

Rural Illinois Data Center Boom: Landowners, Are You Ready?

Article

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Artificial Intelligence ("AI") is coming and it is coming fast. It is poised to transform industries, automate complex tasks, analyze data faster, and supposedly make smarter decisions for businesses. In particular, the demand for AI will change real estate and rural America, due to heightened demand for data centers.

Tech companies including Meta are pressing into unexpected parts of the country, on the hunt for huge swaths of flat land that have access to natural gas and transmission lines.

Sleepy parts of Illinois, with large tracts of farmland that have nearby infrastructure to support the huge electricity demand that data centers require, are being shopped right now. The boom is on.

The Benefits and Pitfalls of Data Centers

Related Companies, one of the most prominent privately-owned real estate firms in the U.S., announced this week that it was looking to raise up to \$8 billion to develop data centers. Although its first project is located in Ontario, Canada, additional projects are planned in Illinois, Missouri, and Wyoming.

Since Chicago's suburbs have become a national hotspot for data center investment, it is no surprise Illinois is a desirable location for these data centers. Among their benefits is the huge financial rewards to the landowner. Cushman & Wakefield's 2025 Data Center Development Cost Guide for the U.S. noted the average per-acre price for land that data centers were paying through October, 2024, was \$224,000. The average data center parcel is 224 acres.

In addition to financial benefits, data centers will also bring money, jobs, and local tax revenue. According to an article in the Wall Street Journal authored by Jennifer Hiller, permanent jobs for a Meta data center are expected to have average salaries of \$82,000/year. This is likely much more than what currently exists in the area, resulting in other infrastructure demand for those moving into the area, including housing, food, etc.

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Despite these benefits, concerns remain. Chief among them is the huge electricity burden to the area and on existing electricity customers. In addition, while sales of land have yielded huge figures, other projects (such as housing development) are being scrapped.

Key Takeaways

The increased demand for data centers presents exciting new opportunities for real estate developers and landowners. Those looking to capitalize on these projects should:

- Investigate the proximity of needed infrastructure to your property site.
- Determine if there are any local impediments; such as zoning restrictions or community resistance.
- Understand project-specific risks and external challenges.
- Prepare for deals that require careful negotiation and review of contract terms.
- Consider appropriate entity formation ahead of time for realty ownership; such as LLC or corporation.

Working with experienced and knowledgeable legal counsel maximizes the likelihood of securing the most lucrative opportunities.

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