S&P Global Ratings

Digital Infrastructure

Unprecedented growth, rising complexity

This report does not constitute a rating action

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What's changed?

Hyperscalers are spending aggressively on capital expenditure. Demand for AI infrastructure is fueling heavy financing and innovative structures as operators fund rapid expansion and technology upgrades.

New ratings are increasingly speculative-grade. Higher leverage and weaker contractual structures mean that close to 90% of the new ratings on project finance and corporate data centers this year are speculative-grade.

Rapid technology advancements are driving changes in our assessment of operating risks for data centers. We see increased exposure to reletting risk and complexity arising from integration of behind-the-meter power solutions within single projects. These factors are influencing our perspective on the sector's future cash flow stability.

Public opposition intensifies. Public pushback ("not in my backyard") is rising in reaction to increased electricity prices and other local impacts. This is sparking regulatory responses and delaying project approvals. In the year to date, roughly 60 projects (none rated by S&P Global) were canceled or delayed.

What to look out for?

'Project on project'. Financing multiple interconnected projects--such as pairing data centers with on-site power or bundling graphics processing unit (GPU) costs with data center financing--streamlines capital. It also compounds execution and operational risks.

Concentration and circularity risk. A small set of hyperscalers, large operators and key suppliers dominate critical infrastructure, translating to tenant concentration, vendor bottlenecks and correlated capex cycles. At the same time, "circular" capital flows and crossholdings can reduce transparency and amplify contagion if sentiment turns.

M&A and strategic partnerships. We expect more consolidation, expansion, entrants and partnerships as players seek exposure, scale, technology and geographic reach.

What are the key risks around the baseline?

Delays and potential cancellations. Shortages in equipment and skilled labor continue to challenge the sector's growth ambitions, often resulting in project delays and, in some cases, tenant frustration. While contract cancellations have been limited, we remain attentive to the risk, particularly as heightened community resistance and regulatory hurdles could further disrupt timelines and impact project viability.

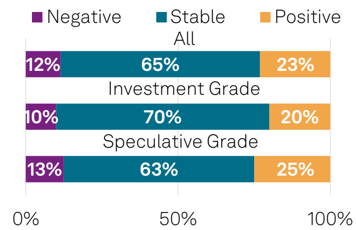
Uncertain AI monetization. If AI revenue doesn't materialize as quickly or robustly as expected, data center demand could fall. The resulting excess capacity may trigger contract terminations, discourage contract renewals and squeeze lease rates.

Technology obsolescence and market shifts. Technological innovation and change in AI data-center demand is hard to predict and could flip today's capacity constraints into oversupply, triggering lower lease rates, higher vacancies and elevated re-leasing risk.

A push beyond U.S. data centers. While U.S. data-center funding has dominated digital infrastructure financing, we expect a surge in capital raising for data centers in other regions, and a growth in financing of related assets: fiber networks, cell towers and GPUs.

Rating Trends

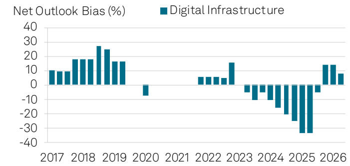
Outlook Distribution



Ratings Statistics (YTD)*

	IG	SG	All
Ratings	10	16	26
Downgrades	0	1	1
Upgrades	1	1	2

Ratings Outlook Net Bias



Sector Forecasts (Average)

2026 (local currency)	IG	SG
Revenue growth (Y/Y%)	5.5	21.8
EBITDA growth (Y/Y%)	6.1	NM
EBITDA margin (%)	64.9	66.4
Capex growth (Y/Y%)	17.2	29.3
Debt/EBITDA (x)	5.4	8.4
FFO/debt (%)	13.4	8.2
FOCF/debt (%)	3.4	-11.5

All data as of end-June 2026.
*Year-to-date. Current ratings only.

Related Research

Decoding Data Center Risk: A Multi-Dimensional Analysis, July 1, 2026

The Insurance Gap Is Reshaping Hyperscale Data Center Finance, June 8, 2026

Affordability Concerns Drive Credit Risks In U.S. Data Center Expansion, April 30, 2026

A Rapidly Evolving Digital Infrastructure Market Is Blurring Credit Lines, Feb. 23, 2026