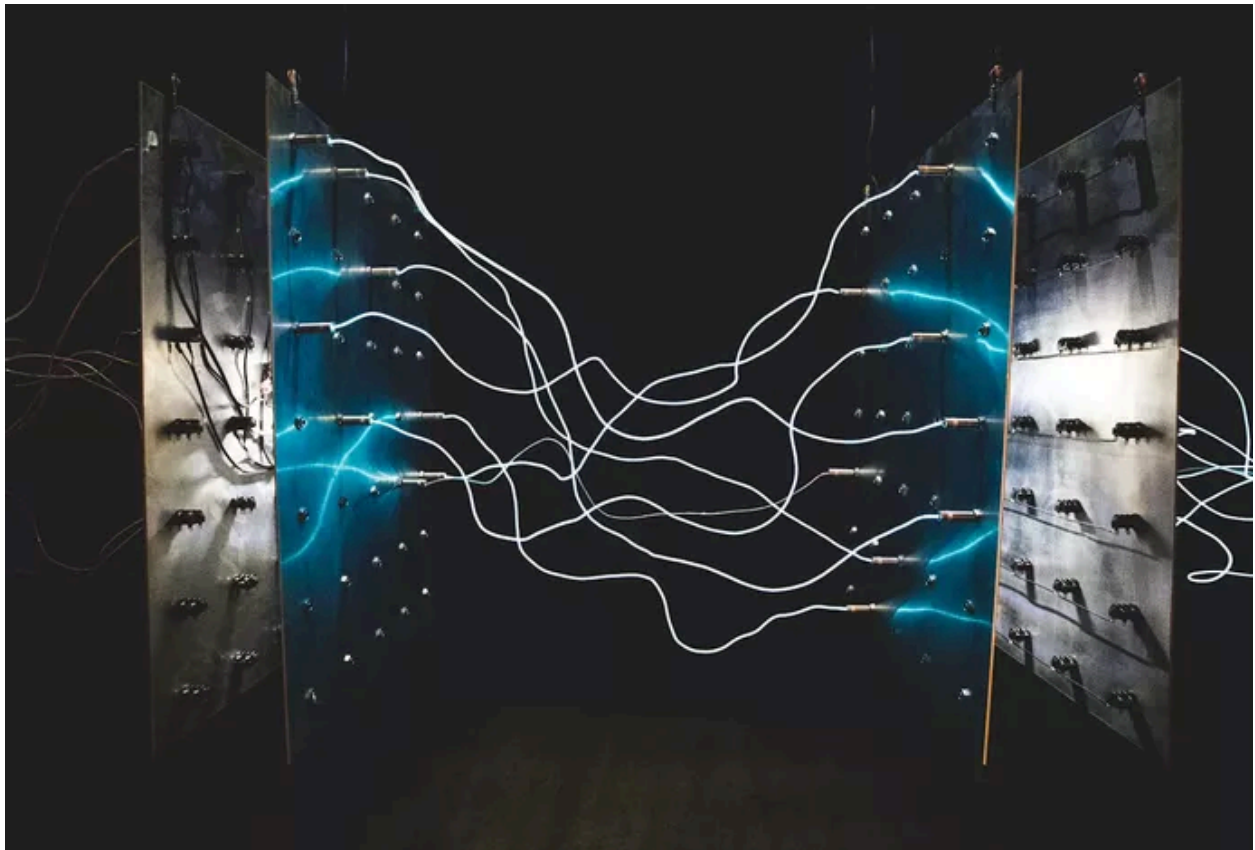


Navigating The Future Of Data Center Site Development At Bisnow's Dice South Event On Aug. 7

Greenberg Traurig John Knowles, Studio B Writer



Unsplash/Israel Palacio

Data center capacity in the U.S. grew **24.4% year-over-year** in the first quarter, contributing to the sector's already large appetite for power.

And while Northern Virginia is known as the king of data centers, areas like Dallas-Fort Worth are quickly rising up the ladder. The metro area saw **record absorption levels**, with nearly 664 million megawatts of data center space spread across 4.5M SF at the end of 2023.

Law firm **Greenberg Traurig's** global digital infrastructure team helps the large market share of data center owners and operators mitigate risk and close deals on new sites.

“With the high demands for space and power, we need to be more bullish on how we navigate the complex data center environment,” Greenberg Traurig shareholder Elizabeth Yaeger said. “I want to make sure that our data center clients have a more sustainable and feasible pathway to acquire sites now and for future build-outs.”

Yaeger will speak at **Bisnow's DICE South event** on Aug.7 at the Hilton Anatole in Dallas. She'll be joined by other speakers on the panel entitled Site Selection, Permitting and Fiber Build-Outs: Navigating the Early Phases of Development and Where to Build Next. [Go here](#) for more details or to register.

Bisnow sat down with Yaeger to discuss data center trends in Dallas, how owners and operators are choosing sites and what advice she is giving them in this quickly evolving industry.

Bisnow: What data center building trends are you seeing in Dallas?

Yaeger: The greater metropolitan Dallas area is continuing to be bullish on data center development. New construction is increasingly focused on single-tenant sites, with a push to triple-net lease cost structures.

Bisnow: What inspired you to attend **Bisnow's DICE South event?**

Yaeger: Some of the world's leading data center operators are headquartered in Dallas, and as a shareholder in Greenberg Traurig's leading global digital

infrastructure practice, *Bisnow's* DICE South allows me to connect in person with many of our clients in a very efficient manner. With so many industry and thought leaders gathering in one place to discuss current events and trends in the sector, attending this event just makes sense.

Bisnow: As data center capacity continues to grow, how are owners and operators picking sites for new developments?

Yaeger: Data center owners and operators are primarily choosing sites that have a few common factors. Some of these include connectivity to other campuses, accessibility to power — whether it be immediate availability or a commitment from the utilities to provide power within X number of years or have a private power generation provider — and full zoning entitlements or a clear path to such entitlements.

The scarcity of power in primary markets, however, is increasingly leading owners and operators to secondary and tertiary markets, which often results in a loss of immediate access to connectivity to other data center campuses. Secondary and tertiary markets are therefore incentivized to assist in the entitlements process to offset such loss and attract the development of data centers in their jurisdictions.

Fiber build-outs are a key component to the move to secondary and tertiary markets, which have their own set of challenges as fiber vendors contend with different jurisdictions to obtain the necessary easements.

Bisnow: How are you advising your data center clients to navigate in this rapidly evolving industry?

Yaeger: In representing owners and operators of data centers, I focus on practical risk mitigation and financeability of the transaction. Given how capital-intensive building data centers has become, the terms for these transactions must be financeable. I approach issues like change of control, assignment and transfer rights, lien and pledging rights, and subordination, among others, from a lending perspective to make sure that the negotiated terms are palatable to financing stakeholders.

From an operational risk mitigation perspective, two of the biggest risks to site development, delivery of power and obtaining zoning entitlements, are largely outside of the control of owner-operators. They need to be addressed in contractual agreements like leases, master services agreements, or purchase and sale agreements between operators and customers.

I address the utility's failure to deliver power and the inability to obtain zoning entitlements head-on by incorporating concepts like utility delay and permitting delay into such contractual agreements. Provided the owner and operator have completed their own obligations with regard to obtaining power and zoning entitlements, such concepts allow for day-by-day extension of delivery dates up to a negotiated cap on extension. If that cap is reached, then the parties have a termination right without penalties to either party.

**Bisnow: What do you see for the future of data center building?
How will GT continue to stay a step ahead of the rest?**

Yaeger: From an operational perspective, access to power will continue to be the No. 1 concern for owners and operators, and obtaining zoning entitlements may increasingly become more difficult across markets. GT's global digital

infrastructure practice has the benefit of representing over 100 clients in the sector, and we have instituted processes for knowledge-sharing for each client and their respective matters that allow us to be at the forefront of not only market trends, but our clients' needs. That knowledge-sharing allows us to remain nimble and creative in driving solutions and getting the deals done.

[Register here](#) for *Bisnow's* DICE South event.

This article was produced in collaboration between Studio B and [Greenberg Traurig](#). Bisnow news staff was not involved in the production of this content.

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