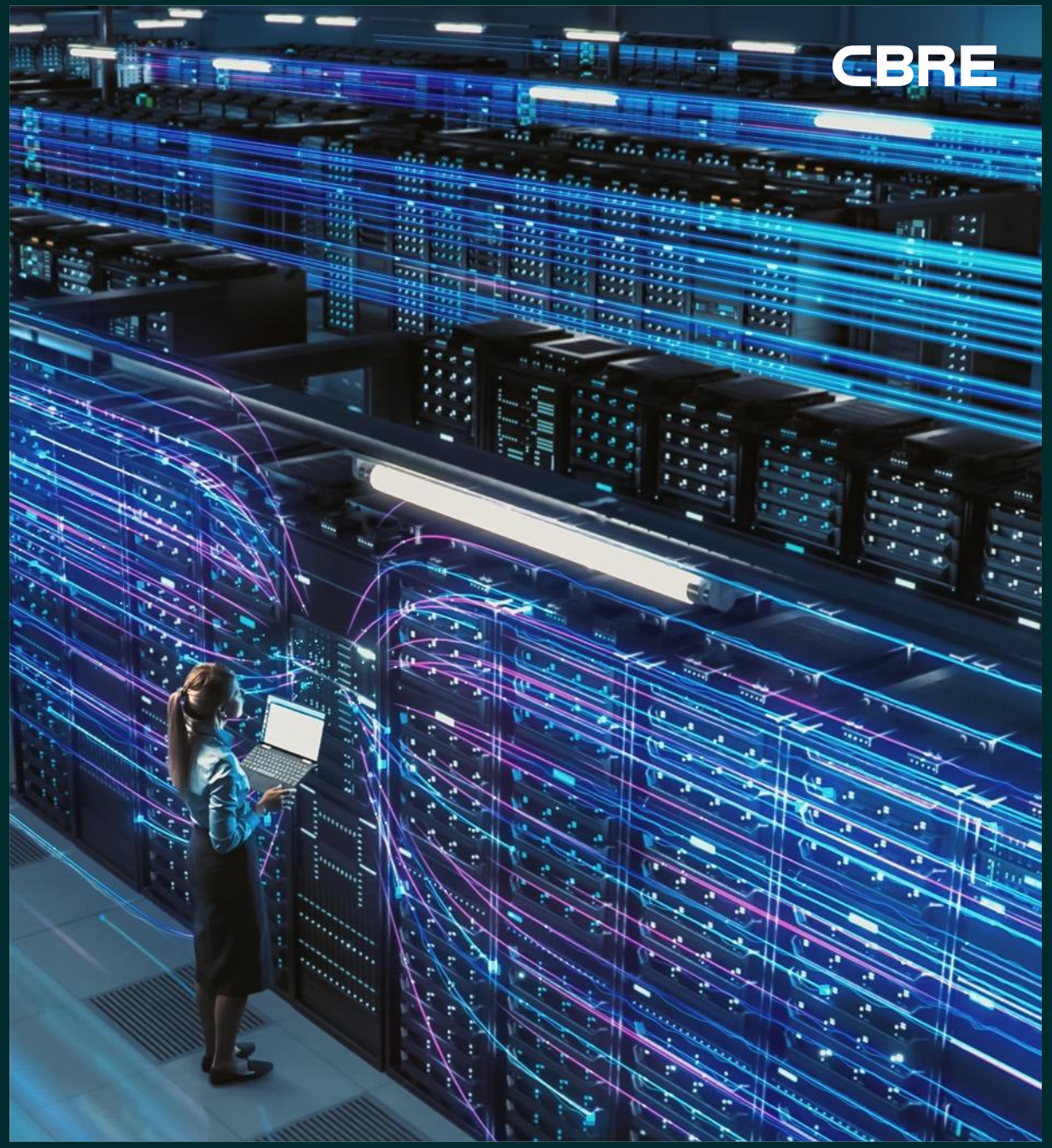
Intelligent Investment

2026 Asia Pacific Data Centre Trends & Outlook

REPORT

CBRE RESEARCH
MAY 2026



2026 Asia Pacific Data Centre Trends & Outlook

CBRE

AI demand drives new data centre development

Global hyperscale demand is growing at a CAGR of 14%

Big Tech plans to increase CapEx by 61% in 2026 to support AI business growth

Neocloud demand continues to emerge rapidly

Power availability remains the biggest challenge

Data centre expansion continues to outpace utility capacity

Data centre construction costs are escalating; Tokyo is the most expensive market

Some new developments are leveraging modular construction to expedite development timeframes

Upcoming data centre projects shift locational focus

Malaysia and India are emerging as leading hyperscale hotspots

Australian cities and non-core locations in Japan hold strong potential

Emerging markets such as Thailand and Indonesia also offer attractive opportunities

Different routes available for data centre investment

Direct investment volume reaches a record high US$11.6 billion in 2025

Investors also consider platform & equity investments

Data centre yields widen along with interest rate hikes in Australia and Japan

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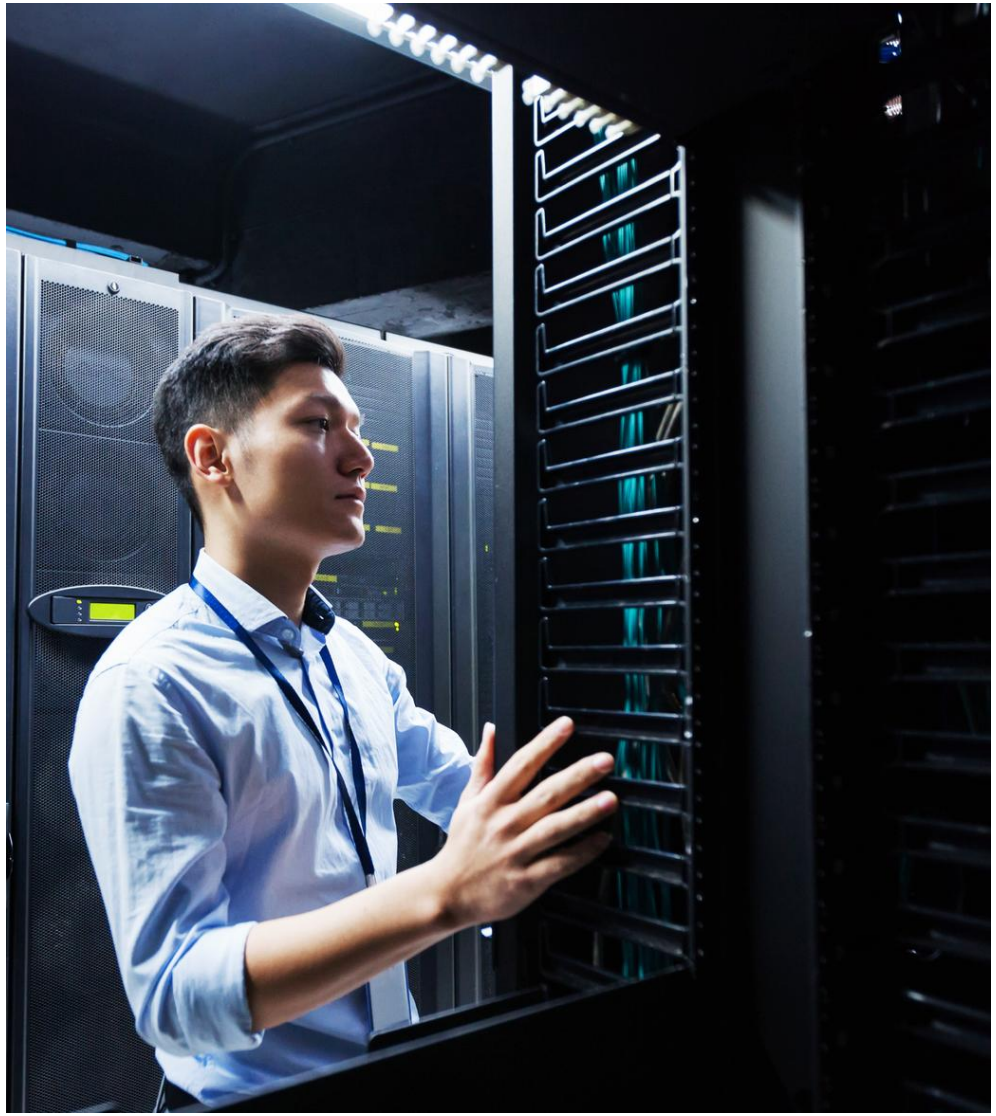


01

AI demand drives new data centre development

DEMAND DRIVERS

Growth in AI demand gathers pace

The global data centre market remains dominated by cloud and corporate usage, with AI contributing less than 15% of total workload as of 2025. With most AI demand now concentrated in the U.S., the ratio in Asia Pacific is even smaller.

However, as more capital flows into AI development and more AI use cases and adoption occurs, demand for both AI training and AI inference is increasing.

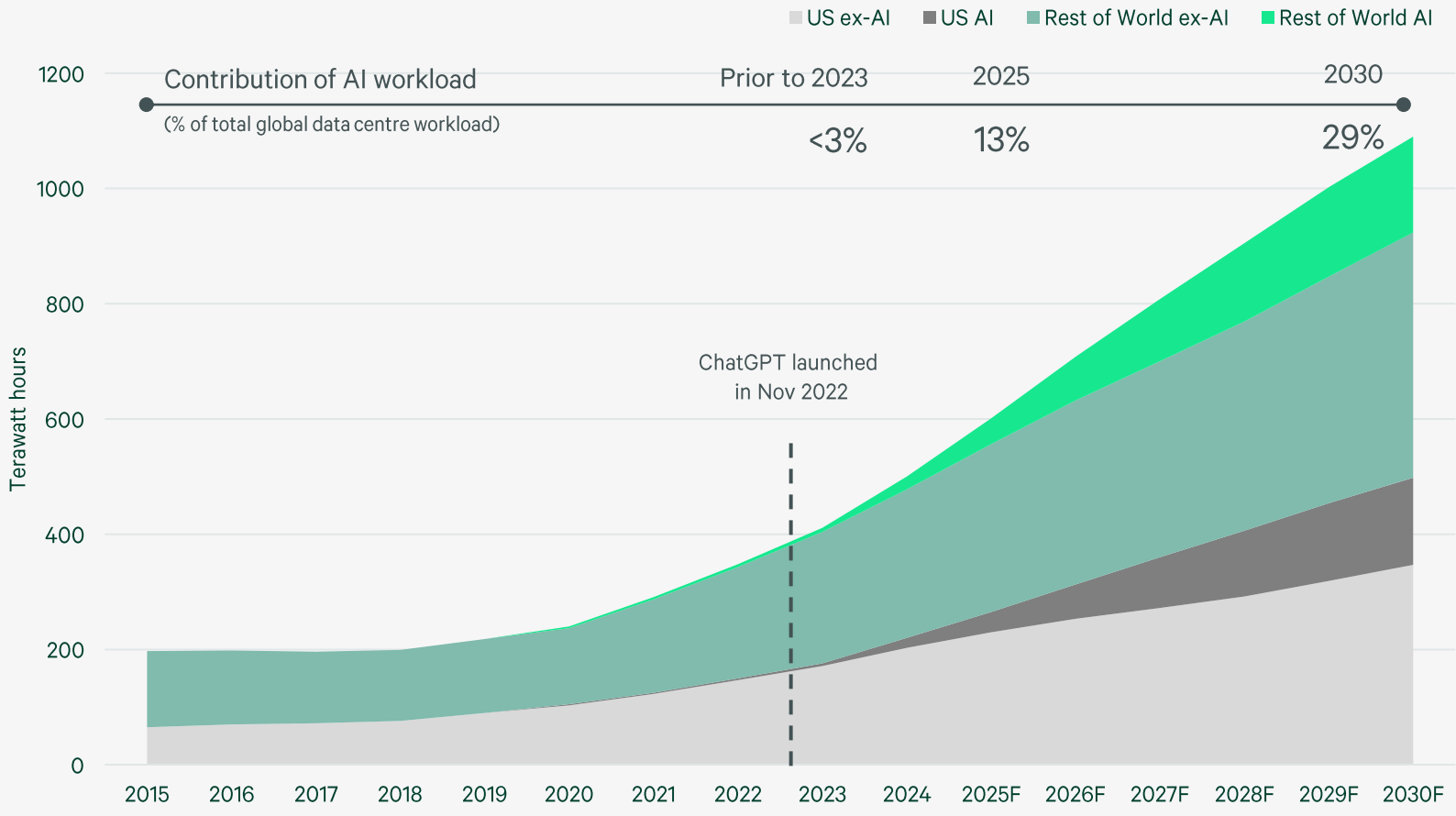
Goldman Sachs data show that the four-year compound annual growth rate (CAGR) (2023 – 2026) of global AI demand is 98%.

Global hyperscale demand is growing at a CAGR of 14% while non-hyperscale demand is growing at 4%, showing that AI demand is far outpacing non-AI usage.

At the infrastructure level, AI workloads require substantially higher power capacity, greater rack density, and more advanced building specifications than conventional data centre workloads.

This is driving the development of new design standards, particularly in cooling systems, which are being rapidly adopted in both greenfield developments and the retrofitting of suitable existing data centres.

Figure 1: Global Data Centre Electricity Consumption (2015 – 2030F)



Source: Goldman Sachs, CBRE Research, February 2026.

DEMAND DRIVERS

Big tech drives AI infrastructure build-out

CapEx on AI is experiencing unprecedented growth as tech firms invest in necessary, massive infrastructure to secure a dominant position in the AI race.

U.S. hyperscalers remain among the most aggressive players, shelling out vast sums on cloud infrastructure, AI training, and AI inference.

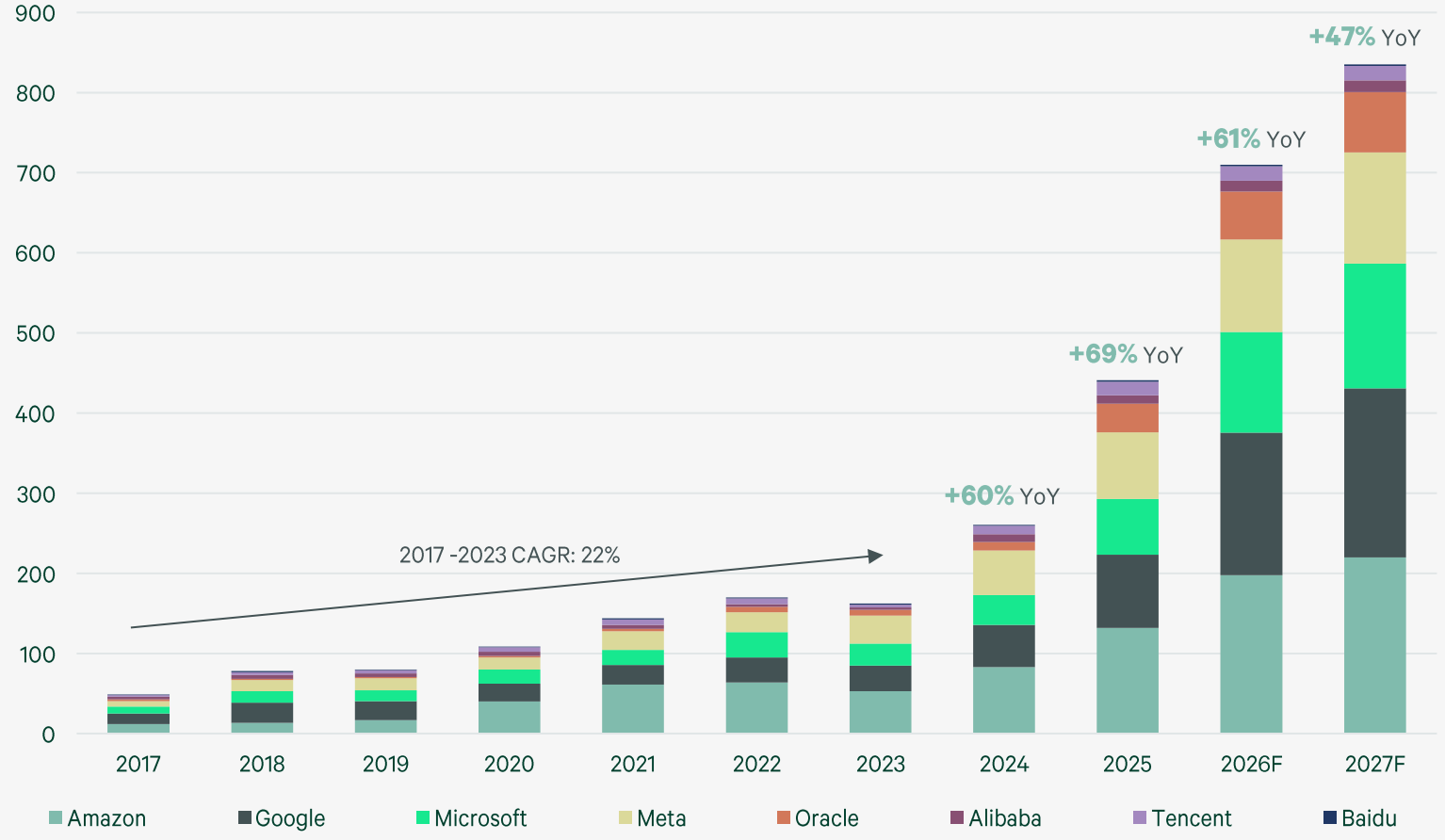
Amazon has announced that its 2026 AI spend will reach US$200 billion, while Google plans investment of US$180 billion.

As well as investing in their home market, U.S. hyperscalers are expanding across Asia Pacific, deploying data centres for cloud and AI usage.

Mainland Chinese tech companies are also stepping up their CapEx in AI, abeit at a lesser magnitude.

ByteDance has earmarked investment of around US$23 billion in 2026, with Tencent and Alibaba planning a smaller outlay.

Figure 2: Capital Expenditure by Tech Firms, 2017-27F, US$ billion



Source: Bloomberg, CBRE Research, March 2026.

DEMAND DRIVERS

Power-rich markets lead regional growth

Asia Pacific data centre demand continued to expand at pace in 2025, underpinned by ongoing cloud expansion and the rapid scaling of AI-related workloads.

In terms of live capacity growth, Johor led the region in 2025 with growth of 53% y-o-y, followed by Melbourne with expansion of over 30% y-o-y. Other leading markets such as Greater Seoul, Sydney, Mumbai and Greater Tokyo also recorded healthy expansion in the range of 15-25% y-o-y despite the previous year's relatively high base.

While mature markets such as Singapore and Hong Kong SAR registered more modest growth, this was due to development constraints as opposed to a lack of demand. In mainland China, growth slowed as vacant space continued to be absorbed.

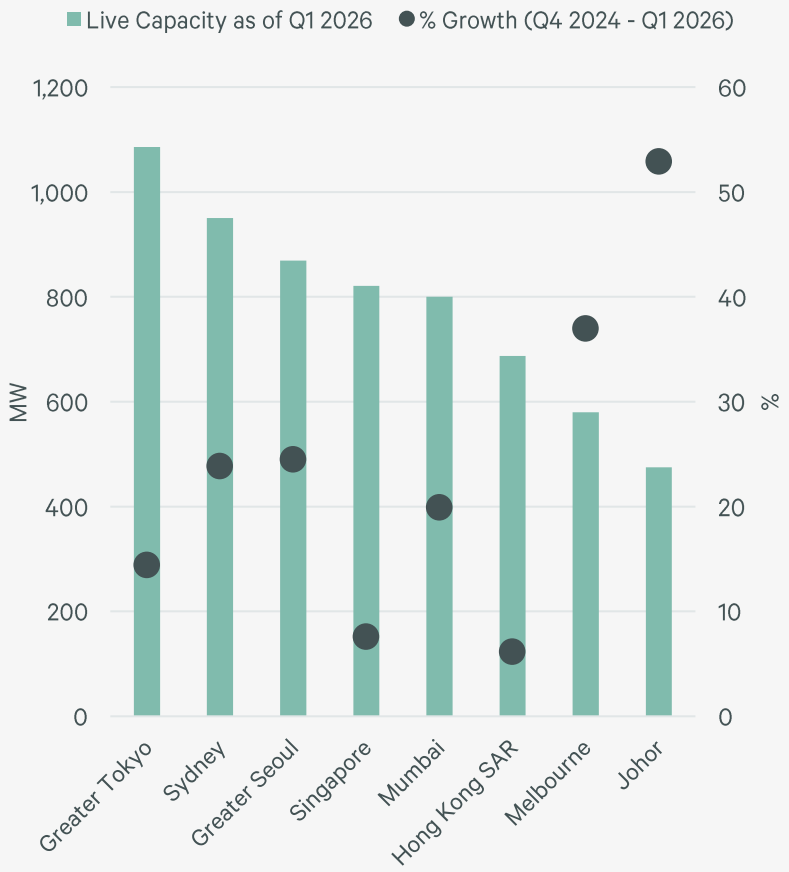
These dynamics reflect the growing concentration of demand in power-advantaged locations capable of supporting large-scale cloud and AI deployments. Malaysia, Australia and India are securing a larger share of incremental demand as hyperscalers prioritise scalability and delivery certainty in the race for power. Upcoming pipeline projects are frequently measured in the hundreds of megawatts, and in some cases approach gigawatt-scale campus formats.

New sources of demand are emerging along the AI development value chain, with a growing number of Neocloud operators seeking rapid expansion across the region to support GPU-intensive AI training and inference workloads. This is adding depth and diversity to the demand base beyond traditional hyperscale cloud providers.

Government-led AI initiatives are also providing tailwinds to demand, with Australia's National AI Plan and Korea's "AI for All" scheme among several similar frameworks introduced across the region. These initiatives are expected to drive long term demand and support the development of local AI ecosystems by encouraging investment, stimulating R&D activity, and accelerating the build-out of AI-ready digital infrastructure.

Enterprise demand remains resilient and continues to underpin colocation take-up across Asia Pacific. Corporates continue to upgrade their digital infrastructure, providing a stable base of absorption across the region. Key sources of demand include financial institutions engaged in quantitative trading, as well as major tech and manufacturing companies involved in the semiconductor or broader AI-related industries.

Figure 3: Q1 2026 Asia Pacific Data Centre Live Capacity and Growth by Market



Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

DEMAND DRIVERS

Neocloud providers emerge as new demand driver

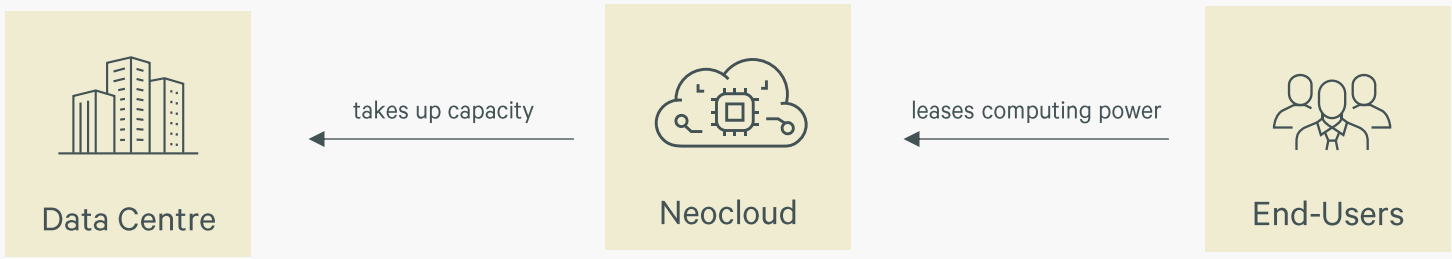
A key theme over the past 12 months has been the increasing prominence of Neocloud providers.

Neocloud providers first emerged in 2023–2024 and rapidly gained traction in 2025 as a specialised category of cloud providers designed specifically for high-performance computing (HPC) workloads. Strong demand for this level of computing power has pushed the sector to expand rapidly, with some Neocloud providers already publicly listed.

While most large Neocloud companies are currently U.S.-based, they are now expanding to Europe and Asia Pacific. Supported by AI demand and data sovereignty regulations in some Asia Pacific markets, emerging local Neocloud start-ups are also taking up data centre space within the region.

Compared with established hyperscalers, these operators often have shorter operating track records and carry weaker credit profiles. As this raises potential concerns around tenant covenant strength, landlords tend to favour operators with stronger financial backing, particularly where development involves debt financing, to meet lender requirements on credit risk management.

Figure 4: Introduction to Neocloud Providers



- Neocloud requirements are similar to AI data centres
- Large power loads, high-density racks, and advanced cooling

- Provides GPU-as-a-Service (GPUaaS)
- Owns top tier GPUs and creates high performance computing power

- Hyperscalers and AI labs
- Corporates (Start-ups, research firms, media, and gaming companies)

Neocloud Benefits	• Provide access to high performance computing for those who do not have top tier GPUs • Provide additional computing power without creating extra pressure on balance sheets for those who already have access to GPUs. • Offer more flexibility in lease terms compared to traditional cloud operators.
Key Players	• Global players include CoreWeave, Lambda, and Nebius. • Regional Neocloud focused companies include Yotta, E2E Networks, Neysa AI in India; Firmus and Sharon AI in Australia; and Sustainable Metal Cloud in Singapore.

Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

DEMAND DRIVERS

Potential for Neocloud growth varies by market

The surge in near-term demand from Neocloud operators, particularly for assets capable of supporting high-intensity workloads, has exacerbated capacity shortages within Asia Pacific's existing data centre pipeline. Opportunities therefore vary across the region, largely reflecting differences in power availability and infrastructure readiness.

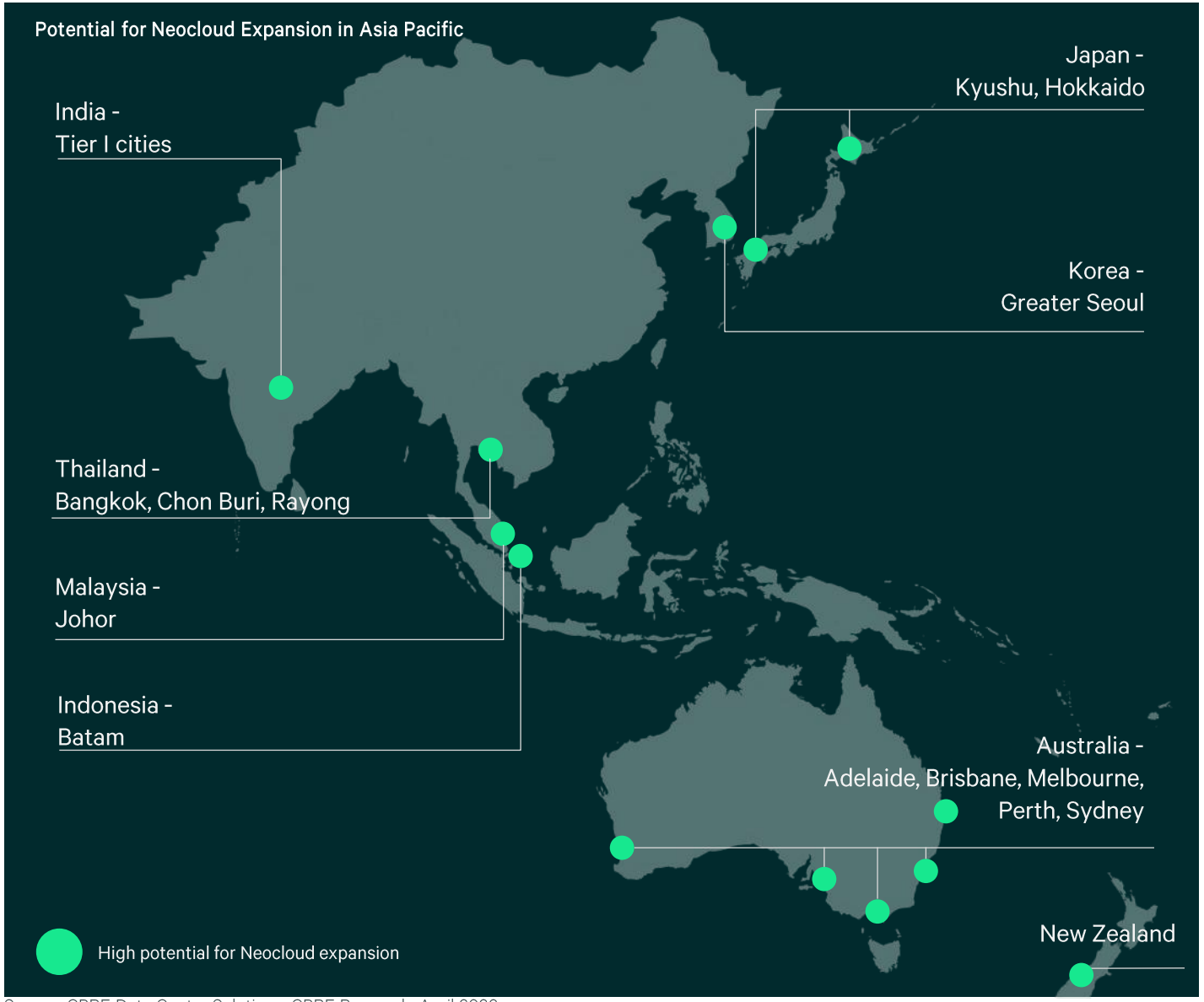
North Asia offers limited prospects, with a lack of power availability constraining development in core Tokyo and the Seoul area. Hong Kong SAR has both inadequate power and building specifications, while mainland China has sufficient power but a lack of access to GPUs.

Opportunities do exist, however, with Kyushu and Hokkaido in Japan and upcoming data centre projects in Greater Seoul in Korea among the leading candidates. Despite being located away from core data centre hubs, these emerging markets have higher power availability and cheaper colocation prices, creating potential for Neocloud expansion.

South and Southeast Asia (excluding Singapore) possess high potential for Neocloud development. Cheaper power, better access to sufficient power and permitting, and proximity to Singapore make Malaysia, Indonesia and Thailand attractive markets for growth.

With existing players such as Yotta and Neysa AI already active, India is not new to the Neocloud sector. Emerging demand from high performance computing will support further expansion.

Australia provides attractive opportunities for Neocloud expansion. With multiple hyperscalers already present, demand is strong as Neocloud can provide them with opportunities to scale up. Plentiful access to powered land can also enable large scale development.



Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

02

Power availability remains the biggest challenge

DEVELOPMENT CHALLENGES

Data centre pipeline remains strong but power still a major challenge

Data centre expansion in Asia Pacific continues to outpace utility capacity, posing a challenge for operators looking to secure power.

Asia Pacific data centre electricity consumption almost doubled from 2020 – 2024 and is expected to triple in size over the next few years.

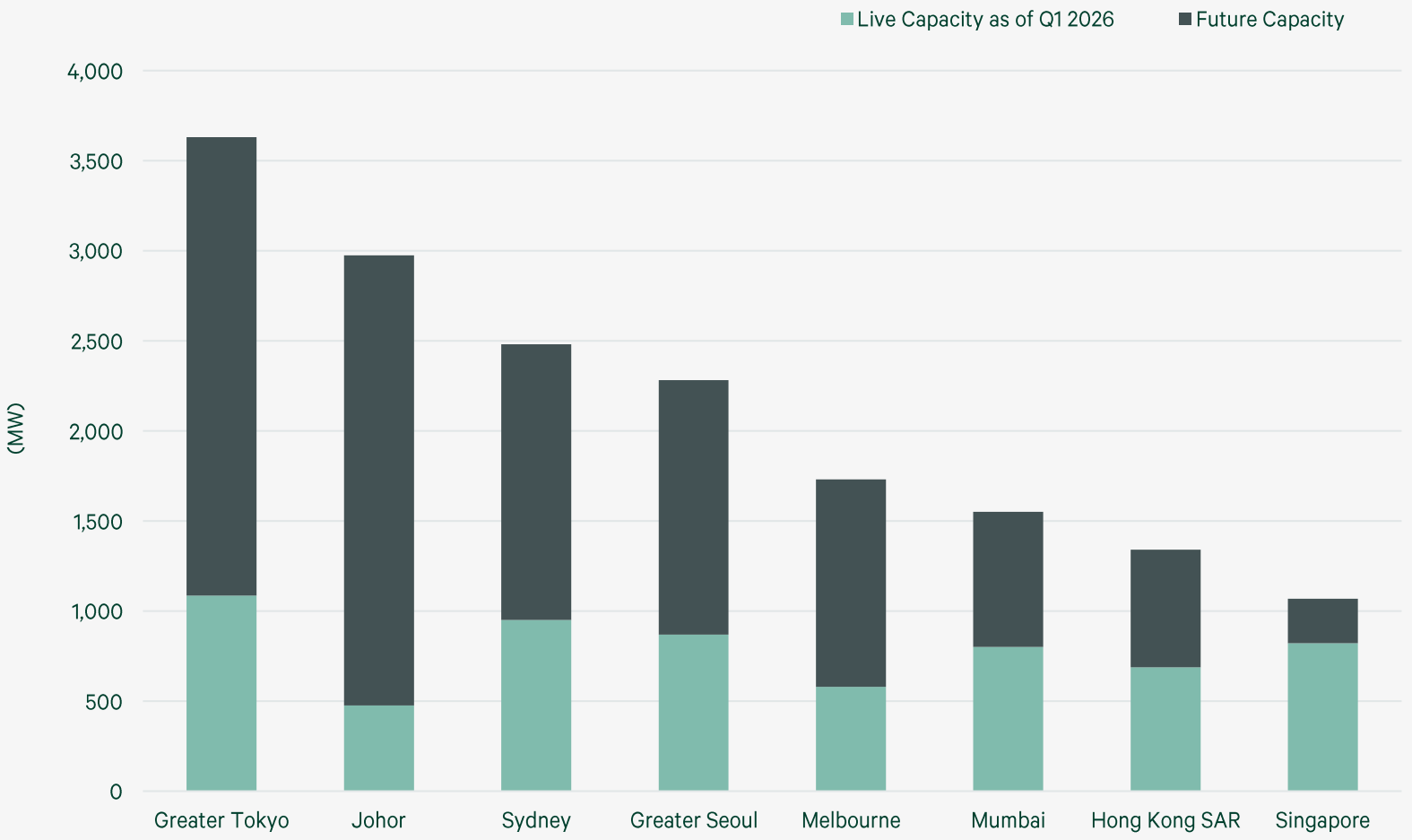
New data centre builds are also increasing in capacity, with average sizes now exceeding 100MW. Intensive AI workloads are placing further strain on power infrastructure.

Some markets are overcoming the lack of power availability by focusing on developing on-site infrastructure, such as in Japan, where on-site gas cogeneration systems are being deployed to support power resilience.

Other solutions include seeking locations outside core areas in mature markets. Developers of large AI data centres in Korea are increasingly looking beyond Seoul to new clusters.

Shifting development to emerging markets remains a viable strategy, as illustrated by Johor's now well-established status as a complementary market to Singapore.

Figure 5: Asia Pacific Data Centre Pipeline (MW)



Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

DEVELOPMENT CHALLENGES

Construction cost, lead time, and community engagement head list of other obstacles

In addition to a lack of power availability, the major bottlenecks to data centre development in Asia Pacific remain largely unchanged from previous years.

Elevated construction costs are the next most pressing issue, with intense competition around AI buildout significantly pushing up data centre development costs.

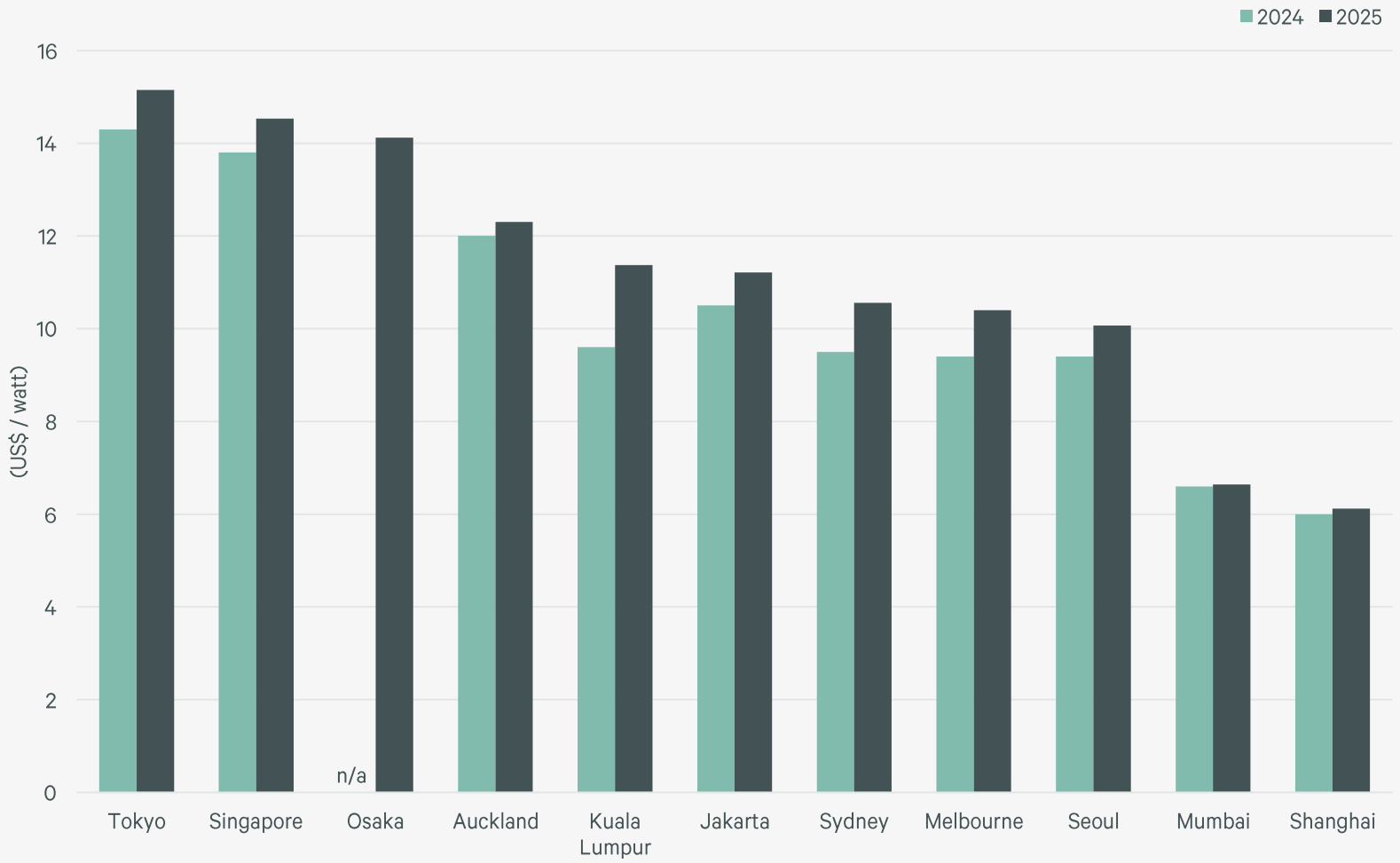
Rising land prices, the use of advanced liquid cooling, and regulatory compliance related to sustainable buildings are all contributing to higher data centre construction costs.

Turner & Townsend's Data Centre Cost Index 2025 ranked Tokyo in first place, followed in second by Singapore. Kuala Lumpur has seen costs increase significantly due to a surge in spillover demand from Singapore.

Relatively cheaper markets include India and mainland China owing to their lower labour and material costs. Some new data centre developments in mainland China are leveraging modular construction to expedite development timeframes.

Other challenges include community resistance and lead-time in securing critical equipment. However, experienced developers are becoming more adept at managing these issues.

Figure 6: Data Centre Construction Costs (US$ per watt)



Source: Turner & Townsend Data Centre Construction Cost Index 2024 and 2025, November 2025.

DEVELOPMENT CHALLENGES

Data Centre Development Bottlenecks Scorecard

Figure 7: Data Centre Development Bottlenecks Scorecard

	Singapore	Korea	Japan	Hong Kong SAR	Australia	Other Southeast Asia	India	Mainland China
Power Constraints	**High**	**High**	Medium	Medium	Medium	Low	Low	Low
Construction Costs	**High**	Medium	**High**	**High**	Medium	Medium	Low	Low
Shortage of Skilled Labour	**High**	Medium	**High**	Medium	Medium	**High**	Low	Low
Community and Environmental Risks	**High**	High	Medium	Medium	Medium	Low	Low	Low

Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

03

Upcoming data centre projects shift locational focus

REGIONAL LANDSCAPE

The Asia Pacific data centre landscape is shifting

While the Asia Pacific data centre market as a whole continues to witness a surge in development, the picture varies across individual markets.

To explain this scenario, CBRE has informally classified individual data centre markets into three categories:

- **Leading** markets have high existing capacity and continue to plan the development of new supply.
- **Mature** markets have high existing capacity but a limited future development pipeline.
- **High Growth** markets have somewhat limited existing capacity but possess strong growth potential and are planning significant new developments.

Outside of these categories in our basket, there also exist several up-and-coming niche markets such as Vietnam and Taiwan. These markets are taking on a specialised and strategic role within the region and possess a sizable supply pipeline.

REGIONAL LANDSCAPE

India and Malaysia rise into top echelon of growth markets

The Asia Pacific data centre market is undergoing a significant reordering, shifting from concentrated growth in traditional leading markets to rapid expansion in Southeast Asia and India, driven by AI adoption and hyperscaler expansion.

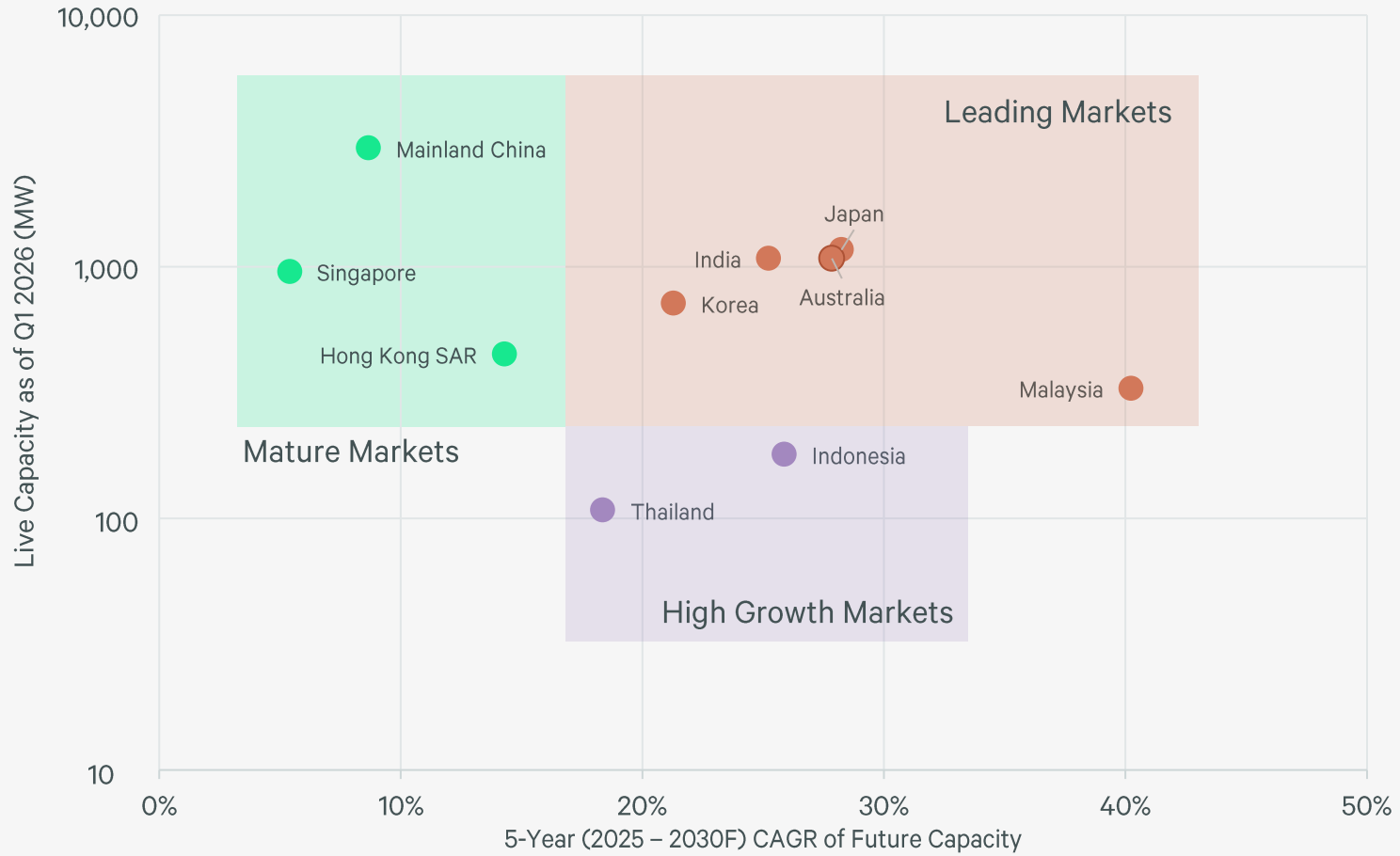
While Japan, Australia and mainland China have maintained their status as Leading markets, they have been joined by India and Malaysia, which have risen from High Growth status.

Data centre capacity in India is surging amid robust demand from hyperscalers along with factors such as the country's 5G rollout, expansion of Global Capability Centres (GCCs), data localisation laws, higher AI workloads and government initiatives.

Malaysia continues to benefit from spillover demand from Singapore, with Johor a preferred market for hyperscalers and operators due to its proximity and cheaper construction costs.

However, rising development costs and tighter power availability in this market are prompting hyperscalers and operators to look elsewhere in emerging Southeast Asia; a trend that has seen Thailand and Indonesia move into the High Growth category.

Figure 8: Asia Pacific Live and Future Data Centre Capacity



Note: The 5-year CAGR assumes all under construction and announced supply pipeline to be completed over the next five years. Korea data cover only Greater Seoul. Thailand data cover only Greater Bangkok. Mainland China data cover only tier-1 cities.
Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

04

Different routes available for data centre investment

INVESTMENT STRATEGY

Investors utilise multiple channels to access data centre assets

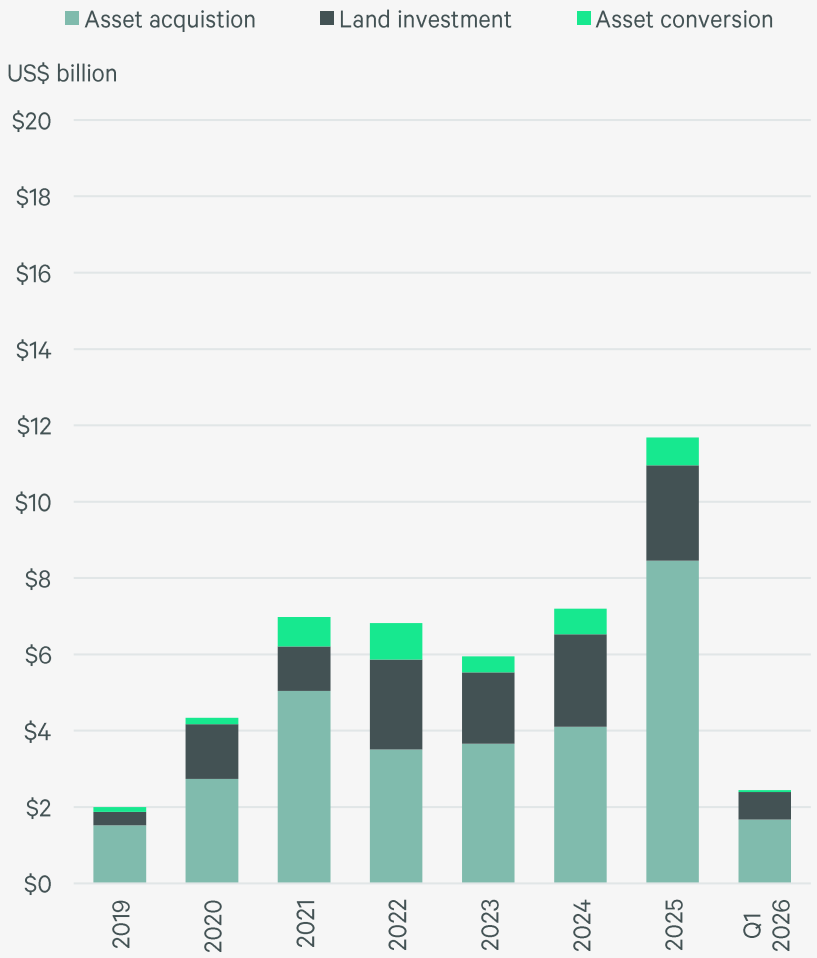
Data centre investment in Asia Pacific remained robust in 2025, supported by both direct investment and entity-level transactions. As the market matures, investment activity is becoming bifurcated by asset size and risk appetite.

Direct investment volume has grown steadily over the past seven years, reaching a record high of US$11.6 billion in 2025, amid sustained demand for stabilised assets, development sites and conversion opportunities. Direct investment continues to appeal to investors seeking smaller ticket sizes, asset-specific exposure and relatively better liquidity, particularly among yield-focused REITs and domestic investors.

Entity-level transactions have been relatively scarce but account for a significant share of capital deployment. These strategies, primarily through platform and OpCo investments, provide investors with an efficient pathway to scale, particularly those targeting larger-scale assets or multi-market portfolios. However, this approach typically requires investors to rely more heavily on other parties for asset management.

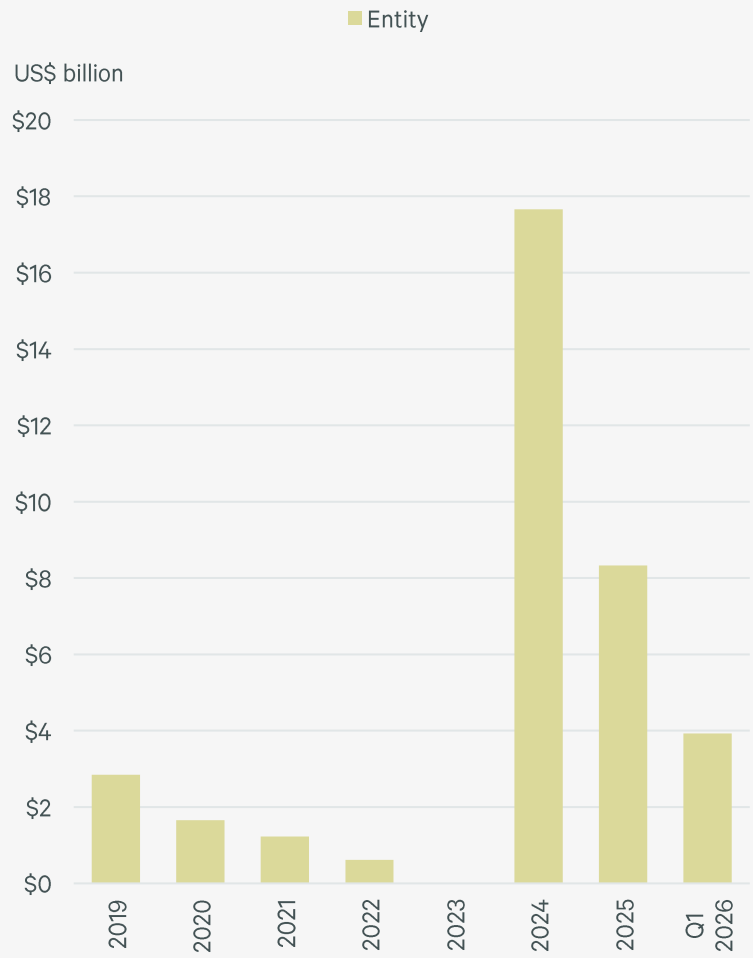
The market is also seeing a rise in fund management models , whereby operators and developers recycle capital by spinning assets into fund or partnership structures. This facilitates continued balance sheet optimisation while providing investors access to diversified portfolios and operational expertise.

Figure 9: Asia Pacific Data Centre Direct Investment Volume



Source: MSCI RCA, CBRE Research, April 2026.

Figure 10: Asia Pacific Data Centre Entity Deal Volume



Source: MSCI RCA, CBRE Research, April 2026.

Figure 11: Recent Direct Investment Transactions

Date	Property/Deal	Market	Price (US$ approx.)	Estimated Total Capacity (MW)	Buyer	Year Built
Mar 2026	Colt DCS Keihanna	Japan	$997 million	45.9	Capitaland Ascendas REIT / a fund managed by Mitsui & Co. Realty Management Ltd	2023
Nov 2025	Colt DCS Inzai 4	Japan	$533 million	19.8	Keppel DC REIT / Keppel Corporation	2025
Jun 2025	A portfolio of three data centres under Total Information Management	Philippines	$180 million	12.2	Equinix	2014 / 2017/ 2023
Mar 2025	Gotemba	Japan	$664 million	18	Mitsui & Co	2023
Dec 2024	Global Switch Sydney West & East	Australia	$1, 260.5 million	43.6	DigiCo Infrastructure REIT	2002 / 2014

Figure 12: Recent Entity-level Transactions

Date (Announcement)	M&A Acquisition	Investor(s)	Market(s)	Investment (US$)	MW (approx. including pipeline)
Feb 2026	82% stake of ST Telemedia Global Data Centres	KKR / Singtel Group	12 markets across APAC and Europe	$5.1 billion	2.3 GW
Jan 2026	Chinese business of WinTriX DC Group	Shenzhen Dongyangguang Industry Co., Ltd.	CN	$4.0 billion	1.5 GW
Nov 2025	Yondr Malaysia	Vantage Data Centres / GIC / ADIA	MY	NA	300 MW
Aug 2025	A controlling stake of Evolution Data Centres	Zero Two	TH/ PH	$325 million	121 MW
Aug 2025	75% stake of data centre business of Spark New Zealand	Pacific Equity Partners	NZ	$330 million	130 MW
Jul 2025	Goodman Hong Kong Data Centre Partnership	PGIM / APG / CPP Investments /CBRE IM Indirect / an Middle Eastern investor	HK	$2.7 billion	180MW
Jul 2025	Yondr Group	DigitalBridge / La Caisse	MY / JP / IN / US / CA / UK / DE / NL	$5.8 billion	1.0 GW

Source: MSCI RCA, CBRE Research, April 2026.

INVESTMENT STRATEGY

Asia Pacific data centre yields widen along with interest rate hikes

Yield trends for Asia Pacific data centres have diverged over the past six months but remained largely in line with interest rate movements.

In Australia and Japan, where interest rates have increased over the past six months, yields have slightly expanded to reflect higher required returns.

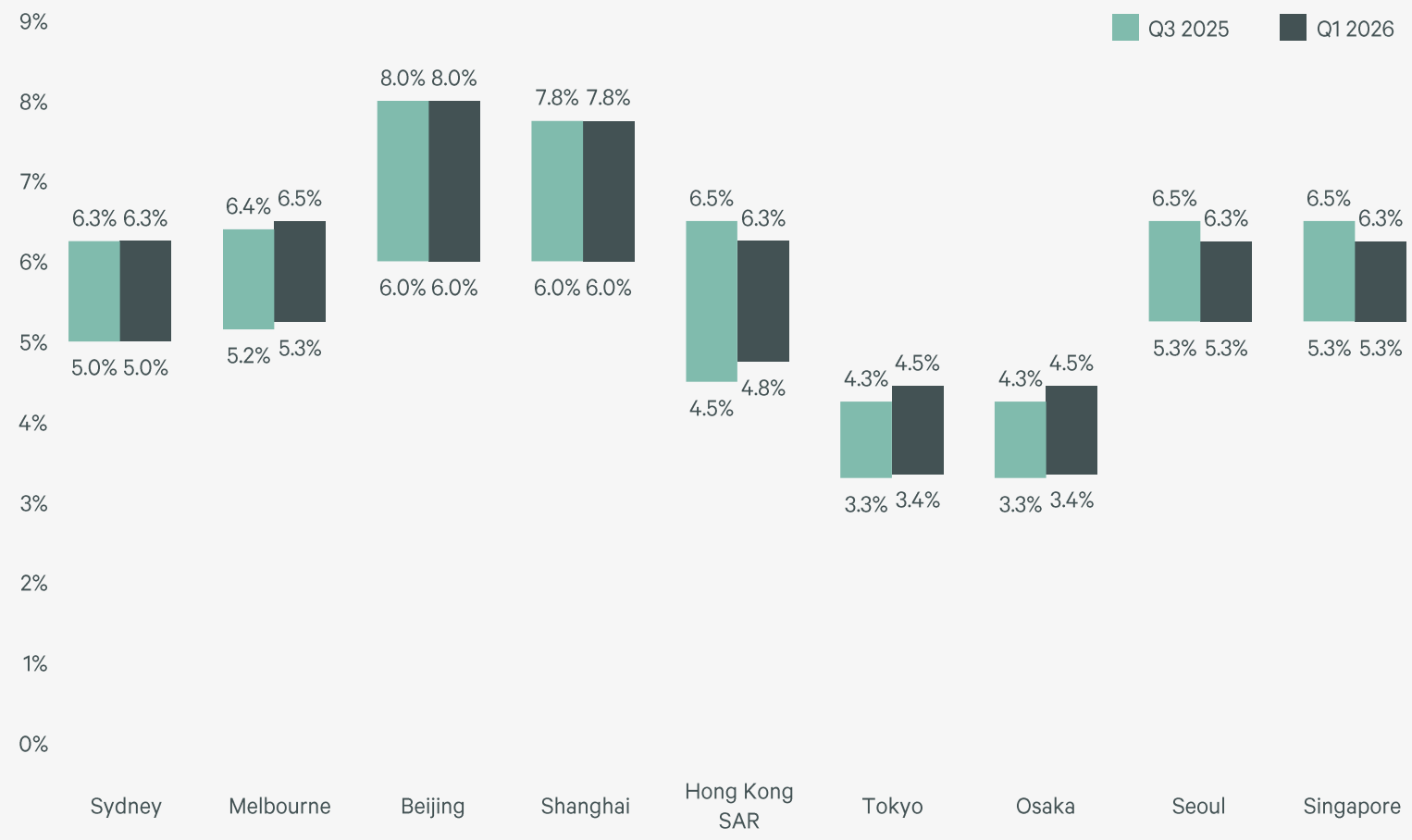
Greater China markets have seen yields stay mostly stable, with most transactions involving platform deals or M&A.

Seoul and Singapore have reported slight yield compression, with government support for AI and a lack of large capacity pipeline supply forcing investors to target existing stock, pushing up price expectations.

Yield data for emerging Southeast Asia is limited due to a lack of transactions, with most deals involving land acquisition and/or development.

Amidst this environment, investors are displaying a strong preference for longer lease tenures with built-in rental escalation to preserve income certainty and mitigate interest-rate risk.

Figure 13: Hyperscale Data Centre Indicative Cap Rates (range) – CBRE Cap Rate Survey Q3 2025 vs Q1 2026



Note: The lower range of the cap rates represent those for shell & core, with the higher range representing those fully fitted / operational.
Source: Asia Pacific Cap Rate Survey Q3 2025 and Q1 2026, CBRE Research, April 2026.

05

Recommendations

RECOMMENDATIONS

Advice for data centre operators and investors

Strategies

- Target larger powered land opportunities by partnering with landlords and developers.
- Consider forming strategic infrastructure partnerships to secure onsite power solutions.
- Plan lead times well ahead to ensure smooth construction timelines.
- Partner with local operators or developers to explore opportunities in emerging markets.
- Monitor emerging sources of demand such as AI and Neocloud. Consider built-to-suit options to fulfill requirements.

Challenges

- Older facilities facing higher vacancy risk as capacity demand increases and requirements around building specifications rise.
- In addition to power constraints, rising construction costs, shortages of skilled labour, and increasing community and environmental pressure may weigh on development timelines and profit margins.
- As regulatory requirements on sustainability performance tighten, the data centre industry could face higher environmental and community risk.

Target Markets

- Investors are advised to seek opportunities in mature markets, such as Japan, Australia, Korea and Singapore.
- Tier I cities in India and emerging Southeast Asian markets such as Malaysia, Indonesia,Thailand and Vietnam offer attractive growth opportunities.
- Development opportunities can be found in non-core locations within leading markets such as Japan (Hokkaido and Kyushu), Australia (Melbourne and Perth) and other areas with greater land and power availability.
- Markets with high growth potential such as Osaka, Brisbane, Thailand and Indonesia can provide cheaper options for investors considering development plays.

06

Market Profiles

Japan

Occupier Market

- Data centre demand remains robust, led by Cloud Service Providers (CSPs). Hyperscale demand has expanded steadily over the past three years and now accounts for approximately 60–70% of total capacity demand.
- AI related demand continues to flow primarily through global CSPs, supporting their expansion and development pipelines. Direct AI demand from local enterprises remains relatively limited.
- Colocation demand is being mainly driven by domestic corporates, particularly manufacturers such as semiconductor companies, which have leased a meaningful amount of colocation capacity to support GPU-based chip design and AI related computing workloads.
- Leasing fundamentals are strengthening, with colocation rack pricing increasing by approximately 3% in 2025, driven primarily by rising electricity costs and limited new supply.

Supply & Vacancy

- Occupancy levels across both new and stabilised assets remains high. New supply in Greater Tokyo in 2025 was effectively fully pre-leased, reflecting the landlord-favoured market.
- Power constraints continue to cap new supply across the country, particularly in Greater Tokyo. Greater Osaka has been relatively more active thanks to its comparatively better power availability, with new supply in this market set to rise from 2027 onwards as several deferred projects move toward completion.
- Fukuoka and the broader Kyushu region are emerging as key alternative markets, supported by lower power and land costs, improving connectivity and new submarine cable landings.

Investment Market

- Investor demand remains strong, supported by Japan's maturity, depth of demand and liquidity.
- Data centre operators and CSPs are still the most active investors, particularly for land acquisition and platform expansion. Higher financing and development costs are placing more pressure on institutional investors, with margins more sensitive to cost escalation.
- Financing conditions have tightened as banks adopt a more conservative stance toward data centre lending, particularly for development projects. Rising borrowing costs and inflation have increased investor sensitivity to lease structures and income durability, leading to gradual yield expansion.

Trends to Watch

- The race for power is intensifying as developers plan large scale projects to accommodate increasingly demanding AI workloads.
- Greater Tokyo is reporting enquiries from operators seeking 200–300MW of capacity, with many willing to consider locations outside traditional data centre clusters.
- Demand is increasing for higher spec on site infrastructure, such as on-site gas cogeneration solutions to support power resilience. Securing strategic infrastructure partnerships will be critical to managing development timelines and mitigating delivery risks.

Selected Market Movements

- A joint venture between Capitaland Ascendas REIT (CLAR) and a fund managed by Mitsui & Co. Realty Management Ltd has acquired a 45.9MW hyperscale data centre in Greater Osaka for a reported US$997 million. The asset is fully leased to a leading global hyperscaler for 14 years with built-in annual rent escalation.
- Keppel DC REIT and Keppel Ltd have acquired a 20MW hyperscale data centre in Greater Tokyo for US$533 million at an estimated 4% yield.
- Microsoft has committed to invest US$10 billion in Japan between 2026 and 2029 to expand artificial intelligence infrastructure, strengthen cybersecurity cooperation with the government, and train one million engineers and developers in collaboration with local firms, supporting the country's long term AI development.

Key Stats – Greater Tokyo		
Total Capacity (MW) – as of Q1 2026		1,086
Upcoming Capacity (MW)		2,544
2026 Outlook	Colocation Prices	▲
	Vacancy	▶
Indicative Cap Rate – as of Q1 2026		3.35 – 4.35

Note: Total capacity refers to active capacity as of Q1 2026; upcoming capacity refers to all under construction and announced capacity. The lower range of the cap rates represent those for shell & core, with the higher range representing those fully fitted / operational.
Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

Australia

Occupier Market

- Australia's data centre market continues to expand, with new capacity being absorbed rapidly. Most new supply is being taken up by hyperscalers rather than traditional enterprise colocation users.
- AI-related demand, particularly for high-powered GPU deployments, is a major incremental driver of take-up, while traditional enterprise demand remains steady. Neo-cloud operators are displaying brisk demand, with these players taking large blocks of capacity, often supporting hyperscaler or AI-driven workloads.
- Occupier demand remains focused on Sydney and Melbourne. Although smaller in scale, Perth and Brisbane are increasingly seen as longer-term growth market due to power availability, land access, subsea cable connectivity, and proximity to Asia.
- Deal sizes are increasing significantly, with occupiers seeking campus-scale commitments.

Supply & Vacancy

- Australia's data centre sector has increasingly shifted to a pre-leased model in core markets of Melbourne and Sydney, with most new capacity already absorbed and under construction on a non-speculative basis. However, despite the substantial near-term supply surge, Sydney and Melbourne are still projected to face a significant ~1.5GW supply shortfall by 2028.
- Overall vacancy remains low but a two-speed market is emerging. New hyperscale-oriented facilities are being quickly absorbed, while older and smaller legacy assets are struggling to attract demand as occupiers increasingly target requirements of 20–100+ MW in new bespoke facilities.

Investment Market

- Australia continues to attract strong platform-led investment demand, with recent transactions including Blackstone-backed AirTrunk's US$111 million land acquisition in Melbourne for its MEL2 campus, which is expected to deliver over 354MW of capacity upon completion.
- Blue Owl Capital-owned data centre firm Stack Infrastructure is also actively expanding its capacity. The company has filed to develop a 450MW data centre campus in Erskine Park in Sydney, with an estimated investment of over US$400 million.

Trends to Watch

- AI and large language models will drive higher-density infrastructure requirements, including materially higher internal connectivity needs of up to c. 15x fibre cabling compared with historical norms.
- The increasing prevalence of campus-scale transactions involving very large capacities of c. 250- 500+ MW is expected to continue.
- Development constraints relate to power grid timing and planning approvals rather than contractor availability. Development in Melbourne is more straightforward than Sydney due to streamlined planning processes.
- Despite constraints, the numerous gigawatt-scale projects underway illustrate that Australia remains capable of supporting exceptionally large deployments.

Selected Market Movements

- The New South Wales government recently moved 15 data centre projects (~AUD 51.9 billion) into its Investment Delivery Authority pipeline to fast-track approvals, signalling strong policy support and robust investor interest.
- Microsoft has pledged US$18 billion to expand its cloud and AI infrastructure in Australia by 2029, while Amazon has earmarked investment of US$13 billion over the same period.
- Generative AI company Anthropic is exploring investment in Australia as it looks to build out local capacity. OpenAI has partnered with NextDC to develop a hyperscale AI campus and large-scale GPU supercluster in Western Sydney.
- Australian Neocloud provider Sharon AI has secured up to 50MW with NEXTDC to expand its data centre footprint across Asia Pacific. Firmus, an Asia-based AI infrastructure company, expects to secure a US$505 million investment to accelerate deployment of "AI factory" data centres, including its flagship Project Southgate in Australia.

Key Stats		Sydney	Melbourne
Total Capacity (MW) – as of Q1 2026		950	580
Upcoming Capacity (MW)		1,531	1,151
2026 Outlook	Colocation Prices	▲	▲
	Vacancy	▶	▼
Indicative Cap Rate – as of Q1 2026		5.00 – 6.25	5.25 – 6.50

Note: Total capacity refers to active capacity as of Q1 2026; upcoming capacity refers to all under construction and announced capacity. The lower range of the cap rates represent those for shell & core, with the higher range representing those fully fitted / operational.
Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

Korea

Occupier Market

- The government's "AI for All" strategy and related policy frameworks are stimulating data centre demand, particularly from CSPs and major technology and manufacturing conglomerates.
- Domestic occupiers accounted for close to 40% of total absorption in 2025 and are expected to further increase their share this year, with demand from global CSPs set to remain stable. Rising AI workloads continue to drive demand.
- Availability in Greater Seoul remains tight, with colocation vacancy under 5% and tenants struggling to secure capacity above 2MW in existing facilities.
- Intensified competition has pushed rents up by 10–20% since H2 2025, driving more requirements into pre-leasing. End-users that previously secured fixed rents are now subject to annual rental escalations during lease terms.

Supply & Vacancy

- With power supply remaining a critical development bottleneck, developers are focusing on building sub-10MW data centres within Greater Seoul to bypass KEPCO's mandatory assessment process for larger projects, while projects outside Seoul that have secured large land parcels and sufficient power capacity have also begun to attract developer interest.
- Colocation providers are still exploring hybrid formats capable of supporting both legacy IT and AI workloads within the same facility. New developments are designed to accommodate 10–20 kW per rack, with flexibility for incremental upgrades subject to tenant commitments, to support higher-density rack tenants requiring liquid cooling solutions.

Investment Market

- Investment activity remains limited due to the lack of assets for sale. As a result, cap rates have seen modest compression.
- Powered land sites within Central and Greater Seoul remain scarce, pushing up land prices. Most sites are tightly held, further limiting deal flow. Investors exploring development sites outside Seoul continue to face pre-leasing challenges as most occupier demand remains concentrated within Greater Seoul.

Trends to Watch

- Korea's government-led push for AI transformation, combined with expanded GPU allocation through NVIDIA's partnerships with the government and major corporates is expected to accelerate the development of the country's AI ecosystem. Emerging physical and agentic AI services will drive additional data centre demand in the coming years.
- Beyond power constraints and land scarcity, civil complaints present an added permitting risk in Greater Seoul, potentially extending development timelines and requiring more proactive community engagement. Global investors are advised to work with local partners to mitigate regulatory and development hurdles.
- Some global CSPs and major local conglomerates pursuing large-scale AI data centre projects are now looking beyond Seoul.

Selected Market Movements

- A Samsung SDS-led consortium has been selected as the developer for the National AI computing Centre project in Haenam, South Jeolla. The facility is designed to host around 15,000 advanced GPUs and is targeted for completion by 2028.
- Hyundai Motor Group has signed a deal with the government to invest over US$6.0 billion to develop an innovative hub for AI data centres, a robotics manufacturing cluster and other related facilities in the Saemangeum development zone, North Jeolla. The project aims to advance robotics, AI, hydrogen energy, solar power and AI-driven smart city solutions.
- Shinsegae Group is looking to set up a joint venture with AI lab Reflection to build a 250MW sovereign AI data centre. The project will reportedly cost at least US$6.0 billion.

Key Stats – Greater Seoul		
Total Capacity (MW) – as of Q1 2026		869
Upcoming Capacity (MW)		1,412
2026 Outlook	Colocation Prices	▲
	Vacancy	▼
Indicative Cap Rate – as of Q1 2026		5.25 – 6.00

Note: Total capacity refers to active capacity as of Q1 2026; upcoming capacity refers to all under construction and announced capacity. The lower range of the cap rates represent those for shell & core, with the higher range representing those fully fitted / operational.
Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

India

Occupier Market

- Hyperscalers remain the largest source of occupier demand, accounting for 50–55% of current market activity. Colocation demand is broadening beyond cloud players, with the entry of Neocloud players along with enterprise occupiers increasingly outsourcing capacity rather than keeping workloads in-house.
- The first quarter of this year has seen a spike in demand from hyperscalers contracting large capacities of 300MW+.
- Additional demand is originating from manufacturing, logistics, media, e-commerce, R&D and semiconductor occupiers.
- R&D and semiconductor users are increasingly shifting labs from office environments into third-party colocation facilities to support larger AI workloads.
- Mumbai remains the dominant market, hosting more than 50% of national capacity and attracting both hyperscalers and enterprise occupiers. Chennai and Hyderabad are key hyperscale markets, while Bangalore is a hub for enterprise colocation demand.

Supply & Vacancy

- Near-term supply will be led by Mumbai, followed by Chennai, Delhi NCR and Bangalore, with the bulk of stock being built against pre-commitments rather than on a speculative basis.
- The volume of new supply under construction together with recent project announcements suggest that total stock could approach 3GW in the medium term.
- National occupied capacity is expected to remain at around 75–80%, supported by ongoing demand absorption. Older facilities are contributing to headline availability as occupiers with high rack-density requirements migrate to newer, higher-spec assets.

Investment Market

- Investment sentiment is strong, with substantial announced capital commitments across the country's data centre and digital infrastructure landscape.
- Activity is primarily development-led, with capital flowing into new campuses, self-built projects, and build-to-suit facilities rather than a large pool of stabilised assets being openly traded.

Trends to Watch

- India's broader digitalisation story remains a key structural demand driver, with tailwinds including the government's flagship Digital India strategy, continued growth in online retail and rapid expansion of digital payments.
- AI continues to emerge as a key theme, both as a source of demand and as a driver of higher rack densities, newer cooling requirements, and more demanding compute workloads.
- Large enterprise clients are exploring mini build-to-suit data centres (10-15MW); a trend that may set the tone for future development.
- Global Neocloud providers are targeting strategic entry into India market, with planned capacity take-up of approximately 5–15MW per site, supported by liquid-cooling configurations.
- Tier II and edge markets are gaining visibility, with smaller edge-style facilities of around 5–6MW recently coming on stream in Jaipur, Ahmedabad, and Lucknow. There is also a steady rise in enquiries for containerised data centres with capacities of 8–10 MW in tier II cities.
- Development challenges focus on land acquisition and title clarity, rising land prices, longer approval and permitting timelines, labour shortages and increasing construction costs due to supply-chain pressure.

Selected Market Movements

- Google is developing a 1GW AI data centre campus project in Visakhapatna, Andhra Pradesh with partners including AdaniConneX and Airtel Nxtra. The project is due to be commissioned by 2028.
- AWS is planning to develop a data centre campus with a capacity of 473MW in Navi Mumbai.
- TCS, through its subsidiary HyperVault, and AMD are jointly developing an AI-ready data centre blueprint based on AMD's Helios platform, enabling rack-scale AI infrastructure and up to 200MW capacity to support India's national AI initiatives.
- Airtel Nxtra has secured US$1 billion in new investment to accelerate its expansion across India, with plans to scale capacity from around 300MW today to 1 GW in the next few years.
- In April 2026, Blackstone consolidated its data centre portfolio by integrating Lumina CloudInfra into its hyperscale platform AirTrunk, thereby aligning Lumina with AirTrunk's global operations.

Key Stats – Mumbai		
Total Capacity (MW) – as of Q1 2026		800+
Upcoming Capacity (MW)		750
2026 Outlook	Colocation Prices	▲
	Vacancy	▼

Note: Mumbai data comprises figures for both Mumbai and Navi Mumbai. Total capacity refers to live capacity as of Q1 2026; upcoming capacity refers to all under construction and committed capacity.
Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

Singapore

Occupier Market

- While demand remains strong across Singapore's co-location and hyperscale segments, severe capacity constraints are limiting activity and pushing requirements to alternative Southeast Asian markets such as Johor, Kuala Lumpur, and Bangkok.
- Cloud and AI-related demand are the main sources of large-scale requirements, while connectivity-led and enterprise deployments continue to underpin smaller colocation demand.
- Singapore is still a landlord's market, with operators able to be more selective on customer quality and suitability. Stronger-credit worthy customers and those better aligned with operators' efficiency objectives command advantages in securing space.

Supply & Vacancy

- DC-CFA1 has delivered four awards of c.20MW each, while DC-CFA2 is expected to provide at least 200MW in total. New development is heavily controlled geographically, with Jurong Island identified as the main area earmarked for future projects. Operators are finding it increasingly difficult to develop outside designated areas.
- While newer facilities enjoy specification and efficiency advantages, older facilities can remain competitive by offering stronger embedded connectivity or a valuable customer ecosystem.
- Occupancy stands above 95%, with low vacancy expected to persist given the lack of meaningful new supply in the near term. Even if additional data centre capacity is approved, it is unlikely to fundamentally loosen the market, given expected rapid absorption and the long lead time to delivery.

Investment Market

- While Singapore remains a highly coveted market, investment activity is subdued as assets remain tightly held and owners are unwilling to sell.
- The limited few deals that have occurred recently involve Keppel and CapitaLand moving assets between development platforms and REIT structures.

Trends to Watch

- AI-readiness of existing stock is a growing concern, with many legacy facilities not designed for current AI workloads. This is creating opportunities around facility refresh, retrofit, energy optimisation and sustainability-led upgrades.
- Beyond planning controls, power availability is still the principal development bottleneck.
- The market is likely to remain tight through 2026, with rents expected to trend stable to slightly upward and occupancy likely to remain above 95%, reinforcing Singapore's status as a landlord's market.

Selected Market Movements

- Keppel has started construction on its 25MW floating data centre project. The facility is scheduled to go live in 2028 and is fully committed to a global hyperscaler.
- Digital Realty has pledged more than US$3.4 billion for new data centre development, building on its existing network to reinforce Singapore's critical role as an AI infrastructure hub.

Key Stats – Singapore		
Total Capacity (MW) – as of Q1 2026		821
Upcoming Capacity (MW)		247.5
2026 Outlook	Colocation Prices	▲
	Vacancy	▶
Indicative Cap Rate – as of Q1 2026		5.25 – 6.50

Note: Total capacity refers to active capacity as of Q1 2026; upcoming capacity refers to all under construction and announced capacity. The lower range of the cap rates represent those for shell & core, with the higher range representing those fully fitted / operational.
Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

Southeast Asia

Occupier Market

- Southeast Asia is a key engine of regional data centre demand, with its individual markets serving a combination of domestic demand and increasingly regional workloads which cannot be fully accommodated in core markets, such as Singapore. Demand is driven by hyperscale cloud, large-tech deployments, and AI-linked workloads.
- Johor remains a key complementary market to Singapore, serving large hyperscale, large-tech, and AI deployments. Kuala Lumpur is a more domestically oriented market, with cloud availability zones and enterprise demand forming the core base.
- Thailand has been one of the most active regional markets, with rising hyperscaler activity alongside active colocation-led requirements. Chonburi and Rayong are key clusters.
- Activity in Indonesia is focused around Cikarang and other areas of east Jakarta, with a bifurcated profile between suburban hyperscale demand and tighter in-town colocation demand.

Supply & Vacancy

- Although Johor has a large development pipeline, oversupply is not an issue as much of the market is being built to serve identified requirements rather than speculative excess.
- Thailand is witnessing substantial development activity, with projects ranging from c.20 MW phases to campus announcements of around 300MW.
- Indonesia has higher vacancy than other Southeast Asian markets due to earlier land banking and planned developments that created some oversupply, although conditions are improving.

Investment Market

- Investment activity in Southeast Asia is still at a build-and-scale phase and is focused on platform expansion, land banking, self builds, and development-led capital deployment, with single asset trades uncommon.
- Thailand is among the most open and competitive development markets, attracting a broad mix of capital and operators including hyperscalers, colocation groups, and regional entrants. Joint ventures are the optimal entry route for overseas investors.

Trends to Watch

- Talent shortages are a structural operating constraint, especially in Johor and Thailand, where operators often need to recruit from related sectors or train new graduates directly.
- Cooling design is changing in response to AI workloads, with the likes of Johor seeing direct-to-chip liquid cooling become a more common feature in newer builds.
- Rapid-build and modular delivery models are being used in some cases as fast execution becomes a competitive differentiator.
- Neo-cloud players are suggested to explore Southeast Asia as these markets' better accessibility and relatively cheaper power creates ideal conditions for them to scale up.

Selected Market Movements

- A KKR-led consortium with Singtel Group has acquired the remaining 82% stake in ST Telemedia Global Data Centres for US$5.1 billion. Upon completion, KKR and Singtel will own stakes of 75% and 25%, respectively.
- AirTrunk is looking to sell a majority stake in JHB1, a 150MW hyperscale facility located in Johor Bahru, Malaysia for US$1.5 billion.
- Capital recycling opportunities are gaining traction across the region, with Bain Capital reportedly looking to sell a 40% stake in Bridge Data Centres at a US$5 billion valuation, alongside a potential US$2 billion divestment of BDx by I Squared Capital and a strategic review at Princeton Digital Group that could lead to a stake sale.

Key Stats - Johor		
Total Capacity (MW) – as of Q1 2026		476
Upcoming Capacity (MW)		2500+
2026 Outlook	Colocation Prices	▶
	Vacancy	▶
Indicative Cap Rate – as of Q1 2026		6.50 – 8.00

Note: Total capacity refers to active capacity as of Q1 2026; upcoming capacity refers to all under construction and announced capacity. The lower range of the cap rates represent those for shell & core, with the higher range representing those fully fitted / operational.
Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

Hong Kong SAR

Occupier Market

- Leasing demand continues to strengthen, driven primarily by hyperscale CSPs, mainland Chinese technology and e-commerce companies, and financial institutions.
- Activity from multinational banks and international financial institutions is also picking up, supported by expansion requirements and a growing emphasis on operational resilience.
- Demand is polarised, with occupiers preferring to be early tenants in new, high specification facilities, or securing short term space in older assets as an interim solution. This is reinforcing the performance gap between new and legacy data centre stock.

Supply & Vacancy

- With the recent exceptional supply cycle now largely complete, Hong Kong is transitioning toward a more balanced state. Vacancy is expected to continue easing over the next 12–18 months, supported by limited new supply and sustained leasing demand.
- Newer facilities typically report vacancy of 10% to 15%, underpinned by strong pre-leasing activity, while older and less efficient assets often report higher vacancy, reflecting their weaker power efficiency, higher operating costs, and reduced competitiveness.
- The near-term pipeline remains modest and is concentrated in existing clusters including Kwai Chung and Tseung Kwan O.
- Long term supply will be led by the Sandy Ridge Data Facility Cluster in the Northern Metropolis. The project comprises approximately 250,000 sq. m. of gross floor area and is scheduled to commence operations from 2029.

Investment Market

- Direct data centre acquisitions in Hong Kong SAR remain limited, reflecting both broader capital market conditions and a shortage of stabilised data centres available for sale.
- While investor interest is primarily focused on conversions involving en-bloc industrial buildings, particularly those with secured power capacity, high retrofit costs and extended delivery timelines continue to constrain activity.
- With power availability remaining the key determinant of asset value, buildings with large, secured power allocations—regardless of existing use— continue to attract strong investor interest.

Trends to Watch

- Following the recent supply surge, rents have been tenant-friendly over the past 18 months. As vacancy tightens, however, rental growth is likely to resume from H2 2026.
- Technical limitations are inhibiting Hong Kong's ability to cater to AI-related demand. Most data centres in the city are designed for 5–15KW per rack, which is insufficient to support the high-density requirements of 40KW or above for AI-driven workloads.

Selected Market Movements

- Goodman has established the US$ 2.7 billion Goodman Hong Kong Data Centre Partnership, with an initial portfolio of six data centres offering over 180MW, backed by partners including PGGM, APG, CPPIB, CBRE IM Indirect and a Middle Eastern investor.
- China Mobile has launched its Global Intelligence Centre in Fo Tan. The facility is designed to accommodate up to 10,000 server cabinets and support high-performance computing and AI workloads. The site is connected to multiple national computing hubs in the Greater Bay Area and international submarine cables, strengthening Hong Kong's connectivity regionally and globally.

Key Stats – Hong Kong SAR		
Total Capacity (MW) – as of Q1 2026		687*
Upcoming Capacity (MW)		653
2026 Outlook	Colocation Prices	▲
	Vacancy	▼
Indicative Cap Rate – as of Q1 2026		5.00 – 6.00

Note: *The data centre stock basket has been reviewed and expanded, with historical levels updated based on refined facility-level estimates.
Total capacity refers to active capacity as of Q1 2026; upcoming capacity refers to all under construction and announced capacity. The lower range of the cap rates represent those for shell & core, with the higher range representing those fully fitted / operational.
Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

Mainland China

Occupier Market

- Leasing in tier I cities has been subdued as the pullback by multinationals continues to weigh on momentum. Domestic corporates increasingly account for the bulk of demand.
- While AI-related demand is providing some support, particularly for high-performance computing workloads, most requirements have been absorbed by state-owned telecom platforms, with limited spillover to the broader colocation market. This has ensured that carrier-neutral third-party colocation rents remain broadly flat.
- Hyperscale cloud operators favour build-to-suit and self-built facilities. Effective rents for hyperscale leases are on the lower end of market expectations, with lease terms ranging from five to ten years and structured with limited or no annual rental escalation.
- Financial services companies, particularly quantitative trading firms, are seeking capacity in tier I cities, most notably Shanghai and Guangzhou. These occupiers typically prefer colocation facilities near stock exchanges owing to strict latency requirements and trading performance considerations.

Supply & Vacancy

- The recent wave of speculative supply is being steadily absorbed, ensuring the market continues to favour tenants.
- Vacancy is trending down, supported by a slowdown in new supply. Vacancy is higher in Shanghai and Beijing compared to Guangzhou and Shenzhen, where historical supply has been more limited.
- Although the pipeline is sizeable, much of planned capacity is unlikely to be delivered without confirmed pre-commitments as developers are more reluctant to launch speculative projects.

Investment Market

- Investment activity remains subdued, reflecting muted leasing conditions and limited exit opportunities. Domestic corporates are the most active investors, typically pursuing data centres as part of development strategies rather than for pure income generation.
- The more balanced supply–demand dynamic over the next two to three years could lend support to investment sentiment.

Trends to Watch

- Securing power quotas, along with environmental and energy assessment approvals, is still the key barrier to new data centre development.
- With some projects obtaining power quotas yet to break ground due to oversupply conditions, authorities have become more cautious in granting new approvals.
- As new supply remains constrained and demand is gradually improving alongside AI development, vacancy is expected to stabilise and begin to support rental growth over the medium term.
- Rents are projected to bottom out in 2026, with a return to growth more likely from 2027.

Selected Market Movements

- Bain Capital has sold the China business of its data centre portfolio company WinTriX DC Group to a consortium led by Shenzhen Dongyangguang Industry Co Ltd for about US$4.0 billion, marking the largest transaction in the history of China's data centre market.

Key Stats – Shanghai		
Total Capacity (MW) – as of Q1 2026		1,286
Upcoming Capacity (MW)		737
2026 Outlook	Colocation Prices	▼
	Vacancy	▼
Indicative Cap Rate – as of Q1 2026		6.00 – 7.50

Note: Total capacity refers to active capacity as of Q1 2026; upcoming capacity refers to all under construction and announced capacity. The lower range of the cap rates represent those for shell & core, with the higher range representing those fully fitted / operational.
Source: CBRE Data Centre Solutions, CBRE Research, April 2026.

To be updated

Contacts

Data Centre Solutions

Matt Madden
Head of Data Center Solutions
and Senior Managing Director
Asia Pacific
matt.madden@cbre.com

Frank Fang
Co-Head of Industrial and
Logistic Service
China
frank.fang@cbre.com

Sean Kirk
Associate Director
DCS
Hong Kong SAR
sean.kirk@cbre.com

Udit Sabharwal
Head of Consulting
Advisory Services
Asia Pacific
udit.sabharwal@cbre.com

Prashant Goyal
Head of DC Leasing
India
prashant.goyal@cbre.com

Hirokazu Ono
Head of DCS
Japan
hirokazu.ono@cbre.com

Andy Kim
Senior Director
DCS
Korea
andy.kim@cbre.com

Johnnie Tan
Executive Director
DCS
Singapore
johnnie.tan@cbre.com

Capital Markets

Darcy Frawley
Director
Data Centres
Pacific
darcy.frawley@cbre.com

Neil Bear-Hetherington
Director
Data Centres, Capital Markets
Asia Pacific
neil.abear@cbre.com

Andrew Mackin
Director
DC & IL, Capital Markets
Southeast Asia
andrew.mackin@cbre.com

Valuations

Jason Vlahos
Associate Director
Data Centres
Pacific
jason.vlahos@cbre.com

Adriano Russo
AAPI CPV Director-
Metro Office Data Centres
adriano.russo@cbre.com

To be updated

Contacts

Asia Pacific Capital Markets

Greg Hyland
Head of Capital Markets
Asia Pacific
greg.hyland@cbre.com

Crystal Palar
Executive Managing Director
Capital Markets
Asia Pacific
crystal.palar@cbre.com

Callum Young
Executive Director
Capital Markets
Asia Pacific
callumg.young@cbre.com

Capital Advisors

Hugh Macdonald
Head of Capital Advisors
Asia Pacific
hughs.macdonald@cbre.com

SiangEe Lim
Senior Director
Capital Advisors
Asia Pacific
siangee.lim@cbre.com

To be updated

Contacts

Asia Pacific Research

Ada Choi, CFA
Head of Research
APAC & MENA
ada.choi@cbre.com

Dennis Ho
Associate Director
Research, Asia Pacific
dennis.ho@cbre.com

Glyn Nelson
Head of Capital Markets Research
Asia Pacific
glyn.nelson@cbre.com

Nancy Wong
Associate Director
Research, Asia Pacific
nancy.wong1@cbre.com

Jonathan Hills
Senior Director
Research, Asia Pacific
jonathan.hills@cbre.com

Asia Pacific Leasing

Tom Gaffney
Regional Managing Director
Head of Leasing
Asia Pacific
tom.gaffney@cbre.com

Richard Stevenson
Managing Director
Head of Office Leasing
Asia Pacific
richard.stevenson@cbre.com

Hugh Hamilton
Managing Director
Head of Occupier Account
Asia Pacific
hugh.hamilton@cbre.com

Sidharth Dhawan
Head of Alternatives
Asia Pacific
sidharth.dhawan@cbre.com

Rohini Saluja
Managing Director
Head of Consulting and Integrated Client Solutions, Asia Pacific
rohini.saluja@cbre.com