

Cool your servers

Data centers growing in size and dollar figures, but politics could chill some deals

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“The individual data centers went from 5, 10 or 20 megawatts to 100, 200 or 400 megawatts.”

Steady as she goes. That was the course for the first 20 years of [Daniel Farris](#)’ career representing property owners and data center building developers.

During those years, the [Foley & Lardner](#) partner saw two types of data centers being developed. There were “colocation” data centers that used maybe a couple of megawatts per year utilized by a few dozen customers. Then there were the hyperscale data centers that house the computing and networking hardware that supports the infrastructure of tech giants like [Amazon Web Services](#), [Microsoft](#), [Oracle](#), [Google](#) or [Facebook](#).

In those days, “a big deal might have been tens of millions of dollars,” he said. “Now it’s pretty rare [if a deal is] not in the billions of dollars.”

“The individual data centers went from 5, 10 or 20 megawatts to 100, 200 or 400 megawatts,” he added.

Farris said that private equity is “overwhelmingly” footing the bill for new data centers.

“There is a good amount of debt financing from traditional banks like [J.P. Morgan](#), [Morgan Stanley](#), [U.S. Bank](#) and [Wells Fargo](#),” he said. “That’s obviously more sort of project finance debt financing for a specific facility.”

According to a report from commercial real estate broker [CBRE](#), in the first quarter of 2026, global data center inventory has grown year-over-year across all regions. In North America, inventory increased by 33%, fueled by hyperscale data centers and AI demands. Also, CBRE’s report indicates that Chicago is now the fourth largest data center market in North America, surpassing Phoenix.

Data centers’ net absorption — the net change in power capacity — increased by 34% year-over-year in the 2026 first quarter to 2,236.2 megawatts. The increase came from a record amount of leasing in Northern Virginia and “outsized demand” in the Dallas-Ft. Worth, Texas market.

“Northern Virginia set a new all-time high for absorption at 1,148.3 megawatts, as hyperscalers continued to expand their footprints and AI startups,” the report said.

[Saul Ewing](#) partners [Katie Gilligan](#) and [Julie Workman](#) noticed the spike in size and scope of their data center deals about 18 months ago. But, in recent months, “it has gotten a little bit quieter,” Workman said.

Workman, who works on the landowners' side of data center project deals, said that dividing land into subdivisions has become a common data center deal. Then there are the sprawling data center campuses where it would shock Gilligan if they didn't have their own zip code.

"The buildings are not 60,000 square feet," Gilligan said. "They're hundreds, hundreds and [even], thousands of square feet. It does become a campus. [They are their] own municipality in some cases."

Eyes on the politics

When Farris started his career, he barely paid attention to what the political sphere was saying about data centers — not until after 2023. Workman noted how much more she now focuses on the politics involved with operating data centers as the winds of public opinion have shifted. Data centers are becoming a hot-button issue that generates public concerns over surging electricity bills, heavy water consumption, strained local power grids, noise pollution, economic skepticism and resentment about how artificial intelligence is altering the job market.

"Data centers are now fraught," Workman said. "Because for a very long time they were flying under the radar. They were just popping up, and people weren't really paying attention. [Data centers] seemed kind of innocuous — just buildings that had equipment inside."

Recent polling shows that shift. In January, Politico, an online national political publication, reported that 37% of American adults supported building a data center within three miles of where they lived with 28% in opposition. In July, the data shifted to 41% opposing building a data center in close proximity to their home to only 24% in support.

Other recent national polls also show broad opposition to data centers. They include:

- A July poll from Emerson College Polling said that 63% of voters oppose building a data center in or near their community with 27% in support and 10% neutral. In its December 2025 poll, Emerson reported that 42% were opposed, 33% in support and 25% neutral.
- A June Reuters/Ipsos poll said 44% of Americans opposed the construction of new data centers in the country. Only 21% supported building data centers and 32% were neutral.
- As of July, according to Electric Choice, a website that monitors energy usage in the United States, more than 4,500 of the country's active data centers accounted for a 4.4% share (176 terrawatt hours per year) of all electricity used in the U.S. It also reports that there are more than 700 data centers currently under construction.

As increasingly negative public opinion of data centers continues to grow, lawmakers and other politicians have started taking action. New York Gov. Kathy Hochul signed an executive order July 14 establishing a one-year ban on hyperscale data centers that use more than 50 megawatts or more power. Maine lawmakers passed a statewide ban on facilities that use more than 20 megawatts until November 2027. Bills in Virginia, Georgia, Oklahoma and Vermont have been introduced but haven't been signed into law as of Chicago Lawyer's press time.

In Illinois, Gov. [J.B. Pritzker](#) halted state tax incentives on data center construction that started on July 1. The incentives had been in effect since 2019 after the governor signed a bipartisan bill. According to a state report, 27 data centers from 2020 to 2024 benefited by more than \$98 million in tax incentives.

Pritzker wants state lawmakers to pass reforms during the fall veto session.

"It's very difficult to get approvals now and it's only going to get harder until data center developers find ways to answer some of the tough questions about energy usage, water and pollution concerns," Workman said.

Gilligan added: "There's always been a grassroots effort when you don't want the gas station at the corner or the jail in your county. This is a little different."

Gilligan believes the public sees controversial names such as Elon Musk, Mark Zuckerberg and Sam Altman accumulating more power at the expense of landowners.

"Not only in taking more but inflicting a disproportionate effect," she said. "It feels like in the neighborhoods, towns and municipalities ... taking [elements] that are becoming more precious like water, air or green land for cattle grazing. That sea change is not resonating well with the average homeowner or business owner."

Farris believes there's a "conflation" between the public's concern over the data centers and its worries about AI.

"Data centers — especially the new ones that are built — are efficient. A lot of water goes in, but a lot is returned to the system. They're not these environmental bombs that people think [they are]."

Gilligan said that some owners of data centers might be looking at their properties like people who purchase boats, where the two best days are the days when they bought and sold their boats.

"I've had some clients say it's great to build your data center and it's great to lease out your data center," she said. "And [they say] it's even better to sell your data center because technology is evolving awfully fast. There may be a large movement in the evolution of what is a data center."

Workman and Gilligan notes that the firm's real estate and data center practice group is presently growing, including the addition of three associates in the two weeks before speaking with Chicago Lawyer. "Real estate is extremely busy across the board," Workman said.

Even so, Workman is suggesting new associates to take a look at the broader spectrum of the practice instead of just data center work.

“My advice to a young attorney would not be to focus exclusively on doing just data center work,” she said. “Katie and I would agree È it’s more important to become a fundamentally strong real estate attorney.”

The “frenetic pace” of the last four years is likely to slow down, according to Farris. But he doesn’t see it as an AI bubble bursting, like the late 90s internet startup boom.

“I don’t see it that way,” he said. “We went from a healthy 20-30% annual growth rate to 1,000% annual growth rate.”

“If it comes back to 20 to 30%, that’s healthy.”

Practice Areas: [Business Law](#), [Business Transactions](#), [Business Valuation](#), [Technology Law](#)

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