

Sectors in focus

COMPOUNDING COMPLEXITY IN THE DATA CENTER BUILD PHASE

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As data center development becomes more complex, getting projects built is becoming more challenging.

Planning is often the first hurdle. Regulatory conditions are tightening and public opposition is rising. US data centre opposition has accelerated sharply, with [The Economist reporting project cancellations rising from six in 2024 to 25 in 2025](#), alongside a growing number of local planning refusals and development restrictions. At least 20 data centre projects worth \$42 billion, which would have used 3.5GW of power, were cancelled in the first three months of 2026 after local pushback. Developers increasingly need to align proposals with economic and infrastructure priorities to secure consent.

Across the market, AI training and inference workloads are also driving up rack densities, and design, procurement and contracting are adapting accordingly. Data centre cooling infrastructure, power distribution and structural loading all need to be specified for AI-class density from the outset, not retrofitted once a tenant's requirements exceed the building's original design.

Operators with particularly fast equipment refresh cycles should anticipate this by future-proofing overall design and procurement strategy, allowing infrastructure upgrades without reopening the entire contractual framework each time.

These shifts add legal complexity to the construction phase. Cost overruns, delays and technical disputes are common, and the contracts and dispute mechanisms put in place at the outset are being tested to their limits.

“The push/pull of public attention and broad investor interest is driving greater transparency in the sector. NDAs and project companies have previously been popular instruments used to obfuscate development scope, but investors, developers and operators now recognise that dialogue with their stakeholders is essential. When there's nowhere to hide, it's more important than ever to have your house in order.”

Tim Cline, Partner, St. Louis

Snapshot: What's changing in data centre construction?

	Now	Next
Planning environment	Consent is relatively predictable and conditions light-touch, but data centre-specific restrictions are emerging and public opposition is growing.	Opposition to noise, cooling, visual impact and energy use increases. Developers align proposals with state, local and national infrastructure priorities, and incorporate community benefit, to secure consent and tap into incentives.
Construction risk	Cost certainty is harder to achieve. Labour shortages, inflation and long lead times for electrical and cooling equipment cause delays.	Design, procurement and build adapt to high-density compute. Cooling infrastructure, power distribution and structural loads are specified for AI-class density and for neocloud operators' faster refresh cycles, with contracts built to anticipate and resolve disputes early.
Route to stabilisation	Lease terms favour developers but tenant requirements are becoming more complex, including pre-let structure, step-in rights, capacity, service, operator covenants, and data security and sovereignty issues.	Leases evolve into hybrid real estate and technology agreements, with Master Service Agreement (MSA) structures, technology-proofing clauses and campus structuring drafted to support independent operation of halls and partial disposals.

WHAT NEXT? KEY QUESTIONS FOR LEADERS

- Do local diligence and community engagement processes meet the growing scale and effectiveness of activism?
- Are the design, construction and procurement strategies aligned for AI-class density and technology refresh cycles, and what vulnerabilities do you need to address?
- How will growing project complexity increase exposure to disputes, and are you ready for it?
- Where do you need to build greater flexibility into future tenancy agreements?

HOW BCLP CAN SUPPORT YOU ACROSS THE DATA CENTER LIFECYCLE

We help clients compete where others can't, bringing global insight to the legal challenges of next generation digital infrastructure. We understand the unique complexities and commercial drivers of the sector, and look at the whole asset, so you can maximize value. Our seamless coverage across real estate, planning, energy, construction, finance, tax, regulatory, data and disputes helps you connect the dots across the data center lifecycle.

Related capabilities

- Data Centers

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