



PREPARED FOR
HHHunt



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Fiscal Impact of a Proposed Data Center in Hanover County

1. Background

HHHunt is currently working on the rezoning application of a parcel of land in Hanover County, Virginia. The plan is to develop this parcel into a data center with multiple buildings.

Chmura Economics & Analytics (Chmura) analyzed the fiscal impact of the proposed data center development¹ and reviewed various studies on the development cost of data centers. Based on assumptions from those studies, Chmura estimated the total development costs, and the building and equipment costs associated with this data center development. Those costs allow Chmura to estimate the real estate and personal property tax revenue for Hanover County from 2026 to 2036, based on the existing tax rates of the county.

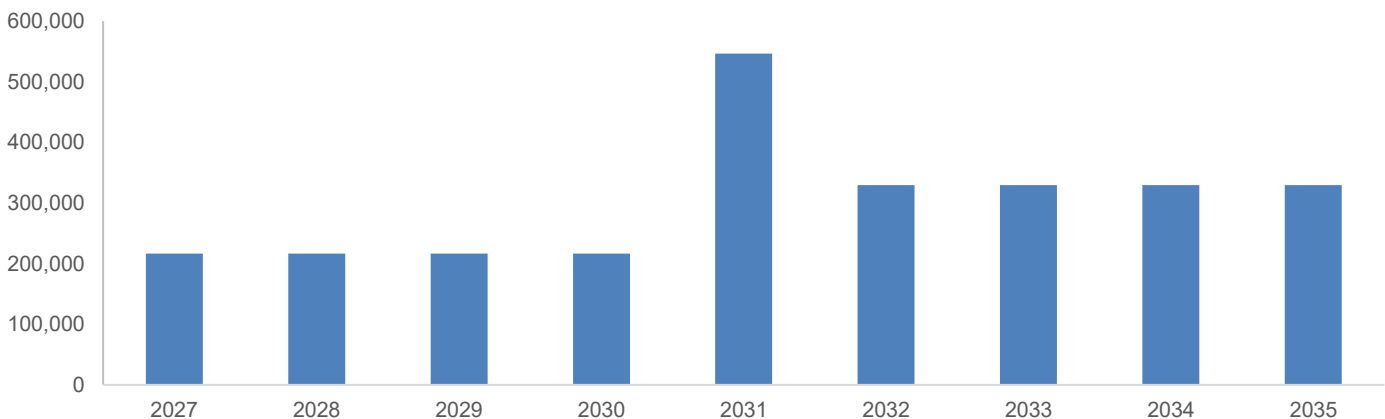
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2. Project Summary

If approved, this data center development will include 10 buildings. The buildings include five one-story buildings with an average size of 216,555 square feet (SF) per building, and five two-story buildings averaging 329,770 SF per building. The total size of this data center development will be 2.7 million square feet. Those 10 buildings will come online gradually from 2027 to 2035 (Figure 2.1), with all ten buildings fully operational in 2035.

Figure 2.1: The Development Amount to 2.7 Million Square Feet



Source: Chmura Economics & Analytics

Chmura researched the estimated development cost of the data centers. The unit cost per square foot varies and has been growing in recent years, as demand for data centers continues to grow. A study conducted by the U.S. Chamber of Commerce in 2017 indicated a total development cost of \$1,000 per square foot.² A 2022 study provided a range of estimates

¹ Chmura provides economic software, consulting, and data so clients can make informed decisions that benefit their communities. Chmura's PhD economists, data scientists, and strategic planners guide clients through their local labor market. Over the past 26 years, Chmura has served hundreds of clients nationwide with thoroughness, accuracy, and objectivity.

² U.S. Chamber of Commerce Technology Engagement Center, "Data Centers, Jobs and Opportunities in Communities Nationwide", accessed October 24, 2025, https://www.uschamber.com/assets/documents/ctec_datacenterppt_lowres.pdf. This is the cost per gross square feet, not net square feet.

of development cost, from \$625 to \$1,135 per SF.³ A more recent study by Cushman & Wakefield provided estimated data center development costs in different regions of the United States.⁴ This study showed that the development cost in Virginia in 2025 ranges from \$970 to \$1,240 per square foot, with a mid-range cost of \$1,110 per SF. Chmura chose to use this study and assumed that the development cost of the proposed Hanover data center at \$1,110 /SF in 2025 dollars. As a result, the estimated total development and construction cost of the planned data centers is \$3.0 billion in 2025 dollars.

3. Tax Revenue

After completion, the data center development will expand the tax base and generate tax revenue for Hanover County. In this study, Chmura estimated real estate and personal property taxes from the data center development.

The current real estate tax rate in the county is 0.81%.⁵ In 2025, the assessed value of the current land is \$5.2 million (with use).⁶ Chmura assumed that land appreciates at the same rate as the Consumer Price Index.⁷ In addition, with approval of the rezoning application, the county will receive a one-time rollback payment, equivalent to the real estate tax for 5 years, to be paid to the county in 2026. Chmura estimated that total real estate tax from land, including rollback payment, will reach \$685,055 from 2026 to 2036, averaging \$62,278 per year, or \$55,680 in 2036. In 2016, land real estate taxes, including rollback, will reach \$189,367.⁸

Table 3.1: Cumulative Tax Revenues Estimated at \$72.5 Million from 2026 to 2036

	Cumulative (2026-36)	Annual Average (2026-36)	Annual 2036
Real Estate (Land)	\$685,055	\$62,278	\$55,680
Real Estate (Buildings)	\$52,915,399	\$4,810,491	\$10,187,727
Personal Property (Equipment)	\$18,876,025	\$1,716,002	\$1,733,306
Total Tax (2026-2036)	\$72,476,478	\$6,588,771	\$11,976,713

Note: Numbers may not sum due to rounding

Source: Chmura

Buildings of the data center development will generate real estate taxes. In this analysis, Chmura used the cost of building construction as the approximate assessed value for buildings and structures, which is assumed at 31% of the total development cost.⁹ Chmura assumed that real property in the county appreciates at the same rate as the Consumer Price Index. Chmura estimated that the real estate tax from buildings will reach \$52.9 million from 2026 to 2036, averaging \$4.8 million per year. In 2036, real estate tax from buildings is estimated at \$10.2 million.

Business equipment is subject to the county's personal property tax rate, which is 0.4% of assessed value.¹⁰ The assessment ratio is 66% of the original equipment cost for year one, 55% for year two, 35% for year three, and so forth, with a minimum assessment ratio of 1% after year 6.¹¹ Chmura assumed that equipment account for 69% of the total development cost. Chmura estimated that the business personal property tax will reach \$18.9 million from 2026 to 2036, averaging \$1.7 million per year. In 2036, business personal property tax is estimated at \$1.7 million.

³ Mary Zhang, "How Much Does it Cost to Build a Data Center?", accessed October 24, 2025, <https://dgtlinfra.com/how-much-does-it-cost-to-build-a-data-center/>. Please note this development cost does not include owner purchased equipment.

⁴ Cushman & Wakefield, "2025 Data Center Development Cost Guide", assessed October 24, 2025, https://www.cushmanwakefield.com/en/united-states/insights/data-center-development-cost-guide?utm_source=chatgpt.com.

⁵ Hanover County, "Tax Rates", accessed October 24, 2025, <https://www.hanovercounty.gov/386/Tax-Rates>

⁶ Source: HHHunt.

⁷ Chmura used the CPI rate of 2.68%, which is the average from 2010 to the first half of 2025.

⁸ Source: HHHunt.

⁹ Cushman & Wakefield, "2025 Data Center Development Cost Guide", assessed October 24, 2025, https://www.cushmanwakefield.com/en/united-states/insights/data-center-development-cost-guide?utm_source=chatgpt.com.

¹⁰ Hanover County, "Tax Rates", accessed October 24, 2025, <https://www.hanovercounty.gov/386/Tax-Rates>.

¹¹ Weldon Cooper Center of University of Virginia, Virginia Local Tax Rates, 2024.

Figure 3.1 summarizes the total fiscal impact of the data center development for Hanover County from 2026 to 2036. Chmura estimated that total tax revenue for the county will reach \$72.5 million from 2026 to 2036, averaging \$6.6 million per year. In 2036, Hanover County can expect to receive \$12.0 million tax revenues from the proposed data center development.

