



Westover Hills getting another data center

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Where ranches once thrived, a server farm landscape has begun to take root in Westover Hills, with yet another company announcing plans for a data center.

Dallas-based Stream Realty has just put 33 acres in Westover Hills under contract, with plans to build a 150,000-square-foot data center.

"The demand for data-center space is extremely strong," said Paul Moser, the company's managing director.

Stream Realty is the latest in what has become a cluster of data centers locating in Westover Hills. The big daddy is Microsoft Corp.'s \$500 million, 470,000-square-foot data center. That's down the street from Lowe's Corp.'s \$60 million, 100,000-square-foot data center.

Just last week, the National Security Agency announced its plans to establish a data center at the former Sony chip manufacturing plant at Military Drive and Loop 410, near Westover Hills.

And the San Antonio Economic Development Foundation is working with five other companies looking at San Antonio for new data-center sites, and some of them are speculators, said Mario Hernandez, its president.

Now Stream Realty plans to build its data center, which will be expandable up to 350,000 square feet, under speculation that a Fortune 1,000 company will want it. It either will lease or sell the building, which the tenant can finish out to its specifications, Moser said.

Stream Realty has a similar building under construction in Plano, a suburb of Dallas. It chose to put its second data center in San Antonio for "numerous reasons" but mainly because it's a safe central U.S. location that isn't prone to natural disasters, Moser said. It also has reliable and inexpensive power, he said.

"It's an extremely pro-business environment," Moser said. Since 2001, Stream Reality has operated a San Antonio office, with 15 employees and 2.2 million square feet of properties it leases or manages.

Stream Realty has been involved in the data-center market since 1999. It witnessed the bust in 2001 after the dot-com collapse. Now, it's seeing a huge resurgence in the demand, Moser said.

Data centers resemble large, highly secure warehouse fortresses with foot-thick walls, specialized

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flooring and infrastructure that house thousands of computer servers with massive air-conditioning and power systems. They serve up the digital data that people use in their daily lives, from Web pages to e-mail to applications on the Internet.

"The data-center demand is extremely high, and the activity right now is a very fast-growing industry," said Thomas W. Freeman, senior vice president with Jones Lang LaSalle, a relocation firm in Dallas. "It looks like it's going to be sustainable for some time."

Experts think the data centers are currently a \$25 billion industry, but it will more than triple, reaching \$78 billion by 2012, Freeman said. Driving the boom are companies' compliance with the Sarbanes Oxley Act, the need to store electronic patient records, and Internet-related applications.

Jones Lang LaSalle worked for two years with Microsoft in its site selection process, which ultimately chose San Antonio for its data center. Microsoft finalized the purchase of 42 acres of land in Westover Hills on April 11 and already is preparing the site for its \$500 million data center.

"It's well under way already," said Mike Manos, Microsoft's director of data centers.

Within 18 months, Microsoft expects to complete the project.

Last week, the software company's first built-to-suit mammoth data center went live in Quincy, Wash. And construction on the second phase is well under way and should wrap up in March, Manos said. Turner Construction Corp. is building the Quincy data centers and also the San Antonio one.

Last year, the Boyd Co., a relocation firm based in New Jersey, ranked San Antonio second out of 35 cities as the least expensive place to operate a data center. Sioux Falls, S.D., ranked first.

Charles "Marty" Wender, Westover Hills developer, thinks more data centers will choose San Antonio before the end of the year.

"This has gotten a lot of people's attention around the world," he said. "When you do a Microsoft deal, it's kind of like what happened to San Antonio when you did the Toyota deal."

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