https://www.wsj.com/real-estate/data-center-land-deals-housing-shortage-81ea6e09

REAL ESTATE

Big Tech Is Buying Up America's Land—and Home Builders Can't Compete

Resistance grows to more land sales in Northern Virginia; 'They'd rather have homes than data'
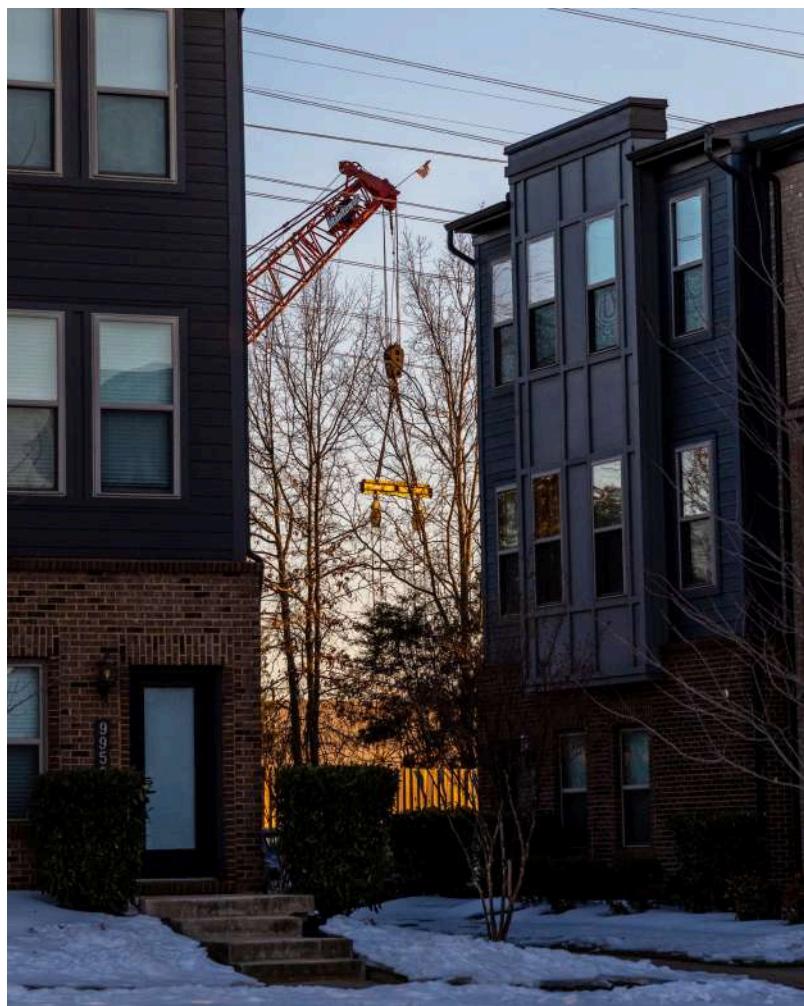
Construction at a data-center site in Manassas, Va.

By Will Parker [Follow] *| Photographs by Alex Kent for WSJ*
Feb. 17, 2026 9:00 pm ET

PRINCE WILLIAM COUNTY, Va.— Steve Alloy was preparing to develop 516 new homes in Bristow, Va., about five years ago when the home builder began noticing something odd. Much of the land surrounding his site wasn't being acquired by housing developers. It was being snapped up by tech giants such as Microsoft and Google.

A few miles away, a housing development called Village Place had the rights to build an additional 250 housing units, but the owner sold the land to a data-center developer for $31 million. Data-center developer NTT later paid $257 million for another vacant acreage.

Land brokers started calling Alloy's company, too.

"That was how we first kind of got attuned to, maybe this shouldn't be housing," said Alloy, chief executive of home builder Stanley Martin.

By November of last year, the home builder was ready to cash in on the AI boom. Amazon.com, which wanted to build data centers, agreed to pay $700 million for a portion of the land Stanley Martin had acquired several years ago for just over $50 million. It was one of the biggest deals for vacant land ever.

The rapid growth of artificial intelligence and the surge in construction of the large data centers it requires are emerging as another potential contributor to America's housing shortage. Landowners and developers are finding that selling parcels to data-center developers can be far more profitable than any other use of the land. Local zoning can make it easier and faster to build data centers than housing.

Northern Virginia has emerged as the world's data-center capital. It has open land, a growing power infrastructure and a dense network of fiber-optic cable laid during the dot-com boom. Loudoun County is home to a cluster of facilities known as "Data Center Alley." The world's largest tech companies also have followed Interstate 95 down to Prince William County.

At the same time, the region suffers from a housing shortage of more than 75,000 homes, according to the Virginia Association of Realtors. Nancy Pav, a real-estate agent in Loudoun County, said she sold 80% of her listings last year at the asking price or more, and nearly all of them sold within seven days. High prices and a dearth of affordable new inventory, she said, prices out first-time buyers.

Similar dynamics are at work in other data-center hotbeds. In 2024, Stream Data Centers purchased and then knocked down an entire 55-home subdivision in Elk Grove Village, Ill., a data-center hub near Chicago, to build three data centers totaling 2.1 million square feet. The company paid nearly $1 million per house.

Land is selling for unprecedented sums in the growing exurbs near Atlanta, where data-center companies, warehousing firms and home builders alike hunt for space near highways.

In Texas, prices for land along U.S. Route 67 near Dallas, which three years ago sold for between $20,000 to $40,000 an acre, have jumped to more than $350,000 an acre in some places, said

Scott Finfer, a residential land developer there. For home builders, he said, "there's no possible way you can make those numbers work."
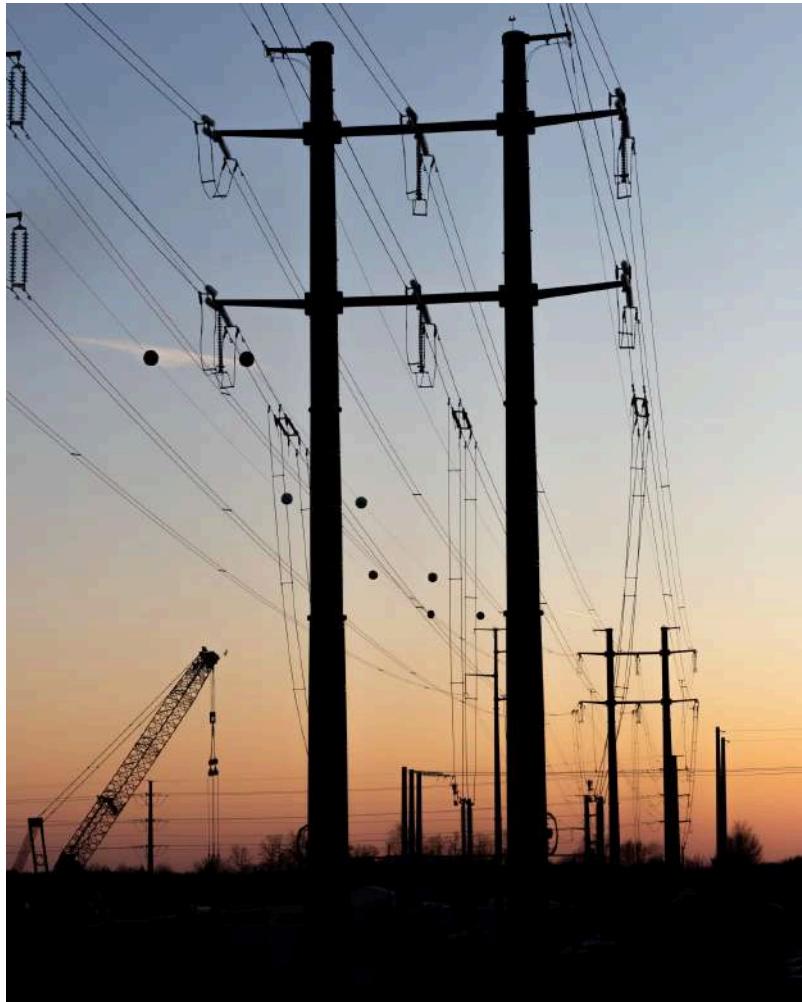
Residents worry that data-center demand for power will increase energy bills. Power lines near a data-center campus in Northern Virginia.

Supply squeeze

In Northern Virginia, data-center developers are picking off land that in at least some cases would have gone for housing, according to a December 2024 report from the oversight agency of the Virginia state legislature.

Between 2013 and 2021, data centers accounted for 20% to 30% of all land development in Loudoun and Prince William Counties, the report said. Then, from 2022 to 2024, there was 50% more data-center development than occurred during the previous nine years combined.

Compounding the problem, some rural stretches of Prince William County are subject to conservation protections and other limitations on building. That means development of housing, data centers and most other real estate is concentrated in a smaller area, where everyone competes for limited available land.

"There's less land, there's less places you can do this, which really creates a supply issue," said Carter Wiley, a Northern Virginia landbroker.

In Prince William County, developers have been sending letters offering land owners as much as $1 million an acre. Some rural property that once sold for tens of thousands of dollars an acre can now sell for over $3 million.

Homeowners in the county who once voiced classic objections to new housing—traffic congestion and school overcrowding—now find the creeping presence of the cavernous warehouses even more unsettling. They hate what they describe as an incessant ambient hum from some of the server farms, and worry that data centers' demand for power will increase everyone's energy bills.

"Nothing can live next to data-center development like this except more data-center development," said Elena Schlossberg, a homeowner and activist who has opposed many data center projects.

Elena Schlossberg, a homeowner in Northern Virginia, has opposed many data-center projects.

State and local government officials are growing wary about whether data centers are starting to crowd out development of anything else. Other kinds of development, said Prince William

County planning commission member Chris Carroll, are "just getting priced out left and right."

Last year, Loudoun County tightened policies for data-center development. Now all proposed server farms must be approved by a county board. Many projects that were already planned were grandfathered in. That includes a data center by developer CyrusOne on a site where 800 housing units were once planned—housing that faced some opposition from local officials and the community. The housing builder, Westbrook Partners, sold the land for more than $2 million an acre.

One bill in the state legislature would limit data-center construction to land that is already zoned or used for industrial purposes.

"You basically have data centers outbidding residential developers," said Andrew Clark, a lobbyist for the Home Builders Association of Virginia, during a January state legislative hearing.

When home builder Stanley Martin was still trying to drum up political support to sell its land in Prince William County, many homeowners in a nearby subdivision were dead set against the deal.

A company employee called Republican county supervisor Jeanine Lawson one day while she was driving her car. Stanley Martin would consider buying out every dissenting homeowner in a nearby subdivision to get the data-center deal done, the employee said on the call.

Jeanine Lawson was a county supervisor in Prince William County when home builder Stanley Martin was trying to drum up political support to sell its land to Amazon.

There were some 170 homes in and around the subdivision, so the strategy might have cost the company more than $100 million. It was a price worth paying to clinch a $700 million deal with Amazon.

"I about drove the car off the road," said Lawson. "I had no idea of this kind of money."

The board of supervisors approved the data center without Stanley Martin buying any houses.

An Amazon spokeswoman said the company's data centers "create high-quality jobs and generate significant local property tax revenue that helps fund schools, public safety and infrastructure."

The building boom is also disrupting other corners of the real-estate industry. Data-center developers are winning the competition for scarce materials and labor, including concrete pourers and electricians needed to build new housing.

"When you're competing with Amazon, they're going to put more wire in one building than in all

the houses I've ever built in my lifetime," said Georgia home builder Neil Koebl, who said he is having trouble finding skilled workers.

High-end home builder Toll Brothers reported record earnings in the second quarter of 2024, despite higher mortgage rates that prompted many home buyers to build less. The company said the $185 million sale of a site in Loudoun County, Va., to a data-center developer was a major contributor to the company's financial success that quarter.

"A data-center operator came along and made us an offer that we couldn't refuse," said Toll Brothers Chief Executive Doug Yearley.

In Prince William County, the amount of land that is either occupied by data centers, planned for them or zoned for them could yield as much as 86 million square feet of buildings, according to George Stewart, a member of the county's board of supervisors. That is roughly the equivalent of the office space in lower Manhattan.

A data-center construction site in Ashburn, Va.,

A data-center construction site in Ashburn, Va.,

Political shift

Lawson, the county supervisor, was elected in 2014 on a pledge to curtail home building. She helped kill a 1,600-home development that year. A school planning supervisor had testified that the local high schools were on pace to be at least 1,600 students over capacity. The new subdivision would add another 200 students to that.

Some years later, when data centers started arriving, Lawson was supportive, citing the property taxes they brought in. She voted for zoning changes to add more of them.

Then AI-driven construction exploded. Her constituents were getting engulfed by the construction of more than a dozen data centers across hundreds of acres.

Lawson lost a countywide election to become chair of the board in 2023. She thinks her role in greenlighting dozens of data centers was a reason why. "I misread my constituents," she said. "They'd rather have homes than data."

Deshundra Jefferson, the supervisor board's current chair who defeated Lawson, is taking a more pro-housing, anti-data-center approach. "Housing is something we need," she said.

Jefferson is an opponent of the Digital Gateway, a plan to turn more than 2,000 acres into as many as 37 data centers. She recently voted to approve plans for more than 1,000 new homes on other plots of land owned by Stanley Martin.

Deshundra Jefferson, current chair of Prince William County's supervisor board, is taking a more pro-housing, anti-data-center approach.

Farther south, near Richmond, home builder HHHunt Corp. proposed building 900 homes on land in Hanover County. Residents of a next-door subdivision called Wyndham fought against construction of an access road into their neighborhood from the home-building site, killing the project.

HHHunt returned last year with a proposal for a data-center campus that wouldn't require the extra road. But the prospect of 10 hulking data centers, requiring 10 years of construction, struck many residents as far worse than new homes.

On a January evening, more than 100 locals protested outside a government building in the rural county wearing red and holding signs that said "Grow Tomatoes, Not Data Centers." Many attended the five-hour hearing afterward.

"To those who wish to make a quick profit off our land, I'd rather look at my land than to spend your money," said Clifton Cauthorne, Jr., who owns land in Hanover County on a road named for his family and has balked at developer offers to buy his property.

A lawyer for HHHunt made a case for the data centers, arguing that each year they could bring in property-tax revenue equal to as much as 6% of the county's annual budget.

If the county didn't allow data centers, he said, someone might again try to build as many as 1,400 homes there, setting a precedent to open up more of the county to subdivisions.

In the past, the threat of a flood of new housing might have been a deterrent. But not this time. The county's planning commission voted down the data-center project in a nearly unanimous vote, while residents cheered.

Data-centers developers have made hefty political contributions to help with zoning and other political battles. In 2025, data-center-connected donors accounted for some of the largest contributions to members of Prince William County's board of supervisors.
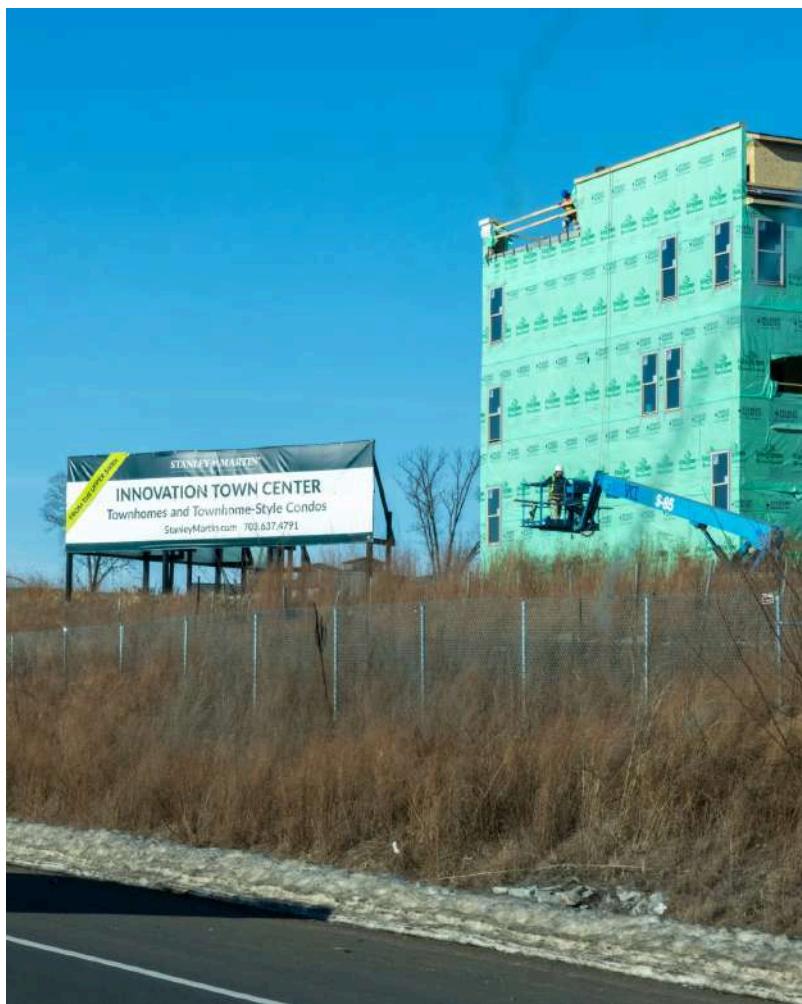
New housing under construction near Manassas.

"Money influences, especially a lot of money," said Lawson, the former county supervisor, who also accepted contributions from data-center companies. "Any politicians that tell you that it is

not a factor are just frankly not being honest with people or themselves."

Alloy, Stanley Martin's chief executive, rejected the idea that data centers threaten to meaningfully crowd out home-building. "There's very little overlap between where housing will go and where data centers will go."

Home-building nationally has been constrained by higher interest rates and other financial factors. Some economists and investors worry about new ways the AI investment frenzy could hinder home-building.

A recent report from the Bridgewater hedge fund said financing demands for data centers could increase the cost of capital for other industries, such as residential construction, potentially slowing them down.

Prince William County's land rush continues. In December, a popular gardening store and nursery closed. The owners sold the store and its land to a data-center developer.

In a note posted outside the store, the garden center's operator called the sale and closure a "difficult decision."

The owner received $160 million for the land.

Appeared in the February 19, 2026, print edition as 'Land Grab for Data Centers Is New Obstacle to Housing'.

Will Parker writes about the housing and residential rental market for The Wall Street Journal. He was previously a reporter and special projects editor at the Real Deal, where he focused on the intersection of New York City real estate and politics.

✉ 𝕏