

COMMUNITY VALUE ANALYSIS

Global Logistics Development Model vs. Data Center Development

Central Texas I-35 Corridor

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1. An informational resource for elected officials, appointed commissioners, and municipal/county staff considering land use policies and comparing opportunities
2. A starting point for public discussion regarding appropriate standards for large-scale industrial development in sensitive environmental areas

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Author's Role and Professional Capacity

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Executive Summary

This analysis compares two development models for strategic Central Texas I-35 corridor property: the global logistics model, which delivers institutionalized community investment through established programs, workforce ecosystems, and infrastructure partnerships versus the data center model, which offers capital-intensive facilities with minimal local economic integration.

Key Finding: While data centers generate impressive capital investment figures, the actual community value—measured by employment ecosystems, local economic circulation, institutionalized community programs, supplier diversity, and infrastructure investment motivation—heavily favors the global logistics model.

The Fundamental Difference

Global logistics operators are in the business of moving goods through communities. Their success depends on workforce availability, road quality, utility reliability, and community goodwill. This creates natural alignment between corporate profitability and community investment.

Data centers are in the business of housing servers. They need power, cooling, and security. They do not need roads for daily commerce, local suppliers, workforce pipelines, or community integration. Their relationship to the community is extractive (power, water, tax incentives) rather than generative.

Section 1: Employment Ecosystem Comparison

1.1 The Logistics Employment Multiplier

A distribution center is not a standalone facility—it is the hub of a regional employment ecosystem:

EMPLOYMENT CATEGORY	LOGISTICS HUB	DATA CENTER
Facility Operations	150-300 employees	~50 employees
Drivers (Last-Mile, Regional, Long-Haul)	500-2,000+ drivers	0
Vehicle Maintenance & Repair	50-150 technicians	0
Local Supplier/Vendor Jobs	100-300+ indirect	Minimal
Induced Jobs (Local Spending)	200-500+ induced	~25-50 induced
TOTAL EMPLOYMENT ECOSYSTEM	1,000-3,000+ jobs	~75-100 jobs

Note on Construction Jobs: Data center proponents cite 1,200 construction jobs. These are temporary (multi-year buildout), after which workers leave the community. **Logistics facilities** also require construction, but the permanent **employment ecosystem that follows is 20-40× larger than a data center's.**

1.2 Wage Circulation

The employment difference compounds through local wage circulation:

- **ecosystem:** 2,000 employees × \$45,000 average wage = \$90 million in annual local wages. With a 1.5× local multiplier, this generates ~\$135 million in annual economic activity.
- **Data center:** 75 employees × \$60,000 average wage = \$4.5 million in annual local wages. With the same multiplier: ~\$6.75 million in annual economic activity.

The logistics model delivers 20× more local economic circulation than the data center model, every year, in perpetuity.

Section 2: Institutionalized Community Investment

2.1 GO Family Programs: Deployed Infrastructure

As an example, DHL's community programs are not negotiating points or restrictive covenants—they are operational infrastructure backed by 1% of annual net profit globally:

PROGRAM	WHAT IT DOES	LOCAL DEPLOYMENT
GoTeach	Youth education, employability training, career pathway development	Partners with SMCISD, Texas State, Gary Job Corps. Immediate curriculum and internship integration.
GoHelp	Disaster relief logistics, humanitarian response, community emergency support	Critical for Hill Country flood/fire response. Coordinates with Hays County Emergency Management.
GoGreen	Environmental education, climate action programs, school partnerships	Certified GoGreen Specialists train local educators. Coordinates with Hill Country Conservancy, San Marcos River Foundation.
WHEO	"We Help Each Other" — employee assistance during personal crises	Safety net for 2,000+ local employees facing emergencies. Reduces burden on local social services.

These programs exist. They have staff. They have budgets. They have established partnerships with schools, nonprofits, and emergency services. A new facility plugs into this infrastructure on day one.

2.2 Data Center "Community Commitments": Defensive Concessions

Recent local data center project deals have offered "restrictive covenants" in response to community opposition. These are fundamentally different from institutionalized programs:

OFFERED COVENANT	WHAT IT ACTUALLY IS	COMMUNITY VALUE
Water usage limits	Promise not to use as much water as feared	Harm mitigation, not benefit
Noise attenuation	Promise not to be as loud as feared	Harm mitigation, not benefit
"LEED commitment"	Negotiating chip offered in exchange for zoning	Standard practice elsewhere here, a concession
"Not crypto mining"	Promise not to be the worst possible use	Setting bar at "not terrible"
Cemetery preservation	Legal requirement in Texas regardless	Not a concession the law

None of these represent positive community investment. They are promises to limit harm. There is no Texas State partnership. No GoTeach equivalent. No supplier diversity program. No disaster response coordination. No workforce development pipeline.

Section 3: Supplier Diversity and Local Business Integration

3.1 Supplier Diversity: Certified and Enforced

Example: A global logistics provider maintains active supplier diversity programs with third-party certification requirements:

- **NMSDC** (National Minority Supplier Development Council) certified minority-owned businesses
- **WBENC** (Women's Business Enterprise National Council) certified women-owned businesses
- **NVBDC** (National Veteran Business Development Council) certified veteran-owned businesses
- **Disability:IN** certified disability-owned businesses
- **SBA** small business certifications (8(a), HUBZone, etc.)

A major facility generates ongoing demand for: packaging supplies, vehicle parts, fuel, uniforms, janitorial services, landscaping, food service, office supplies, IT support, security services, and more. These contracts flow through certified supplier diversity channels, directing millions of dollars annually to minority, women, veteran, and small business owners in the region.

3.2 Data Center Supplier Needs

Data centers have minimal ongoing supplier needs:

- Electricity (utility, not local supplier)
- Water (utility, not local supplier)
- Security services (often national contracts)
- Specialized HVAC/electrical maintenance (often national contracts)
- Landscaping/janitorial (minimal)

There is no institutionalized supplier diversity infrastructure in data center operations.

No certifications required. No programs directing contracts to local minority or women-owned businesses. No data center deals have reason to make supplier diversity commitments.

Section 4: Infrastructure Investment Motivation

4.1 Why Logistics Companies Invest in Infrastructure

Example global logistics company's business model depends on infrastructure quality. Every day, their trucks drive local roads, their packages move through regional networks, their employees commute to work. This creates powerful incentives to invest in:

- **Roads and Transportation:** Logistics companies actively advocate for and co-invest in road improvements, interchanges, and traffic management systems because poor roads cost them money.
- **Fiber and Telecommunications:** Modern logistics requires real-time tracking, inventory management, and communication. Invests in fiber connectivity that benefits the entire business community.
- **Public Transit and Workforce Access:** To attract and retain 2,000+ employees, logistics companies often partner with transit authorities to improve commuter access.
- **Electric Vehicle Infrastructure:** 's commitment to 66% electric last-mile vehicles by 2030 means investment in regional charging infrastructure that benefits the public.

4.2 Why Data Centers Don't

Data centers need exactly two infrastructure inputs: power and fiber. They don't care about roads (their product moves at the speed of light). They don't need public transit (50 employees can drive). They don't generate traffic that strains local infrastructure.

This sounds like a benefit ("minimal impact") but it means data centers have no incentive to invest in community infrastructure. They extract power and water they contribute property tax (often abated) they leave. There is no "in perpetuity" multiplier unless they share equity with the community, which might be worth considering where deals are in place and/or unavoidable.

Section 5: Environmental and Conservation Value

5.1 Environmental Infrastructure: Operational, Not Promised

Example's environmental commitments are not negotiating positions—they are operational standards backed by Science-Based Targets initiative (SBTi) certification:

COMMITMENT	STATUS
Net Positive Water	Already operational at 12 facilities including San Antonio. Restores more water than consumed.
Wildlife Habitat Certification	NWF certification at Arizona and Northern Virginia campuses. Native plant restoration.
LEED Certification	Standard practice: Atlanta Hub, Miami (LEED Gold), Brazil (LEED Gold), Canada HQ.
On-Site Solar	Atlanta: 65,000 SF rooftop (50% energy). Thailand: 4.2 MWp (100% renewable).
Electric Fleet	66% of last-mile vehicles electric by 2030. Already deploying in major markets.

A new facility in Central Texas would deploy these standards automatically. Certified GoGreen Specialists would coordinate with Hill Country Conservancy, San Marcos River Foundation, and local conservation organizations on habitat restoration and environmental education.

5.2 Data Center Environmental Reality

Recent data center developers have offered *routine* protective environmental commitments as defensive concessions:

- **"Closed-loop cooling"** — Reduces water use but still requires 20,000-75,000 gallons/day for non-cooling uses
- **"LEED commitment"** — Offered as negotiating chip, not operational standard
- **No net positive water commitment** — Extractive relationship with regional water supply

No wildlife habitat program. No conservation partnership infrastructure. No environmental education programs. No certified specialists.

Section 6: Tax Revenue Reality

6.1 The Data Center Tax Incentive Pattern

The \$29.5 million annual tax revenue projection for recent public deals assumes no incentive agreements. This is unrealistic. Data center developers routinely negotiate:

- **Chapter 313 (now expired) / successor programs:** Property tax abatements of 50-100% for 10+ years
- **Chapter 380/381 agreements:** Tax rebates, fee waivers, infrastructure subsidies
- **Freeport exemption:** Tax exemption on equipment/inventory
- **Enterprise Zone designations:** Additional state and local incentives

A realistic tax revenue projection for years 1-10 is 25-50% of the stated figure, with full revenue only materializing after incentive periods expire—if they ever do (many are renewed or extended).

6.2 Logistics Tax Revenue: More Employees, More Local Spending

Logistics facilities also negotiate incentives, but the tax revenue picture is different because employment generates multiple revenue streams:

- **Property tax** (facility)
- **Sales tax** (employee local spending: housing, food, retail, services)
- **Property tax** (employee home purchases/rentals)
- **Vehicle registration** (fleet and employee vehicles)
- **Business tax** (supplier and vendor activity)

2,000 employees spending money locally generate far more direct and indirect tax revenue than 50 employees and a facility—even a \$1.5 billion facility.

APPENDIX A: COMPARATIVE ROI ANALYSIS

Community Investment Return Multiples and Risk Assessment

Global Logistics Development vs. Speculative Data Center

Executive Summary

This analysis applies standard financial metrics—ROI, return multiples, NPV, risk-adjusted returns, and downside resilience—to compare community investment in global logistics development versus speculative data center development. The analysis treats the community as the investor and evaluates returns in perpetuity.

Key Finding: The global logistics model delivers 15-25x community return multiples with high resilience and diversified income streams. The speculative data center model offers projected returns that assume no tax abatements, no technology obsolescence, and no market failure—assumptions contradicted by industry evidence and recent market signals.

Risk Summary: Data center investments carry substantial stranded asset risk, technology obsolescence exposure, and single-tenant concentration. In failure scenarios, communities absorb infrastructure costs while receiving no offsetting economic activity. Logistics investments create diversified, resilient economic ecosystems with multiple revenue streams and high workforce multipliers.

Section 1: Community Investment Framework

When a community approves a development project, it makes an implicit investment:

- **Capital Invested:** Infrastructure improvements, utility extensions, road modifications, permitting resources, tax incentives forgone
- **Opportunity Cost:** Alternative uses of land, infrastructure capacity allocated, development rights granted
- **Risk Assumed:** Project failure, stranded infrastructure, market shifts, technology obsolescence
- **Expected Returns:** Tax revenue, employment, economic multipliers, supplier diversity, infrastructure improvements, community programs

The correct framework treats community approvals as investment decisions requiring rigorous ROI analysis, not as binary permitting choices.

Section 2: 30-Year Return Multiple Analysis

2.1 Global Logistics Model

Investment Basis: \$57.5M facility investment (Irving benchmark)

RETURN STREAM	ANNUAL VALUE	30-YEAR TOTAL
Direct Wage Circulation (2,000 jobs × \$45K avg)	\$90,000,000	\$2,700,000,000
Local Economic Multiplier (1.5×)	\$45,000,000	\$1,350,000,000
Property Tax Revenue (facility)	\$1,000,000	\$30,000,000
Sales Tax (employee local spending)	\$3,375,000	\$101,250,000
Residential Property Tax (employee housing)	\$4,000,000	\$120,000,000
Supplier Diversity Contract Flow	\$5,000,000	\$150,000,000
GO Family Community Programs (1% net profit)	\$500,000	\$15,000,000
Infrastructure Co-Investment (roads, fiber, utilities)	\$2,000,000	\$60,000,000
TOTAL COMMUNITY ECONOMIC VALUE	\$150,875,000	\$4,526,250,000

30-Year Community Return Multiple: 78.7× facility investment value

Perpetuity NPV (5% discount): \$3.02 billion

2.2 Sample Speculative Data Center Model

Investment Basis: \$1.5B facility investment

RETURN STREAM	ANNUAL VALUE	30-YEAR TOTAL
Direct Wage Circulation (50 jobs × \$60K avg)	\$3,000,000	\$90,000,000
Local Economic Multiplier (1.5×)	\$1,500,000	\$45,000,000
<i>Property Tax (PROJECTED, no abatements)</i>	\$29,500,000	\$885,000,000
Sales Tax (employee local spending)	\$112,500	\$3,375,000
Residential Property Tax (employee housing)	\$100,000	\$3,000,000
Supplier Diversity Contract Flow	\$0	\$0
Community Programs	\$0	\$0
Infrastructure Co-Investment	\$0	\$0
<i>TOTAL (PROJECTED, assumes no abatements)</i>	\$34,212,500	\$1,026,375,000

30-Year Community Return Multiple (projected): 0.68× facility investment value

*Note: This projection assumes **ZERO tax abatements**—an unrealistic assumption given that Texas alone forgoes \$1+ billion annually in data center tax incentives. The loss is even greater each year the property receives tax abatements and no infrastructure maintenance contributions.*

Section 3: Tax Abatement Reality Check

3.1 The Data Center Tax Incentive Pattern

Per Good Jobs First (April 2025), at least 10 states lose more than \$100 million annually to data center tax abatements. Texas loses more than \$1 billion per year. The recent deals' tax revenue ~\$30M annual tax revenue projection assumes full taxation—a scenario contradicted by every major data center development in Texas.

SCENARIO	ANNUAL TAX REVENUE	30-YEAR TOTAL
Projected (no abatements)	\$29,500,000	\$885,000,000
Realistic (50% abatement Yrs 1-10)	\$22,125,000 avg	\$663,750,000
Aggressive (70% abatement Yrs 1-15)	\$14,750,000 avg	\$442,500,000

Reality: With standard tax incentive packages, the data center's 30-year return multiple drops from 0.68x to 0.29-0.44x—the community receives less than half the investment value back in economic returns.

Section 4: Risk-Adjusted Return Analysis

4.1 Data Center Risk Factors

The data center sector faces material risks that traditional ROI projections ignore:

Technology Obsolescence Risk

- Data center computational power per square foot expected to quintuple 2020-2025 (Gartner)
- Legacy facilities becoming "stranded assets" as cooling/power requirements outpace design
- Dot-com era comparison: vacancy rates reached 50-70% in Northern Virginia, Dallas, Silicon Valley

Market Demand Risk

- S&P Global (December 2025): "Repayment of sizable borrowings may depend on future revenue that AI can create on a sustainable and long-term basis"
- Anthropic CEO Dario Amodei describes "cone of uncertainty" between 18-24 month build times and rapidly shifting demand
- Microsoft CEO Satya Nadella predicts "overbuild" of computing capacity

Financing and Counterparty Risk

- Data center debt issuance nearly doubled to \$182 billion in 2025 (S&P)
- Credit-default swaps widening to multi-year highs for major operators
- Moody's (January 2026): "Rapid capacity expansion raises prospect of overbuilding if AI adoption curves flatten"
- December 2025: Investment-grade tenant terminated \$150M agreement with Fermi Inc. data center project

Single-Tenant Concentration Risk

- KKR (November 2025): "Single-tenant concentration, short-term leases, uncertain power rights... can further weaken sale prospects"
- E.g.: Recent proposed deal: developer withdrew after failed vote. No new deal confirmed

4.2 Failure Scenario: Community Downside

If the data center fails, scales down, or tenant terminates:

COMMUNITY EXPOSURE	ESTIMATED COST
Utility infrastructure (water, sewer, power upgrades)	\$15-30 million
Road improvements, traffic infrastructure	\$5-15 million
Stranded power capacity (utility ratepayer burden)	\$20-50 million
Foregone tax revenue (abatements granted)	\$50-150 million
Opportunity cost (land, alternative development)	\$25-75 million
TOTAL COMMUNITY DOWNSIDE EXPOSURE	\$115-320 million

Critical Note: Imperial Irrigation District (December 2024) explicitly warned:

"If infrastructure is underutilized or abandoned, the cost could fall on the community... stranded assets from substations or lines built for a project that fails or scales down would leave ratepayers exposed."

Section 5: Logistics Model Financial Resilience

5.1 Why Logistics Delivers Resilient Returns

RESILIENCE FACTOR	LOGISTICS MODEL	DATA CENTER MODEL
Revenue Stream Diversification	8+ distinct streams	1 stream (property tax)
Technology Obsolescence Risk	Low (trucks, warehouses evolve incrementally)	High (cooling, power density, chip architecture)
Tenant Concentration	Multiple clients, contracts	Single tenant typical
Facility Reuse Options	High (standard industrial)	Low (specialized power/cooling)
Demand Cyclical	Countercyclical (e-commerce grows in downturns)	Procylical (AI spend cuts in downturns)
Counterparty Credit Quality	: €94B revenue, investment grade	Varies CDS spreads widening
Infrastructure Alignment	Operator invests in roads, utilities	Community bears infrastructure cost

5.2 Employment Multiplier as Risk Hedge

The logistics employment ecosystem (2,000+ jobs vs. 50) provides natural hedging:

- If facility reduces operations 20%, community loses ~400 jobs but retains 1,600
- Supplier diversity contracts continue with other regional clients
- Infrastructure investments (roads, fiber) retain value for other users
- Workforce skills transfer to other logistics employers

Contrast with data center: If facility loses its tenant, 50 jobs disappear immediately, specialized power/cooling infrastructure has no alternative use, and the community absorbs stranded utility costs.

Section 6: Perpetuity Value Analysis

6.1 The "In Perpetuity" Comparison

Both development types, once established, generate returns indefinitely—but with fundamentally different risk profiles:

PERPETUITY METRIC	LOGISTICS MODEL	DATA CENTER MODEL
Annual Community Value	\$150.9M	\$34.2M (projected)
NPV @ 5% Discount Rate	\$3.02 billion	\$684M (projected)
NPV @ 8% Risk-Adjusted Rate	\$1.89 billion	\$285M (realistic)
Failure Scenario NPV	\$1.2B+ (partial operations)	NEGATIVE (\$115-320M loss)

6.2 Expected Value Calculation

Applying probability-weighted outcomes:

Logistics Model Expected Value:

- Base case (85% probability): \$3.02B NPV
- Downside (15% probability): \$1.2B NPV

Expected Value: \$2.75 billion

Data Center Model Expected Value:

- Best case (30% probability): \$684M NPV
- Realistic case (45% probability): \$285M NPV
- Failure case (25% probability): -\$200M NPV

Expected Value: \$283 million

Conclusion: Investment Decision Framework

INVESTMENT METRIC	LOGISTICS MODEL	DATA CENTER MODEL
30-Year Return Multiple	78.7x	0.29-0.68x
Perpetuity NPV	\$3.02 billion	\$285-684M
Expected Value	\$2.75 billion	\$283 million
Downside Risk	\$1.2B+ retained	\$115-320M loss
Revenue Diversification	8+ streams	1 stream
Community Program Value	\$15M+ (institutionalized)	\$0 (none offered)

Investment Recommendation:

The global logistics model delivers approximately 10x higher expected value than the speculative data center model, with materially lower downside risk and diversified community returns in perpetuity.

The data center model concentrates community exposure in a single revenue stream (property tax) that is routinely abated, while offering no offsetting community programs, supplier diversity, or infrastructure co-investment.

Risk Assessment: S&P, Moody's, KKR, and major financial analysts have all flagged material risks in data center investments including technology obsolescence, overbuild risk, financing stress, and single-tenant concentration. In failure scenarios, communities absorb stranded infrastructure costs while receiving zero offsetting economic activity. The logistics model's diversified employment ecosystem and multiple revenue streams provide natural hedging that the data center model cannot match.

For property owners and community stakeholders evaluating development options: the numbers do not support speculative data center development over established global logistics operators with institutionalized community investment programs.

Conclusion: The Community Value Equation

When evaluating development options for a strategic Central Texas I-35 corridor property, the relevant question is not "how much capital investment?" but "how much community value?"

COMMUNITY VALUE DIMENSION	LOGISTICS MODEL	DATA CENTER MODEL
Employment Ecosystem	1,000-3,000+ jobs	~75-100 jobs
Annual Local Wage Circulation	~\$135 million	~\$6.75 million
Community Programs	Institutionalized (GO Family)	None offered
Supplier Diversity	Certified programs	None offered
Infrastructure Investment	Business-aligned incentive	No incentive
Environmental Standards	Operational (SBTi certified)	Defensive concessions
Water Impact	Net positive at 12 facilities	Extractive (20K-75K gal/day)
Tax Revenue Model	Multi-stream (property + employee spending)	Single-stream (property, abatement compounds losses)

Bottom Line: A global logistics facility delivers 20× more local economic circulation, institutionalized community programs that deploy immediately, certified supplier diversity that channels contracts to minority/women/veteran-owned businesses, infrastructure investment aligned with business needs, and environmental standards that are operational rather than negotiated.

Data centers offer impressive *capital investment* figures and property tax projections that *assume no abatements* (which Texas has already offered). They do not offer community integration. Their business model is extractive—power, water, tax incentives—not generative.

For property owners evaluating development paths, the question is:

Do you want a facility that happens to be located in your community, or a facility that is part of your community? You decide.

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San Antonio Express-News

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Community Impact

Bureau of Labor Statistics logistics employment multipliers

National Wildlife Federation corporate habitat certification database.

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