



The Data Center Investment Playbook

A Real Estate Asset Management Guide for 2026—
frameworks, metrics, and checklists for investors and
fund managers

OHI REAL ESTATE ASSET MANAGEMENT | UPDATED: AUGUST 2026





Why Data Centers Are the New Core Asset Class

Office is struggling. Retail is stagnant. Multi family is crowded. Data centers cannot build fast enough. Three forces created this imbalance:

AI Went Mainstream

Every AI query runs on a server. Those servers live in data centers.

Cloud Accelerated

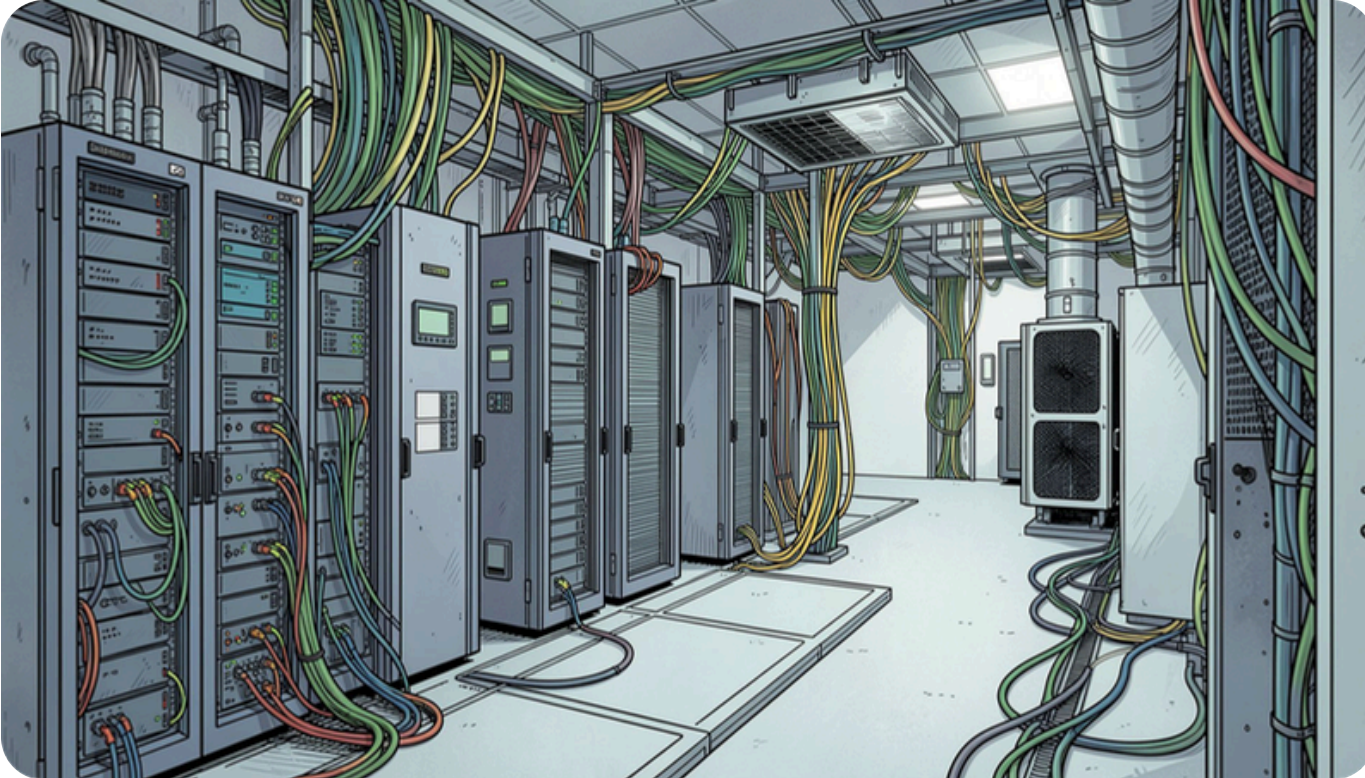
Businesses moved operations online. All traffic flows through data centers.

Edge Computing Expanded

Processing data closer to users created demand in secondary markets.

Global data center construction reached **\$68 billion in 2025**. Demand outpaces supply through 2027.

How Data Centers Differ From Everything You Know



Data centers look like warehouses. Inside, they are entirely different. The tenant is a machine — and machines have specific needs.

Location

Not highways — power substations and fiber routes

Lease Terms

10–20 years, triple-net — not 3–5 years

Pricing

Per kilowatt, not per square foot

The 10-Point Deal Scorecard

Note: very site with cheap land qualifies. This score card separates real opportunities from expensive mistakes.

1	Substation Access High-voltage substation within 2 miles?
2	Fiber Redundancy Two diverse fiber routes entering the site?
3	Water for Cooling Adequate municipal water or evaporative cooling?
4	Power Density 150+ watts per sq ft without structural work?
5	Hyperscaler Presence Major cloud providers in the metro?
6	Latency Within 20ms of a major hub?
7	Zoning Allows 24/7 generator testing and industrial noise?
8	Utility Rates Can you lock in a 5-year power rate?
9	Tax Incentives Sales or property tax relief available?
10	Exit Liquidity Data centers traded here in 24 months?

 **Scoring:** 8+ proceed · 5-7 renegotiate · Below 5 walk away

The Seven Metrics That Determine Value

Data centers speak a different financial language. These metrics determine whether an asset performs.

Critical Power Load (MW)

Maximum revenue potential

PUE

1.2 excellent · 1.5 average

Rent per kW

Primary pricing metric

Power Occupancy

Capacity leased, not sq ft

WAULT

Lease duration for stability

Tenant Credit

Default risk and refinancing

DSCR

Lenders require 1.25x minimum

❏ Standard accounting software lacks fields for power load and PUE. Customized reporting is essential.

The Four Phases of the Data Center Lifecycle

Each phase requires different skills and risk tolerance.

Land & Power Acquisition

1

Secure land near power and fiber. Entitlement takes 12–24 months.

2

Development & Construction

\$7–\$12M per MW. Track costs by system for tax and investor reporting.

Lease-Up & Operations

3

Tenants test power and audit cooling. 99.999% uptime required.

4

Exit or Hold

Mature assets with long leases attract institutional buyers.



Why Asset Management Accounting Must Change

Data center finance is more complex than traditional real estate. Standard models break down.



Revenue Recognition

Tenants pay for reserved power, setup fees, and variable pass-throughs. Each stream must be tracked separately.



Expense Allocation

A tenant using 80% of power bears 80% of costs. Standard office formulas fail here.



Tax Treatment

Incentives vary by state. Model the full tax burden on mechanical and electrical equipment.



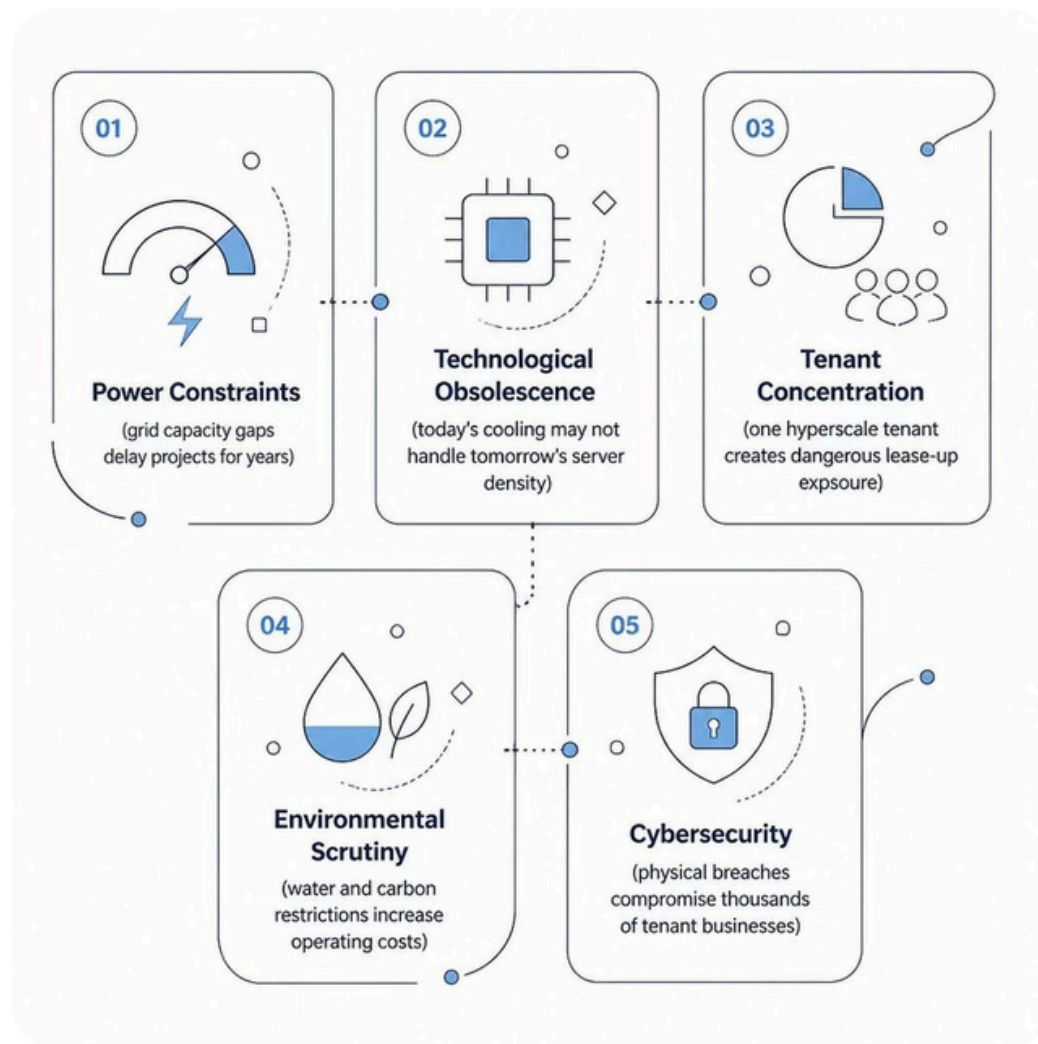
Specialized Debt Financing

Traditional lenders avoid data centers. Build relationships with digital infrastructure specialists.

The Five Risks That Can Destroy Returns

The opportunity is real. So are the risks. Each can erode or eliminate returns.

- **Power Constraints:** Grid capacity gaps delay projects for years
- **Obsolescence:** Today's 5 kW/rack may need costly retrofitting for 50 kW
- **Tenant Concentration:** One hyperscale tenant at 80% creates dangerous exposure
- **Environmental Scrutiny:** Water and carbon restrictions raise operating costs
- **Cybersecurity:** Breaches compromise thousands of businesses — security must be maintained



Market Tiers: Where Capital Is Moving in 2026

Not every market is equal. Use this framework to deploy capital by risk tolerance.

Tier	Markets	Power Cost	Land Cost	Cap Rate	Risk
Tier 1 — Established	N. Virginia, Dallas, Phoenix, Silicon Valley	\$0.06–\$0.09/kWh	Very High	5.0%–6.5%	Low
Tier 2 — Growth	Columbus, Atlanta, Salt Lake City, Portland	\$0.05–\$0.07/kWh	Moderate	6.0%–7.5%	Medium
Tier 3 — Frontier	Boise, Reno, Cheyenne, Des Moines	\$0.04–\$0.06/kWh	Low	7.0%–9.0%	High

 **The Rule:** Tier 1 offers stability. Tier 2 offers growth. Tier 3 offers early-entry pricing — if the power grid shows up.



The 30-Day Action Plan

01

Week 1: Audit Your Knowledge

Study a utility map. Identify substations. Learn transmission vs. distribution.

02

Week 2: Study One Market

Pick a Tier 1 or 2 market. Research inventory, vacancy, and rent per kW.

03

Week 3: Build a Pro Forma

Model rent per kW with PUE as an input. Stress-test a 15% power cost spike.

04

Week 4: Review Your Portfolio

Do you have digital infrastructure exposure? If not, build the case for allocation.

Written by the OHI real estate asset management team — 20+ years across data center, multifamily, industrial, and office assets.



THANK YOU

CONTACT US:

 outsourcinghubindia.com

 info@outsourcinghubindia.com

 3232 McKinney Avenue, Suite 500 Dallas, Texas 75204

