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Equinix bets on responsible growth as Malaysia's AI ambitions accelerate

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The company is aligning data centre expansion with sustainability, energy resilience and long-term infrastructure readiness

by NURNABIHAH DINI

MALAYSIA'S rapid rise as one of South-East Asia's fastest-growing digital infrastructure markets is reshaping how data centres are planned and built, with operators increasingly prioritising sustainability, energy resilience and responsible resource management alongside capacity expansion.

Equinix Malaysia believes the country's next wave of digital infrastructure growth will be defined not simply by how many data centres are built, but by how responsibly they are developed as artificial intelligence (AI), cloud computing and digital services continue to drive demand.

MD Cheam Tat Inn said the conversation surrounding digital infrastructure has shifted significantly over the past two years.

"Two years ago, it was simply about building capacity. Companies announced hundreds of megawatts (MW), acquired land and started construction.

"Today, the discussion is no longer just about capacity. It is about how you use power, how you manage water, your environmental impact and how digital infrastructure contributes to Malaysia's long-term development," he said at a recent media briefing on the group's 2025 Sustainability Report.

The shift comes as Malaysia strengthens oversight of data centre developments while positioning itself as a regional AI hub.

The Malaysian Investment Development Authority (MIDA) has approved 143 data centre projects worth RM144.4 billion between 2021 and mid-2025, with most concentrated in Johor.

The country is also home to more than two-thirds of new data centre capacity currently being built across South-East Asia's five largest markets.

Meanwhile, the establishment of the National AI Office (NAIO) reflects Malaysia's ambition to become a leading AI-enabled economy.

In light of that, Cheam said expectations from regulators, customers and communities have evolved beyond simply adding infrastructure.

"They want to know how you are growing sustainably and responsibly so that you contribute to the country's long-term digital economy," he added.

Cheam says Equinix currently maintains 100% RE coverage through I-RECs while evaluating local RE providers for future PPAs



More than 80% of Equinix's current deployments are AI-related, reflecting rapid enterprise adoption of AI workloads

Demand-led Expansion Instead of Speculative Growth

Rather than expanding aggressively, Equinix adopts what it describes as a disciplined, demand-led investment strategy, building new capacity only when customer demand, infrastructure readiness and sustainability objectives are aligned.

Cheam said this philosophy is built around three core principles: Growing in line with real customer demand, embedding sustainability into infrastructure design from the outset, and creating long-term value for Malaysia.

"We don't build speculative capacity. We invest where customer demand, infrastructure readiness and national priorities align. That ensures growth remains sustainable while supporting Malaysia's long-term digital ambitions," he said.

Sustainability is incorporated from the earliest stages of facility planning instead of being introduced after construction.

"It is reflected in our investment decisions, facility design, energy sourcing and customer solutions. Sustainability is not an afterthought," he said.

The approach also aligns with the company's global "Future First" sustainability strategy, which focuses on sustainable digital infrastructure, social progress and responsible governance.

Globally, Equinix maintained 96% renewable energy (RE) coverage across its retail International Business Exchange (IBX) data centres in 2025, marking its eighth consecutive year above the 90% threshold.

Its global portfolio recorded an average Power Usage Effectiveness (PUE) of 1.37 and Water Usage Effectiveness (WUE) of 0.91, supported



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by US\$36 million (RM146.6 million) in energy efficiency investments.

In Malaysia, however, Cheam said Equinix currently maintains 100% RE coverage through International Renewable Energy Certificates (I-RECs) while evaluating local RE providers for future power purchase agreements (PPAs).

Planning Growth Around Malaysia's Power Grid

One of the biggest concerns surrounding Malaysia's booming data centre industry has been rising electricity demand.

Cheam acknowledged the issue, saying energy resilience has become central to Equinix's planning process.

Rather than expanding independently, the company works closely with Tenaga Nasional Bhd (TNB), regulators and relevant government agencies to ensure new developments align with long-term grid capacity.

"When we sit down with TNB, we don't just ask for power today. We look at our five-year growth plans and compare them with TNB's long-term energisation plans so that our expansion progresses together with grid readiness," he said.

Discussions also cover alternative energy sources where necessary to meet future demand.

The company credited TNB with supporting all four of its Malaysian facilities through close long-term planning.

Cheam noted that the government's tighter approval process

reflects the industry's changing priorities.

He said new projects are now assessed not only on capacity but also on RE adoption, environmental impact, land use, water management and community considerations before approvals are granted.

"The conversation is moving beyond capacity to responsible digital infrastructure," he added.

Designing AI-ready Infrastructure with Lower Resource Intensity

As AI applications require increasingly powerful computing infrastructure, Equinix is investing in technologies that improve operational efficiency while reducing environmental impact.

Its upcoming KL2 data centre in Cyberjaya represents an investment exceeding US\$190 million and is being purpose-built to support AI, cloud and enterprise workloads.

Unlike conventional facilities, KL2 incorporates direct-to-chip liquid cooling from the design stage to support high-density graphics processing unit (GPU) deployments required for AI.

The technology also reduces power consumption and water use compared to traditional cooling systems.

Cheam said KL2 will utilise a closed-loop cooling architecture, allowing coolant to circulate continuously within a sealed system instead of drawing fresh water throughout operations.

"In Malaysia, none of our sites use

evaporative cooling. Our objective is to reduce dependence on water-intensive cooling while ensuring reliable performance under Malaysia's tropical climate," he said.

He added that cooling technologies are selected only after assessing local environmental conditions, water availability and long-term sustainability requirements.

KL2 is expected to begin operations in the third quarter of 2027 (3Q27), while Johor 2 is scheduled to begin operations in 1Q27.

Johor Emerging as Regional AI Hub

Beyond sustainability, Equinix expects AI demand to reshape Malaysia's digital infrastructure landscape.

Cheam revealed that more than 80% of Equinix's current deployments are AI-related, reflecting rapid enterprise adoption of AI workloads.

He believes Johor is evolving into one of South-East Asia's leading AI hubs because of its proximity to Singapore.

"Johor provides large-scale AI infrastructure while Singapore offers a mature digital ecosystem with global connectivity," he said.

The short distance between the two markets allows data to travel at a latency of less than one millisecond (ms), enabling companies to process AI workloads in Johor while remaining connected to global cloud providers and international networks through Singapore.

Rather than viewing Kuala Lumpur (KL), Johor and Singapore separately, Cheam said customers increasingly see them as a single interconnected digital ecosystem.

Through Equinix Fabric, businesses can securely connect across multiple locations while maintaining data sovereignty by ensuring national data remains within national borders.

This capability is becoming increasingly important as organisations navigate data protection requirements alongside growing AI adoption.

Creating Value Beyond Infrastructure

Responsible growth extends beyond data centre construction to include community development, workforce readiness and ecosystem partnerships.

Equinix works with agencies including Cyberjaya, the Johor Data Centre Development Committee, utility providers and technology partners to align developments with zoning requirements and infrastructure readiness.

It also supports local communities through its WeAreEquinix volunteer programme and Pathways to Tech initiative, which introduces students to careers in digital infrastructure.

Cheam said digital transformation should benefit not only businesses but also future generations.

"Our goal is to create shared value by supporting sustainable economic growth, strengthening interconnected digital ecosystems and contributing positively to the communities where we operate," he said.

As Malaysia's AI ambitions gather pace, he believes the country's long-term success will depend not simply on building more data centres, but on ensuring they are designed, powered and operated responsibly.

"We believe Malaysia has tremendous potential to become a leading AI and digital hub. Our role is to support that future through responsible and sustainable growth," he added.