

The Power Imperative Reshaping Real Estate

Why energy availability is becoming a defining filter for capital allocation in the U.S.

By John Carrafiell, Co-Founder and CEO, BGO

Energy has become a defining force in U.S. real estate investment.

After more than a decade of flat electricity demand, consumption is rising again. The U.S. Energy Information Administration projects growth of roughly 2 to 3 percent annually through the end of the decade, driven by artificial intelligence, cloud computing, and the electrification of industry. Data centers alone are projected to account for as much as 8 to 10 percent of total U.S. electricity consumption by the early 2030s, up from roughly 3 to 4 percent today.

The infrastructure required to deliver that power is not keeping pace.

More than two terawatts of generation and storage capacity are currently waiting in interconnection queues across the United States, according to Lawrence Berkeley National Laboratory, with timelines that extend for years. Transmission expansion is lagging, constrained by permitting complexity and cost. The gap between demand and delivery is real, and it is widening.

In practical terms, it changes how location is understood. Access to power is now part of the asset, not an external input. Energy availability has moved from an operating consideration to a capital allocation filter. It now determines which assets are viable, which markets can support growth, and how value is realized.

At BGO, this is already reflected in how we allocate capital. Access to power is a core input in underwriting and market selection, alongside more traditional considerations such as demand drivers, supply, and capital costs. In many cases, it determines whether we pursue an opportunity at all.

The impact is already visible in the market.

In Northern Virginia, the largest data center market globally, utilities have begun to limit new large-load connections, with projects facing multi-year delays tied to grid capacity. Similar constraints are emerging across other high-growth markets.

These dynamics are most evident in sectors where demand is directly tied to energy.

Data centers continue to see strong demand. The constraint is access to power at scale. Where that access exists, assets generate durable cash

flow with clear long-term visibility. Where it does not, supply is constrained and timelines extend.

Industrial real estate is evolving in the same direction, with modern, future-proofed facilities requiring significantly more power than legacy warehouses. Facilities tied to advanced manufacturing, robotics, automation, and battery production require reliable, scalable energy, and are now competing with data centers for the same power capacity. U.S. manufacturing construction spending has more than doubled since 2021, supported by federal policy, increasing demand for sites that can support high-load usage. Performance is concentrating in markets where that capacity exists.

This extends to land.

Without access to power, many sites are simply not investable. Sites that do have access to power and water are materially more valuable, particularly for data infrastructure and advanced manufacturing. In some cases, that value is not yet fully reflected in pricing, particularly where infrastructure capacity is not immediately visible. Over time, this will create a clear separation between locations that can support growth and those that cannot.

Power availability is now influencing value directly, and for now, we believe the market is underpricing it.

As constraints tighten, we believe assets without access to power will underperform.

Time is also a factor. Delays tied to grid access and interconnection extend timelines and affect returns. These delays introduce a level of uncertainty that is increasingly difficult to underwrite around.

In this environment, certainty of access is as important as cost. Assets that combine strong cash flow with structural demand drivers will continue to outperform. In sectors where power availability supports tenant demand and limits new supply, that income is more durable.

As demand continues to grow and constraints become more visible, access to power will play a central role in how real estate is valued and how capital is deployed.

And for investors, that shift is already underway.

“We don’t evaluate location without evaluating power.”



John Carrafiell,
CEO, BGO.

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