

28/12/2024

SATURDAY, DECEMBER 28, 2024

M'sia continues to benefit from high data centres demand

KUALA LUMPUR: Malaysia has been and continues to be a beneficiary of high data centres demand, thanks to Singapore's spillover and high capital expenditure (capex) totalling US\$21.2 billion (US\$1=RM4.4665) by big tech firms, said Kenanga Investment Bank Bhd (Kenanga IB).

It said Singapore has been the leader with over 1.4 gigawatts (GW) of data centres, housing more than 70 data centres and has traditionally been a hub for hyperscalers like Google, which has invested US\$4 billion in four data centres there, twice the amount the tech giant has committed to spend in Malaysia.

"In the near term, Singapore has earmarked 300 megawatt (MW) of additional capacity for data centres that could be brought onstream, with another 200MW reserved for green data centres.

"Some of these data centres are clearly part of Singapore's SG+ strategy, case in point would be Princeton Digital Group (PDG), with its 52MW JH1 green data centres campus in Johor," it said.

Kenanga IB added that with Tenaga Nasional Bhd's revelation that it had seen demand in applications of up to 11GW, this indicates that countries in the region will continue to enjoy the spillover effects.

"As a data centre hub, Malaysia has enjoyed a head-start, having approved

RM114.7 billion in investments related to data centres between 2021 and 2023," it said.

The investment bank also cited the latest Knight Frank's data centre report 2024 as saying that tech giants like Google, Amazon Web Services, Microsoft and Oracle, following NVIDIA's lead, have announced heavy investments in Malaysia totalling US\$21.2 billion over the past 12 months.

It said these hyperscaler investments were sufficient to crown Malaysia once again atop the data centre spending in this region for 2024.

"In the near term, we think this is still a positive signal for capex play, and likely to benefit the visibility for Malaysia data centre build-out/fit-out," it said.

Nonetheless, Kenanga IB noted that although the existing allocation of resources by big tech is still mainly concentrated in Malaysia in terms of value, competition in the region intensifies with Thailand up-and-coming and Vietnam getting into the fray.

For instance, it said Microsoft followed the lead of Oracle and Amazon Web Services, by looking to invest in Thailand, while NVIDIA signed an agreement early this month to establish an artificial intelligence research and development centre in Vietnam. — Bernama