

**BUSINESS**

# Metro Phoenix a world superpower? It is for data centers

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Metro Phoenix has emerged as a global leader in one high-tech sector: data centers.

More corporations are locating facilities that house computers, servers and other equipment around the Valley, especially in outlying areas such as Mesa, Chandler and Goodyear, according to a new report by Cushman & Wakefield, a commercial real estate company.

Virginia ranks first globally, followed by Atlanta, Tokyo, Dallas and London, with metro Phoenix in sixth place.

While Virginia, in close proximity to the nation's capital, "remains far and away the largest market in the world, we've seen sizable growth in the next tier of markets," the report said. "Dallas, Chicago, Phoenix and Atlanta have all added a large amount of capacity over the past year."

Metro Phoenix also has more data centers coming online, ranking fifth globally in terms of its development pipeline. "In Phoenix's case, the market alone has well over one (gigawatt) in recently announced developments," the report added.

Google and Meta Platforms, parent of Facebook, are among the companies with Valley data centers in operation or under development.

## Plenty of land around the Valley

But the factor that really pushes up Phoenix's ranking is the availability of land, where the metro area placed first, in contrast to space-constrained locations including Singapore, greater New York, Frankfurt, Hong Kong and Silicon Valley in California. Ongoing and

anticipated computing needs, including artificial intelligence, are pushing many data center operators to lock in larger spaces.

Metro Phoenix also ranks highly, No. 10 overall, in market size. Larger markets tend to have better access to cloud computing services, local talent, utility services, knowledgeable local government planning officials, and more.

In devising the global rankings, the report gave the highest weight to power availability, land availability and market size. Secondary factors ranged from land prices, regulation, fiber connectivity and power costs to environmental risks, taxes and water availability.

An earlier Cushman & Wakefield report, focusing on U.S. data centers, ranked metro Phoenix in second place behind Virginia but ahead of Atlanta and Dallas. It wasn't clear why the new global report dropped Phoenix behind Atlanta and Dallas. The company didn't respond to inquiries about this.

## **Data centers not entirely beneficial**

While data centers reflect an area's high-tech footprint, they aren't always entirely welcome, the report noted. In addition to water and power demands that can strain local infrastructure, for example, these facilities tend not to employ all that many people, usually around 10 to 50 technicians, engineers, security staff and others per location.

The report cited "resistance, real or perceived, that data centers may not be bringing the level of economic betterment in the form of employment and taxes that local communities desire."

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