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Incentives OK'd for billion-dollar data center hub

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Bastrop County approves incentives for billion-dollar data center campus

Hundreds of construction jobs needed in coming years; end user still unknown



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A Virginia-based data center operator has secured the go-ahead from the Bastrop County Commissioners Court for a property tax abatement to build what could be a billion-dollar data center campus east of Austin.

EdgeConneX Inc., a subsidiary of Swedish global investment firm EQT AB, on Dec. 9 was unanimously approved by the court for an abatement for two parcels totaling about 112 acres at the northeast corner of Farm to Market Road 535 and Wolf Lane in Cedar Creek.

Specific details of the abatement, which was made with Virginia-based EdgeConnex subsidiary DFW33220N LLC, have not been released, and the Austin Business Journal has filed a records request for a copy.

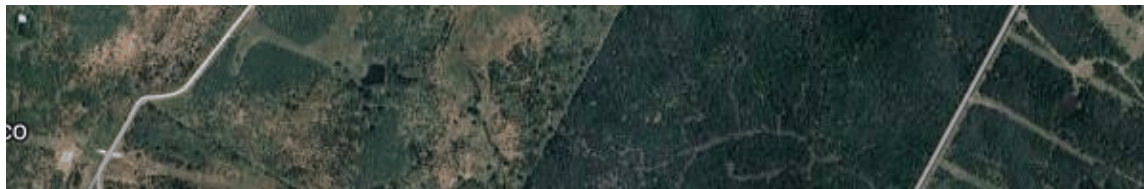
Location of planned data center

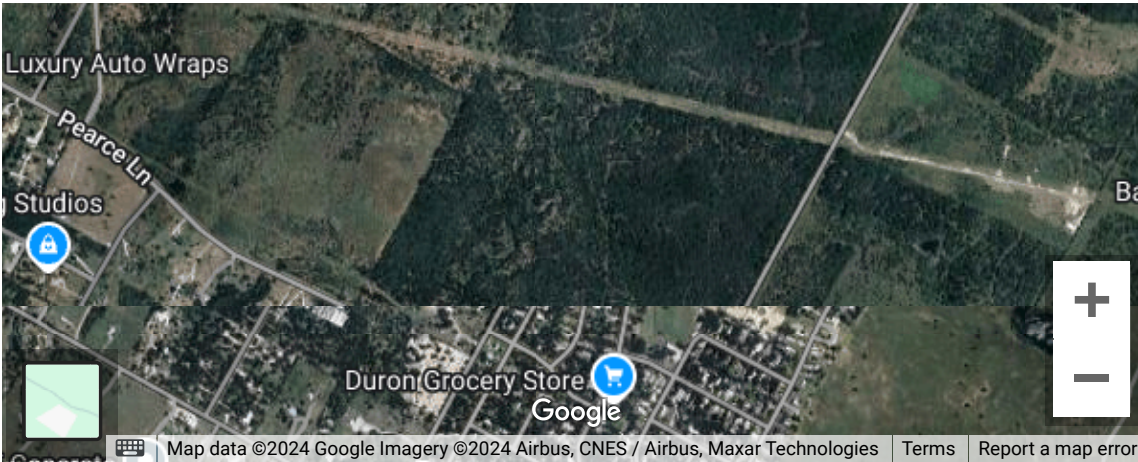
30°08'29.4"N 97°33'57.9"W

4CRM+HHV Del Valle East, Austin, TX

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The ABJ [first reported this summer](#) that EdgeConneX was eyeing the project based on a public hearing notice. It described the project as a "four-building data center campus facility" with costs of improvements estimated at \$1.4 billion.

Todd Workman, an advisor who represented EdgeConneX, said during the Dec. 9 meeting that the campus would total about 2.8 million square feet across three 800,000-square-foot buildings and one 400,000-square-foot building. The campus will be built in phases over the next five to eight years.

He added that EdgeConneX is building the project for an unidentified single-end user customer. EdgeConneX plans to create 60 jobs that have an average salary of \$100,000, along with 400 construction jobs while the project is being built.

Workman said the incentive would be necessary to ensure the economic viability of the project and to prevent EdgeConneX from building at other sites and keep the customer from going elsewhere.

"For a lot of industries, an incentive may be little more of a rounding error. For our industry, it's actually a very important component for our economic viability," Workman said.

Linda Curtis, a prominent Bastrop County activist, was among those who expressed concern about the project, including the use of subsidies and the potential energy demands. She asked the county during the meeting to slow down the process.

"Over the years we have increasingly become weary and wary of subsidies and so has the public," she said during the meeting. "If the home of Elon Musk ... is that cash-strapped that we need to abate a data center that I am told is a big cash cow, what does that do in terms of what might be unintended consequences?"

Workman said the company is committed to being a good corporate citizen.

"We don't intend to just be here with buildings. ... But this is a company that has a tendency to strongly engage in the community and work with the community in supporting its priorities," he said.

He pointed to the project's tax base potential. He said the land currently generates about \$25,000 in tax revenue but would generate \$7 million for Bastrop County during the 10 years of the abatement, along with \$100 million for the Bastrop Independent School District. That doesn't include how much the customer would drive up the property tax estimation based on the equipment it would put at the site.

The court approved the agreement because of the tax revenue potential. Commissioners also contended it would be a better use for the site than a housing subdivision previously earmarked for it, which they said would strain county resources and add traffic in a congested area.

Commissioner David Glass said the value of the project – which he estimated at \$5 billion at full buildout – equates to about a third of the current \$15 billion total

taxable property value for all of Bastrop County.

"The fact remains we need more industry here to take the tax burden off of our local residents," Glass said.

Founded in 2009, [EdgeConneX](#) constructs custom build-to-suit data centers across the globe and has headquarters in Northern Virginia, Singapore and Amsterdam. The company has built over 80 data centers across North America, Europe, Asia Pacific and South America since 2013. It was acquired by EQT AB in 2020.

In June, Workman [spoke in Fulton County, Georgia](#), on behalf of EdgeConnex to obtain a tax incentive for a big project there to house Microsoft Corp. It's unclear if this project is tied to Microsoft, but Microsoft has been posting job listings for a data center in Austin and [has publicly stated](#) that it plans to increase its investment in Texas.

EdgeConnex did not immediately respond to a request for comment.

If a data center is built at the site, it will mark the continued proliferation of data centers in the Austin area. New data center projects have popped up in [Round Rock](#), [Georgetown](#), [Hutto](#), [Pflugerville](#), [Taylor](#), [Umland](#) and even [Caldwell County](#).

Data centers are massive hubs for computer processing power – commonly called "the cloud" – that are used by many companies and industries. While they don't create many long-term jobs, they do add value to a city's tax rolls because of the large amount of investment they require. But the U.S. data center boom has [drawn criticism](#) based on a variety of factors, such as the amount of power and water the facilities use.

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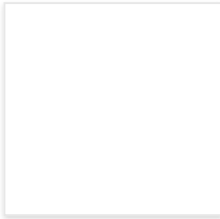
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