

Hanover, March 23rd, 2026

From Megabytes to Megadeals

A lender's perspective on the data centre boom reshaping infrastructure finance

Few sectors have come under more pressure to perform than the data centre market. After a remarkable rise in 2024, there was a real question about whether the momentum could hold – and for a while, in the first half of 2025, it looked like it might not. Some hyperscalers pulled back to take stock of where and how fast to commit. Many financing teams that had been run off their feet found themselves confronted with more modest pipelines.

It didn't last. By Q4 the market had found its stride again, and 2026 has carried that through with even greater force. In retrospect, the pause was more tactical than anything else – a recalibration, not a retreat.

// *“Two words characterise the market now: buoyant and resurgent.”* **Neil Wilson, Senior Director, NORD/LB**

None of this should have been a surprise. Cloud computing and AI are generating data at a pace that's genuinely difficult to comprehend. The IDC calculates the volume of data stored globally as doubling roughly every four years.

Six months in the US, twelve in Europe

In the United States, the pace of growth has been dizzying. When NORD/LB's US infrastructure team first examined the asset class seriously in 2023, a deal in the billion-dollar range was considered an outlier. Within two years, the team was participating in an \$18bn financing and had shifted its predominant focus to data centres. Across the market, deal sizes have continued to swell, with some projects now exceeding \$30bn.

Europe is a different proposition. The continent is not a single market – instead made up of multiple overlapping regulatory environments, grid regimes, and planning frameworks, each with its own timeline and tolerance for large infrastructure projects. The established FLAP-D hubs remain the heart of the European ecosystem, but capacity is increasingly constrained, with powered land expensive and scarce. Regulatory approvals that might take six months in the US can stretch to multiples of that in Europe.

The gap in regulatory philosophy matters just as much. In the US, there's a broad acceptance that falling behind on AI infrastructure carries real strategic risk. In Europe, ESG compliance, planning scrutiny, and community engagement are baked into the process in ways that add time,

Norddeutsche-Landesbank – Girozentrale
Corporate Communications | Friedrichswall 10 | D - 30159 Hannover | presse@nordlb.de | www.nordlb.com

cost, and complexity. Neither stance should be considered definitively right or wrong, but for a sector moving at pace, the practical difference is significant.

Where's the risk?

At first encounter, financing these assets appears almost conspicuously straightforward.

// *“When I first saw a data centre with my public-private partnership hat on, I thought: where's the risk? You don't have to clean the bathroom every hour and the offtaker still pays full rent. This is just plug-and-play.”* **Michael McCarthy, Senior Director, NORD/LB**

The starting point for any deal is the lease. In the US, a triple-net arrangement with an investment-grade hyperscaler is the foundation – it pushes operating and power costs, maintenance, and most liabilities onto the tenant, and immediately reframes what a lender is actually being asked to underwrite. Once that's in place, power availability is the next question. In the best structured transactions, that too is increasingly being taken off the table.

// *“They don't have the time to wait five years for grid access. So they're looking at off-grid solutions – fuel cells, simple-cycle gas – and they are indifferent to the price.”* **Maniesh Khatri, Senior Director, NORD/LB**

In some deals we are seeing hyperscalers go further still – taking construction risk, power risk, and termination risk off the table for lenders entirely. That is not yet the norm, but it is a direction of travel, and illustrates just how far sponsor sophistication has come.

Europe asks more of lenders, not just underwriting an individual project, but taking a view on the platform behind it. That means sponsor track record, pipeline depth, and genuine experience across fragmented regulatory environments. Tenant lease terms are also shorter, which opens up questions about re-leasing risk that don't generally arise in the US.

The queue: power, grid, and the people problem

Even with demand this strong, and capital broadly willing, the constraints are piling up, proving decisive in determining which projects actually get built.

Power is the most visible bottleneck. Northern Virginia – an undisputed hub of global data centre development for decades – is running up against the limits of what its grid can actually deliver. The same strain is showing up in several major European markets. The response has seen a geographic shift: Ohio, New Mexico, and Wisconsin in the US; the Nordics in Europe, where lower power costs and natural cooling make them a natural fit for the energy-intensive demands of LLM training.

A less commonly discussed constraint is people, and it's one that more capital simply cannot fix at speed. Infrastructure finance teams across the sector are fully stretched. Deal pipelines keep growing, but the number of professionals who actually know how to originate and structure transactions at this scale isn't keeping pace.

// *“Many lenders are happy to concentrate on the more vanilla data centre structures and some AI facilities are getting pushed down the line. It’s not an appetite constraint – it’s a human resource constraint.”* **Sean Cook, Head of Infrastructure Origination, NORD/LB**

Fibre networks and other complex infrastructure sectors are often marginalised as a result, not because the economics have turned against them, but because the teams who would normally work on them are tied up with data centres.

Bigger cheques, simpler asks

What sponsors expect from their banking relationships has shifted too. Ticket sizes that would have raised eyebrows three years ago are becoming standard fare. If you want to be taken seriously in this market, you have to be prepared to write larger commitments.

However, as sponsors have become more sophisticated, deals arrive cleaner. Fewer loose ends mean it’s easier to pull together large syndicates and move quickly. The market has grown up in both directions simultaneously: larger and more straightforward.

Capital recycling is also becoming part of the story. Sponsors are already lining up ABS refinancings on recently completed assets, freeing up bank capital to be redeployed into the next wave of projects.

NORD/LB’s position: from deal-flow to deal selection

Our own journey in the sector gives a sense of how fast things have moved. The US infrastructure team looked at its first data centre transaction in mid-2023. By the end of 2025, data centres had become the team’s central focus.

That experience has naturally shifted how we think about the sector. The question has moved on from how to get exposure, to how to be smart and discerning. We’re focused on the strongest sponsors, the most defensible structures, and the deals where our expertise genuinely adds something, rather than just chasing volume.

// *“What determines outcomes in European loan markets is delivery – power, permitting, quality of hyperscale offtake and sponsor capability. The liquidity is there; it’s execution that separates the transactions that close from those that don’t. As deal scale grows, that puts a premium on lenders who can underwrite with conviction and write tickets to match.”* **Duncan Gibson, Managing Director, Head of Syndication & Distribution – EMEA, NORD/LB**

In Europe, the market’s complexity shapes everything. Each jurisdiction offers a different challenge – planning risk, grid access, and regulatory appetite all vary considerably. That makes it harder work. But it’s also where real expertise becomes a meaningful advantage. As hyperscalers push beyond the saturated FLAP-D hubs and start exploring newer European markets, the institutions that have done that groundwork will be better placed to lead than those who haven’t.

What comes next: still at the bottom of the curve?

// *“I don’t think we even understand how fast that curve is going to grow. We believe the curve is still at the bottom of the hockey stick.”* **Neil Wilson, Senior Director, NORD/LB**

The long-term case for data centre infrastructure remains as compelling as ever – and AI is making it more so, not less. Goldman Sachs puts total hyperscaler capex across 2025 to 2027 at \$1.15 trillion. The financing requirements to deliver that will stretch every available source of institutional capital.

What makes this more than a demand story is the compounding nature of AI's footprint. Training workloads were transformative enough. But as AI moves into inference and daily deployment, demand for storage, processing, and low-latency cloud infrastructure close to end users will intensify further. The sector does not become simpler as AI matures; each layer adds new requirements.

Against that backdrop, the delivery constraints are clear. Power and land are already under pressure from today's pipeline; tomorrow's will be yet more intense. Grid capacity remains the single most consequential bottleneck, and no amount of capital resolves it quickly. Chip availability and construction capacity are shaping timelines in ways that deal structures must increasingly accommodate. Europe's trajectory tracks the US, with a regulatory lag that is narrowing. The next wave will come from markets that can offer power, land, and permitting speed together.

At NORD/LB, we understand this is a sector that will continue to demonstrate significant and sustained growth well beyond 2030. The binding constraints are not strictly capital and demand. They are delivery: power access, permitting speed, and the institutional bandwidth to finance projects at the pace the market requires. The megadeals of today may look, in time, like the early chapters of a much larger story.

--ENDS--

Contact: Annabel Rust, Mobile: +49 (0) 157 85166763, annabel.rust@nordlb.de

About NORD/LB

NORD/LB Norddeutsche Landesbank is one of the leading German commercial banks. The core business segments include business with corporate customers, private and commercial customers including private banking as well as structured finance in the energy and infrastructure sector and commercial real estate finance. The bank is headquartered in Hanover, Brunswick and Magdeburg and has branches in Oldenburg, Hamburg, Schwerin, Düsseldorf and Munich. Outside Germany, NORD/LB is represented by a Pfandbrief Bank (NORD/LB Covered Bond Bank) in Luxembourg and branches in London and New York.

www.nordlb.com