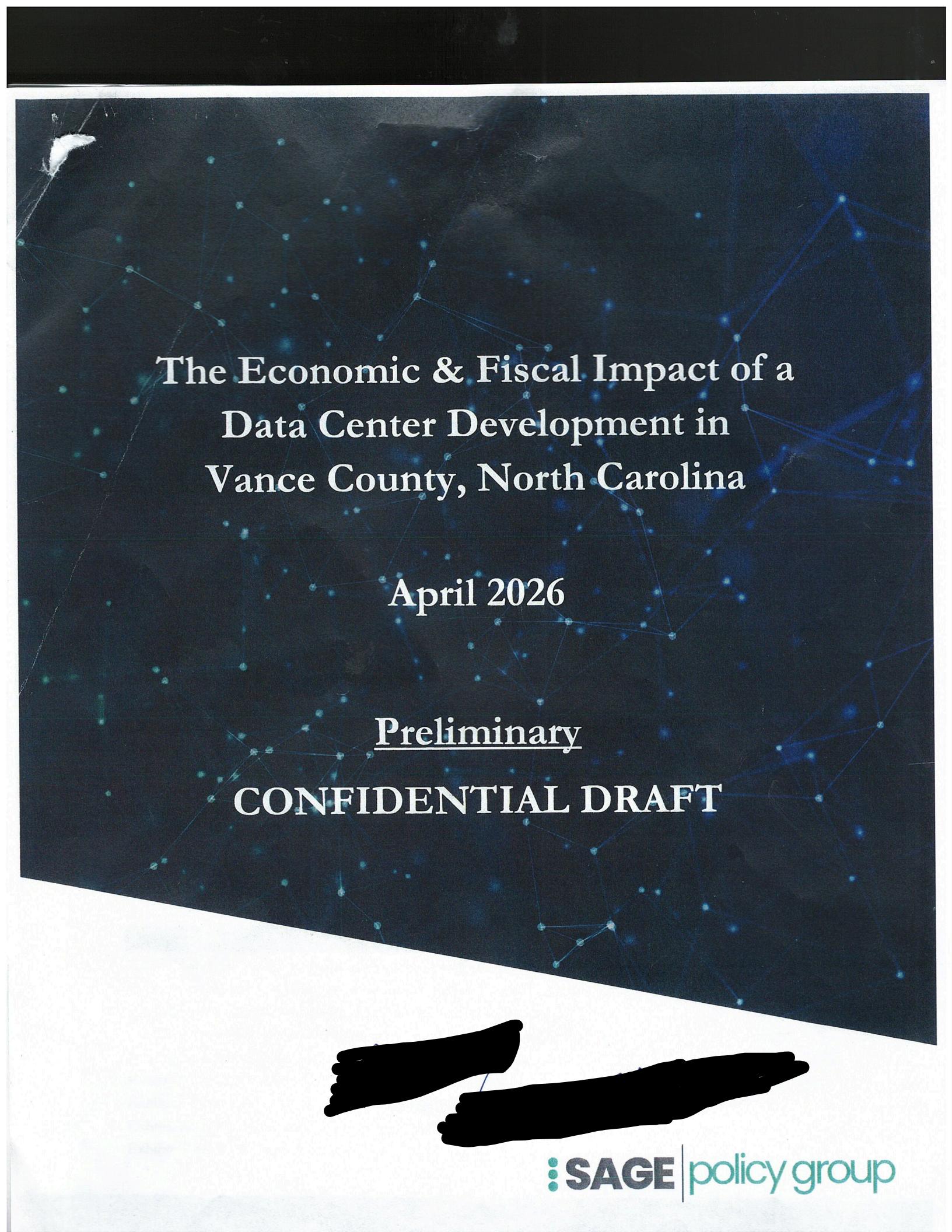


A dark blue background with a network diagram consisting of numerous small blue dots connected by thin, light blue lines, creating a complex web-like pattern.

The Economic & Fiscal Impact of a Data Center Development in Vance County, North Carolina

April 2026

Preliminary

CONFIDENTIAL DRAFT

Executive Summary

This analysis considers the economic and fiscal benefits associated with a proposed 4 million square foot data center development in Vance County, North Carolina. Construction costs related to the facility's core and shell are estimated at \$5.4 billion. This represents a massive investment, especially in the context of Vance County's long term economic contraction; countywide gross domestic product is 15 percent smaller than it was in 2001.

Construction of the facility will support more than 24,000 jobs, \$1.7 billion in employee compensation, and over \$8.6 billion in economic activity over the duration of the project. Vance County tax revenues will be bolstered by nearly \$10 million over the course of the development phase, while state level tax revenues will be augmented by an estimated \$109 million.

Once steady state operations have been attained, the facility will support approximately 1,000 statewide jobs, about 770 of which will be performed in Vance County. Those jobs, which will be in a range of industries and available to residents from a wide range of educational backgrounds, will be associated with \$83 million in statewide compensation and \$390 million in economic activity each year.

The data center, once fully operational, will support an estimated \$57.7 million in annual tax revenues for Vance County and \$7.4 million for the state. The county level tax revenues supported by this development, primarily the result of a massive expansion to the property tax base, are equivalent to approximately 94 percent of Vance County's FY 2023 annual revenues.

Table of Contents

Introduction.....	3
Construction Phase Impacts	3
Impacts Upon Full Build Out.....	5
Conclusion	6
Appendix A: Methods & Assumptions	7
Appendix B: Detailed Economic Impacts	9
Appendix C: How to Interpret Economic Impact Estimates	11

List of Exhibits

Exhibit 1: Vance County Real Gross Domestic Product.....	3
Exhibit 2: Construction Phase Total Economic Impacts	4
Exhibit 3: Construction Phase Fiscal Impacts	5
Exhibit 4: Operational Economic Impacts, Full Build Out.....	5
Exhibit 5: Total Ongoing, Annual Fiscal Impacts.....	6
Exhibit 6: Detailed Construction Phase Economic Impacts	9
Exhibit 7: Secondary Jobs by Sector, Construction Phase.....	9
Exhibit 8: Detailed Operational Economic Impacts, Full Build Out.....	10
Exhibit 9: Secondary Jobs by Sector, Operating Phase	10

INTRODUCTION

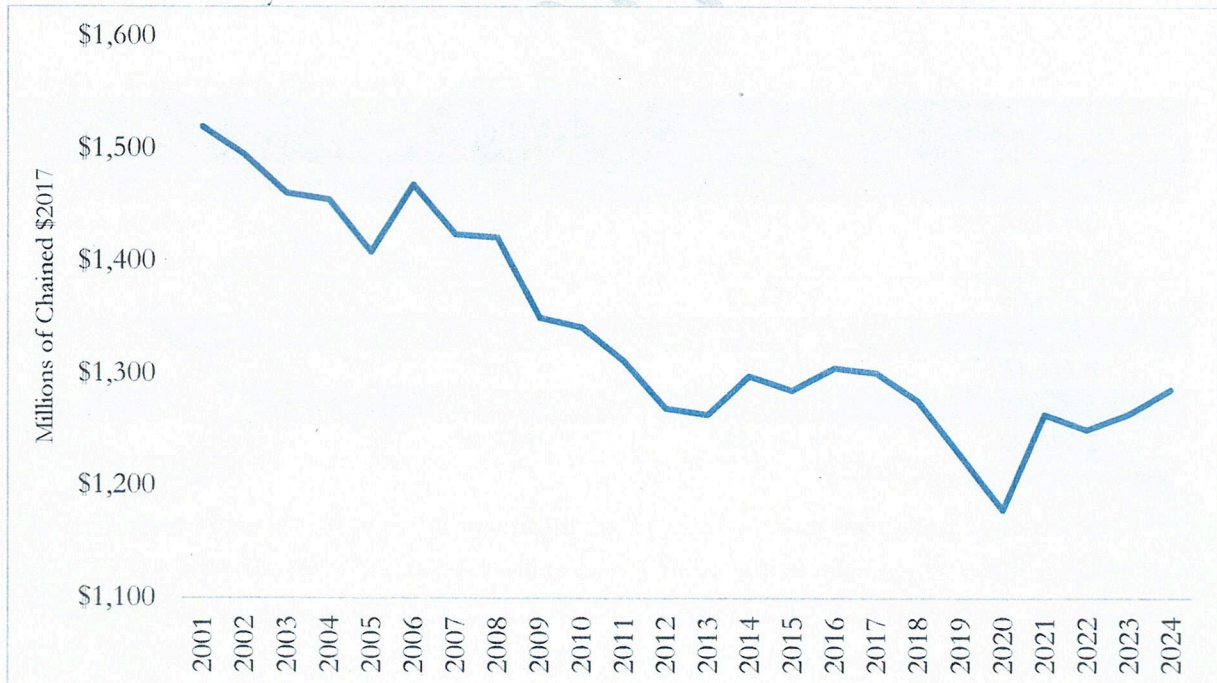
Digital Realty (NYSE:DLR), in coordination with Natelli Holdings, is seeking to develop a 4 million square foot data center campus in Vance County, North Carolina. This development will have significant economic and fiscal benefits for both the county and the remainder of the state, supporting high paying jobs—on a temporary basis during the construction phase and on an ongoing basis once the facility is operational—a larger economy, and substantial tax revenues.

This report uses IMPLAN economic modeling software, an industry-standard platform for input-output analysis, as well as proprietary fiscal impact modeling methods that utilize data from the U.S. Census Bureau and publicly available financial information to estimate the jobs, labor income, economic activity, and tax revenues supported by this development. Details regarding the methods and assumptions used in this analysis can be found in Appendix A on page 7.

RELEVANT ECONOMIC CONTEXT

Vance County has experienced a steady and persistent decline in population over the past decade-plus, which has been accompanied by significant, ongoing economic contraction. Despite growing in 2023 and 2024, Vance County's gross domestic product is down 15 percent since 2001.

Exhibit 1: Vance County Real Gross Domestic Product



Source: U.S. Bureau of Economic Analysis

CONSTRUCTION PHASE IMPACTS

Construction of the powered core and shell—the physical structure but not the equipment inside of the building—is expected to cost \$5.4 billion and to begin in 2028. Total costs including tenant fit-out and equipment (e.g. high-density racks, GPUs, servers, networking equipment, UPS battery back-up systems etc.) are expected to exceed \$10 billion.

The development phase of this project will support approximately 11,300 construction jobs, with a job defined as one full- or part-time position that lasts for one year, and those jobs will average approximately \$72,000 in annual labor income (including benefits and other forms of compensation).

Secondary effects—additional activity driven by spending related to the project and the augmented incomes of the directly employed workers—will support more than 13,000 additional jobs across the state. Including those secondary positions, the construction phase will support more than 24,500 statewide jobs, about 17,000 of which will be performed in Vance County. The project will augment statewide labor income by more than \$1.7 billion.

In total, construction of the data center will support nearly \$8.6 billion in statewide economic activity (the sum of goods and services sold in the state as a result of the project). More detailed economic impacts can be viewed in Appendix B on page 9, and more information on how to interpret economic impacts can be found in Appendix C on page 11.

Exhibit 2: Construction Phase Total Economic Impacts

	Jobs	Labor Income (Millions \$2026)	Economic Output (Millions \$2026)
<i>Vance County</i>			
Direct effects	11,307	\$814.1	\$5,400.0
Secondary effects	5,622	\$311.8	\$1,286.4
Total	16,929	\$1,125.9	\$6,686.4
<i>Remainder of North Carolina (only secondary impacts)</i>			
Total	7,617	\$581.6	\$1,915.8
<i>Statewide</i>			
Total	24,545	\$1,707.5	\$8,602.2

Source: Sage, IMPLAN

*Totals may not add due to rounding

The construction phase will generate significant tax revenues at both the county and state level. Over the duration of construction, the project will bolster Vance County revenues by nearly \$10 million (+ *placeholder for property tax increases by phase*) and state level tax revenues by \$109 million, the majority of which takes the form of income and sales and use taxes. Note that purchases of support equipment used at qualifying data centers are exempt from sales taxes and that fiscal impacts do not include permitting or impact fees.

Exhibit 3: Construction Phase Fiscal Impacts

Tax Category	Revenues (Millions \$2026)
<i>Vance County</i>	
Sales	\$9.8
Total	\$9.8
<i>State of North Carolina</i>	
Income	\$33.2
Sales and Use	\$74.8
Other	\$1.0
Total	\$109.1

Source: Sage

*Totals may not add due to rounding

IMPACTS UPON FULL BUILD OUT

Upon full build out, the data center will support an estimated 350 direct positions related to management, engineering, building operations and security. Compensation for those jobs will exceed \$110,000 per annum.

Operational expenditures by the data center and spending by the facility's employees will support approximately 700 additional statewide jobs, about 420 of which will be performed in Vance County. Those secondary jobs include multiple positions at restaurants, consulting services, real estate firms, courier services, and computer system design firms, among other industries.

Exhibit 4: Operational Economic Impacts, Full Build Out

Annual, Ongoing	Jobs	Labor Income (Millions \$2026)	Economic Output (Millions \$2026)
<i>Vance County</i>			
Direct effects	350	\$39.3	\$207.8
Secondary effects	422	\$23.2	\$122.4
Total	772	\$62.5	\$330.2
<i>Remainder of North Carolina (only secondary impacts)</i>			
Total	290	\$20.8	\$60.1
<i>Statewide</i>			
Total	1,062	\$83.3	\$390.3

Source: Sage, IMPLAN

*Totals may not add due to rounding

In total, the data center's operations will support approximately 1,060 jobs, \$83 million in employee compensation, and \$390 million in statewide economic activity annually.

Including secondary impacts, the data center will support an estimated \$58 million in annual tax revenues for Vance County, primarily through augmented property tax receipts. State level tax revenues will be augmented by \$7.4 million each year.

For Vance County, this represents a tax base expansion; in FY 2023, the most recent year for which a financial report is available, the County collected just \$61.1 million in total revenues. Put another way, this project represents an estimated 94.4 percent expansion to Vance County's annual revenues.

Exhibit 5: Total Ongoing, Annual Fiscal Impacts

Tax Category	Revenues (Millions \$2026)
<i>Vance County</i>	
Property	\$56.8
Sales	\$1.0
Total	\$57.7
<i>State of North Carolina</i>	
Income	\$1.7
Sales and Use	\$5.2
Other	\$0.5
Total	\$7.4

Source: Sage

*Totals may not add due to rounding

Note that the property tax estimates include both real and personal property, and that sales of data center equipment, software, and electricity for use at a qualified data center are exempt from sales and use taxes.

CONCLUSION

Construction of Digital Realty's 4 million square foot data center campus will support nearly 25,000 statewide jobs, and those jobs will be associated with \$1.7 billion in labor income. Over the duration of construction, Vance County tax revenues will be augmented by \$9.8 million—a figure that does not include permitting or impact fees—while state level tax revenues will be bolstered by an estimated \$109 million, primarily through sales and use tax revenues.

Once steady state operations are attained, the facility itself will employ an estimated 350 people with average annual compensation exceeding \$110,000. Including secondary impacts, the data center will support more than 1,000 jobs earning approximately \$83 million each year across the entirety of North Carolina. As a result, statewide economic activity will be bolstered by over \$390 million each year.

This economic activity will generate \$57.7 million in annual tax revenues for Vance County and \$7.4 million for the State. The county level fiscal impacts, driven by the massive increase in real and personal property tax base, represent a nearly 94 percent expansion to Vance County's annual revenues.

Appendix A: Methods & Assumptions

CONSTRUCTION PHASE ECONOMIC IMPACTS

Construction of the powered core and shell is expected to cost \$5.4 billion, or approximately \$1,300 per square foot, a figure based on estimated construction costs provided by Digital Realty, and supported by publicly available data and a Sage analysis of financial information from several recent and comparable data center projects. Notably, this is a conservative parameter that likely understates the realized construction cost, especially given recent and ongoing tariff-related increases in construction materials prices.

These parameters served as inputs to the custom IMPLAN model used to estimate the construction phase impacts. Specifically, the model used multi-regional input-output analysis, a technique that allows direct impacts to be confined to a certain geography (Vance County) while capturing secondary impacts in a broader area (the remainder of North Carolina).

OPERATING PHASE ECONOMIC IMPACTS

Digital Realty expects the facility to employ between 300 and 400 people, which is in line with other similar data center projects of this scale in the region, with estimated average annual compensation exceeding \$110,000. Economic activity related to operations were determined implicitly within IMPLAN, which has sectoral-specific parameters pertaining to data centers. Specifically this model used an industry impact analysis (detailed) with custom parameters to reflect data centers' outsized energy usage, as recommended by IMPLAN. The model of operating phase economic impacts also uses multi-region input-output analysis to produce geographically granular impact estimates.

CONSTRUCTION-RELATED INCOME TAXES

Compensation presented in the economic impact section of this report encompasses wages and benefits. According to the U.S. Bureau of Labor Statistics, wages account for 67.1 percent of private construction compensation (the only portion of compensation subject to income tax). Accordingly, construction will support approximately \$1.1 billion in taxable income among North Carolina residents (including secondary effects). Based on an effective State income tax rate of 2.9 percent for State residents—sourced from the most recent North Carolina Annual Comprehensive Financial Report—construction will support \$33 million in State income tax collections during development.

CONSTRUCTION-RELATED SALES TAXES

To determine the sales tax impact of the construction phase, this study uses the same custom IMPLAN model used to produce economic impacts. Servers, which represent a significant portion of the overall capital expenditure associated with this development, are exempt from North Carolina sales and use taxes.

PERMITTING & IMPACT FEES

This analysis does not endeavor to directly estimate permitting fees to be paid to Vance County as a result of development.

OPERATIONAL INCOME TAXES

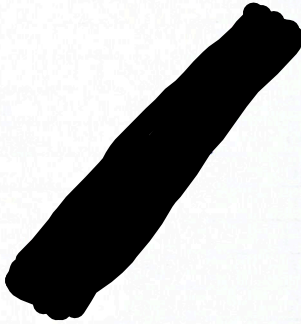
Once operational, the data center will support an estimated \$83 million in statewide employee compensation. To determine the income tax paid on that total, the figure first must be adjusted to include only wages, which on average represent 69.0 percent of total compensation. Based on that parameter and an effective state-level tax rate of 2.9 percent, the development will support approximately \$1.7 million in state-level income tax revenues each year once steady state operations are achieved.

REAL PROPERTY TAXES

Vance County levies a property tax of \$0.7129 per \$100 of assessed value, which applies to the assessed value of both real and personal property. Using projected construction costs related to only the powered core and shell and the projected value of the land upon full build out, the assessed real property valuation of the development is estimated to be \$5.7 billion (constant 2026 dollars). The value of personal property (servers, networking equipment, etc) is estimated at \$581 per square foot, which is a blended average based on information provided by several data center operators, that accounts for both depreciation and replacement over time. Based on these parameters, the development will support approximately \$57 million in annual property tax revenues for Vance County.

OPERATIONS-RELATED SALES TAX

To determine the sales tax revenue supported by steady state operations, this study uses the same custom IMPLAN model used to produce economic impacts. Note that these estimates exclude purchases of electricity and equipment to be used at the data center, which is exempt from sales and use taxes.



Appendix B: Detailed Economic Impacts

Exhibit 6: Detailed Construction Phase Economic Impacts

	Jobs	Labor Income (Millions \$2026)	Economic Output (Millions \$2026)
<i>Vance County</i>			
Direct effects	11,307	\$814.1	\$5,400.0
Indirect effects	4,048	\$240.3	\$1,019.9
Induced effects	1,574	\$71.5	\$266.5
Total	16,929	\$1,125.9	\$6,686.4
<i>Remainder of North Carolina</i>			
Indirect effects	4,482	\$383.4	\$1,277.5
Induced effects	3,135	\$198.1	\$638.3
Total	7,617	\$581.6	\$1,915.8
<i>Statewide</i>			
Total	24,545	\$1,707.5	\$8,602.2

Source: Sage, IMPLAN

*Totals may not add due to rounding

Exhibit 7: Secondary Jobs by Sector, Construction Phase

Sector	Indirect	Induced	Total
Other real estate	548	167	715
Truck transportation	624	36	660
Wholesale - Other durable goods merchant wholesalers	571	15	586
Architectural, engineering, and related services	573	7	580
Couriers and messengers	401	58	459
Employment services	289	66	355
Limited-service restaurants	32	307	339
Full-service restaurants	70	261	332
Wholesale - Machinery, equipment, and supplies	269	4	273
Warehousing and storage	211	37	249
Other millwork, including flooring	243	0	244
Hospitals	0	238	238
Retail - General merchandise stores	10	194	204
Offices of physicians	0	202	202
Office administrative services	173	24	197
Accounting, tax preparation, bookkeeping, and payroll services	161	34	196
Securities and commodity contracts intermediation and brokerage	129	60	189
Services to buildings	151	38	189
Ready-mix concrete manufacturing	175	0	175
Retail - Food and beverage stores	1	170	171
Management of companies and enterprises	124	38	163
Landscape and horticultural services	135	22	157
Scenic and sightseeing transportation and support activities for transportation	136	17	153
Retail - Building material and garden equipment and supplies stores	93	47	140
Other	3,409	2,664	6,073
Total	8,530	4,709	13,238

Source: Sage, IMPLAN

*Totals may not add due to rounding

Exhibit 8: Detailed Operational Economic Impacts, Full Build Out

Annual, Ongoing	Jobs	Labor Income (Millions \$2026)	Economic Output (Millions \$2026)
<i>Vance County</i>			
Direct effects	350	\$39.3	\$207.8
Indirect effects	332	\$19.1	\$107.0
Induced effects	91	\$4.1	\$15.3
Total	772	\$62.5	\$330.2
<i>Remainder of North Carolina</i>			
Indirect effects	149	\$11.9	\$31.4
Induced effects	141	\$8.9	\$28.7
Total	290	\$20.8	\$60.1
<i>Statewide</i>			
Total	1,062	\$83.3	\$390.3

Source: Sage, IMPLAN

*Totals may not add due to rounding

Exhibit 9: Secondary Jobs by Sector, Operating Phase (annual, ongoing)

Sector	Indirect	Induced	Total
Employment services	73	3	76
Couriers and messengers	49	3	52
Other real estate	43	8	51
Full-service restaurants	21	13	34
Electric power transmission and distribution	31	0	32
Management consulting services	22	1	23
Office administrative services	22	1	23
Limited-service restaurants	4	15	19
Computer systems design services	16	1	16
Warehousing and storage	12	2	14
Business support services	13	1	14
Hospitals	0	12	12
Services to buildings	9	2	11
Offices of physicians	0	10	10
Retail - General merchandise stores	0	10	10
Monetary authorities and depository credit intermediation	7	2	9
Retail - Food and beverage stores	0	8	9
Other support services	8	1	8
Software publishers	7	1	8
Environmental and other technical consulting services	8	0	8
All other food and drinking places	3	5	8
Transit and ground passenger transportation	6	1	7
Custom computer programming services	7	0	7
Accounting, tax preparation, bookkeeping, and payroll services	5	2	7
Other	116	128	244
Total	481	232	712

Source: Sage, IMPLAN

*Totals may not add due to rounding

Appendix C: How to Interpret Economic Impact Estimates

To quantify the economic impacts of Digital Realty's development, Sage used IMPLAN economic modeling software and its embodied multipliers to generate estimates of employment, labor income, and output. Below is an abbreviated glossary of terms that may prove helpful in interpreting analytical findings.

EMPLOYMENT

As defined by IMPLAN, a job that lasts twelve months equals one job, two jobs that last six months equal one job, three jobs that last four months equal one job, etc. Based on this, **job-years** represents a useful term. For instance, an endeavor that supports 200 jobs for a six-month period would be considered to support 100 jobs measured in job-years. Note that IMPLAN jobs are not quite the same thing as full-time equivalents (FTEs). Each of IMPLAN's 536 unique industries has a different conversion rate between jobs and FTEs, although for almost every industry one job is equal to less than one FTE.

OUTPUT (BUSINESS ACTIVITY, ECONOMIC ACTIVITY)

Output equals the value of industry production or service provision. It might be easier to conceptualize this as total business sales or economic activity. For retail industries, it is the gross margin (not gross sales). For manufacturing, output is the quantity of total sales plus/minus the change in inventories. For the service sector, output is directly equal to sales. This is summarized by the following equation:

$$\text{Output} = (\text{Manufacturing sales} + / - \text{change in inventories}) + (\text{service sector sales}) + (\text{gross margin for wholesale and retail trade})$$

LABOR INCOME

Worker compensation is comprised of wages, benefits, and proprietor income (money accruing to owners of businesses).

$$\text{Worker Compensation} = \text{all forms of employee compensation (wages/benefits)} + \text{proprietor income}$$

DIRECT EFFECTS

Direct effects are impacts tightly aligned with the endeavor under consideration. In this instance, direct effects are produced by construction of the data center as well as the facility's steady state operations.

INDIRECT EFFECTS

Indirect effects stem from business-to-business spending activity within the study area that occurs as a result of the direct effects. These can also be considered broader supply chain effects. This is a form of **secondary** effect.

INDUCED EFFECTS

Induced effects relate to household spending that occurs due to expanded levels of labor/household income. This is also a form of **secondary** effect.

About Sage Policy Group

 **Sage Policy Group** is an economic and policy consulting firm headquartered in Baltimore, MD. Dr. Anirban Basu, Sage's chairman and CEO, founded the firm in 2004. Sage has created a client base that encompasses more than 40 states and seven countries and includes Fortune 500 companies, NFL teams, aquariums and zoos, state and local governments, insurance companies, banks, brokerage houses, major medical systems, trade organizations, and law firms, among others.

The company is especially well known for its analytical capabilities in economic and fiscal impact estimation, economic development, forecasting, legislative analyses, litigation support, environmental economics, and industry outlooks.

In addition to leading Sage, Dr. Basu has emerged as one of the nation's most recognizable economists. He serves as the chief economist to Associated Builders and Contractors, the Maryland Bankers Association, and the International Food Distributors Association and as the chief economic adviser to the Construction Financial Management Association. He chaired the Maryland Economic Development Commission from 2014 to 2021 and currently chairs the Baltimore County Economic Advisory Committee.

Dr. Basu's lectures in economics are delivered to audiences across the U.S. and abroad. He has lectured at Johns Hopkins University and is presently the Distinguished Economist in Residence at Goucher College, where he teaches History of Economic Thought.