CUSHMAN & WAKEFIELD

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ASIA PACIFIC
DATA CENTRE INVESTMENT LANDSCAPE

A PUBLICATION OF CUSHMAN & WAKEFIELD'S
ASIA PACIFIC DATA CENTRE GROUP (APAC DCG)

INVESTMENT TRENDS

MARKET INSIGHTS

INVESTMENT INDICATORS

LENDERS' PERSPECTIVES

OUTLOOK

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INCLUDED MARKETS



- Australia
- Chinese Mainland
- Hong Kong, China
- Taiwan, China
- India
- Indonesia
- Japan
- South Korea
- Malaysia
- New Zealand
- Philippines
- Singapore
- Thailand
- Vietnam

INTRODUCTION



Author

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Asia Pacific's data centre industry is transitioning from a high-growth sector into a critical infrastructure asset class supported by long-term structural demand. AI adoption, cloud expansion, digital sovereignty initiatives, and persistent infrastructure deficits are creating a multi-year investment cycle, while power and land constraints are supporting asset values and rental growth.

For investors, operators, and developers, success will increasingly depend on securing scalable power, future-ready infrastructure, and strategic positions within the region's next generation of digital infrastructure hubs.

Despite the growth, reliable benchmarks for key investment metrics such as capitalisation rates, yield on cost (YoC), development economics, and long-term return profiles remain limited across much of Asia Pacific. The relatively small pool of comparable transactions, varying market maturity levels, and the rapid evolution of data centre business models have created significant information gaps for investors, lenders, developers, and occupiers seeking to assess investment opportunities across the region.

This report seeks to bridge those gaps by providing a comprehensive assessment of the Asia Pacific data centre investment landscape across fourteen key markets. The report aims to provide stakeholders with practical insights into the opportunities and risks shaping the region's rapidly expanding digital infrastructure sector.

Against this backdrop, investment decisions are becoming increasingly influenced by factors extending beyond location alone. As a result, capital is increasingly being directed towards projects with secured demand, adaptable infrastructure, and strong long-term operating fundamentals.

VÄRDE



Kevin Tham

Managing Director, Asia Credit
Varde Partners

CapEx requirements across the data centre ecosystem are no longer an "if" but a "when." As enterprise demand, data sovereignty, and AI adoption accelerate, private credit will play a critical role in filling funding gaps where traditional bank and bond financing cannot.

I often describe the ecosystem as a dartboard: traditional financing is concentrated in the bullseye around hyperscaler buildouts, while private credit becomes increasingly relevant in the outer rings where bottlenecks emerge.

These include financing speculative builds to meet deployment timelines, providing leverage against mezzanine and equity positions in platforms and individual assets, and supporting broader ecosystem participants. This extends to GPU financing for NVIDIA Cloud Partners (NCPs) and capital solutions for power, cooling, server, and EPC contractors.

Financing is rapidly becoming the primary constraint on growth, surpassing power, land, hardware, and talent. With its flexibility, speed, and scale, private credit complements traditional funding and is becoming an essential component of the capital markets toolkit for data centres.

KEY TAKEAWAYS

Asia Pacific remains one of the most compelling data centre investment destinations globally, underpinned by accelerating AI adoption, cloud expansion, enterprise digital transformation, and significant infrastructure undersupply. Despite 2,200MW of new colo capacity getting operational over the past year, the regional vacancy tightened to 10.3%, highlighting demand that continues to outpace supply.

With 22.7GW of colo capacity in the development pipeline and strong pre-leasing momentum, the sector is positioned for sustained growth over the next three to five years. Key insights include:

248,000
PEOPLE PER MW

Infrastructure deficit supports long-term growth:
- Asia Pacific holds 60% of global population but 22% of operational data centre capacity.
- Vietnam, the Philippines, India, Indonesia, and Thailand most underserved

25-35%
AI CAPEX PREMIUM

AI reshaping demand and capital deployment:
- AI, neo-clouds, and GPU-intensive workloads driving a new phase of capacity expansion.
- Design flexibility is now a pricing input.

+115%
PRE-LEASING YOY

Pre-leasing is now a strategic necessity:
- Power constraints, longer development timelines, are driving customers to commit well before RFS
- 7.8GW capacity already contracted

$280 bn
CAPEX TO 2030

Investment requirements continue to grow:
- Japan accounts for about 25% of total regional CapEx requirement.
- Access to large capital will be critical for success.

$950 bn
ASSET VALUE 2030

Strong revenue growth underpins asset values:
- $66 bn projected annual rental income by 2030.
- Top 5 markets to account for 71% share in rent revenue.

10%+
YIELD ON COST

Attractive yield opportunities remain:
- All markets excl. Japan, Chinese Mainland, and Hong Kong China, can deliver >10% unlevered yield-on-cost (YoC)
- Asset specific investment performance now determined by scalable power, AI readiness, tenant quality, and build specifications.

REGIONAL GROWTH

Data centre market remains on a steep growth trajectory, with operational capacity across all three regions projected to more than double by 2030. While cloud services and enterprise digital transformation continue to underpin demand, the rapid emergence of Artificial Intelligence (AI) and neo-cloud providers is driving a new phase of infrastructure expansion, significantly increasing requirements for compute-intensive capacity.

Since the last edition of this report, APAC added more than 2,200MW of capacity to its operational stock. Despite this growth, vacancy tightened from 11.0% to 10.3%, underscoring demand that continues to outpace supply. At the same time, the colo development pipeline expanded by over 8,200MW to a record 22,745MW.

> **Colocation operators account for 86% of planned capacity, with hyperscaler self-builds comprising just 14%.**

This highlights the increasing preference of hyperscale cloud providers to lease capacity rather than develop at scale, reinforcing the investment opportunity across the colocation sector in Asia Pacific. Demand is also broadening beyond major cloud platforms, with AI companies and neo-cloud providers driving incremental capacity requirements across key markets.

> **While development activity remains robust, delivery challenges are intensifying.**

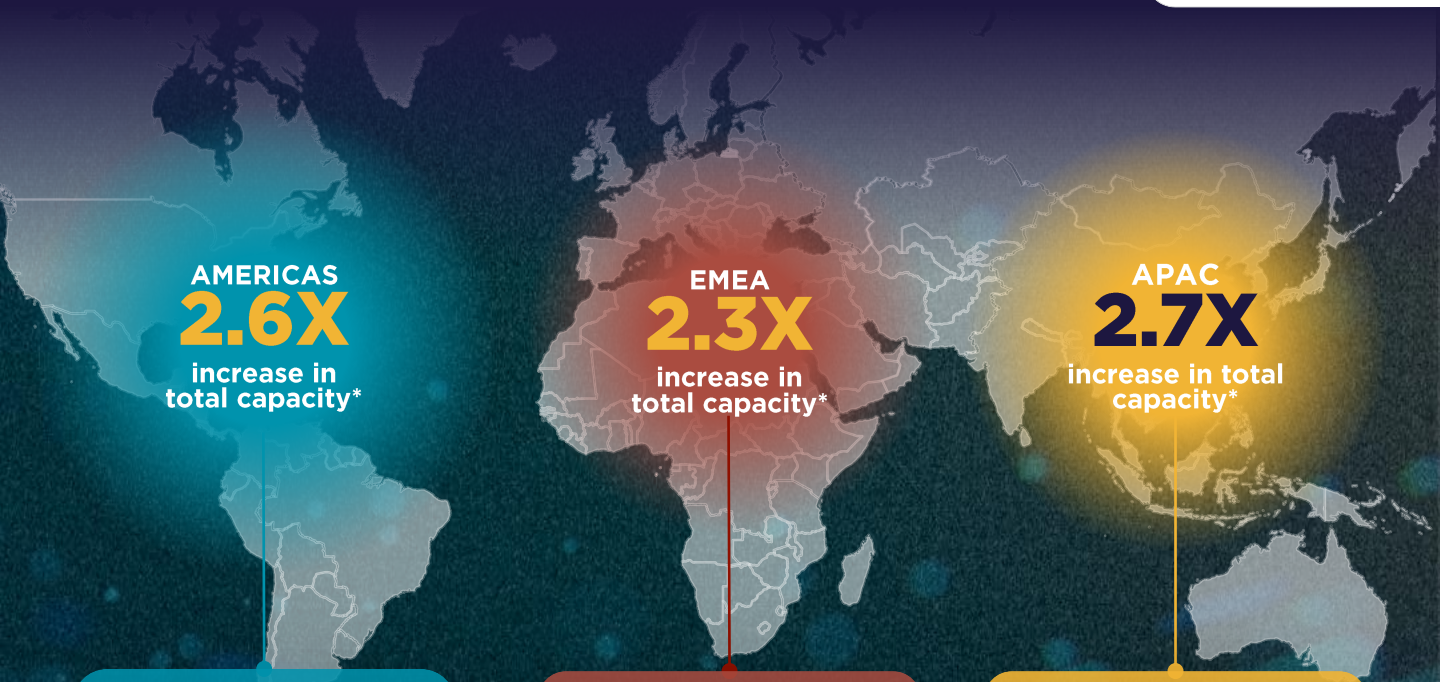
Power and water availability, land constraints, speed-to-power requirements, and evolving regulations continue to shape market dynamics. In response, operators are strengthening partnerships with developers, utilities, and governments to secure critical infrastructure and accelerate deployment.

With demand drivers diversifying and supply constraints persisting, Asia Pacific remains well positioned for sustained growth, supported by strong fundamentals and a favourable outlook for data centre investment.

Key Assumptions

- Development pipeline excludes early-stage projects
- Vacancy is calculated on Operational Colocation Capacity





AMERICAS
2.6X
increase in total capacity*

EMEA
2.3X
increase in total capacity*

APAC
2.7X
increase in total capacity*

Operational Capacity: 50,382MW
- Colocation: 21,722MW
- Hyperscale: 28,661MW
- Vacancy: 3.8%

Under Construction: 37,699MW
- Colocation: 17,388MW
- Hyperscale: 20,361MW

Planned: 42,035MW
- Colocation: 19,219MW
- Hyperscale: 22,816MW

Operational Capacity: 12,004MW
- Colocation: 8,485MW
- Hyperscale: 3,019MW
- Vacancy: 9.3%

Under Construction: 2,675MW
- Colocation: 2,039MW
- Hyperscale: 655MW

Planned: 12,149MW
- Colocation: 11,010MW
- Hyperscale: 1,945MW

Operational Capacity: 15,135MW
- Colocation: 13,078MW
- Hyperscale: 2,057MW
- Vacancy: 10.3%

Under Construction: 4,764MW
- Colocation: 3,742MW
- Hyperscale: 1,022MW

Planned: 21,691MW
- Colocation: 19,004MW
- Hyperscale: 2,688MW

**growth projections until 2030*

IFC International Finance Corporation WORLD BANK GROUP



Vikram Kumar
Director & Regional Head Infrastructure & Natural Resources, APAC, International Finance Corporation

Asia Pacific is the world's fastest-growing data centre market and now ranks second only to North America in installed capacity. Growth is expanding beyond established hubs such as Singapore and Malaysia into Thailand, Indonesia, the Philippines, and India, as hyperscalers and operators pursue access to power, land, connectivity, and rising domestic demand. This diversification creates significant opportunities while requiring capital and expertise tailored to each market's infrastructure, regulatory, and policy environment.

As the sector scales, sustainability has become a key investment priority. Developers are increasingly incorporating energy-efficient design, renewable energy sourcing, and responsible water management into new facilities, driving investment in resilient and sustainable data centre ecosystems.

At the same time, AI training and inference workloads are reshaping capital requirements. Emerging models, including neo-cloud and large-scale AI infrastructure, are driving demand for innovative financing solutions such as GPU-backed lending and hybrid capital structures, requiring broader investor participation and stronger ecosystem collaboration among developers, technology providers, financial institutions, and investors.

POPULATION DENSITY HIGHLIGHTS GROWTH MARKETS

Data centre demand has long been supported by digital transformation, cloud adoption, and rising data consumption. AI is now accelerating these trends, creating a new wave of infrastructure demand across Asia Pacific.

A key measure of market potential is population per MW of operational capacity. Markets with high population-to-capacity ratios typically indicate undersupply and stronger long-term growth prospects.

> As of H1 2026, Chinese Mainland, India, Indonesia, Thailand, the Philippines, and Vietnam each exceed 200,000 people/MW, well above the regional average.

Together, these markets represent more than 90% of Asia Pacific's population but remain comparatively underpenetrated from a digital infrastructure perspective.

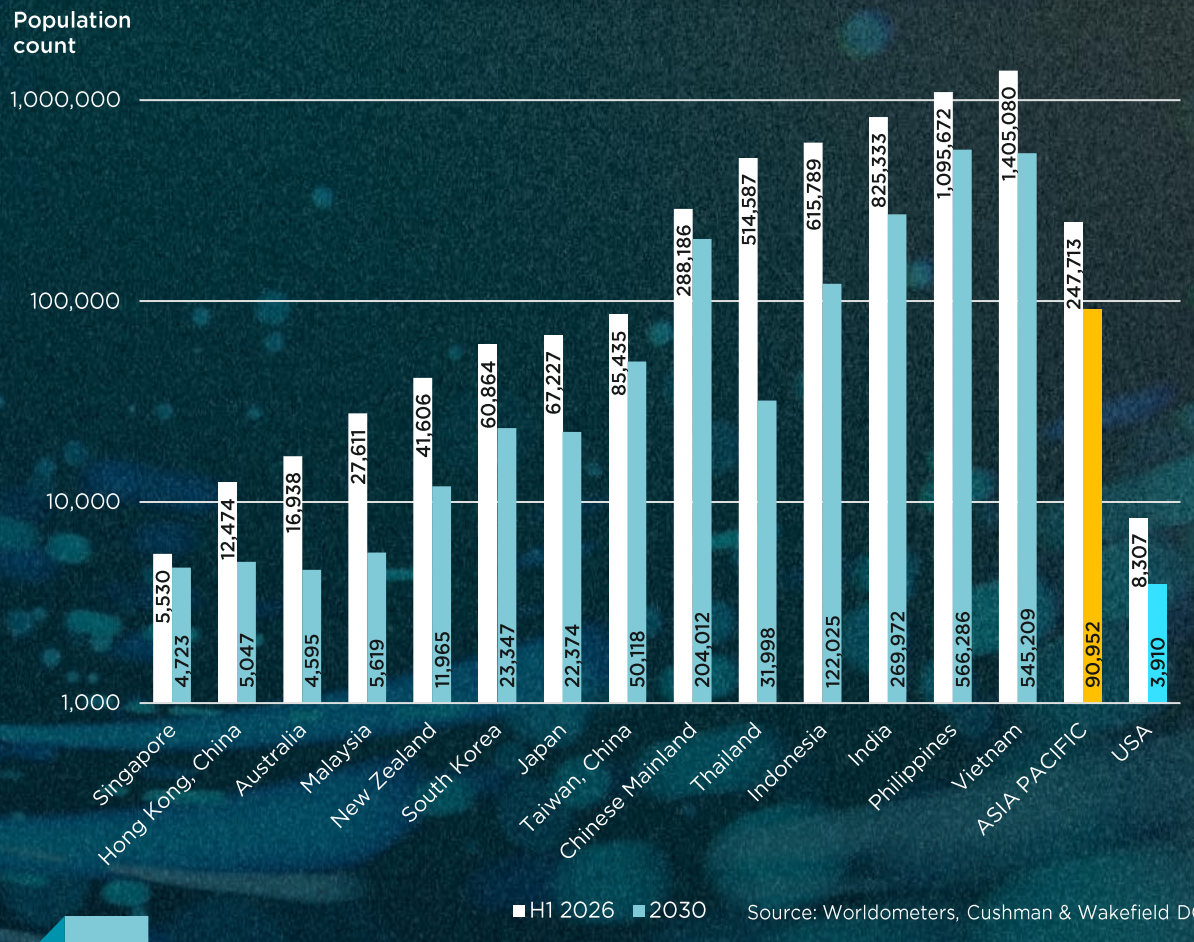
The imbalance is most pronounced in Vietnam (1.4 mn people/MW), the Philippines (1.1 mn), India (825,000), Indonesia (616,000), and Thailand (515,000). These metrics point to substantial latent demand and a significant runway for capacity expansion driven by cloud adoption, digitalisation, and AI deployment.

> Even with planned capacity additions through 2030, many of these markets are expected to remain above the population-to-capacity levels of established hubs, suggesting new supply will primarily address existing deficits rather than create oversupply.

By comparison, mature markets such as Singapore, Hong Kong, and Australia have significantly lower population-per-MW ratios, reflecting deeper digital infrastructure penetration and higher levels of cloud adoption, enterprise digitisation, and digital content consumption. As a result, the population-to-capacity gap remains one of the clearest indicators of where the next phase of data centre investment is likely to be concentrated across Asia Pacific.



Population per MW



Source: Worldometers, Cushman & Wakefield DCG

The population per MW ratio underscores the lack of digital infrastructure in Asia Pacific.

- The Asia Pacific region accounts for over 60% of the world's population however, it accounts for only 22% of the operational data centre capacity.
- At the end of H1 2026, Asia Pacific recorded a density of about 247,700 people/MW compared to a ratio of 106,800 people/MW at a global level.
- Even if the entire capacity in the development pipeline is built, the ratio will improve to about ~91,000 people per MW by 2030.
- According to the International Telecommunication Union the internet penetration in the Asia Pacific stands at 77%. In addition, the region consumes about 27GB/ smartphone/ month.
- These factors highlight the need for digital infrastructure in Asia Pacific.

SECURING CAPACITY THROUGH PRE-LEASE

Demand Fundamentals

- **AI and cloud adoption continue to outpace new supply**, prompting hyperscalers and enterprises to secure capacity years in advance through pre-leasing.
- **Data sovereignty and evolving regulations** are driving infrastructure localisation and supporting demand across domestic markets.
- **Tight capacity in key hubs** including Johor, Mumbai, Melbourne, Sydney, and Tokyo is accelerating pre-lease activity as occupiers seek to secure future availability.

Speed-to-Market Considerations

- **Power availability has become the primary development constraint** across many markets. In many cases, access to future power capacity is more critical than access to the facility itself.
- **Extended development timelines**, driven by land, power, permitting, and supply chain challenges, are encouraging occupiers to commit earlier to de-risk expansion plans.

Evolving Technical Requirements

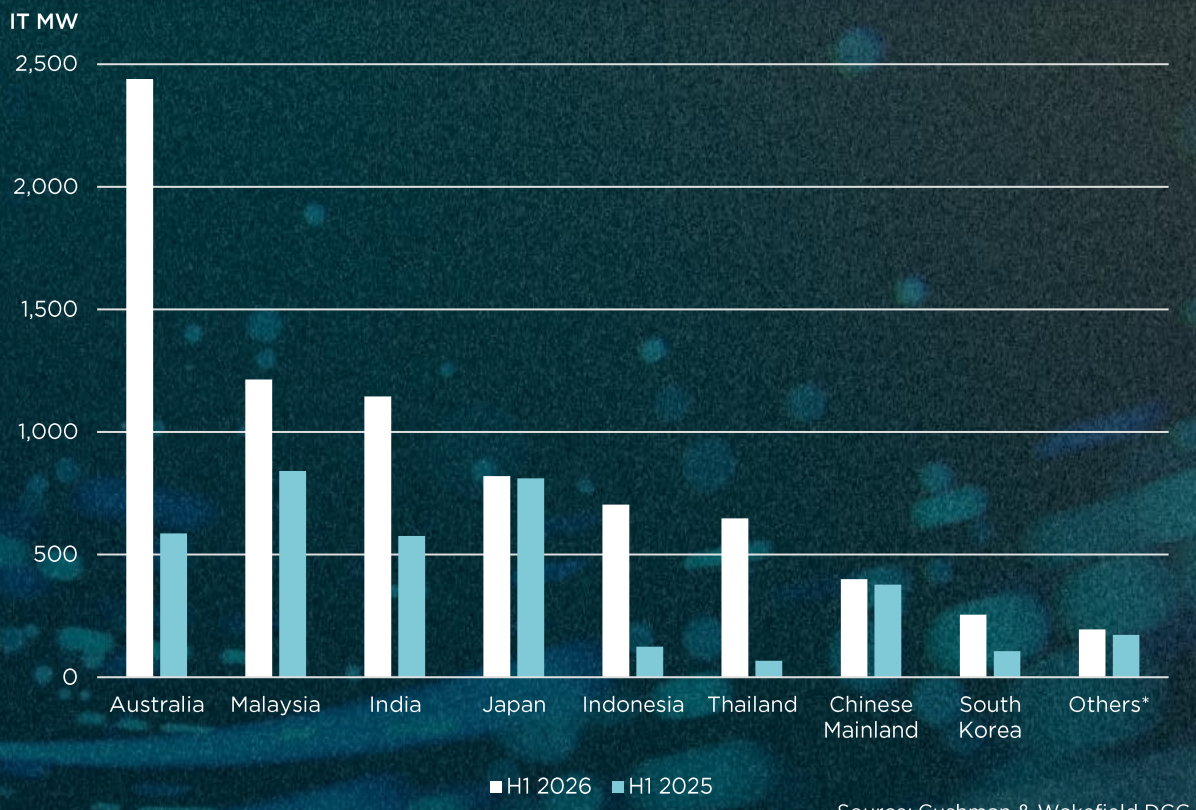
- **AI workloads are increasing power density and cooling requirements**, driving demand for purpose-built next-generation facilities.
- **Rapidly evolving design standards**, alongside rising project costs, are increasing the importance of pre-leasing. Operators benefit from reduced speculative risk, while occupiers secure infrastructure tailored to their technical and scalability requirements.

Investor Takeaway

Pre-leasing has evolved from a capacity reservation tool into a strategic necessity, enabling occupiers to secure power, accelerate deployment timelines, and access purpose-built infrastructure in an increasingly supply-constrained market.



Pre-leased capacity comparison



Source: Cushman & Wakefield DCG

Australia, Malaysia, India, and Japan remain the engines of Asia Pacific's data centre expansion.

- Pre-leasing demand surged 115% year-on-year, with over 7.8GW of pipeline capacity already secured.
- Australia dominates the market, reaching 2.44GW of pre-leased capacity, equivalent to 61% of its development pipeline.
- Indonesia and Thailand posted the strongest growth, with pre-leasing activity rising 5x and 9x year-on-year.
- Market maturity is accelerating, with 9 of 14 Asia Pacific markets achieving pre-lease rates above 25%.
- Hong Kong, New Zealand, the Philippines, Singapore, Taiwan, and Vietnam remain in earlier stages of market development, resulting in relatively low levels of pre-leased capacity.

**Others include Hong Kong China, New Zealand, Philippines, Singapore, Taiwan China, and Vietnam.*

LENDER PERSPECTIVE: DATA CENTRE FINANCING

Feedback from a cross-section of senior lenders active in Asia Pacific data centre financing indicates that the sector continues to attract strong capital support, with lenders increasingly viewing data centres as a hybrid real estate and infrastructure asset class. While appetite remains robust, underwriting standards are becoming more sophisticated as lenders balance significant growth opportunities against execution risk, customer concentration, technology evolution, and asset obsolescence.

Across the market, lenders continue to prioritise transactions involving experienced operators, institutional sponsors, and established hyperscale customer relationships. The presence of long-term contracted cash flows remains one of the most important credit considerations, with many lenders requiring substantial pre-leasing before providing development financing.

> **While financing is available across both stabilised and development-stage assets, speculative projects face restrictive underwriting. Banks are unlikely to support speculative developments.**

Term loans and revolving credit facilities remain the dominant financing instruments, supplemented by green loans and sustainability-linked facilities. Financing structures are becoming increasingly flexible. Development financing now spans multiple project stages, including shell and core construction, powered shell delivery, and full fit-out. Larger projects frequently employ multiple drawdown tranches aligned to development milestones.

> **Financing is gradually shifting from traditional real estate toward infrastructure-style underwriting. Lenders increasingly assess data centres based on long-term contracts, operational resilience, and tenant relationships rather than solely asset values.**

Outlook: The lender community remains constructive on data centres and continues to view the sector as one of the most attractive segments within real estate and infrastructure. Demand growth driven by cloud adoption, AI workloads, and digital transformation is underpinning strong financing activity across both mature and emerging markets. However, capital providers are becoming more selective in underwriting, with increasing emphasis on sponsor quality, contracted revenues, customer strength, technological resilience, and long-term operational sustainability. As the market matures, financing structures are expected to continue evolving toward more infrastructure-oriented models, supporting larger, more complex, and institutional-scale data centre platforms across the region.

Debt raised by operators between 2025 and YTD 2026

Date	Operator	Amount	Location	Type	Lenders	Source
Aug-26	STT GDC	$1.37 bn	Malaysia	Green loan	UOB, OCBC, StanChart, CIMB	DataCentre Dynamics
May-26	Digital Edge	$575 mn	APAC	HoldCo financing	Syndicate of 7 Lenders & Arrangers	Reuters
May-26	NEXTDC	$1.3 bn	APAC	Senior debt	Syndicate of 7 Lenders & Arrangers	ASX Release
May-26	Digital Edge + B.Grimm Power	$880 mn	Thailand	Green loan	Syndicate of 9 Lenders & Arrangers	DigitalEdge
Apr-26	BDx	$320 mn	Indonesia	Debt facility	Bank Permata, BCA, and KB Bank	BDx
Mar-26	AirTrunk	$1.24 bn	Japan	Green loan	Syndicate of 12 Lenders & Arrangers	AirTrunk
Mar-26	PDG	$350 mn	APAC	HoldCo loan	Syndicate of 7 Lenders & Arrangers	PDG
Feb-26	Firmus	$10 bn	Australia	Debt facility	Blackstone, Coatue	Mingtiandi
Sep-25	Bridge DC	$2.8 bn	APAC	Senior secured bank loan	Syndicate of 24 Lenders & Arrangers	Yahoo Finance
Aug-25	AirTrunk	$1.75 bn	Singapore	Green loan	Syndicate of 23 Lenders & Arrangers	AirTrunk
Aug-25	AirTrunk	$16 bn	APAC	Green loan	Syndicate of 60 Lenders & Arrangers	AirTrunk
Aug-25	NEXTDC	$2.3 bn	APAC	Senior debt	Syndicate of 31 Lenders & Arrangers	IFR
Jun-25	NEXTDC	$1.43 bn	APAC	Senior debt facilities	ANZ, CommBank, MUFG, NAB, RBC	NextDC
Jun-25	DayOne	$411 mn	Indonesia	Project financing	DBS, UOB	Reuters
May-25	PDG	$800 mn	India, China, Japan	Project financing	Syndicate of Lenders & Arrangers	PDG
May-25	PDG	$400 mn	APAC	HoldCo loan	Syndicate of Lenders & Arrangers	PDG
Feb-25	Nxera	$476 mn	Singapore	Green loan	DBS, OCBC, StanChart, HSBC and UOB	Nxera-dc
Jan-25	Digital Edge	$1 bn	APAC	Debt financing	Syndicate of Lenders & Arrangers	DigitalEdge

based on publicly announced debt financing deals

Over $43 bn raised in debt during 2025 and YTD 2026*

- All debt deals reported were extended by syndicate of lenders and arrangers
- AirTrunk's $16 bn green loan had a syndicate of 60 lenders and arrangers
- Green loans and HoldCo financing has been the most common strategy
- 10 of the 18 deals exceeded $1 bn
- 2 deals were greater than $10 bn each
- Multinational banks are the most active in lending across Asia Pacific

CAPITAL DEPLOYMENT AND OBSOLESCENCE RISK

AI infrastructure is reshaping data centre investment strategies. Rapid advances in GPU technology are driving frequent changes in power, cooling, rack density, and building design requirements, increasing uncertainty around long-term standards and shortening technology cycles. Meanwhile, AI-ready facilities with liquid cooling typically require 25% to 35% higher CapEx than traditional air-cooled data centres.

These dynamics are increasing development risk and reducing appetite for speculative construction. While developers continue to secure land, power, and planning approvals, major capital commitments are increasingly tied to pre-leasing agreements and customer contracts, helping mitigate technology, leasing, and execution risk.

Technology and Core & Shell obsolescence has also become a key consideration. Infrastructure designed today may not fully support next-generation AI hardware, placing greater emphasis on flexibility, modularity, and future-proofing in investment decisions.

At the same time, customer requirements are diverging. Hyperscale cloud and AI providers are adopting distinct infrastructure standards, driving demand for customised facilities rather than standardised product offerings.

Investor Takeaway

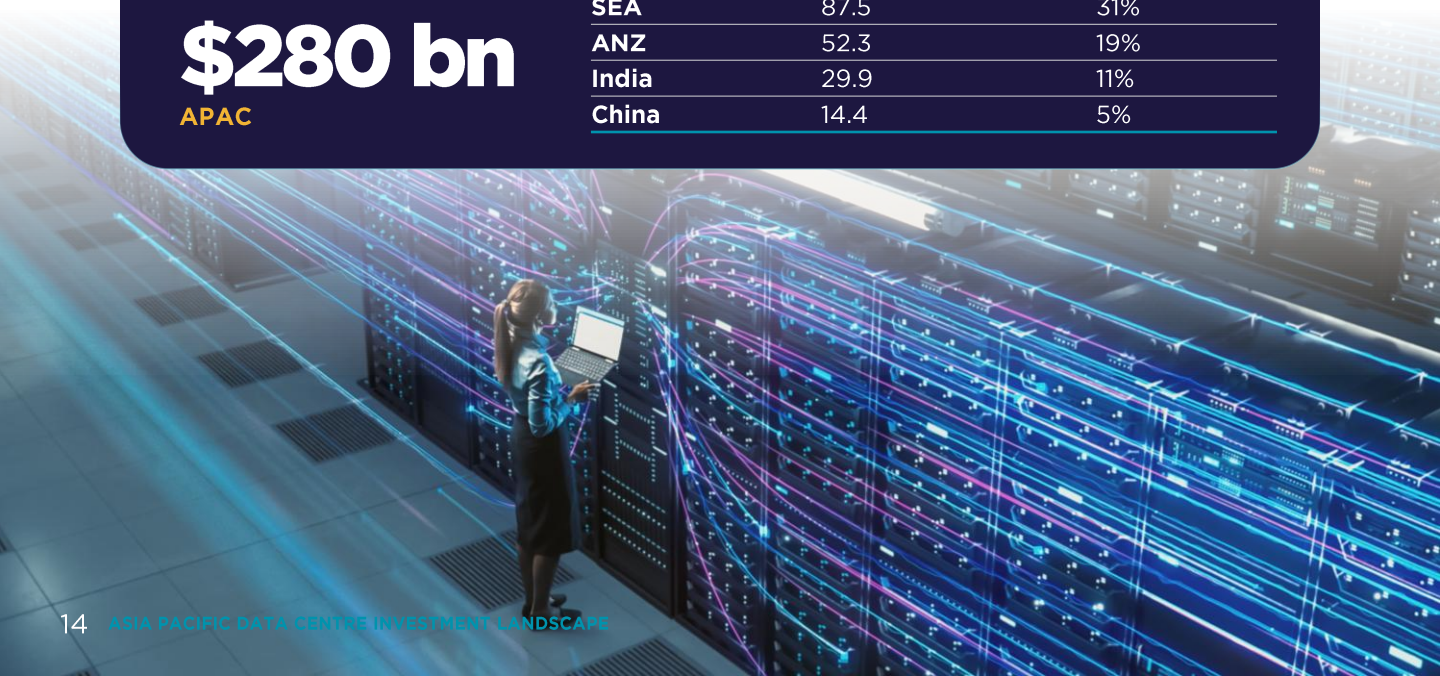
Capital is increasingly flowing towards projects with secured long-term contracts, scalable power access, and adaptable infrastructure. In the current environment, the ability to manage specification risk and technology obsolescence has become as important as location and power availability in determining investment attractiveness.

CapEx Required 2026 – 2030

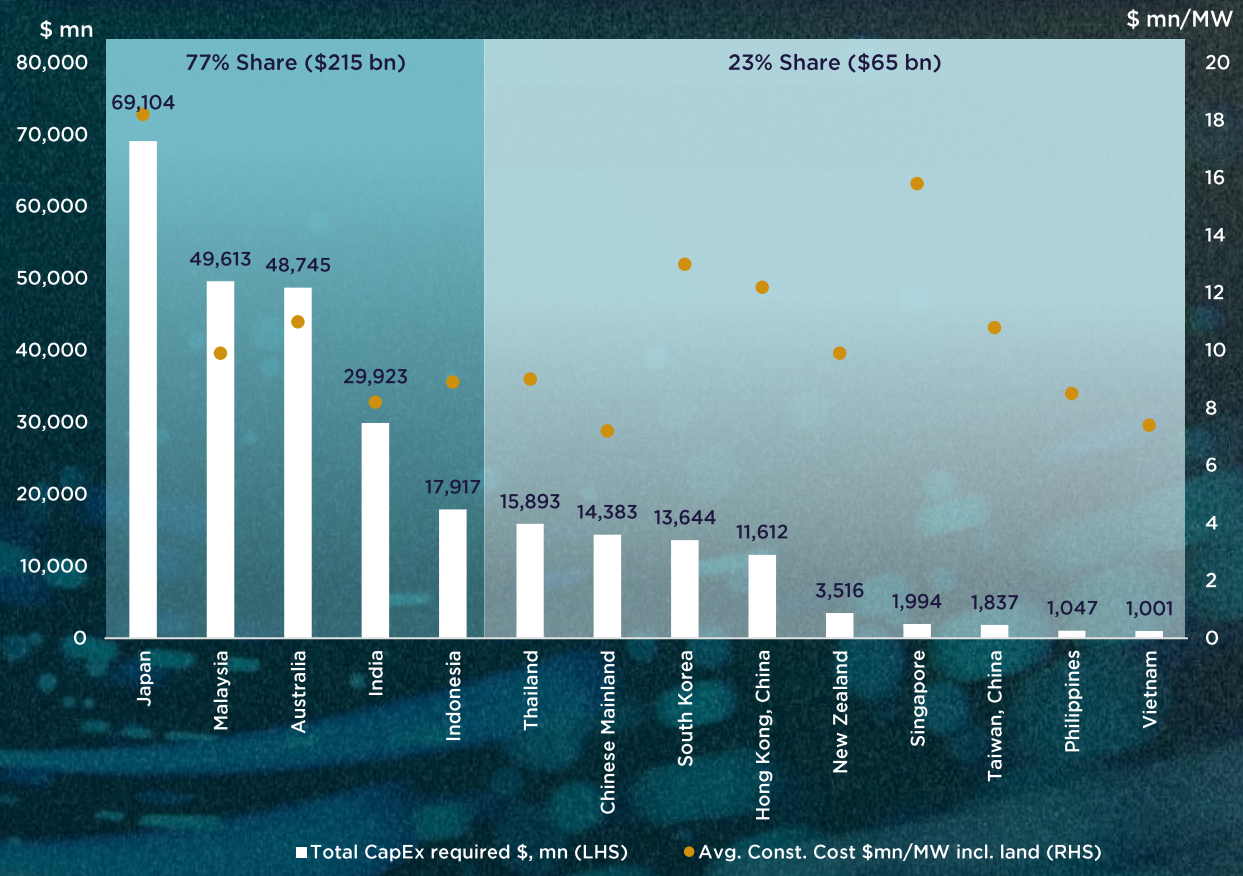
$280 bn

APAC

Region	Total CapEx $bn	Share
NEA	96.2	34%
SEA	87.5	31%
ANZ	52.3	19%
India	29.9	11%
China	14.4	5%



Total development CapEx through 2030



Source: Cushman & Wakefield DCG

The cumulative CapEx required in Asia Pacific between 2026 and 2030 in construction costs has surpassed 280 bn.

- Just five markets command 77% of the CapEx needed to support Asia Pacific's data centre development pipeline.
- Approximately 15% of the region's planned capacity is already under active construction.
- High construction costs propel Japan to a 25% share of Asia Pacific's total data centre CapEx requirement.
- Developing data centre capacity in Asia Pacific costs an average of $10.7 mn per MW, including land.
- The combined CapEx requirement of the bottom five markets remains below $10 bn, less than Hong Kong alone.

REVENUE OUTLOOK AND INVESTMENT IMPLICATIONS

The Asia Pacific colocation market is expected to remain concentrated, with Japan, Australia, Malaysia, India, and Mainland China accounting for 71% of regional colocation rent revenue in 2030. Japan and Australia are each projected to generate more than $10 bn in annual colocation revenue, while Malaysia is forecast to reach $9.4 bn, reflecting its rise as a major hyperscale hub.

At the other end of the spectrum, New Zealand, the Philippines, Vietnam, and Taiwan are expected to remain sub-$1 bn markets by 2030. However, Indonesia and Thailand are scaling rapidly and are forecast to exceed $3 bn in annual revenue, positioning them among the region's most attractive growth markets.

> **Supported by expanding capacity and revenue growth, the valuation of operational data centre assets across 14 Asia Pacific markets is projected to surpass $950 bn by 2030.**

Japan is expected to remain the region's largest investment market, with asset values of more than $250 bn, underpinned by its scale, mature leasing environment, and compressed cap rates.

Cap rates vary significantly across the region. Hong Kong, Japan, and Taiwan trade below 5%, reflecting market maturity and scarcity value. In contrast, India, Indonesia, and Vietnam offer cap rates above 7%, providing higher return potential alongside greater development and operational risk. All other markets fall within the 5% to 7% range.

Valuation dispersion is also widening at the asset level. Factors such as power availability, AI readiness, tenant quality, lease duration, scalability, and technical specifications are increasingly influencing pricing.

Investor Takeaway

As the sector matures, returns will depend less on market selection and more on asset quality. Assets with secured power, strong tenant covenants, and future-ready infrastructure are likely to command premium valuations and outperform as AI-driven demand accelerates.

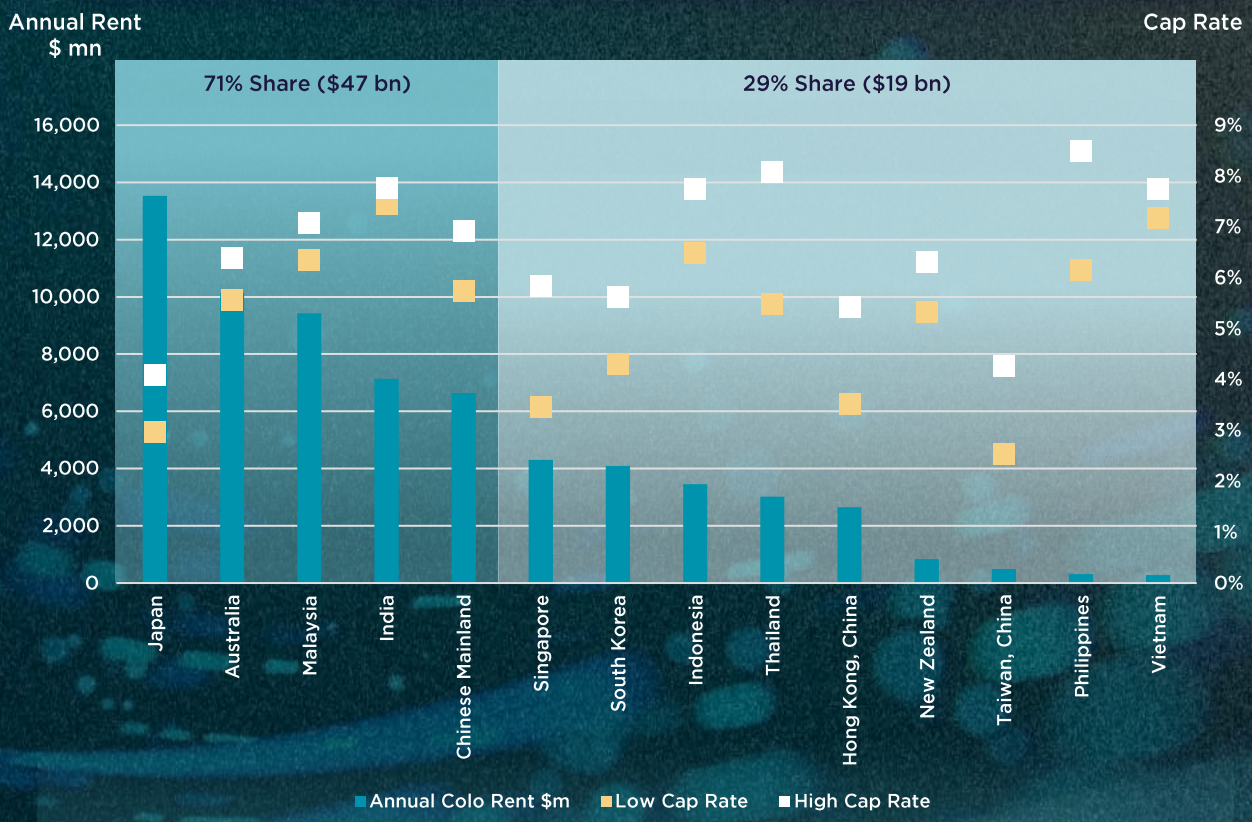
Annual Colo Rent 2030

$66 bn

APAC

Region	Total Rent $bn	Share
NEA	20.8	31%
SEA	20.8	31%
ANZ	11	17%
India	7.1	11%
China	6.6	10%

Total Annual Colo Rent (2030) and Current Cap Rate



Source: Cushman & Wakefield DCG

NOTES FOR GRAPH

- The estimates are based on unlevered cost of capital.
- Colocation rental income is the only source of revenue factored in the assessments. Other charges such as cross connects, internet, one-time set-up fees, add-on services, etc. have been excluded from the analysis.

The total annual colo rent revenue in Asia Pacific is forecast to be over $66 bn by 2030

- The average cap rate in Asia Pacific increased marginally from 5.8% in 2025 to 5.9% in 2026.
- With operators speeding up development, the colo capacity in pipeline increased 70% Y-o-Y to 22.7GW until 2030.
- Therefore, the cumulative annual rental potential increased 50% over the previous edition to $66 bn in 2030.
- NEA markets have the lowest cap rates ranging between 2.8% and 4.9% whereas it ranges between 5% and 7.7% in SEA.
- While Japan retained its top position, Australia moved to 2nd position and Malaysia jumped from 5th to 3rd. Chinese Mainland dropped to 5th position from 2nd. India remained unchanged at 4th.

ASSET SPECIALISATION AND YIELD DIFFERENTIATION

The Asia Pacific data centre market is becoming increasingly specialised, with facilities designed for distinct use cases including hyperscale cloud, AI training, AI inference, GPU-as-a-Service, enterprise colocation, and edge computing. Each segment requires different power densities, cooling systems, resiliency standards, and commercial structures, creating meaningful differences in development costs and investment returns.

As a result, Yield on Cost (YoC) can vary significantly within the same market. Development costs may differ by more than 50%, driven by rack density, cooling architecture, redundancy requirements, and fit-out specifications. Commercial structures also range from core-and-shell and powered-shell offerings to fully fitted and build-to-suit solutions.

Rental performance is becoming equally asset-specific. Beyond technical specifications, rents are increasingly influenced by power availability, scalability, location, tenant profile, lease duration, and market vacancy. Consequently, rental spreads of more than 35% can exist between assets within the same market.

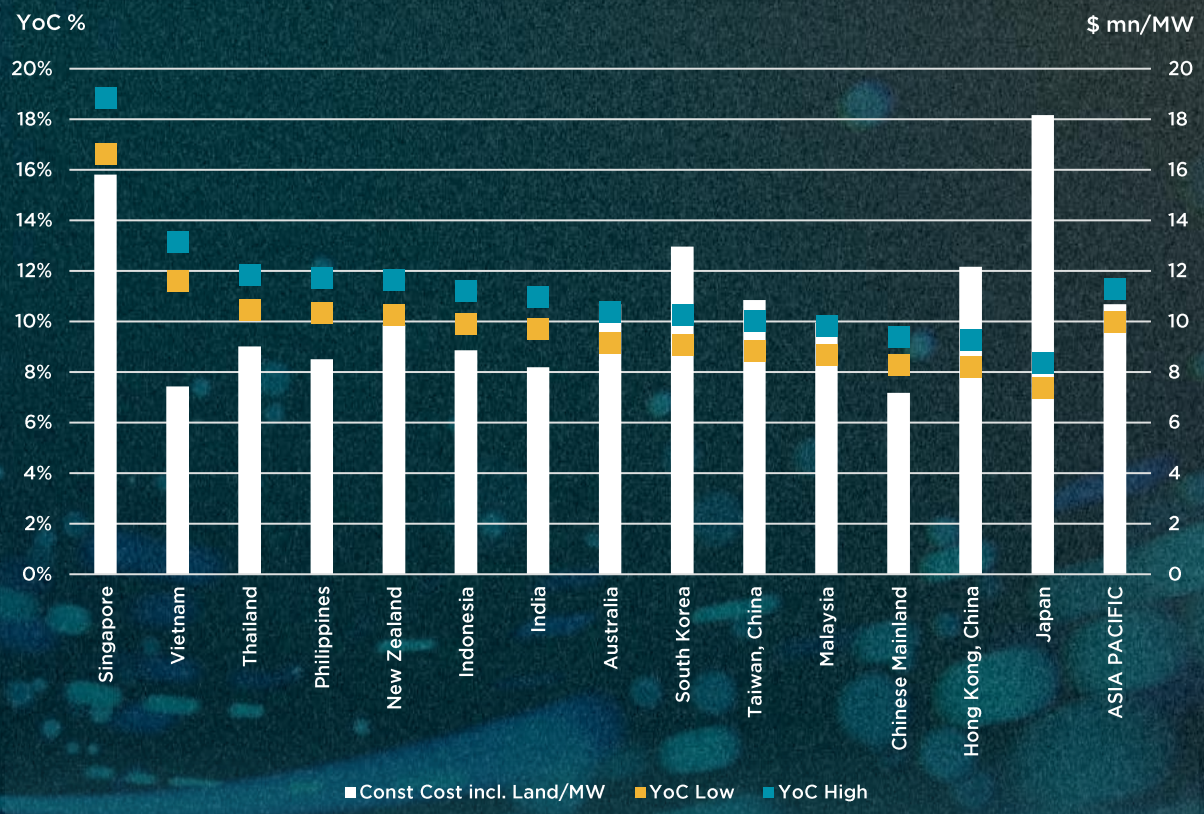
Supply-constrained markets such as Singapore, Tokyo, and Seoul continue to command premium rents, supported by limited power availability and strong hyperscale and AI-driven demand. These dynamics often support attractive development economics despite higher construction costs.

Investor Takeaway

Market-level YoC benchmarks are becoming less meaningful. Investment performance is increasingly determined by asset-specific factors, including power access, AI readiness, tenant quality, scalability, and technical capability. As a result, investors are adopting more granular underwriting approaches, recognising that two assets in the same market can deliver materially different costs, revenues, valuations, and returns.



Yield on Cost vs Development Cost (per MW)



Source: Cushman & Wakefield DCG

NOTES FOR GRAPH

- For comparison, net property income (NPI) of 75% and 85% has been used for all markets.
- The estimates are for a 50MW liquid cooled, built-to-suit AI data centre.
- Colocation rental income is the only source of revenue factored in the assessments. Other charges such as cross connects, internet, one-time set-up fees, add-on services, etc. have been excluded from the analysis.
- The estimates are based on unlevered cost of capital.

**Singapore is an outlier, ranging from 16.6% to 18.8%..*

The averaged YoC ranges between 7% and 13% in Asia Pacific*

- High development costs continue to compress yields in Japan, resulting in the lowest data centre rental yield in Asia Pacific at 7.4%.
- In contrast, Singapore's restricted development pipeline and strong occupier demand support significant rental premiums, making it the highest-yielding market in Asia Pacific, with rental yields ranging from 16.6% to 18.8%.
- Excluding Japan, Chinese Mainland, and Hong Kong China, all other Asia Pacific markets have the potential to deliver rental yields of more than 10%.
- While Taiwan, China benefits from the lowest construction costs in Asia Pacific, it is also characterised by some of the region's highest land costs.

FINAL THOUGHTS ON THE LANDSCAPE



Gordon Marsden

Head of Global Capital, APAC & EMEA, Cushman & Wakefield

As we engaged with lenders, investors, operators, and other participants, one theme became increasingly evident: the pipeline of potential data centre M&A transactions, recapitalisations, and public market listings continues to grow. What initially appeared to be a handful of opportunities quickly expanded into a much broader universe of potential capital markets activity across Asia Pacific.

While individual asset transactions remain relatively limited, the volume of platform-level investment discussions is providing greater transparency into the sector. Collectively, these transactions are helping establish clearer benchmarks for pricing, capital formation, and risk assessment across the market.

In last year's report, I framed my observations through a five-year lens, both retrospectively and prospectively. While the physical development cycle of a data centre has remained largely unchanged, and in many markets has lengthened due to power, water, fibre, and permitting constraints, the capital cycle has compressed materially. This shift has been driven largely by the rapid rise of pre-leasing, a trend explored extensively elsewhere in this report.

Lending Environment Remains Supportive

The impact on financing is significant. Securing a long-term tenant prior to construction substantially de-risks a project from a lender's perspective. Contracted revenue streams are increasingly viewed as core collateral, improving financing outcomes and enhancing lender confidence. Across our discussions, lenders continue to demonstrate a strong appetite for exposure to the sector, particularly where projects benefit from established customers and predictable cash flows.

Prior to engaging with lenders, we expected concerns around concentration limits and sector exposure to be a more dominant theme. While syndication remains an important tool for managing risk and capital allocation, the broader message was clear: the lending environment remains supportive. Encouragingly, we also encountered several banks that are still relatively early in their data centre lending journey, suggesting the lender universe continues to deepen.

Importantly, Asia Pacific should be viewed within a global capital context. While the investment requirements across the region are substantial, they remain modest relative to the scale of capital currently being deployed into digital infrastructure in the United States. As a result, we believe Asia Pacific remains well positioned to attract incremental global capital.

Intense Lender Competition

Perhaps the most notable feature of today's lending market is the strength of the leading operators. For many Tier 1 sponsors, lender competition remains intense, resulting in limited flexibility for banks to impose terms that would typically be expected in other asset classes. This extends to areas such as operating expenditure assumptions, covenant structures, and even aspects of technical due diligence, where lenders are often relying heavily on information packages provided by sponsors and their advisers.

> Sustainability-linked and green financing structures continue to evolve, although this appears to be part of a broader shift across capital markets rather than something unique to data centres. While sustainability credentials remain important, they are not yet the primary determinant of lending decisions.

Finally, despite occasional headlines suggesting highly speculative financing activity in Southeast Asia, our discussions point to a more disciplined reality. Most financing transactions continue to be underpinned by either contracted income streams, particularly through pre-leasing, or by broader collateral support within established platforms. The extraordinary growth in pre-leasing has undoubtedly expanded access to bank financing for many developers. However, it has also widened the gap between projects that have secured customer commitments and those that have not.



TOP 5 RANKINGS ACROSS INDICATORS

While the rankings across categories are derived from a statistical assessment, actual on-ground development may diverge due to a range of qualitative factors, including market maturity, overall size, and broader economic conditions. For instance, the top five markets in terms of Yield on Cost (YoC) also tend to have some of the least active development pipelines. However, factors such as elevated rental rates in mature markets like Singapore contribute to higher yields, despite limited new supply. This highlights the importance of interpreting rankings in context, rather than in isolation.

#	Population per colo MW	Pre-Leasing capacities (MW)	Total CapEx Requirements (incl. Land)	Colo Rent Revenue	Development Costs/MW, Incl. Land	Yield on Cost
	Lowest to Highest	Highest to Lowest	Highest to Lowest	Highest to Lowest	Highest to Lowest	Highest to Lowest
1	Singapore	Australia	Japan	Japan	Japan	Singapore
2	Hong Kong, China	Malaysia	Malaysia	Australia	Singapore	Vietnam
3	Australia	India	Australia	Malaysia	South Korea	Thailand
4	Malaysia	Japan	India	India	Hong Kong, China	Philippines
5	New Zealand	Indonesia	Indonesia	Chinese Mainland	Taiwan, China	New Zealand



MORE DATA CENTRE THOUGHT LEADERSHIP

SIGNATURE REPORTS

Cushman & Wakefield's Asia Pacific Data Centre Group is a leader in first-to-market data centre thought leadership with quality market intelligence released regularly each year. We have a number of signature reports that will provide data centre operators, developers and investors insights to help develop their data centre strategies across Asia Pacific.



Asia Pacific Capabilities Brochure

Learn more about Cushman & Wakefield's data centre capabilities across Asia Pacific, including regional and local market insights, our services, key client case studies and contacts.



Asia Pacific Data Centre Market Updates

(Biannual publication)

This biannual update, released at the end of H1 and H2 of each year, provides a comprehensive summary of Asia Pacific's data centre market. It also features our Asia Pacific Data Centre Market Maturity Index forecasting the potential evolution of 30 markets across the region and provides an in-depth analysis highlighting 12 notable markets.



Asia Pacific Data Centre Construction Cost Guide

(Annual publication)

Cushman & Wakefield's Asia Pacific Data Centre Construction Cost Guide provides a comprehensive analysis of both land purchase and data centre construction costs across Asia Pacific and looks at some of the key trends influencing the sector's development: power availability and cost, AI, and investment.



Global Data Centre Market Comparison

(Annual publication)

Our annual Global Data Centre Market Comparison assesses over 60 data centre markets across the globe, within 13 different categories, including fiber connectivity, market size, cloud availability and others, to determine the top overall markets at a global and regional level, along with the top performers in each category.

METHODOLOGY

CapEx The construction cost has been estimated using the Cushman & Wakefield Asia Pacific Data Centre Construction Cost Guide 2026. The cost reflects the average for a multi-level hyperscale data centre development spanning 10 acres with a capacity of 50MW. A proportionate land cost has also been included in the total capital requirement.

Colocation rent revenue is calculated as the weighted average colocation rent, based on broad market demand estimates, multiplied by the total capacity. Occupancy adjustments ranging from 75% to 95% have been applied depending on the specific market. An annual rental escalation of 3% has been factored in for the period from 2026 to 2030. Power cost is considered as a pass-through.

Cap rates for markets with recorded asset sale transactions - such as Japan, Singapore, Australia, and Hong Kong - the cap rate has been derived using the average transacted rates for data centre assets, as well as other proxy data, including industrial and office cap rates, as used for other markets. In addition to Cushman & Wakefield's estimates, cap rates have been sourced from multiple external sources including MSCI RCA.

Exit value and valuation of assets have been derived by dividing the NPI by the applicable cap rate.

Net Property Income (NPI) is defined as the net income after deduction of operating expenses from the total colo rent received from rack space leasing.

Yield on cost (YoC) is defined as the ratio of Net Property Income to the total capital expenditure excluding cost of capital, including both construction and land costs. In the analysis, NPI of 75% and 85% has been used for all markets.

Further Notes:

- The assessment has been done cumulatively for each market and at facility level.
- All parameters, including capacity, vacancy rates, construction costs, rental escalations, NPI, colocation rents, population, and others, have been compiled for each of the fourteen markets. This data has been used to generate market-specific estimates and forecasts, from which Asia Pacific statistics have been derived.
- All calculations are based solely on colocation capacity. Self-built assets have been excluded from all computations.
- All currency values in the report are in US$ unless specified.





DEFINITIONS & DISCLAIMERS

Asia Pacific

For all analysis, Asia Pacific region includes Australia, Chinese Mainland, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam only.

South East Asia (SEA)

For this report, SEA refers to markets including Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam, unless otherwise specified.

North East Asia (NEA)

For this report, NEA refers to markets including Hong Kong, Japan, South Korea, and Taiwan unless otherwise specified.

Australia & New Zealand (ANZ)

For this report, ANZ refers to markets including Australia and New Zealand unless otherwise specified.

Key Indicators

- **In operation** refers to the total IT MW that is fully operational, leased and vacant combined.
- **Under Construction (U/C)** refers to the total IT MW that has commenced construction at site with announced RFS date.
- **Planned** refers to the total IT MW that has been committed and announced by the operator however, the physical construction at site may not have commenced. This capacity is held for future development and may not have a RFS date.
- **Vacancy rates** are calculated by dividing the vacant space by the total capacity of a data centre. Vacant space refers to the IT MW capacity that has not been leased within the "in operation" capacity held by colocation operators.

Source

Population & Population Forecasts: Worldometers

Data Centre Market Growth Forecast: C&W estimates based on development pipeline in terms of MW between 2026 and 2030.

ASIA PACIFIC DATA CENTRE INVESTMENT LANDSCAPE

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ASIA PACIFIC DATA CENTRE GROUP (APAC DCG)

Cushman & Wakefield's Asia Pacific Data Centre Group (APAC DCG) helps our clients navigate their Data Centre strategies across the entire real estate cycle. We have the experience to offer both the practical services capabilities to provide optimal, end-to-end commercial real estate solutions and the problem-solving expertise to address highly complex IT requirements for our clients.

FIND OUT MORE >



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ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of $10.3 billion across its core service lines of Services, Leasing, Capital Markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.

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