

Moody's Ratings: M'sia to benefit from data centre demand spillover

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Malaysia benefits directly from the increased demand for data centres, as a result of Singapore's three-year moratorium on building new data centres and expanding capacity due to the limited availability of land, said Moody's Ratings.

In a research note today, the firm said there has been an increase in investment in data centres in Johor, citing cloud services provider Microsoft's land purchase last month from Eco World Development Group Bhd for new data centre development.

"GDS Holdings Ltd, a developer and operator of data centres, has invested around US\$3.0 billion (US\$1=RM4.67) to open two data centres in Johor's tech park.

"Other cloud service providers such as Google and Amazon have committed to investing US\$2.0 billion and US\$6.0 billion respectively in Malaysia for data centres and cloud services by 2037," said the note.

Moody's Ratings also revealed that Asia Pacific's (Apac) data centre capacity is

expected to be more than double by 2028 as geopolitical tensions will disperse growth.

It believes that data centre capacity in Apac and globally will expand rapidly over the next five years as the increasing adoption of artificial intelligence (AI) and cloud technologies, cryptocurrencies, and a rising preference for outsourcing data computing and storage for efficiency and scalability fuel exponential growth in the sector.

“We forecast Apac data centre capacity to grow at a compound annual average rate of almost 20 per cent through 2028, to about 24,800 megawatts, more than double the current capacity of over 10,500 megawatts.

“Apac constitutes about 30 per cent of global capacity expansion over the next five years. This expansion will involve investment of over US\$564 billion through 2028,” it added.

Moody’s Ratings said capacity in emerging data centre markets, including India, Indonesia (Baa2 stable), Malaysia (A3 stable), Thailand (Baa1 stable), and the Philippines (Baa2 stable), would record growth rates of 29 per cent to 48 per cent through 2025.

The growth is because of the smaller amount of existing capacity today, coupled with governments' digital agendas and investor support, it added.

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