Asia's new-economy real estate: unlocking structural growth

Asia continues to stand out as one of the most dynamic real estate regions globally, not only because it is home to fast-growing economies but also because of structural shifts reshaping the way people live, work and consume. The region benefits from long-term demand fundamentals and a built environment that must evolve to meet the requirements of future industries and lifestyles. This combination of factors is creating a compelling opportunity set, in our view, in what is often referred to as new-economy real estate.

New-economy real estate consists of assets that support four key themes affecting the global economy – digitalisation, supply chain transformation, health and wellbeing, and the climate transition. We at Actis believe these themes are driving demand for new-economy real estate. In Asia, these themes are even more striking, supported by demographic tailwinds, urban concentration of wealth, rising consumption and the accelerated adoption of technology. Our belief is that real estate that serves these functions exhibits a depth of demand and durability of income that are increasingly attractive to global investors, particularly in assets such as data centres, logistics facilities, industrial parks, and life sciences laboratories and offices. Driven by hyperscaler growth, data centre capacity in Asia Pacific is expected to expand at a compound annual growth rate of 21 percent from 2024 to 2028. We think this illustrates the sector's formidable momentum.

Evolving demand

Much of Asia's appeal stems from two large-scale factors that are global in nature but often more pronounced in particular regions.

Urbanisation and the clustering of economic activity in major cities remain powerful forces. Wealth creation continues to concentrate in urban centres, yet in many markets the supply of high-quality, fit-for-purpose real estate still lags behind demand. This imbalance is particularly apparent in new-economy sectors, where assets require higher specification standards and operational capabilities.

The digital economy is another decisive driver. From ecommerce to cloud computing, digital adoption has rapidly expanded across Asia. In markets such as India and Southeast Asia, the rise of an increasingly wealthy, tech-enabled consumer class is accelerating demand for logistics, advanced manufacturing, and digital infrastructure. Higher-income markets in Asia, such as South Korea, Japan and Singapore also face supply constraints in facilities that meet the needs of technology-driven occupiers.

Taken altogether, we see these fundamental shifts underpinning a favourable environment for new-economy real estate backed not only by global institutional capital, but by increasingly sophisticated local institutional capital. It is also important to note that leverage dynamics across Asia have historically been more conservative than in many Western markets. This fosters valuations more closely tied to operating performance rather than to financial engineering, which in turn supports resilience through economic cycles.

Diversification and operational excellence

Not only does investing in Asia provide diversification for investors whose portfolios tilt heavily to North America or Europe, but the vast heterogeneity of the region also provides a natural diversification benefit at the investment level. Higher-income markets such as Japan and South Korea can offer stability and deep pools of demand for example, while India and parts of Southeast Asia balance strong economic expansion with significant undersupply of modern real estate stock. Together, we think these characteristics allow investors to build portfolios with both growth and defensiveness.

Not just anyone can succeed in new-economy real estate, however. Successful investments require detailed market knowledge and a builder-operator mindset. Identifying viable projects relies on granular insight into regulatory processes, customer requirements, land dynamics, power availability, and the operational complexities of developing and managing specialised assets. Local partnerships and on-the-ground teams therefore add essential value.

In short, our opinion is that the investors who will do best in Asia's new-economy real estate market will be those with a razor-sharp focus on operational excellence. This is absolutely vital to delivering projects successfully on time and on or under budget.

Sustainability is another important factor in operational excellence. Investors who incorporate sustainability early in the development and operational cycle can use a sustainable approach to help mitigate risk, reduce development costs, and generate operational efficiencies and cost savings.

These are not abstract advantages; they have real tangible benefits for the bottom line. Sustainability credentials attract occupiers, especially multinational corporations and hyperscalers, many of whom must meet sustainability targets. Strong sustainability performance is also increasingly important to avoid stranded asset risk, as real estate markets continue to develop and as government regulations concerning environmental and energy performance evolve.

Data centres: a case in point

The data centre market, where operational efficiency and excellence are imperative, exemplifies these points. In today's world, data centres stand as core, critical infrastructure, and as such they need to run every second of the day throughout the year without interruption.

These assets form the bedrock of digital transformation, cloud adoption and, increasingly, artificial intelligence. Thus, they combine characteristics of both real estate and essential infrastructure, demanding a multifaceted investment approach.

Global data creation and consumption continue to grow extremely quickly, driven by cloud services, streaming, mobile applications, and AI-enabled tools. This is reflected in the growing need for data centres across the world. Asia is no different. In fact, PwC forecasts a compound annual growth rate of 21 percent for data centre capacity in Asia Pacific from 2024 to 2028[1]. This trajectory coincides with anticipated electricity usage by data centres worldwide, with the International Energy Agency projecting that data centre electricity demand will more than double by 2030 to around 945 TWh, slightly exceeding the total amount of electricity Japan currently consumes.[2]

Unlike the US, where the data centre market is now largely fixated on meeting AI demand, Actis' data centres in Asia continue to focus on catering to growing traditional cloud demand as well

as AI inference, both of which require low latency and are more dependent on location. Assets that are located and engineered to meet both cloud and AI workloads are more resilient. Cloud is driving the growth, and AI is amplifying it.

The deep data centre supply/demand imbalance in Asia is helping to create a long-term structural opportunity in the space. In fact, the data centre pipeline capital expenditure requirement from 2025 to 2030 in Asia is 1.7 times greater than that of the US – Asia Pacific colocation capacity is projected to double by 2029, and power demand is set to rise 165 percent by 2030 compared with 2023.[3] We think hyperscalers are shifting deployment to the region not only because of this strong demand, but also because land, latency and scalable power still exist, and because the upward trend towards data sovereignty makes localised data centres necessary for regulatory compliance.

These statistics not only indicate the sector's striking growth, but also the importance of securing reliable, cost-effective power to run energy-efficient assets. In fact, in a sector where power represents one of the primary expenditures, the competitive advantage of operational excellence and efficiency can make all the difference.

Why operational competency matters

The development of a data centre involves more than simply constructing a shell with space for servers. These assets must operate continuously, with an extremely narrow tolerance for interruption. Their success depends on integrated systems for cooling, electrical distribution, backup generation and security, which must all be managed with precision and efficiency.

These requirements mirror the operating profile of infrastructure. Investors must understand mechanical and electrical engineering concepts, energy-management strategies, and mission-critical operations. PUE (power usage effectiveness), for example, has become a widely recognised metric for efficiency, with best-in-class operators consistently pushing ratios lower via design innovation and advanced cooling solutions.

Hyperscalers dominate demand for data centre capacity and set high standards for efficiency, uptime, and sustainability. They also evaluate the carbon intensity of underlying power supplies, meaning that access to renewable energy has been incorporated into competitive positioning.

This convergence of real estate, digital infrastructure and energy expertise distinguishes data centres from traditional property investments. Investors who approach the sector solely from a real estate perspective may overlook essential operational considerations, while those focused primarily on infrastructure may misjudge local land, permitting and market dynamics. A holistic model that integrates both perspectives is therefore critical for success.

Aligning with the Actis investment model

We believe that Actis' long-term involvement in both real estate and sustainable infrastructure provides a differentiated platform for investing in data centres across Asia. The firm's builder-operator philosophy supports the execution of complex developments, while its track record in energy across Asia – most notably in renewable energy – enhances the ability to secure access to power while offering solutions aligned with hyperscaler sustainability goals.

Epoch Digital, Actis' Pan-Asian hyperscale data centre platform, illustrates how this integrated approach is being deployed. With projects in operation and under development in markets including South Korea, Malaysia and Taiwan, Actis' strategy emphasises targeted locations where demand is visible and where our on-the-ground presence and keen grasp of the market give us a competitive advantage. The platform's leadership, with deep experience across the full lifecycle of data centre development, complements Actis' broader expertise in real estate, energy and digital infrastructure.

We think the combination of operational discipline, sustainability alignment, and market selectivity positions these investments to meet the evolving requirements of hyperscalers while delivering a differentiated value proposition.

Conclusion: a converging opportunity set in Asia

Asia's new-economy real estate markets continue to mature, shaped by structural economic forces and the momentum of digital adoption. These dynamics are creating opportunities in sectors that benefit from robust demand and an undersupply of modern facilities.

Within this landscape, data centres represent an especially compelling opportunity from our perspective. Their infrastructure-like characteristics, growing significance for digital economies, and alignment with broader energy and infrastructure investments require an integrated investment framework – one that spans real estate, energy, sustainability and operational excellence.

For investors equipped to navigate these complexities, Asia offers not only scale but also resilience and long-term income visibility. We think the region is likely to remain a central engine of global growth, and that new-economy real estate – data centres in particular – will continue to play a pivotal role in supporting that trajectory.

Notes

1 PwC. (2025, July 30). https://www.pwc.com/gx/en/about/pwc-asia-pacific/asia-pacific-blogs/closing-the-clean-energy-gap.html

2 The International Energy Agency. (2025, April 10). https://www.iea.org/news/ai-is-set-to-drive-surging-electricity-demand-from-data-centres-while-offering-the-potential-to-transform-how-the-energy-sector-works

3 KPMG. (2025). https://assets.kpmg.com/content/dam/kpmg/cn/pdf/en/2025/03/the-asia-data-centre-landscape.pdf; Cushman & Wakefield. (2025, June11). https://www.cushmanwakefield.com/en/insights/apac-data-centre-investment-landscape

CONTRIBUTOR

Brian Chinappi

Global Head of Real Estate and Data Centers

COMPANY OVERVIEW

Actis is a leading growth market investor in sustainable infrastructure. Actis invests in structural themes that aim to support long-term, equitable growth in defensive, critical infrastructure across energy transition, digitalisation transition, and supply chain transformation.

Actis believes that the firm's decades of global experience, operational know-how and strong culture allow it to create global sustainability leaders at scale. Actis is a signatory to the Principles for Responsible Investment (PRI), an investor initiative supported by the United Nations.

In October 2024, Actis joined forces with General Atlantic, a leading global growth investor, creating a diversified, global investment platform. Together we have approximately $118 billion in combined assets under management. Actis operates as General Atlantic's sustainable infrastructure business. This strategic combination further enhances Actis' focus as a leader in global sustainable infrastructure.

You can learn more about Actis at **www.act.is**