



## St. Louis Develops Data Center Zoning Rules Amid AI-Driven Buildout

In 2025 and into 2026, developers across the country and the globe are engaged in a gold rush-like dash to construct data centers, driven primarily by the unprecedented demand for power availability necessitated by artificial intelligence (AI) and cloud computing. The global data center market is in the midst of immense growth, with revenue projections ranging between approximately \$300 to \$573 billion in 2026. The U.S. dominates the global market, holding close to a 50% share of all operational data centers worldwide. What was previously a sector of relatively unbridled growth has now come to a critical inflection point confronted by intense and polarizing zoning and community pushback. As developers are rushing to for the opportunity to secure a position in this lucrative sector, state, and local governments are similarly rushing to regulate it, and the communities across the country affected by it are ensuring their voices are heard. St. Louis is no exception.

In September 2025, Mayor Cara Spencer issued Executive Order No. 92, which directed city departments to craft a framework for the regulation of data center uses in St. Louis City. The staff of the Planning and Urban Design Agency prepared a report and drafted a zoning text amendment in partnership with the Zoning Section of the Building Division, the Office of Sustainability, the Office of Building Performance, the Water Division, the Health Department, and other city agencies. After months of research and deliberation, St. Louis City officials finalized their report and proposed regulations and presented both at a Planning Commission meeting on February 11, 2026. The meeting allowed planning commissioners and the community members to learn about and weigh in on the draft regulations. During the four-plus-hour meeting, more than 120 members of the public joined in person and online, and more than 50 people commented on the draft regulations. Some community members expressed concern over electricity rates, environmental issues, and noise

considerations, while some community members saw the potential for increased tax revenue that could be realized for the city should data center development be permitted.

Days later, on February 13, the St. Louis City's Board of Alderman voted down Board Bill 172, which would have placed a one-year moratorium on the issuance of data center permits in the city, clearing the way for city officials to approve permits for the construction of data centers. On April 21, city officials unanimously approved a conditional use permit for the construction of a data center at an old warehouse commonly known to city residents as "The Armory". The approval comes with an extensive list of conditions to address community concerns including water use, noise, and sustainability, and additionally requires the developer to enter into a Community Benefits Agreement (CBA), a legally binding property agreement holding the developer accountable to meet key metrics and contribute to the city in various ways. For example, the CBA will require the developer to construct and maintain roads and sidewalks surrounding the data center, pay significant liquidated damages in the event the data center fails to meet projected tax revenue and not seek local tax abatement incentives for the development. The development of the Armory is expected to create 200 full-time jobs and generate a tax revenue of \$27.4 million for the city and \$33.4 million for St. Louis Public Schools in its first year of operation.

The approval of the permit for The Armory represents a "win" for proponents of the project and the development of data centers as a whole, and recently, on June 10, 2026, the city's Planning Commission voted to recommend approval of the regulations to the Board of Alderman for a final vote, where it will face additional review before being finalized.

*This blog was drafted by [Connor Walsh](#), an attorney in the Spencer Fane Real Estate Development group. For more information, visit [www.spencerfane.com](http://www.spencerfane.com).*

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