PERSPECTIVES

Power Play: The Emerging Powered Land Opportunity

SEPTEMBER 2025

Hines

Hines Research estimates that 40,000 acres of powered land—almost 2 billion square feet—are needed to support current projections for data center growth over the next five years. Understanding where specific pockets of opportunity are likely to emerge next is critical.

Data center demand continues to expand globally, as does the need for energy to power them. Given current growth projections through 2030, we'll need large amounts of "powered land" (i.e., land prepped and ready for data center operations—with a focus on obtaining a reliable and sufficient power supply) to support this growth. These forces could translate into opportunities for developers and investors with the necessary local, "boots-on-the-ground" expertise combined with specific development capabilities. Given the way that current trends are lining up, it looks as though powered land development projects in Europe are particularly compelling, at least in the near to mid-term.

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Global Trends Fueling Demand for Powered Land

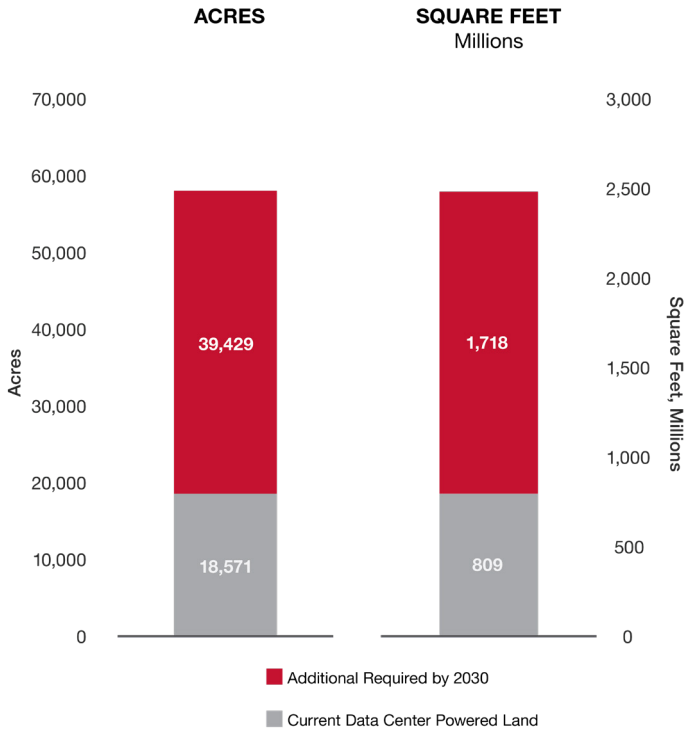
The demand for powered land is riding a wave underpinned by multiple secular trends. With re-shoring in the U.S. and the potential acceleration of manufacturing demand to support domestic needs in Europe, we believe there will be opportunities to provide power for facilities that have requirements similar to those of data centers. However, global trends in data processing and delivery, and in particular, artificial intelligence (AI), have been the primary forces behind data center demand, which has, in turn, been driving a need for powered land that can house these facilities.

Recent analysis from McKinsey helps to quantify the connection between data center growth and powered land demand. They measured the energy output required to support the ability to process and manipulate data, otherwise known as "compute." McKinsey found that data center energy demand is projected to grow by almost 22% annually over the next five years. Specifically, the AI research and development process, combined with increasing end-user adoption, is expected to be the fastest-growing segment of that growth.[1]

Every three to four megawatts of power capacity requires an acre of land. Using 3.5 as an average of that range, analysis by Hines Research shows that there are currently about 20,000 acres of powered land sitting under operational data centers around the world. Given these growth projections, we'll need another 40,000 acres of powered land over the next five years. On a square-foot basis, that equates to an estimated 2 billion square feet of powered land required to support projected data center growth through 2030 (see Exhibit 1). For context, that's just under the size of three Manhattans or about 1.5 times the size of Paris.

> *"We'll need another 40,000 acres of powered land over the next five years. On a square foot basis, that equates to an estimated 2 billion square feet of powered land required to support projected data center growth through 2030."*

Exhibit 1
Implied Global Data Center-Driven Powered Land Requirements, Current and in 2030

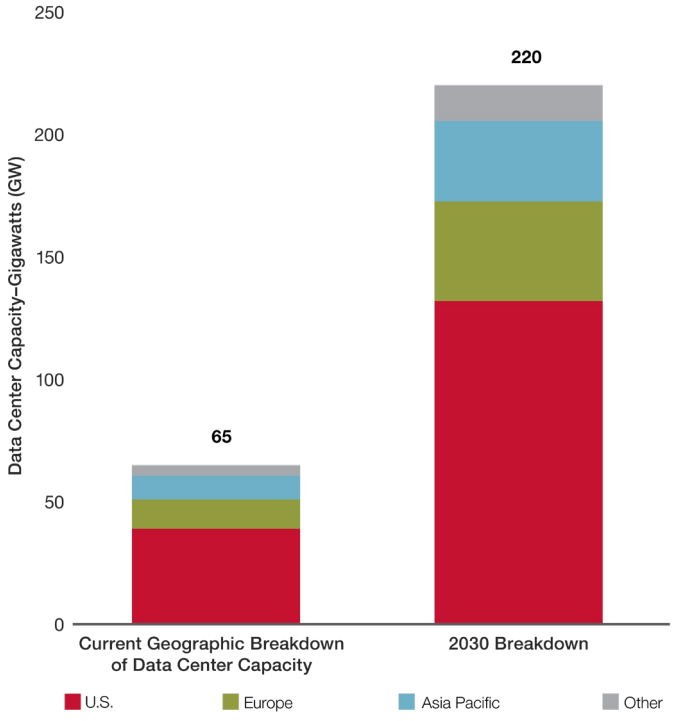


Sources: McKinsey, ARUP, and Hines Research. As of 2Q 2025. Note: An acre is equivalent to 43,560 square feet. Current = the end of 2024.

Data Center Expansion Expected Globally

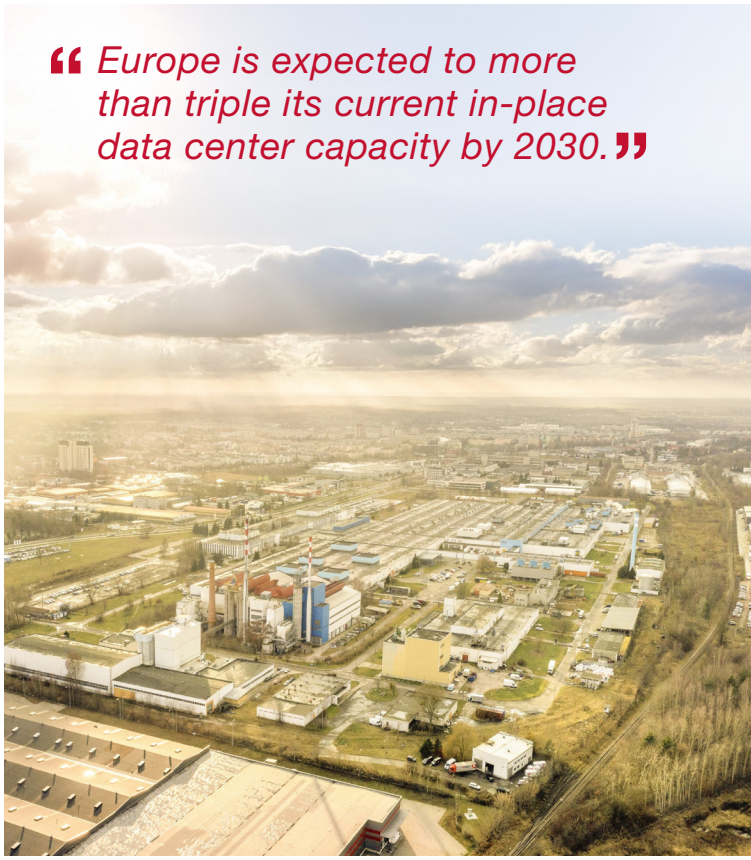
Data center growth is projected to be substantial globally, spanning the U.S., Europe, and Asia. As of 2Q 2025, the U.S. represents about 60% of overall operating capacity. Meanwhile, Europe is closer to 20%, with Asia at about 15%.[2] Looking ahead, the U.S. is forecast to reach about 132 gigawatts of capacity by 2030, with Europe expected to more than triple its current in-place data center capacity to 41 gigawatts. Asia could grow to 33 gigawatts over the same period. From a global perspective, total global operating capacity could reach 220 gigawatts by the end of 2030, a huge climb from the 65 gigawatts of capacity recorded in 2024 (see Exhibit 2). This analysis makes a compelling case that there's significant (and one could argue challenging) expansion ahead in data center capacity—and a strong need for powered land.

Exhibit 2
Substantial Data Center Expansion Ahead Across Regions



Sources: McKinsey and Hines Research. As of 2Q 2025.
Note: Current = the end of 2024.

"Europe is expected to more than triple its current in-place data center capacity by 2030."



Piaseczno | Near Warsaw, Poland

The Europe Opportunity

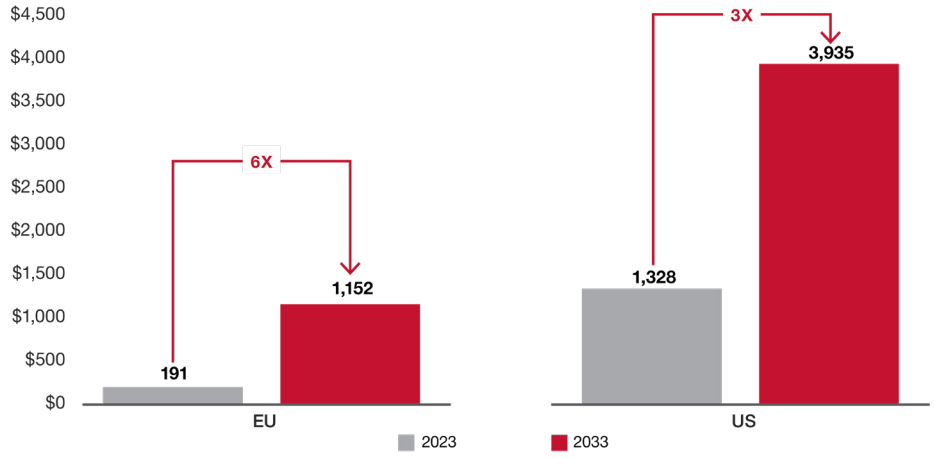
When considering the question of where in the world powered land development makes the most sense, our research sees a strong case to be made for Europe. While some forecasters believe that overall European data center capacity will not grow faster than that of the U.S., there are specific use segments likely to offer interesting pockets of strong growth.

For example, cloud adoption currently lags in the EU and is expected to accelerate at a 20% average annual growth rate. While cloud spend per capita in the U.S. was about six times that of Europe in 2023, European investment in cloud services could very well play catch-up (see Exhibit 3).

This is generally thought of as the realm of hyperscalers, who provide cloud and other computational services on a massive scale. While they can take colocation space (multi-tenant data centers are usually developed, owned, and operated by third-party companies), they often require build-to-suits, whether leased or self-developed. These can range in power requirements from ten to 30 megawatts, or if part of a larger campus, can range from 100 to 300 megawatts, with some even reaching 500 megawatts or more.[3]

However, while hyperscaler-led projects attract the most attention, ancillary demand from other users, including "neo-cloud" firms which lease access to cloud computing, will likely spill over into colocation facilities and even smaller-scale bespoke data centers developed by third-party owners/operators. In all cases, powered land is critical and offers opportunity for enterprising developers who can do the horizontal development necessary to get the land ready (with perhaps the decision to go vertical, where the reward is deemed more attractive than the additional risks incurred from construction).

Exhibit 3
U.S. vs. EU Forecast of Cloud Services Spend Per Capita, from 2023 to 2033 (US$)



Sources: Gartner, Altman Solon, and Hines Research. As of 4Q 2024, the date of the analysis.
Note: Green Street Advisors, Data Center Update, May 12, 2025, has both U.S. and European data center markets growing by about 11% per year from 2024 through 2029.

> *"Cloud adoption currently lags in the EU and is expected to accelerate at a 20% average annual growth rate."*

Additionally, Europe's major data center markets look much less saturated than comparable U.S. markets. Charting out a representative list of data centers leased or owned by major hyperscalers across the globe (see Exhibit 4), it is visually apparent that the U.S. is more saturated than Europe, particularly relative to the Continent (and Asia), stretching all the way to central Eastern Europe. These are holes that hyperscalers, as well as other users noted previously, will need to fill (or augment capacity where it is insufficient).

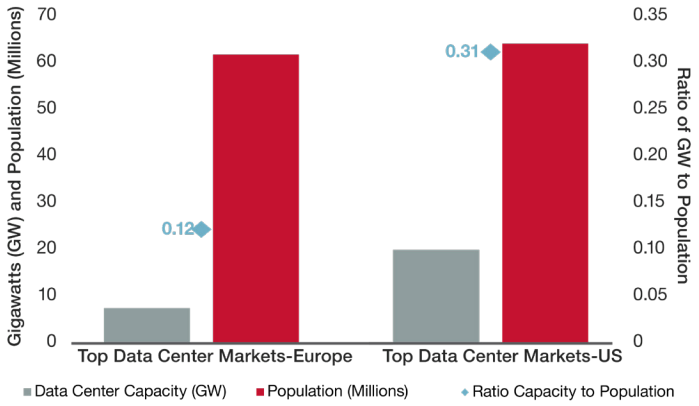
Exhibit 4
Mapping Major Hyperscalers' Global Data Centers

Sources: Orennia, company websites, and Hines Research. As of 2Q 2025. Note: Use centers leased or owned by Google, Meta, and Microsoft. The color and size of bubbles are determined by the relative number of data centers in any given location.

In fact, the ratio of data center capacity to population for the top data center metro markets in Europe is about a third of the U.S.'s capacity. To quantify this further, Hines Research compared the top nine markets in each region and found that while the total population for the metros in each region is similar (between 61 and 64 million), the total data center capacity for the European metros is just 7.5 gigawatts versus the U.S.'s 20 gigawatts. Overall, Europe has just 0.12 megawatts per 1,000 persons, while the U.S. is further up the development curve at 0.31 (see Exhibit 5). Simply put, the U.S. has approximately 158% more megawatts per person than Europe.

This analysis suggests that, all things equal, as computational service providers look to ramp up cloud and other high-performance computing services, the challenges of finding land and power in primary and secondary markets could prove less daunting in Europe. Maybe even more importantly, the hyperscalers themselves are "hyper-motivated" to fill the holes we noted above in their coverage.

Exhibit 5
Major U.S. and European Data Center Markets: Ratio of Data Center Capacity to Population (per every 1,000 persons)



Sources: Oxford Economics, CoStar, Green Street Advisors, and Hines Research. As of 2Q 2025, using annual data with 2024 as the most recent data available. Note: The "Major" European data center markets are those covered by Green Street Advisors.

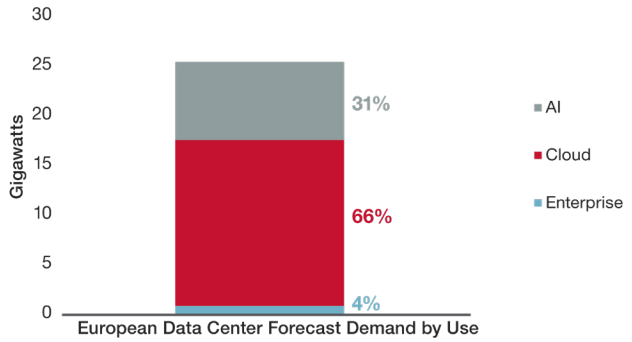
Hines' own experience on the ground confirms this. As shown in Exhibit 6, of the total 25 gigawatts forecast to be added to Europe over the coming years, about two-thirds is forecasted to be serving cloud demand. That demand should be rather evenly spread over Europe's major FLAP-D markets (Frankfurt, London, Amsterdam, Paris, and Dublin), the Nordics, and Tier 2 markets (Spain, Germany, and Poland) at about 2 – 3 gigawatts per metro or grouping (i.e. Nordics, Tier 2). While AI-driven demand is not unsubstantial (31% share), it is fairly well-concentrated with over half expected to focus in the Nordics and Tier 2 markets (see Exhibit 6 source note).

Current supply pipelines underscore development activity that is impressively broad-based. For example, some Southern European data center markets have been growing rapidly, given land and power availability. Meanwhile, Paris offers a relatively large supply of power given France's focus on nuclear generation. Not only is the horizontal development of powered land there attractive, but the vertical development of hyperscaler and colocation facilities is also possible.

Additionally, spillover from the primary markets has been creating demand in other secondary and emerging markets like Berlin, Barcelona, Leipzig, Marseille, and several metros in Poland, among others. The bottom line is that we believe the stage is set NOW in Europe—though opportunities should abound in all three global regions – for developers with the local knowledge to find and prepare land for data center usage.

Exhibit 6

Share of Forecast European Data Center Demand Use



Sources: Altman Solon and Hines Research. As of 4Q 2024, the date of the analysis. Forecast cloud capacity growth = Frankfurt 2.1 GW, London 2.5 GW, Amsterdam 1.9 GW, Paris 1.5 GW, Dublin 2.6 GW, Nordics 3.0 GW, Tier 2 Markets 2.6 GW. The percentages shown may not sum to 100% due to rounding. Of the total forecast Gen AI demand, about 2.3 GW and 2.0 GW, is forecasted to focus in on the Nordics and Tier 2 markets (total share of 56.4%).

Large-Scale Data Center Development in a Critical Market

Location: Southern Europe
Hines' Role: Development Manager
Size: 2.3 million square feet

In 2022, Hines and Compass Datacenters acquired land in Southern Europe to build one of the region's largest data center campuses. The site aims to support more than 48 megawatts of IT load. The joint venture is slated to be the first data center project delivered by Hines in Europe.

The area is a leading destination for hyperscalers with growing capacity requirements. Specifically, the site's undersea cable connectivity, robust fiber availability, and relatively affordable power were key elements in selecting it as an ideal location for a data center campus.

Conclusion

Expanding AI adoption and ongoing digital transformation trends are helping to fuel a data center boom. But data centers need power, and lots of it. That's where the powered land opportunity comes in. We believe that powered land will become an increasingly critical infrastructure investment strategy over the next few years. And while this is a global story, Europe's combination of undersupply, growing demand, and current market dynamics could translate into deeper near to mid-term potential for both developers and investors. Generally speaking, the powered land approach to data center development is a relatively new concept, and comes with on-the-ground challenges like securing the appropriate land, managing entitlement processes with local governments, and working with utility providers to obtain sufficient commitments—among other hurdles. Put another way: few organizations possess the right combination of local knowledge and execution capabilities to put this compelling investment thesis into action.

About Hines' Proprietary Research Team

Joshua Scoville and his team, including Michael C. Hudgins, Senior Managing Director, and the lead author of this paper, are responsible for constructing the Hines macroeconomic view and the outlook for commercial real estate market fundamentals and pricing. Hines Research is also responsible for assisting with the development of investment strategies for the firm's investment programs; working closely with the local and fund management teams, clients, and partners; and supporting geographic leaders in identifying market/submarket opportunities and risks. The views of the local and fund management teams on the latest market developments are exchanged regularly via biweekly conference calls and quarterly market updates, and are essential for reviewing investment strategies and fund portfolio allocations. Additional members of Hines' Proprietary Research team include Ryan McCullough, James Purvis, Tim Jowett, Erik Thomas, Michael Spellane, and Anthony Witkowski.

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Endnotes

1 Sources: McKinsey, Hines Research. As of 2Q 2025.

2 Source: Green Street Advisors. "Data Center Insights, Shining a Light on Self-Building." June 12, 2025.

3 Sources: Arup, Altman Solon, and Hines Research. As of 2Q 2025.