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Data Centers and Beyond: The Next Frontier for Private Equity in Switzerland - How AI, ESG, and Digital Infrastructure Are Reshaping Swiss Investment Strategies

Contributor

Loyens & Loeff

Nicolas Wehrli

Partner, Corporate / M&A | nicolas.wehrli@loyensloeff.com

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Executive Summary

Switzerland has moved from being a dependable colocation destination to becoming one of Europe's most strategic markets for integrated digital infrastructure platforms. Private equity sponsors and infrastructure funds are not simply acquiring single sites. They are building portfolios that combine large data centers with dense metro fiber and, where appropriate, tower and edge assets that bring computing closer to end users. The rationale is straightforward. Modern workloads require speed, resilience, low and predictable latency, and demonstrable sustainability outcomes. A platform approach delivers those results more consistently than isolated assets.

Switzerland's combination of political stability, legal certainty, engineering excellence, and a renewable leaning power mix aligns with corporate climate strategies and with lender expectations that sustainability performance be measured rather than stated. Execution is multidisciplinary. The challenge is not tenant demand but securing power on realistic timelines, designing for higher cooling intensity as AI clusters grow, planning for connectivity diversity, and anchoring ESG claims in verifiable data. Sponsors who move early on grid capacity, plan heat reuse as part of the thermal design, engage constructively with municipalities and utilities, and codify ESG reporting from the start tend to secure better financing terms and achieve stronger exit outcomes.

Recent Swiss activity points in this direction. IFM Global Infrastructure Fund's acquisition of Green Datacenter around CHF 1.1 billion underscores appetite for contracted, long duration cash flows and platform growth in the Zurich metro. Legrand's acquisition of Amperio Project strengthens power distribution capability for next generation halls. Digital Realty and Vantage continue to expand Zurich and Geneva campuses with efficiency, water stewardship, and heat reuse integrated in design. Swisscom is densifying fiber networks, reinforcing the access layer that supports edge deployments and 5G backhaul. Taken together, these developments show that the opportunity in Switzerland is no longer about single buildings. It is about integrated, future ready platforms designed for resilient operations and credible sustainability.

Introduction: Why Switzerland Matters

Digital infrastructure is no longer just a technical backbone; it has become a core asset for business growth. As companies digitize operations, adopt AI-driven tools, and rely on real-time analytics, they need reliable computing power and stable connectivity. At the same time, regulators, lenders, and customers expect strong data governance and clear environmental responsibility. Switzerland stands out because it offers what long-term investors value most: clear rules, trusted institutions, and high delivery standards. Plans can be executed with confidence instead of relying on optimistic assumptions.

Three main trends define the current market. First, cloud adoption continues to grow, especially in regulated industries. Providers need regions with strong connectivity and predictable permitting. Second, AI is reshaping design requirements. Higher rack density and advanced cooling are becoming standard, and layouts must adapt without costly redesigns. Third, sustainability is now a legal obligation for large companies, and lenders expect progress backed by accurate, measurable data. These factors push investors toward integrated platforms that combine data centers, fiber routes, and access layers. This approach supports scaling while maintaining performance and transparency.

Switzerland offers practical advantages for these needs. Permitting follows clear steps, and municipalities cooperate when projects deliver community benefits like heat recovery for district networks or lake-water cooling. Utilities engage constructively when sponsors plan feeder upgrades and substation works early. Connectivity is strong, with resilient long-haul routes and dense metro rings in Zurich and Geneva, plus carrier-neutral interconnection and diverse building entries for redundancy. Sustainability benefits from both policy and geography: hydroelectric power dominates the energy mix, and district heating networks are already in place in several regions. When projects connect to these systems, sustainability becomes a measurable outcome rather than a marketing claim.

Switzerland in the European Context

Across Europe, the constraints are familiar. Grid capacity is tight in several metros. Equipment lead times for transformers, switchgear, and advanced cooling components remain long. Public expectations for low carbon growth are rising, and regulators increasingly look for tangible outcomes such as heat reuse rather than generic environmental claims. Switzerland provides a practical path through these constraints. Its planning processes are transparent and repeatable. Municipal engagement tends to be solution oriented, particularly where projects deliver local benefits. Utilities respond positively when sponsors present realistic schedules and early plans for feeder and substation works. In such a framework, underwriting shifts from hope to execution.

Connectivity advantages are visible. Zurich and Geneva sit on resilient long-haul paths and host dense metro rings. Carrier neutral interconnection is established, and the presence of multiple providers supports diverse entrances and route redundancy. As workloads require both speed and path diversity, this foundation shows up in pricing, tenant retention, and buyer interest. Edge deployments serving hospitals, airports, factories, and logistics hubs depend on access layer quality and on sensible rooftop or tower arrangements. Switzerland's emphasis on reliability over spectacle matches well with tenants and buyers who value performance consistently delivered.

Sustainability outcomes can be engineered and measured. Hydroelectric resources anchor a renewable leaning mix that supports corporate Scope 2 strategies. District energy networks in several cantons can accept recovered heat, and lake water systems can support cooling strategies that reduce emissions and water usage. Projects that integrate into these systems present sustainability as real outcomes backed by metering and assurance. Lenders respond favorably to verifiable baselines, clear data governance, and audit rights for performance metrics. Buyers prefer platforms where sustainability is part of operations rather than a presentation slide.

Market Drivers: What Makes Switzerland Attractive

Connectivity is a cornerstone of value. In Zurich and Geneva, network diversity, interconnection ecosystems, and route redundancy reduce operational surprises. From an investor perspective, these qualities translate into longer tenant relationships and broader buyer pools at exit. Connectivity diligence now sits alongside title diligence. Sponsors look for multiple fiber routes into a campus, documented rights of way, diverse entrances, and contracts that allow capacity to scale without renegotiation. Where connectivity foundations are resilient, platform expansion is execution rather than reinvention.

Power and sustainability are equally decisive. A renewable leaning power mix supports corporate climate strategies and lender requirements for credible reporting. Operators who embed metering at the right points, set realistic baselines, and provide reusable, machine readable data build trust faster and secure better pricing. Heat reuse is becoming a hallmark of best practice. Delivering waste heat into district networks provides a tangible community benefit and improves lifecycle emissions. These integrations require early planning, clarity on temperatures and maintenance obligations, and coordination with utilities and municipalities. Done properly, heat reuse shortens approval times, improves relationships with neighbors and regulators, and strengthens eligibility for sustainability linked financing.

Political stability and legal certainty underpin execution. Permitting flows through defined steps. Rights of way for fiber ducts and tower sites are established. Municipal expectations are communicated early, reducing surprises. Lenders respond with confidence that appears in terms rather than in speeches. Sponsors can manage risk and keep schedules because the system is designed to work predictably. In this environment, complexity does not disappear. It becomes a set of tasks that can be planned, funded, and delivered.

Demand is diversified and resilient. Hyperscalers seek regional coverage and proximity. Financial services and healthcare prefer capacity within Swiss borders for regulatory reasons and clarity on data governance. AI workloads drive higher density and advanced cooling, and layouts must accommodate transitions from air heavy approaches to hybrid or liquid solutions without major disruption. Edge computing grows where real time decisions matter. Medicine, transport, and advanced manufacturing are frequent examples. The most attractive investments combine large, well connected campuses with optionality for edge nodes integrated through consistent governance and commercial models.

Investment Trends: How Capital Finds Scale and Premiums

Global capital continues to flow into digital infrastructure, and Switzerland is capturing a growing share of that interest. Platforms that combine compute capacity with transport and access layers tend to trade at higher valuation multiples than stand alone assets. The premium is not purely about size. It reflects diversified revenue streams, operational discipline, and measurable sustainability performance. Buyers pay for coherence because it reduces the likelihood of unpleasant surprises during ownership and improves exit options.

Recent transactions illuminate these dynamics. IFM Global Infrastructure Fund's acquisition of Green Datacenter confirms that contracted cash flows and a pipeline of capacity in Zurich are attractive to long duration capital. Legrand's acquisition of Amperio Project underscores the strategic value of robust,

scalable electrical backbone capability inside next generation halls. Digital Realty and Vantage continue to expand Zurich and Geneva campuses, with efficiency and heat reuse integrated in design rather than retrofitted. Swisscom's fiber densification strengthens the access layer, enabling edge deployments and supporting 5G backhaul. These moves point toward platform logic. Buyers prefer assets that fit together, allow improvements across the portfolio, and integrate cleanly at exit. For sponsors, the win is twofold. Financing terms during ownership reflect confidence in operations and reporting, and strategic buyers who want systems rather than collections of sites are more engaged when exit comes.

Valuation is increasingly linked to data quality. Portfolios that can show performance improvements over clear baselines, for example in energy efficiency and water stewardship, present stronger stories to lenders and buyers. Margin ratchets linked to sustainability outcomes can be negotiated when definitions are sensible and reporting is consistent. Equity value is supported where contracts anticipate reasonable changes in density and route design and where governance aligns technical, legal, and safety teams under one rhythm. In such setups, underwriting reflects realistic schedules rather than optimistic targets, and contingency is built into timelines to absorb supply chain shocks.

Financing Architecture

Financing structures in Switzerland favor clarity over cleverness. Construction risk sits naturally with the asset, so new capacity is often financed at the project level. A holding company facility provides flexibility to add sites, fiber laterals, or edge nodes, allowing platform growth without overcomplicating documentation. Sustainability linked pricing has become common. Margin adjustments tied to energy efficiency, water usage, emissions intensity, and heat reuse delivery can be agreed when metrics are well defined and subject to independent assurance. Lenders increasingly ask for audit rights around ESG indicators, not to add bureaucracy but to ensure pricing is linked to reliable data.

Flexibility should be designed in from the outset. Facilities that accommodate incremental capacity or integration of edge sites without triggering full renegotiations are easier to manage. Agreements for fiber, rooftops, and heat reuse should be written to support platform evolution. Clauses should anticipate reasonable changes in density, cooling approach, or route topology. Timelines must match utility and equipment realities and include cure options. Minor delays should not escalate into disputes or penalty regimes that damage relationships. In practice, simplicity supports execution more than elaborate structures do. Lenders value transparent reporting and contractual mechanisms that keep incentives aligned, and buyers prefer platforms where financing enables growth rather than constrains it.

From a comparative perspective, Swiss financing benefits from legal predictability and straightforward enforcement. While structures must reflect the realities of each platform, the guiding principles are consistent. Align risk to the entity best able to manage it. Set ESG metrics that are measurable and relevant. Keep documentation coherent so that capacity changes can be absorbed without rewriting the entire stack. Exit readiness benefits from financing simplicity. Clean intercompany arrangements, collateral packages that reflect asset realities, and ESG linked pricing that mirrors genuine performance make diligence more efficient and improve buyer confidence.

Regulatory and ESG Imperatives

Large Swiss companies must report climate governance, strategy, risk management, and metrics with targets. This pushes sustainability firmly into engineering and measurement. Operators and sponsors should install metering at the right points, set baselines that reflect actual operations, and report in reusable formats that are machine readable and comparable across assets. EU rules, particularly CSRD, shape the expectations of clients and lenders that Swiss operators serve. Harmonizing Swiss and EU frameworks avoids duplication and reduces reporting friction. Lenders can evaluate portfolios more efficiently when calculation methods and disclosures are aligned.

Industry standards simplify diligence. The Swiss Datacenter Efficiency Association label defines measurable KPIs around energy efficiency and carbon footprint and complements broader frameworks such as ESRS. Recognized benchmarks reduce time spent debating methodology and increase focus on evaluating outcomes. Sponsors who embed expectations early, document responsibilities with vendors for data provision, and set governance rhythms that bring legal, technical, and safety teams together will reduce friction during operations and at exit. The most credible stories are backed by consistent data that can be assured and audited.

ESG linked financing works best when metrics align with operational objectives. Energy efficiency targets should encourage upgrades that improve performance rather than encourage statistical arbitrage. Water usage measures should reflect site conditions and design constraints. Heat reuse agreements must be clear on temperatures, responsibilities, maintenance, and metering. In Switzerland, municipalities and utilities are generally constructive when integrations deliver measurable community benefits. Sponsors who treat thermal integration as a design feature rather than a communications add on will find that approvals flow more predictably and that financing terms reflect lender confidence in outcomes.

Operational Challenges: Practical Issues to Solve

Power availability and cooling intensity remain critical constraints in the Zurich and Geneva markets. Sponsors are well advised to engage with utilities at an early stage, secure binding connection offers, and incorporate any required substation works into the initial project plan. Early certainty on these matters mitigates risk and facilitates accurate scheduling and financing. Cooling should be approached as an evolving requirement rather than a static design choice. AI-driven workloads generate significantly higher thermal loads per rack, and facilities that can transition from air-based systems to hybrid or liquid cooling without material disruption will preserve asset value and reduce capital inefficiencies. Treating cooling as a dynamic system helps control expenditure and minimizes the risk of emergency retrofits that could impair tenant relationships.

Heat reuse is increasingly regarded as a demonstrable community benefit and a means of reducing lifecycle emissions. Contractual arrangements should clearly define temperature parameters, allocation of responsibilities, maintenance obligations, and measurement protocols. Properly structured, these agreements enhance public acceptance, strengthen eligibility for sustainability-linked financing, and convert thermal strategy into a verifiable outcome rather than a marketing assertion. Integrations with district heating networks and lake-water systems require early engagement and meticulous documentation, but they typically yield advantages in permitting and reputational standing.

Land and planning constraints persist. Sites offering proximity to substations, fiber diversity, and heat reuse potential are limited. Regulatory approvals depend on careful management of visual impact, noise, and traffic during construction. Projects that incorporate district energy or lake-water solutions often experience smoother planning processes due to the evident public benefit.

While Switzerland cannot eliminate all friction, its regulatory clarity reduces avoidable surprises and supports predictable timelines.

Supply chain risks remain material. Extended lead times for transformers, switchgear, and specialized cooling components can jeopardize delivery schedules unless procurement is initiated early. Sponsors should standardize technical specifications across the platform, reserve manufacturing slots, and embed contingencies into project plans to mitigate delay risk. Contractual frameworks must reflect operational realities. If energization is delayed, tenant ramp-up provisions should adjust rather than default to punitive measures. Cooling upgrades should be accommodated without triggering wholesale renegotiation. Fiber route changes should permit transitions between dark and lit solutions under pre-agreed commercial terms. Insurance programs must be calibrated to the risk profile, encompassing builder's risk, delay-in-start-up coverage, equipment breakdown, environmental liabilities associated with cooling technologies, and cyber risk. Compliance obligations, spanning safety, environmental permitting, and data governance, should be harmonized to ensure lenders receive consistent disclosures and projects avoid regulatory interruptions.

AI Across the Lifecycle

AI tools are improving how these assets are evaluated, operated, and sold. During diligence, language and data tools review disclosures, permits, and technical documents, flag inconsistencies, and direct expert attention to areas that matter. These tools do not replace human judgment. They focus effort and reduce time spent on low value review. In operations, monitoring systems using AI identify anomalies in energy use, cooling performance, and connectivity metrics before they become incidents. Predictive maintenance is moving from slide decks to routine practice. Operators who adopt data driven oversight see fewer unplanned outages, better scheduling of interventions, and clearer evidence when negotiating SLAs with tenants.

Governance and reporting benefit from automation. As requirements grow and standards converge, automated checks and standard calculations improve accuracy and comparability. Contracts should oblige vendors to provide data in reusable formats that meet lender and auditor needs. Platforms where information flows from sensor to report without manual friction save time and reduce the likelihood of errors that undermine confidence. At exit, verified data tells a stronger story than marketing copy. Buyers can see efficiency gains and emissions reductions against baselines, understand cooling evolution, and evaluate power usage effectiveness through real measurements rather than only models. Portfolios that demonstrate decision grade data tend to finance more easily and trade more predictably.

AI also opens design options. Thermal layouts can be simulated under different density scenarios, helping sponsors choose strategies that balance capex, operating costs, and resilience. Routing and interconnection can be optimized to reduce latency while maintaining redundancy. Even heat reuse strategies can be modeled against district network demand patterns, allowing more accurate sizing of

heat exchangers and distribution links. These uses make AI a practical tool that supports engineering discipline and financial clarity.

Outlook for 2026 and Beyond

Switzerland's installed IT load is projected to increase steadily throughout the decade, with the Zurich metropolitan area expected to capture a substantial portion of this growth. Competition for power-ready sites adjacent to substations, offering fiber diversity and heat reuse potential, will intensify. Sponsors should prioritize underwriting of power and cooling capacity ahead of connectivity and land acquisition, adopting conservative assumptions regarding utility lead times and equipment delivery schedules. ESG reporting obligations should be embedded within operational protocols rather than treated as periodic compliance exercises, with all targets supported by metered and verifiable data. Platforms designed with sustainability and AI-readiness as core principles will align more closely with best-in-class benchmarks and mitigate execution risk.

Sustainability-linked financing is anticipated to expand further. As methodologies for measuring energy efficiency, water consumption, heat recovery, and emissions become standardized, covenant negotiation and assurance processes will simplify. Municipal authorities are expected to maintain requirements for demonstrable community benefits, particularly in connection with district heating and lake-water cooling networks. Sponsors should address thermal integration at the site-selection stage, incorporating heat reuse as a fundamental design element rather than a retrofit, and documenting technical parameters, allocation of responsibilities, maintenance obligations, and metering protocols with contractual precision. Harmonization of Swiss and EU reporting frameworks will remain critical to ensure cross-border portfolio comparability and to reduce diligence friction.

Edge deployments will proliferate where local compute capacity is commercially justified. Hospitals, airports, manufacturing facilities, and logistics hubs represent likely candidates, given latency and resilience requirements. This trend underscores the necessity of fiber densification and rooftop or tower arrangements within platform strategies. Transaction documentation should permit traffic migration between campus and edge nodes without disturbing economic assumptions, and financing structures should accommodate incremental capacity additions without triggering wholesale renegotiation. Fiber diversity and carrier neutrality should be treated as non-negotiable covenants, ensuring multiple points of entry and route redundancy to preserve connectivity resilience and maintain asset liquidity at exit. Sponsors should standardize interconnection protocols, governance frameworks, and reporting obligations across the platform to manage complexity as edge nodes multiply.

Artificial intelligence will continue to influence both design and operational standards. Liquid cooling solutions will become prevalent in high-density environments. Water usage restrictions will tighten, necessitating designs that minimize consumption while maintaining operational integrity. Predictive maintenance will evolve into a contractual performance standard, supported by automated monitoring of energy consumption, cooling efficiency, and resilience indicators. Convergence of reporting standards will enhance reliability of decision-grade data. Sponsors who treat these developments as mandatory requirements rather than discretionary enhancements will secure lender confidence and tenant commitments on favorable terms. Internal governance should align legal, technical, and compliance functions under a unified cadence to ensure operational performance and disclosure obligations move in

parallel.

Regulatory developments, including potential foreign investment screening, may arise. While Switzerland's policy trajectory remains supportive of long-term investment in sustainable digital infrastructure, sponsors should implement regulatory monitoring within board and management cycles to enable proactive adjustments to transaction timelines and covenant structures. Contractual provisions should facilitate platform integration and reasonable change-of-control outcomes, avoiding mechanisms that compel unnecessary renegotiation in response to density adjustments, cooling upgrades, or fiber route modifications.

Finally, sponsors should rigorously stress-test key assumptions. Scenarios involving delayed energization, extended equipment lead times, or accelerated rack-density shifts should be modeled, and contractual flexibility incorporated to absorb such contingencies without cascading disputes. Financing arrangements should function as enablers rather than constraints, with sustainability-linked pricing calibrated to achievable and relevant metrics. Lease and construction documentation should provide for adaptive remedies: tenant ramp-up schedules should adjust in the event of energization delays; cooling upgrades should qualify as permitted variations; and fiber-path modifications should fall within pre-agreed commercial parameters. Exit planning should assume that acquirers will ascribe premium valuations to integrated platforms demonstrating verifiable performance rather than to standalone facilities measured solely by megawatt capacity. In competitive sale processes, clarity, contractual discipline, and independently assured outcomes will command superior pricing.

Conclusion

Switzerland's digital infrastructure opportunity rests on integrated platforms and disciplined execution. The country's strengths are clear. Reliable institutions, a high-quality engineering culture, and a power mix aligned with climate goals form a strong foundation. The demands on sponsors are clear as well. Power and cooling must match realistic timelines, connectivity must be designed for resilience and growth, and sustainability performance must be verified and linked to tangible benefits such as heat reuse.

Investors who internalize these requirements and build platforms that turn constraints into advantages will lead the market through 2026 and beyond. Early positioning on capacity and routes, practical sustainability with auditable data, flexible contracts that anticipate change, and deep partnerships with utilities and carriers will define the winners. Those features travel well with lenders and buyers because they show how an asset performs rather than how it is described. In Switzerland, that is the standard top sponsors are now setting, and it is the standard that will continue to drive value in the next cycle.

Contributors

Nicolas Wehrli
Partner, Corporate / M&A
nicolas.wehrli@loyensloeff.com