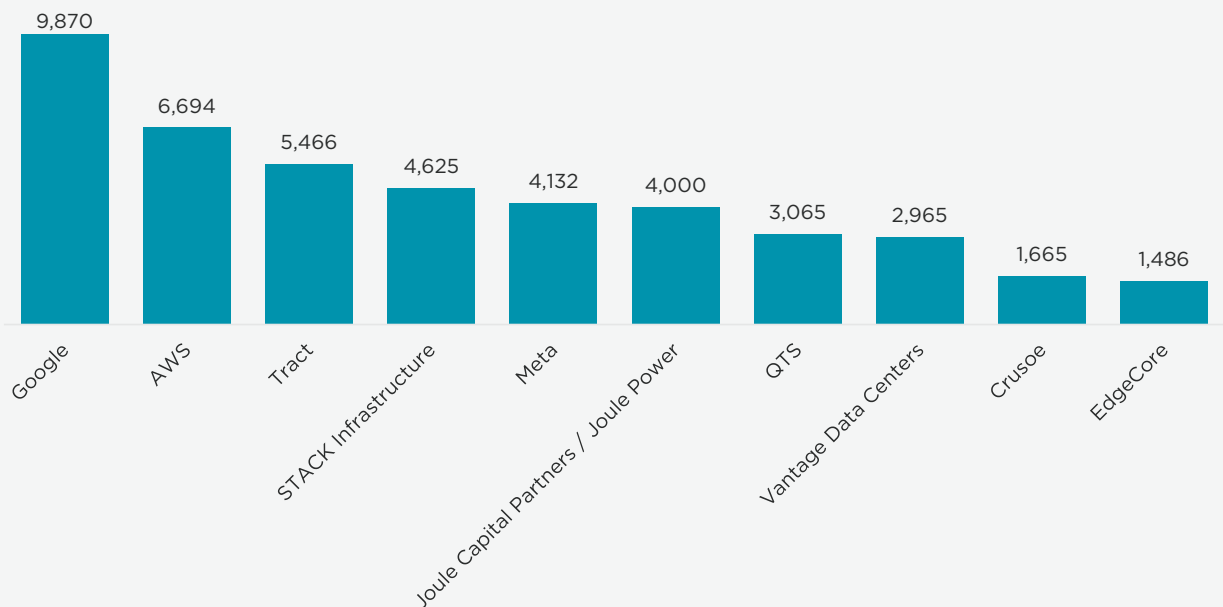
Largest Transactions

SITE	SIZE	SALE DATE	SALE PRICE (USD)	BUYER	SELLER
11000 N McCornick Rd, Millard County, UT	4,000 acres	Aug-25	Undisclosed	Joule Capital Partners	Undisclosed
Berry Hill Rd, Danville, VA 24541	2,990 acres	Jan-26	\$737.8M	Stack Infrastructure	Danville-Pittsylvania Regional IFA
634 Salem Blvd, Berwick, PA 18603	1,700 acres	Mar-26	\$74M	QTS	Undisclosed
Hwy 235 & Hwy 230, Kyle, TX 78640	1,516 acres	May-25	Undisclosed	Tract	Walton International
10301 Astra Pkwy, De Soto, KS 66018	1,440 acres	Apr-26	\$475M	Digital Realty	Undisclosed
G947+GG, Holly Ridge, LA 71269	1,420 acres	Jul-25	\$12.5M	Meta	Undisclosed
18100 Duval Rd, Moseley, VA 23120	1,409 acres	Jul-25	Undisclosed	Google	Chesterfield County EDA
Vietnam Veterans Memorial Hwy, Boardman, OR 97818	1,300 acres	Mar-26	\$37M	AWS	Threemile Canyon Farms
299 FM 604, Abilene, TX 79601	1,210 acres	Jul-25	Undisclosed	Vantage Data Centers	Guy Family Ranches LP
Hwy 235 & Hwy 230, Kyle, TX 78640	1,165 acres	Dec-25	Undisclosed	Tract	Walton International

Source: Cushman & Wakefield Research

IFA = Industrial Facility Authority; EDA = Economic Development Authority

Acreage Acquired by Operator 2025-2026YTD



Source: Cushman & Wakefield Research; Note: Acreage totals based on publicly announced transactions



Labor

Skilled labor shortages continue to plague the construction industry, particularly the mechanical, electrical and plumbing (MEP) trades that are central to data center development. An aging workforce, fewer new entrants to trade occupations, and a surge in digital infrastructure construction have strained labor markets and left developers competing for a limited pool of specialized talent. These shortages are driving wage growth and lengthening project schedules. According to the Associated General Contractors of America, average hourly earnings for production and nonsupervisory employees in construction are now more than 20% above the all-private-sector production average. Markets lacking sufficient labor capacity often command a premium as developers import workers from outside the region, while markets with adequate workforce depth offer cost advantages and reduced execution risk.





Overview

Data center markets near heavily populated metros such as New York City offer greater talent pool depth, but population scale alone is not a reliable indicator of labor availability. The New York-Northern New Jersey market contains the largest electrical and mechanical (E&M) trades workforce at roughly 136,000 workers, yet its location quotient of 0.69 indicates the market is significantly under-concentrated relative to its overall economy. In short, dense metros with sub-1.0 location quotients face competing demand from a high volume of concurrent commercial and infrastructure projects, all drawing from the same labor pool. The opposite pattern matters equally: A small market with a high location quotient may still lack the absolute workforce required to develop or staff a large campus deployment, leading to the importation of labor from nearby areas. Cheyenne, for example, recorded the highest E&M concentration in the dataset at 1.76, yet supports only 1,900 resident workers

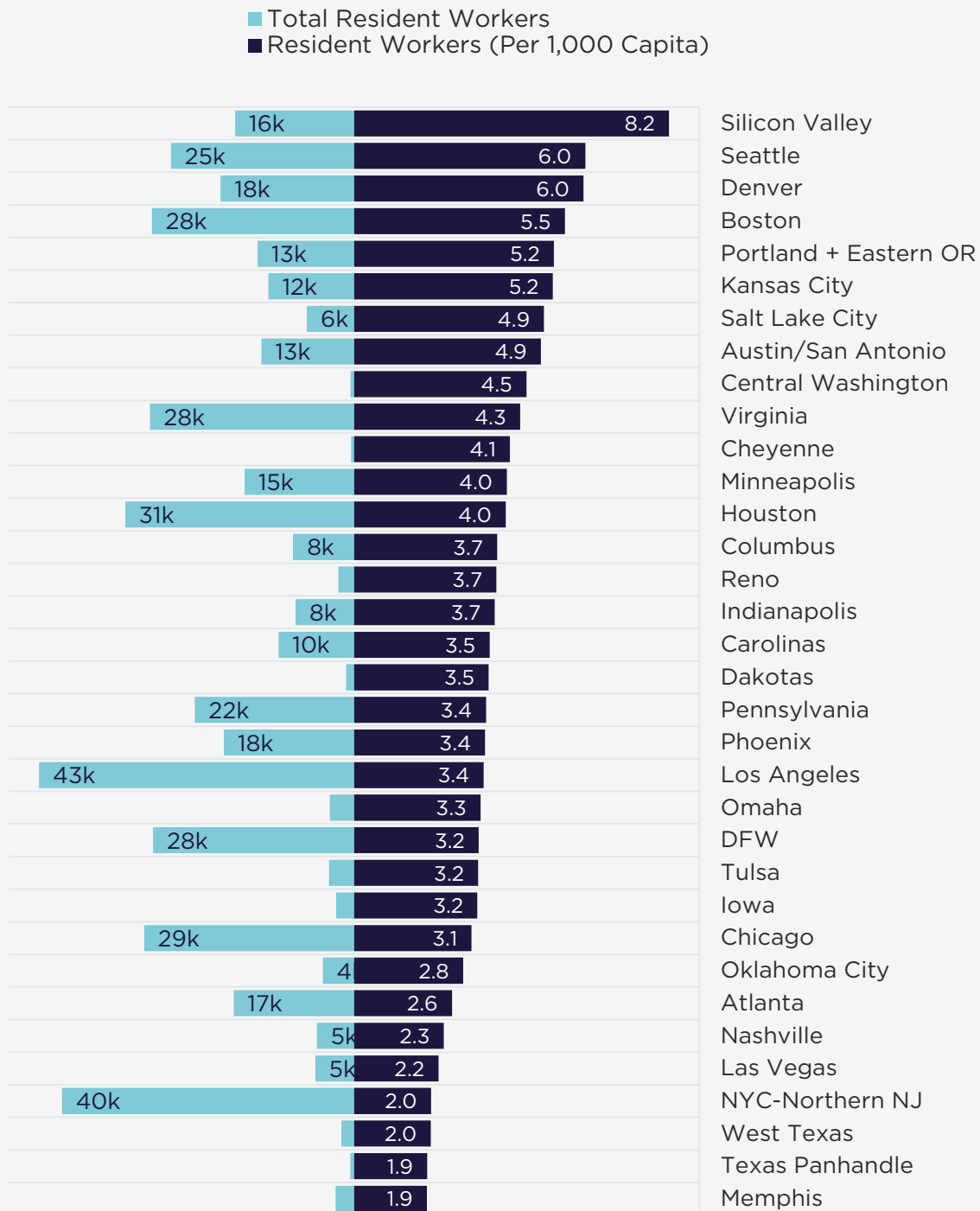
in the segment—strong specialization, but limited capacity for concurrent multi-site or hyperscale programs.

Across the four labor segments evaluated, a small group of markets emerged as broadly strong. Houston, Denver, Dallas-Fort Worth and Austin-San Antonio stood out for their combined scale and specialization across categories, each placing in the 66th percentile or above in at least three of the four labor pools. Phoenix stood out in the critical skilled construction trades segment, offering many workers and an above-average concentration of them. At the other end, Memphis and West Texas underperformed across pools—Memphis posted a location quotient below 1.0 in every segment, with workforce depth well below average, while West Texas showed a similar pattern outside of general construction trades, which tracked the national benchmark, signaling that skilled labor importation is a necessity in these markets.

Data Center Labor Supply

Data Center-Related Occupations: Engineering and Technical Support

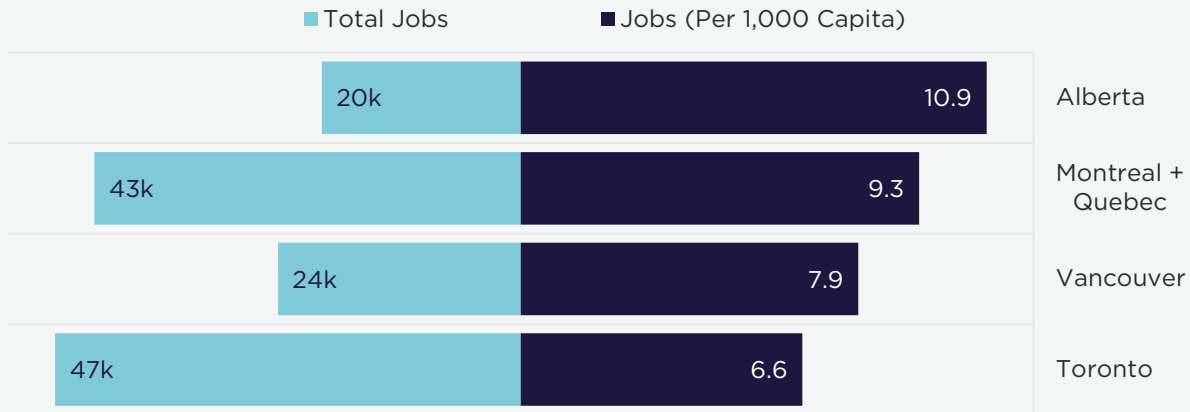
United States Markets



Source: Cushman & Wakefield Research, Lightcast

Data Center-Related Occupations: Engineering and Technical Support

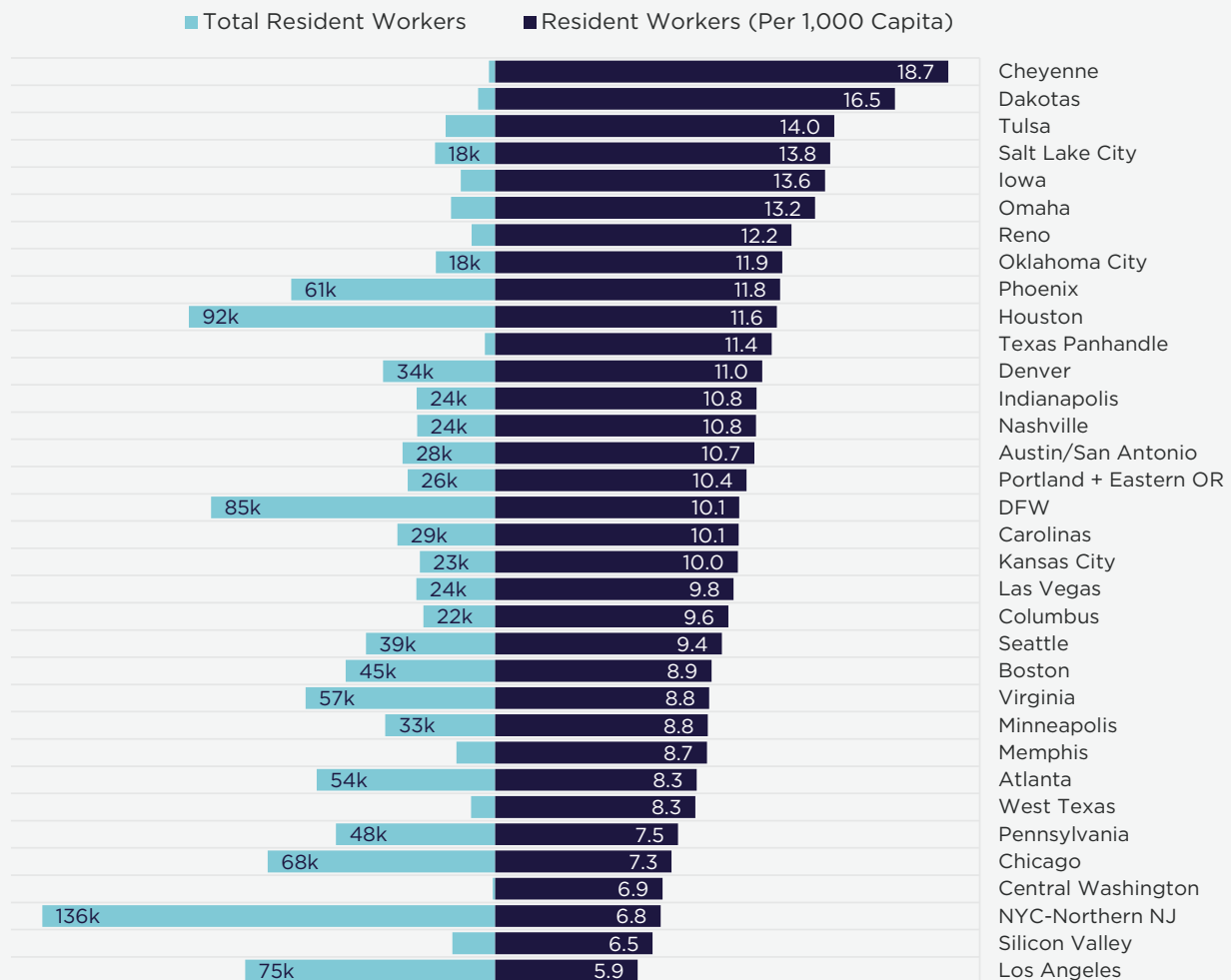
Canadian Markets



Source: Cushman & Wakefield Research, Lightcast

Data Center-Related Occupations: Skilled Trades (Electrical and Mechanical)

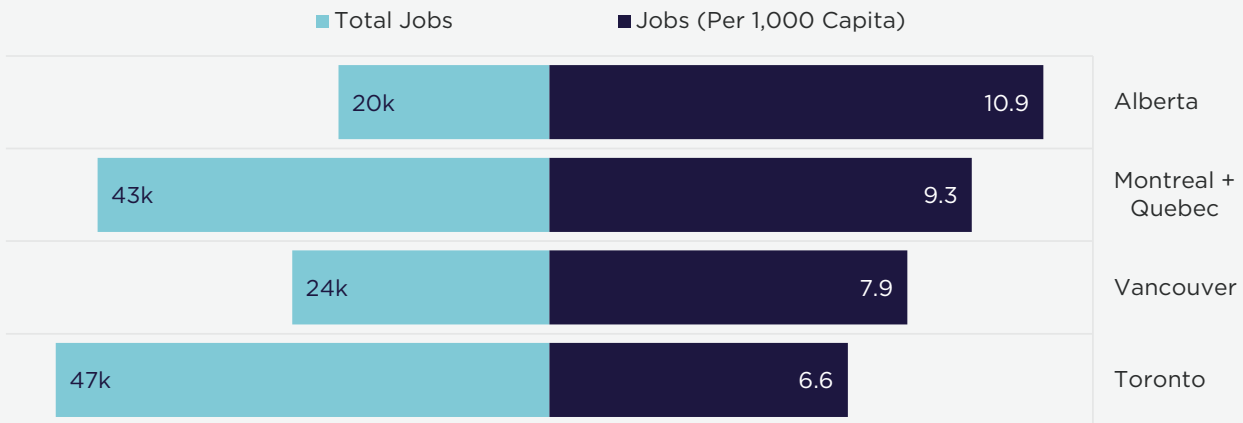
United States Markets



Source: Cushman & Wakefield Research, Lightcast

Data Center-Related Occupations: Skilled Trades (Electrical and Mechanical)

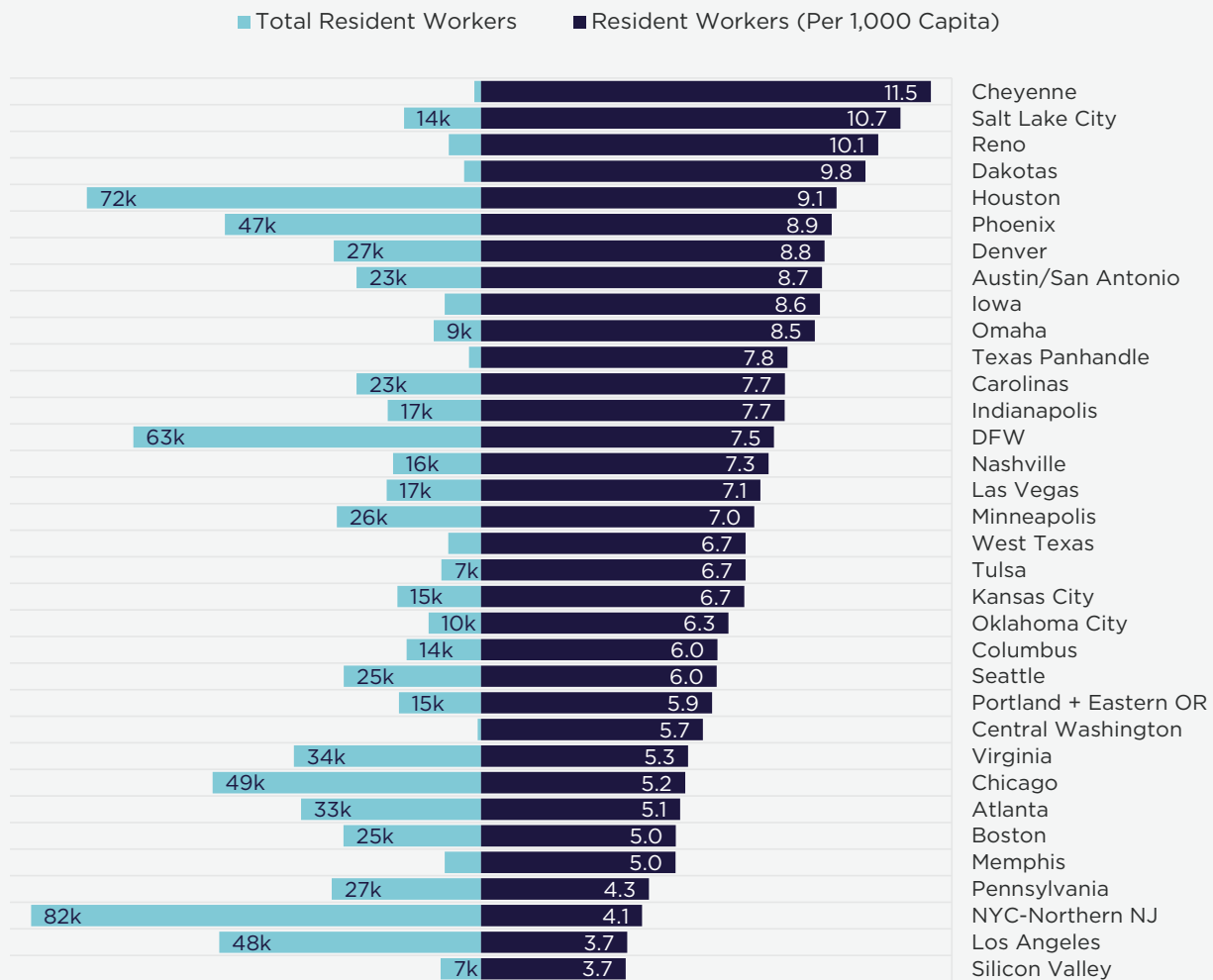
Canadian Markets



Source: Cushman & Wakefield Research, Lightcast

Data Center-Related Occupations: Skilled Trades (General Construction)

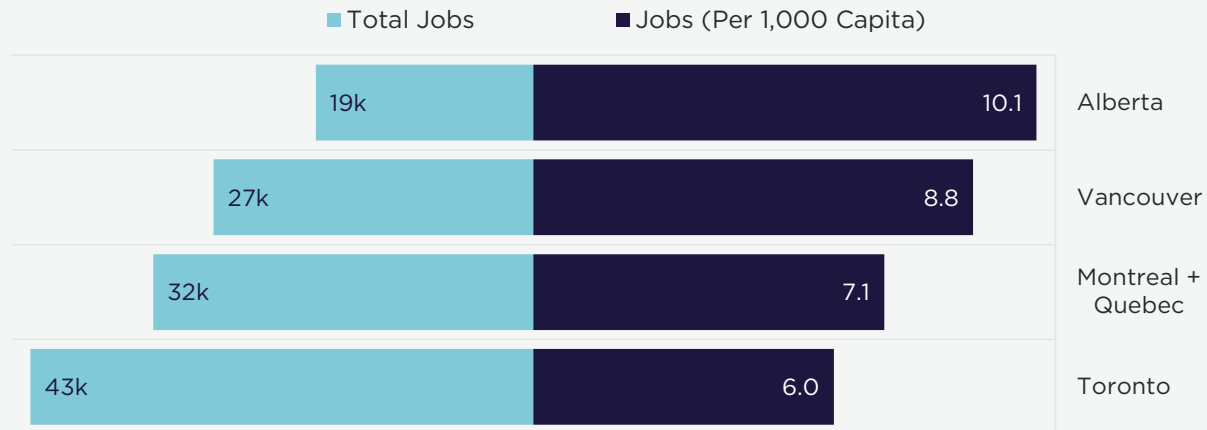
United States Markets



Source: Cushman & Wakefield Research, Lightcast

Data Center-Related Occupations: Skilled Trades (General Construction)

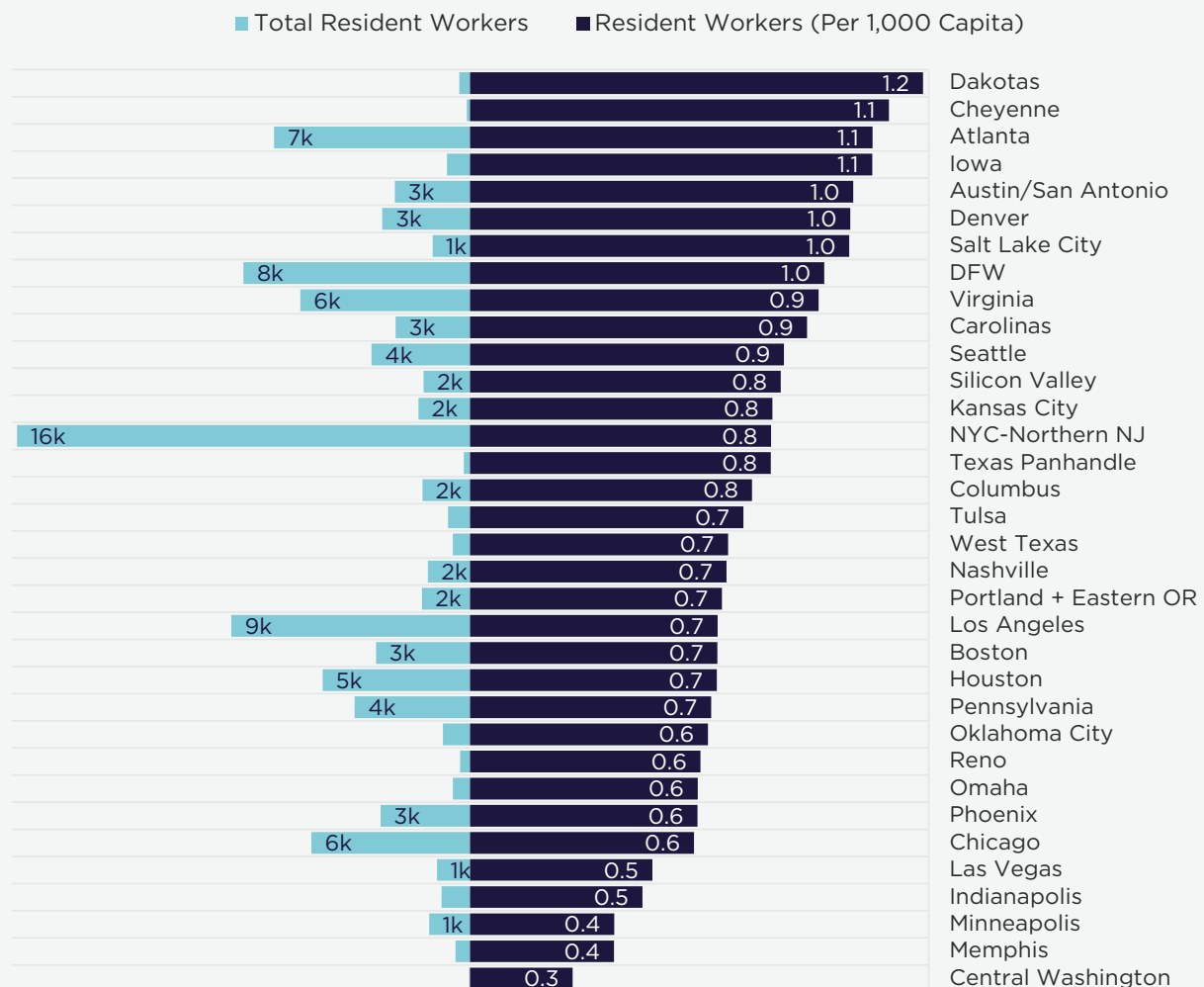
Canadian Markets



Source: Cushman & Wakefield Research, Lightcast

Data Center-Related Occupations: Skilled Trades (Electrical and Mechanical)

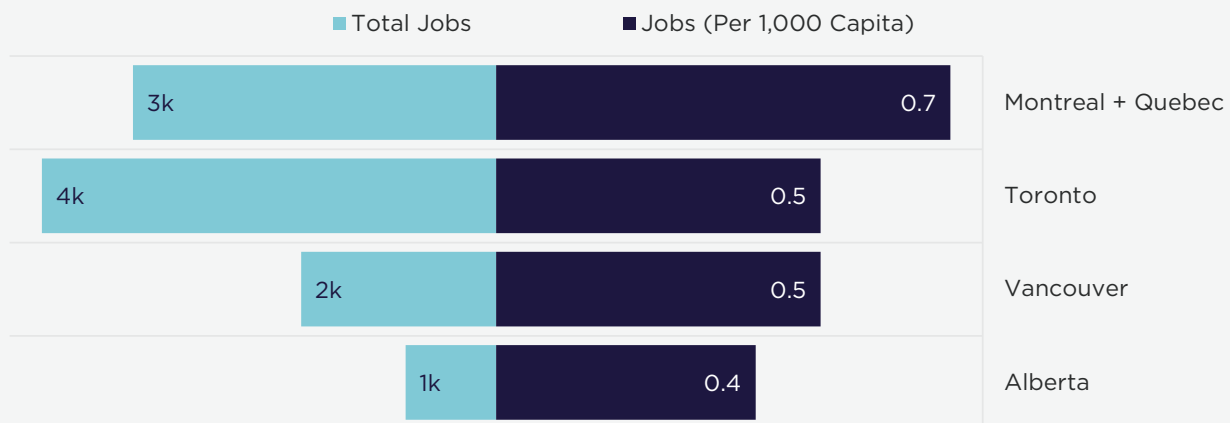
United States Markets



Source: Cushman & Wakefield Research, Lightcast

Data Center-Related Occupations: Skilled Trades (General Construction)

Canadian Markets



Source: Cushman & Wakefield Research, Lightcast

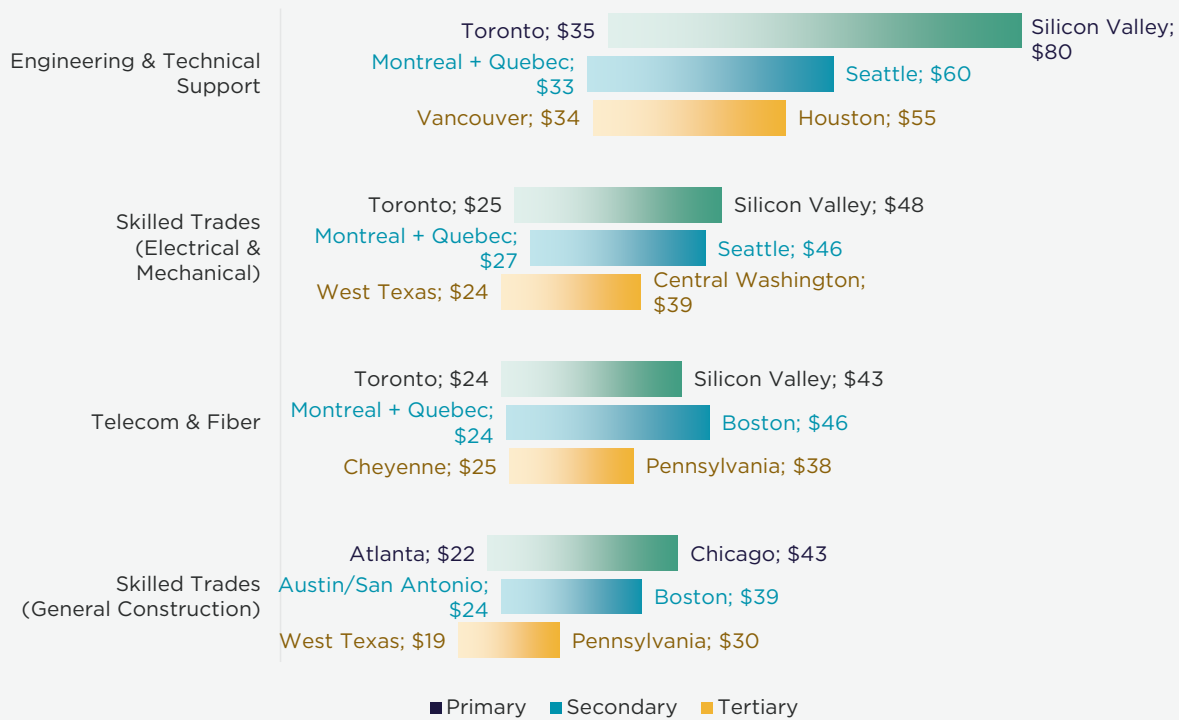
Labor cost is another critical component. The shortage of skilled trades workers has intensified wage growth, fueling a 5% average annual increase each year from 2021 to 2024. The strongest acceleration has occurred in secondary and tertiary markets such as Reno, Denver and Vancouver, which have seen skilled general construction wage growth of 10.7%, 8.9% and 7.7%, respectively. This upward pressure on wage levels has extended to other labor segments as well, with telecom and fiber wages in Iowa recording an average annual increase of nearly 11% over the same period.

Despite this acceleration, markets near dense urban metros continue to command the highest absolute wages, particularly those with heavy union presence, a dynamic that is reflected in higher development costs per MW. Silicon Valley recorded the highest labor cost in the 38-market dataset for both engineering and technical support, and skilled electrical and mechanical (E&M) trades, running 60% and 44% above the segment average, respectively. Telecom and fiber labor was most expensive in Boston (+46%), while skilled general construction peaked in Chicago (+51%). On the lower end, Canadian markets offered more affordable labor: Montreal and Quebec came in 34% below the report average for engineering and technical support, and Toronto posted a 25% discount for telecom and fiber. West Texas recorded the lowest local construction trades wages, with E&M and general construction wages sitting 28% and 32% below average, though labor importation brings additional costs such as higher wages for workers, per diem and other expenses.



Data Center Labor Costs

Median Hourly Labor Cost (USD)

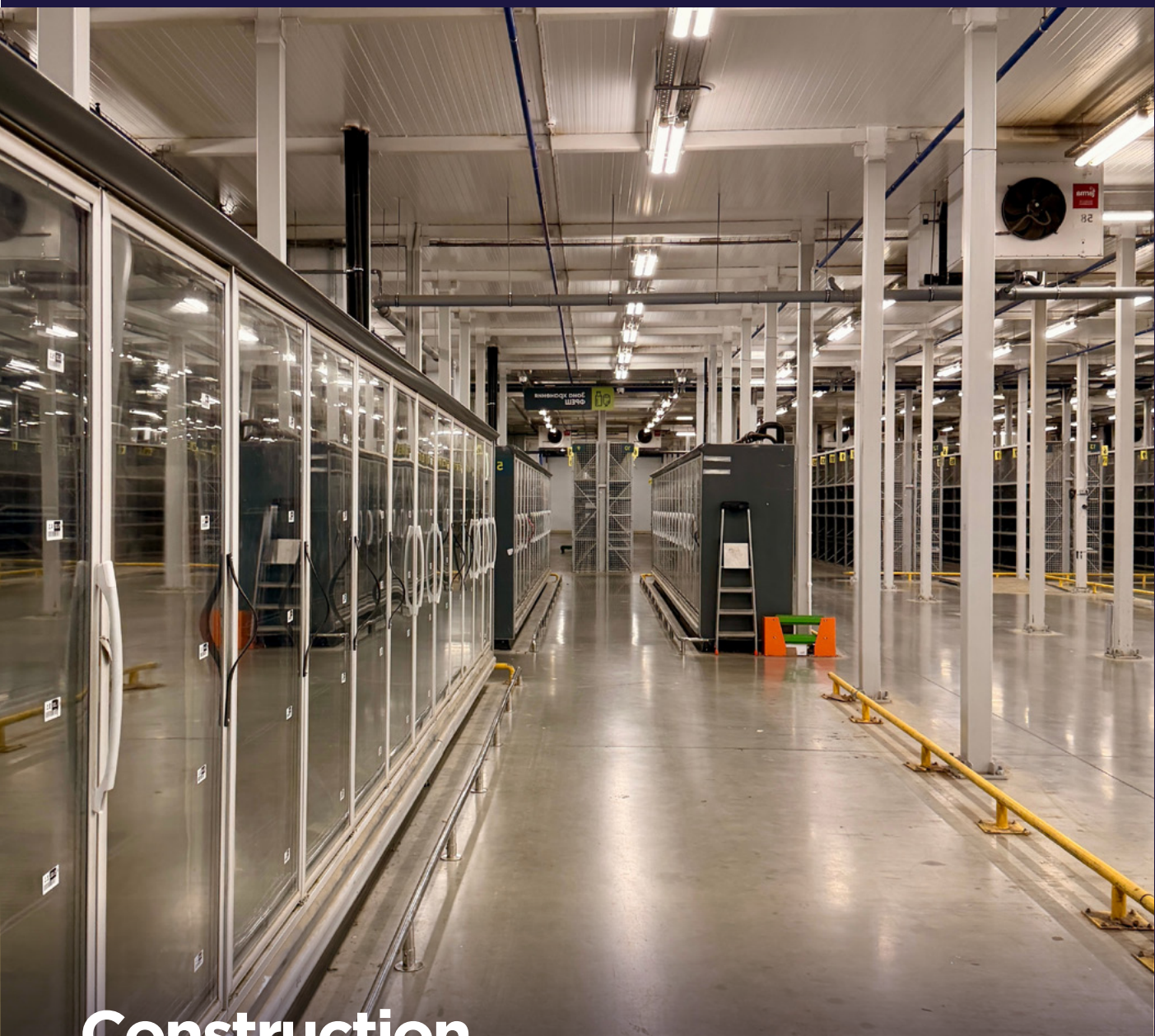


Source: Cushman & Wakefield Research, Lightcast

Note: Canadian market wage figures were converted to USD based on the 2024 exchange rate of 1.3699



While markets with deep labor capacity carry clear advantages, ambitious operators are finding paths to delivery even in shallow labor pools. One increasingly common strategy is the shift to off-site modular and manufactured (OSM) MEP systems, in which large portions of the build are prefabricated off-site, shipped and rigged into place using a fraction of the labor required by traditional stick-built construction. This approach offsets both the schedule risk and wage premiums associated with shallow labor pools, making development financially viable in a wider range of markets.



Construction Costs

Data center construction costs have risen an average of 21% per MW since the last edition of this report, published in the fourth quarter of 2024. While inflation, which climbed approximately 5% over the same period, is a culprit for part of this increase, so too are worsened supply chain constraints, rising wage levels for skilled workers, changing land fundamentals, and rising costs for critical components.¹ Though costs have widely appreciated throughout the United States and Canada, there is still a degree of variability, as each market has its own unique labor market characteristics, land values, permitting fees, interconnection and substation costs, and locally-sourced raw material costs.

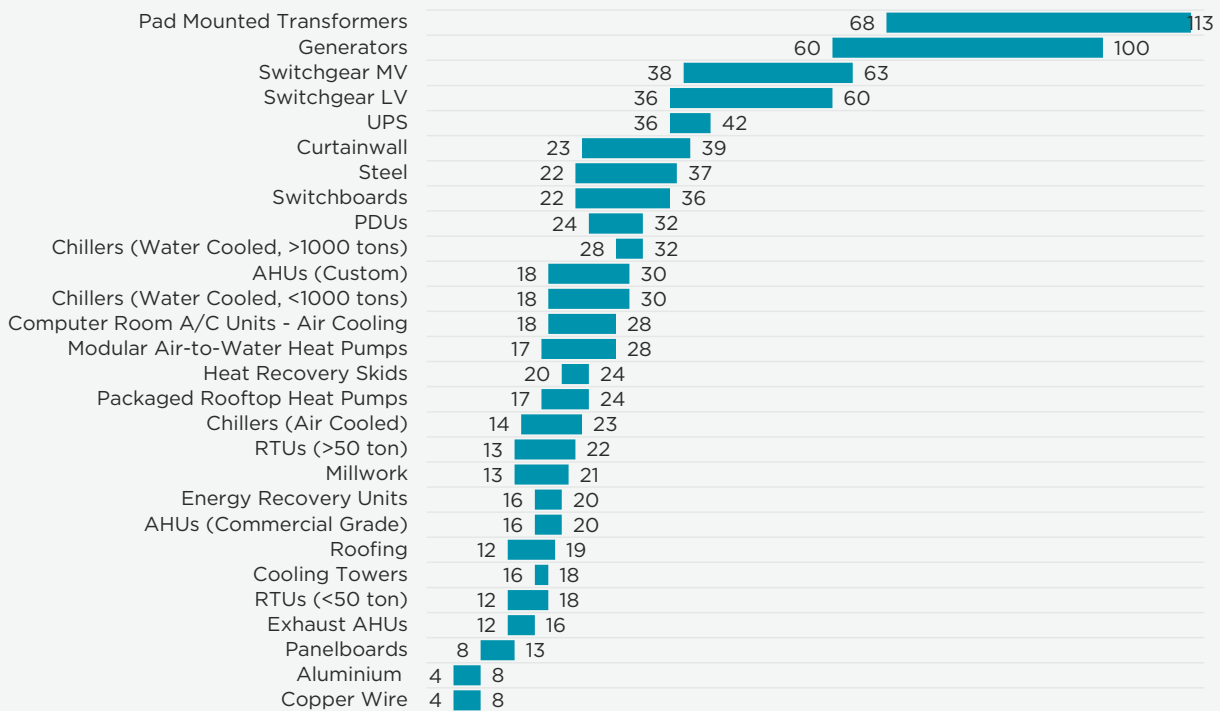
¹ <https://fred.stlouisfed.org/series/CPIAUCSL>

Overview

Critical components such as generators, switchgear, chillers and transformers continue to face extremely long lead times that affect delivery timelines for new data center developments. These constraints aren't limited to major equipment; extended lead times reflect broader product scarcity, which is further compounded by shortages in input components. As a result, project costs are being driven up on this front by higher equipment pricing, increased carrying costs and rising demand, as developers are forced to compete for the limited supply of critical infrastructure needed inside data center facilities. While an estimated lead time is provided in the critical equipment and material lead times chart, it is not universal, and developers who have an existing relationship with suppliers and an annual average spend that justifies priority often secure significantly shorter lead times compared to new market entrants or others who may spend significantly less.

Critical Equipment and Material Lead Times

Lead Times (Weeks)



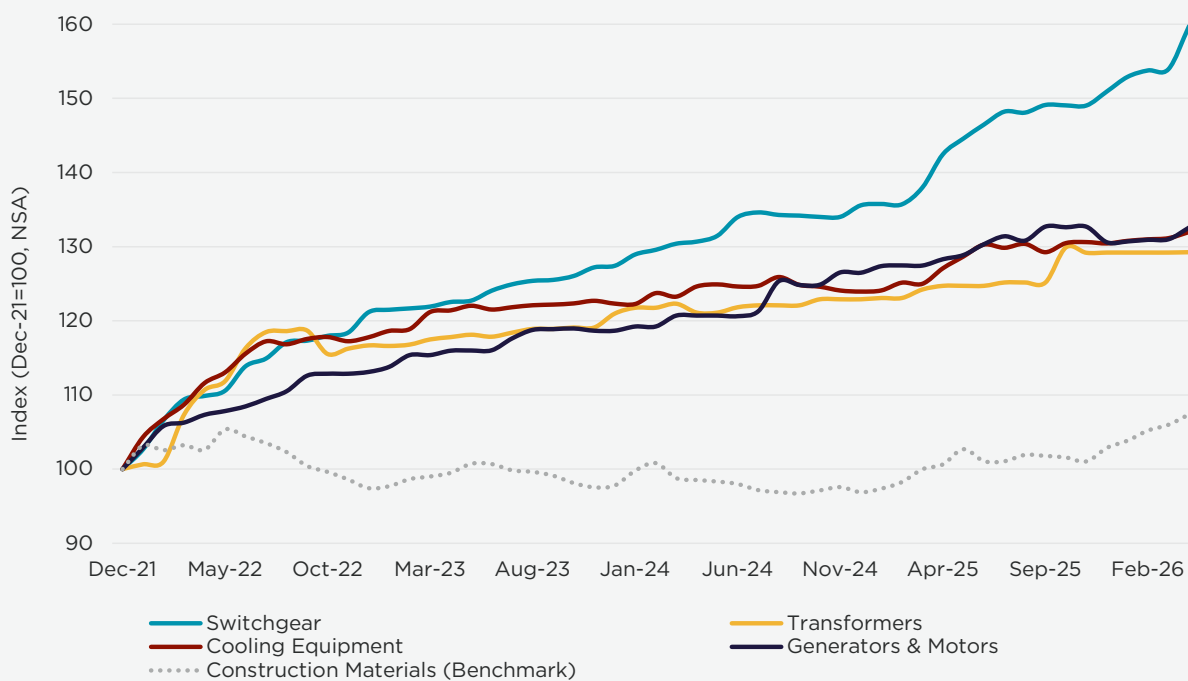
Source: Cushman & Wakefield Research, Gilbane's Construction Market Report

Illustrating these increases, switchgear has posted the sharpest increase, with pricing up 60% since 2021. Components falling under the BLS-defined generators and motors and cooling equipment categories have also appreciated significantly, rising 33% and 32%, respectively, while transformer costs climbed 29%. Copper, a key input for data center equipment, has risen 46% over the same period. As a benchmark, general construction materials have climbed by just 7%, a pace well below that of the previously mentioned components, underscoring the pricing pressure driven by the surge in digital infrastructure activity.



Power Equipment Costs Outpace Inflation

United States: Critical Equipment Price Indices



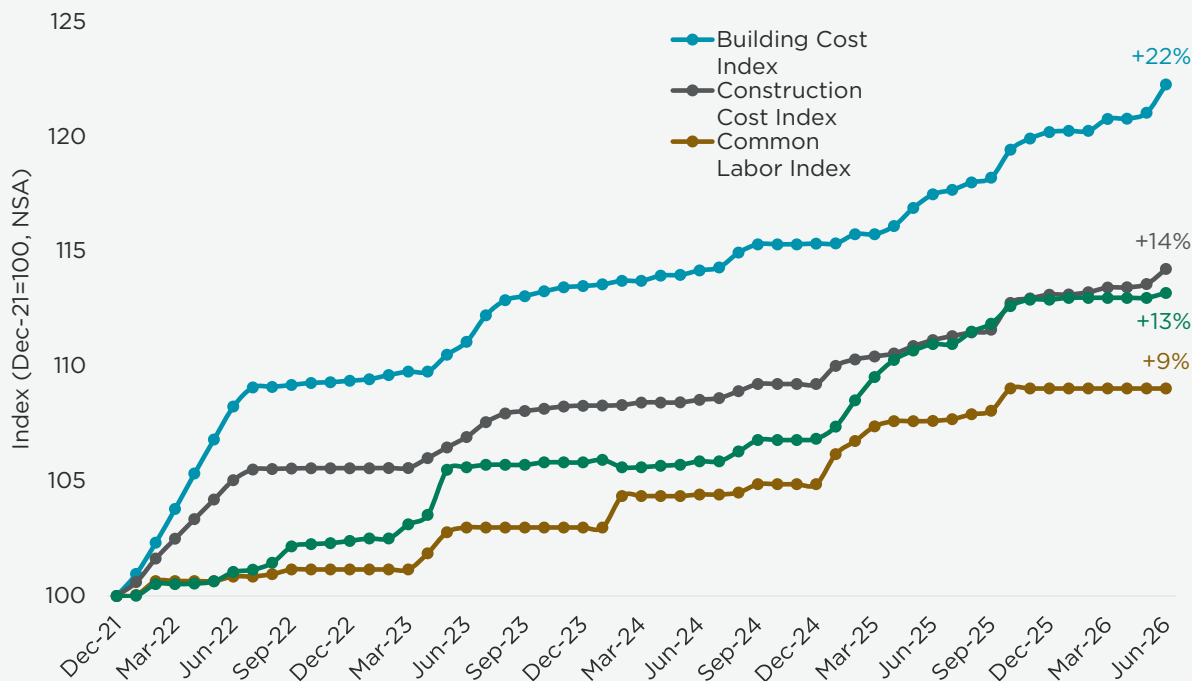
Source: Cushman & Wakefield Research, Bureau of Labor Statistics (Producer Price Index, NSA); Note: Series mapped to nearest applicable data center component: Switchgear (WPU1175), Transformers (WPU1174), Cooling Equip. (WPU1148), Generators (WPU1173), Construction Materials (WPUSI012011).

Aside from lead times and the cost of critical components, the general costs associated with skilled labor have appreciated as well. Skilled labor expenses increased 2% YOY in June 2026 and 13% since 2021, while common labor rose 1.3% and 9% over the same periods. Building and construction costs have climbed 22% and 14% since 2021, respectively. Although both indices draw on the same material inputs, their labor components differ: The building index reflects skilled labor, while the construction index incorporates common labor.² Because the material inputs are identical, the gap between the two indices is labor-driven. The building index's accelerated growth therefore illustrates the degree to which skilled labor shortages have driven up project pricing. However, building costs increased more than 4% YOY in June despite a moderation in skilled labor growth (+2% YOY), signifying that while wage levels have continued to grow, they are now being outpaced by the rising cost of input materials.

² ENR's Building Cost Index uses a labor component of 68.38 hours of skilled labor while the Construction Cost Index is based on 200 hours of common labor. Both indices use the same material inputs: Structural steel, Portland cement, and lumber.

Skilled Labor Projects Command a Premium

United States: Costs Indices



YoY Change (%)	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Jun-26
Building Cost	Base Period	9.4%	3.8%	1.6%	4.2%	4.1%
Construction Cost		5.6%	2.6%	0.9%	3.6%	2.8%
Common Labor		1.1%	1.8%	1.8%	4.0%	1.3%
Skilled Labor		2.4%	3.3%	1.0%	5.7%	2.0%

Source: Cushman & Wakefield Research, Engineering News Record (ENR) (McGraw-Hill)



All-In Data Center Development Costs Per MW

Taken together, the costs of land acquisition, labor and development produce the data center industry's benchmark cost-per-MW figure—an all-in metric that comprises development costs for power infrastructure, core and shell or sitework, contingencies, cooling infrastructure, tenant carried costs, land and site acquisition, escalations, design and engineering fees, and other miscellaneous costs.

Despite headlines about land purchases climbing into the hundreds of millions of dollars, land acquisition costs represent just 7% of total greenfield development costs and 8% for brownfield developments. This underscores the sheet scale of investment a modern data center represents, with large projects frequently stretching into the billions of dollars.

At an average of 21% of total cost in greenfield developments and 22% in brownfield developments, power infrastructure is the largest expense category—a logical outcome since without power there is no compute. This category includes utility substation upgrades or new installations, which vary widely depending on the project, client and the utility territory. It also includes transformers, switchgear, uninterruptible power supplies, generator plants and battery systems. The number of each component

needed for successful commissioning ongoing uptime depends heavily on the data center's workload and its end user.

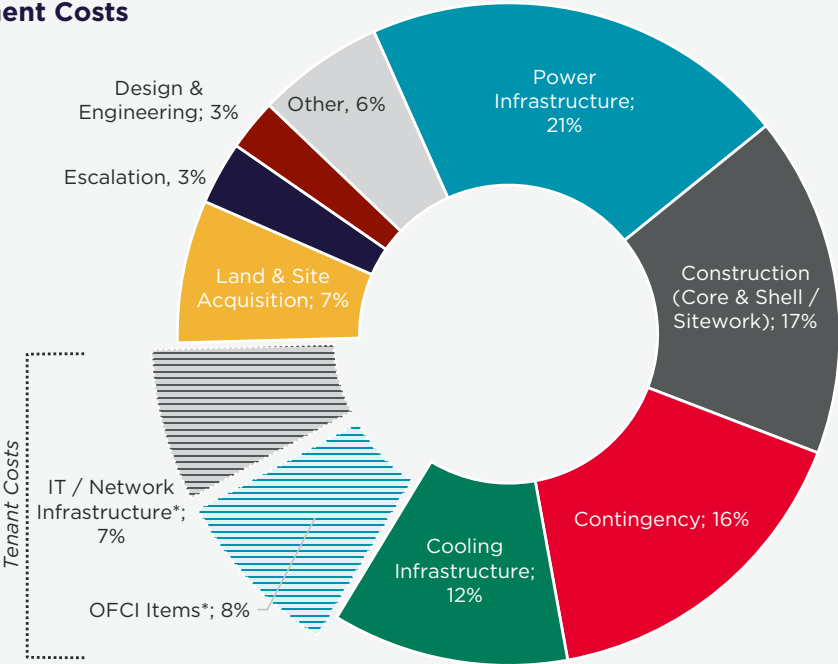
Contingencies, the second-largest cost category, reflect a data center development climate marked by long material and component lead times and price escalations during procurement, labor shortages, utility-driven changes, and a rapidly shifting legislative environment around permitting and approvals. This category represents budget reserves set aside to address unforeseen conditions, and today's market generating plenty of them.

Tenant costs consist of owner-furnished, contractor-installed (OFCI) components and IT/network infrastructure. Combined, these categories total 15% of all-in development costs in greenfield developments and 19% in brownfield developments, with the difference attributed to retrofit constraints, integration with existing systems, and the need to maximize compute density within an existing building envelope. These will likely grow exponentially in AI or HPC data center deployments, since they don't account for the chips or GPUs needed to handle those workloads.

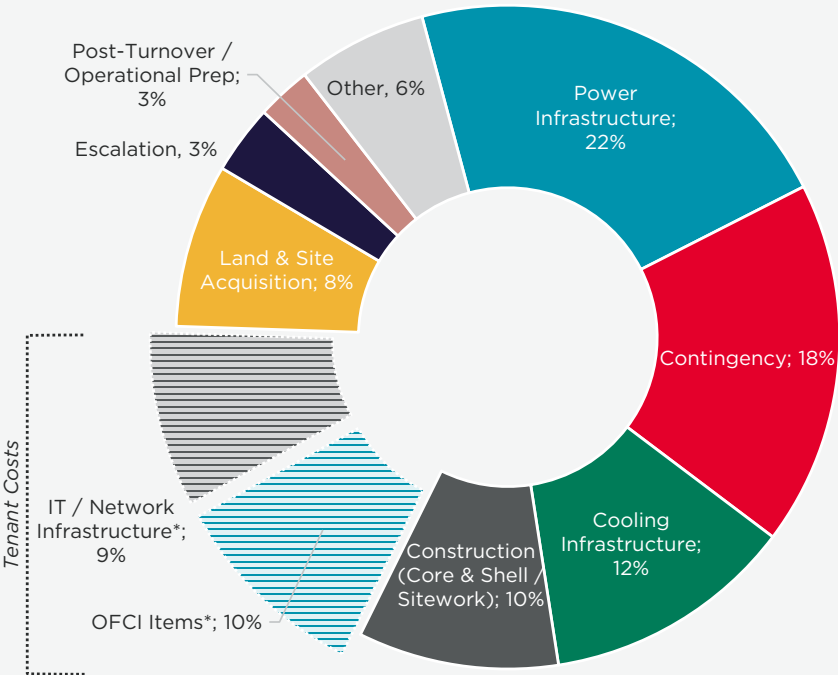
Greenfield vs. Brownfield Cost Mix

United States: Data Center Development Breakdown

Greenfield Development Costs



Brownfield Development Costs



Source: Cushman & Wakefield Research, Cushman & Wakefield Project & Development Services
*Costs vary by client; Tenant costs can grow exponentially when purchasing chips or GPU's



Developers should anticipate an all-in total average greenfield data center development cost of \$8.9 million per MW to \$23.3 million per MW, excluding chips and GPUs, within the United States and Canada. High range costs typically represent fully redundant 2N or better facilities equipped to handle complex workloads, while low-range costs represent less redundant facilities handling workloads that don't require the extreme power densities, cooling systems, or infrastructure designs associated with AI, HPC and neocloud workloads. These costs will vary market to market, driven by land acquisition costs, wage levels, and material and component inputs.

Comparing per-megawatt costs in this guide with results from the 2026 Global Data Center Market Comparison—which applies a forward-looking lens to rank data center market growth potential—reveals a notable correlation: The top three primary, secondary and tertiary markets tend to show development costs well below other markets in this report. Five of the six lowest-cost markets rank among the top three markets in the 2026 Global Data Center Market Comparison, and four of those five are in Texas.



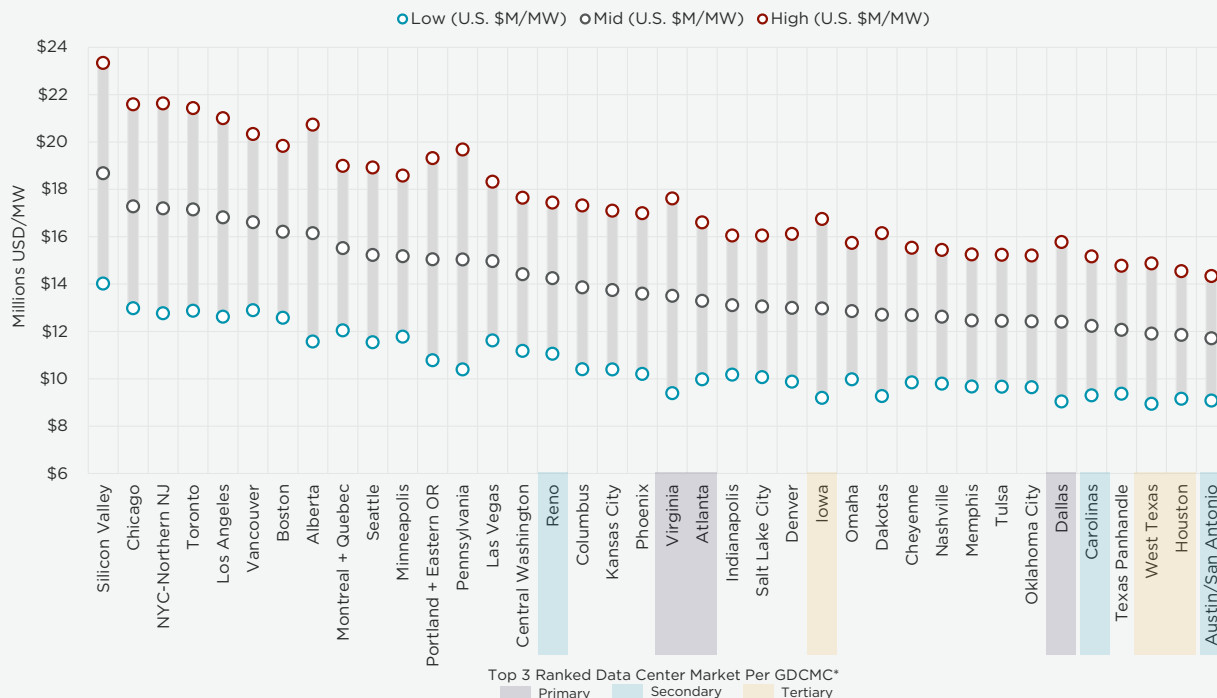
Markets with the highest per-megawatt development costs tend to also have a higher-than-average cost of living and a greater degree of union labor participation, with Silicon Valley, Chicago, New York City/ Northern New Jersey, Toronto and Los Angeles representing the five most expensive markets to build in. Virginia, which frequently achieves the highest powered-land acquisition values on a per-megawatt basis, ranks in the middle of the pack for development cost per MW, largely due to its deep pool of specialized talent and the wage levels that come with it.

The prevalence of Texas markets among the lowest-cost locations is not coincidental. In

addition to benefiting from a business-friendly regulatory environment and comparatively affordable land, Texas generally offers lower construction labor costs than many coastal and Tier 1 markets, reducing one of the largest variable inputs in data center development. Markets such as San Antonio, Austin and Dallas also benefit from a mature ecosystem of contractors, suppliers and data center operators that support more efficient project delivery. As a result, developers are often able to achieve lower costs per megawatt without sacrificing build quality or scalability, which helps explain why Texas remains one of the most attractive regions for both current and future data center development.

Construction Costs by Market

Greenfield Data Center Development: Cost Range Per MW



Source: Cushman & Wakefield Research, Cushman & Wakefield Project & Development Services, Cushman & Wakefield Valuation & Advisory

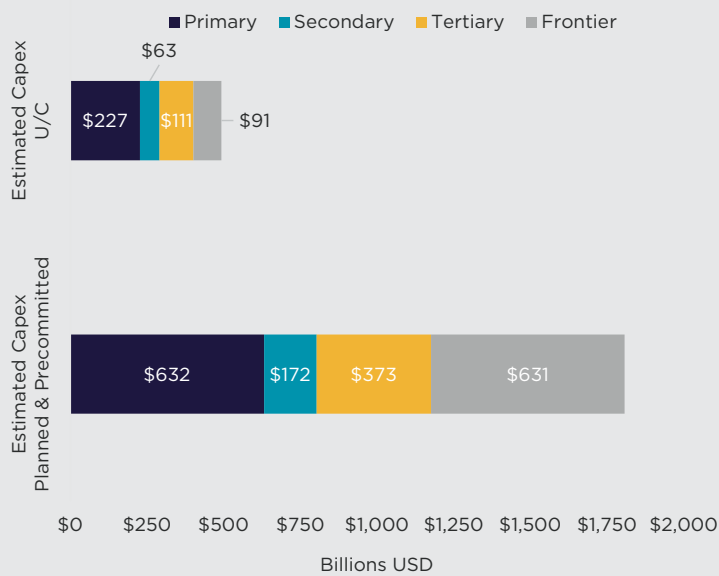
Note: Highlighted markets were ranked third or higher within their respective tier in Cushman & Wakefield's 2026 Global Data Center Market Comparison Report



CapEx

The total data center development pipeline represents approximately \$2.3 trillion in investment capital, based on capacity that is either under construction or planned and precommitted. For perspective, New York City’s Department of Finance estimated the total market value of all real estate assets across the five boroughs at just under \$1.7 trillion as of January 2026,³ meaning the data center pipeline is roughly \$640 billion larger than the value of all New York City real estate combined.

Estimated Capex by Market Type



Source: Cushman & Wakefield Research

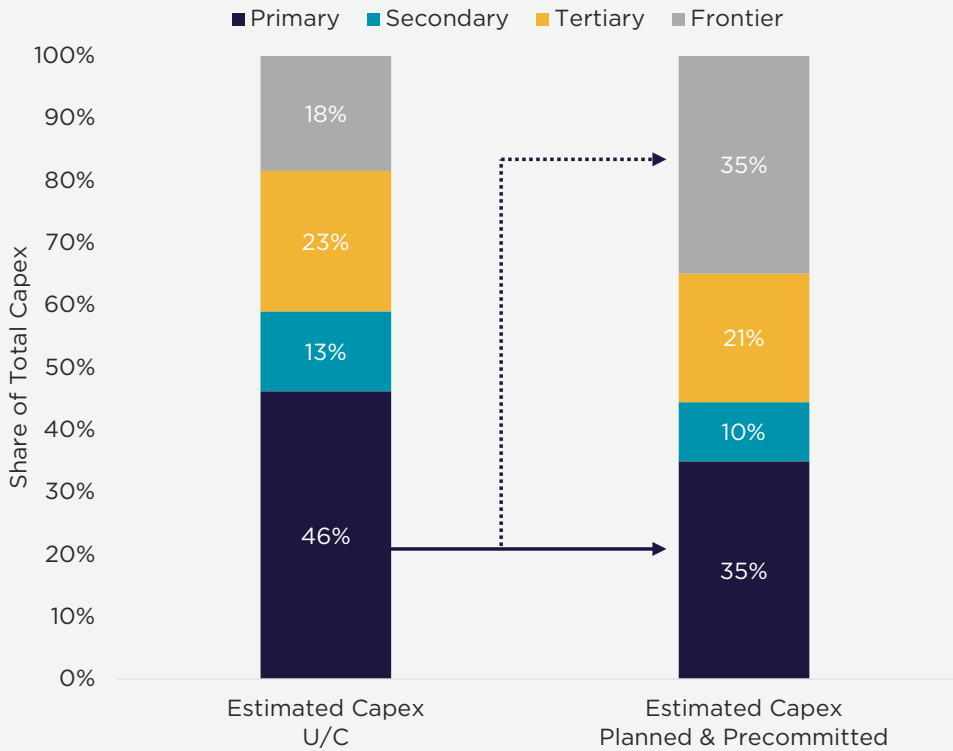
3 <https://www.nyc.gov/site/finance/about/press/press-release-fy27-tentative-assessment-roll.page>

It's worth distinguishing between capital actively being deployed and capital still in the planning stages. Of the \$2.3 trillion pipeline, \$492 billion is tied to projects currently under construction, while the remaining \$1.8 trillion reflects planned and precommitted development. Active capital deployment continues to favor primary markets, which account for 46% of construction spending, or \$227 billion. Tertiary and frontier markets follow at \$111 billion and \$91 billion, respectively. Secondary markets, despite receiving substantial attention early in the AI infrastructure boom, account for just 13% of current construction spending as development increasingly shifts toward locations with the land and power availability to support hyperscale campuses.

This trend is expected to persist over the next 7-10 years, as the planned and precommitted portion of the development pipeline shows primary market capital expenditure (capex) share declining from 46% to 35%, while frontier market capex share rises from 18% to 35%. This doesn't mean interest in primary markets is waning; primary market capex is still expected to grow 2.7 times from current levels. Rather, it reflects the immense demand for compute and a growing preference for large, integrated campuses that aren't always feasible in established markets, due to land availability, power constraints, regulatory pressures and deal economics. Frontier market investment, meanwhile, is projected to increase 6.9 times to \$631 billion, placing it within striking distance of primary market spending. Secondary and tertiary markets are expected to grow 2.7 times and 3.4 times their current levels, respectively, further underscoring the level of interest in locations largely overlooked in the previous cycle.

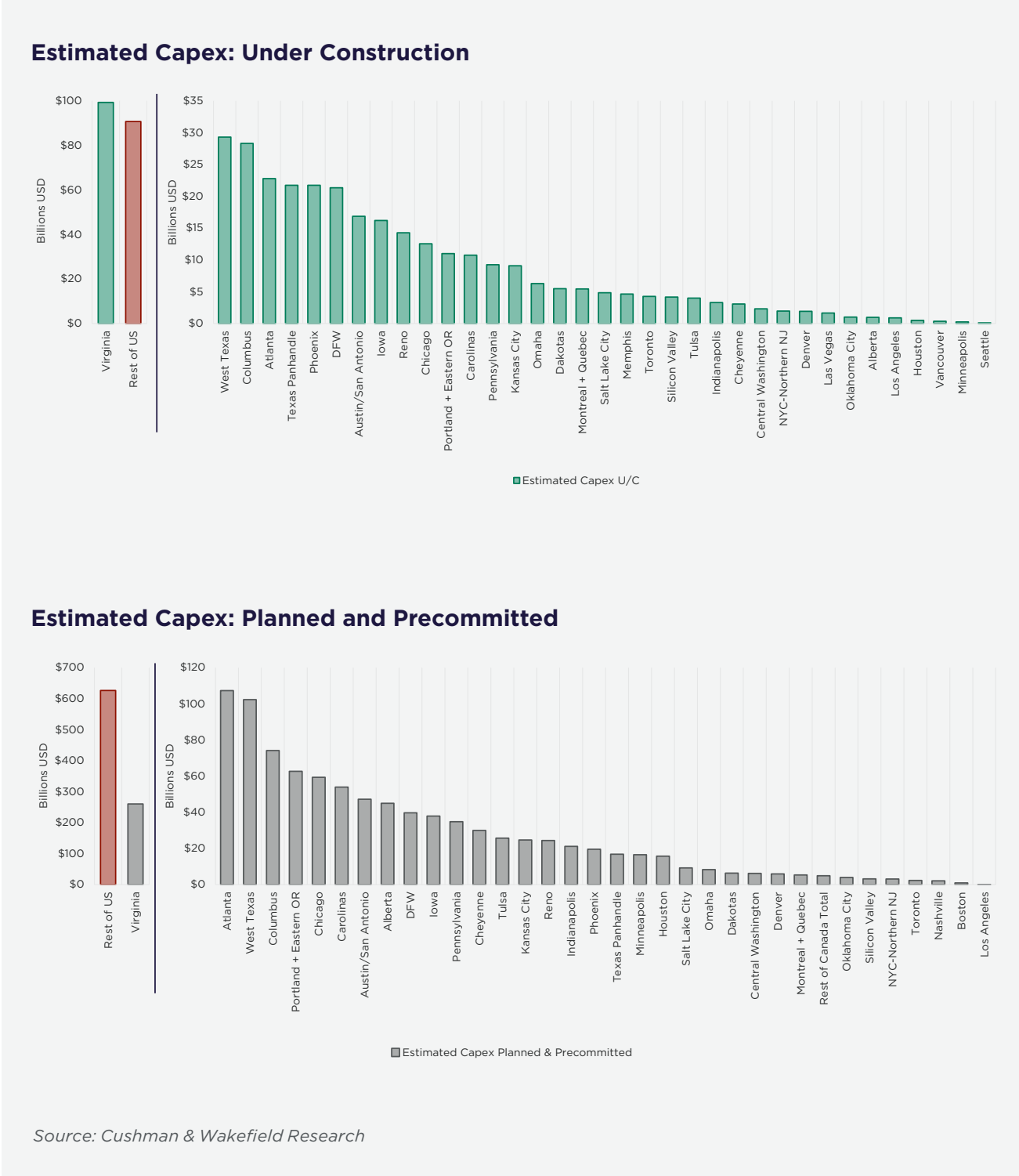


Share of Total Capex by Market Type



Source: Cushman & Wakefield Research

While primary markets remain the industry’s largest centers of investment, the scale of future demand is simply too large to be accommodated there alone. The next decade of development will require substantial capacity growth across secondary, tertiary and frontier markets, many of which received little attention before the recent acceleration in AI-driven infrastructure demand.





Beyond Cost and Capacity: Responsible Development Is Now a Core Project Requirement

A perspective from Adrian Conforti, Data Center & Advanced Technology,
Americas, Project & Development Services

As this guide demonstrates, successful data center development depends on much more than acquiring land, securing power, assembling skilled labor and managing capital costs. Increasingly, it also depends on building community trust and navigating evolving local expectations. Community engagement and entitlement strategy are no longer peripheral considerations; they are central to site viability, schedule certainty and capital planning.

Public concern over data center development, particularly around environmental, health and safety impacts, has fueled increasingly organized local opposition. Community groups, environmental organizations and wildlife advocates are exerting greater influence on public discourse and local decision-making. In some jurisdictions, this has resulted in proposed or enacted moratoriums, heightened scrutiny and stronger demands for community benefits and environmental safeguards.

At the same time, many commonly cited concerns—including grid reliability, emissions, noise, and water use—are increasingly manageable through proven engineering solutions, and modern policy frameworks. Utilities and developers are coordinating earlier on power planning and infrastructure upgrades, while facilities are incorporating more efficient electrical systems, advanced backup power technologies, noise mitigation measures and water-conserving cooling designs.

These practices are increasingly being codified through updated zoning, permitting and performance standards covering noise, generator operations, water use, stormwater management, landscaping and decommissioning, and post-occupancy monitoring and enforcement are becoming more common as well. Data center zoning definitions are evolving alongside these standards to formally accommodate advanced technology and digital



infrastructure uses, reducing ambiguity for both jurisdictions and developers. Transparent standards and measurable outcomes give communities greater confidence and ongoing oversight, while providing developers with greater certainty around site selection, permitting, timelines and capital requirements. The result is a more predictable path for responsible development. Projects that meet established environmental, design and community expectations are increasingly achieving negotiated acceptance.

In practice, successful projects share three characteristics: early and transparent engagement with stakeholders; designs that meet or exceed local standards while minimizing operational impacts; and long-

term commitment to community stewardship, compliance and investment.

Advanced technology infrastructure is increasingly essential to economic growth. By incorporating community, environmental and regulatory considerations from the earliest stages of site selection and development planning, project teams can reduce risk, protect capital and create a clearer path to delivery while protecting community interests. Through collaboration among jurisdictions, developers, operators and utilities, data center growth can move forward responsibly, while generating benefits through job creation, tax revenue and infrastructure investment as shown in [Megawatts to Multipliers](#).

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of \$10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that *Better never settles*, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

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