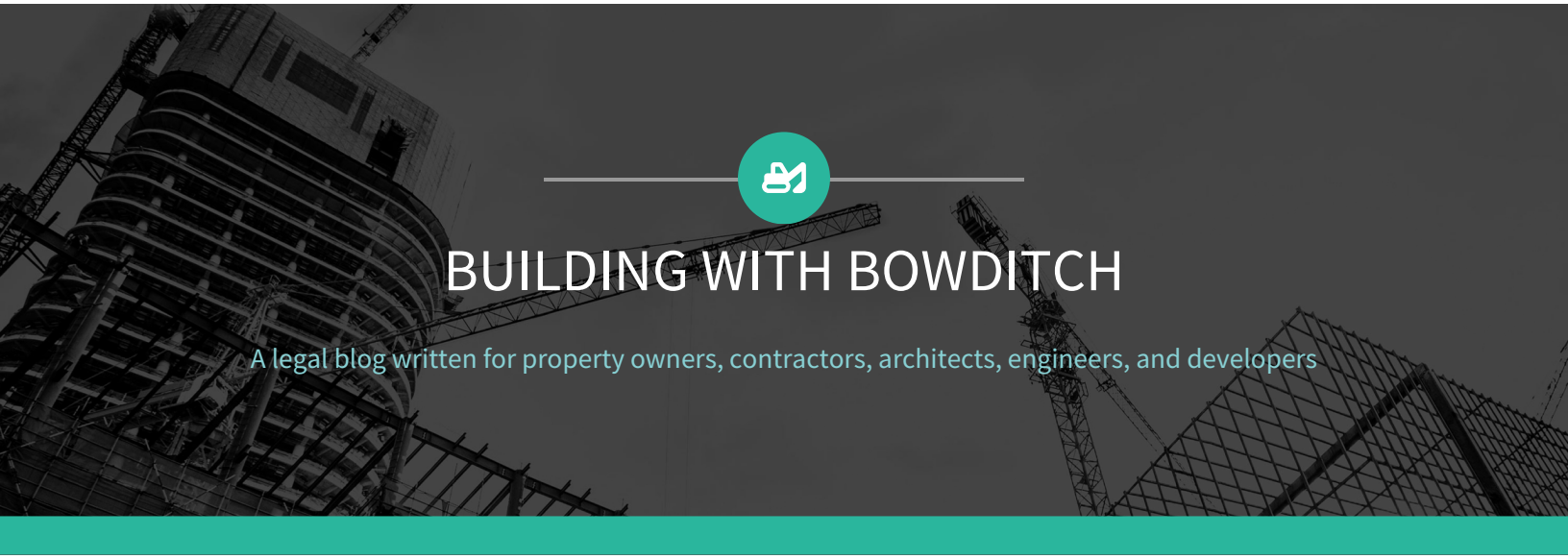

Data Centers in Massachusetts and New England: The Deal Is Bigger Than the Building

BY M. MATTHEW MADDEN, JR. • SEPTEMBER 1, 2026

Data centers are creating real construction opportunities in Massachusetts and New England. But these projects can be won or lost before anyone pours concrete, sets steel or installs equipment.

The threshold issues are often power, permitting, zoning, tax incentives, environmental impacts, municipal approvals and contract risk.

A data center is not a typical commercial building. It may require substantial electric capacity, backup generation, cooling infrastructure, water planning, utility coordination, site security, emergency response planning, and noise controls. Each of those issues can affect site selection, permitting, cost, schedule, and the terms of the construction contract.

Massachusetts has already signaled that data center development will receive close scrutiny. The Commonwealth created a qualified data center sales and use tax exemption process for eligible projects. At the same time, the Healey Administration has paused new applications while it evaluates guardrails for future development. For developers and contractors, the message is practical: incentives may be available, but they should not be assumed, and they may come with conditions.

The regional grid also needs to be part of the analysis. ISO New England has begun accounting for data centers and other large loads in its forecasting process. In some projects, power availability and utility timing may drive the schedule as much as design, procurement, or financing.

For developers and owners, the legal work should start early. The project team should evaluate whether the proposed use is allowed, what local approvals are needed, whether environmental review may apply, how community concerns will be addressed, and whether utility commitments are realistic.

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For contractors and subcontractors, the contract needs to match the job. Long lead equipment, design coordination, utility delays, commissioning obligations, changing owner requirements, and liquidated damages can create significant exposure if they are not addressed before work begins.

Data centers may become an important part of the next wave of construction in Massachusetts and New England. The projects best positioned to succeed will be the ones that address power, permitting, local concerns, utility timing, and contract risk before mobilization. Early legal review can help align the approvals, project documents, and construction contracts with the realities of the job.

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