Why entering the US data centre market is harder than it looks — and what to do about it

A Strategic White Paper for European & APAC Data Centre Operators
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EXECUTIVE SNAPSHOT

The Opportunity Is Real. So Is the Pain.

The US data centre market is the largest on earth and growing at a pace that should excite any global operator. But entering it as a foreign player without local knowledge is an expensive education. This paper tells you what you need to know before you write the first cheque.

$214B	#1	5 yrs	33%
Global DC construction market by 2030 (CAGR 15%)	US remains the dominant data centre market globally	Median grid interconnection wait time, US	Technical workforce nearing retirement age

WHY THIS MATTERS NOW

"The US is not one market. It is 50 state markets, each with its own power rules, zoning laws, tax regimes and political risk. Treating it as a single destination is the first mistake foreign entrants make."

This white paper identifies the six hardest barriers, the most dangerous blind spots, and the talent strategy that will determine whether you succeed or merely survive.

GEOPOLITICAL CONTEXT

The Window is Open — But Not for Everyone

The Trump administration's July 2025 Executive Order accelerating federal permitting for data centre infrastructure has dramatically reduced the regulatory friction for large AI and compute-focused builds. NEPA categorical exclusions, streamlined Clean Air Act guidance, and the offer of federal land for qualifying projects have created a genuine opening for ambitious operators.

At the same time, trade policy has weaponised cost structures. A 20% baseline tariff on EU imports, 25% on South Korean and Japanese goods, and up to 145% on Chinese-origin equipment means that any operator planning to import infrastructure from home is facing a materially different capital equation than existed twelve months ago. Budgets built in 2024 are obsolete.

The geopolitical subtext matters, too. Washington is explicitly framing AI data infrastructure as a national security asset. Foreign-owned facilities — particularly those with ownership chains touching China — are facing heightened CFIUS scrutiny. European and APAC operators need to anticipate this and structure accordingly from day one.

GEOPOLITICAL RISK FLAG
Key Watch: The EU is reportedly considering retaliatory tariffs on US tech services. If enacted, this could create a chilling effect on cross-Atlantic partnerships and complicate hybrid sourcing strategies for European operators building US capacity.

BARRIER 01 OF 06

Power: The Queue That Broke Every Business Plan

Nothing in the European or APAC experience prepares a foreign operator for the US grid interconnection queue. The median time from application to commercial operation for a new power project in the US has doubled over the past two decades and now sits at approximately five years — longer than it takes to design, permit, and build the facility itself.

CenterPoint Energy in Texas reported a 700% increase in large load interconnection requests between late 2023 and late 2024 alone. PJM — the grid operator covering 13 US states and Washington DC — faces tens of gigawatts of queued requests. The US currently has over 2,600 GW of proposed generation and storage capacity waiting for grid access, nearly double the country's total installed capacity today.

The core problem: US grid planning tools were designed for incremental neighbourhood growth, not simultaneous 100-500MW data centre load requests from dozens of operators. The result is a system chronically behind demand, with regulatory processes that vary dramatically by state and ISO/RTO region.

What Smart Operators Are Doing

- Power-first site selection: Identifying land with existing substation proximity and demonstrated grid headroom before any other due diligence. 'Energised land' commands a premium — pay it.
- ERCOT (Texas) prioritisation: Texas operates the most data-centre-friendly interconnection framework in the US, with ERCOT's 'connect-and-manage' approach averaging just over one year for interconnection agreements — versus four-plus years in some other regions.
- Bring-your-own-generation: Co-locating on-site gas turbines, backup capacity, or negotiating direct PPAs with generators allows operators to bypass the queue for base load, using grid connection as a supplement rather than the primary supply.
- Build flexibility into interconnection agreements: FERC has signalled that data centres willing to participate in demand response and load management can access fast-track approvals in certain jurisdictions.
- Pre-purchase long-lead electrical components: Large power transformers have 18-24 month lead times and are 80%+ imported. With steel tariffs at 25%, procurement strategy is now a board-level decision, not a procurement one.

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Regulation: Fifty States, Zero Consistency

European operators arrive in the US expecting something vaguely like the EU regulatory framework — imperfect, but at least unified. They discover instead a patchwork of 50 state regimes, hundreds of county zoning ordinances, and a federal layer that has been dramatically reshaped by executive order since January 2025.

Fairfax County, Virginia — the single most important data centre submarket in the world — passed new zoning ordinances in September 2024 limiting facility sizes and imposing noise and proximity-to-residential restrictions. Northern Virginia developers are already experiencing seven-year delays in some cases. Loudoun County is finalising its own data centre regulations. Meanwhile California, Oregon, and Ohio have introduced water-use disclosure and energy-efficiency mandates that are subject to ongoing litigation.

The July 2025 Executive Order attempts to suppress state-level regulatory restrictions by threatening to withhold federal AI funds from states with 'burdensome' rules — but this mechanism is untested in court and likely to generate prolonged legal challenges. Foreign operators cannot assume this will clear the path on any predictable timeline.

Market	Regulatory Environment (2026)
Northern Virginia	Seven-year delays reported; Fairfax and Loudoun County new zoning restrictions active.
Texas (ERCOT)	Most permissive large-load environment; Senate Bill 6 shifts upgrade costs to developers.
California (CAISO)	Water-use disclosure mandates, energy-efficiency rules, and litigation uncertainty.
Ohio / PJM region	High demand growth, improving but still lengthy interconnection timelines.
Arizona / Nevada	Attractive for renewables and land, but water rights present site-specific risk.
Southeast / Atlanta	Fastest-growing rate increases: ~39% cumulative rise in hyperscale lease rates 2023-2025.

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Tariffs: Your Capex Model Is Wrong

Any European or APAC operator who built their US business case before April 2025 needs to rebuild it. The Trump administration's tariff regime has structurally altered the cost of constructing a data centre in the US from imported components.

Steel imports — critical for structural frameworks, power infrastructure, and cooling — now face a blanket 25% tariff. Aluminium is subject to the same rate. European equipment suppliers face a 20% baseline tariff on anything shipped from EU manufacturing facilities. South Korean and Japanese suppliers — key sources for servers, memory, and networking — face 24-25% duties. High-voltage transformers, of which the US imports over 80%, already had 18-24 month lead times; tariffs and supply chain uncertainty have compounded this.

Semiconductors are currently exempt from reciprocal tariffs but are under active Section 232 investigation, with tariffs of 25%+ signalled. Operators should price this in as a risk scenario for GPU and compute infrastructure procured after 2026.

> **FINANCIAL REALITY CHECK**
> A facility originally budgeted at $800M (the current market median for a significant data centre project) could realistically carry $80-150M in additional capex from tariff-driven cost inflation alone, depending on sourcing strategy and timeline. This is not a rounding error. It changes IRR. It changes financing. It changes whether the deal works at all.

Mitigation Strategies

- Source domestically where possible: US-manufactured steel, aluminium, and electrical components avoid import duties. The premium is often less than the tariff cost.
- Accelerate procurement timelines: Front-load long-lead item purchasing before anticipated semiconductor tariff implementation.
- Evaluate Vietnam, Mexico, and India supply chains: USMCA compliance provides tariff-free status for qualifying goods from Mexico. Vietnam and India face lower baseline tariffs than East Asian manufacturing hubs.
- Adopt modular construction: Reduces total material volume required and allows phased capital deployment aligned with actual interconnection timelines.

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Culture: It Is Not Just an Accent Problem

The operational and cultural gap between running a data centre business in Europe or APAC and running one in the US is systematically underestimated. This is not about language. It is about deal velocity, stakeholder relationships, and how business actually gets done.

In the US, speed of execution is treated as a competitive differentiator at every level. Utility negotiations, lease agreements, local planning processes, and contractor relationships all move faster when the lead operator has existing relationships with the relevant counterparties. A new entrant without these relationships is, by definition, starting from the back of the queue — sometimes literally.

Community relations matter more than European operators expect. Northern Virginia's data centre backlash — driven by visible electricity bill increases for residential customers — demonstrates that local political support can evaporate quickly when a facility is perceived as extracting value from a community rather than contributing to it. Operators who arrive with a community benefits strategy, local employment commitments, and visible sustainability credentials fare materially better in the planning process.

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Legal & Compliance: CFIUS, CLOUD Act, and Entity Structure

Foreign operators entering the US data centre market must engage US legal counsel before any site acquisition or entity structuring — not after. The regulatory environment has three specific landmines for non-US players.

CFIUS (Committee on Foreign Investment in the United States) scrutiny of technology infrastructure has intensified significantly under both the Biden and Trump administrations. Facilities handling US government data, proximity to military installations, or ownership chains touching Chinese entities or capital will attract mandatory review. Structure your US operating entity to minimise foreign ownership of sensitive assets from day one — retrofitting this after the fact is expensive and sometimes impossible.

The CLOUD Act creates a structural exposure for any operator whose US entity is subject to US government data access demands. European operators subject to GDPR must understand that CLOUD Act obligations and GDPR Article 48 are in direct tension — and that EU data protection authorities are increasingly aware of this. If your US facility will hold any EU-origin data, your legal architecture must address this explicitly.

State-level data privacy laws — California's CCPA and CPRA, Virginia's CDPA, Texas's TDPSA — create a fragmented compliance landscape. Unlike GDPR, there is no single federal US privacy law. Compliance must be built state by state.

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Talent: The Constraint Nobody Talks About Until It Kills the Project

The US data centre industry is experiencing a structural workforce crisis that is, if anything, more acute than the power problem. The industry's own projections are stark: nearly 33% of the technical data centre workforce in the US is at or approaching retirement age. Uptime Institute projects that up to half of all data centre engineers may retire within the next three years, even as global demand for engineers is expected to increase by approximately 300,000 over the same period.

For AI-era facilities, the talent gap is even more pronounced. AI data centres require two to four times the workforce of traditional builds, with demand for specialisms — high-voltage power systems, liquid cooling, GPU infrastructure, commissioning specialists — that simply do not exist in sufficient supply. Only 15% of applicants for data centre jobs in the US currently meet minimum technical qualifications for open roles.

For a foreign entrant, this crisis lands on top of an additional challenge: you have no brand recognition in the US talent market. Candidates choosing between an established domestic operator and an unknown European or Asian entrant will default to the known quantity unless you give them a compelling reason not to.

The Talent Acquisition Strategy for Foreign Entrants

- Hire the leadership team first, not last: Your first five US hires define your market positioning, your contractor relationships, your utility relationships, and your regulatory credibility. A strong US-market VP of Operations or CCO with existing industry relationships is worth more than the next three hires combined.
- Source from adjacent industries: The most effective data centre operators are increasingly hiring from power generation (especially nuclear and gas), the military (power systems, physical security, operational discipline), aerospace, and industrial construction. Skills transfer faster than most HR teams expect.
- Use executive search for mid-senior operations leadership: The US data centre talent pool at Director level and above is small, highly networked, and moves through specialist channels — not general job boards. This is not a LinkedIn recruiting exercise.
- Build a total compensation package that reflects US market rates: UK or European-benchmarked salaries will lose candidates to domestic competitors before the first interview ends. Data centre Operations Managers in Northern Virginia command $130,000-180,000 base plus bonus. Plan accordingly.
- Establish a training pipeline from day one: Partner with technical colleges and community colleges near your facilities. Texas, for example, has SMU's Master's programme in Datacenter Systems Engineering, a 12-week AI data centre technician programme at Dallas College, and a parallel offering at Texas State Technical College. Building these relationships creates a longer-term talent pipeline while demonstrating community investment.

- Consider a staffing services partnership for the first 12-18 months: Specialist data centre staffing firms can significantly compress time-to-hire. Broadstaff, for example, reports filling most data centre positions within 10-15 business days using sector-specific networks. The cost is trivial relative to delayed project timelines.

LEADERSHIP IMPERATIVE
The talent strategy is not a separate workstream from the commercial strategy. Every week a key operations role sits unfilled represents direct operational risk — project delays, compliance exposure, and the compounding cost of overtime-burned existing staff. Foreign entrants who treat talent as a HR problem rather than a board problem learn this the hard way.

SOLUTIONS FRAMEWORK

The Foreign Entrant Playbook

There is no shortcut to US market entry. But there is a sequence that dramatically improves the odds.

Phase	Key Actions
Phase 1: Prepare (6-12 months pre-entry)	Hire a US-based advisory team. Retain US legal counsel. Map the regulatory landscape by target state. Build a power-first site selection methodology. Stress-test capex assumptions against current tariff schedules. Begin CFIUS risk assessment on ownership structure.
Phase 2: Establish (Months 1-18)	Recruit the core US leadership team via specialist executive search. Secure 'energised land' with demonstrated grid headroom. Establish US legal entity with appropriate ownership structure. Identify and begin community engagement in target markets. Initiate transformer and long-lead equipment procurement.
Phase 3: Build (Months 12-36)	Execute modular construction strategy. Activate training partnerships with local educational institutions. Engage utility and grid operator relationships directly. Build a US talent brand through industry association involvement and campus engagement.
Phase 4: Operate & Scale	Transfer operational knowledge from home market selectively — not wholesale. Treat each US state as its own compliance jurisdiction. Build a dedicated US compliance function, not a shared service from home base.

SEARCH CONSULTANT PERSPECTIVE

How Does This Affect Talent?

For a search consultant, the European or APAC operator entering the US data centre market is among the most demanding — and interesting — briefs in the sector right now. The talent challenge is structural, not cyclical, and foreign entrants face it with none of the brand equity, none of the established networks, and frequently with compensation benchmarks built from the wrong market.

The single most consequential hire is the first one: a US-based operational or commercial leader who understands the specific geography and carries existing relationships with utilities, contractors, planning authorities, and the talent community. This person is not the same as your best European operator. The competency profile is different. The market knowledge is different. The network is different. Getting this wrong by promoting a trusted home-market leader into a US remit they are unprepared for is the single most common and most expensive talent mistake foreign entrants make.

Below the C-suite, the competition for mid-level technical talent — data centre operations managers, commissioning engineers, electrical and mechanical site leads — is fierce to the point of being characterised as a crisis by US industry bodies. Foreign entrants without a US talent strategy will compete in this market at a systematic disadvantage. The firms that are succeeding are those who have accepted that US talent acquisition requires a US talent approach: US market-rate compensation, US-specific employer value propositions, and specialist search partners with genuine sector depth.

The good news: the sector is actively broadening its sourcing. The military, nuclear power sector, aerospace, and industrial construction all represent transferable talent pools that are less contested than the core data centre candidate market. Search partners who understand these adjacent sectors — and can assess skills transfer credibility — deliver materially better outcomes than those working only within the traditional data centre talent community.

FINAL WORD

The Verdict

The US data centre market will reward European and APAC operators who enter it with discipline, local expertise, and a realistic view of what it costs to do it properly. It will punish those who treat it as a scaled-up version of a market they already know.

The power crisis, the regulatory patchwork, the tariff environment, and the talent shortage are all real. None of them are fatal. All of them are manageable — with the right preparation, the right local hires, and the genuine acknowledgement that this is a different game, played by different rules, in a different arena.

The window created by the current AI-driven buildout cycle is genuine and time-limited. The operators who act in 2026 with well-structured market entry strategies will find a market that rewards early movers. Those who wait for certainty will find a market that has moved without them.

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This white paper is based on publicly available data and proprietary analysis current as of March 2026. All market data should be independently verified before use in investment decisions.