

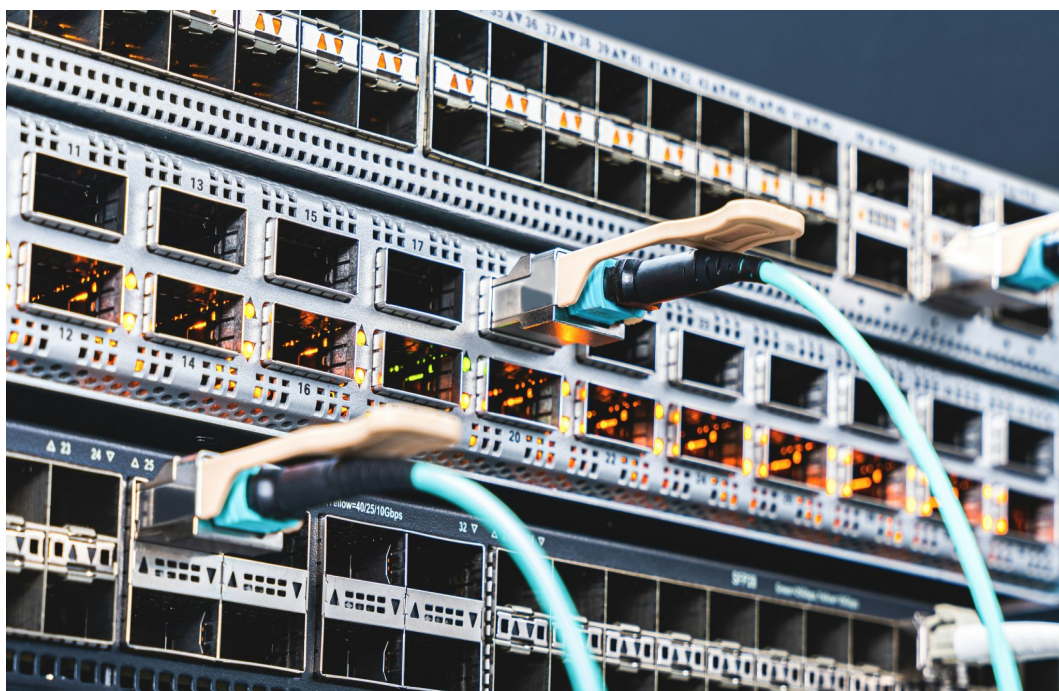
Data Center Capital develops €500m German edge data centre portfolio

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Data Center Capital (DCC) is developing a German edge colocation data centre portfolio with more than €500 million of development volume and 46MW of secured power capacity. It is also assessing a further €500 million pipeline as it seeks to capitalise on demand for outsourced data infrastructure in Germany and Europe.

DCC, a Stuttgart-based investment and asset manager, said the initial off-market portfolio includes locations in metropolitan markets with strong SME concentrations, including Munich, Nuremberg and Stuttgart. Founder and co-chief executive officer Lars Schnidrig told Real Asset INSIGHT that the additional pipeline was “really pretty firm”, although it remains under assessment.

The initial portfolio was originated over the past 18 months by Data Center Real Estate (DCRE), a company founded by George Moutoulis, who also co-founded DCC, and is being transferred to DCC.



DCC is targeting growing demand for outsourced IT infrastructure from German SMEs (by Lightsaber Collection/Unsplash).

Schnidrig said Moutoulis had searched across Germany for sites combining available electricity capacity with a sufficiently large base of nearby businesses requiring server capacity.

“It’s a completely different approach to acquisitions,” he said. Rather than asking the market to offer plots, DCRE identified locations where suitable land and power were already available.

DCC is targeting both major and tier-two cities with strong corporate economies, including Munich, Stuttgart and Augsburg. Its edge strategy requires facilities to be close to their prospective customers, particularly Germany’s Mittelstand.

The model can involve adding a data centre to an existing office or commercial campus, using some of its available grid capacity and approaching existing occupiers as prospective anchor customers. A landowner or developer could also participate in the project.

Schnidrig said financial pressure on some German property developers was creating further acquisition opportunities. Data centres can occupy less attractive parts of larger commercial properties, offering landowners a potential way to realise value from underused land and power capacity.

“We focus exclusively on off-market transactions sourced through our network,” Moutoulis said in DCC’s original announcement. “All locations have secured grid connections and are situated in metropolitan regions with a strong SME base.”

Germany’s Energy Efficiency Act, which entered into force in November 2023, imposes efficiency, renewable-energy and waste-heat requirements on data centres.

Power usage effectiveness (PUE) measures a data centre’s total energy consumption relative to the energy used by its IT equipment, with a lower figure indicating greater efficiency.

Facilities beginning operation on or after 1 July 2026 must achieve an annual PUE of no more than 1.2 within two years, meaning that supporting systems such as cooling can consume no more than 20% on top of the energy used by IT equipment. Those operating before that date must reach 1.5 from July 2027 and 1.3 from July 2030.

DCC believes these rules will make it increasingly difficult and uneconomic for many SMEs to retain ageing in-house server infrastructure, encouraging them to move workloads to professionally operated colocation centres that provide greater efficiency, security and scalability.

Schnidrig said that “the whole edge business will get a complete new volume” in Germany and Europe. He acknowledged that higher regulatory costs could make Europe’s data centre industry less competitive. However, he regarded compliance as an opportunity for developers of new facilities.

“If you have regulation and you are able to comply with the regulation, then this can be definitely an advantage,” he said.

The EU Energy Efficiency Directive requires data centres with installed IT power demand of at least 500kW to report energy-performance data annually. It also requires facilities with total

rated energy input exceeding 1MW to use waste heat or other heat-recovery applications where technically and economically feasible. Schnidrig expects other European countries to tighten their regimes, identifying Austria as the next likely mover.

DCC will initially consider expansion across the DACH region of Germany, Austria and Switzerland. Schnidrig said the company was well connected in Switzerland, but Germany would remain the starting point.

DCC is wholly owned by its founders and intends to retain the platform rather than sell it. Outside capital will be introduced through joint ventures at asset level and direct investments, with substantial founder co-investment in each project.

Schnidrig said this structure also addressed German customers' concerns about data sovereignty and the long-term ownership of the infrastructure housing their information. He said German customers wanted reassurance that their data centre provider was "here for good".

He said DCC would offer investors access to the asset class through joint-venture structures and direct investments.

The company ultimately wants to broaden access to edge data centres beyond institutional investors to high-net-worth and private-banking clients, and potentially later to retail capital. Schnidrig said a fully let facility with a 20-year lease could offer an attractive long-duration investment product.

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