

B&I Capital

DATA CENTRES
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Key Messages

Where supply is constrained and demand cannot relocate, value accrues to owners of powered, operating capacity.

The precedent

Singapore's 2019 moratorium and Northern Virginia's power limits both re-priced rents by 65–90%.

The spread

Moratoria, grid delays and community pushback now bind in the US, Australia and Japan.

The moats

Interconnection stickiness and data sovereignty stop tier-one demand from leaking away.

Owners, not developers

Powered, operating capacity captures the scarcity; NextDC cut FY27 EBITDA guidance 36% on the same constraint.

Tightest markets

N. Virginia core and Singapore are very tight; Melbourne and Tokyo are tightening into 2027–29.

S-REIT exposure

Keppel DC REIT is the most direct beneficiary, Digital Core REIT second, NTT DC REIT third.

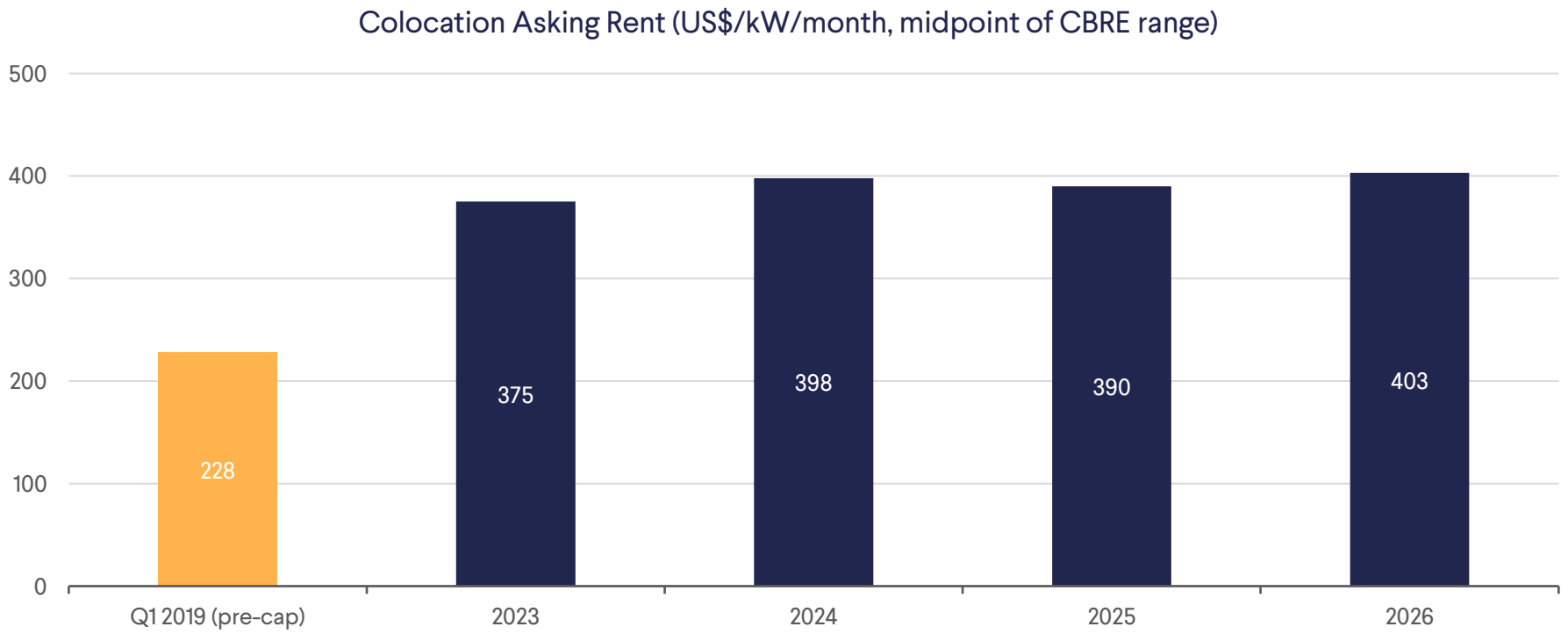
Source: B&I Capital

THE PRECEDENT

Supply Caps Re-Price Rents

Singapore's 2019 moratorium and Northern Virginia's power limits re-priced rents by 65–90%. The constraint is now spreading to the US, Australia and Japan.

Singapore: A Supply Cap Re-Priced Rents



Source: CBRE (Q1 2019; 2023–26), B&I Capital calculations

+65% to 2023

Rents rose from US$228 pre-cap (Q1 2019) to US$375/kW/month in 2023.

+77% to 2026

At US$403 in 2026, rents are 77% above the pre-moratorium level.

~2% a year since

A step change, then a plateau: the premium has held rather than reversed.

Singapore: From Tenants' Market to <1% Vacancy

Q1 2019 · BEFORE

360 MW

Stock, with a 177 MW pipeline — half again. CBRE called it a tenants' market.

2019–22 · CAP

150 → 60

MW a year: build rate to 2020 versus post-moratorium rationing.

H1 2021 · DURING

<1%

Vacancy. Pipeline to 2023 already pre-committed.

2024 · AFTER

+3.5%

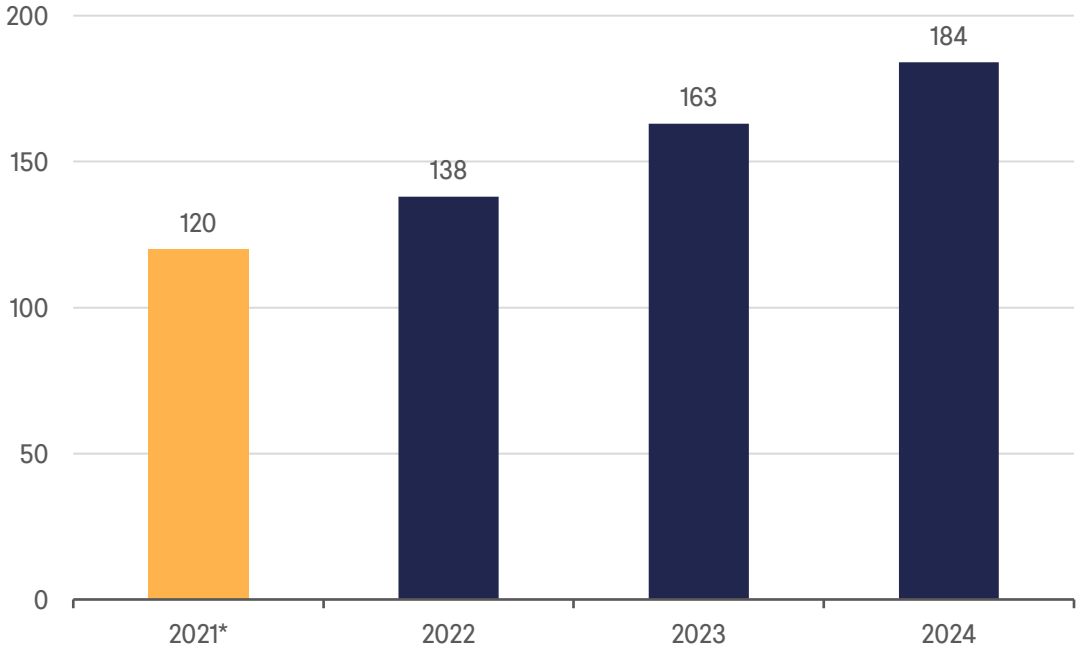
IT power growth, to 599 MW. Vacancy 1–2% since.

THE CONTROL Same period, unconstrained Sydney: ample new supply, older facilities cutting rents to keep tenants (CBRE H1 2021).

Source: CBRE (Q1 2019, H1 2021), DCD, 451 Research via Keppel DC Fund II

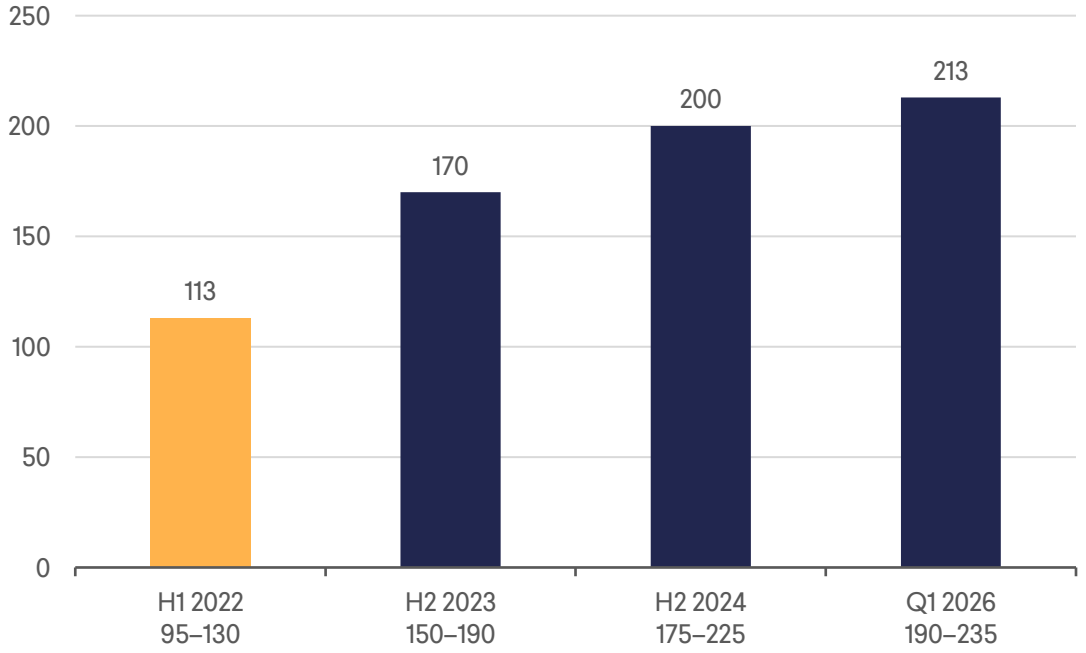
US: Power Limits Ended Flat Rents

North America Primary Markets: Avg. Asking Rent (US$/kW/month)



Source: CBRE North America Data Center Trends; *derived from 2022 growth

Northern Virginia, 250–500 kW: Midpoint (US$/kW/month)



Source: CBRE Global Data Center Trends

Flat since 2017

Pricing had not risen since 2017. Once power ran short, rents compounded.

+89% in Northern Virginia

Midpoint asking rent, H1 2022 to Q1 2026 (range shown under each bar).

0.2% vacancy

Northern Virginia vacancy in H1 2026: effectively no space left to lease.

The Constraint Is Now Spreading

United States

104

moratorium actions across 26 states

- Loudoun weighing a pause on all new applications
- Oregon pauses permits to July 2027
- Overflow markets closing: Milwaukee, San Diego, Aurora

Australia

90 MW

Goodman's Project Mars withdrawn

- Victoria: self-supplied renewables, no drinking water, 150 m buffers
- Mandatory national standards due early 2027
- NextDC M3 grid works halted to Feb 2027

Japan

5+ yrs

super-high-voltage waits in Greater Tokyo

- TEPCO queue over 36 months for 10 MW+
- Residents sue over new Inzai facility
- Protests in Hino and Shiroi

The relief-valve markets are closing too. That is the condition that turned Singapore's cap into a lasting premium rather than a Dublin-style exodus.

Source: Data Center Census, Loudoun County, Victorian Govt, NextDC, Goodman, CBRE

NextDC: A Cautionary Tale in Australia

−41.7%
NextDC share price, 21 Oct

−36%
FY27 EBITDA guidance

~A$980m
Like-for-like capex cut, ~18%

~1/3
Proposed NEM projects cancelled in a year

Supply removed

- M3 grid supply slips to FY28
- NextDC freezes new projects and land buys
- Goodman's 90 MW, A$1.2bn Mars withdrawn

Demand still there

- M3 capacity remains contracted to customers
- Melbourne vacancy below 2%
- Tenants signed but cannot get power

Developers bear the cost of the constraint. Owners of powered, operating capacity capture it.

Source: NextDC ASX release (21 Oct 2026), Goodman, AEMO, DatacenterHawk

THE MECHANISM

Owners Capture the Value

Power, not land, is now the binding input. Existing powered assets escape the costs every new entrant must bear, and interconnection and sovereignty keep tier-one demand in place.

Why Owners Capture the Value

1

Powered megawatts are scarce

Power, not land or buildings, is now the binding input. Vacancy falls and asking rents rise.

2

Replacement cost rises

Self-supplied power, buffers, water limits and undergrounded lines raise the cost of every new megawatt — the floor for market rent.

3

Incumbency is protected

New rules are not retrospective. Existing powered assets escape the costs every new entrant must bear.

4

The pipeline is unreliable

Approved, contracted projects stall at the grid. Signed but unserved demand becomes landlord bargaining power.

Source: Victorian Govt, NextDC, Cushman & Wakefield, B&I Capital

Three Moats Keep Tier-One Demand in Place

Interconnection

Cables, exchanges, cloud on-ramps

BINDS AT

Metro

STRENGTH



Strongest

EVIDENCE

Held Singapore's premium even with Johor next door.

Latency

Real-time workloads only

BINDS AT

Metro to region

STRENGTH



Moderate, rising

EVIDENCE

Voice agents run within ~20 ms; inference 26% → 42% of AI workloads by 2030.

Data sovereignty

Government and regulated data

BINDS AT

Country

STRENGTH



Strong offshore, weak domestic

EVIDENCE

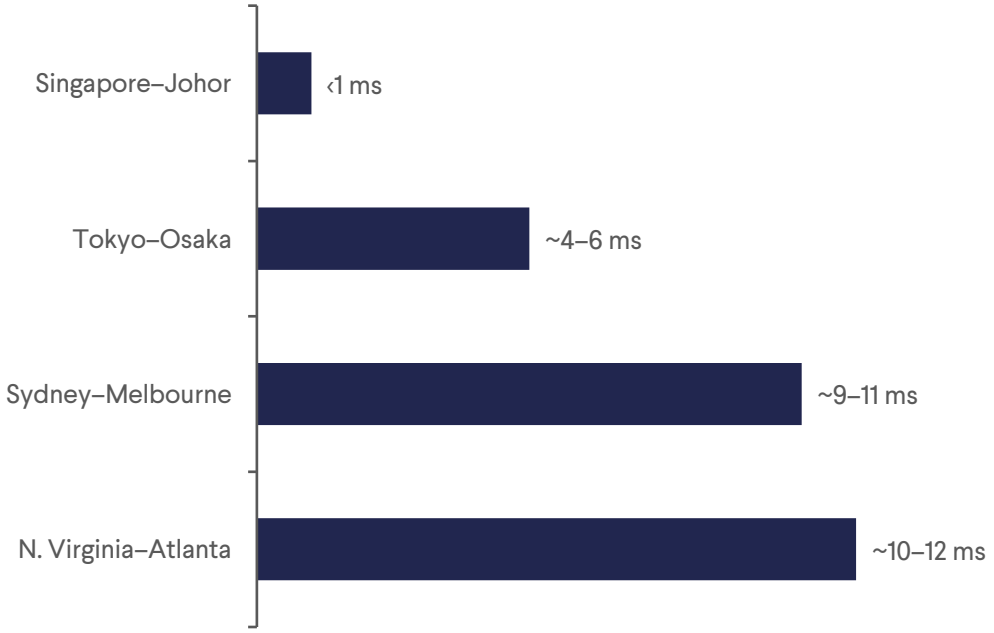
Australia's certified hosting regime keeps government data onshore.

The rent benefit is largest where the supply constraint binds at the same scale as the moat — city-level for interconnection, national for sovereignty.

Source: McKinsey via Digital Realty (Jun 2026), CBRE H1 2021, industry estimates

Latency Alone Does Not Lock Demand In

Round Trip to Nearest Substitute (ms, physics floor for fibre)



Source: Inflect, B&I Capital estimates

What Latency AI Workloads Need

64%

of firms need only sub-250 ms for top AI uses — met anywhere in-country

~20 ms

the truly metro-bound tier: voice and agentic AI, trading, cloud on-ramps

Source: Akamai State of AI Inference 2026, B&I Capital

Substitutes exist

Johor substitutes for Singapore; Atlanta for N. Virginia except on-ramps and trading.

Mostly, not always

Tokyo–Osaka and Sydney–Melbourne mostly substitute — not for voice or trading.

Lead with other moats

Lead with interconnection and sovereignty. Use latency as a supporting, rising factor.

Winners and Losers

✓ Winners

- Owners of powered, operating capacity in N. Virginia core, Singapore, Tokyo and Melbourne
- Leases signed before 2023 that roll in 2027–29, below market
- Interconnection hubs and cloud on-ramp campuses
- Holders of secured grid allocations on approved industrial land
- Sites that can densify for AI inference loads

✕ Losers

- Developers with unpowered pipelines: NextDC's FY27 EBITDA guidance cut 36%
- Projects near homes and schools: Goodman's 90 MW Project Mars withdrawn
- Legacy 5–15 kW per rack halls that cannot serve AI loads
- Developers in overflow markets now imposing moratoria
- Owners where supply is still loosening, such as Osaka

WHO PAYS Hyperscalers and enterprise tenants — higher rents, longer waits for power, and less choice of location.

Source: NextDC, Goodman, Keppel DC REIT, JLL, B&I Capital

Which Owners Benefit Most

	Benefits most	Benefits least
Asset	Powered, operating capacity	Pipeline, land banks, unpowered shells
Leases	Rolling in 2–5 years, signed below market	New 10–15-year leases, fixed 2–3% escalators
Spec	Can be densified for AI loads	Legacy 5–15 kW per rack halls
Demand	Tied by interconnection, latency or sovereignty	Latency-tolerant AI training
Market	Substitute also closing	Open substitute nearby (Dublin, Amsterdam)

Owner versus developer

The key split: NextDC fell 41.7% on the same constraint that lifts owners' rents.

New assets benefit later

Fully leased new assets gain via terminal value and renewals, not near-term income.

An open substitute caps it

Where demand can move next door, as in Dublin and Amsterdam, there is no premium.

Source: B&I Capital

MARKETS & S-REITS

Where Supply Will Be Tightest

Northern Virginia core and Singapore are very tight; Melbourne and Tokyo are tightening into 2027–29. Among S-REITs, Keppel DC REIT has the most direct exposure.

Market Scorecard

Market	Binding constraint	Lead moat	Substitute	Rent outlook	Confidence
Tokyo	Grid waits 5+ years; lawsuits	Interconnection, sovereignty	Osaka, also tight	Re-rating likely: $280 vs SG $403	●●●○ Moderate
N. Virginia core	Power; Loudoun pause pending	Interconnection, federal	Atlanta, Phoenix — closing	Further gains; more if pause passes	●●●○ Moderate
Sydney + Melbourne	Vic rules, national standards, grid	Sovereignty (national)	Each other — both tightening	Widest gap: $188 vs SG $403	●●○○ Low–mod.
Silicon Valley	~34 MW added a year	Tech HQs, AI labs	Hillsboro, Reno, Phoenix	Rising; 4.2% vacancy shows leakage	●●●○ Moderate
Frankfurt	Grid waits 24–36 months	EU interconnection	Other EU metros	Premium for dense interconnection	●●●○ Moderate
Osaka	Not binding: capacity +170%	Partial	Tokyo	Unlikely near term	●○○○ Low

Biggest rent gaps

Tokyo at $280 and Sydney + Melbourne at $188 vs Singapore at $403/kW/month.

Substitutes are closing

Atlanta, Phoenix, Osaka and Melbourne are tightening too, so demand cannot leak away.

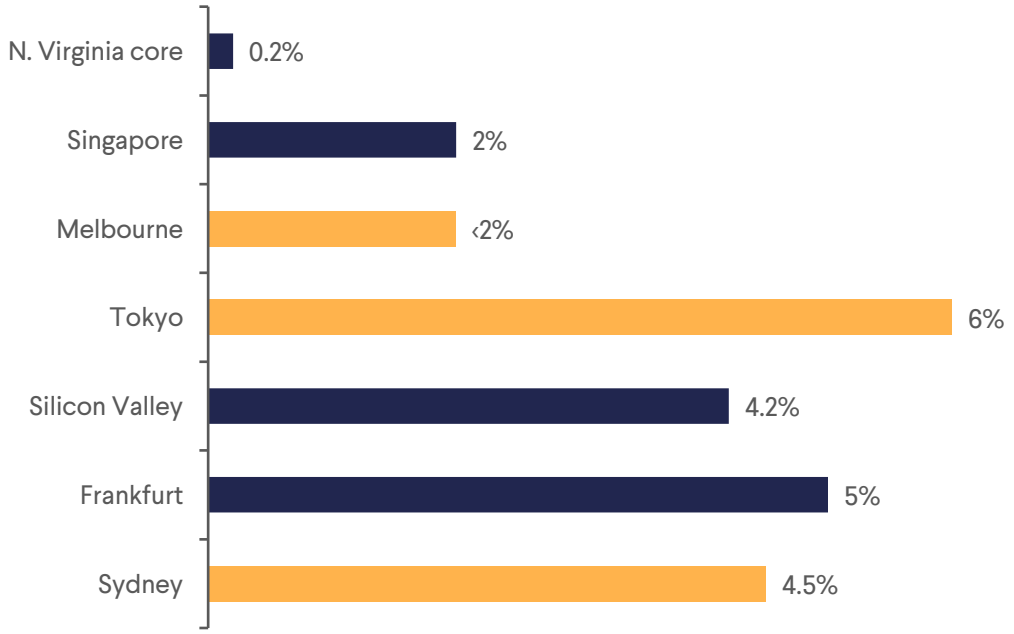
Osaka is the exception

Capacity +170%: the constraint does not bind and a re-rating is unlikely near term.

Source: CBRE, JLL, Loudoun County, B&I Capital assessment

Where Supply Will Be Tightest, 2027–29

Data Centre Vacancy (%)



Source: CBRE (Q1, H1 2026), DatacenterHawk, JLL; Osaka n/a

Supply Outlook and Verdict

Market	Supply outlook	Verdict
N. Virginia core	2.4 GW under way, but by-right ended; pause pending	Very tight
Singapore	Rationed allocations; fragmented availability	Very tight
Melbourne	Victorian rules; M3 grid supply slips to FY28	Tightening
Tokyo	2.5 GW planned vs 1.1 GW stock; grid waits 5+ years	Tightening
Silicon Valley	~34 MW a year; demand leaking to other markets	Tight
Frankfurt	+23% a year, but grid waits 24–36 months	Tight in core
Sydney	Pipeline largely intact; national rules from 2027	Moderate, firming
Osaka	Capacity projected +170%	Loosening

Source: CBRE, JLL, NextDC; verdicts B&I Capital

Very tight

N. Virginia core 0.2%, Singapore 2%: by-right building has ended and power is rationed.

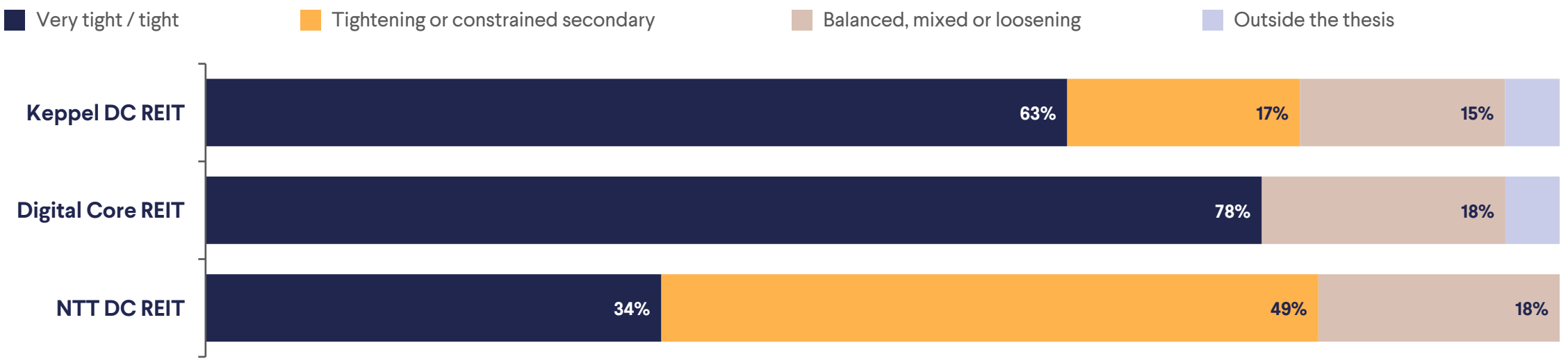
Tightening

Melbourne and Tokyo: new rules and multi-year grid waits hold back a large pipeline.

Loosening

Osaka is the outlier, with capacity projected to grow ~170%.

Three S-REITs, Three Different Exposures



Most direct beneficiary

Keppel DC REIT

- Singapore 63% · Japan 13% · Europe 15%
- WALE 2.8 yrs (colocation)
- Reversion FY25 +45%; 1H26 ~+10%

Right metros, slower capture

Digital Core REIT

- N. Virginia 34% · Frankfurt 26% · SV 14% · Osaka 18%
- WALE 5.2 yrs
- Reversion 1H26 +25% cash

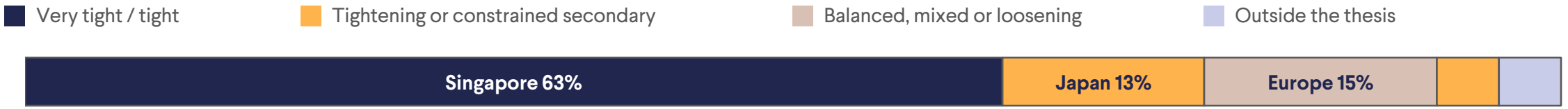
Partial beneficiary

NTT DC REIT

- Singapore 19% · NoVA 15% · Sacramento 49% · Vienna 18%
- WALE 4.3 yrs
- Reversion +13.4% (1Q FY26/27)

Source: Keppel DC REIT 1H26, Digital Core REIT Oct 2026, NTT DC REIT Sep 2026; B&I Capital

Keppel DC REIT: The Most Direct Beneficiary



Share of AUM, 30 Jun 2026. Unlabelled: Australia 4% (tightening); China and Malaysia 4% (outside thesis).

Why it benefits

- 63% of AUM in Singapore, the precedent market
- Colocation is 74% of rental income on a 2.8-year WALE: it rolls to market fast
- 62% of rental income expires 2028–30
- Gore Hill, Sydney: renewal rents more than doubled

What limits it

- Reversion slowed to ~10% in 1H26 (2Q ~5%) after the big renewals
- Keppel DC Singapore 1 only 46.5% occupied: a test of legacy spec
- Top hyperscaler is 43.5% of rental income
- Europe 15% and China 4% sit outside the thesis

+45%
FY2025 rental reversion

62%
of rental income expiring 2028–30

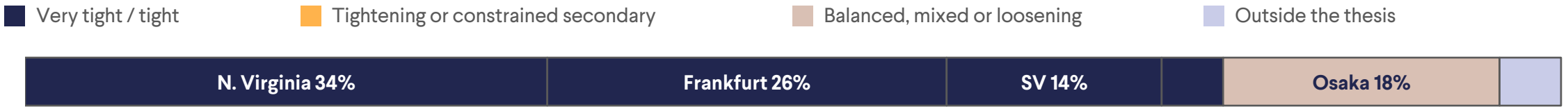
2.8 yrs
colocation WALE

VERDICT

Highest beneficiary: the reversion runway sits in the right market. The test is whether 2028–30 Singapore renewals repeat the FY2025 step-up.

Source: Keppel DC REIT 1H 2026 results (23 Jul 2026), Phillip Securities; B&I Capital

Digital Core REIT: Right Metros, Slower Capture



Share of carrying value, pro forma for the 12 Aug 2026 transaction. Unlabelled: Singapore 4% (tight); Los Angeles 4% (outside thesis).

Why it benefits

- ~78% of AUM in constrained tier-one metros after the transaction
- 1H26 cash rental reversion +25%; Linton Hall re-let at +35%
- Exits Toronto and most of Los Angeles; enters Singapore
- Trades at a 46% discount to NAV, 8.5% DPU yield

What limits it

- Hyperscale-heavy, 5.2-year WALE: gains come through renewals and value, slowly
- 2027 guidance: only positive mid-single-digit cash reversion
- Osaka rises to 18% as Osaka capacity grows ~170%
- Top customer 33% of rent; Singapore is a 2.5% stake

78%
in tight tier-one metros

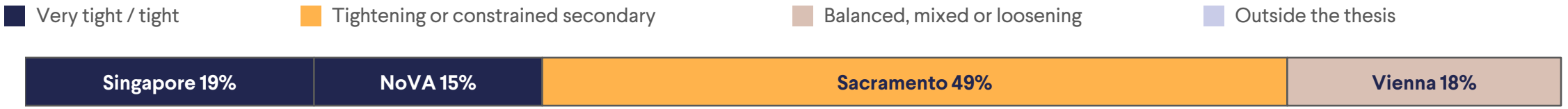
46%
discount to NAV

5.2 yrs
WALE, pro forma

VERDICT Right metros at a discounted valuation, but income captures the scarcity slowly. Osaka is the one exposure that cuts against the thesis.

Source: Digital Core REIT investor presentation (Oct 2026), JLL; B&I Capital

NTT DC REIT: A Partial Beneficiary



Share of valuation, 31 Mar 2026. Sacramento: supply flat at ~96 MW since 2021, but a secondary market.

Why it benefits

- SG1 (19%) has a 1.9-year WALE: near-term Singapore reversion; NTT MSA renewed at +23%
- VA2 (15%) 98% occupied in a ~1%-vacancy market
- Sacramento supply flat since 2021; contracted capacity up to 94.8%
- Committed occupancy 99.2%; 14% of rent expires FY26/27

What limits it

- Only ~34% in the tightest tier-one markets
- Sacramento rents US$150–220 vs Silicon Valley US$200–275
- Vienna (18%) is balanced at ~8% vacancy
- SG1 land lease runs to 2040; 30-year option is conditional

+13.4%
rental reversion, 1Q FY26/27

1.9 yrs
SG1 WALE

99.2%
committed occupancy

VERDICT Partial beneficiary: Singapore and Northern Virginia carry the upside, Sacramento helps at the margin, and Vienna dilutes it.

Source: NTT DC REIT investor presentation (Sep 2026), DC Byte, CBRE; B&I Capital

RISKS & CATALYSTS

What Could Break the Thesis

Demand is the real risk: a constraint without demand gives flat rents, as in Sydney today. US, Virginian and Australian rule-making through 2027 will show whether the constraint persists.

Objections and Responses

OBJECTION

Dublin and Amsterdam had moratoria and no premium

Demand moved within the same zone. The thesis needs the substitute closed too.

OBJECTION

Supply is still growing fast

Much is grandfathered, and NextDC's M3 shows it may not get power on time.

OBJECTION

Singapore rents plateaued

Expect a step change, then a plateau — not perpetual growth.

OBJECTION

AI demand could weaken

The real risk. A constraint without demand gives flat rents, as in Sydney today.

OBJECTION

Behind-the-meter power bypasses the grid

Possible in time, but it raises new-supply cost, supporting incumbent rents.

OBJECTION

Rules could apply retrospectively

Tail risk for incumbents. Councils have asked; no state has enacted it.

Source: CBRE, EirGrid, NextDC, ACS, B&I Capital

Catalysts to Watch

3 Nov 2026

US midterms; Pataskala, Ohio ballot measure on a ban

Political and direct-democracy pressure

20 Nov 2026

NextDC capex review at its AGM

Size of the Australian pipeline cut

Year-end 2026

New York governor's decision on the data centre bill

First large-state restriction

Jan 2027

Virginia session; Loudoun application pause

Core of the largest market

Feb 2027

Earliest restart of Jemena's M3 grid works

Can approved supply get power?

Early 2027

Australian national standards legislated

Do rules reach existing assets?

1 Jul 2027

Oregon permit pause ends

Extension signals persistence

Source: Data Center Bans tracker, NextDC, Clayton Utz, Gilbert + Tobin

CONCLUSION

Own Powered, Operating Capacity Where the Substitute Is Also Closing

High confidence — supply caps raised rents where substitutes were also constrained: Singapore, Northern Virginia

Moderate — Tokyo, Northern Virginia core and Sydney + Melbourne follow, most visible 2027–2029

Low — on the size of the move outside those markets

Exposure — Keppel DC REIT first, Digital Core REIT second, NTT DC REIT third

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