Data Centre Market Scanning Report

March 2025

Foreword

As the world continues to digitalise, the demand for data centres has surged – driven by increased internet usage, the expansion of streaming services, growing cloud computing needs, and, most notably, the widespread adoption of AI. This rapid growth of demand, alongside the accelerating rate of data centre deployment is increasing competition for suitable locations, highlighting the need for a deeper understanding of data centre dynamics across both well-established and emerging markets.

However, meeting this demand presents significant challenges. The industry is struggling to keep pace due to constraints such as power connectivity issues, water scarcity, limited land availability, and complex regulatory requirements. These factors pose major hurdles to the continued development of data centres worldwide.

In this report, we analyse 49 markets across six key data centre criteria using our proprietary ranking methodology and investment attractiveness framework. These criteria include: **data centre demand**, **development constraints**, **power attractiveness**, **policy environment**, **macroeconomic risk**, and **the greenness of the market**. Collectively, these scored provide granular insight on the strengths and weaknesses of key markets from an investment attractiveness perspective.

Our findings indicate that the **United States** remains the leading market for data centre investment, with other well-established hubs such as **Singapore**, the **United Kingdom**, and **Japan** ranking highly. Among emerging markets, **Malaysia**, **India**, and **Chile** stand out as promising destinations for investment.

We also deep dive into three markets in particular, the US, Spain and Ireland, with the following high-level findings:

- **The US:** as the world's largest and fastest-growing data centre market, supported by strong fundamentals such as abundant land, renewable energy, robust fibre connectivity, and a mature investment environment.
- **Spain:** key opportunity market, currently experiencing high growth as Spain has the opportunity to become a critical market for the data centre industry due to competitive RE 24/7 sourcing, access to land, cost competitiveness, fibre connectivity and favourable macro-economic conditions.
- **Ireland:** despite being a mature market, Ireland's ranking has been negatively impacted by its constrained grid and lack of power generation adequacy, which has adversely impacted the near-term pipeline of data centres in the market.

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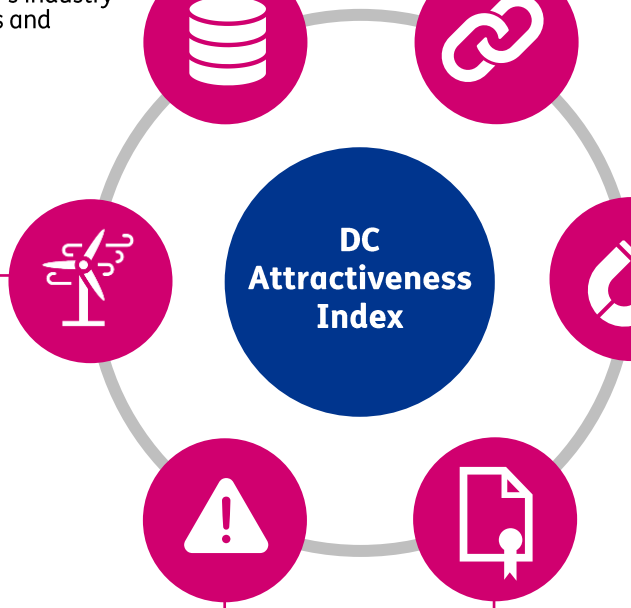
Methodology

Baringa's Data Centre Attractiveness Index ranks the investment attractiveness of 49 markets – covering Europe, the United States, parts of APAC and South America. Markets are scored based on six criteria, as outlined below.

While FLAPD (Frankfurt, London, Amsterdam, Paris and Dublin) markets are tier 1 and most mature due to the scale of data centre capacity, power and land constraints is driving tier 2 and 3 market growth in countries such as Spain and the Nordics. Therefore, we have not specifically factored in the hub effect - whereby mature European markets have benefitted from existing infrastructure and experience clustering of data centres - and have excluded the legacy positions these tier 1 markets have for our index scoring.



1. Data centre demand — 25%

We evaluate the size of the opportunity based on installed capacity and future growth until 2050 (both absolute and relative), based on Baringa's industry-leading market projections and expert knowledge.

2. Development constraints — 20%

Development constraints across building and planning, water scarcity, skilled labour availability and land availability

3. Power attractiveness — 15%

An assessment of barriers to development (eg permitting and other timelines, grid connection queues) is carried out leveraging Baringa's in-house market experts, as well as using Baringa's power market price projections to evaluate power cost.

4. Policy environment — 20%

This criteria looks at how stable and supportive the current policy environment is, using Baringa's credibility and durability assessment.

5. Macroeconomic risk — 10%

Analysis of macroeconomic and political risk through World Bank indicators on regulatory quality, government effectiveness, political stability, corruption and rule of law as well as credit ratings, inflation and growth projections.

6. Green — 15%

This angle utilises Baringa power generation projections, evaluation percentage of generation which is from renewable sources 2024-2030.

Our ranking*

Leveraging our proprietary methodology, we have created a ranking across 49 markets which indicates market attractiveness for investment. Overall, we find that the US leads the way for investment desirability, with other well-established markets such as Singapore and the UK and Japan featuring as key contenders. Amongst emerging markets, Malaysia, India and Chile are particularly attractive.

Rank	Geography
1	United States
2	Singapore
3	France
4	Japan
5	United Kingdom
6	Norway
7	Malaysia
8	South Korea
9	Australia
10	Spain
11	Denmark
12	India
13	Sweden
14	Chile
15	Finland
16	Switzerland
17	Taiwan
18	Poland
19	Germany
20	Philippines
21	Portugal
22	Austria
23	Netherlands
24	Greece
25	Mexico

Rank	Geography
26	Vietnam
27	Colombia
28	Peru
29	Belgium
30	Ireland
31	Luxembourg
32	Italy
33	Hungary
34	Czech Republic
35	Lithuania
36	Slovenia
37	Morocco
38	Latvia
39	Romania
40	Serbia
41	Estonia
42	Cyprus
43	Bulgaria
44	Kosovo
45	Albania
46	Slovakia
47	Montenegro
48	North Macedonia
49	Bosnia and Herzegovina

* Excluding green scoring.

Ranking (with green)

By accounting for 'greenness' of the market within the index ranking, a number of markets change in relative investment attractiveness. South Korea, Chile, Taiwan and Vietnam are the biggest losers due to having both high cooling requirements and low renewables generation. Conversely, the Nordics and a number of Western European countries see upwards movement with cooler climates and higher renewables growth and capacity. Notably, our top performer – the US – remains static with high scores across all considerations.

Rank	Geography	Rank Change
1	United States	0
2	France	1
3	Norway	3
4	Singapore	-2
5	United Kingdom	0
6	Spain	4
7	Japan	-3
8	Australia	1
9	Denmark	2
10	Sweden	3
11	Malaysia	-4
12	Finland	3
13	Switzerland	3
14	South Korea	-6
15	India	-3
16	Germany	3
17	Portugal	4
18	Poland	0
19	Chile	-5
20	Colombia	7
21	Greece	3
22	Philippines	-2
23	Taiwan	-6
24	Austria	-2
25	Netherlands	-2
26	Peru	2
27	Luxembourg	4
28	Hungary	5
29	Mexico	-4
30	Lithuania	5
31	Vietnam	-5
32	Belgium	-3
33	Ireland	-3
34	Czech Republic	0
35	Italy	-3
36	Slovenia	0
37	Latvia	1
38	Morocco	-1
39	Romania	0
40	Serbia	0
41	Bulgaria	2
42	Estonia	-1
43	Kosovo	1
44	Montenegro	3
45	Cyprus	-3
46	Albania	-1
47	Slovakia	-1
48	North Macedonia	0
49	Bosnia and Herzegovina	0

Regional landscapes

On a regional level, it's evident that while demand has less variation on a wider regional level, macroeconomic risk, power and green have significant variation on a region wide level. Interestingly, Latin America and APAC have the most cross factor deviation, scoring low in some areas (eg green) while experiencing strength in others (eg demand and policy).

At a glance

Region	Demand	Development constraints	Power	Policy	Macro	Green
The US						
Central and Western Europe						
The Nordics						
Great Britain and Ireland						
Southern Europe						
South-Eastern Europe						
Australia						
APAC						
India						
Latin America						

Top performers per criterion

Within our index scoring, each of our criteria have 'top performers' which vary significantly. In particular, we see policy environment dominated by European countries who have more mature data centres and wider digital policy, especially for EU member states. In contrast, markets with attractive power tend to be less burdened by regulation, generally allowing for easier power connectivity and cheaper power.

Data centre demand

1	Spain
2	Singapore
3	Netherlands

Development constraints

1	Lithuania
2	South Korea
3	UK

Policy environment

1	Spain
2	Finland
3	US

Macro risk

1	Singapore
2	Denmark
3	Sweden

Power attractiveness

1	India
2	Mexico
3	Chile

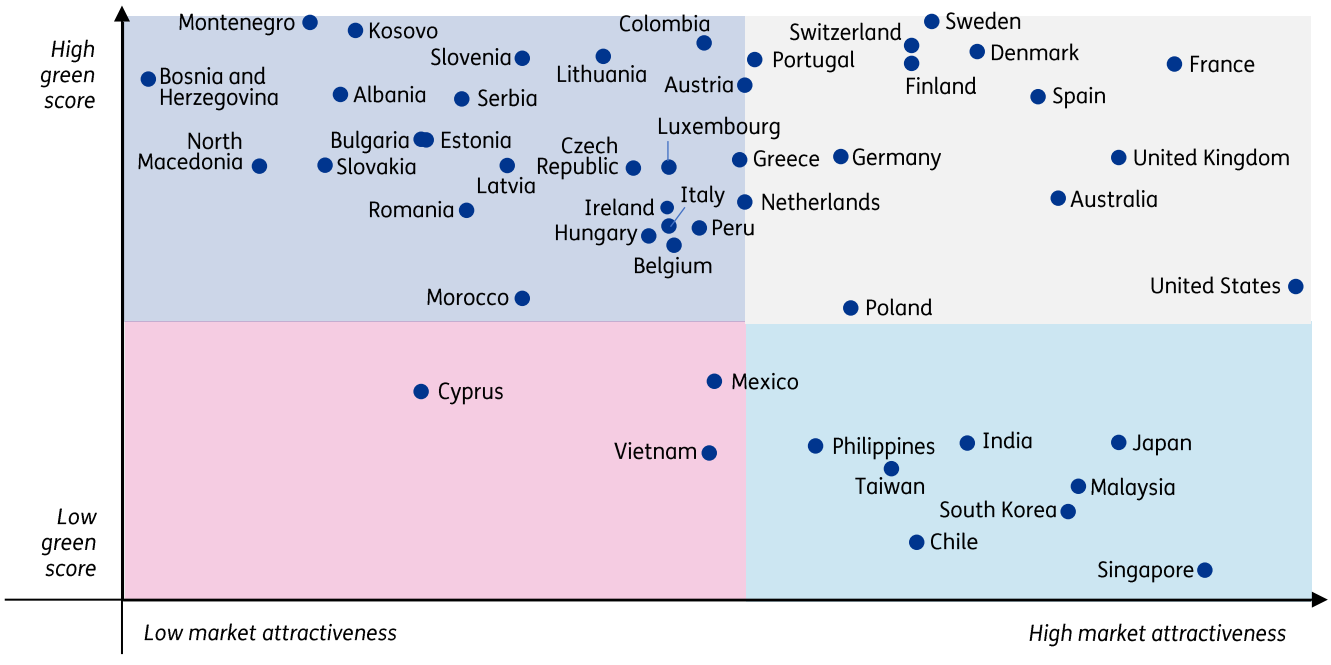
Green

1	Norway
2	Sweden
3	Montenegro

Attractiveness dynamics

Comparing market attractiveness against greenness shows very few markets have both low market attractiveness and low green score. This is largely driven by the fact that markets with less renewables buildout tend to have lower regulation and lower barriers to development, and thus are encouraging data centre build out. Our high market attractiveness and low green category is dominated by APAC, while our best performing group are primarily from developed western European markets who are mostly driving rapid data centre development.

Market dynamics: attractiveness vs green sourcring



Note: 'Market attractiveness' refers to all categories in the ranking, excluding Green.

Country deep dive: US

Overall ranking: #1

The US performs strongly across most categories, and its high ranking is primarily driven by strength across demand and policy environment, supported by a favorable development constraints and power landscape. Notably, there is significant sub-market variation for the US, as some ISOs outperform in both development constraints and power dynamics, as well as greenness.

Ranking breakdown

Category	Demand		Development Constraints				Power		Policy	Macro	Green	
Sub-category and rating	Total demand	Data centre power demand	Building and planning	Skilled labour	Water availability	Land availability	Power connectivity	Power prices	Credibility and durability: data centre policy attractiveness	Macro risk	Power mix	Natural climate attractiveness

A word from our regional lead

Derek Coleman
Data Centre Expert
US

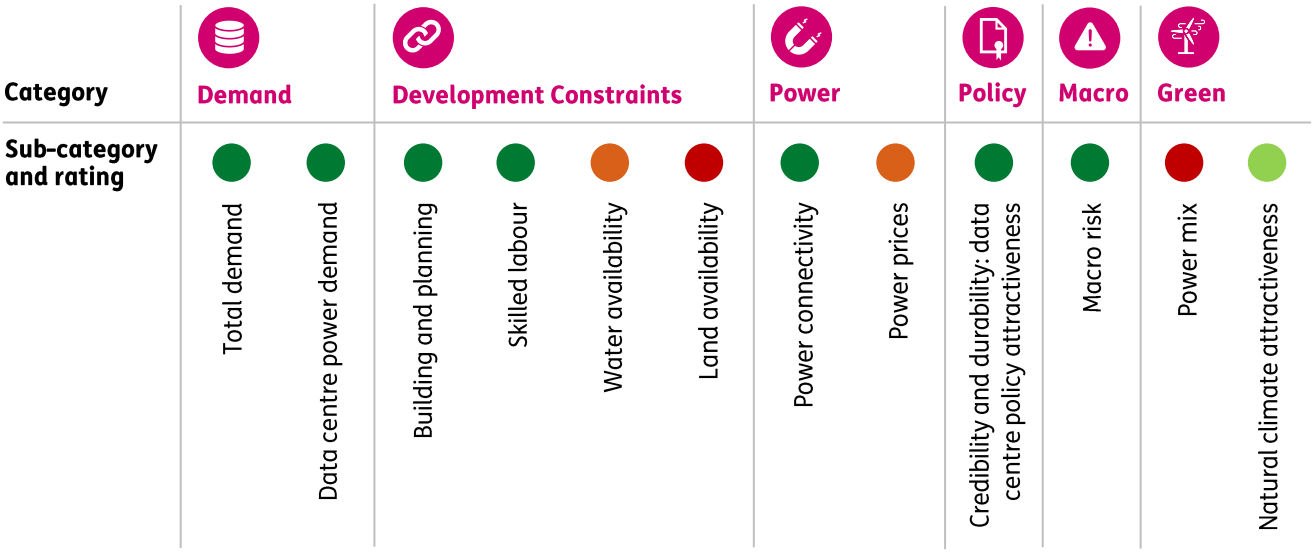
- The U.S. remains the world's largest and fastest-growing data centre market, supported by strong fundamentals such as abundant land, renewable energy, robust fibre connectivity, and a mature investment environment
- Hyperscale and AI-driven demand are fueling rapid expansion, with significant, double-digit growth expected through 2030 and beyond
- Northern Virginia remains the dominant global data centre hub, but other Tier 2 markets are experiencing significant growth – Dallas, Phoenix, and Silicon Valley are strong, while Atlanta, Columbus, and Reno gain traction due to lower costs and power availability
- Power constraints and grid challenges are a bottleneck, particularly in Northern Virginia, limiting new project timelines
- Government incentives and tax abatements accelerate development:
  - Arizona: Data centres can receive tax abatements for up to 20 years
  - North Carolina: Electricity tax exemptions for qualifying data centres
  - Texas, Ohio, and Georgia: tax incentives, fast-tracked approvals
- M&A activity remains strong, with private equity firms, infrastructure funds, and hyperscalers consolidating assets; recent deals highlight the appetite for colocation and hyperscale infrastructure investments
- Energy-focused business models are emerging, leveraging renewable energy PPAs and on-site generation to address energy challenges
- The Inflation Reduction Act (IRA) and state-level tax incentives encourage investment in energy-efficient and green data centres
- Notable recent projects and expansions:
  - Hyperscalars continue expansions in Texas, Virginia, and the Midwest to support AI and cloud growth, and exploring nuclear energy supply deals (Microsoft-Three Mile Island, Amazon-Talen)
  - Blackstone-backed QTS has announced major new developments across the country, positioning itself as a key player in colocation and hyperscale data centre expansion.

Country deep dive: Singapore

Overall ranking: #2

Singapore is the leading data centre market in the Asia-Pacific region, thanks to its strong international connectivity and advanced digital infrastructure. Since lifting its moratorium in 2021, the government has enforced stricter energy efficiency and low-carbon requirements for new data centre developments. Limited new build capacity and high demand have resulted in exceptionally low vacancy rates, driving continued investment interest.

Ranking breakdown



A word from our regional lead

Darren Yong
Data Centre Expert
Singapore

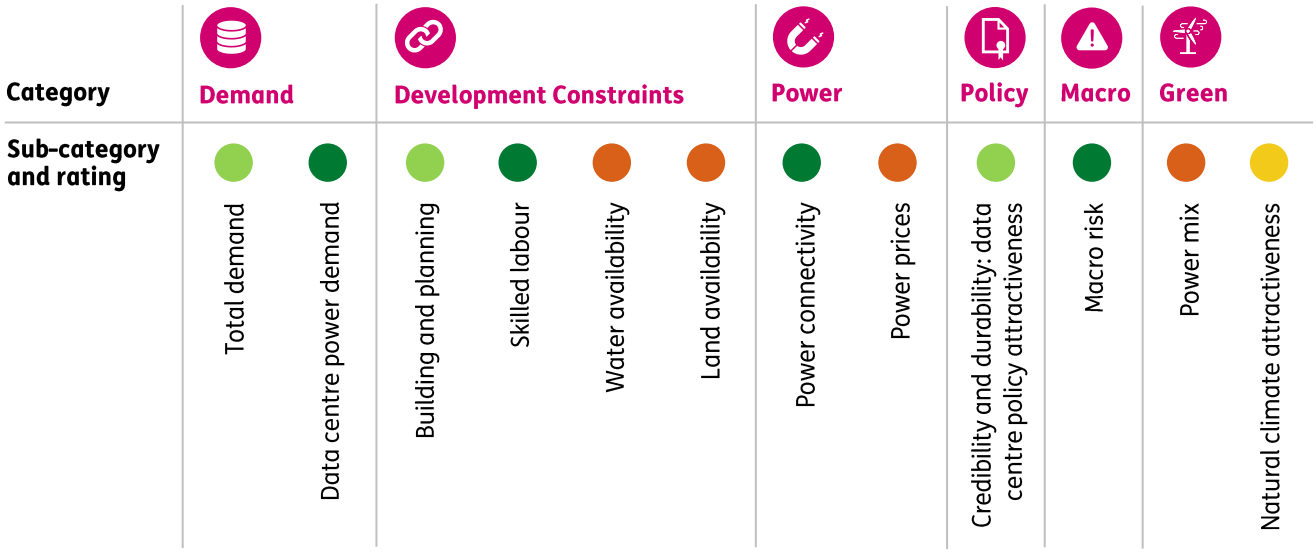
- Singapore stands out as one of the key Asia-Pacific data centre markets due to its international connectivity allowing it to serve as a strategic hub for data traffic in the region, while also benefiting from leading digital infrastructure and a stable political landscape.
- Following a lifting of the moratorium on data centre capacity in 2021, the Singapore government has required new build data centres to demonstrate higher energy efficiency standards and to evidence the sourcing of low-carbon power supply for new capacity to be approved.
- In the pilot round of the Data Centre – Call for Applications (DC-CFA) conducted in 2022, a total of 80MW was awarded to four participants comprising of AirTrunk-ByteDance (Consortium), Equinix, GDS and Microsoft, who were required to "bring in state of the art technologies and best practices for sustainability, particularly in the areas of energy efficiency and decarbonisation".
- The limits on new build capacity, coupled with robust demand for data centres has resulted in Singapore exhibiting one of the lowest data centre vacancy rates globally and will continue to encourage strong interest in data centre investment.
- Notable Projects:
  - In November 2024, Equinix announced an International Business Exchange (IBX) facility in Singapore (named SG6) following its success in the DC-CFA. It is expected to commence operations in Q1 2027, with the 9-story facility will offering up to 20MW of capacity. The total investment is estimated at US$260m and the facility will provide liquid cooling capabilities to support high-density workloads.
  - GDS acquired a site with a gross floor area of 39,980 sqm (430,340 sq ft) and a remaining land lease tenure of about 31 years for S$112.8m (US$86.3m). This was to fulfil the capacity awarded under the pilot DC-CFA and is expected to be operational by Q4 2026, with the site affording the option for future scalability.

Country deep dive: Japan

Overall ranking: #4

Despite facing constraints in terms of land availability and grid connection, especially in metropolitan areas, Japan continues to attract strong data centre demand due to strong government incentives, macroeconomic stability, and data sovereignty. Incentives and market forces continue to drive date centre development to regional areas such as Hokkaido, which have higher renewable penetration and suitable natural climate, especially for higher latency applications.

Ranking breakdown



A word from our regional lead

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Data Centre Expert
Asia

- The Japanese data centre industry is projected to increase significantly to support the rise of AI and digital services demand which have massive data storage and processing requirements. The Japanese government has announced multiple incentives to attract investors and encourage data centre development. Japan has also become an increasingly preferred location in East Asia due to more stable regional data sovereignty, security and geopolitics.
- There is increasing pressure on grid networks for connections from both end users and generators. In Tokyo, a large-scale grid connection is generally facing a five-year minimum queue, making it difficult to scale development in the metropolitan area.
- Land availability in metropolitan areas are decreasing, while prices are rising. Although hubs like Tokyo could need more data centre infrastructure to meet demands from technological and data advancements, prices and little land availability make it difficult to develop data centres in the area.
- Consequently, data centre development has already begun to shift away from metropolitan areas. Land prices are lower in regional cities and the power grid is not under as much pressure as metropolitan areas. The Japanese government is also actively promoting a shift of data centres to regional areas through subsidies. Data centres farther from metropolitan areas may be more suited to high latency, high energy density usage, such as AI training as opposed to AI inference.
- Areas such as Hokkaido also have both higher renewable penetration and lower ambient temperatures, which can reduce carbon footprint and cooling demand requirements.
- Notable Projects:
  - SoftBank is to open a Hokkaido data centre with over half the cost to be covered by subsidies from METI.
  - AirTrunk opened its second data centre in Tokyo in 2024, scalable to over 110 MW, one of the largest data centres in Japan.

Regional insights: Spain

Overall ranking: #5

Spain is a key market for data centres and, as a result, is experiencing significant growth at the moment. This is largely driven by the high demand and positive policy environment, both of which are encouraging data centre build out, strengthened by relatively green power mix and low macroeconomic risk. Despite this, power connectivity and prices are posing a challenge for the Spanish market, posing a question for short term profitability.

Ranking breakdown

Category	Demand		Development Constraints				Power		Policy	Macro	Green	
Sub-category and rating	Total demand	Data centre power demand	Building and planning	Skilled labour	Water availability	Land availability	Power connectivity	Power prices	Credibility and durability: data centre policy attractiveness	Macro risk	Power mix	Natural climate attractiveness

A word from our regional lead

Gerardo Fernández
Data Centre Expert
Iberia

- Spain has the opportunity to become a key market for the data centre industry: competitive RE 24/7 sourcing, access to land, cost competitiveness, fibre connectivity and favourable macro-economic conditions
- Solid fundamentals are boosting development activity for greenfield data centres. Whereas 2023 capacity for data centres in Spain was in the range of 250 MW (compared to FLAPD markets 3.2 GW), data centre connected capacity could grow by x2-3 2025 to 2030 according to our estimates
- Madrid will continue to be a prime location for data centre development in Spain, together with other regions as Aragon, the latter attracting both tech giants (Microsoft or AWS) or financial investors (eg Blackstone recent announcement of €7.5bn)
- New players with alternative business models are entering the market. Energy giant Iberdrola announced last September plans to set up a partnership model to become the main data centre developer in Spain, leveraging on Iberdrola's energy capabilities (eg RE 24/7 PPAs, power lands) and partner's knowhow of the data centre industry (eg design and construction of data centres, commercialization)
- M&A activity also booming in Spain. Nabiax, Spanish DC Colocation platform, was acquired by European asset manager Aermont Capital for c.€1bn from Asterion and Telefonica. Nabiax owns 35 MW of installed capacity with expansion plans to surpass 100 MW in the mid term
- Grid access for demand is a major concern in the Spanish power market, not only for data centres, but also for electrification of industrial conventional demand. Government to launch in 2025 tenders for providing access to demand on certain announced nodes. Additionally, it is expected new regulation to avoid market speculation on grid connection permits, which is currently blocking access for demand to connect to the grid.

Regional insights: Australia

Overall ranking: #9

Strong connectivity to Southeast Asian hubs, and stable and robust data sovereignty frameworks make Australia an attractive destination for development. Electricity prices are relatively low compared to Asian hubs, and land for additional renewable projects is plentiful. Constraints are emerging in key data centre locations close to cities, and policymakers are working to develop a balanced approach to facilitating new build while minimising any grid impacts.

Ranking breakdown

Category	Demand		Development Constraints				Power		Policy	Macro	Green	
Sub-category and rating	Total demand	Data centre power demand	Building and planning	Skilled labour	Water availability	Land availability	Power connectivity	Power prices	Credibility and durability: data centre policy attractiveness	Macro risk	Power mix	Natural climate attractiveness

A word from our regional lead

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Data Centre Expert
Australia

- Australia continues to see strong growth in data centre demand given its potential for significant renewable generation, land availability, stable geopolitical position, and strong data sovereignty frameworks.
- A mixture of local players and global companies compete to install new facilities. Total data centre rated capacity is expected to be at least three times larger than current capacity by 2035, largely driven by hyperscale and AI-driven demand.
- Sydney and Melbourne will continue as data centre hubs with over 80% of the announced pipeline within these regions. Brisbane is emerging as a potential tier 2 region with the development of the Supernode project.
- Despite this positive growth, slow approval processes and high development costs, as well as land competition and limited grid connections are slowing development and creating bottlenecks, particularly around congested urban areas.
- Policy makers are considering mechanisms to facilitate a rapid growth of data centre load while minimising stresses placed on the grid. For example, large data centres can be classified as state significant infrastructure in states New South Wales and Victoria, giving them a more streamlined planning assessment pathway. The Australian government is looking to introduce new access standards for large load connections, which will likely introduce new technical and operational requirements on data centres.
- M&A activity remains strong for Australia within wider Asia-Pacific platforms, as seen by Blackstone's acquisition of AirTrunk in 2024 for approximately AUD$24bn, the largest data centre transaction in Asia-Pacific history.
- Notable Projects:
  - The Supernode project is an important development, locating a 260MW (the site has the potential to connect up to 800MW in future) hyperscale data centre and a 750MW (2 – 4 hour) BESS in close proximity to a key node within the Queensland transmission network.
  - Significant project development continues to drive growth within the Western Sydney growth corridor, with notable developers such as Next DC and CDC constructing data centres in excess of 500 MW.

Country deep dive: Ireland

Overall ranking: #30

Despite being one of the more mature data centre markets, Ireland ranks 30th in our index. This is due to recent policy developments which have attempted to slow data centre development as Ireland's power structure struggles to keep pace. Thus, Ireland's power, green and land availability scores also all remain low, degrading its otherwise attractive market.

Ranking breakdown

Category	Demand		Development Constraints				Power		Policy	Macro	Green	
Sub-category and rating	Total demand	Data centre power demand	Building and planning	Skilled labour	Water availability	Land availability	Power connectivity	Power prices	Credibility and durability: data centre policy attractiveness	Macro risk	Power mix	Natural climate attractiveness

A word from our regional lead

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Ireland

- Ireland has seen significant data centre investment over the past decade, due to its favourable business environment and strategic location as a gateway between north America and the EU. Many of the large global tech companies – eg Amazon, Microsoft, Meta, Google – have a strong presence in Dublin
- The number of data centres operating in Ireland is estimated at between 70 and 80, with the majority of these concentrated in the Dublin region
- Electricity usage from data centres makes up around 20% of Ireland's total power usage, and this is expected to increase to c. 30% by 2030
- Ireland's infrastructure has struggled to catch up with rapid data centre growth, and in recent years challenges in the power sector in particular have made it more challenging to get the required permits in order to develop a data centre in Ireland
- Changes in electrical connection policy for large energy users (LEUs) have led to an effective moratorium on grid connections for new data centres in the Dublin region
- An ongoing regulatory consultation should provide more clarity on access to power for sites outside of Dublin, and is expected to:
  - reinforce the need for data centres to bring a reliable source of power generation equivalent to their demand
  - reinforce the need to connect where the existing grid is strong and secure
  - require that new grid applications from data centres include some degree of decarbonisation - this could be through a CPPA with additional renewables
- We are aware of only one significant grid offer made to a data centre since 2020 when new policy changes were introduced – this was to a project outside of Dublin.

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