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Investments to build data centres in pipeline

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KUCHING: Malaysia's 2026 project pipeline is sharpening the power supply test as data centres push demand higher.

AFFIN Group Research Head Loong Chee Wei (*pic*) said the coming build phase is spreading beyond the central region, with more states drawn into the capacity-building cycle.

"By capacity building, I think infrastructure spending will be an area where you'll see more spending across the states in East Malaysia, Penang, Johor, and spreading out from the central region.

"And there the multiplier effect is greater," he said during the AFFIN Group Market Outlook and Chinese New Year Celebration Dinner 2026 at Sheraton Hotel Kuching.

He said Budget 2026 provides a concrete reference for how large the infrastructure slate has become.

"And these are some of the RM58 billion worth of projects that were identified in the budget of 2026," he



said. He said the data centre build-out is now forcing planners to treat electricity availability as a gating factor, not a downstream detail.

"Going forward, we are still seeing a sustained development of the data centres and that is also

driving a construction market.

"To support those data centres, we do need to increase our power supply, increasing our capacity in that front," he added.

He said investment zones are adding pace to that demand, with Johor pulling in projects that deepen the load profile.

"The Johor-Singapore Special Economic Zone (JS-SEZ) has attracted quite a number of investments to build data centres especially," he said.

He said utilities are already preparing for the scale of demand implied by those projects.

"Tenaga Nasional Berhad has committed to support 49 data centre projects and they are talking about 7.1 gigawatts.

"And that is easily another increase of about 30 per cent in terms of our total generation capacity currently," he added.

He said the capacity response could open opportunities in Sarawak, where renewable expansion can be tied to external demand.

"To support that, that's why I see Sarawak has opportunities to expand the development of renewable energy in the areas of maybe investing in hydroelectric dams," he said.

He said potential export links could widen the commercial case for building supply.

"And talks of this submarine cable will bring more opportunities to export energy as well," he said.