

SFA Research Corner

How Data Center ABS and CMBS Fit in a Broader Financing Ecosystem

July 23, 2026

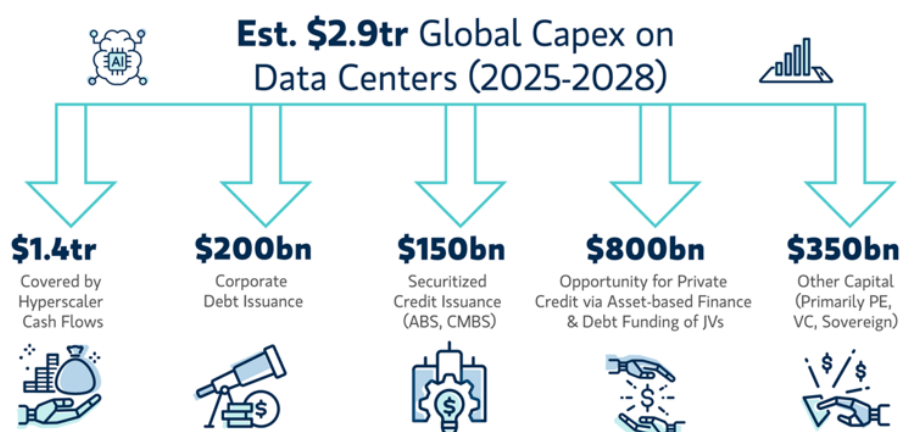
✉ [Elen Callahan](#)
Head of Research
203.512.0503

How Data Center ABS and CMBS Fit in a Broader Financing Ecosystem

The rapid expansion of AI, cloud computing and high-performance computing—the large-scale computing systems used to train and run AI models—is driving unprecedented investment in data center infrastructure. No single financing source can meet this demand. Indeed, research across the Street increasingly describes AI infrastructure as requiring a diverse capital ecosystem, with different financing markets supporting projects at different stages of their development lifecycle. Construction loans, project finance, investment-grade and high-yield corporate bonds, private credit and specialized equipment financing each play a distinct role.

The opportunity is substantial. Morgan Stanley estimates that global investment in data centers—including land, buildings, power infrastructure and computing hardware—will require approximately \$2.9 trillion in capital expenditures through 2028. Roughly \$1.4 trillion is expected to be funded through hyperscaler cash flows generated by large cloud providers such as Amazon Web Services, Microsoft Azure and Google Cloud, leaving an estimated \$1.5 trillion to be financed externally. Morgan Stanley estimates that ABS and CMBS could ultimately finance approximately \$150 billion of this demand.

Five Main Financing Paths for Medium-Term Global Data Center Spend



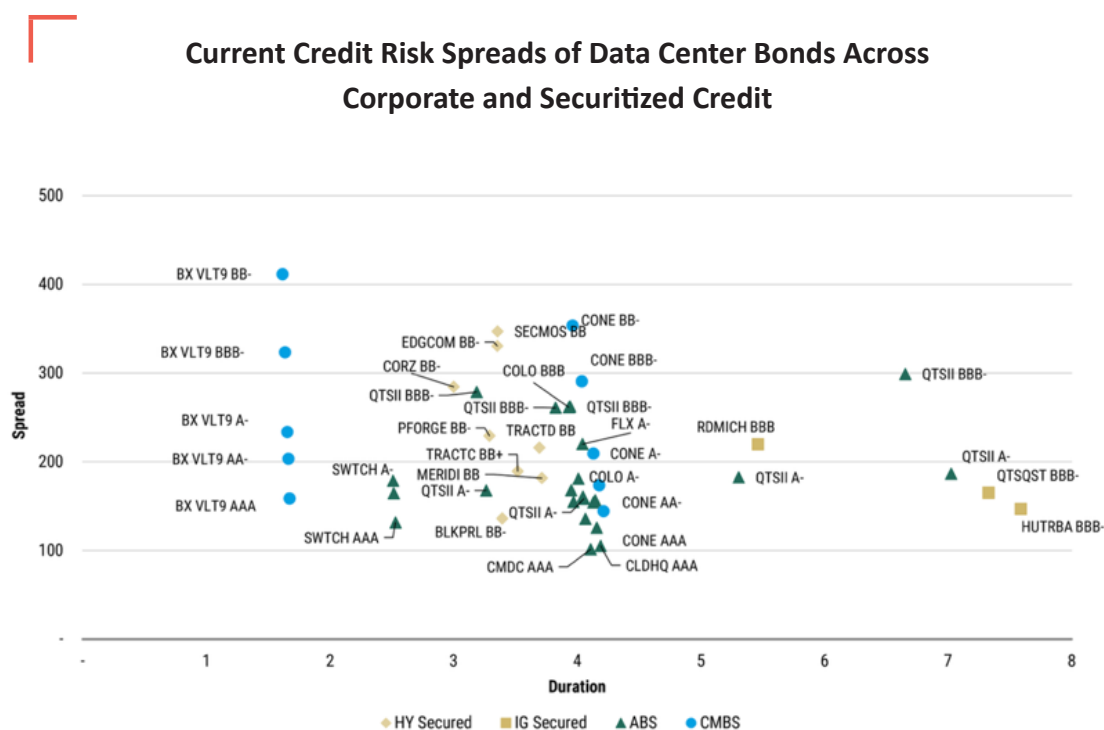
Source: Morgan Stanley Research estimates from Morgan Stanley Research Note, Bridging a \$1.5 trillion Data Center Financing Gap

Securitization within the financing lifecycle

Corporate bonds have largely funded single-tenant AI data-center developments, often before construction is complete. By contrast, ABS and CMBS generally finance stabilized portfolios of operating data centers supported by long-term lease cash flows.

Data centers rarely move directly into securitization. Development typically begins with construction loans, project finance, private credit or corporate debt, whose investors assume development risks such as construction, equipment procurement and power availability. Once a facility is complete, leased and generating predictable cash flows, it may refinance through ABS or CMBS, remain in the corporate bond market, obtain additional private financing or return to bank lending. The financing path ultimately depends on pricing, sponsor objectives, transaction size and investor demand.

For issuers, the choice between corporate debt and securitization extends beyond funding costs. Corporate bonds are supported by the issuer's balance sheet, whereas ABS and CMBS are secured by dedicated pools of collateral and their associated cash flows. By isolating stabilized assets, securitization can broaden the investor base, diversify funding sources and recycle capital into future development. Securitized transactions trade across a range of spreads that overlap with both investment-grade and high-yield secured corporate bonds, reflecting differences in collateral quality, leverage, tenant concentration, duration and transaction structure.



Note: Select 2026 deals. Source: Bloomberg, Morgan Stanley Research – AI Debt Financing Tracker: Warming Up for Hot Summer

Within Securitized Credit, ABS and CMBS Serve Different Roles

Data-center ABS and CMBS remain a relatively small segment of the securitized market but are growing quickly. According to [Barclays Research](#), outstanding issuance has grown from \$4 billion in 2020 to \$61 billion year-to-date 2026, reflecting the growing role of securitization in financing stabilized data-center assets. Data-center ABS now accounts for approximately 12% of the esoteric ABS market (up from 3% in 2020), while data-center CMBS represents about 6% of the single-asset/single-borrower (SASB) CMBS market, compared with negligible levels in 2020. Barclays projects that if outstanding data-center securitizations reach \$180 billion by year-end 2028, they could comprise roughly 20% of the esoteric ABS market and 15% of the SASB CMBS market.

Within securitized credit, ABS and CMBS are designed for different financing objectives. Data-center ABS typically finance diversified portfolios through master-trust structures that allow sponsors to add eligible collateral and issue additional debt over time, creating scalable funding platforms as portfolios expand. Many ABS transactions also include anticipated repayment dates (ARDs) that encourage refinancing or deleveraging if bonds remain outstanding beyond the expected repayment date.

Data-center CMBS, by contrast, more commonly finance individual assets, campuses or discrete portfolios. They generally rely more heavily on balloon maturities and provide less scheduled amortization, leaving investors more exposed to refinancing conditions and property values at maturity.

Scale also differentiates the two markets. Barclays estimates average issuance of approximately \$600 million for data-center ABS and \$1.2 billion for CMBS. The largest AI infrastructure projects often exceed those sizes, reinforcing the continued importance of corporate bonds, project finance and private credit before assets are ultimately refinanced through securitization.

Financing AI Infrastructure: Beyond Traditional Real Estate

Whether a transaction is structured as ABS or CMBS, AI infrastructure introduces considerations that extend beyond traditional commercial real estate.

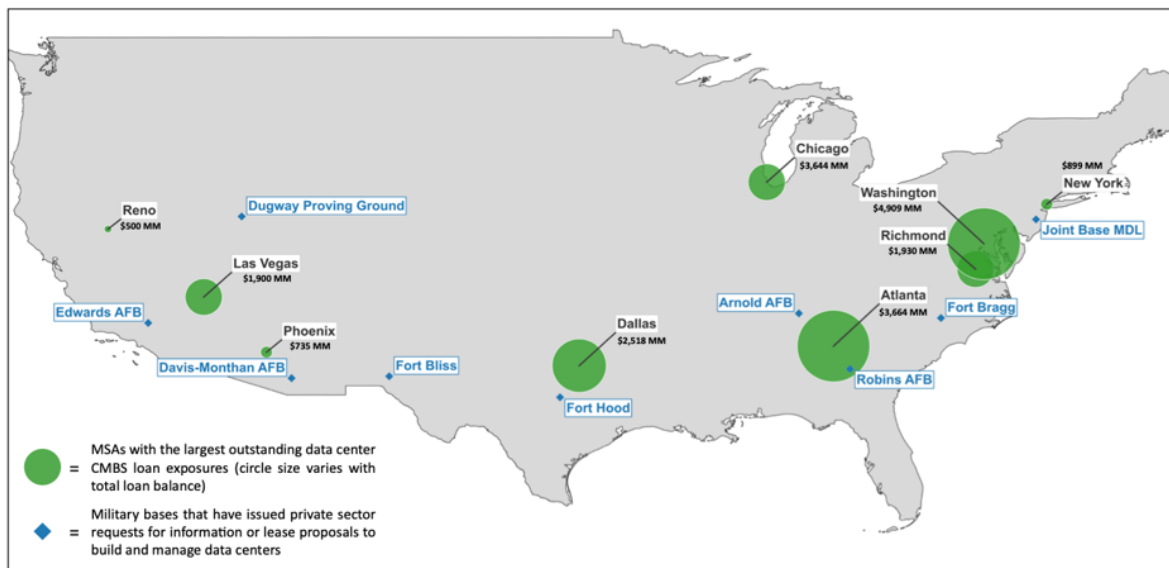
Tenant quality remains central because lease payments support debt service. Facilities leased to investment-grade hyperscalers generally present a different credit profile than those serving smaller AI companies or diversified colocation tenants. As the market expands, investors are also likely to seek greater transparency around tenant concentration, lease terms, power agreements and future expansion commitments.

Power availability is increasingly shaping both where data centers are built and how they are financed. Constraints on transmission capacity, permitting and utility infrastructure are pushing development into new markets, including [military installations](#) and other federally owned land. Recent examples include the Air Force's proposal to develop AI data centers on three bases in Alaska and the Army's negotiations with Carlyle and CyrusOne to develop facilities at Fort Bliss, Texas, and Dugway Proving Ground, Utah.

As dedicated substations, transmission upgrades and generation assets are increasingly built to support individual campuses, financing considerations extend beyond the data center itself. If demand shifts or facilities become obsolete, supporting energy infrastructure could become underutilized. Academy Securities notes that, in some cases, [stranded-cost securitization](#) may finance the recovery of utility investments, illustrating how structured finance could support not only AI infrastructure but also the evolving power systems that enable it.

Finally, AI infrastructure extends beyond the building itself. GPUs, servers and other computing equipment represent a significant share of project costs and are increasingly financed through specialized lending facilities. As this market matures, equipment-backed financings may emerge as a complementary ABS sector alongside real-estate-backed data-center securitizations.

Government Data Center Construction Proposals and Outstanding Sector Exposure



Source: Academy Securities: Securitized Products Special Topics Military Data Centers: Gear Up for a Wave of Properties on Government Land using SAM.gov, deal documents and Academy Securities

Conclusion

Securitization is an integral financing channel within the broader capital ecosystem supporting AI infrastructure. Construction loans, project finance, corporate debt, private credit, ABS and CMBS each serve distinct roles at different stages of a project's lifecycle, with the appropriate financing solution ultimately determined by the project's characteristics, risk profile and funding objectives. As the market evolves, financing structures will continue to adapt, but the principles underlying successful securitizations will remain constant. Durable cash flows, high-quality collateral, transparent disclosure and sound transaction structures will continue to underpin long-term performance, even as AI infrastructure introduces new considerations related to tenants, power, technology and asset evolution.

Readers interested in exploring these topics in greater depth may find the following reports useful:

- Academy Securities, Military Data Centers: Gear Up for a Wave of Properties on Government Land, May 13, 2026.
- Academy Securities, Stranded Assets: Intertwining Power Plants and Data Centers Performance, February 5, 2025.
- Barclays Credit Research, AI Infrastructure Financing: Tracking Issuance Across Asset Classes, June 9, 2026.
- Deutsche Bank Research, Securitization Primers: Data Center Securitization Issuer Guide, December 11, 2025.
- Morgan Stanley Research, Data Center/AI Financing: What We Have Heard from Investors, July 13, 2026.