VIRGINIA DATA CENTERS | INVESTOR RISK

Virginia Data Center Investors Have Billions at Stake - And 'Approved' Megawatts Can Still Disappear

A $7.8 billion Northern Virginia transaction shows what contracted capacity can be worth. The collapse of Digital Gateway shows how quickly a development path can vanish when zoning, power, or delivery rights are not durable.

Analysis by Ames Investment Systems | Ogdn Ames, President & CEO | RICHMOND, VA. | Revised through Sept. 9, 2026

Virginia's data-center boom is creating a market where one megawatt can carry more than $27 million of gross transaction value - or never become an operating asset at all. On June 29, 2026, Digital Realty agreed to purchase Blackstone's interests in three Northern Virginia projects totaling 288 MW at a $7.8 billion gross value, or about $27.1 million per leased MW. Those projects are 100% leased to investment-grade hyperscale customers on 15-year contracts, even though they are still under development. At the same time, Prince William County's Digital Gateway lost the three rezonings that allowed its proposed data-center campuses to move forward, and both Compass Datacenters and QTS withdrew. Compass reportedly spent tens of millions of dollars before exiting. For investors, developers, landowners, lenders, and public officials, the lesson is simple: an announced megawatt is not the same economic asset as a megawatt that can actually be built, powered, leased, and financed.

An Announced Megawatt Is Not an Asset

The market values certainty, not the number printed on a site plan. In July 2023, TPG acquired an 80% interest in three stabilized Northern Virginia hyperscale facilities contributed at a $1.5 billion aggregate value. The portfolio held about 104 MW of IT capacity, or roughly $14.4 million per MW. The 2026 Digital Realty transaction is larger at about $27.1 million per leased MW, but it is not a clean comparison: the gross value includes assumed debt and estimated remaining construction spending, and the three facilities are not expected to stabilize until 2027 and 2028.

The point is not that a developing megawatt is automatically worth more than a stabilized one. The point is that enormous value appears once a project has eliminated enough ways to fail. A site with land control but no durable zoning still faces entitlement risk. A zoned site with only a utility request still faces power-delivery risk. A project with contracted power, committed financing, a creditworthy tenant, and a realistic energization date is a fundamentally different asset.

Digital Gateway Shows How "Approved" Can Still Fail

Prince William County changed its long-range plan for the roughly 2,100-acre Digital Gateway area in 2022 and approved three rezonings in December 2023. In 2026, the Virginia Court of Appeals held that the county's public-hearing advertising violated state law and the county zoning ordinance, making those rezonings invalid from the start. The broader Comprehensive Plan Amendment survived, but the properties reverted to their prior zoning, and any new rezoning must go through the normal public process again. Compass concluded that legal and regulatory hurdles had closed a viable path forward; QTS later terminated its project as well.

This was not the loss of an operating data center. It was the loss of a development path after years of land assembly, legal work, engineering, public hearings, and other predevelopment spending. That distinction matters because early-stage equity can be impaired long before conventional property debt or a stabilized valuation ever exists.

Why This Matters: Land and Power Can Lock In Real Costs

Loudoun County says land where data centers may be permitted can trade for roughly $2 million to $6 million per acre, compared with about $300,000 to $500,000 per acre for similar land where that use is not permitted. Its 2026 guidelines show a median of about $4.1 million per acre across 2025 data-center land sales. Those figures are not Digital Gateway purchase prices and do not prove a loss there. They do show the scale of basis that can be exposed if a sponsor buys land before entitlement and power are durable: at that median, a hypothetical 100-acre acquisition would represent about $410 million of land basis before vertical construction begins.

Power certainty can be just as expensive. Beginning Jan. 1, 2027, Dominion Energy Virginia's GS-5 class for customers demanding at least 25 MW includes a minimum 14-year service obligation and minimum billing floors tied to transmission, distribution, and generation demand. Virginia's temporary 1.1-cent-per-kWh data-center

electricity tax can also be material: a constant 300 MW load equals about $28.9 million in gross annual tax before any statutory refund or contractual pass-through. That figure is not a forecast of a project's total power bill. It illustrates the larger point: once power moves from a request to a contract, it creates both bankable certainty and long-dated obligations.

The broader Virginia market is not collapsing. CBRE reported that Northern Virginia absorbed 1,102 MW in 2025, up 144% from 2024, while vacancy fell to 0.5%. Demand remains strong. The risk is that capital markets will increasingly separate projects with durable permits, contracted power, strong tenants, and executable construction plans from projects that still depend on discretionary approvals or uncertain infrastructure. The Virginia Retirement System's $225 million commitment to IPI Partners Fund III also should not be treated as a Digital Gateway loss; public records reviewed for this analysis do not establish that connection or any VRS loss.

What Should Happen Now

This is a solvable underwriting problem. Investors and decision-makers should treat project readiness as something that must be proven, not assumed.

1. **Disclose the actual stage.** Report whether each megawatt is only planned, under land control, entitled, power-requested, power-contracted, financed, tenant-committed, energized, or stabilized. Stop presenting all announced capacity as though it has the same economic value.
2. **Tie major capital to durable milestones.** Use land and financing structures that delay large, irreversible spending until zoning is final, power obligations are understood, and tenant commitments are bankable. Long-lead equipment and direct-connect infrastructure should have clear reimbursement or takeover rights if the project fails to close.
3. **Stress-test who pays when the schedule breaks.** Model invalidated zoning, power delays, transmission-cost increases, missed lease delivery dates, and stranded equipment. The analysis should show exactly which party bears each loss under the land contract, utility agreement, lease, debt documents, and construction contracts.

> **Virginia does not need to fear data centers. It needs investors and officials to stop treating every announced megawatt as if it already exists. In this market, the difference between a billion-dollar campus and an expensive site plan is not demand - it is certainty.**

ABOUT THE AUTHOR

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