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Can homes and data centres coexist safely?

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By SAMANTHA WONG
samantha.wong@thestar.com.my

A NEW development near home often gets residents talking. New shops and restaurants may bring greater convenience. A grocery store could save them a longer drive for daily necessities.

For homeowners, these additions can make the neighbourhood more attractive and liveable. Yet, with any new projects, the interest also comes with questions.

Residents may wonder whether the development will bring more traffic, become noisy at night, or significantly change the surroundings they have grown used to. Much depends on what is being built and how comfortably it fits into the area.

But when it comes to large-scale structures such as data centres (DCs), a new set of concerns emerges. In Section 9, Kota Damansara, residents objected to one development over noise, round-the-clock operations, heat and traffic. Its proximity to homes and a nearby community forest added to their unease.

And while the planning application was subsequently withdrawn, according to the Petaling Jaya City Council (MBPJ), the developer's consultant sought to reassess the site's feasibility and compatibility with surrounding development.

While the proposal is off the table for now, the broader question remains: As Malaysia expands its DC footprint, where should they be located?

An attractive address

Choosing a location for a DC involves more than securing a large plot of land. The facility also requires supporting infrastructure.

Bank Negara Malaysia's (BNM) third-quarter 2025 Quarterly Bulletin highlights connectivity, energy and water availability, grid access, and competitive land prices as key factors attracting data centre investment.

These help explain Malaysia's appeal to operators. They do not actually establish why a particular plot near homes or a forest would be suitable.

For developers, the attraction of a site must be considered alongside what is already around it. Infrastructure access could make a plot commercially promising, but nearby residents will have their own expectations of how the land should be used.

In Kota Damansara, some residents wanted the original plan for local shops retained, saying these would better serve the community.

There were also concerns about the proposal's inclusion of a government road reserve.

This gives the issue some weight because a landowner may see an opportunity to develop a site, while neighbours worry about how the change will affect the area they chose to call home.

Getting residents involved

Part of the unhappiness also stemmed from how residents learnt about the proposal.

The original project notice contained incorrect reference numbers and contact details. MBPJ subsequently required corrections and extended the feedback period, following complaints about the short initial window for objections.

For a development that residents may know little about, a notice board can leave plenty of questions unanswered.

Information on the project's scale, operating requirements and proposed safeguards would help them really understand what could be built nearby.

During its assessment, MBPJ said the proposal was subject to a 50m buffer between the DC structure and residential lot boundaries under PLANMalaysia's guidelines.

That distance provides a starting point for assessing separation from homes. Residents would still want to know how their concerns would be addressed once the facility began operating, so long-term liveability became a key issue too.

Concerns about a proposal should also be separated from damage that has already occurred. Whether a particular facility would cause excessive noise, affect water supplies or harm its surroundings requires a project-specific assessment of its own.

The business behind the buildings

There are clear reasons why Malaysia wants a share of the DC industry. BNM's Economic and Monetary Review 2025 reported that DC services exports reached RM11.7bil in 2025, up from RM2.8bil in 2024.

The review also noted that only about 26% of planned capacity had come online as of January 2026. More facilities becoming operational would probably provide further support to services exports.

For the property industry specifically, the opportunities include construction activity and demand for industrial space which the review links to DCs.

However, the capacity being planned also makes it necessary to look ahead because the effects on surrounding areas will depend on which projects proceed, their scale and whether the infrastructure is ready to serve them.

Thus, an application needs to be considered within the wider development of the area. Homes, businesses and public amenities will continue to need services as the township grows.

Sharing the essentials

The scale of a DC's requirements becomes easier to understand when compared with household use. Industry reports roughly estimate that a 50MW DC uses electricity equivalent to around 22,000 households and water equivalent to around 2,200 households daily.

BNM also warns that unregulated expansion could strain infrastructure and compete with development priorities including housing, industrial parks, public amenities and agriculture.

Making room for the industry therefore involves more than just finding available land. The assessment should establish what additional infrastructure is needed, who will pay for it and when it will be ready.

Hot weather adds to these requirements. *Reuters* reported on Sept 8 that DCs accounted for a record 9.3% of overall electricity consumption in the second week of August, compared with an average of 7% this year.

The Energy Commission attributed the increase to cooling systems needing more energy during hotter weather.

For infrastructure planning, this adds another consideration. Provision for a facility needs to account for changes in operating demand as well as its initial requirements.

Work to improve the electricity network is also in the works.

At the Energy Transition Conference 2026 on June 3, Energy Transition and Water Transformation Minister Datuk Seri Fadillah Yusof said Tenaga Nasional Bhd (TNB) would invest RM43bil between 2025 and 2027 to upgrade the grid.

The investment supports the country's wider electricity needs and energy transition, but each proposed DC would still need to establish whether a suitable connection could be ready in time.

Water-wise, Johor provides an example of how alternative supplies can help. In a June 2026 parliamentary reply, the ministry said Indah Water Konsortium and Johor Special Water were supplying 12 million litres of reclaimed water daily for DC cooling. It also prepared plans to improve the state's water supply infrastructure.

Similar arrangements elsewhere would depend on the water sources and facilities available locally.

Making room carefully

For residents, national investment figures offer little reassurance if questions about the development next door do not get acknowledged. They would want to know how noise will be managed, whether local utilities can cope and who they can approach if problems arise.

Discussing these issues while plans are still being drawn would give residents more time to understand the proposal. It would also allow developers to address concerns before committing further to the site.

For the property industry, the challenge is to identify locations where a facility's needs can be met alongside those of the surrounding community. While Malaysia has room to expand its data centre industry, each proposed site must still demonstrate that it is suitable for such growth.

- 50MW: A DC can use electricity equivalent to around 22,000 households daily
- 9.3%: DCs' share of electricity consumption hit a record in August amid hotter weather
- RM43bil: TNB is investing in grid upgrades between 2025 and 2027

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