Special Report

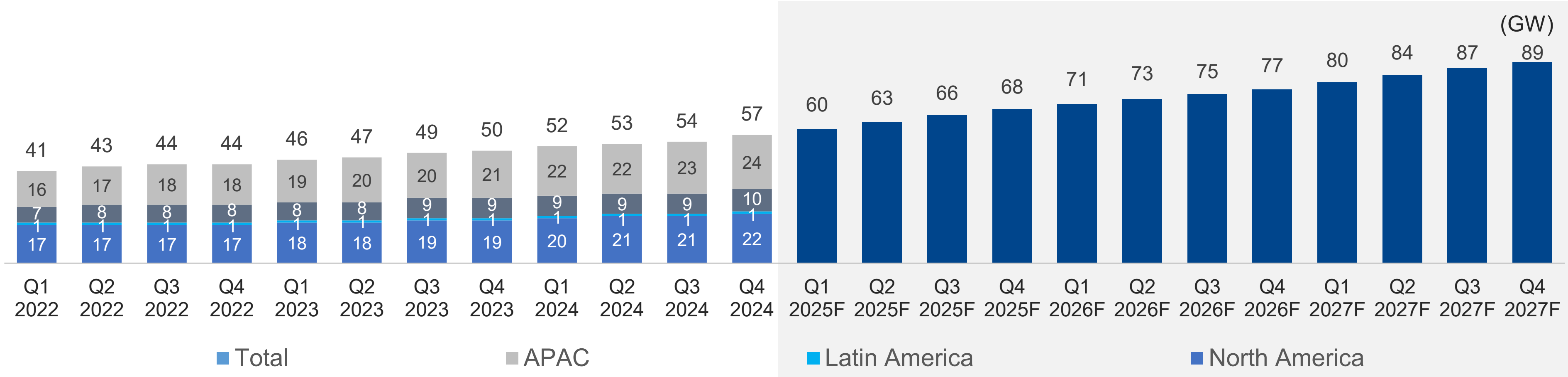
Data Center: The Next Frontier in Real Estate Investment

September 2025

Global Data Center Supply Growth Falls Short of Unprecedented Demand Amid Structural Shifts

The global data center industry is experiencing rapid demand growth, driven by the expanding use of technology and structural shifts in data consumption. Developers are building new facilities, but they cannot keep pace with rising demand – driving vacancy rates to record lows and pushing rents higher.

The amount of capital required to develop sufficient capacity to meet forecast demand is unprecedented for the industry. The chart below shows quarterly data centre supply since Q1 2022, with forecasts through Q4 2027.



- Data center capacity demand is driven by rapid growth in digital data creation, cloud computing, and the adoption of advanced technologies like artificial intelligence (including machine learning and natural language processing) that are highly computationally intensive and further increase capacity needs.
- Infrastructure funds, real estate investors, and energy-focused funds are increasingly investing in data centers, compressing yields while driving up valuation multiples. These investors are broadening the definition of “infrastructure” and seeking new asset categories amid the cyclicality of traditional sectors.
- Development focus has shifted towards large-scale facilities serving hyperscale customers, with 5 to 10 major hyperscale companies accounting for most wholesale colocation demand. Hyperscale customers prefer a small group of reputable, well-capitalised developers and operators.

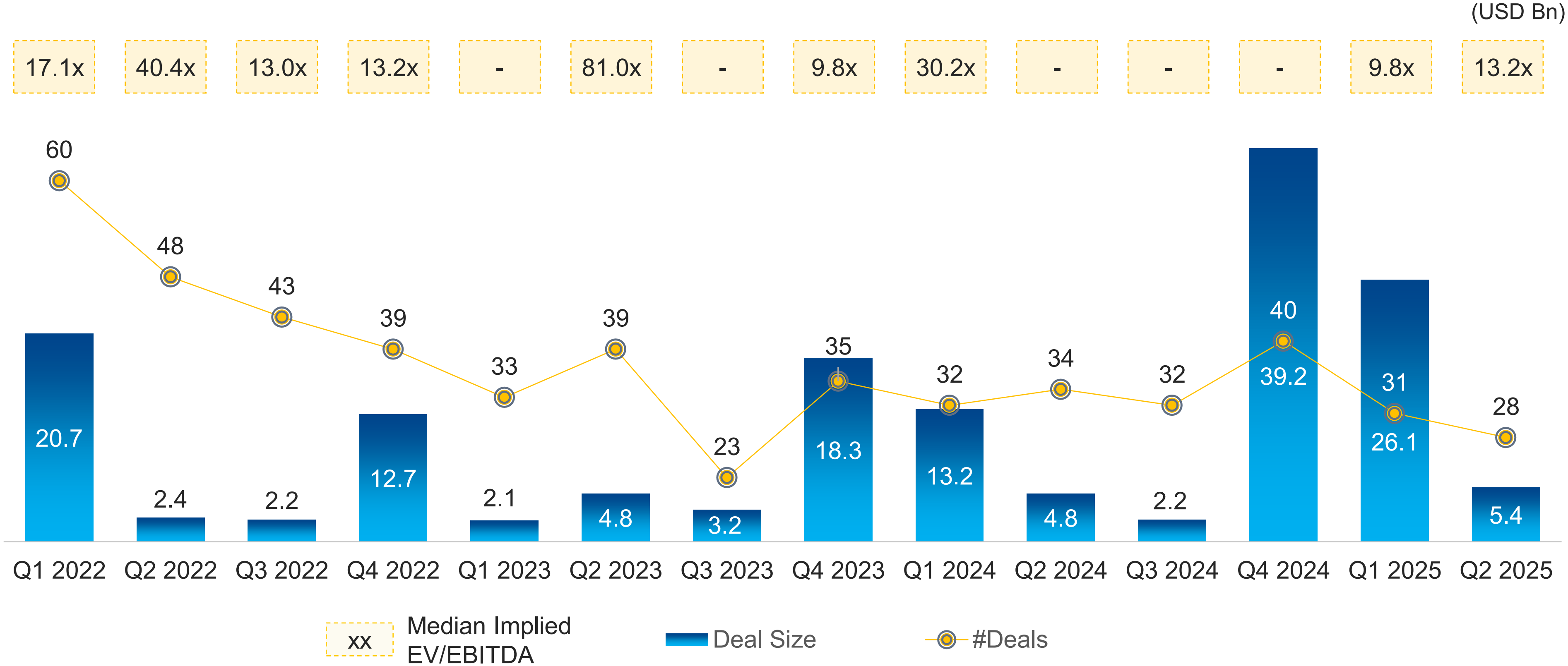
Source: *Goldman Sachs Research*

Deal Flows Since 2022 Reflect an Investment Shift from Volume to Value

The investment trend underscores a maturing market characterized by episodic capital deployment spikes, recalibrated valuation expectations, and strategic consolidation, affirming the data center sector's resilience and sustained attractiveness as a long-term digital infrastructure asset class.

From Q1 2022 to Q2 2025, the global data center investment landscape witnessed a total deal size of USD 4.8 bn across 517 transactions. Notably, Q4 2024 experienced a significant capital surge, with USD 39.2 bn deployed.

Over time, the deal count steadily declined from 60 deals in Q1 2022 to 28 deals by Q2 2025, signaling a shift toward a more selective and strategic investment environment. Despite the reduction in deal volume, transaction values remained robust, indicating a preference for fewer but larger, high-value acquisitions.



Source: *Aranca Research*

Top 10 Transactions by Deal Size in the Last 12 Months

Deal Date	Company	Investors	Deal Size USD Bn	Implied EV USD Bn	Percent Sought	Deal Type
Dec 2024	AIRTRUNK	Blackstone, CPP Investment	15.4	15.4	100.0%	Buyout
Jan 2025	Aligned Adaptive Data Centers	CenterSquare Investment Management, Macquarie Asset Management	12.0	-	-	PE Investment
Jun 2025	CORE SCIENTIFIC	CoreWeave	9.0	7.1	100.0%	M&A
Mar 2025	zt Systems	Advanced Micro Devices	4.9	4.9	100.0%	M&A
Jan 2025	DATABANK	Digital Bridge Group, Allstate Investment, Ardian	2.8	-	-	PE Investment
Sep 2024	EDGECORE DIGITAL INFRASTRUCTURE	Partners Group	1.9	-	-	PE Investment
Mar 2025	SEGRO | PURE DC |	Segro, Pure DC	1.7	-	-	Joint Venture
Oct 2024	Global Switch	HMC Capital	1.4	-	100.0%	Buyout
Jul 2025	green	IFM Investors	1.1	0.2	100.0%	Buyout
Feb 2025	FUJISOFT	Kohlberg Kravis Roberts	1.1	4.2	23.9%	Buyout

Note: *The top 10 transactions have been identified based on deal size and the completion status of the transactions.*
Source: *Aranca Research*

Leading Private Equity Investors Include Digital Bridge, Blackstone and I Squared Capital

Private Equity Investors	AUM *(USD Bn)*	Selected Recent Investments
Digital Bridge	106	DataCenter One, Vantage Data Centers, Switch, DataBank, Yondr
Blackstone	1,200	QTS, AirTrunk, DDN
I Squared Capital	60	Gyro Center, Proximity Data Centres, nlighten, KIO Data Centers, Euclyde Datacenters
Berkshire Partners	26	GCN Global Communication Networks, RDSolutions (Formerly RetailData), MedOne, AHEAD
GI Partners	47	NFINIT, Sentinel Data Centers, Flexential
Partners Capital	174	atNorth, Digital Halo, GreenSquareDC, EdgeCore Digital Infrastructure
Allstate Investment	20	Zayo, EdgePresence, DataBank
Bain Capital	185	Crusoe, Itascapoint, DC BLOX, AQ Compute, Chindata Group
Ardian	180	Verne Global, IDecNet Grupo Aire, AHEAD, DataBank
Kohlberg Kravis Roberts	686	STTelemedia Global Data Centres, CyrusOne, Fujisoft, Nxera

Source: *Aranca Research*

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