



WHITEPAPER **Wim Boone**

Financing data centres

From real estate transaction to strategic infrastructure

Key insights from the data centre sessions at The District, Madrid — 22 September 2026

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MANAGEMENT SUMMARY

Data centre financing is moving beyond traditional real estate. Investors and lenders now assess the full infrastructure system, including power availability, connectivity, technology, operations, regulation and long-term cash flow.

Banks typically require capacity to be pre-contracted, customers to be creditworthy and agreements to run for the duration of the financing. AI and GPU projects carry additional technology and obsolescence risks, which makes flexible and modular design increasingly important.

Grid access, connectivity and the availability of critical equipment can affect project costs, delivery schedules and returns. Sustainability also plays a growing role, as inefficient facilities may face higher operating costs, tighter regulation and limited expansion opportunities.

A financeable data centre must therefore be more than technically buildable. It must be reliable, adaptable and commercially viable throughout its lifecycle.

1. INTRO

The financing of data centres is changing fundamentally. Whereas data centres were once primarily approached as real estate projects — acquire the land, obtain planning permission, build and sell — they are increasingly being viewed as strategic infrastructure assets. The investment case is no longer determined solely by the value of the location or the building, but by the combination of power, connectivity, technology, operations, regulation and long-term cash flows.

This was one of the main conclusions from the data centre sessions at The District, the real estate investors' event in Madrid. The discussion focused not only on the growing demand for data centre capacity, but also on how this complex infrastructure can be financed, developed and kept operationally relevant.

2. DATA CENTRES AS STRATEGIC INFRASTRUCTURE

Data centres provide the physical foundation of the digital economy. They support cloud computing, artificial intelligence, financial services, healthcare, government services and almost every modern business process. As a result, they have become comparable to other essential infrastructure, such as electricity networks, railways and telecommunications systems.

This development has direct consequences for investors and lenders. The investment case is no longer determined by traditional real estate indicators such as location, construction cost, rental income and loan-to-value ratios. Technical and operational factors are equally important.

A data centre is therefore not an empty box into which tenants place their equipment. It is a highly technical operating asset that must be managed by engineers and operational teams.



Figure 1: Aerial view of a data center (AI-generated)

3. BANKS SEEK CERTAINTY THROUGH CONTRACTS AND CREDIT QUALITY

Banks are willing to invest in data centres because the sector serves several strategic interests. Data centres support national security, enable participation in the new AI economy and can attract economic growth. Regions that offer sufficient digital infrastructure are more likely to attract technology companies, hyperscalers and other high-value businesses. This can generate new employment, tax revenues and broader economic development.

At the same time, banks are naturally risk-averse. They will therefore generally be more willing to finance a project with a hyperscaler as its end user than a project that depends entirely on a relatively young neocloud provider. The main reason is the predictability of the cash flows.

For bank financing, three elements are essential:

1. **The commercial contracting must be sufficiently advanced.** In many cases, lenders will want to see that the capacity has already been largely or fully contracted before construction begins.
2. **The tenant or customer must be creditworthy.** A strong counterparty increases the likelihood that payments will be received throughout the contract term.
3. **The contracts must be long-term.** Their duration needs to match the depreciation period of the infrastructure and the financing term.

This is particularly relevant to GPU infrastructure for AI applications. Demand for computing power is growing rapidly, but the technology lifecycle of GPUs can be short. A three-year contract with a neocloud provider does not automatically provide three years of certainty. If a new generation of GPUs becomes available quickly or the customer changes its strategy, the economic value of existing equipment may come under pressure earlier than expected.

GPU infrastructure is therefore often financed more readily by private investors than by traditional banks. Private equity and other forms of private capital may be willing to accept greater technology risk, whereas banks focus primarily on certainty, contract duration, counterparty quality, residual value and predictable cash flows.

4. AI INCREASES NOT ONLY DEMAND, BUT ALSO FINANCING RISK

Artificial intelligence is changing the investment equation in several ways. Demand for data centre capacity is increasing, but AI workloads also place much higher demands on the infrastructure. Rack densities are rising, cooling is becoming more complex and the power consumption per rack is increasing.

This means that the capital requirement is not driven solely by additional floor space. More investment is also required in:

- transformers and medium-voltage systems;
- UPS systems and backup power;
- advanced cooling technologies;
- high-capacity networks;
- fire safety and redundancy;
- modular expansion capabilities;
- monitoring, automation and operational technology.

Infrastructure designed today may only become fully operational several years later. By then, rack densities, chip architectures and cooling methods may have changed again. This creates a tension: lenders want certainty about future revenues, while the technical configuration may still be uncertain.

Flexibility and optionality therefore have clear economic value. A building that can be adapted to higher densities or different cooling technologies is likely to be more resilient to technological change. However, this flexibility is not free. Additional space, larger technical shafts, stronger structures and provisions for future systems all increase the initial investment. The question is which forms of flexibility offer the best risk-adjusted return.

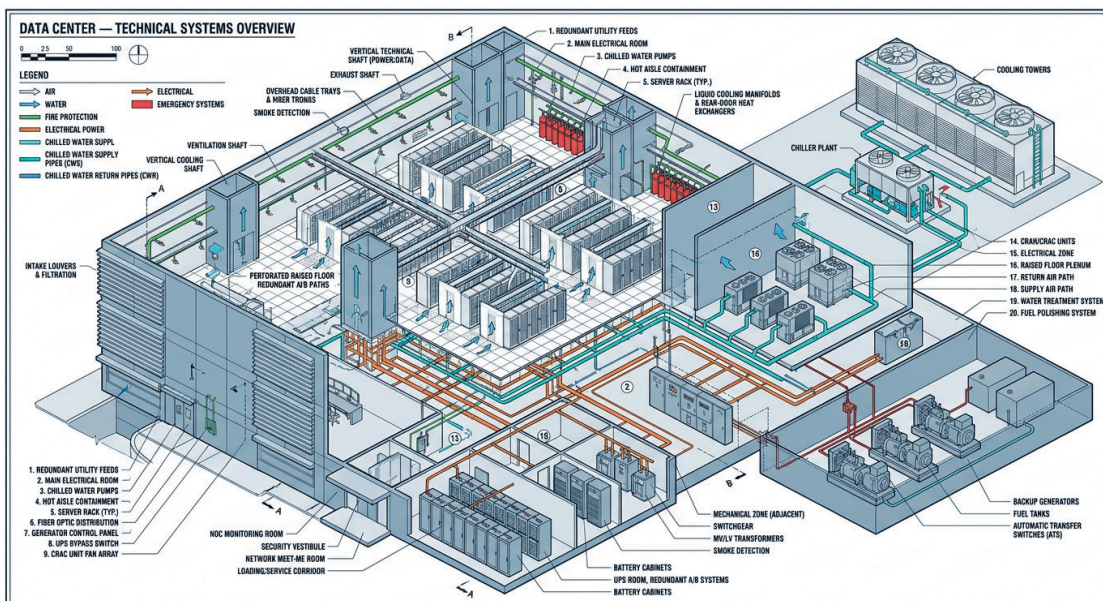


Figure 2: Technical systems overview (AI-generated)

5. POWER AND CONNECTIVITY DETERMINE WHERE CAPITAL CAN BE DEPLOYED

The availability of land is only the beginning of a data centre development. Increasingly, the availability of power determines where capital can actually be deployed. A suitable location without a timely grid connection may have limited economic value.

Financiers are therefore looking more closely at available grid capacity, the plans of grid operators, the certainty of the connection, permitting and planning procedures, local restrictions on energy or water use, and the time between financial close and operational commencement.

Long lead times for electricity infrastructure can have a significant impact on the financing structure. Interest continues to accrue while revenues are not yet available. Construction costs may also increase, contractual milestones may be missed and customers may change their plans.

Connectivity is at least as important as power. Submarine cables, fibre routes and international network connections influence where digital clusters develop. A data centre does not exist in isolation; it forms part of a broader digital ecosystem. Site analysis must therefore go beyond land value and proximity to a power substation.

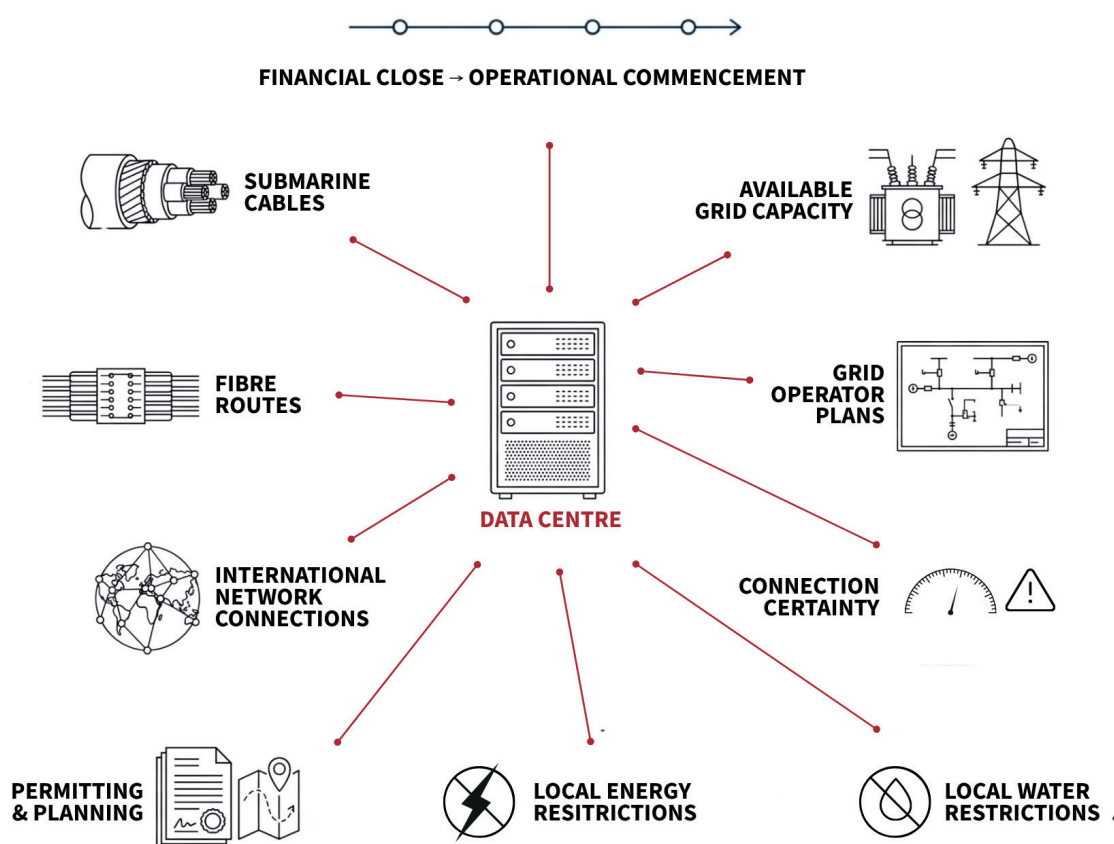


Figure 3: Ecosystem for data centre development

6. LONG LEAD TIMES MAKE PROCUREMENT PART OF THE INVESTMENT STRATEGY

Another important financing issue concerns the long lead times for critical components, such as transformers, UPS systems and chillers. If a project orders too late, the entire construction programme may be delayed. If the developer orders too early, capital is tied up in equipment that must be stored and insured, and which may become obsolete before it is commissioned.

Several measures can help manage this risk:

- 1. Reserve manufacturing capacity during the design phase.**

This secures production capacity without requiring all technical details to be finalised immediately.

- 2. Use standardised equipment.**

Repeatable standard components are generally more readily available and easier to replace than bespoke solutions.

- 3. Use skid-mounted equipment.**

These pre-assembled and pre-tested systems can accelerate installation on site and reduce execution risk.

Procurement is therefore no longer purely a technical or construction issue. The procurement strategy affects working capital requirements, programme certainty, risk allocation and ultimately the return on the investment.

7. DESIGNING FOR UNCERTAINTY

The rapid development of AI makes uncertainty unavoidable. All stakeholders — developers, financiers, end users, contractors, suppliers, designers and operators — need to understand this uncertainty from the outset.

Project management is increasingly becoming change management. Changes during design, construction or retrofit are not exceptional; they need to be assessed and implemented quickly and in a controlled manner. A key differentiator may be how quickly technical, commercial and operational teams can evaluate a change, make a decision and protect the construction sequence.

A practical approach is to design data centres as a series of standardised modules, comparable to Lego. This could include repeatable technical rooms, standard electrical and mechanical modules, additional space for future systems, more risers and reserved routes, provisions for future cooling or power expansion, and sufficient space to temporarily relocate operational functions during a retrofit.

Modularity does not mean that every project has to be identical. It means managing uncertainty and preventing a relatively minor technological change from resulting in a complete redesign.

8. SUSTAINABILITY AS A CONDITION FOR FINANCEABILITY

The growth of data centres inevitably leads to discussion about energy and water consumption. However, the answer is not to block data centre development. Digital infrastructure is essential for economic growth, innovation and national resilience.

The challenge is to make data centres as sustainable and efficient as possible. This requires a balance between digital sovereignty, economic development and environmental objectives. Clear and predictable regulation can encourage investment in more efficient power supply, renewable energy, water conservation and circular solutions.

For financiers, sustainability is increasingly part of the overall risk assessment. An inefficient data centre, or one that is difficult to integrate into its local environment, may face higher operating costs, stricter regulation and less potential for future expansion.

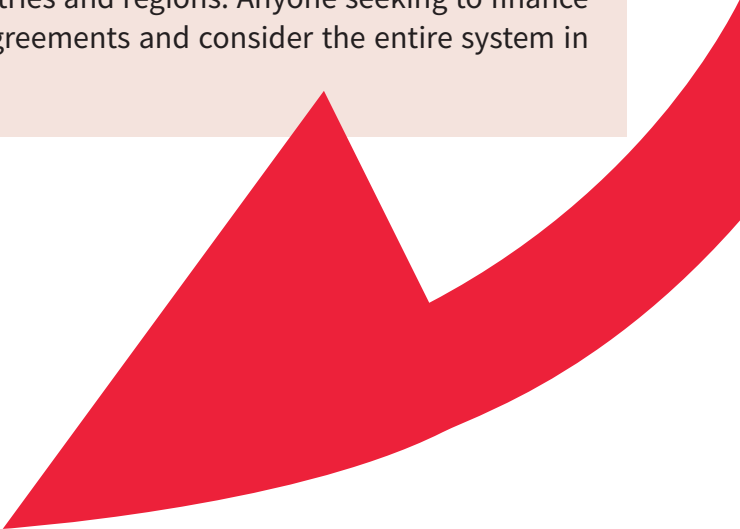
9. CONCLUSION: FINANCEABILITY STARTS WITH OPERATIONAL CREDIBILITY

The central message from the discussions in Madrid was that the financing proposition of a data centre cannot be separated from its engineering and operational proposition. Investors do not only want to know whether an asset can be financed and built. They also need confidence that the data centre can be adapted, operate efficiently and remain relevant throughout its lifecycle.

This requires a clear understanding of technical risks, contractual certainty, power and connectivity, regulation, technological development and operational capability. All stakeholders need to understand that changes during design, construction and retrofit are part of the project — and that these changes can have financial consequences.

Data centres are therefore more than real estate. They are strategic infrastructure assets that increasingly determine the competitiveness of countries and regions. Anyone seeking to finance them must look beyond land, concrete and lease agreements and consider the entire system in which the data centre operates.

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to operational
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Contact Ingenium to strengthen your investment case at wim.boone@ingenium.be.