

[Edit article](#) | [View stats](#) | [View post](#)



Michael Tobin OBE and Lina Tayara

Golden Age for Digital Infrastructure Investors


Lina Tayara
 Managing Editor @ Lets Talk Tech | Experienced PD, Marketing Communications 41 articles
 October 20, 2023

The digital economy is driving high demand for digital infrastructure and with it visionary energy and digital investors.

We gleaned at [Platform Markets Group](#) in Antibes first hand insights of leading global investors with a cumulative \$560bn in assets under management. They are shaping the future of digital infrastructure, while looking at sustainability as value creator, rethinking decarbonisation tech, data infrastructure and energy efficiency.

Michael Tobin OBE, former Founder & CEO of FTSE 250 data centre operator TeleCityGroup, chaired the “\$billion investment funds” panel of investor operators of digital infrastructure assets from cell towers, data centers, fiber solutions and edge infrastructure: **Blackstone** Real Estate Group with \$333bn of investor capital under management, **Partners Group** with \$119bn assets under management, **DigitalBridge** Investment Management with \$72bn of assets under management, **MORRISON** with \$34.3bn of assets under management as well as **Edgex Data Centres by DAMAC**.



Alexis Kantt, Blackstone; Chris Moon, DigitalBridge; Milan Radia, Edgex Data Centres by DAMAC; Dr Dmitry Antropov, Partners Group; Vincent Gerritsen, Morrison & Co; Michael Tobin OBE, Tobin Ventures

Tech companies' arm race to integrate AI

Alexis Kantt, Blackstone MD, is focused on data center investment opportunities in Europe and providing sustainability linked loans (SLLs) to industrial and logistics sectors. Mr Kantt spoke of an explosion in demand for data with content creation and online streaming on the one hand and constraints in supply of data centers on the other hand.

"There is an arms race amongst tech companies trying to integrate AI. They will need data centers. However the supply is constrained."

Therefore Blackstone is investing a \$trillion over the next 5 years and need to have the right partners on the supply side.

Not many can do it. If you have the right platform you can do well.

Highlight take outs:

- There will be demand regardless of location.
- You need to be far away to be bigger.
- Tech and fibre are improving.
- From a real estate perspective, returns should be higher.
- From a returns perspective returns might not be higher.
- This year there is less capital available.
- As data centers are getting larger, 100MW is \$1bn to develop, not many have this capital to develop it.

AI solving shortage in cognitive thinking and catapulting a need to scale

Vincent Gerritsen, Head of UK & Europe, Morrison & Co: "when we had the industrial revolution, the machine sorted labour shortage. AI is solving shortage in cognitive thinking.

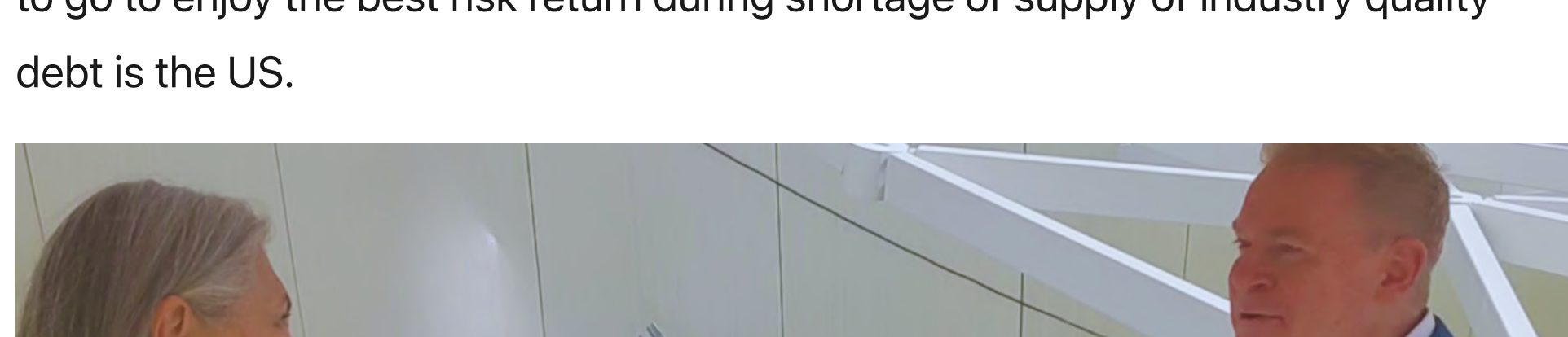
Customers now require 100MW so now its just about data center scalability with quality.

Africa, the next frontier market

Milan Radia, Senior VP, Edgex Data Centres thinks business cases in mature markets have been decimated. Funds should go to Africa where return can be triple.

The US as destination for industry quality debt

Chris Moon, MD Credit, Digital Bridge Investment Management, thinks the place to go to enjoy the best risk return during shortage of supply of industry quality debt is the US.



Michael Tobin OBE and Lina Tayara

I had the privilege of a 1-2-1 with one of the most experienced executives present. I asked Mr Tobin his take on investment in data centers over the year ahead.

AI fuelling digital infrastructure boom

Mr Tobin thinks the investment community will evolve as AI is driving a tremendous amount of incremental demand. At the same time the cost of capital is going up and the yields are coming down.

You don't find the traditional PE yields of 20+%. You are going to see pension funds and sovereign wealth funds happy with single digit yields. They are less experienced in doing so.

Impact of AI: hyperscalers already shifting orders

Mr Tobin believes we are already seeing the impact of AI. The hyperscalers are shifting orders they already placed for cloud platforms, mixing that up with AI and cloud so they can get on board as soon as possible with the AI game.

For a data center company the difference is effectively more than doubling the power consumption within the same footprint.

"Where you would normally have x KW per square meter or x KW per cabinet you now need more than double that if its going to be AI application rather than simply cloud. We are already seeing the impact straight away without waiting for orders to come because of AI. The second thing is that now they are reapplying the original orders to back fill where the cloud infrastructure goes."

The environmental cost of AI

"There are new ways to try and deal with the provision of power, green energy, more efficiency round cooling, cooling to the chip as opposed to the big environment.

It takes a long time to change the direction of the industry. Its like turning a titanic.

What is AI going to do to (not for) society

"Like all tech, every invention that human kind has ever had, its not the invention that defines whether something is used for good or bad. Its people. You can put a gun on the table, it will be there for 100 years, it wont do anyone any harm until someone picks it up and does something with it.

AI will certainly be a tool for good and bad. We need regulation round the bad side of it.

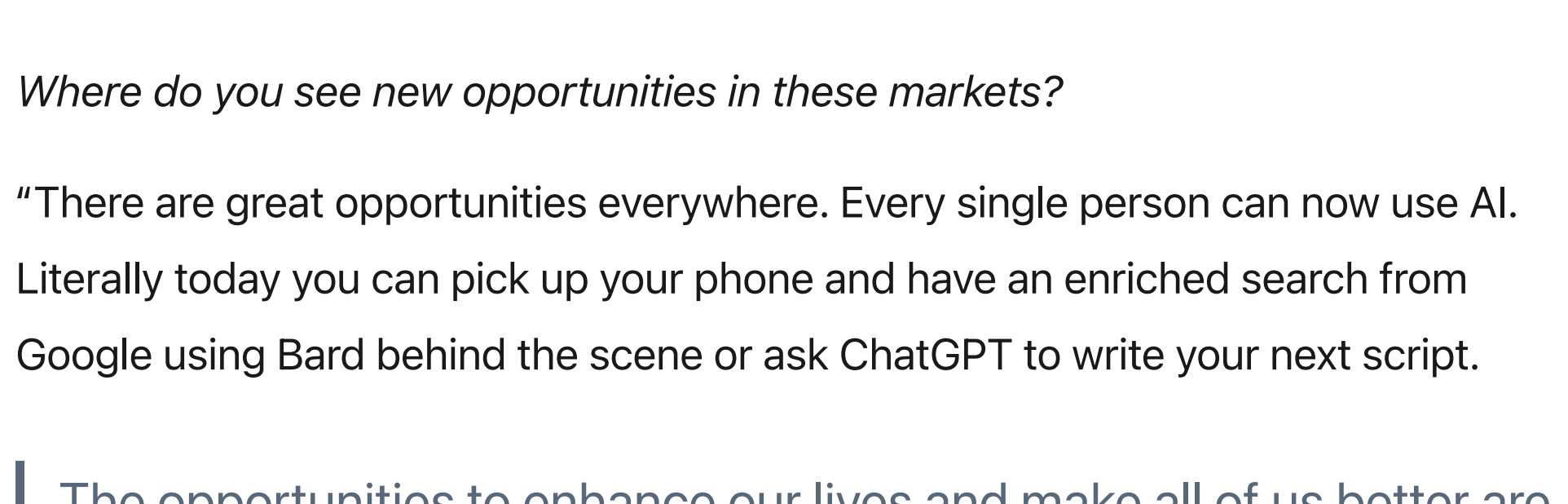
Where do you see new opportunities in these markets?

"There are great opportunities everywhere. Every single person can now use AI. Literally today you can pick up your phone and have an enriched search from Google using Bard behind the scene or ask ChatGPT to write your next script.

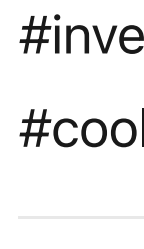
The opportunities to enhance our lives and make all of us better are a phone away.

#NextGen #digitalinfrastructure #privateequity #alternative #assetmanagement #investment #climate #capital #yield #AI #cloud #hyperscale #power #energy #cooling #datacenter #datacentre

Please watch the interview [here](#).



Published by


Lina Tayara
 Managing Editor @ Lets Talk Tech | Experienced PD, Marketing Communi... 41 articles
 Published 5mo

Digital infrastructure is experiencing a boom as data and tech companies integrate AI, causing an explosion in demand. **Michael Tobin OBE**, Founder and Executive Chairman of Tobin Ventures, chaired a panel of leading global investors with a cumulative \$550bn assets under management, who discussed the challenges of investing in this field. According to Mr. Tobin, the doubling of power consumption in data centers, rising costs of capital, and declining yields have created an opportunity for investors to support partners with the scale and sustainability needed for future data and energy-intensive tech. He also compared the industry's transformation to turning the Titanic.

Watch the interview for more insights <https://lnkd.in/eRqBVjcy>
 Follow [#LetsTalkTech](#) for more tech leaders interviews and trends.

You and 15 others 2 comments

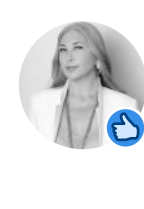
Reactions

2 Comments

Most relevant

Add a comment...


Ramkumar P · 1st
 Consulting Partner @ TATA | ex-Deloitte | Strategy, Business Architecture, Enterprise Transformation 5mo · ...
 Thanks, Lina, for bringing us this behind-the-scenes look into financing digital infrastructures. As they say, follow the money!
 Like · 1 | Reply


Michael Tobin OBE · 2nd
 Founder and Executive Chairman at Tobin Ventures Ltd 5mo · ...
 such a pleasure doing this interview!
 Like · 1 | Reply