The Asia Data Centre Landscape

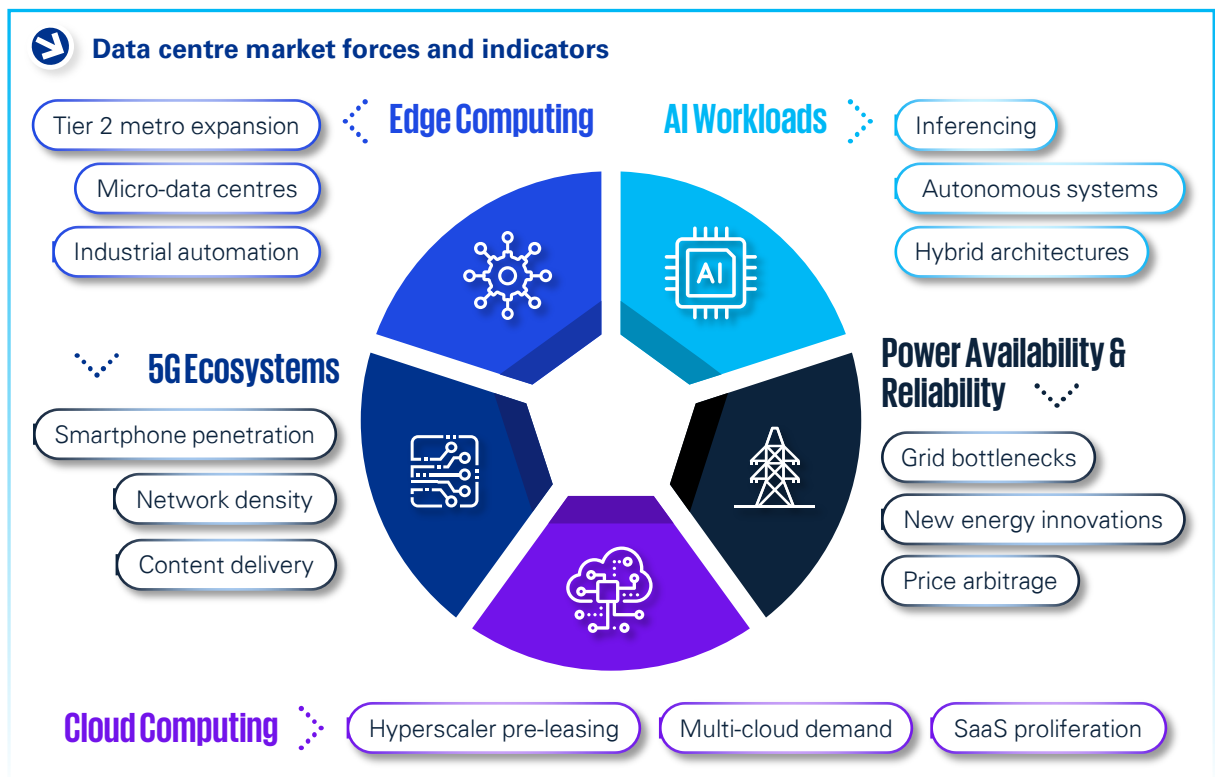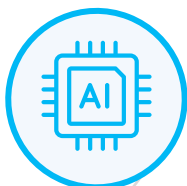## Market forces and value creation from strategic carve-outs

Global market forces

The global data centre market is booming, driven by soaring data consumption and AI adoption, with a projected CAGR of 12% over the next decade. While the U.S. and Europe lead in terms of GW of data centre capacity, Asia Pacific is surging ahead. Key markets like Hong Kong and Singapore are already thriving, while emerging hubs like Thailand and India are rapidly catching up. This growth is fueling a trend of strategic carve-outs, where telecoms and conglomerates are divesting non-core data centre assets to unlock significant value and reinvest in core businesses.

Asia's dynamic landscape presents a golden opportunity for both local and international players, positioning the region as a critical player in the global data centre ecosystem.

We see five key market forces which are driving market demand and supply, as set out below:

Data centre market forces and indicators

Edge Computing
- Tier 2 metro expansion
- Micro-data centres
- Industrial automation

AI Workloads
- Inferencing
- Autonomous systems
- Hybrid architectures

5G Ecosystems
- Smartphone penetration
- Network density
- Content delivery

Power Availability & Reliability
- Grid bottlenecks
- New energy innovations
- Price arbitrage

Cloud Computing
- Hyperscaler pre-leasing
- Multi-cloud demand
- SaaS proliferation

AI Workloads

AI is fueling unprecedented data centre growth in APAC, driven by the distinct demands of training and inferencing phases. Pre-training and post-training large AI models require intensive computing power, pushing data centre power demand in the region by an estimated 165% by 2030 compared to 2023, as firms invest in high-density server clusters and advanced cooling systems. Meanwhile, inferencing - deploying trained models for real-time applications - demands low-latency facilities near APAC's urban hubs, reshaping location strategies.

However, concerns have emerged that this heavy investment may not yield sufficient returns, leading to a shift towards optimising post-training and test-time compute rather than solely focusing on large clusters for pre-training runs. This pivot aims to enhance real-world application efficiency and justify large-scale investments in data centres.

Power Availability & Reliability

Ensuring consistent power supply remains a major challenge. Grid bottlenecks in many regions are prompting innovative solutions, such as the integration of renewable energy sources and battery storage systems. New energy innovations, like hydrogen fuel cells and advanced solar panels, are being deployed to enhance reliability and reduce costs. Price arbitrage strategies, where data centres leverage cheaper off-peak electricity rates, are also becoming more common. We are also seeing accelerated investment in new Nuclear technology, such as Small Modular Reactors (SMRs), reflecting reliability challenges around renewables such as Wind and Solar. *Read more in The Electricity Economy*.

Cloud Computing

The cloud computing sector is experiencing rapid growth, with hyperscalers like Amazon Web Services (AWS) and Microsoft Azure securing long-term leases on data centre space through pre-leasing agreements. Multi-cloud strategies are gaining traction as enterprises seek greater flexibility and redundancy. Additionally, the proliferation of Software-as-a-Service (SaaS) solutions is driving demand for scalable and reliable data centre infrastructure.
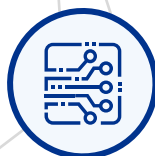
5G Ecosystems

The deployment of 5G networks is creating new opportunities for data centres. Increased smartphone penetration and network density, facilitated by dark fiber expansion, are enabling faster and more reliable data transmission. Content delivery networks (CDNs) are also benefiting from 5G, as they can now serve content more efficiently to end users. For instance, companies like Akamai and Verizon are investing in 5G infrastructure to improve content delivery and user experience.

Edge Computing

Edge computing is expanding beyond major metropolitan areas into tier 2 cities and even rural regions. Micro-data centres and satellite-based solutions like Starlink are enabling industrial automation and real-time data processing in remote locations. For example, companies like Siemens and General Electric are deploying edge computing solutions to optimise manufacturing processes and monitor equipment performance in real time.

Regional dynamics

As of 2025, the United States commands approximately 40% of the global market share, thanks to a robust demand for cloud services which is anticipated to sustain its momentum.
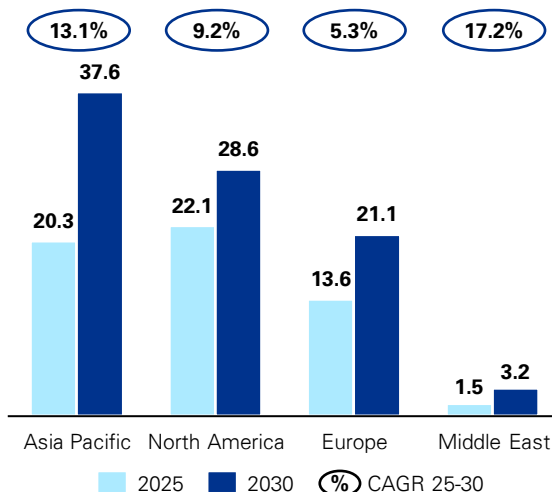
Europe contributes roughly 20% to the overall data centre market, with cities like Frankfurt, London, Amsterdam, and Paris leading the charge due to their considerable installed capacities. In particular, these four hubs accounted for around 62% of Europe's total data centre capacity by megawatts.

The Asia Pacific region stands out as one of the fastest-growing segments, projected to double to 37,580MW by 2030. This acceleration is attributed to the region's dynamic economic landscapes embracing cloud technology and receiving support from governmental initiatives.

Data centre capacity growth by region
K MW, 2025 – 2030

Region	2025	2030	CAGR 25-30
Asia Pacific	20.3	37.6	13.1%
North America	22.1	28.6	9.2%
Europe	13.6	21.1	5.3%
Middle East	1.5	3.2	17.2%

■ 2025 ■ 2030 (%) CAGR 25-30

Assessment of market forces in Asia

Rapid growth of Asia's data center market is expected over the next five years due to the region's expanding digital economy. AI workload increases are driving data center expansion in Southeast Asia while challenges in power availability are hindering new developments in key Asian cities.

Global cloud providers are heavily investing in hyperscale data centers in Asia, with the SaaS market projected to grow. Asia boasts high smartphone adoption and network density, with , increased opportunities for connectivity and data centers in tier 2 and 3 cities across the region.

Market Forces	Maturity	Key observations
AI Workloads	Medium	▪ By 2030, it is projected that data centre capacity in Southeast Asia will triple, reaching a range of 5.2 GW to 6.5 GW, driven by a significant tenfold surge in the demand for AI computing; demand for traditional computing is also expected to double. ▪ Government smart city investments and increasing IoT and autonomous system adoption drive APAC's autonomous tech market to a projected 12.6% CAGR over 5 years, with six Asian cities in Top 20 IMD Smart City Index 2024.
Power Availability & Reliability	Low	▪ In key Asian cities, high population density and limited land availability result in limited power supply, hindering new data centre developments. Southeast Asia faces challenges in power reliability and energy infrastructure resilience due to risks from natural disasters. ▪ In Japan, power costs nearly doubled from 2020 to 2022, while in Korea, a lack of existing power capacity in Seoul has spurred renewable energy initiatives among industry leaders like Peak Energy and Samsung, including solar farms and hydrogen-powered data centres.
Cloud Computing	High	▪ Global cloud service providers, such as AWS, Microsoft, Google, Alibaba and Equinix, are heavily investing in hyperscale data centres in Asia to meet the rising demand fueled by increased cloud adoption and digital transformation initiatives. ▪ The SaaS market In Asia is projected to achieve a 21% CAGR between 2025 and 2029, driven by increasing demand for affordable and scalable software solutions, as well as the necessity for remote collaboration and data accessibility.
5G Ecosystems	High	▪ Smartphone adoption rate in APAC is expected to reach 94% by 2030. ▪ Asia is a global leader in full-fiber penetration, with South Korea having nearly 89% of connections on full-fiber, followed by Japan at 86%, while Singapore and Hong Kong are noted for having the fastest fixed broadband speeds worldwide.
Edge Computing	Medium	▪ Micro data centres market is forecast to growth at a 15.8% CAGR from 2025 to 2032. ▪ Opportunities for connectivity and data centres in tier 2 and 3 cities across Asia are increasing, driven by investments to enhance regional connectivity, reaching rural areas, shown by NeutraDC's efforts in Indonesia's Denpasar and Pi Datacentres' investments across India.

Zooming in on the Asian opportunity

Asia emerges as a beacon of promise, drawing investors with its fast-growing economies, swift technology adoption rates, and notably reduced operational costs. The region's allure is underscored by the fact that the top ten Asian data centre markets collectively hold nearly 27% of the world's total colocation data centre capacity, excluding those owned and operated by hyperscale cloud providers. In 2023, these key markets achieved a 40% increase in colocation data centre capacity, propelling the Asia market towards surpassing 10 gigawatts in total load capacity.

Colocation data centres total capacity growth
% growth, 2023

⬡ Under construction   ● Current capacity

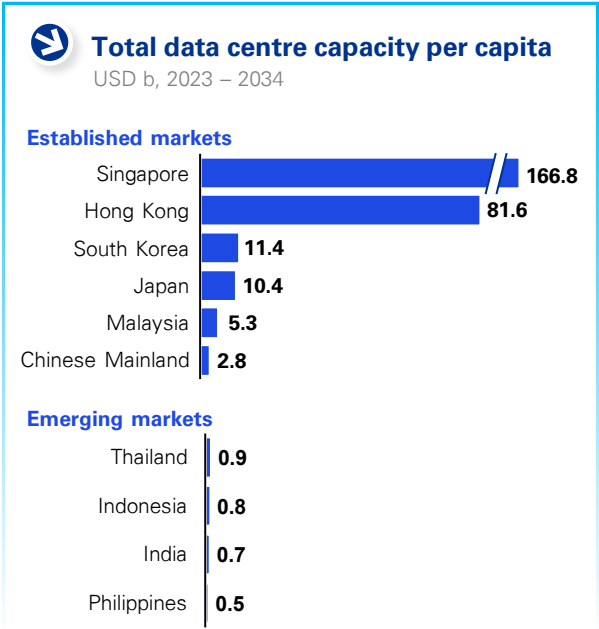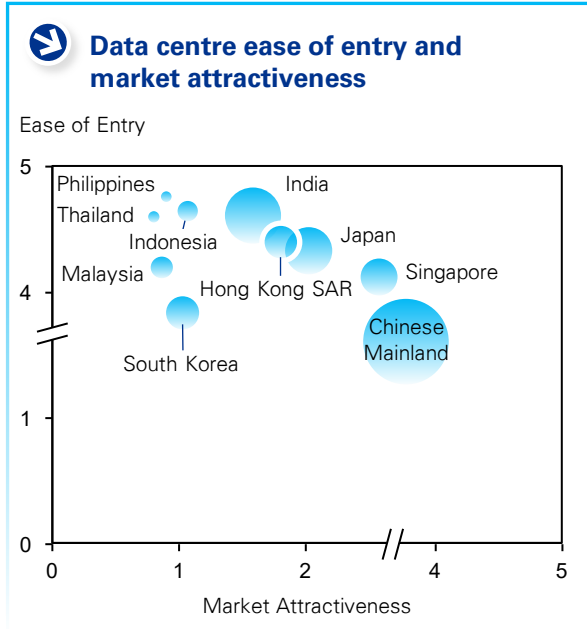| Chinese Mainland	India	Japan	South Korea	Hong Kong SAR	Singapore	Indonesia 66%	Malaysia 119%
+24%	107%	27%	42%	36%	5%		

Thailand 119%   Philippines 123%

Our analysis finds that markets receiving the most data centre investment are selected based on their appeal and ease of entry, considering factors such as data centre maturity, regulatory environment, competitive landscape, and construction costs.

Established markets, characterised by their high total data centre capacity per capita, include Hong Kong, Singapore, Seoul, Tokyo, Beijing, and Shanghai. These markets boast advanced digital infrastructure and are leaders in delivering cutting-edge data centre services. They focus on driving technological innovation through investments in next-generation storage, processing, and networking technologies while prioritising sustainability and compliance with stringent data protection laws.

Conversely, emerging markets, including Thailand, India, Indonesia and the Philippines, are at the nascent stages of building their data centre infrastructure but possess immense potential for growth. These markets leverage government incentives to foster development and establish multi-data-centre parks equipped with essential amenities. They aim to cultivate a skilled workforce to manage modern data centres efficiently.

Notably, hyperscalers and other operators are actively investing in these emerging markets. This strategic investment is setting the stage for Asia to become a cornerstone of the global data centre sector in the coming years.

Data centre ease of entry and market attractiveness

Ease of Entry (Y-axis), Market Attractiveness (X-axis)

Bubble positions: Philippines, Thailand, India, Indonesia, Malaysia, Hong Kong SAR, Japan, Singapore, South Korea, Chinese Mainland

Total data centre capacity per capita
USD b, 2023 – 2034

Established markets

Singapore	166.8
Hong Kong	81.6
South Korea	11.4
Japan	10.4
Malaysia	5.3
Chinese Mainland	2.8

Emerging markets

Thailand	0.9
Indonesia	0.8
India	0.7
Philippines	0.5

Cashing in with carve-outs

Recent years have seen a discernible trend of telecommunications companies and conglomerates in Asia reevaluating their data centre strategies. Many are choosing to re-focus on core business activities and divesting non-core assets such as their data centre operations, or carving them out into standalone entities.

Many have turned to investors and operators to form partnerships, leveraging international interest to gain access to capital and specialised knowledge. Sale-leasebacks and similar structures have been employed, an example of which is Princeton Digital Group's acquisition of Yahoo's data centre operations in Singapore. Yahoo will continue to host its infrastructure out of the data centre, with PDG acting as a third-party operator.

Foreign investors are also using joint ventures to facilitate market entry. An example of this is the Equinix-Astra joint venture in Indonesia, which combined Equinix's global digital infrastructure expertise with Astra's deep understanding of the Indonesian market.

For corporates, conglomerates and financial institutions facing financial pressures, a strategic carve-out of their data centre operations accompanied by a well calibrated value creation plan offers a compelling solution.

## Asia data centre carve out case studies

Target	Acquirer	Multiple	Strategy	Description
Digital Infrastructure Co (Singtel)	KKR	32x EBITDA	Carve-out	KKR acquired a 20% stake for USD 800m in Singtel's Digital Infrastructure Co, with plans to develop new capacities for both Singtel and third parties.
Total Information Management	Equinix	15x EBITDA	Carve-out	Equinix expanded its presence into the Philippines with its acquisition of three data centres from Total Information Management.
NeutraDC (Telkom Indonesia)	*TBA*	20x EBITDA	Carve-out	Indonesia state-owned telco is seeking a minority stake sale, expected to be valued at USD 1b, which would value the company at ~20 times its EBITDA.
Yahoo	Princeton Digital Group	*Undisclosed*	Sale leaseback	Princeton Digital Group acquired Yahoo's Singapore data centre operations, with Yahoo maintaining infrastructure hosting and PDG serving as a third-party operator.
PT Astra International Tbk	Equinix	*N/A*	JV	Equinix and Astra established a JV to help local businesses and multinationals develop their digital capabilities such as hybrid multicloud, 5G, IoT, AI and more

In light of the disparities in perceived value between global data center operators and regional telcos and conglomerates, which typically command EV/EBITDA multiples of 30.4x and 7.1x, respectively, there exists a significant opportunity for companies to unlock substantial hidden value within their data center assets.

Shedding them from their balance sheet allows cash-strapped organizations to reinvest proceeds back into core competencies or growth areas without diluting shareholder interests.
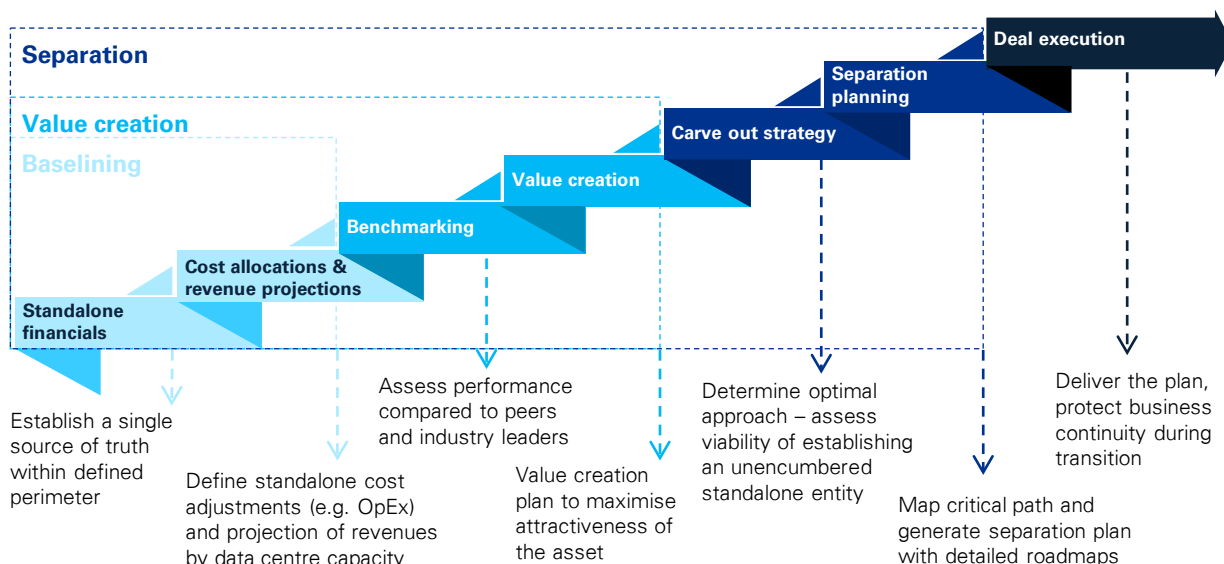
Average TEV/EBITDA multiple of telcos in Asia vs global data centre operators

2024

+328%

7.1 — Regional telcos

30.4 — Global data centre operators
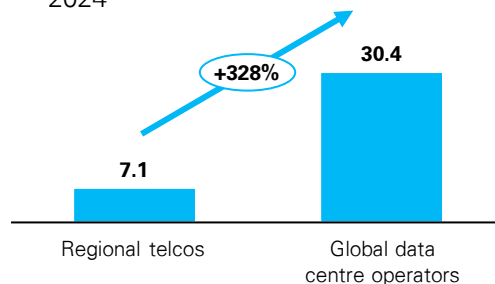
Approach to carving out data centre assets

A successful data centre carve-out requires a methodical approach that includes baselining, a value creation mindset and advanced separation planning. KPMG can help establish a 'data centre in a box' entity that optimises the asset for increased valuation and smooth deal execution.

Separation

Value creation

Baselining

Standalone financials

Cost allocations & revenue projections

Benchmarking

Value creation

Carve out strategy

Separation planning

Deal execution

Establish a single source of truth within defined perimeter

Define standalone cost adjustments (e.g. OpEx) and projection of revenues by data centre capacity

Assess performance compared to peers and industry leaders

Value creation plan to maximise attractiveness of the asset

Determine optimal approach – assess viability of establishing an unencumbered standalone entity

Map critical path and generate separation plan with detailed roadmaps

Deliver the plan, protect business continuity during transition

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