



Green Street



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SAMPLE REPORT

Annual Sector Outlook: Data Centers

Executive Summary

Overview

Resilience is a fitting word for the data center sector. After starting off 2025 with concerns that a new, lower cost, AI model (DeepSeek) would reduce data center demand, lease cancellations from Microsoft, and reports of a slowdown in hyperscaler new leasing activity, it felt as though the sector's multi-year hot streak was cooling. However, an AI-driven new leasing spree commenced around mid-year, fueled by fierce competition amongst a host of global tech companies. This pushed demand to unprecedented levels, and with primary data center markets unable to meet near-term power requirements, projects spilled over into secondary and next-tier markets. If record demand wasn't enough, the sector also rewrote the history books with its first >1 GW lease (Vantage 1.4 GW in West Texas), the largest-ever transaction (\$40 billion sale of Aligned Data Centers), and a new tenant profile emerging (neocloud providers) with capacity requirements that haven't been seen by any other customer vertical in over a decade.

Heading into '26, there is little indication the sector-wide party will come to an end. Signals and comments from the largest users of data center space suggest another year of strong demand. Most of the excitement this year will come from AI training, which is occurring in next-tier markets with timely access to large blocks (i.e., several hundred MWs) of power. The question of how much data center space is required to support AI remains open, but "more" feels closer to the right answer. For data center owners and developers, negotiating leverage will remain in their hands as the supply / demand imbalance persists.

Green Street's 2026 Global Data Center Outlook reflects much optimism. As '26 unfolds, volatility amidst the AI buildout is expected. But given the sector's resiliency, the party seems likely to carry on another year.

Key Takeaways

- Green Street focuses on 18 U.S. and 11 European markets; collectively representing ~90% of inventory
- **New!** U.S. coverage – Austin, Columbus, Reno, Richmond; Europe coverage – Oslo, Stockholm
- Significant AI demand is driving new leasing activity across the sector
- AI training is driving demand, hyperscalers and neocloud providers are leading market share
- Colocation market remains stable as the largest provider of capacity over the next few years
- Hyperscalers are at record high levels across the globe, leading the way in new construction
- AI demand is driving growth through 2026 in the US, Europe, Japan and other regions

Recommendations

- Focus on high-growth markets and diversify into other global regions, such as Japan, India, and other emerging markets
- Diversify into other data center types, such as edge and hyperscale, to drive long-term growth potential
- Top markets are growing with great delivery conditions. Demand is spilling over to next tier locations

Data

- Unless otherwise stated, data center estimates are a combination of 50% Colocation / 50% Hyperscale
- Downloadable data for [U.S.](#) / [Europe](#) in standardized download section of the Green Street platform

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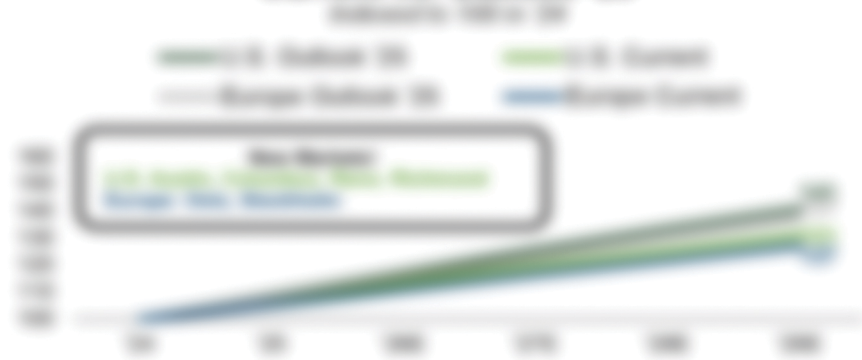
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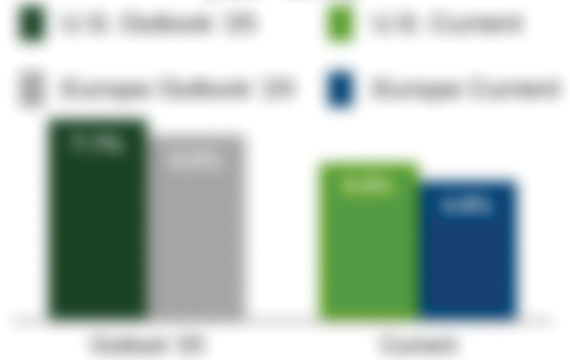
I. Global Data Center Outlook Summary: 2025 Recap

Another Great Year: Data center operating fundamentals were impressive in '25 as demand outpaced supply by a considerable margin, keeping negotiating leverage firmly in the favor of landlords and developers. Occupancy stayed at record-high levels and is nearing peak capacity across many top markets. Performance across both Europe and the U.S. was equally impressive. Green Street M-RevPAF/PAM estimates were trimmed from prior assumptions, but still remain enviable compared to other commercial property types. The slight downward adjustments are more reflective of exhaustion from several years of outsized rent growth and new entrants accepting lower rates.

**Top Market M-RevPAF/PAM Growth
Current vs. Outlook '25**

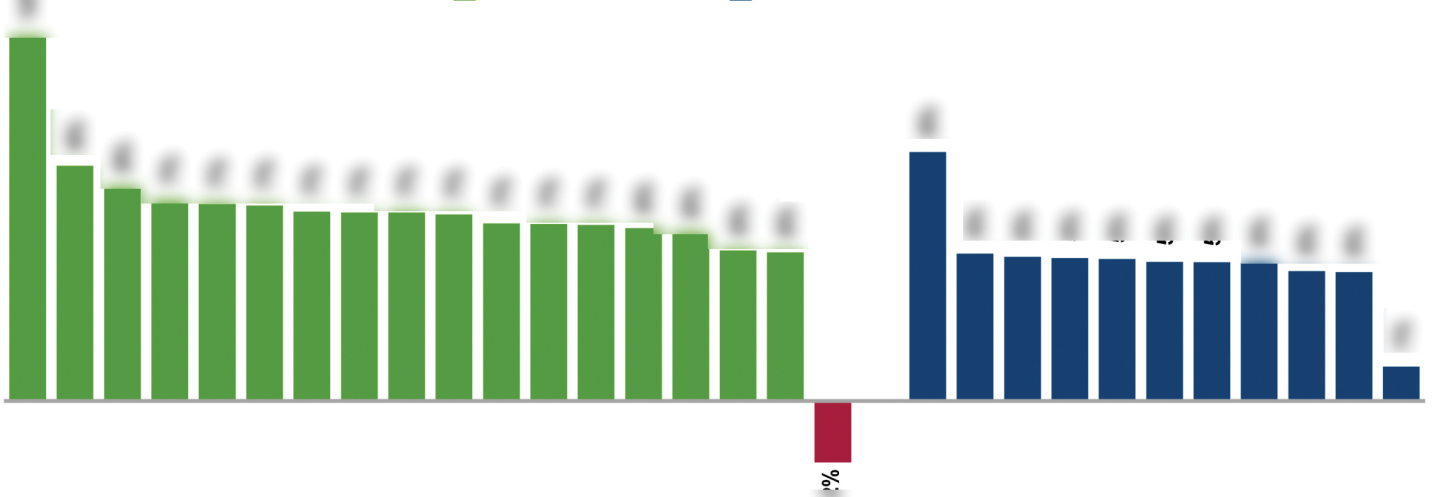


M-RevPAF/PAM CAGR ('25-'29E)



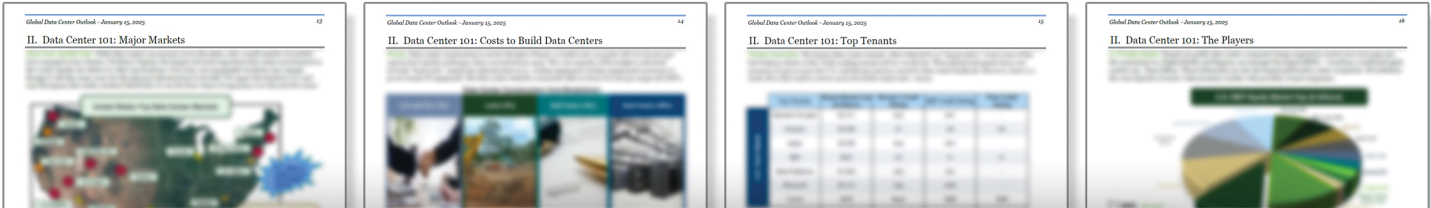
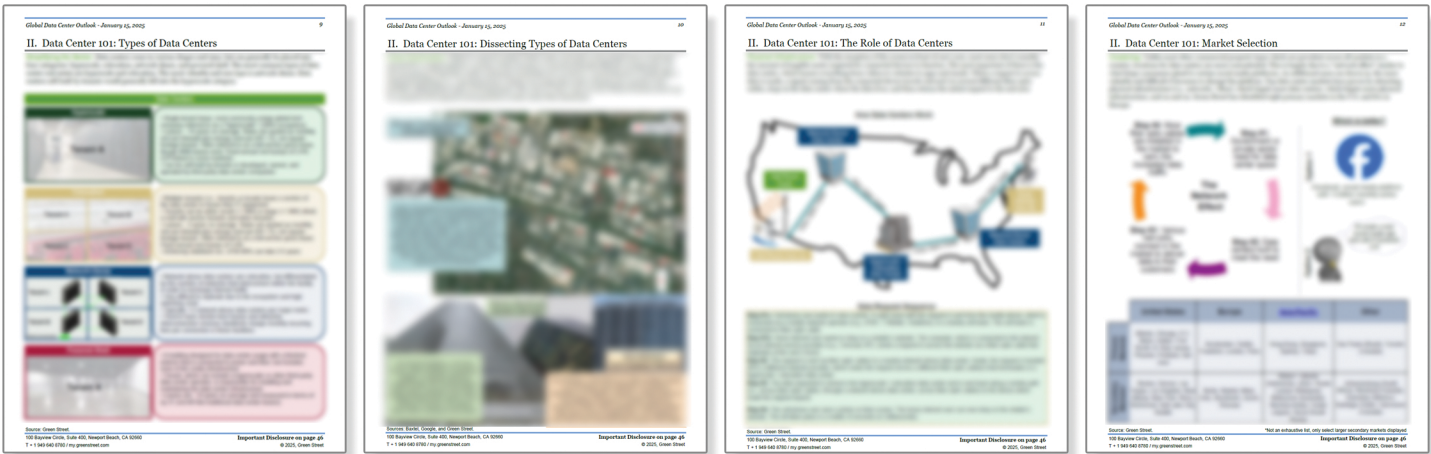
'25 M-RevPAF/PAM Growth

■ U.S. Markets ■ European Markets



M-RevPAF / M-RevPAM (Market Revenue Per Available Foot / Metre) combines changes in occupancy and asking rents into a single measure. The metric is reflective of a portfolio marked-to-market annually (excluding power costs). The % changes can be used interchangeably with the data center sector's conventional rent reporting in kW.

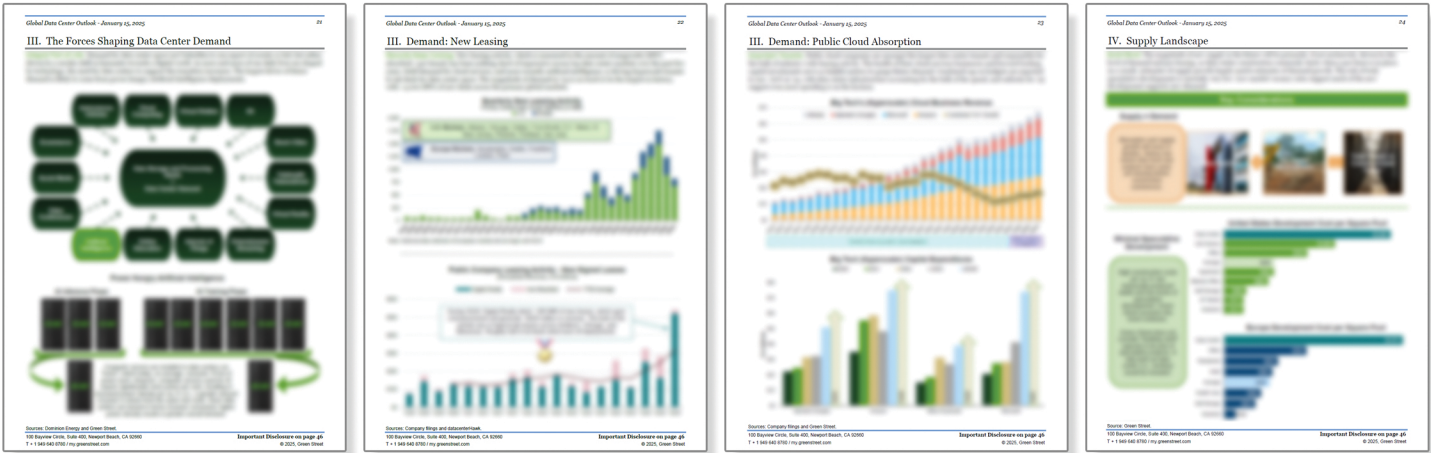
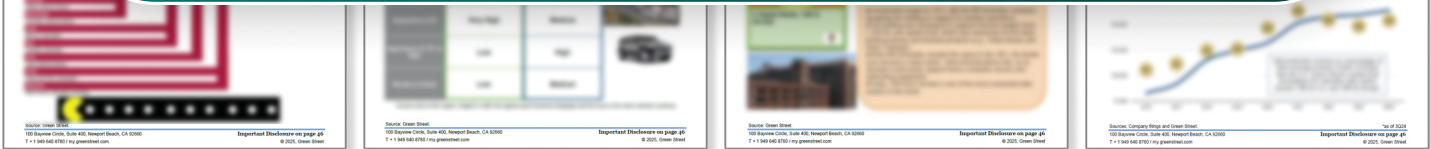
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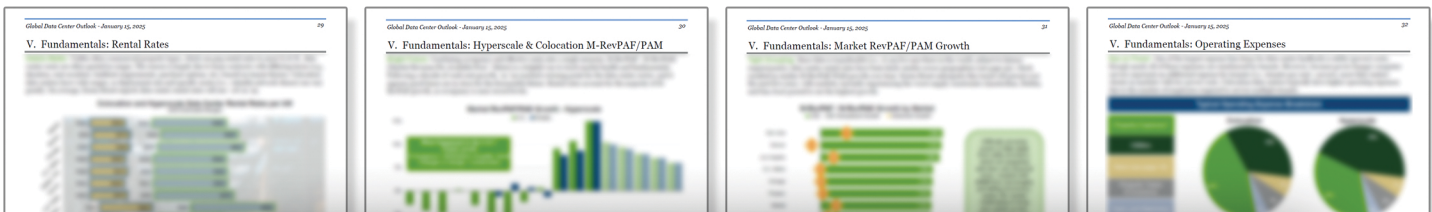
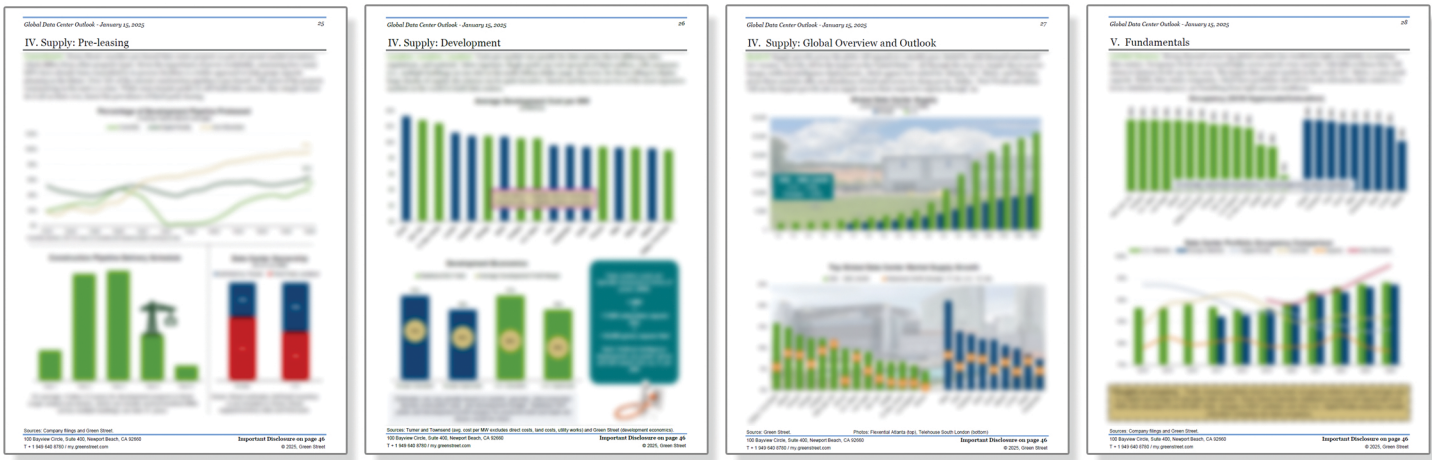



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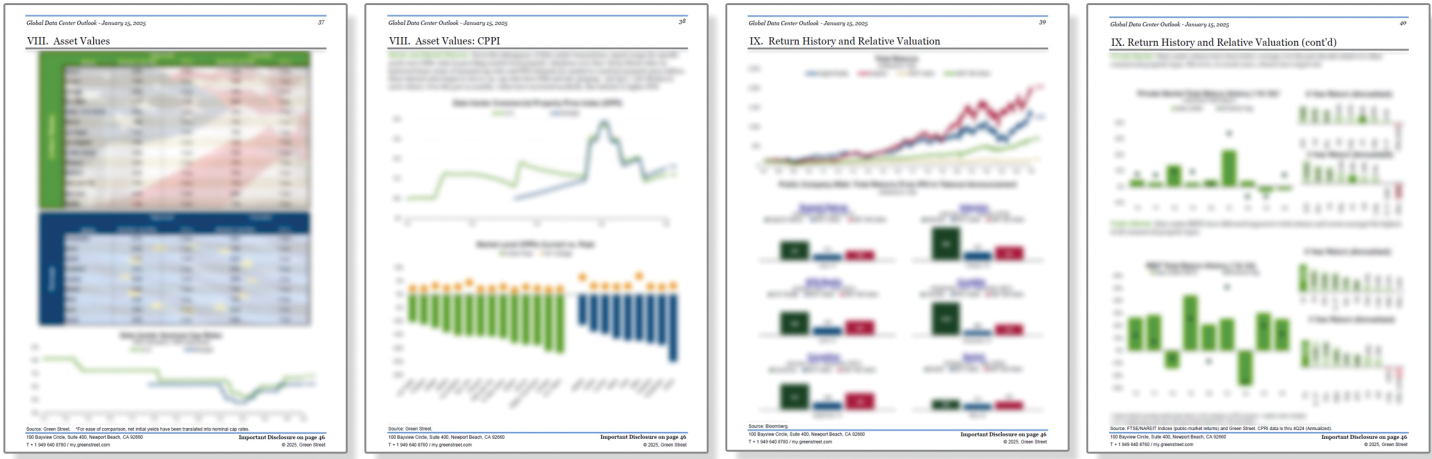
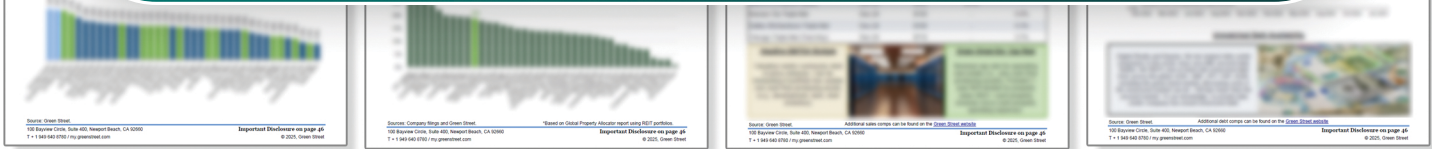
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