New Zealand Data Centre Overview: Renewable Power Supports Digital Growth

24 Jul 2026

Key View

- New Zealand's data centre market will remain Auckland-centric in the near term, but regional diversification is likely to accelerate as Christchurch, Wellington, Hamilton and Southland attract incremental enterprise, government and hyperscale-related demand. Growth should increasingly favour co-location operators over self-build hyperscaler campuses, especially as AWS and Microsoft lean more toward leased capacity.
- New Zealand's renewable-heavy grid, efficient facilities and expanding submarine cable network should strengthen its position as a regional digital infrastructure node and support efforts to capture offshored Australian demand. However, tighter scrutiny of grid usage, power contribution requirements and local opposition to large-scale projects may slow execution timelines for the biggest developments.

Dashboard

2026

Metric	
Number of Data Centres (Q326)	62
Live Capacity (Q326)	172MW
Under Construction (Q326)	89.1MW
Planned Capacity	313.4MW
Cloud Spending Forecast For 2026	USD1.8bn

Source: DC Operators, National Sources, BMI

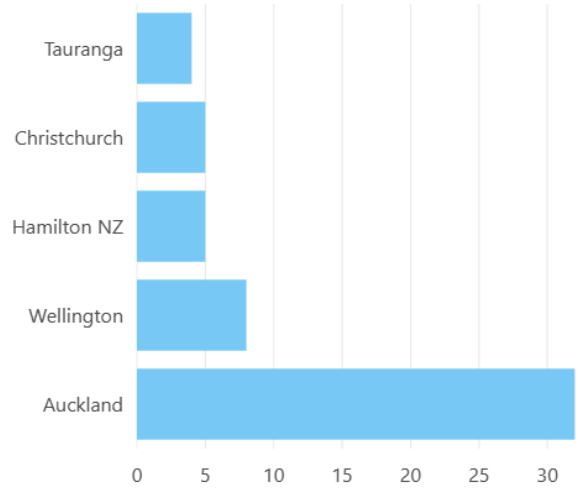
Overview

New Zealand's data centre market is small but rapidly expanding due to strong cloud adoption, data sovereignty requirements and growing international connectivity. The country had 62 data centres by Q3 2026, with Auckland dominating supply, while Wellington, Christchurch, and Hamilton are gaining importance. Cloud spending is forecast at USD1.8bn in 2026, with long-term growth supported by government Cloud First policies and hyperscale regions from AWS and Microsoft. Growth is increasingly driven by co-location providers such as CDC, Datacom, NEXTDC, and TenPeaks and New Zealand's renewable-heavy power mix, and submarine cable investments strengthen its appeal, despite rising scrutiny over grid impacts.

New Zealand Represents A Small Market In A Rapidly Growing Region

Auckland Leads In Volume

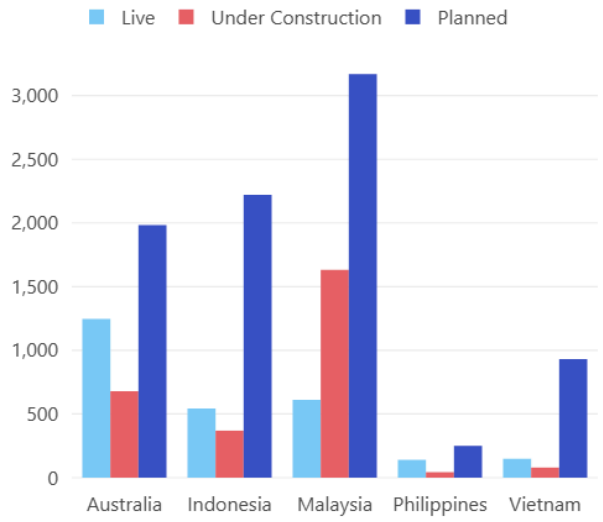
New Zealand - Number Of Data Centres (2026)



Source: National sources. BMI

Australia Leads In Live Capacity Among APAC Peers, Among Highest Regional Pipelines

APAC - Data Centre Fundamentals, MW (2026)



Notes: Does not include CSPs' self-built data centres

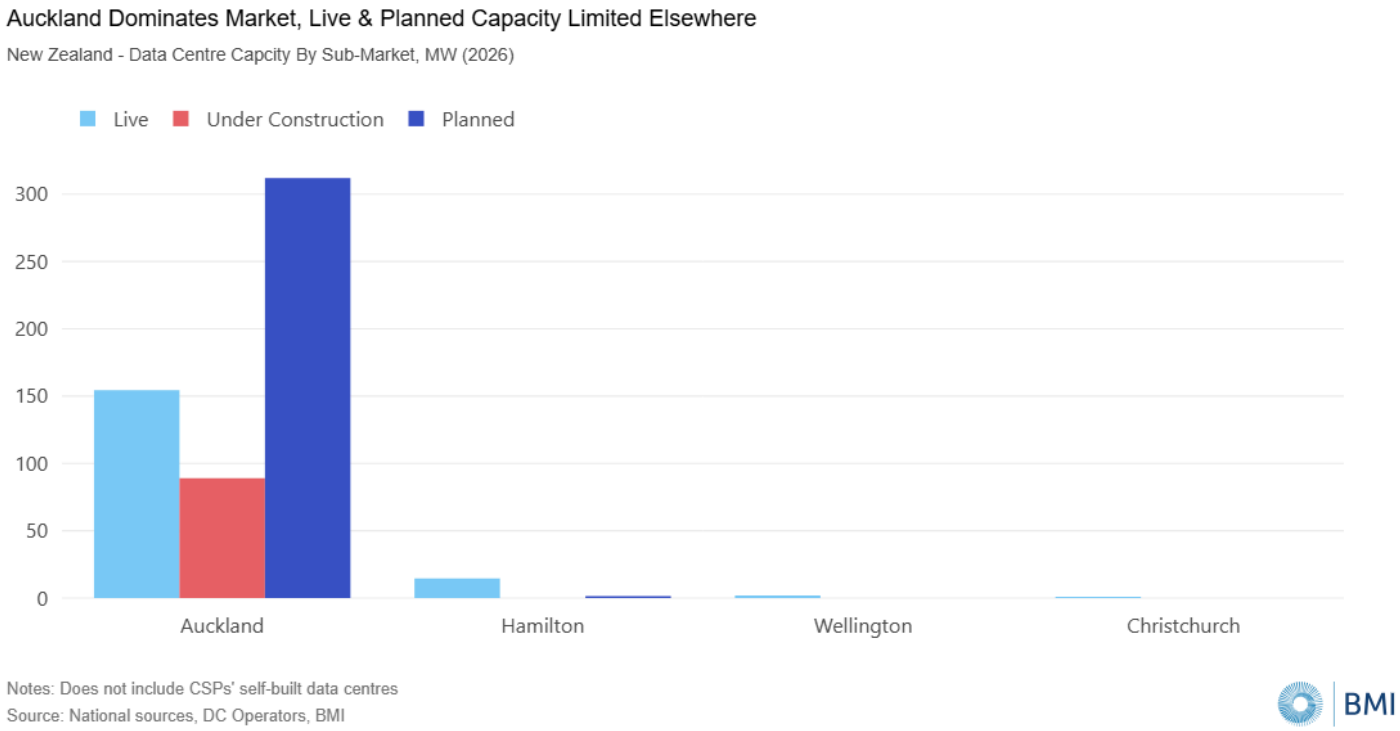
Source: National sources, DC Operators, BMI

Supply Profile

New Zealand's supply base remains concentrated in Auckland, which hosts the majority of operational facilities owing to its proximity to business and consumer demand, workforce availability and the need for low-latency connections between users and applications. Beyond Auckland, however, the market is becoming more geographically diversified. Wellington and Christchurch continue to serve enterprise and government demand, while Hamilton is emerging as an alternative hub that could help relieve capacity pressure in Auckland over time. As such, we estimate 172MW of live capacity s of Q326, with 89.1MW under construction and 313.4MW of planned capacity.

The project pipeline still includes hyperscale activity. AWS opened its Auckland region in September 2025, while Microsoft's New Zealand North region has been operating since December 2024. However, both hyperscalers appear to have slowed the pace of their own buildouts and are increasingly relying on leased co-location capacity. As a result, growth is shifting more towards domestic and Australian operators such as CDC, DCI, TenPeaks, Datacom and NEXTDC. CDC is planning more than 60MW of future expansion at its Silverdale Campus One, while TenPeaks has a pipeline exceeding 100MW.

The most transformative proposed development is Datagrid's planned 280MW campus in Southland, which is central to the government's ambition to position New Zealand as a regional digital infrastructure hub. A key enabler is improving international connectivity through new submarine cable projects, including Tasman Ring and Hawaiki, which would support New Zealand's ability to capture offshored Australian demand. New Zealand is served by four international cables: Hawaiki, two Southern Cross systems and Tasman Global Access. Planned additions include Hawaiki Nui in 2027, Datagrid's 540Tbps Tasman Ring, Southern Cross's SX Tasman Express, Intelia's Te Waipounamu link to Invercargill and the Google-backed Pacific Connect project. Together, these investments would considerably improve South Island connectivity and strengthen New Zealand's regional position.



New Zealand Data Centre Fundamentals, MW

2026

	Live	Under Construction	Planned
Auckland	154.5	89	312
Hamilton	14.5	0.1	1.4
Wellington	2	0	0
Christchurch	1	0	0

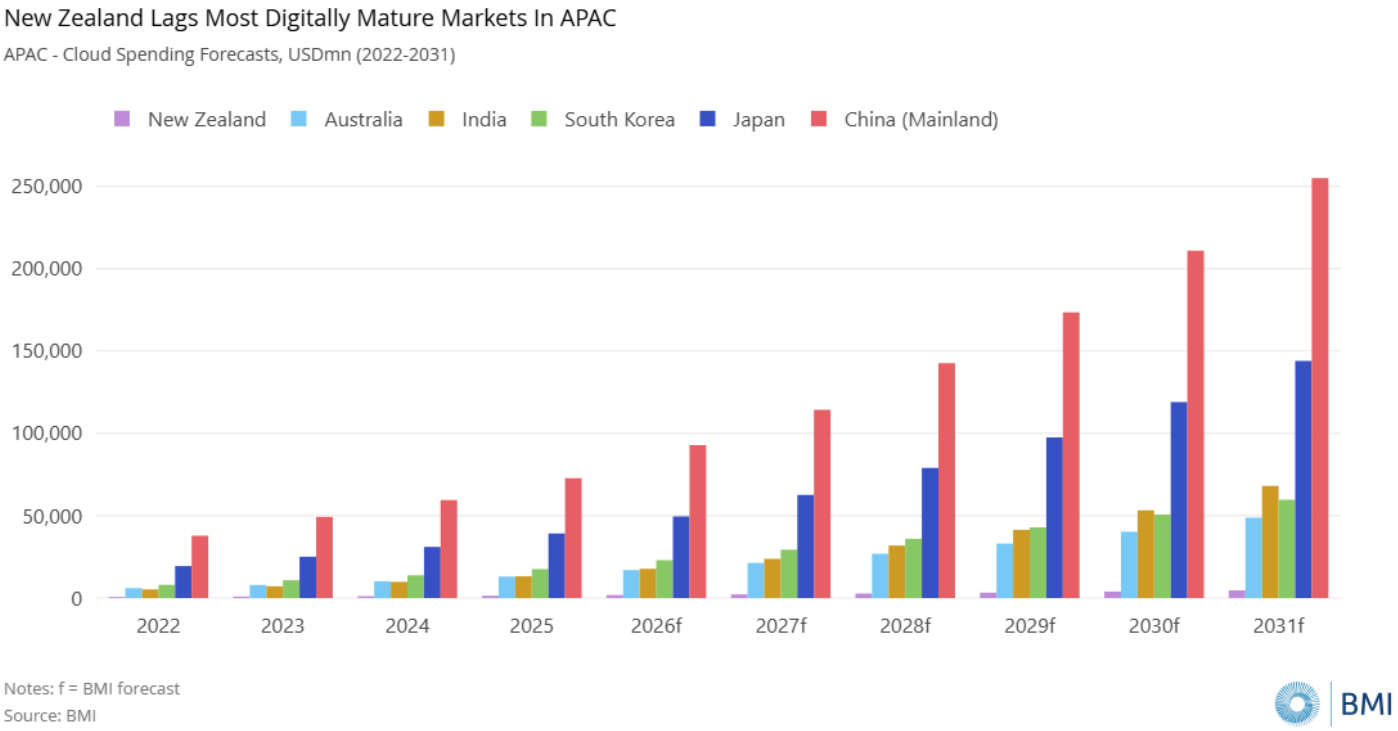
Notes: Does not include CSPs' self-built data centres

Source: National sources, DC Operators, BMI

Demand Drivers

Cloud migration and data storage are the main structural drivers of New Zealand's data centre demand. We estimate that cloud spending will increase by USD3.3bn between 2025 and 2031, representing a CAGR of 22.3% over this period. The government's Cloud First mandate requires public agencies to prioritise public cloud adoption, while the certification of the country's first sovereign public cloud data centres has reinforced demand for in-country storage of sensitive public-sector and healthcare data. More broadly, data sovereignty considerations are accelerating the shift towards local storage rather than offshore alternatives.

The launch of hyperscale cloud regions by AWS in Auckland and Microsoft in New Zealand North enables enterprises, financial institutions and public-sector users to store data domestically for both compliance and latency reasons. Domestic providers such as TEAM Cloud and Datacom are also supporting enterprise migration to cloud-based infrastructure, helping to sustain demand for both co-location and hyperscale capacity across Auckland and an increasing number of regional hubs.



Competitive Landscape

Data centres are major power consumers, and New Zealand's large renewable energy base supports operators' efforts to improve the sustainability of their operations. In February 2023, Datacom announced that all of its data centres in New Zealand were powered by 100% renewable electricity. Given Datacom's position in this relatively small and concentrated market, this sets an important benchmark that competitors may increasingly seek to match.

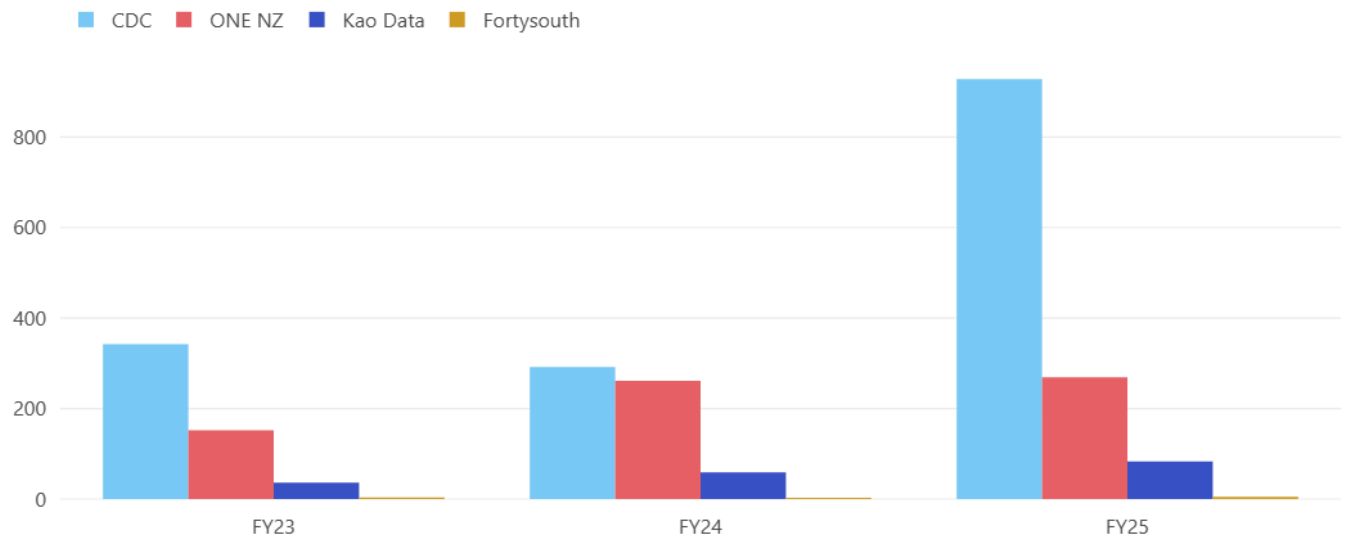
Datacom is also targeting net-zero carbon emissions by 2030, and its renewable energy sourcing should support progress towards that goal. There remains scope for additional partnerships and procurement strategies that would allow more operators to reduce their carbon footprints and strengthen sustainability credentials. Other co-location data centre operators in the market include Data Vault, Spark Digital, Chorus and Vocus. Meanwhile, cloud providers such as AWS, Microsoft and Google are also establishing a stronger footprint in the country, which is likely to place additional pressure on renewable power supply over time.

Infratil's digital infrastructure investments across Australia and New Zealand have given it meaningful exposure to two of the region's most attractive medium- to long-term data centre markets. Through its portfolio company CDC, a leading developer and operator of data centres in both countries, Infratil has access to a significant capacity pipeline geared towards meeting short- to medium-term demand.

CDC accounts for 43% of Infratil's overall AUM portfolio as of March 2026 and is valued at approximately NZD8.9bn. This sits within a portfolio comprising 66% exposure to digital infrastructure, 23% renewable energy, 6% healthcare infrastructure and 5% airports. CDC delivers, or is contracted to deliver, capacity to all major Western global cloud service providers. In early 2025, Infratil agreed to increase its ownership in CDC from 48.2% to 49.8%.

Digital Infrastructure A Capex-Heavy Business

Infratil - Proportionate Capex By Business (NZDmn), 2023-2025



Source: Infratil company reports

BMI

Regulatory Environment

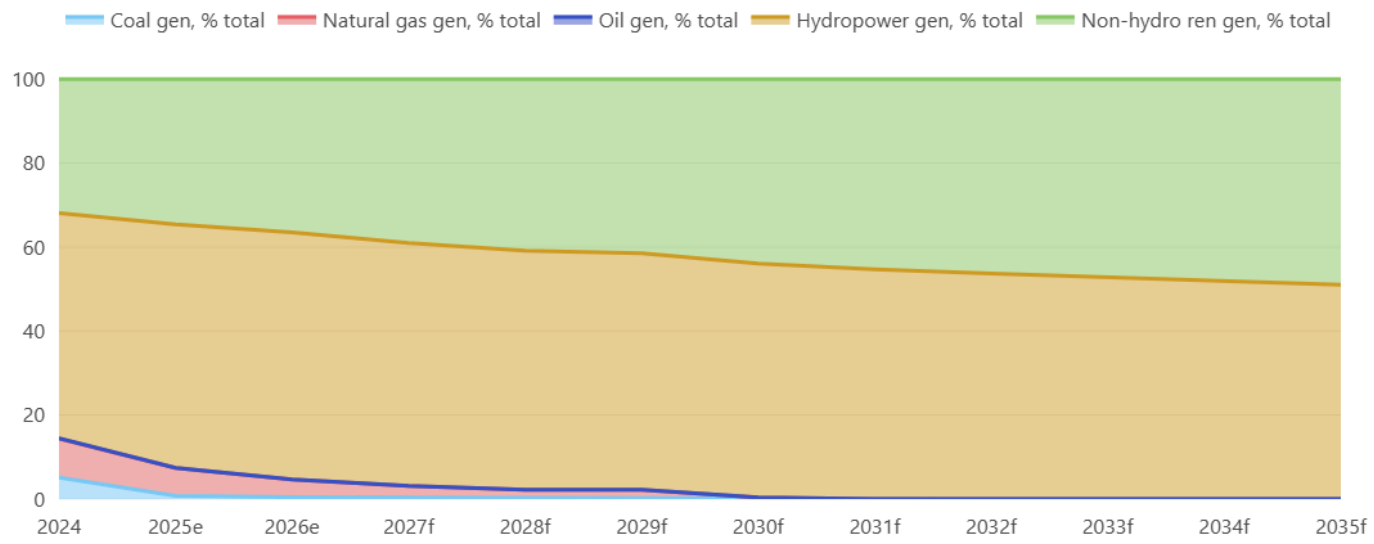
New Zealand's regulatory and policy environment remains one of its key competitive advantages, underpinned by political stability and a highly renewable power system. Our Power team expects the country's electricity sector to continue decarbonising, with thermal generation falling to 0% from 2031 onward. This transition will be driven primarily by hydropower, which we forecast will account for 51.0% of the total generation mix by 2035.

New Zealand's data centre facilities are also reported to be among the most energy-efficient globally, with power usage effectiveness of around 1.3, compared with a global average of 1.5-1.55. This energy transition will be further supported by an expected NZD24bn of investment in the electricity system over the next 30 years, with a strong focus on renewable generation.

That said, this supportive backdrop is increasingly being balanced by rising scrutiny of the sector's impact on the grid. At present, there is no dedicated framework requiring operators to contribute proportionately to the grid infrastructure they depend on. Proposed rules, broadly reflecting precedents seen in Australia and the US, could require large facilities to underwrite part of their own power supply and bear a greater share of grid-related costs. The coexistence of active investment promotion and emerging grid-contribution requirements highlights the tension between attracting globally mobile digital infrastructure investment and maintaining social licence domestically. This is most visible in the opposition surrounding Datagrid's planned 280MW Southland campus.

Conventional Thermal Power Continues To Lose Foothold In New Zealand's Power Mix

New Zealand - Total Power Generation by Type, % of power mix



Notes: e/f = BMI estimate/forecast

Source: EIA, IRENA, MBIE, local sources, BMI

BMI