

## Microsoft Plans Nearly \$500 Million Data Center Expansion Outside San Antonio Colocation Facility in Castroville, Texas, Adds To Its Digital Network in the Area



Microsoft Corp. is expanding its data center network in Castroville, Texas, a small city just outside of San Antonio. Pictured: a Microsoft facility at 5150 Rogers Road in San Antonio. (CoStar)

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Microsoft is looking to expand its data center network in the greater San Antonio area. The tech giant is planning to build another data center in Castroville, Texas, according to a state work permit. Castroville, a small town located about 27 miles west of downtown San Antonio in Medina County, is already home to other data centers being built by Microsoft. Microsoft filed a permit last week showing it plans to build a one-level, 244,676-square-foot data center at 18844 Farm-to-Market Road 157 in Castroville. The building called SAT 82 Data Center could cost Microsoft \$482.6 million to construct, according to the permit. Construction is expected to start in April 2026 with completion scheduled for early 2028, according to the permit.

Redmond, Washington-based Microsoft did not immediately respond to requests for comment about the project.

CoStar News reported last year that Microsoft was committing at least \$230 million to build SAT 80 and SAT 81 at the same address. All three data centers — SAT 80, SAT 81 and SAT 82 — are colocation facilities. Colocation facilities are a type of data center that rents capacity to third-party companies and may service dozens of them at one time.

Microsoft has also been developing data centers in San Antonio at 15000 Lambda Drive, 3545 Wiseman Blvd. and 5150 Rogers Road.

A Microsoft webpage dedicated to data centers in the greater San Antonio area says the tech giant's plans in Bexar and Medina counties are part of a plan to "build and operate digital infrastructure that addresses societal challenges and creates benefits for communities in which we operate."

Cushman & Wakefield, in its 2024 report comparing data center markets around the world, said demand for physical real estate for cloud technology and artificial intelligence deployment is growing despite current economic challenges.

The future of AI will be a major driver for data center growth, according to Cushman & Wakefield, but the industry's next few years of expansion are not without challenges.

"Data center developers around the world continue to face increasing pushback from government and local communities when it comes to development," according to Cushman & Wakefield's analysts. "Challenges have arisen from grid power availability versus competing uses, resistance, real or perceived, that data centers may not be bringing the level of economic betterment in the form of employment and taxes that local communities desire."

### **For the Record**

WSP USA Inc. is the design firm for SAT 82, according to the permit.