



FMLS Market Intel Report: AI, Data Centers and Georgia's Next Growth Wave

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Date: August 31, 2026

Executive Summary

The U.S. economy is sending a mixed but important signal as the Federal Reserve looks toward its late-September meeting: growth is slowing, yet the expansion remains resilient. Second-quarter gross domestic product increased at a 1.5% annualized rate, down from 2.1% in the first quarter and well below the 3% annual growth forecast cited by the U.S. Treasury earlier this year. Even so, the economy has continued to withstand tariffs, conflict with Iran, elevated energy costs, concerns about an artificial-intelligence bubble, a national debt that has reached \$40 trillion, and widespread uncertainty without slipping into recession.

The most striking part of that resilience is the role of artificial intelligence. An estimated half of second-quarter growth came from investment in AI and data centers. That concentration creates both optimism and vulnerability: a powerful investment cycle is supporting economic activity, but an unusually large share of growth now depends on one rapidly expanding sector. For Georgia, the implications are especially significant. The state has become a Tier 1 market for AI data-center development and ranks third nationally in planned data centers, behind Texas and Virginia. The resulting investment could strengthen employment, tax revenue, and housing demand, while also placing greater pressure on electricity, water, land-use planning, and nearby communities.

A Slowing Economy With an AI-Supported Foundation

The economy's current resilience should not be mistaken for broad-based strength. Growth has decelerated, and the Federal Reserve must weigh that slowdown against inflation, labor-market conditions, energy costs, financial-market risk, and other uncertainties. The absence of an imminent recession is encouraging, but the composition of growth matters. If roughly half of last quarter's expansion came from AI and data-center investment, the economy is increasingly reliant on corporate confidence that the technology will deliver substantial future returns.

Capital expenditures, or CapEx, reveal the scale of that conviction. CapEx includes corporate spending on long-lived assets such as property, buildings, equipment, machinery, vehicles, and technology infrastructure. Microsoft's capital spending rose from \$9.7 billion in 2023 to \$29.9 billion in 2025 and then reached \$35.8 billion in the second quarter of 2026 alone—more than double its level one year earlier. Amazon, Microsoft, Alphabet, and Meta—the major technology “hyperscalers”—have collectively tripled capital expenditures since 2021. Their spending reflects a go-big strategy built around computing capacity, cloud infrastructure, and the expectation that AI demand will continue to expand.

This investment surge is helping offset other economic shocks. It may also support construction, engineering, equipment, energy, and related services well beyond the technology sector. At the same time, heavy dependence on a small group of companies and a single investment theme introduces risk. A pullback in expected AI returns, financing capacity, or infrastructure approvals could remove an important source of momentum.

Why Georgia Is at the Center of the Data-Center Boom

Georgia is well positioned to capture AI infrastructure investment. Its advantages include relatively affordable land, more abundant water than many competing Sun Belt states, strong fiber connectivity, extensive logistics infrastructure, and aggressive state and local recruitment supported by tax incentives. These characteristics have helped the state attract billions of dollars in announced and planned projects.

The potential benefits are substantial. Data-center investment can expand the tax base, create high-paying permanent jobs, generate a large wave of construction employment, and bring new economic activity to communities outside established urban employment centers. For real estate, those effects may translate into demand for permanent homes, temporary accommodations, build-to-rent communities, and workforce housing near active projects.

However, the growth also accelerates Georgia's transition from a largely rural, agricultural land-use pattern toward a more energy-intensive industrial economy. Large data centers require enormous amounts of electricity and can place additional demands on water systems. Communities and policymakers must determine how infrastructure costs, tax incentives, and long-term operating risks will be shared. Local reactions may include closer scrutiny of proposed sites, zoning disputes, revised incentive policies, or temporary moratoriums while officials evaluate capacity and community impact. The AI story therefore cuts both ways: it is a major economic-development opportunity, but one that requires careful planning and transparent assessment of costs.

Property Values and the Proximity Sweet Spot

The effect on housing is highly location-specific. Properties immediately adjacent to an operating data center, generally within about one-quarter mile, may experience a valuation discount.

Potential concerns include noise from cooling equipment and backup generators, large-scale power infrastructure, truck traffic, lighting, and the visual impact of industrial buildings. The degree of impact will vary with topography, screening, road access, facility design, operating practices, and the surrounding land-use pattern.

Farther away, the picture may be different. Homes within a broader radius of roughly one-half to three miles often avoid the direct nuisances associated with immediate adjacency and may benefit from added employment, infrastructure investment, and local tax revenue. This has been described as a “proximity sweet spot”: close enough to participate in economic gains, but sufficiently removed from the facility’s most visible and audible effects. Identifying where a property falls relative to that line is essential when pricing a listing, advising a buyer, or evaluating future resale considerations.

Practical Guidance for Real Estate Professionals

Data-center development creates new responsibilities and opportunities for agents. Before a client writes an offer, professionals should review county zoning records, entitlement filings, comprehensive plans, and pending land-use applications. Existing conditions alone may not reveal a large project that is moving through the approval process. Early research can reduce surprises before closing and help clients evaluate both current and future land-use compatibility.

Agents should also anticipate two distinct sources of housing demand. Temporary construction activity may increase demand for short-term rentals, furnished housing, build-to-rent product, and modular or workforce housing near active sites. Once facilities begin operating, permanent technical, security, maintenance, and management employees may seek long-term homes in surrounding communities. Real estate professionals who understand project timelines and workforce needs can help connect employees, investors, landowners, developers, and housing providers.

Clear communication about proximity is equally important. Clients should understand that the potential impact is not uniform across an entire ZIP code or community. Distance, sight lines, road patterns, power infrastructure, and local conditions all matter. Finally, agents should monitor public sentiment, utility planning, tax-incentive debates, and possible moratoriums. In fast-changing areas, local policy can materially alter both development timing and market expectations.

Market Outlook

AI investment is currently an important source of resilience for the national economy and a powerful growth opportunity for Georgia. Yet its benefits will not be distributed evenly, and the infrastructure demands will require thoughtful decisions by utilities, governments, developers, and residents. For real estate professionals, the enduring principle is familiar: location remains

critical. The most valuable guidance will combine current market knowledge with detailed understanding of land use, infrastructure, development timelines, and community response.

As the Federal Reserve evaluates the next phase of monetary policy, the economy's slower growth rate and unusual dependence on AI-related investment deserve close attention. For Georgia's housing market, data centers may create new pockets of demand and opportunity while introducing localized risks. Agents who research early, distinguish immediate adjacency from the broader benefit area, and stay current on local decisions will be best positioned to help clients navigate this emerging landscape.