

Land at a Turning Point:

GUIDE FOR IDENTIFYING ITS HIGHEST AND BEST USE



If you are a private landowner, investor or steward of generational property, you may be wondering what to do next with your land. Should it continue to serve as a farm, ranch or recreational property? Or could it be repositioned for more valuable commercial use?

Land can hold great promise but realizing that potential takes more than acreage; it requires understanding what the land can truly support. Some parcels are perfect for growing neighborhoods, others for powering the digital world, and still many are best left to the quiet agricultural work they've always supported. This guide is your compass. It won't draw the road for you, but it will point you toward what's possible—and what's not—and help you understand what makes land suitable for three major categories:

- Data centers
- Master-planned communities
- Agricultural or legacy land

DATA CENTERS

Data centers are the engines of the digital world, but their site requirements are extensive and intricate, so they can't be built just anywhere. Among the most complex and capital-intensive developments, data centers demand more than open land; they require robust infrastructure, reliable resources, and a regulatory environment that supports development. As the industry evolves, buyers in this category are becoming increasingly sophisticated, and their expectations are rising. Their top priority is day-one power availability and the ability to scale over time in an area that welcomes their development.

Key Factors To Consider:

- **Power:** High-capacity transmission lines should be nearby, ideally 230 kV or higher, and the grid should have a high degree of available capacity with the ability to scale higher over time.
- **Water:** A significant, accessible and dependable water supply is essential for many data center developments. Closed-loop systems can reduce usage, but they are not a waterless solution.
- **Fiber:** Multiple fiber lines should also be located nearby, ideally three or more as data centers favor redundancy.
- **Zoning:** The property should have industrial zoning or allow data center use through a special-use permit. In some cases, annexation into a municipality may also be required.
- **Topography:** Flat land is strongly preferred because extensive site preparation work, like grading, can increase costs quickly and lengthen development timelines.
- **Community sentiment:** Local support for development is important, as large-scale projects often require cooperation from multiple stakeholders paired with an area that has a business-friendly regulatory environment.

Key Takeaway:

if your land lacks access to major power lines, fiber, abundant water, community support for data centers and favorable zoning, it may be better positioned for use other than data center development.

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MASTER-PLANNED COMMUNITIES

Master-planned communities (MPCs) are large-scale, amenity-rich residential developments designed to support long-term, community-oriented growth. These projects often span 500 acres or more and typically include thousands of homes. Designed to evolve over time, MPCs require more than open space; they depend on strong market fundamentals and the underlying infrastructure needed to support fully built-out communities.

As the success of large, well-executed communities has become more visible, demand from both institutional investors and experienced regional developers has increased. However, most new MPCs are still delivered by well-capitalized investors with deep track records, as developable sites capable of supporting MPCs remain limited.

Key Factors To Consider:

- **Population growth:** The surrounding area should show strong demand for housing, typically in high-growth markets.
- **Infrastructure:** Roads, water and sewer access are essential. Significant site improvements can add time and cost.
- **Homebuilder activity:** National and regional builders should already be active in the market, signaling a cooperative jurisdiction, market validation and confidence in future demand.
- **Regulatory path:** The property should be zoned (or have a clear path to zoning) for residential development, and there should be a realistic process for obtaining permits and approvals.
- **Financing tools:** The ability to bond infrastructure costs is a major advantage. (This is common in states like Florida, Texas, California, Arizona and Colorado, and emerging in Tennessee, Alabama and Georgia.)

Key Takeaway:

If your land is in a slow-growth area or lacks key infrastructure, it may be better suited for a different type of development.

AGRICULTURAL OR LEGACY LAND

Sometimes the best use of land is the one it already serves. Productive farmland that has grown crops for generations and ranch land that has supported livestock for decades often retains its value. While certain characteristics may influence how these properties are managed, their long-standing role in agriculture remains a cornerstone of their worth. Buyers of productive agricultural lands are increasingly institutional investors seeking stable growth and reliable annual returns from properties with dependable irrigation and climate resilience. In contrast, legacy ranchland buyers are often high-net-worth individuals looking for an inflation hedge and the tax benefits of grazing operations or conservation easements.

Key Factors to Consider:

- **Soil and productivity:** Land that supports crops or grazing typically holds steady value and remains in demand, providing a hedge against inflation.
- **Parcel size and shape:** Large, contiguous and relatively flat parcels are preferred for both farming and renewable energy development.
- **Access and location:** Proximity to roads and markets adds value for agricultural use, while closeness to transmission lines can increase feasibility for solar or battery storage projects.
- **Water availability:** Reliable water sources are critical for farming and in-place water rights can increase the attractiveness of agricultural land.
- **Environmental restrictions:** Minimal wetlands, endangered species habitats or existing leases (such as grazing or timber) make land easier to repurpose.

Key Takeaway:

If your land is remote, flat and low-cost—and not suitable for data centers or master planned communities, then renewable energy production may be worth exploring. Otherwise, agriculture, grazing or recreation may be its highest and best use.

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EVERY PARCEL HAS A PURPOSE

Not every property is destined for a data center, MPC or renewable energy projects. But every piece of land has a story, and every parcel serves a purpose. By weighing these factors, you can set realistic expectations and make decisions that honor both your goals and the land itself.

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