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Converting industrial acres into digital powerhouses

The Star, Malaysia

Converting industrial acres into digital powerhouses

Large industrial parcels are increasingly being positioned for data centres, with power, water and connectivity becoming as important as location

Look at where some of the biggest industrial land transactions are occurring and the changing land equation becomes visible.

In 1H2026, disclosed data centre-related land transactions in Banting and Kapar alone involved approximately RM1.4bil across 293 acres. Johor also recorded sizeable data centre-related land deals in Ulu Tiram, Kulai and Gerbang Nusajaya.

These transactions show where industrial land and digital infrastructure are beginning to overlap. The next question is what separates land that is merely available from land capable of supporting a data centre.

Where digital infrastructure is taking industrial land

Location	Purchaser	Land (acres)	Consideration
Kapar, Selangor	WG Malaysia VIII / DayOne	157.07	RM687.89 mil
IOI Industrial Park, Banting	Bridge Data Centres	136.03	RM740.68 mil
Gerbang Nusajaya, Johor	DayOne Data Centres	65.28	RM398.11 mil
QUANTUM Edge, Kulai	KNBDC Malaysia Five	49.59	RM280.80 mil
Bandar Cemerlang, Ulu Tiram	Digital Edge	49.72	RM346.53 mil

Source: Knight Frank Malaysia, Real Estate Highlights 1H2026 / Bursa Malaysia

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What 280MW cannot tell you

Data centre headlines often focus on megawatts. But capacity depends on a much wider infrastructure system.

1.8
Johor WUE benchmark

889 km
Selangor dark fibre network under Digital Future Action Plan 2026–2030

30%
Minimum local content participation for new Selangor data centre developments

>1GW
Renewable energy capacity secured by DayOne in Malaysia

4.3GW
Installed renewable energy capacity announced by TNB

The megawatt number only tells part of the story

Malaysia's data centre market has attracted significant investment commitments in recent years. But the more useful measure now is how many of these projects are moving from paper to reality. Announced, planned, under development, topped out, operational and fully leased capacity should not be treated as the same thing.

Six projects. Six very different stages

Selected Malaysian data centre developments reported in 1H2026

Project	Scale	Reported stage
NEXTDC KL1, Petaling Jaya	65MW	Operational
Digital Halo, Johor — Phase 1	20MW	Operational; fully leased to one customer by end-2026
TM Nxera, Johor	Initial 64MW of planned 280MW	First building topped out
AirTrunk, Johor	RM12.7 bil / additional 280MW	Investment commitment / development
MRCB, Bukit Jalil	RM2.1 bil / 65MW	Planned
SIC/PKNS + DC Union, Cyberjaya	RM2.5 bil / 65MW	Planned / partnership

The infrastructure gatekeepers

Johor has established a Special Technical Committee to evaluate data centre developments based on water requirements, electricity demand, utility infrastructure and site suitability.

The state's Water Usage Efficiency benchmark is 1.8. Developers are encouraged to adopt alternative water sources such as treated recycled water and industrial water to reduce pressure on potable supplies.

At federal level, the data centre approval framework has been strengthened, with investors required to demonstrate secured demand and financial commitment while electricity supply is aligned with actual operational requirements rather than maximum capacity requests.

Approval is increasingly becoming part of site competitiveness.

From development asset to investment asset

The financing model is evolving alongside the physical market.

Sime Darby Property's RM1.25bil New Economy Venture fund is focused on build-to-suit-to-lease data centres, industrial and logistics developments and has secured full capital commitment from institutional investors including EPF, LTAT and Great Eastern Life Assurance Malaysia. Knight Frank notes that recurring income streams could potentially support future REIT listings and broader institutional investment.

RM1.25bil
New Economy Venture fund

Institutional investors
- EPF
- LTAT
- Great Eastern Life Assurance Malaysia

Source: Knight Frank Malaysia, Real Estate Highlights 1H2026

The new value of industrial land

For decades, industrial land value was closely associated with location, transport infrastructure and proximity to economic activity. Those factors remain important. But Malaysia's latest industrial cycle is adding another layer — what the land can support.

Power availability can determine whether a data centre proceeds. Fibre can open new digital corridors. Automation can differentiate one logistics facility from another. Water availability can influence approval. Existing manufacturing ecosystems can make one industrial corridor considerably harder to replicate elsewhere.

The important question is no longer simply where Malaysia has industrial land. It is what that land can support.