

CASE STUDY



Netrality Properties, LP

HOUSTON, TX OVERVIEW

Houston-based Netrality had entered the Kansas City metropolitan area with the 2012 acquisition of a data center in Kansas City's Power & Light District. In 2021, it identified an 11-acre site in nearby Shawnee, Kansas, that would make an excellent addition to its data center footprint, once it was redeveloped. The prospective site provided an opportunity to accommodate Netrality's customers' increasing capacity demands, and the 10-mile distance between its P&L location and the Shawnee site would allow for one millisecond round trip latency for active-active replication between the two data centers; however, the property had some challenges that needed to be met.

Challenges

One of the major challenges associated with the Shawnee site was that it was already granted prior tax incentives, which meant it was ineligible for new incentives. Additionally, the project needed to include climate-controlled space with power redundancy, not an easy requirement in an urban-style setting with back-up power hidden on site.

Solution

Our team immediately set about requalifying the property for all applicable tax incentives. Simultaneously, we worked with the client and collaborated with project participants to ensure that the project's unique requirements complied with

Industry

Real Estate, Development, & Construction

Services

Data Centers
Development Incentives & Tax Credits

Legal Team

Charles G. Renner
Chris Kline
Sylvia Bartell

local laws and ordinances, as well as regulatory issues associated with data center development and operation.

Result

On November 8, 2021, local government approved the issuance of \$56.2 million of Federally Taxable Private Activity Revenue Bonds for the development and renovation of the site, an Energy Star facility spanning some 172,000 square feet with 2 MW of capacity at the outset. An additional megawatt would be delivered during Netrality's first phase of development followed by another 3 MW during phase two.