Top Trends Shaping the Data Center Landscape in 2025

Insights from BCG's "Breaking Barriers to Data Center Growth"

Jen Tindle, VP of Strategic Insights

The data center industry is in the midst of a transformation marked by surging demand, limited power availability, and shifting expectations from tenants, investors, and communities alike. Boston Consulting Group's (BCG) "Breaking Barriers to Data Center Growth" report lays out the forces reshaping the space. For property managers operating multi-tenant and colocation facilities, these trends are more than macro context — they're the backdrop for every renewal conversation, expansion request, and operational decision you'll make this year.

The following are five key trends from the BCG report that every data center operator should be watching in 2025.

1. Demand Is Exploding Faster Than Supply

AI and cloud workloads are driving historic demand — but operators can't build fast enough to keep up. BCG projects that power demand for data centers could grow to account for 60% of electrical load growth by 2030, outpacing sectors like transportation. This growth is being driven by a combination of generative AI, accelerated cloud adoption, and higher computing intensity across industries. One ironic example came from Sam Altman, the CEO of OpenAI, in response to an X post suggesting that the firm spends tens of millions of dollars from people saying "please" and "thank you" to ChatGPT.

According to JLL, lead times for new capacity are now stretching 24+ months in many markets. And conversions of other property types into data centers are becoming more and more common. For example, Compass Datacenters recently purchased the Sears headquarters site with plans to convert it to a hyperscale data center.

For multi-tenant operators, this means more inbound interest, more pressure to deliver, and tighter margins for error in how facilities are managed day to day. Everyone wants capacity — and most want it yesterday.

## 2. Power Constraints Are the #1 Growth Barrier

It's not land or capital holding back new development — it's power.
According to BCG, power constraints are the number one barrier to unlocking new capacity. That includes delays in grid interconnection, slow regulatory approvals, and local resistance to utility expansions. The result? Even when operators have land and financing lined up, projects can't proceed without access to sufficient, scalable electricity.

This bottleneck directly affects expansion timelines and forces tenants to rethink their ability to grow within existing facilities. That puts more weight on retention, communication, and proactive planning with current tenants.

3. Supply Chain Delays and Scarcity Are Getting Worse

The supply chain hasn't caught up with demand. BCG reports that delays in obtaining critical components like switchgear, backup generators, and specialized cooling equipment are now a leading cause of project delays.

But there's a fix. BCG points out that operators who bulk purchase and centrally store key equipment can shorten their project timelines by as much as six months. Every month matters when tenants are waiting on space. For property managers, knowing which projects are ahead or behind schedule — especially in expansion-driven facilities — can help inform conversations with existing tenants who are hoping to grow in place.
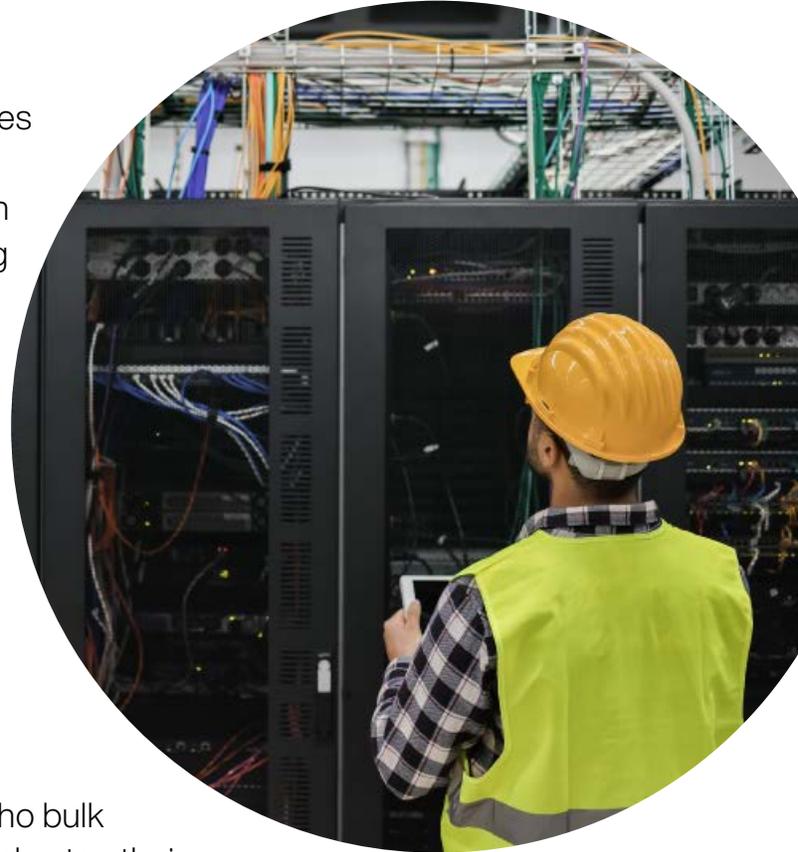
4. Sustainability Is Becoming a Siting Factor

One of the most important shifts BCG highlights is how data center location decisions are being made. As AI workloads become less sensitive to latency, operators are no longer forced to build near users. That opens the door for sustainability and cost to play a bigger role in where capacity gets built.

In BCG's words, this shift "allows operators to prioritize other factors, such as cost or sustainability, over proximity to users." That could mean siting in regions with more access to renewable energy, lower emissions intensity, or greater regulatory incentives for clean power. And as developers seek permits, they also use sustainability in their pitches to win over both municipalities and the community.

This trend also impacts tenant expectations. As tenants become more cost-conscious, especially in the enterprise and AI space, they'll be paying closer attention to your facility's sustainability posture. Property managers who can speak clearly about their sustainability roadmap will have an edge.

5. Operational Efficiency Is Becoming Strategic

BCG makes it clear: Simply expanding isn't enough. Operators need to be agile in how they deploy capacity, manage costs, and navigate uncertainty. That includes rethinking traditional procurement models, engaging early with regulators, and forming long-term energy partnerships.

This takeaway is a signal. In high-demand environments, where supply is lagging and timelines are long, operational execution becomes the competitive edge. And for multi-tenant operators, that includes the experience of the tenants themselves.

How tenants perceive your responsiveness, transparency, and reliability feeds into renewal decisions, expansion conversations, and long-term loyalty.

The Demand Explosion and the New Operational Pressure

The data center market is on fire. In 2025, it's not just cloud and hyperscale players pushing demand — it's generative AI, real-time computing, and enterprise applications multiplying the need for space and power. As BCG puts it, operators are confronting a tidal wave of demand with infrastructure that's already straining at the seams.

Power constraints. Supply chain delays. Construction lead times measured in years, not months. All of these factors are bottlenecks, making it harder to build fast enough to match tenant appetite.

But here's the part that doesn't get enough attention: Your tenants are staying longer, asking for more, and expecting better. When you're running a multi-tenant data center — especially in a tight market — capacity isn't your only constraint. Tenant experience becomes a make-or-break operational factor.

In many primary markets, vacancy is **below 2%**. That means tenants who would have relocated are instead opting to stay put. They're not going anywhere. Not because they love their experience, but because they don't have options.

That's a huge opportunity.

If you know how your tenants feel — what they value, what frustrates them, what would make them renew or expand — you're not just operating a building. You're managing long-term relationships in one of the world's most constrained real estate categories.

Unfortunately, most operators don't have structured feedback loops in place. They rely on gut instinct, anecdotal reports, or "if they're not complaining, they must be happy" logic. But in a market with no slack, that's risky. Tenants may renew this year, but when expansion space opens up elsewhere or a more responsive provider enters the market, those tenants will remember how your team made them feel.

That's where structured tenant experience programs come in.

Surveys that measure satisfaction, track complaints, and — most importantly — ask about renewal intentions give operators a leading indicator of risk. In a market like this, that kind of insight isn't a marketing play. It's a strategic tool.

> In a **2%** vacancy market, tenant experience isn't a differentiator. It's insurance.

Let's say you get 90 days' notice of a planned non-renewal from a mid-size AI tenant. That's helpful, but by then, your options are limited. If you'd known six months earlier they were frustrated by service responsiveness or power reporting gaps, you could've acted. You could've course-corrected, retained the tenant, and avoided a costly gap in income.

In that sense, measuring tenant experience is about getting ahead of churn in a market already stretched to its limits.

In the next chapter, we'll look at how colocation and multi-tenant operators can layer sustainability insights into that experience without making it the focus and why that matters for planning the next wave of capacity.

Colocation Complexity and the Case for Tenant Intelligence

Running a multi-tenant data center is not like managing a hyperscale campus.

You're juggling SLAs for dozens of different companies, navigating contract renewals and expansions on staggered timelines, and balancing the needs of AI tenants with enterprise customers. In this kind of environment, the operational burden scales faster than the rack count.

What makes it even trickier? Most colocation tenants aren't just using your facility — they're comparing it to others. They're testing performance, responsiveness, sustainability metrics, reporting quality, and flexibility.

And they're under pressure, too. Many are consolidating vendors, rationalizing work-loads, or planning expansions. A poor service experience — whether that's a slow ticket response or missing transparency around power usage — can be all it takes to make them reconsider the relationship.

The challenge is that many of these early frustrations don't show up in incident reports. They simmer beneath the surface until a tenant gives notice, and it's too late to win them back.

That's why it's critical to build structured feedback mechanisms into your operation. A satisfaction survey isn't just a nicety. It's your early-warning system. It helps your team see patterns: What's working? Where are response times slipping? Which tenants are your biggest advocates, and which ones are drifting?

Survey "feedback loop" diagram:

Tenant Experience → Survey Insight → Ops/Service Changes → Improved Satisfaction → Higher Renewal Likelihood

You can't fix what you don't measure. And in multi-tenant environments, what you don't fix often turns into lost renewals.

Renewals in a Locked-Up Market

With so few options for tenants to relocate, renewals have become the default. Tenants aren't moving because they want to. They're staying because they have no choice.

This dynamic creates a unique opportunity for property managers. Instead of seeing renewals as guaranteed, you can treat this moment as a chance to build deeper loyalty before the market opens up again — because it will.

Indeed, it will open up. Developers are racing to bring new capacity online. Secondary markets are heating up. And tenants will start re-evaluating their options once there's room to move.

This means your window to solidify the relationship is now.

That starts with visibility into renewal intent. Third-party surveys provide the best measure of renewal intent because tenants are more likely to give honest feedback. When you survey your tenants, asking, "Do you plan to renew?" you're doing two things:

     1. You're signaling that their presence matters.

     2. You're getting a jump on potential risks and expansion needs.

A "no" or "maybe" response in April gives your team time to act months earlier than the standard notice period. It's a strategic advantage that operators in other asset classes (like commercial office or multifamily) have been using for years.

In a locked-up market, every tenant you retain is capacity you don't need to replace.

What is the best way to de-risk your revenue in a supply-constrained market?
Start measuring tenant renewal intent now.

Sustainability Signals and What They Reveal About Your Tenants

While sustainability isn't top of mind for every tenant, it's becoming an increasingly important signal for how tenants view your operation — and for how likely they are to stay.

In BCG's report, sustainability shows up in several places, from the use of cleaner generator fuel to the push for greener construction materials. But one section stands out:
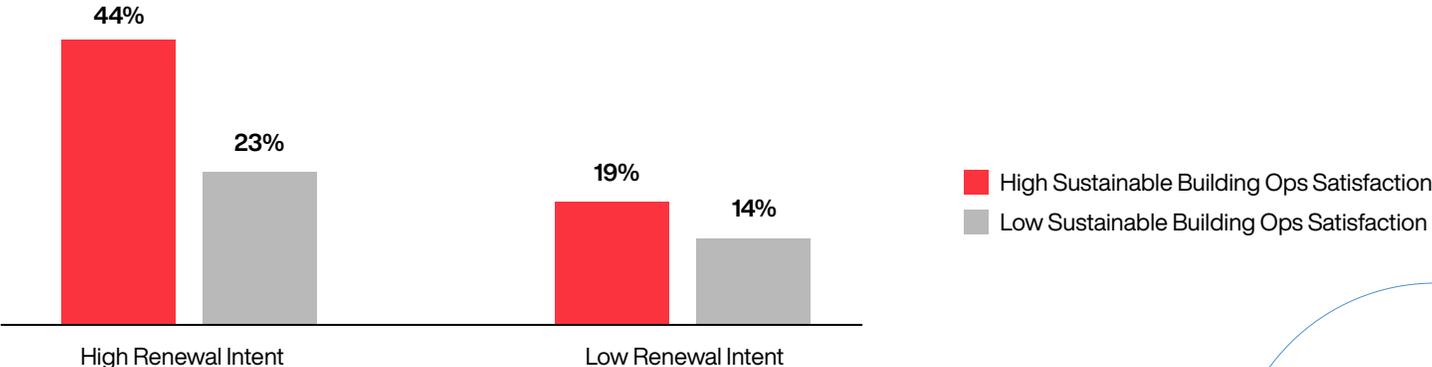
> "Innovations in AI paradigms—for example, chain-of-thought reasoning—tolerate response times of several seconds or more, making ultralow latency less critical. This shift allows operators to prioritize other factors, such as cost or sustainability, over proximity to users when building data centers."

More and more, tenants are asking:
- How much of this facility is powered by renewables?
- How efficiently are we using that power?
- Can you provide transparency into emissions or sustainability metrics?

Your sustainability posture sends a message — not just about your brand, but about your ability to support their sustainability goals. And your surveys can help you spot that interest.

Maybe only 20% of your tenants say sustainability matters in your next survey, but that 20% might represent your biggest anchor clients. Others may care about sustainability when it comes to cost savings. If your tenants and prospects are evaluating providers based on sustainability, your ops strategy should reflect that.

High Renewal Intent: 44% (High Sustainable Building Ops Satisfaction), 23% (Low Sustainable Building Ops Satisfaction)
Low Renewal Intent: 19% (High Sustainable Building Ops Satisfaction), 14% (Low Sustainable Building Ops Satisfaction)

Legend:
- High Sustainable Building Ops Satisfaction
- Low Sustainable Building Ops Satisfaction

From Insight to Action — The Tenant Experience Playbook

Feedback is only valuable if it leads to change.

That's why the most successful property managers build a rhythm around their tenant experience programs. They send short, easy-to-complete surveys. They benchmark satisfaction over time. And they build internal accountability loops — so insights lead to action.

You don't need a full customer experience department to start.

Here's a simple playbook:
1. **Send a baseline survey** across your tenant portfolio (including overall satisfaction and renewal intent questions).
2. **Review results by site and account size.** Who's thrilled? Who's at risk?
3. **Share insights with your site teams.** Frame it as a retention tool, not a blame tool.
4. **Act.** Improve communication. Follow up with dissatisfied tenants. Flag risks early.
5. **Repeat annually** or after key milestones.

When tenant satisfaction becomes a regular metric — not a fire drill — you gain visibility and control.

And that's what the next era of data center operations is all about: Control in the face of capacity chaos.

When supply begins to outpace demand, as it will with continued development, tenant experience becomes your most powerful retention tool.

The Future Is Full — and So Is the Pressure

The future of data centers is big, bold, and filled with opportunity. But for multi-tenant operators, that opportunity brings pressure. Pressure to deliver not just power and uptime but a smooth, predictable, satisfying tenant experience.

You can't build your way out of every problem. But you can manage your tenant base with more clarity and confidence.

That's what surveys make possible.
That's what renewal insight enables.
That's how property managers turn operational stress into strategic advantage.

Stay ahead of tenant needs. Act on what matters. Start your annual survey cycle with KingsleySurveys.

See how a **structured tenant feedback program** can strengthen your portfolio. **Talk to a KingsleySurveys expert today!**