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## Malaysia's data centre capacity to double to 2,055MW by 2026 - JLL

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KUALA LUMPUR (April 28): Malaysia's data centre capacity is set to more than double to 2,055 megawatts (MW) by end-2026, positioning Johor as one of the fastest-growing markets in the Asia-Pacific (Apac), according to JLL Malaysia's 2Q2026 report.

The expansion represents a 70% compound annual growth rate (CAGR), with a further 3,500MW in the pipeline beyond 2026. Johor Bahru has added 574MW over the past five years, placing it among the top three markets in Apac alongside Tokyo in Japan and Beijing in China.

In a press conference on Tuesday, JLL Malaysia capital markets senior director Keith Eng said Johor Bahru has recorded the strongest growth in the region, with 850MW completed, 1,800MW under construction and 2,700MW in the pipeline, supported by its proximity to Singapore.

"Comparing Malaysia to the region, we see Johor Bahru at a 5,262% growth. That is the highest in Apac. In the past five years, we have grown by about 70% CAGR since 2020," he said.

Regionally, data centre capacity has grown at a more moderate 17% CAGR since 2020, underscoring Malaysia's out-performance relative to other markets.

The growth is mostly driven by rising demand from artificial intelligence, 5G adoption and the expansion of data-intensive applications.

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However, rapid growth is beginning to strain infrastructure. Eng said delays in grid connectivity are becoming more pronounced.

"With such growth, we see an increase in the waiting time for the connectivity of connecting to the grid, [ranging from] about 24 months for some emerging markets and up to eight years in certain core markets," he said.

Eng noted that data centre operators are exploring alternative locations in order to meet the high capacity demand while looking into solar energy for renewable solutions.

Meanwhile, JLL industrial and logistics senior director Derek Yap highlighted that industrial land prices rose to an average of RM86 psf in 2025, up 8.4%

year-on-year. Some of the key industrial demand drivers include aerospace, data centre, data supply chain, cross-border logistic, life sciences and medical, and the oil and gas sector.

In the office segment, Johor is beginning to see early spillover demand from Singapore. JLL leasing advisory director Quiny Lee said occupiers are exploring relocation of their operations across the border.

"We see many occupiers looking at moving their Singapore offices to Johor because rent is a key differentiator between the two," she said, adding that some popular Grade A offices include Mid Valley Southkey, JBCC Tower, Menara MBB and Medini 9.

At the same time, JLL noted occupier preferences are shifting towards higher-quality and more sustainable assets across the nation.

"Key trends we're seeing globally is a flight-to-quality, flight to green — and that's consistent here in Malaysia. We're seeing a bifurcation of the market, so that's where asset enhancement will be a key trend," said JLL CEO for Singapore and Southeast Asia Michael Glancy.

Adding to this, JLL managing director Jamie Tan said developments that focus more on sustainability would be more future-proof and would have better life-cycle-costing.