REC | Regional Economic Consulting Group

ECONOMIC BENEFITS OF DATA CENTERS

A Project for Red Hills Strategies

Prepared by the Regional Economic Consulting Group
Clyde Diao, PhD
Jared Parker, MS

August 2025

Executive Summary

Central and Southeastern Florida present compelling advantages for data center expansion, combining abundant available land, lower population density, and cost-effective opportunities. These factors create a unique economic landscape positioned to capitalize on the unprecedented demand driven by artificial intelligence, cloud computing, and expanding digital services. Communities in these regions benefit significantly from this technological transformation through immediate construction impacts, sustained operation returns, and increased tax revenues that can be used to enhance community resources such as education and emergency services. This study uses a representative one-gigawatt data center as an example that can be scaled to specific data center developments.

The initial development phase represents an economic opportunity through a combined investment of $2.67 billion across data center construction and infrastructure expansion. Data center construction alone accounts for $2 billion of this investment, generating a total economic impact of $2.5 billion while creating 34,025 temporary jobs and producing $1.8 billion in earnings. This construction activity contributes substantially to government revenues, delivering $66.6 million in state tax collections and $67.5 million to local governments.

Complementing the data center construction, infrastructure capacity expansion requires an additional $670 million investment. This infrastructure development produces an economic impact of $824 million, supports 11,342 temporary jobs, and generates $591 million in earnings. The infrastructure expansion phase contributes $20 million to state tax revenues and $22.7 million to local government collections. These construction activities create 45,367 temporary jobs and generate $176.8 million in combined state and local tax revenue, establishing a strong foundation for long-term economic growth.

The operational phase for data centers delivers sustained economic value through $2.6 billion in annual spending, creating lasting benefits that extend far beyond the construction period. Data center operations convert $1.6 billion in operational yearly spending into ongoing economic returns, generating a sustained economic impact of $45.2 million locally, earnings of $48.1 million, and 547 permanent jobs for the local community. These operations contribute $31.8 million annually to state collections and $61.5 million to local government revenues.

Operating the infrastructure needed to maintain the data centers is the most substantial component of long-term economic benefits, transforming a $1 billion operational investment into significant ongoing returns. This activity produces an economic impact of $218.3 million, generates $244 million in earnings, and supports 4,775 permanent jobs. Operations for the infrastructure are the largest revenue source for government entities, contributing $125.9 million to state collections and $186.5 million to local governments annually. The operational phase supports 5,322 permanent jobs and generates $312.5 million in annual state and local tax collections.

Complete Economic Impact Summary of a Sample Data Center

All Impacts Summary

	Construction (Non-recurring)		Operations (Recurring)	
	DATA CENTER DEVELOPMENT	INFRASTRUCTURE DEVELOPMENT	DATA CENTER	INFRASTRUCTURE
Direct				
Spending	$2.0B	$666.7M	$1.6B	$1.0B
Output				
Direct Output	$1.1B	$377.6M	$22.0M	$139.7M
Total Output	$2.5B	$824.4M	$45.2M	$218.3M
Earnings				
Direct Earnings	$916.0M	$305.3M	$22.0M	$139.7M
Total Earnings	$1.8B	$590.6M	$48.1M	$244.1M
Jobs				
Direct Jobs	16,087	5,362	215	2,057
Total Jobs	34,025	11,342	547	4,775
Revenue				
Total State Collections	$66.6M	$20.0M	$31.8M	$125.9M
Total Local Collections	$67.5M	$22.7M	$61.5M	$186.6M

The targeted Florida counties, chosen for being rural yet close to large metro areas, offer strategic advantages through their combination of available land resources and significant job creation and wage growth potential. While these areas benefit from lower population density and affordable land costs, they also present tight labor market conditions that require thoughtful workforce planning and development strategies. Communities that successfully attract and integrate data center developments position themselves at the forefront of the digital economy transformation, capturing the substantial economic benefits that will drive growth throughout the 21st century.

This comprehensive economic impact, totaling $3.3 billion during construction and $263.5 million in sustained annual benefits, demonstrates how data center development can transform the regional economy. Combining immediate construction benefits and long-term operational

advantages creates a compelling opportunity for Central and Southeastern Florida communities to establish themselves as leaders in the evolving digital infrastructure landscape.

Contents

Introduction

The digital transformation of the modern economy has fundamentally altered how businesses operate, communicate, and process information. At the heart of this technological revolution lies an often overlooked but critical infrastructure: data centers. These facilities serve as the backbone of our interconnected world, housing the servers and network equipment essential for processing, storing, and distributing vast quantities of data that power everything from simple web searches to complex artificial intelligence applications.[1]

The importance of data centers has significantly increased in recent years, primarily due to the rise in artificial intelligence (AI) adoption and cloud computing services. AI applications have large computational demands.[2] This highlights the data center infrastructure investment needs of our increasingly AI-dependent society. As a result, the demand for data center capacity has surged, positioning these facilities as essential utilities comparable to transportation infrastructure or water supply systems.

This economic impact analysis provides a balanced, data-driven assessment of how a gigawatt data center development would affect the regional economy of the rural Florida counties chosen for the study. Rural counties in Florida near metro areas were selected because of access to workers and large acres of land to house and operate the data center. A gigawatt data center was selected for this study because it can be proportioned up or down depending on the data center's size, allowing for estimating the economic benefit of its own data center. By examining the substantial economic benefits, including high-wage job creation, construction activity, and regional spending, this study aims to inform policymakers, community leaders, and stakeholders about the true economic implications of data center development in this strategically important industry for Florida.

Regional Economic Consulting Group Background

The Regional Economic Consulting Group is a research group measuring the economic impacts of public and private sector projects. It builds impact studies and provides statistical validation for public policy, economic development strategies, and investment. The Group covers a wide range of topics, from economic outlooks to demographic and labor market studies, and uses the latest econometric modeling and methodologies.

The Group uses various analytical tools; REMI modeling, IMPLAN, cost-benefit analysis, general input-output analysis, and econometric modeling. Impacts can come from jobs created or lost, and fiscal impacts, examining dollars gained or lost for projects and initiatives. The Group has experience producing studies and presenting them publicly.

[1] What is a data center? | McKinsey

[2] Data Centers and Local Environmental Considerations - National League of Cities

REC Group's economists bring a unique perspective from the Florida Government's economic units and have firsthand knowledge of the Florida Economy. That competitive advantage affords them an intimate familiarity with Florida-specific economic mechanisms. The Group brings that ability to the private sector to better position impacts and promote initiatives for the future.

Background

Economy of Central and Southeastern Florida

Central and southeastern Florida present a compelling landscape of natural resources, historical significance, and thriving communities, making this region particularly attractive for development and investment. The REC group's analysis focuses on four key counties: Martin, St. Lucie, Osceola, and Polk. These counties are rural with proximity to large metros, each offering unique characteristics while collectively representing substantial opportunities for data center development and high-quality employment.

Situated along Florida's famous Treasure Coast, Martin County features various attractions. These range from pristine natural reserves and beautiful beaches to significant historical landmarks, championship golf courses, and top-notch fishing spots.[3] Martin County serves a community of over 163,000 residents as of 2023.[4] This population represents a steady growth of 0.7% compared to the previous year, highlighting the area's ongoing appeal to newcomers.[5]

Approximately 69,000 households support Martin County's economic landscape, averaging 2.3 people with household incomes around $75,000.[6] Martin County's workforce of nearly 69,000 employees demonstrates a well-rounded economic base. Sales and related occupations lead at 13.3% of employment, followed closely by management positions at 12.8% and office and administrative support roles at 10.3%.[7] This employment distribution suggests a mature, service-oriented economy with a strong management infrastructure.

St. Lucie County, located along the southeastern coast and bordering Martin County, is rich in history and culture. Its heritage includes Native American influences, Spanish colonial history, and a maritime legacy that continues to attract tourists and new residents.[8] The population of St. Lucie County surpassed 346,000 in 2023, reflecting a robust growth rate of 3.45% from 2023 to 2024. This growth is supported by approximately 132,000 households, with an average of 2.50 people per household and a median household income of $69,027.[9]

Port St. Lucie, the largest city in the county, acts as the economic engine for a workforce of 151,000 employees. The employment landscape reveals a balanced economy, with sales and

[3] Martin County, FL Things to Do, Restaurants & More - Treasure Coast
[4] Martin County, FL - Profile data - Census Reporter
[5] Ibid
[6] Ibid
[7] Ibid
[8] 40 Facts About St Lucie County - Facts.net
[9] St. Lucie County, FL | Data USA

related occupations and office and administrative support each accounting for 11.8% of jobs, while management occupations make up 10.1%.[10]

Polk County, located between the Tampa and Orlando metropolitan areas, is recognized as Florida's fastest-growing county.[11] This remarkable growth is attributed to the county's unique blend of urban sophistication and rural charm, which appeals to businesses and residents.[12] Polk County offers an attractive combination of accessibility, affordability, and opportunities. Its landscape harmoniously integrates developed areas with traditional ranch lands.

Polk County's population growth is clearly reflected in its 2023 total of over 818,000 residents, marking a significant 3.8% increase from the previous year. The population is divided into nearly 307,000 households, with an average of 2.6 people per household and household incomes of around $67,000.[13] The county's economic strength is highlighted by its approximately 334,000 employees.[14] The job market trends align with neighboring counties, with office and administrative support occupations leading at 12.8%, sales and related positions at 10.7%, and management roles at 9.2%. The county's inclusion in the Orlando-Kissimmee-Sanford Metropolitan Statistical Area positions it at the center of one of Florida's most important economic regions.

With approximately 438,000 residents in 2023, Osceola County supports around 155,000 households, averaging 2.8 people with household incomes around $77,000, the highest among the four counties analyzed.[15] The county's workforce of about 200,000 employees reflects the strong influence of the service and tourism economy. Office and administrative support occupations comprise 14% of employment, while sales and related occupations account for 10.6% and management positions represent 9.2%.[16]

These four counties represent a combined population of 1.8 million residents, supported by over 660,000 households and employing more than 750,000 workers. The region offers substantial land availability for large-scale development projects like data centers, while maintaining proximity to established communities that can provide a skilled workforce and support services. The consistent employment patterns across all four counties, dominated by office support, sales, and management occupations, suggest a mature service economy well-suited to support technology infrastructure and the high-skilled positions that data center operations typically require. The region's steady population growth, diverse geographic assets, strategic location between major metropolitan areas, and established workforce infrastructure create a compelling foundation for continued economic development and expansion.

---

[10] St. Lucie County, FL | Data USA
[11] Info, Events & Things To Do in Polk County | Visit Polk County FL
[12] Ibid
[13] Polk County, Florida Population 2025
[14] Polk County, FL | Data USA
[15] Osceola County, FL - Profile data - Census Reporter
[16] Osceola County, FL | Data USA

Objectives

The overall objective of this study is to determine and analyze how the development of a data center in either Martin and St. Lucie, Osceola, or Polk counties would affect the regional economy. Establishing a data center is expected to generate significant economic benefits, positively impacting the region's economy in the short and long term. This paper aims to outline a development strategy that offers a dual-phase benefit structure, beginning with substantial short-term opportunities and progressing toward long-term economic transformation.

During construction, these data center projects will inject considerable economic activity into the region through temporary construction employment. These positions typically offer competitive wages and provide immediate income opportunities for local workers, attracting specialized construction professionals from surrounding areas. The construction phase multiplies workers' earnings on local goods and services, benefiting restaurants, retail establishments, housing markets, and regional service providers.

Data centers will provide permanent employment opportunities beyond the initial construction period. These facilities require skilled professionals across multiple specialized disciplines, including computing infrastructure development and maintenance, data processing services, web hosting operations, and related technology services.

The permanent positions associated with data center operations typically offer salaries well above regional averages, contributing to increased household incomes and enhanced spending power within local communities. These high-quality jobs often require advanced technical skills and education, attracting talented professionals to the region. They may also encourage existing residents to pursue additional training and certification in technology-related fields.

Data centers play a crucial role in the economy by providing essential technology infrastructure that houses servers and network equipment for processing, storing, and distributing large amounts of data. Activities performed by data centers include web hosting, enterprise resource planning systems, emails, file storage, and artificial intelligence (AI) applications. The rising use of AI is driving the increasing demand for data centers, as running a single ChatGPT query can require ten times the computing power of a Google search.[17] Data centers have become increasingly critical in our digital age, where reliance on technology is paramount.

Assumptions and Methodology

Assumptions

The economic analysis of data center development relies on three fundamental categories that capture these facilities' full recurring and non-recurring benefits: data center construction,

[17] Data Centers and Local Environmental Considerations - National League of Cities

infrastructure capacity expansion, and ongoing operations. This approach accurately measures immediate and sustained economic impacts throughout the region.

Given the inherent uncertainty surrounding the actual size of prospective data center developments, the analysis establishes a standardized baseline of gigawatt (GW) capacity. This benchmark is a scalable foundation, allowing for proportionally adjusted findings upward or downward to accommodate data centers of varying sizes, from smaller regional facilities to massive hyperscale operations.

The construction analysis encompasses all capital expenditures required to bring a data center from concept to operational readiness, potentially divided across multiple years depending on the scale of construction and its timing. Construction costs vary significantly based on the specific type and sophistication of the planned facility, with calculations derived from multiplying the per-megawatt construction cost by the facility's total megawatt capacity. These cost estimates draw from the authoritative 2025 Data Center Development Cost Guide published by Cushman and Wakefield, ensuring alignment with current industry standards and market conditions.[18]

Labor cost calculations utilize the Bureau of Economic Analysis's Regional Input-Output Modeling System (RIMS II), which provides economic multiplier analysis to determine total employment impacts. [19]The study recognizes that material sourcing significantly affects local economic benefits, estimating that approximately 20 percent of construction materials will be procured locally, amplifying regional economic impact. The construction timeline acknowledges that data center projects typically unfold over several years, with job creation occurring in phases corresponding to different development and completion stages.

Infrastructure investment is expected to enable data center operations while benefiting the broader regional electrical grid and customer base. These costs are calculated by multiplying the per-kilowatt cost of utility infrastructure development by the total megawatt demand of the proposed data center. This infrastructure investment often benefits the regional utility system, potentially improving service reliability and capacity for industrial and commercial users.

The operations category captures the ongoing economic activity generated by fully functional data centers, encompassing the recurring expenditures that sustain long-term employment and business activity. Operational costs include three primary components: employee compensation, utility expenses, and information technology equipment investments. These recurring expenditures represent the sustained economic benefit that data centers provide to their host communities year after year.

Data center employment trends are primarily determined by facility capacity. Research shows that, on average, data centers employ approximately 43 workers for every 100 megawatts of

[18] Data Center Development Cost Guide 2025
[19] U.S. Bureau of Economic Analysis (BEA)

capacity.[20] This conservative estimate reflects the staffing levels typically seen in existing data center operations, providing a solid basis for projecting employment impacts. The positions within these facilities usually require specialized technical skills and offer salaries significantly higher than regional averages. According to U.S. Census American Community Survey data, the marginal increase in data center employment within the region is $34,336 when factoring in the transition to full-time roles with higher wages.[21] For infrastructure positions, the average increase can be as high as $42,069.[22]

The facility's electricity requirements are calculated using a methodology that converts per-kilowatt costs to megawatt scale, then multiplies by continuous operation parameters, 365 days annually, and 24 hours daily, before applying the facility's total capacity. Electricity cost data sources from the U.S. Energy Information Administration ensure accuracy in projecting ongoing utility expenses.[23]

Information technology equipment expenditures represent a substantial ongoing investment stream that benefits technology suppliers and service providers. Calculations incorporate the facility's megawatt capacity requirements, average power consumption patterns of enterprise-scale servers, and current market pricing for professional-grade equipment.[24] Based on industry research conducted by Statista in 2020, the analysis assumes a three-year and five-year hybrid depreciation schedule to capture replacement effects, reflecting standard depreciation schedules and technology refresh requirements observed across data center operations.

Large-scale data center projects inherently involve phased construction and equipment deployment, creating complex timing considerations for economic impact analysis. While some server installations occur early in the construction process, others await facility completion, and specific equipment may require replacement before the entire facility achieves full operational status. Although operational expenditures reach full realization only when all systems achieve production status, the analysis calculates total operating costs based on a fully operational annual cycle to provide stakeholders with complete long-term economic projections.

The total operational expenditure framework combines electricity costs, labor expenses, and IT infrastructure investments to measure ongoing economic activity. This structure distinguishes between one-time economic injections—construction and infrastructure capacity expansion and sustained recurring impacts from operations. Construction and infrastructure expansion provide immediate economic stimulus during the development phase, while operations generate continuous economic benefits that compound over the facility's operational lifetime, typically spanning decades. This analytical framework ensures capture of data center economic impacts

[20] Meta Selects Northeast Louisiana as Site of $10 Billion Artificial Intelligence Optimized Data Center; Governor Jeff Landry Calls Investment 'A New Chapter' for State - LED | Louisiana Economic Development
[21] American Community Survey (ACS)
[22] American Community Survey (ACS)
[23] Electric Power Monthly - U.S. Energy Information Administration (EIA)
[24] How Much Energy Do Data Centers Really Use? • Energy Innovation

while providing the flexibility necessary to evaluate projects of varying scales and configurations within the region.

Direct & Indirect Impacts

The economic analysis of data center development employs a three-tier framework that captures how initial investments cascade through the regional economy, creating multiplying effects that extend far beyond the immediate project boundaries. This methodology recognizes that economic activity generates interconnected spending, employment, and income generation waves that ripple throughout a regional economy.

Direct impacts are the most observable economic effects that arise directly from data center development and operations. These impacts include significant capital expenditures required for construction, ongoing wages and benefits paid to employees, and operational costs to maintain the facilities. Essentially, direct impacts represent the initial economic activity generated by the data center project, similar to a retail company spending five dollars to buy merchandise and stock its shelves. This first expenditure creates measurable economic effects within the regional economy.

Indirect impacts, on the other hand, capture the secondary economic activity generated by businesses that support the data center and make their own purchases and investments to meet their contractual obligations. Continuing with the retail analogy, indirect effects represent the portion of that initial five-dollar purchase that flows to suppliers, manufacturers, and service providers that helped create and deliver the merchandise to the retailer's shelves. In a data center context, indirect impacts include spending by construction contractors on materials and equipment, payments to engineering firms and consultants, purchases from local suppliers and service providers, and investing in infrastructure to expand capacity. These secondary effects create a network of economic activity throughout the regional business ecosystem.

Induced impacts refer to the tertiary economic effects when employees and business owners spend their earnings within the local economy based on their personal consumption choices. Many taxes and fees are reserved for dedicated government services such as education and emergency services. If a government significantly expands revenue as an induced effect of the data center, one could expect increased dedicated funding for these services.

In the retail example, induced effects encompass the way employee wages are being spent as they are spent from selling that five-dollar item, circulate throughout the economy, and as workers make their own purchases for housing, food, transportation, entertainment, and other personal needs. These spending decisions create additional demand for goods and services,

supporting employment and income generation across various sectors, many of which may not have a direct connection to the original data center project. Induced effects often yield the most widespread economic benefits, impacting nearly every sector of the regional economy.

By summing direct, indirect, and induced spending, we obtain a comprehensive picture of the total economic impact. This approach measures the overall economic output generated, income created, and employment supported by data center development. It ensures that policymakers and stakeholders grasp not only the immediate effects of the project but also the broader economic changes occurring throughout the region.

The analysis organizes economic impacts into three distinct measurement categories that provide complementary perspectives on economic benefit. Jobs represent the total employment created across all impact categories, including both full-time and part-time positions generated directly by data center operations and indirectly through supplier relationships and induced economic activity. Output measures the total monetary value of all economic activity generated, including spending on intermediate products and services required to support data center development and operations. Earnings quantify the total compensation paid to workers across all impact categories, encompassing wages, salaries, and benefits received by employees whose jobs depend directly or indirectly on data center activity.

Understanding economic output is crucial for understanding how data center development contributes to regional prosperity. Economic output refers to the total value of goods and services produced, resulting from spending within an economy, including all intermediate products and services required for final production. For example, economic output considers the final cost of a completed chair and the costs of materials like nails and wood, as well as labor and other inputs necessary for its construction. This measure reflects the total economic activity generated, although it may lead to some double-counting of intermediate transactions.

The jobs and earnings categories work in tandem to provide a complete picture of labor market impacts. Jobs quantify the total workforce required to facilitate all levels of economic output, including positions directly within data center operations, jobs at supplier companies serving the data center, and employment created throughout the regional economy as spending multipliers take effect. Earnings capture the associated compensation flowing to this expanded workforce, representing income that enables increased consumer spending and improved living standards throughout the four-county region.

This measurement framework ensures that stakeholders can evaluate data center development impacts from multiple perspectives, understanding both the immediate project effects and the broader economic transformation occurring as these investments integrate into the regional economy.

Opportunity Cost

The opportunity cost analysis examines how data center development affects regional labor markets. It recognizes that employment impacts extend beyond simple job creation to encompass fundamental shifts in workforce allocation and compensation structures. This analysis acknowledges that labor markets operate as interconnected systems where new high-wage opportunities can reshape existing employment patterns and income distribution across the region or within a local economy.

The analysis establishes total labor requirements across all development and operations phases, treating data center construction, infrastructure expansion, and ongoing operations as distinct but related labor markets. Each category generates specific workforce demands with varying skill requirements, compensation levels, and duration of employment. Construction phases require temporary but intensive labor inputs, while operations create permanent employment opportunities that sustain long-term economic benefits.

The methodology recognizes that labor markets extend beyond traditional county boundaries, requiring careful analysis of the broader economic region from which data centers will likely draw their workforce. Rather than assuming all employment comes from within the local economy, the analysis segments labor supply based on realistic commuting patterns, skills availability, and competitive positioning relative to other regional employers. This approach provides a more accurate assessment of where workers will originate and how their employment transitions affect communities within the broader region.

A critical analysis involves categorizing workers based on their origin within local internal markets versus external labor markets. This distinction affects how employment benefits flow through regional economies. Workers drawn from local labor supplies represent existing regional residents whose employment transitions create income mobility and workforce reallocation effects. These transitions often generate positive economic spillovers as higher-paying data center positions free up other employment opportunities for remaining local workers, creating beneficial cascade effects throughout regional labor markets.

The analysis systematically examines workforce characteristics to identify workers currently employed in positions that qualify them for data center employment opportunities. This qualification assessment considers technical skills and transferable competencies that enable workers to transition into data center roles successfully. The methodology recognizes that data centers can offer compensation typically exceeding certain regional averages, creating powerful incentives for qualified workers to transition from their current employment.

When qualified workers earn less than anticipated data center wages, market forces encourage employment transitions until data centers achieve complete staffing levels. This process creates

measurable income increases as workers move from lower-paying positions to higher-compensation data center roles. The aggregate change in worker income represents a direct measure of economic benefit flowing to regional households through improved employment opportunities. These income increases often exceed wage differentials because data center positions frequently offer superior benefits packages, career advancement opportunities, and long-term employment stability.

The analysis recognizes that regional labor supplies may not satisfy all data center workforce requirements, necessitating recruitment from external labor markets. Workers imported outside the regional economy represent new employment additions that generate 100 percent incremental economic benefit. These external workers relocate to the region, bringing their households and consumer spending. Their arrival creates additional housing demand, increases enrollment in local schools, and generates spending across retail, service, and professional sectors throughout the four-county area.

The opportunity cost framework illuminates how data center development catalyzes broader economic transformation through strategic labor market reallocation. As higher-skilled, better-compensated workers transition into data center employment, their previous positions become available to other regional workers, potentially creating advancement opportunities throughout the labor market. This cascading effect can elevate income and career prospects across multiple industries and skill levels.

Labor market flows are distributed throughout the region based on available employment. Employment is utilized to assess, where reasonable, the total direct impacts and the labor demanded, locally and externally, depending on labor supplies and a clear understanding of what the local economy can support for large-scale operations, such as a data center and infrastructure expansions. Additionally, the most significant impact on a local economy from a large development comes from the salaries and earnings of workers residing in the area.

The opportunity cost analysis emphasizes the economic advantages of developing data centers that align with the region's existing economic structures rather than operating as separate economic entities. Successful integration involves maximizing the local labor supply while also selectively incorporating specialized skills and expertise to enhance the region's economic capacity. Additionally, the analysis examines how much construction material can be sourced locally. This balanced approach ensures that data center development strengthens, rather than disrupts, existing economic relationships and community structures.

The opportunity cost framework provides stakeholders with a clear understanding of how data center development affects labor markets, income distribution, and economic opportunities

across the four-county region. This knowledge enables informed decision-making that maximizes community benefits while supporting the successful implementation of projects.

Results, Findings, and Analysis

Static Impacts- Direct Expenditures

The static direct effects represent the total spending linked to data center construction, data center operations, expanding the capacity of infrastructure, and infrastructure operations. This spending can occur within the specified counties or outside the state or country boundaries. Table 1 displays the economic picture by presenting the total expenditures, earnings, and jobs associated with the data center's construction and ongoing operations, and the necessary infrastructure capacity expansions required to support these facilities.

Table 1: Direct Spending on Development and Operations

Data Center & Infrastructure Expansion

	Construction (Non-recurring)		Operations (Recurring)	
	DATA CENTER DEVELOPMENT	INFRASTRUCTURE DEVELOPMENT	DATA CENTER	INFRASTRUCTURE
Total Spending	$2.0B	$666.7M	$1.6B	$1.0B
Earnings	$916.0M	$305.3M	$29.2M	$192.8M
Jobs	16,087	5,362	430	2,057

Direct spending can be divided into two main categories. The first category includes construction-related expenses, which cover the costs of materials and labor needed to build data centers and enhance infrastructure capacity. It is estimated that data centers will need to invest around $2 billion to develop a gigawatt facility. Additionally, expanding infrastructure capacity will require approximately $666.7 million to support these large-scale operations.

Second, operational spending covers the ongoing costs necessary to maintain data centers and the expanded infrastructure. These operational expenditures include employee wages, utility costs, and equipment expenses. Data centers allocate approximately $1.6 billion annually for their operations, while infrastructure investment of around $1 billion is required to reliably expand their infrastructure to serve these energy-intensive facilities.

Opportunity costs play a crucial role in evaluating the economic impacts within a local economy by measuring both cannibalization effects and geographical distribution patterns. Cannibalization effect means a labor transfer from current positions to data center operations. Table 2 illustrates the opportunity cost to the labor market. Data centers typically adopt a hierarchical approach to sourcing labor, beginning with unemployed local workers, followed by employees from existing employment pools, and finally recruiting workers from outside the region.

The labor requirements vary significantly between the construction and operational phases. Construction activities often rely on external labor sources and provide a one-time economic boost, while operational positions are mainly filled by local workers in central and southeastern Florida.

Construction labor results in genuinely new employment, as workers can be brought into the region when local labor is insufficient. Data center construction projects are projected to generate approximately 16,087 jobs, with an additional 5,362 positions created through infrastructure expansion. Both of these developments contribute to a one-time economic uplift during the construction phase.

This study assumes that data center operational staffing depends on locally available talent pools. When local labor capacity reaches its limits, new operations tend to cannibalize the existing workforce because data center positions typically offer higher compensation than equivalent industry jobs in the region. This wage premium incentivizes workers to leave their current positions for better-paying opportunities at data centers.

Currently, central and southeastern Florida lacks unemployed individuals with the necessary skill sets. However, nearly 5,598 employed workers possess appropriate qualifications and could potentially transition to data center roles. Similarly, the utilities sector for infrastructure operations has approximately 5,488 employees with relevant expertise who could move to expanded infrastructure operations.

The cannibalization effect represents labor transfers from current positions to data center operations. Notably, existing utility infrastructure jobs cannot cannibalize themselves since workers are already employed by utility providers, meaning all additional utility labor must be imported to meet new demand. Data center operations are projected to cannibalize roughly 50% of available local positions due to uncertainties in the local labor market's ability to replace workers lost to data center employment. The analysis anticipates 215 new jobs for data center operations and more than 2,000 positions for expanded infrastructure operations.

Table 2: Labor Market Supply

Opportunity Cost to the Labor Market

	DATA CENTER	INFRASTRUCTURE
Construction (Non-recurring)		
New Construction Jobs	16,087	5,362
Labor Market		
Job Demand	430	2,057
Unemployment	0	0
Available Labor	5,598	5,488
Job Impact (Recurring)		
Cannibalized Jobs	215	0
New Jobs	215	2,057

Table 3 presents the earnings impacts resulting from data center development and infrastructure expansion. The earnings increase represents the total compensation that both cannibalized and newly created positions will generate across four key areas: data center construction, ongoing data center operations, infrastructure capacity expansion, and post-expansion infrastructure operations.

Due to the large workforce requirements, data center construction generates substantially higher earnings, though this represents a one-time economic injection rather than sustained income. The construction phase is expected to produce $916 million in earnings, significantly exceeding the $22 million in annual recurring earnings from ongoing data center operations. This dramatic difference reflects the labor-intensive nature of construction compared to the highly automated operational phase of data centers.

Infrastructure expansion follows a similar pattern but at a smaller scale. Construction activities for expanding infrastructure capacity are projected to generate $305.3 million in temporary

earnings, while the expanded infrastructure operations will contribute $139.7 million in recurring annual earnings. The utility sector's operational earnings represent a more substantial ongoing contribution compared to data center operations, reflecting the labor requirements necessary to maintain and operate expanded electrical infrastructure that supports these energy-intensive facilities.

Table 3: Earnings Impact

Opportunity Cost to Earnings

	DATA CENTER	INFRASTRUCTURE
Construction (Non-recurring)		
Local Earnings	$916.0M	$305.3M
Operations (Recurring)		
Marginal Earnings	$7.4M	$0.0
New Earnings	$14.6M	$139.7M
Local Earnings	$22.0M	$139.7M

Table 4 distinguishes between total spending and local spending, with the latter serving as a critical metric for measuring direct economic impact on the regional economy and some tax revenue generation. Local spending represents the portion of total expenditures that circulates within the community, creating multiplier effects and supporting local businesses and services.

Local spending is based on the distinction between total expenditure and spending that benefits the local market. Typically, data center and utility companies spend on wages, services, equipment, maintenance, and other miscellaneous purchases. The primary local impact comes from the salaries of workers who live in the area. In both cases of data centers and infrastructure expansion, local spending is confined to local wages and salaries. Items such as servers or components related to electricity generation are sourced from outside the area, and many services are maintained internally. Therefore, local spending is equivalent to the wages and salaries paid for both data center and infrastructure employment.

Construction activities generate substantial local economic benefits, with data center construction contributing approximately $1.1 billion in local spending while infrastructure construction adds another $377.6 million to the local economy. These construction-phase expenditures represent significant one-time injections that benefit local suppliers, contractors, and service providers during the development period.

Operational spending creates ongoing local economic activity, though at considerably lower levels than construction. Data center operations contribute $22 million annually in local spending, while expanded infrastructure operations generate $139.7 million in local expenditures each year. This operational spending provides sustained economic benefits to the community, supporting the local economy.

Table 4: Local Spending Impact

Spending by Sector

	DATA CENTER	INFRASTRUCTURE
Construction (Non-recurring)		
Total Spending	$2.0B	$666.7M
Local Spending	$1.1B	$377.6M
Operations (Recurring)		
Total Spending	$1.6B	$1.0B
Local Spending	$22.0M	$139.7M

Dynamic Impacts

Table 5 outlines the dynamic impacts encompassing the broader economic ripple effects generated through the construction and operational phases of data center development and infrastructure capacity expansion. These multiplier effects demonstrate how direct spending cascades through the local economy, creating additional economic activity beyond the initial investment. Take note that the total impacts on output, earnings, and jobs include direct, indirect, and induced effects as explained earlier in the assumption.

Data center development and construction create substantial economic benefits by directly injecting $1.1 billion into the local economy. This initial spending generates a total economic output of $2.5 billion, representing a multiplier effect of approximately 2.3 times the original investment. The construction phase produces $1.8 billion in total earnings and creates 34,025 jobs throughout the regional economy, extending far beyond the construction industry itself.

Infrastructure capacity expansion follows a similar pattern of dynamic economic impacts. The $377.6 million in direct local spending triggers $824.4 million in total economic output, generates $590.6 million in earnings, and supports 11,342 jobs across various sectors. These impacts reflect the interconnected nature of the regional economy, where infrastructure investments support businesses and services throughout the community.

The combined operational activities of data centers and expanded infrastructure create ongoing economic benefits through their annual spending of $161.7 million. This sustained expenditure generates $292.2 million in total economic output and supports 5,322 jobs on a recurring basis. Unlike the one-time construction impacts, these operational effects provide long-term economic stability and consistent employment opportunities for the regional workforce.

Table 5: Local Dynamic Economic Impact Summary

Direct and Total Impact by Focus Area

	Construction (Non-recurring)		Operations (Recurring)		
	DATA CENTER DEVELOPMENT	INFRASTRUCTURE DEVELOPMENT	DATA CENTER	INFRASTRUCTURE	TOTAL OPERATIONS
Output					
Direct Output	$1.1B	$377.6M	$22.0M	$139.7M	$161.7M
Total Output	$2.5B	$824.4M	$45.2M	$218.3M	$263.5M
Earnings					
Direct Earnings	$916.0M	$305.3M	$22.0M	$139.7M	$161.7M
Total Earnings	$1.8B	$590.6M	$48.1M	$244.1M	$292.2M
Jobs					
Direct Jobs	16,087	5,362	215	2,057	2,272
Total Jobs	34,025	11,342	547	4,775	5,322

Tax Impacts

Table 6 presents the state and local revenue impacts, with tax benefits varying significantly based on the specific location of data center construction. The revenue streams derive from multiple sources, including sales taxes, gross receipts, franchise fees, public service collections, and property taxes, each contributing differently to state versus local government coffers.

The tax impact profile differs between governmental levels. Sales taxes and gross receipts primarily drive state collections, while local governments benefit most substantially from franchise fees and public service collections. Both state and local collections represent direct revenue capture from data center and infrastructure activities, providing direct fiscal benefits to the respective governmental entities that could be used for local municipal services like schools, fire services, and police services.

This can be evidenced by existing data centers' impacts in Loudon County in Northern Virginia, where the increase in the tax base from data centers has improved infrastructure, schools, and public services while reducing the tax burden on constituents. [25] Specifically, schools were able to invest $111 million, the county set aside $17 million on affordable housing, and lowered taxes on property and vehicles. [26]

Infrastructure operations generate the highest tax benefits across both governmental levels, producing $122.8 million in state collections and $182.6 million in local collections. This substantial revenue generation reflects the ongoing nature of infrastructure operations and the various tax mechanisms that apply to energy infrastructure and services, creating sustained fiscal benefits for public entities.

These tax estimates reflect current tax rates based on the best available information, though actual tax revenues may vary depending on specific construction circumstances, operational configurations, and local regulatory environments. Additionally, tax collections can fluctuate based on potential exemptions, incentive programs, or policy changes that may be implemented to attract or support data center development in the region.

[25] How data centers transform, engage with communities | JLL

[26] https://wjla.com/news/local/loudoun-county-virginia-taxes-data-centers-new-restrictions-budget-supervisors-board-kershner-data-center-revenue-new-positions-estimated-millions-operating-money-politics

Table 6: State & Local Revenue Impact Summary

Total Collections for a Typical COunty

	Construction (Non-recurring)		Operations (Recurring)	
	DATA CENTER DEVELOPMENT	INFRASTRUCTURE DEVELOPMENT	DATA CENTER	INFRASTRUCTURE
State Collections				
State Sales	$13.0M	$2.2M	$30.9M	$70.8M
Gross Receipts	$0.0	$0.0	$0.0	$52.0M
Local Collections				
Local Option Sales	$433.6K	$361.3K	$5.2M	$10.2M
Franchise Fees	$0.0	$0.0	$0.0	$50.9M
Public Service	$0.0	$0.0	$0.0	$101.9M
Ad Valorem	$0.0	$0.0	$37.6M	$12.5M
Tangible Personal Property	$0.0	$0.0	$17.5M	$7.1M
Total Collections				
Total State Collections	$13.0M	$2.2M	$30.9M	$122.8M
Total Local Collections	$433.6K	$361.3K	$60.3M	$182.6M
Indirect & Induced Collections				
Other State	$53.6M	$17.9M	$927.8K	$3.1M
Other Local	$67.0M	$22.3M	$1.2M	$3.9M

Conclusion

The counties targeted for data center development represent strategically advantageous locations within Florida. They offer abundant available land and significant opportunities for job creation and wage growth across the state. While these areas feature lower population density and more affordable land costs, they also present tight labor market conditions that require careful workforce planning and development strategies.

Data centers are experiencing unprecedented demand increase due to the rapid growth of artificial intelligence, cloud computing, and expanding digital services. This technological transformation presents significant economic opportunities for communities that attract and support these facilities. It combines immediate construction benefits with long-term operational advantages.

Data center construction represents a $2 billion economic investment that yields substantial regional benefits. It generates a total economic impact of $2.5 billion, produces $1.8 billion in earnings, and creates 34,025 temporary jobs. During this construction phase, it contributes $66.6 million to state tax collections and $67.5 million in revenue for local governments.

Additionally, Infrastructure Capacity Expansion involves a $670 million investment that results in an economic impact of $824 million, generates $590 million in earnings, and supports 11,300 temporary jobs. This expansion contributes $20 million to state tax collections and $22.7 million to local government revenues.

Data Center Operations converts $1.6 billion in annual operational spending into $45.2 million in sustained economic impact, $48.1 million in ongoing earnings, and 547 permanent jobs. These operations generate $31.8 million annually in state collections and $61.5 million in local government revenue. Infrastructure Operations transform a $1 billion operational investment into the most substantial ongoing economic benefits, producing $218.3 million in economic impact, $244 million in earnings, and 4,775 permanent jobs. Infrastructure operations represent the largest revenue generator for state and local governments, contributing $125.9 million and $186.6 million, respectively, to annual tax collections.

Complete Economic Impact Summary of a Sample Data Center

All Impacts Summary

	Construction (Non-recurring)		Operations (Recurring)	
	DATA CENTER DEVELOPMENT	INFRASTRUCTURE DEVELOPMENT	DATA CENTER	INFRASTRUCTURE
Direct				
Spending	$2.0B	$666.7M	$1.6B	$1.0B
Output				
Direct Output	$1.1B	$377.6M	$22.0M	$139.7M
Total Output	$2.5B	$824.4M	$45.2M	$218.3M
Earnings				
Direct Earnings	$916.0M	$305.3M	$22.0M	$139.7M
Total Earnings	$1.8B	$590.6M	$48.1M	$244.1M
Jobs				
Direct Jobs	16,087	5,362	215	2,057
Total Jobs	34,025	11,342	547	4,775
Revenue				
Total State Collections	$66.6M	$20.0M	$31.8M	$125.9M
Total Local Collections	$67.5M	$22.7M	$61.5M	$186.6M

Data centers can serve as powerful economic catalysts for local communities, delivering immediate and long-term benefits far beyond their technological function. These facilities create significant employment opportunities during both the construction of the data center and infrastructure, and throughout the operational phase of the infrastructure supporting the data centers. They also promote increased local spending in host regions. The construction phase alone provides significant economic stimulus, creating jobs and supporting local suppliers and contractors.

Once operational, data centers contribute substantial tax revenue that communities can reinvest in essential services, infrastructure improvements, public amenities, and schools. Unlike traditional large-scale commercial or industrial developments that can dramatically alter community character, data centers themselves maintain a relatively modest cultural footprint

due to their limited workforce requirements, allowing communities to capture economic benefits while preserving their existing identity.

A data center in a local community can be particularly valuable in a rapidly growing state like Florida, where expanding populations create urgent demands for robust digital infrastructure. As Florida continues its demographic and economic expansion, strategically located data centers represent essential infrastructure investments supporting technological advancement and sustainable community growth, ensuring local economies can thrive in an increasingly digital world.

Appendix – Biographies

Dr. Clyde L. Diao

Managing Partner & Economist

Dr. Clyde Diao is an economist with 34 years of experience. His expertise includes forecasting and analyzing tax issues; managing, developing, and conducting economic research projects on development and environmental issues; econometric and regional economic analysis; developing large econometric models for the State of Florida.

Dr. Diao served as the Deputy Policy Coordinator with the Florida Executive Office of the Governor. His primary responsibility included analyzing the US Economy and forecasting Florida's economy and demographics as the bases for Florida's state revenues. He developed the State of Florida's econometric models that forecast and analyze Florida's employment, income, housing, construction, tourism, and transportation.

As the Deputy Policy Coordinator, he also worked on various tax policy issues relating to corporate income tax, documentary stamps tax, intangibles tax, communication services, gross receipts taxes, highway safety taxes, tobacco taxes, and estate tax, among others. Using sophisticated regional modeling techniques, Dr. Diao conducted analyses to determine the economic impacts of various state policies — some of which are highly controversial issues that would require Dr. Diao's expert advice for the Executive Office of the Governor.

In 2010, Dr. Diao was appointed by Gov. Charlie Crist to be the Census Liaison for the State. He was instrumental in developing the strategy for the 2010 Census, which saw a sharp increase in participation from 65% to 74% and added two more congressional seats for Florida. Florida became a model to the nation in the 2010 Census.

He is also the former Chief Economist at the Florida Department of Environmental Protection, where he was involved in various aspects of environmental regulation policy. He has appeared in court as an expert witness for the State of Florida.

Dr. Diao has been a vocal proponent of Asian American issues outside the office. He is the founder of the Asian Coalition of Tallahassee and served as Chairman for ten years. ACT is the umbrella organization that aims to unite Asian Americans in the region. He was also the leader of the Big Bend Filipino American Association for ten years, the BBFAA's longest-serving president. Dr. Diao has fought for issues that impact the Asian American community, such as eliminating the Alien Land Law in Florida's constitution and the State's declaration of the Asian American Heritage Month.

Dr. Diao is from Cagayan de Oro City, Philippines. He graduated from Xavier University/Ateneo de Cagayan, a Jesuit institution with honors, and received his MS and PhD in Economics at Florida State University as a World Bank scholar.

Jared Parker
Managing Partner & Economist

Jared Parker is a founding partner and economic consultant at the Regional Economic Consulting Group. He comes from an economics career within the State of Florida's Government and maintains a wide range of experience in state policy impacts.

Before founding the Regional Economic Consulting Group, Jared Parker worked in the Florida Legislative Office of Economic and Demographic Research (EDR) and the Tax Research Unit of the Florida Department of Revenue. He was responsible for projecting revenues and determining the fiscal impacts of pending bills to the Legislatures' Revenue Estimating Panel. His policy experience includes sales tax exemptions, corporate income, insurance premium taxes and credits, Communication Services, Documentary Stamps, Intangibles taxes, and electric and gas utilities.

Jared Parker was involved with many long-term impact projects for general state policy while at EDR. He participated in the State's analysis and committee hearings featuring the Patient Protection and Affordable Care Act and the later attempt to expand Medicaid under Florida's Health Insurance Exchange. He was involved with the BP Oil Spill impacts of 2010, hurricane disaster impacts, and numerous Constitutional Amendments.

Jared Parker received his MS in Applied Economics from Florida State and has a broad range of experience on various topics about local, State, and regional economies. With many years of hands-on experience in measuring the state economy for the Legislature, he has been a part of the revenue estimating process that both the Governor and the Legislature depend on to create their budgets for the past decade.

He brings to the REC Group invaluable experience in producing in-depth outlooks and impacts and can deliver results clearly and concisely.