Data Centre REITs:

The Landlords of the AI Build



GLOBAL X
by Mirae Asset

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Every AI model runs on chips that need a building, a grid connection and constant cooling.[1] Data centre REITs own and operate those buildings, and lease the capacity to the companies developing and deploying AI, including the hyperscalers themselves.[2]

Key characteristics

They rent space and power facilities, rather than the compute itself

Tenants install and own their servers and chips; the operator provides the building, electricity, cooling and connectivity.[3]

Hyperscalers are major tenants, not competitors

Over 40% of current hyperscale capacity is leased from DC operators, with the rest being self-built.[4]

Power is *one* of the scarce inputs

An operator with the power capacity can deliver years faster than a tenant building from scratch.[5]

Contracts lengths vary

Contracts span from 1-5 years for colocation tenants, to 15-20- years for the largest recent hyperscale lease contracts with fixed annual escalators, many of which are signed before construction ends.[6] This supports more predictable, stable cash flows.

They pay income

REIT rules require most taxable income to be distributed, a rare feature of AI infrastructure companies.[7]

+40%

Current hyperscale capacity leased from DC operators

What a Data Centre REIT Does

"Data centre REIT" is largely a tax and legal label.[8] Functionally, these companies are data centre operators: they develop, manage and maintain the facilities, in addition to owning them.[9] The listed universe includes US REITs such as Equinix and Digital Realty, as well as operators in the US, Asia and Australia that are not always classed as REITs but run the same core business.[10]

That broadly consists of owning the buildings that house computing equipment and renting out the space, power, cooling and connectivity that the equipment needs to generate compute capacity.[11]

This split defines the business: the landlord collects rent while tenants replace their chips several times over the life of a lease. Which chip or AI model wins does not change who pays the rent.

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Owned by the landlord	Owned by the tenant
Land, building, grid connection, substation	Servers, GPUs and AI accelerators
Backup power, cooling, physical security	Storage and network equipment
Fibre connections into and between buildings	Software and data
Useful life: decades	Useful life: ~5-6 years, then replaced

Who the Tenants Are

Much of the AI news flow tracks hyperscaler capex going towards construction of their **own** data centres: Amazon, Alphabet, Meta and Microsoft have a combined guidance of $720-745bn for 2026.[12] Yet the hyperscalers do not spend only on their own buildings, renting over 40% of their data centre capacity from data centre operators.[13] The largest spenders in AI are among the largest tenants.

THE LARGEST TECH COMPANIES RENT AROUND 40% OF THEIR DATA CENTRE CAPACITY

Where hyperscalers' data centre capacity sits, % of total



Note: Hyperscalers = the largest cloud and internet companies, e.g. Amazon, Microsoft, Google, Meta, Oracle. Data as at Q4 2025; self-built share reported as “almost 60%”. Source: Global X ETFs illustration with information derived from Synergy Research Group (April 2026). There is no guarantee that any trends observed in this material will continue. Any views and opinions are based on current market conditions and are subject to change.

Hyperscalers are the most visible tenants, but every other company using AI ends up in the same buildings, typically indirectly, without necessarily signing a lease with them:

01 A bank, retailer, start-up or AI lab rents **computing power** from a cloud provider or specialist AI cloud (such as Azure or AWS).[14]

02 The cloud provider owns the servers and houses them either in its own data centres or in **space and power** leased from a data centre operator.[15]

03 The operator owns the building and secures **electricity** from the utility.[16]

Some companies also lease space directly: banks, telecoms carriers, large enterprises and AI developers place their own equipment in operators' buildings, next to the clouds and networks they connect to.[17]

Whether demand starts with a hyperscaler, an AI start-up or a bank, a large share of it ends up in data centre operators’ buildings. The operator therefore sits beneath the AI stack and is paid by the companies that run on it.

Why Tenants Lease Rather Than Build

The scarce but essential inputs are grid connection, cooling and land.[18] Securing a grid connection can take years and lead times are increasing. The average duration from interconnection request to commercial operation went from just over 2 years in 2005 to over 5 years in 2025.[19]

Consequently, a facility that is already connected to the grid can deliver capacity far sooner than a tenant starting from scratch.[20]

The market shows how tight capacity is. Vacancy across primary US markets stood at a record-low 1.4% in H1 2026, 0.2% in Northern Virginia, and 80% of capacity under construction was already pre-leased.[22]

Reason to lease	What it means for the tenant
Speed	Capacity is ready when the chips arrive
Power access	The operator has already secured grid connections and permits
Capital	Spend goes to chips, not concrete; leases preserve balance sheet discipline
Flexibility	Capacity can be added market by market without owning stranded assets
Location and ecosystem	Presence in cities where the tenant has no land, and direct connections to clouds, networks and partners

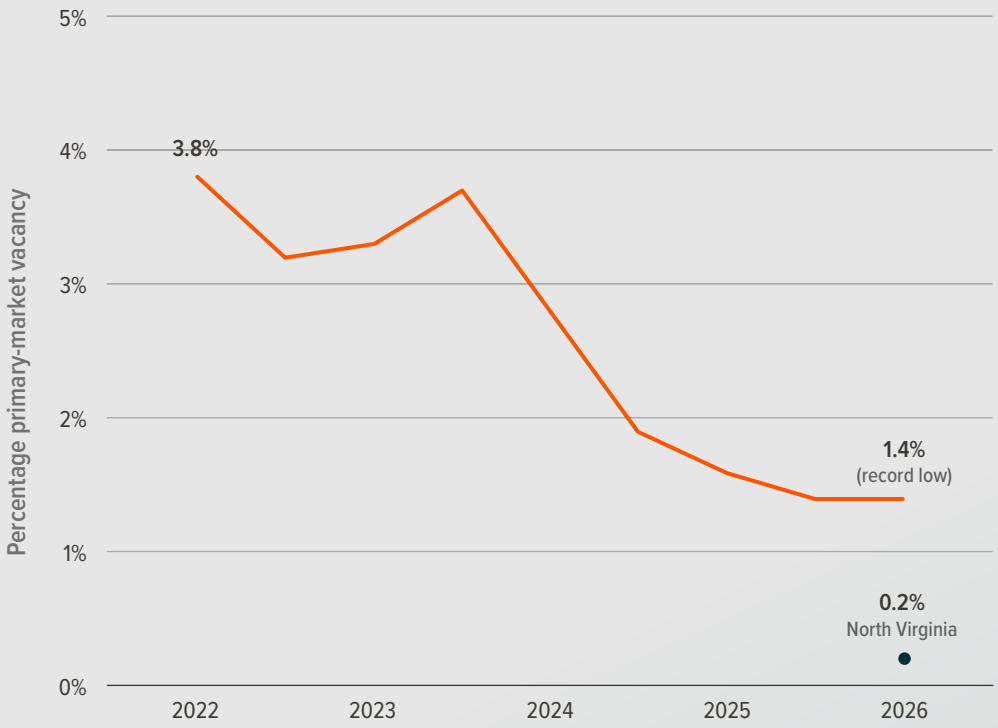
80%

Percentage of U.S. data centre capacity still under construction that already pre-leased

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Why Tenants Lease Rather Than Build

US DATA CENTRE VACANCY HAS FALLEN TO RECORD LOWS



Note: Half-yearly data, H1 2022 to H1 2026. Primary markets as defined by CBRE in each report; the market set expanded over the period. Source: Global X ETFs illustration with information derived from CBRE North America Data Center Trends (2026). There is no guarantee that any trends observed in this material will continue. Any views and opinions are based on current market conditions and are subject to change.

Even the largest builders use landlord-style structures. Microsoft has said it is classifying more future data centre leases as operating leases.[23] Meta's Hyperion campus in Louisiana sits in a ~$30bn vehicle in which Blue Owl holds 80%, financed largely by debt and leased back to Meta over a horizon of around 20 years.[24]

Only the largest technology companies and well-funded private capital can build at gigawatt scale. The listed operators' edge is existing powered capacity, scale, and at the retail end, dense networks of interconnected customers.

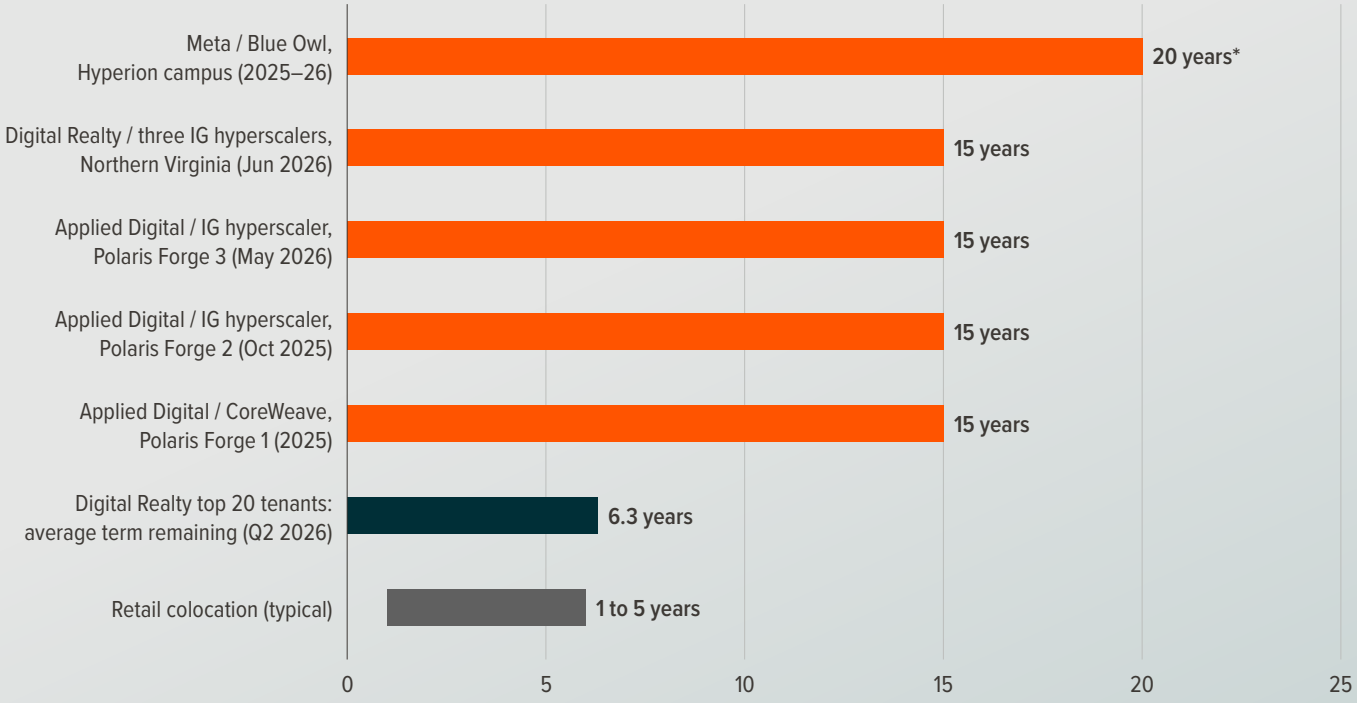
> **"Only the largest technology companies and well-funded private capital can build at gigawatt scale."**

Long Contracts, Visible Cash Flows

Hyperscale leases typically run 10-20 years with fixed annual rent increases, and many are signed before the building is finished. Recent transactions show the pattern.

HYPERSCALE LEASES RUN 15 TO 20 YEARS

Lease Term in Years



Note: IG = investment grade. *Approximate: financing covers construction plus 20 years of operation. Retail colocation range is an industry norm. Source: Global X ETFs illustration with information derived from Digital Realty, Applied Digital, DatacenterDynamics and EnergyNow (2026). There is no guarantee that any trends observed in this material will continue. Any views and opinions are based on current market conditions and are subject to change.

10–20 years

Typical hyperscale lease longevity

Long Contracts, Visible Cash Flows

Date	Landlord / developer	Tenant	Capacity	Term	Contract value
Jun 2026	Digital Realty (Northern Virginia, acquired from Blackstone)	Three investment-grade hyperscalers, avg rating Aa3/AA-	288 MW, 100% leased	15 yrs, 3.6% annual escalators	$7.8bn gross asset value[25]
May 2026	Applied Digital (Polaris Forge 3)	High investment-grade US hyperscaler	300 MW	15 yrs, take-or-pay	~$7.5bn base term; ~$18.2bn with renewals[26]
Oct 2025	Applied Digital (Polaris Forge 2)	Investment-grade US hyperscaler	200 MW	~15 yrs	~$5bn[27]
May–Aug 2025	Applied Digital (Polaris Forge 1)	CoreWeave	400 MW across three leases	~15 yrs	~$11bn[28]
2025-26	Blue Owl / Meta (Hyperion, Louisiana)	Meta	Gigawatt-scale campus	~20 yrs	~$30bn financing[29]

Terms already on Digital Realty's books reflect the same structure: 13.7 years remaining on the lease with a "Leading AI Chip Maker" and 10.8 years with Oracle.[30]

Long leases provide:

- **Contracted revenue** for a decade or more, often with investment-grade counterparties. These are typically on a triple net lease structure, in which the tenant pays base rent plus most property costs, commonly taxes, insurance, maintenance and utilities.[31]
- **Built-in growth** from annual escalators, before any increase in market rents.
- **Pre-leasing** that reduces development risk: capital is committed against a signed tenant.

However, they do not remove:

- **Concentration.** A handful of hyperscalers account for a large share of wholesale revenue.
- **Renewal exposure.** Not every lease is long: Digital Realty's top 20 tenants have a weighted average of 6.3 years remaining,[32] and retail colocation contracts typically run 1–5 years.
- **Counterparty risk.** Leases to newer AI cloud providers carry more credit risk than leases to the largest technology companies.

Long Contracts, Visible Cash Flows

On the other hand, data centre operators with near-term lease expirations can benefit from repricing opportunities. Digital Realty, for example, has approximately 30% of its portfolio (by annualised base rent) expiring through to 2027.[33] The company has upgraded its rental rate growth on renewal leases (cash) from 6-8% as of February 2026, to 9-11% as of July 2026, signalling growing pricing power.[34] This is consistent with the annual increases in average asking rental rates across primary U.S. markets since 2021.[35]

US DATA CENTRE RENTS HAVE RISEN FOR FOUR CONSECUTIVE YEARS

Labels show YoY percentage change in the average



Note: Bars show the high-to-low range of asking rents across primary markets; line shows the average. Source: Global X ETFs illustration with information derived from Bloomberg L.P. (October 2026). There is no guarantee that any trends observed in this material will continue. Any views and opinions are based on current market conditions and are subject to change.

The Role in the AI Landscape

AI spending flows through three layers: the chips and servers that compute, the networks that connect them, and the facilities that house and power them.[36] Data centre operators own the third layer, and they are paid on a different clock from the first.[37]

	Chipmakers and server vendors	Data centre operators
Paid when	The equipment ships	The lease commences, typically 1-3 years after signing
Paid for how long	Once per purchase cycle	10-20 years on hyperscale leases
Revenue tracks	The annual flow of AI spending	The cumulative stock of capacity built and leased
Asset life	~5-6 years for AI chips	Decades for buildings and power infrastructure[38]

Digital Realty's signed-but-not-yet-commenced leases illustrate the lag. Of $1.4 billion in annualised rent at its share, about $635 million was scheduled to commence in H2 2026, $480 million in 2027 and $312 million in 2028 and beyond.[39]

The two layers are complements, not substitutes. Every new AI cluster needs a powered building, and the tenant typically renews or replaces its chips several times within one lease.[40]

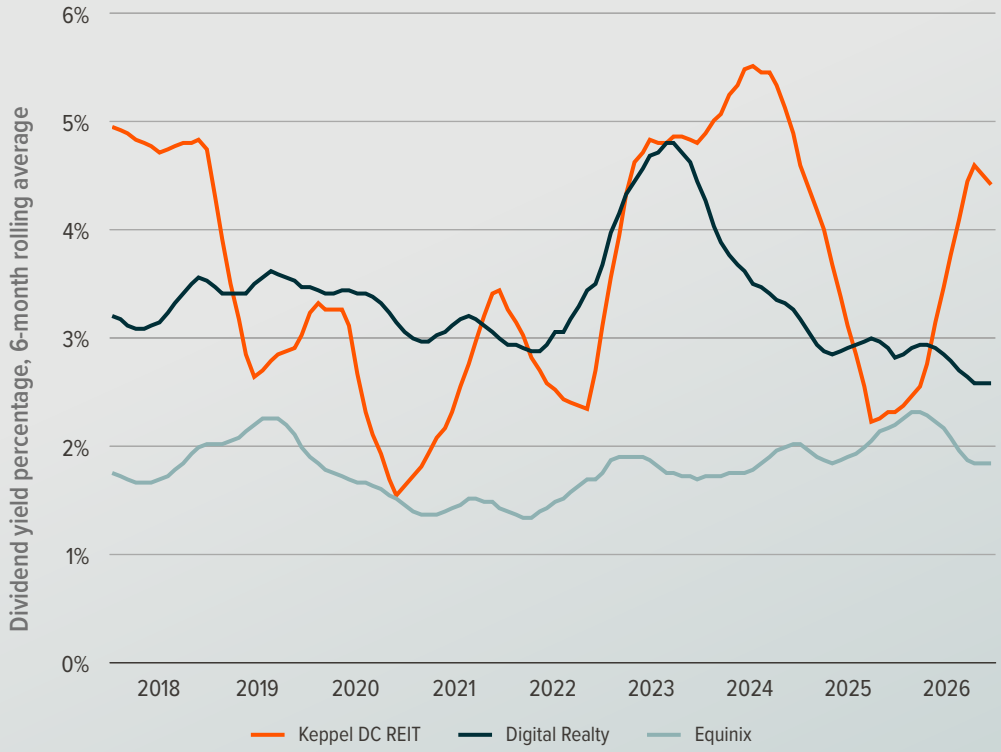
> **"Of $1.4 billion in annualised rent at its share, about $635 million was scheduled to commence in H2 2026, $480 million in 2027 and $312 million in 2028 and beyond."**

Income in an AI-Exposed Portfolio

US REITs must distribute at least 90% of their taxable income to shareholders to keep their tax status.[41] Data centre REITs therefore pay regular income, which is somewhat uncommon among AI beneficiaries: most chipmakers and AI platforms pay little or no dividend. [42]

Payout policy reflects a trade-off. Equinix, for example, retains around half its cash flow to fund development; higher-payout REITs rely more on debt and new equity to grow, which ties their growth to the cost of capital.[43]

DATA CENTRE REITS' DIVIDEND YIELDS



Note: Monthly data, July 2017 to October 2026. Source: Global X ETFs illustration with information derived from Bloomberg L.P. (October 2026). There is no guarantee that any trends observed in this material will continue. Any views and opinions are based on current market conditions and are subject to change.

90%

Percentage of their taxable income to shareholders that US REITs must distribute to keep their tax status

Footnotes

1 IEA (2025) ***Energy and AI: Energy Demand from AI.***

2 Nareit (2026) ***Discover Data Center REITs.***

3 Ibid.

4 Synergy Research Group (7 April 2026) ***Hyperscale Operators to Account for 67% of All Data Center Capacity by 2031.***

5 Energy Markets & Planning (June 2026) ***Queued Up: 2026 Edition.***

6 DatacenterDynamics (23 October 2025) ***Applied Digital Secures $5bn, 15-Year Lease with Hyperscaler at North Dakota Data Center Campus.***

7 Nareit (2026) ***How to Form a REIT.***

8 Ibid.

9 Digital Realty (October 2025) ***Form 10-Q, Q3 2025.***

10 NEXTDC (2026) ***About NEXTDC.***

11 Nareit (2026) ***Discover Data Center REITs.***

12 MLQ.ai (2 August 2026) ***Big Tech's 2026 Capex Range Reaches $720 Billion to $745 Billion.***

13 Synergy Research Group (7 April 2026) ***Hyperscale Operators to Account for 67% of All Data Center Capacity by 2031.***

14 AWS (2026) ***What is Cloud Computing?***

15 Synergy Research Group (7 April 2026) ***Hyperscale Operators to Account for 67% of All Data Center Capacity by 2031.***

16 SEPA (20 April 2026) ***U.S. Data Center Gold Rush Drives Surge in New Utility Tariffs.***

17 Ibid.

18 Ibid.

19 Energy Markets and Planning (Berkley Lab, 2026)

20 Ibid.

21 LEK (February 2025) ***Build vs Lease: The Hyperscale Landscape.***

22 CBRE (2026) ***North America Data Center Trends H1 2026.***

23 Benzinga (Jul 2026) ***Microsoft Stock Surges After-Hours: Amy Hood Touches on Surging CapEx.***

24 EnergyNow (2 February 2026) ***The $3 Trillion AI Data Center Build-Out Becomes All-Consuming for Debt Markets.***

25 Digital Realty (29 June 2026) ***Form 8-K: Purchase of Blackstone Interest in Three Northern Virginia Data Centers.***

26 MLQ.ai (28 May 2026) ***Applied Digital Signs $7.5B Lease at Polaris Forge 3.***

27 DatacenterDynamics (23 October 2025) ***Applied Digital Secures $5bn, 15-Year Lease with Hyperscaler at North Dakota Data Center Campus.***

28 Applied Digital (29 August 2025) ***Applied Digital Finalizes Additional 150MW Lease with CoreWeave in North Dakota.***

29 EnergyNow (2 February 2026) ***The $3 Trillion AI Data Center Build-Out Becomes All-Consuming for Debt Markets.***

30 Digital Realty (23 July 2026) ***Q2 2026 Earnings Press Release and Supplemental Information.***

31 CRE Financial Council (2026) ***Data Center E-Primer: Understanding the New Infrastructure of the Digital Economy.***

32 Ibid.

33 Digital Realty (September 2026) ***Investor Presentation: September 2026.***

34 Ibid.

35 CBRE (February 2026) ***North American Data Center Trends H2 2025.***

36 MLQ.ai (2 August 2026) ***Big Tech's 2026 Capex Range Reaches $720 Billion to $745 Billion.***

37 Ibid.

38 Digital Realty (23 July 2026) ***Q2 2026 Earnings Call Transcript.***

39 Digital Realty (23 July 2026) ***Q2 2026 Earnings Call Transcript.***

40 Ibid.

41 Nareit (2026) ***How to Form a REIT.***

42 Data Derived from Bloomberg L.P. (Accessed October 2026)

43 Data Derived from Bloomberg L.P. (Accessed October 2026)

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