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Iowa Fields Attract Google

By MAURA WEBBER SADOVI

[Google](#) Inc. searched for land for its data centers and got lucky in Iowa, a state better known for cornfields than computers.

The Mountain View, Calif., company is investing an additional \$200 million in a \$300 million Iowa data center under construction in Council Bluffs, Iowa. The move will bring Google's total investment in the Hawkeye state to more than \$1 billion since 2007.

The Iowa project is one of the largest and latest in a fast-growing commercial-real-estate niche of data centers, buildings that contain computer servers and other technology that process the mounting needs of Internet users.

"A couple of decades ago these megaprojects were in the auto industry," said John Boyd, president of Boyd Co., a consulting firm in Princeton, N.J. "The mega holy grail projects today are within the data-center space."

Google's Iowa investment is part of its broader push to expand an infrastructure that manages three billion search queries and many other services daily. With six data centers in the U.S. and three in Europe, the company also has three under construction in Asia and plans to build one in Chile.

Iowa helped lure Google's most recent project with a \$9.6 million package of state tax incentives approved in the spring. Chris Russell, Google data-center manager, said that the company's increased investment in Iowa would pay for a bigger center with more computing infrastructure.

Mr. Boyd projects global annual investments in data centers and the equipment they house will rise to about \$200 billion in two years from about \$150 billion in 2010. Smartphones, apps and streaming video are boosting demand for the high-tech warehouses for the computer equipment needed to run them, he said.

The arrival of Google and other companies in Iowa, more than 1,000 miles from Silicon Valley, reflects the varied needs that companies have when deciding where to locate data centers. Some banks prefer to locate data centers near financial centers to shave response time. But government incentives, low-cost power, cheap land and relatively predictable weather also make rural areas like Iowa attractive. [Microsoft](#) Corp. also has a data center site in Iowa.

The total annual cost of operating a 200,000-square-foot data center in Des Moines would be about \$25 million, the second-least expensive of seven cities ranked by Boyd. San Antonio, at about \$24.6 billion, is the least expensive. Some large data centers can consume the same amount of energy as a small city of about 50,000 people, Mr. Boyd said.

Google's Iowa growth shows how some tech companies are methodically and quietly changing the landscape of the new regions they enter. Located just across the Missouri River from Omaha, Neb., Council Bluffs is a city of nearly 70,000 residents whose fortunes have long been tied to corn, soybeans and the railroad.

In recent years, Google has grown to become a big Council Bluffs land owner. Since about 2007, Google has gained control of more than 1,000 acres of property through acquisitions made by a number of companies with such names as Tetra and Gable.

In 2008, a Google affiliate paid about \$24 million for 182 acres of industrial land containing two existing warehouses, a drive-in movie theater and a church. Today, the property contains an operating data center and an expansion built by Google, according to Bill Kealy, Iowa's Pottawattamie County assessor.

In 2007 and 2009, Google made a slew of purchases that gave it control of some 992 acres of agricultural land on the city's outskirts where the new data center is rising. Google declined to disclose the total price paid.

Mr. Kealy said Google's timing was good. Soaring prices for corn and other commodities have pushed up the values of farmland to as high as \$15,000 an acre from about \$3,000 in 2009, he said.

If the property were sold now, "farmers might have held out for more," Mr. Kealy said.

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