CLEVELAND ECONOMIC DEVELOPMENT

Cleveland, Texas
Data Center Target Profile

This strategic guide provides Cleveland with comprehensive insights into attracting data center investments. From understanding industry fundamentals to implementing targeted marketing strategies, this document outlines the critical factors that position Cleveland as an attractive location for both colocation and hyperscale data center operations. The following sections detail industry definitions, infrastructure requirements, growth trends, and actionable business development approaches to successfully engage with this high-growth technology sector.

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Data Center Industry Overview

The data center industry represents a unique economic development opportunity that transcends traditional NAICS classification. These facilities serve as the physical foundation of the digital economy, housing critical IT infrastructure that powers cloud computing, artificial intelligence, and enterprise operations. Understanding the various operational models and market dynamics is essential for economic developers seeking to attract these investments.

Colocation Data Centers

Facilities where multiple businesses rent space for servers and computing hardware. These centers provide shared infrastructure including power, cooling, physical security, and network connectivity while customers maintain ownership of their equipment. Growth projections show modest decline (-0.2%) through 2025 followed by slight growth (0.8%) from 2025-2030, with employment following similar patterns.

- Key players: Equinix, Digital Realty, CyrusOne, Iron Mountain
- Typically 50,000-500,000 square feet
- Investment range: $100-500 million

Hyperscale Data Centers

Massive facilities built and operated by large technology companies to support their own services. These centers feature extensive customization, proprietary designs, and significant scale advantages. The hyperscale segment shows robust growth projections with 18.4% business growth through 2025 and 11.2% from 2025-2030, with employment growing at 12.9% and 9.4% respectively during these periods.

- Key players: Amazon Web Services, Microsoft Azure, Google Cloud, Meta, Apple
- Typically 500,000+ square feet
- Investment range: $500 million to $2+ billion

Industry Outlook

The data center industry is experiencing unprecedented growth driven by increased cloud adoption, artificial intelligence deployment, edge computing expansion, and escalating data sovereignty requirements. While the colocation segment shows signs of market maturity with modest growth projections, the hyperscale sector continues its dramatic expansion as tech giants compete for cloud market share and processing capacity for AI workloads. Regional markets distant from established data center hubs are increasingly attractive as companies seek geographic diversity, lower costs, and reduced natural disaster risk.

Sustainability Focus

Growing emphasis on renewable energy sources, water conservation, and energy efficiency as ESG metrics become critical decision factors

AI-Driven Demand

Explosive growth in computational needs for training and deploying AI models is creating unprecedented demand for specialized data center capacity

Edge Computing Expansion

Deployment of smaller facilities closer to end users to support latency-sensitive applications and reduce data transport costs

Critical Infrastructure Requirements

Data centers have exceptionally stringent infrastructure requirements that significantly influence site selection decisions. Cleveland's economic development strategy must address these fundamental needs to position the city as a viable data center destination. The three most critical requirements—power, fiber connectivity, and land availability—form the foundation of any competitive data center proposition.

Power Infrastructure

Power represents both the most critical requirement and typically the highest operational cost for data centers. Hyperscale facilities can require 100+ megawatts of power capacity, equivalent to powering 80,000 homes. Cleveland must carefully assess and communicate its electrical infrastructure capabilities to prospective data center operators.

Capacity Requirements

- Colocation: 15-50 MW typical requirement
- Hyperscale: 100-300+ MW typical requirement
- Redundant grid connections essential
- Proximity to substations creates competitive advantage

Reliability Metrics

- 99.999% uptime expectation (5.26 minutes downtime/year)
- SAIDI/SAIFI reliability metrics critical evaluation factors
- History of outages closely scrutinized
- Redundant regional grid connections preferred

Cost Considerations

- Industrial electricity rates below $0.06/kWh highly competitive
- Rate stability over time critical for forecasting
- Renewable energy options increasingly required
- Economic development riders available

Fiber Connectivity

High-capacity, low-latency fiber optic connectivity forms the digital lifeline of any data center operation. Multiple redundant paths to major internet exchange points and diverse carrier options are essential requirements for modern facilities. Cleveland should thoroughly document existing fiber routes, carriers, and potential for expansion.

Network Requirements

- Minimum of 3-5 unique carrier options
- Redundant dark fiber availability
- Multiple diverse paths to major internet exchanges
- Low latency connections to major markets (< 10ms ideal)
- Scalable bandwidth capacity (100Gbps+)

Additional Critical Factors

- **Land:** 50-100+ acre parcels with minimal environmental constraints
- **Water:** 0.5-1.0 million gallons/day for cooling systems
- **Climate:** Cool temperatures reduce cooling costs
- **Disaster Risk:** Low risk of natural disasters (floods, earthquakes, etc.)
- **Workforce:** Available technical talent pool
- **Permitting:** Streamlined processes and predictable timelines

Competitive Positioning and Market Analysis

To effectively target data center operators, Cleveland must develop a nuanced understanding of its competitive position relative to established markets and emerging alternatives. This analysis should identify specific competitive advantages while addressing potential challenges that operators may perceive when evaluating Cleveland against other locations.

The growth projections highlight the stark contrast between the mature colocation market and the rapidly expanding hyperscale sector. While colocation facilities show modest contraction followed by slight growth, hyperscale data centers demonstrate extraordinary expansion across both business formation and employment metrics. Cleveland's strategy should recognize these divergent trajectories while preparing for both opportunities.

Competitive SWOT Analysis

Strengths

- Lower land costs compared to established markets
- Reduced energy costs relative to coastal markets
- Lower natural disaster risk than many competing regions
- Potentially favorable tax structure and incentives
- Proximity to major population centers in the Central US

Weaknesses

- Less established fiber connectivity than primary markets
- Smaller technical workforce compared to tech hubs
- Lower brand recognition as a tech location
- Distance from some major cloud regions

Opportunities

- Rising costs in established markets driving geographic diversification
- Growing interest in secondary markets for redundancy
- Edge computing creating demand for distributed facilities
- Regional cloud deployments increasing for latency/compliance
- Potential to develop specialized energy solutions

Threats

- Intense competition from other secondary markets
- Rapidly evolving industry requirements
- Potential energy constraints in growing markets
- Regulatory uncertainty affecting location decisions
- Tech industry consolidation limiting prospect pool

Target Market Segments

Cleveland should prioritize specific data center segments that align with its competitive advantages rather than attempting to compete broadly across all data center types. Based on growth projections and Cleveland's potential positioning, the following segments represent the most promising targets:

Edge/Regional Cloud Facilities

Smaller (5-15MW) facilities serving regional markets with 20,000-75,000 square foot footprints

Mid-Tier Enterprise Data Centers

Corporate facilities serving businesses seeking geographic diversity and disaster recovery capabilities

Specialized High-Power Computing

Facilities focused on AI, machine learning, and high-performance computing applications requiring substantial power density

Strategic Marketing and Business Development Approaches

Attracting data center investments requires a targeted, industry-specific marketing approach that directly addresses the unique decision criteria of data center operators. Cleveland's economic development team should implement a multi-faceted strategy that combines specialized lead generation, industry event participation, and relationship cultivation with key decision-makers.

Lead Generation Strategy

Traditional economic development lead generation approaches must be modified for the data center industry, which features a concentrated set of decision-makers and highly specialized site selection criteria. Cleveland should implement a targeted outreach program focusing on quality interactions rather than quantity of contacts.

Data Center Operator Identification

Develop comprehensive database of data center operators, real estate teams, and site selection consultants specializing in data center projects. Focus particularly on operators seeking geographic diversity beyond established markets.

Site Certification and Documentation

Create detailed technical documentation packages for potential data center sites including fiber routes, power infrastructure, expansion capacity, and preliminary permitting guidance.

Custom Value Proposition Development

Create industry-specific value propositions highlighting Cleveland's direct advantages for data centers: power rates and reliability metrics, fiber connectivity maps, latency measurements to major markets, climate data, and disaster risk assessments.

Direct Executive Outreach

Implement targeted outreach program to data center executives through personalized communications, executive-to-executive meetings, and specialized industry forums. Focus on relationship development rather than transactional approaches.

Industry Event Participation

The data center industry has a distinct ecosystem of trade shows, conferences, and events that provide essential platforms for relationship building. Cleveland's economic development team should maintain consistent presence at these gatherings to establish credibility and visibility among decision-makers.

Primary Industry Events

- Data Center World (rotating locations)
- 7x24 Exchange Conferences (spring/fall)
- DCD Conferences (various locations)
- CAPRE Data Center Summits (regional)

Effective Event Strategies

- Develop technical content demonstrating infrastructure knowledge
- Create video tours of available sites/infrastructure
- Bring utility partners to demonstrate power/fiber capabilities

Content Development

- Produce technical whitepapers on regional infrastructure advantages
- Create comprehensive fiber and power capacity maps
- Develop detailed permitting guides and timelines
- Produce cost comparison analyses vs. major markets

Industry Partnership Development

Successful data center attraction requires cultivating relationships with the broader ecosystem of companies and consultants that influence location decisions. Cleveland should formalize partnerships with these stakeholders to strengthen its market position.

Utility Partnerships

Develop formal data center programs with electric utilities including expedited service installation, preferential rates, and renewable energy options

Fiber Provider Coordination

Coordinate with telecommunications carriers to document existing routes, identify gaps, and potentially invest in strategic infrastructure improvements

Real Estate Developer Relationships

Establish relationships with specialized data center developers like Digital Realty, CyrusOne, and EdgeConneX who may consider speculative development in emerging markets

Site Selection Consultant Education

Develop targeted education programs for site selection consultants specializing in mission-critical facilities to ensure Cleveland appears on shortlists

Implementation Roadmap and Success Metrics

Attracting data center investments requires a sustained, strategic effort with clearly defined implementation steps and performance metrics. Cleveland's economic development team should approach this as a multi-year initiative with specific milestones and accountability measures to ensure progress.

Success Metrics and Evaluation Framework

Cleveland's data center attraction efforts should be measured against both process metrics (activities completed) and outcome metrics (investment results). It will be important to have the infrastructure and sites ready for this industry. It may be several years before Cleveland is ready to start targeting this industry, in earnest.

Metric Category	Specific Measurements	Target Benchmarks
Marketing Reach	• Number of qualified prospect engagements • Industry event participation • Site tours conducted • Technical information requests	• 15+ qualified engagements annually • Participation in 2+ industry events • 3-5 site tours per year • 10+ information package requests
Project Pipeline	• Active projects in consideration • RFP/RFI responses submitted • Shortlist appearances • Site visits by decision makers	• 2+ active projects at any time • 4-6 RFP responses annually • 2-3 shortlist appearances • 1-3 executive site visits
Investment Outcomes	• Announced projects • Capital investment secured • Power capacity deployed • Job creation • Tax revenue generation	• 1-2 projects • $100M+ capital investment • 10-30MW power deployment • 25-50 direct jobs • $750K+ annual tax revenue

Economic Impact Projections

Data centers represent a unique economic development opportunity with distinctive benefits and considerations that differ from traditional manufacturing or service industry recruitment. Economic developers should set realistic expectations regarding the specific impacts these facilities deliver.

Capital Investment

Data centers deliver exceptional capital investment intensity, with hyperscale facilities frequently exceeding $1 billion in value and mid-tier facilities ranging from $100-500 million, creating substantial property tax base enhancement

Employment Profile

Direct employment is modest compared to investment scale (typically 30-100 employees per facility) but features high-wage technical positions averaging $80,000-120,000 annually with excellent benefits

Construction Impact

Construction phases create 500-1,500 temporary jobs over 18-36 months with substantial opportunities for local contractors in electrical, mechanical and security systems

Sustainability Opportunities

Data center operators increasingly invest in renewable energy development, potentially creating opportunities for complementary regional solar and wind projects to support their operations

Cleveland's data center attraction strategy requires patience, technical expertise, and sustained commitment. By implementing this comprehensive approach with diligent execution and ongoing refinement, Cleveland can position itself to capture a portion of this dynamic growth industry, diversifying its economic base and strengthening its technology infrastructure for decades to come.