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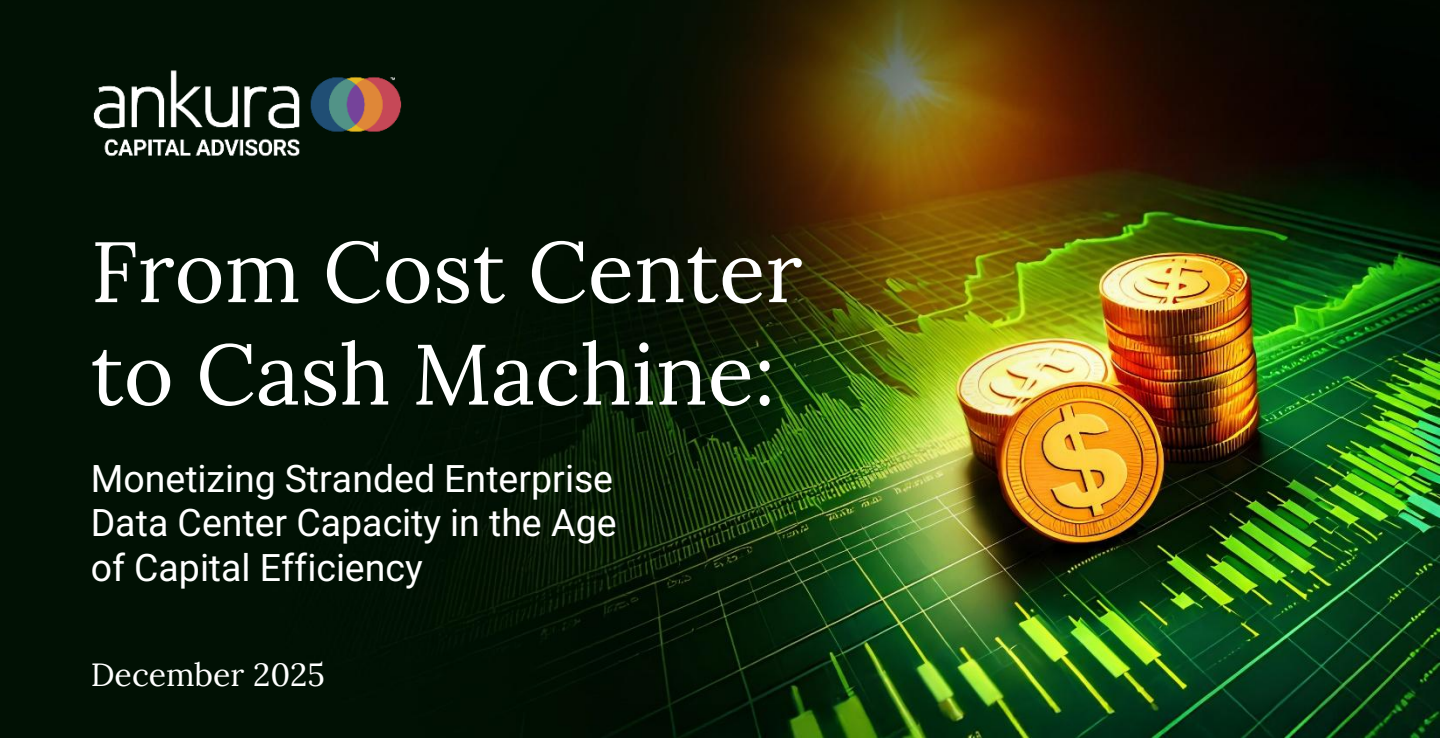
CAPITAL ADVISORS

From Cost Center to Cash Machine:

Monetizing Stranded Enterprise Data Center Capacity in the Age of Capital Efficiency



December 2025

Executive Summary

Across North America, thousands of enterprises are sitting on an underutilized, balance-sheet-draining asset: stranded data center capacity.

As organizations have migrated workloads to cloud and SaaS platforms over the past decade, many find themselves operating data centers that were built for a fundamentally different era of computing. These facilities often house substantial unused power, cooling capacity, and floor space that no longer align with the company's core operations or capital allocation priorities.

Meanwhile, the technology landscape has shifted dramatically. The explosive growth of AI workloads, high-density computing requirements, and sophisticated hybrid architectures is fundamentally reshaping demand for data center infrastructure. Operators and infrastructure investors are aggressively searching for retrofit-ready, legacy data centers—precisely the kind of assets that many enterprises quietly own but significantly underutilize.

This convergence creates a major value-unlocking opportunity. Enterprises can now convert stranded capacity from a persistent cost center into a cash-generating, strategic asset through sale-leasebacks, joint ventures, partial monetization arrangements, or full exits to specialized data center operators and infrastructure funds. For many organizations, this represents one of the most significant untapped sources of capital on the balance sheet.

This paper provides a comprehensive framework for CFOs, corporate development teams, and boards to understand and capture this opportunity. We examine how to diagnose stranded capacity within your organization, why this has become a critical 2026–2030 priority for forward-thinking leadership teams, the underlying economics of underutilized enterprise-owned data centers, and the range of strategic monetization pathways available to unlock substantial capital while simultaneously improving operational resilience and financial flexibility.

I. What is "Stranded Capacity"?

Stranded capacity refers to unused or underutilized power, cooling capacity, and/or floor space in enterprise-owned or long-term leased data centers built with growth projections that never materialized due to corporate strategy shifts (M&A, cloud adoption, IT consolidation)

- Power utilization: 40–50% of available MW capacity
- Large unused white space for IT equipment
- Flat/declining on-premises workload growth
- Aging MEP infrastructure
- High PUE vs modern facilities (1.7 - 2.0 vs 1.25 - 1.35)
- Low staffing relative to footprint/energy capacity
- Rising OpEx as % of revenue/IT budget

II. Why This is a 2026–2030 Problem (Not a 2010s Problem)

Historically viewed as a technical issue, stranded capacity is now a significant financial and strategic concern. Legacy enterprise-owned data centers are becoming obsolete in today's digital landscape, driven by factors such as the evolution of cloud computing into its "second derivative" stage.

This advancement signifies that the cloud computing space and SaaS models have progressed beyond the initial move from on-premise infrastructure, entering a phase of rapid tech innovation that demands companies shift away from traditional setups to stay competitive. Over the past decade, legacy data centers have undergone transformation through three major stages.

Stage 1
2015–2021
Lift-and-shift: Initial migration away from on-premise infrastructure

Stage 2
2022–2025
Refactoring & AI planning for exponential AI/data center growth

Stage 3
Now Emerging
Unilateral shift away except where necessary; optimize remaining workloads

To adapt to Stage 3 without being stranded, enterprises need multimillion dollar upgrades/retrofitting to balance sheet draining legacy assets

Source: Nordcad, Data Center Knowledge, ACA Research

III. The Economics of Stranded Capacity

A legacy, enterprise-owned, data center typically has the following characteristics:

Capacity & Age
- 1 - 5 MW energy capacity
- Built 10 - 15 years ago
- Ambitious 10+ MW projects

Utilization
- IT: 35 - 45% (median ~20%)
- Facilities: 65% for IT, 80% total

Operating Costs
- $4 - 6M annually
- ~40% maintenance, ~25% energy, ~35% labor

Upgrade Needs
- $4M - $8M per MW to avoid obsolescence
- $12M+ for significant work

Power Trends
- Costs rising annually: ~25% YoY (2025)
- ~8.5% YoY (2026) est.

Energy Efficiency
- PUE 1.7 - 2.0 vs. modern 1.25 - 1.35 (1.0 = 100% efficiency ideal)

Given the characteristics previously outlined, value destruction occurs in many ways but primarily across four dimensions:

Fixed Cost Burdens
- High fixed run-rates independent of utilization (staff, security, insurance, maintenance, utilities)
- Power costs surging: +25% YoY (2025), +8% (2026) projected
- US lacks infrastructure for increased demand; new capacity takes years

OpEx Inefficiencies
- Underused MEP systems run at poor loads, thereby leading to higher OpEx
- 'Oversized' MEP for low utilization increases maintenance/lifecycle costs
- Oversized systems depreciate faster than properly-sized facilities

CapEx Requirements
- Aging facilities need heavy reinvestment: switchgear, generators, fire suppression, chillers, CRAH/CRAC
- Aging/retrofitting: $4M–$8M per MW; major retrofits: $12M+ per MW
- Requires changes in power distribution, layouts, high-speed interconnects, load engineering and liquid cooling

Opportunity Costs
- Capital tied in stranded assets earns no return → drags ROIC, ROE, EBITDA margins
- Escalating costs + OpEx drag + reduced investor confidence = worsened market perception

Source: UtilityDive.com, CIO.com, BlueCap Economic Advisors, cove inc

IV. Business Impact & Strategic Question

Rising power costs have also contributed to the obsolescence of enterprise owned data centers. These legacy data centers simply do not have the PUE (energy efficiency) to accommodate rising energy prices associated with the AI boom.

Boards of Directors are increasingly asking:

"Why do we own an obsolete, data center when we could lease a modern, energy-efficient space? If sold/monetized, proceeds could be redeployed to higher-value initiatives."

Capital Constraints	Market Forces
Continuing to own stranded capacity diverts capital from: • Leasing modern space • M&A opportunities • Debt reduction • Shareholder dividends • Core product development	• Rising power costs from AI boom • Legacy centers simply can't match modern PUE efficiency • Boards increasingly questioning obsolete assets

V. Diagnosing Stranded Capacity

From the perspective of a CIO or CFO, there are certain ways to identify stranded capacity, and early detection can help to implement both timely and effective solutions. A practical diagnostic framework includes:

Step 1: Utilization Assessment

Evaluates resource usage to identify underutilized assets and optimize utilization:

Physical Infrastructure

Available power vs. rated capacity, unused white space, rack density, cooling capacity, redundancies

IT Resource Usage

Growth rate of on-premise workloads, server CPU activity, network utilization, storage

Power & Cooling

PUE, Cooling Efficiency Ratio (CER), total energy consumption vs. IT load

Operational Efficiency

Management practices, processes, asset lifecycles review

Source: UtilityDive.com, CIO.com, BlueCap Economic Advisors, cove inc

Step 2: Cost Benchmarking

Compare OpEx and CapEx against industry standards (measured per SF or per MW):

Metric	Benchmark/ Notes
OpEx Spend	Total OpEx (incl. staffing) per SF or MW
Energy Efficiency	PUE vs. best-in-class. <1.20 is superb; Hyperscalers achieve 1.07–1.10
Energy Costs	Price per kWh vs market. Core Scientific/CleanSpark avg $0.04/kWh for 1+ GW
Cost Breakdown	% of total IT Spend/OpEx (excluding depreciation/amortization)

Step 3: Analyzing Strategic Relevance

This step is straightforward relative to other processes. It answers: "Do we still need this legacy data center (or a more modern facility)?" The analysis examines strategic relevance.

Relevant questions to examine include:

- *Which workloads must remain on-premise, if any? Perhaps there are relevant regulatory/latency-specific constraints to be considered.*
- *Is the legacy data center part of a broader redundancy strategy or simply legacy inertia?*
- *Does the Company need access to a more modern data center facility to handle certain workloads and/or stay competitive?*

Step 4: Developing a Capital Roadmap

- **Required upgrades & timing:** Identifying target areas of improvement such as increasing rack density or maximizing PUE as well as identifying infrastructure/equipment needed to implement the respective improvements and outlining any installation timelines
- **Analysis of remaining useful life:** Understanding the asset's remaining useful life in the context of minimum CapEx investments, i.e. pure maintenance CapEx excluding any retrofitting
- **Analysis of replacement value vs. retrofit cost**: In other words, quantifying the cost of retrofitting vs. replacement transactions (discussed in the following sections). As mentioned previously, retrofitting can cost on average $4M to $8M per MW for relatively modest upgrades

The capital roadmap is a product of multi-phased structured methodology for identifying, reclaiming, and monetizing underutilized power and space, outlining any installation timelines needed for required improvements

Source: UtilityDive.com, CIO.com, BlueCap Economic Advisors, cove inc

VII. Monetization Pathways: Turning a Cost Center Into a Cash Machine

Option 1: Full Sale-Leaseback of the Data Center

Transaction Structure

The enterprise sells the facility to an operator or infrastructure fund and leases back only the space it needs. This structure provides immediate capital while maintaining operational continuity.

Key Benefits

💰 **Immediate Cash Infusion:** Receive 100% of the facility value upfront, typically at or above FMV. Buyers often pay premium prices **(10-15% above market)** for stable, long-term tenant relationships

📊 **Removes non-core asset from balance sheet:** Convert real estate holdings into operating expenses, improving key financial metrics including ROA, ROIC, and debt-to-equity ratios

🔄 **Predictable long-term occupancy costs:** Lock in fixed rental rates for **10-20 years (~ 2-3% annually),** providing budget certainty versus volatile cloud pricing or unpredictable maintenance costs

🛠 **Transfers upgrade CapEx obligations:** Eliminate future CapEx requirements for facility upgrades, cooling system replacements, & infrastructure modernization

📈 **Provides operator with marketable excess capacity:** New Operators can monetize unused space immediately. In typical enterprise data centers, **30-50%** of commissioned capacity remains unused

Ideal Use Cases

- Single-tenant enterprise Data Centers: Dedicated facilities wanting to maintain corporate control while exiting capital-intensive business
- Strong metro locations with good fiber: Tier 1 markets (Northern Virginia, Chicago, Dallas, Silicon Valley) or Tier 2 markets where infrastructure is in place
- Available power & expansion capability: Sites with utility capacity for growth (250-500MW usually common), attractive to hyperscale and AI workload buyers

Notable Transaction Examples

- **Yahoo!** sold its entire Lockport data center campus - comprising eight data center buildings across 43 acres in the Lockport Industrial Park to **Hyscale Data Centers Lockport LLC**, an affiliate of Colorado-based H5 DCs. Yahoo! remains the primary user of the facility under a five-year lease agreement.
- Belgian telecommunications giant **Proximus Group** sold 4 data centers to **DCU** for ~$138 million, became leaseback tenant representing **37%** of combined group IT power capacity. Cordiant Digital Infrastructure Limited acquired a **50% stake in DCU** from existing owner TINC & DCU CEO

Source: Data Center Dynamics, ACA research, Equinix, Data Centre Magazine

Option 2: Partial Sale / Carve-Out to a Data Center Operator

Transaction Structure

The enterprise sells the facility to an operator or infrastructure fund and leases back only the space it needs. This structure provides immediate capital while maintaining operational continuity.

Enterprise Sells:

- A portion of white space (commonly 40-60% of total raised floor)
- Excess power allocation (unutilized capacity from overbuilt electrical infrastructure)
- A segment of building or entire building on multi-building campus
- Rights to future expansion space or phases not yet built

Operator Adds Services

- **Deploys Colocation Service:** Installs cage infrastructure, implements access controls, establishes service level agreements
- **Adds Density:** Upgrades cooling (rear-door heat exchangers, in-row cooling), implements hot/cold aisle containment, increases power density from 5-8 kW/rack to 15-30+ kW/rack
- **Markets to Various Third-Party Customers:** Leverages existing sales channels, cross-connects to carrier ecosystem, attracts enterprise, cloud, and content providers

Enterprise Retains Control

Mission-Critical Environments
Full operational control of the production systems

Shares Costs & Upside
Reduces per-square-foot costs through economies of scale, potential revenue share from operator's colocation business

Avoids Binary Sale Decision
Tests monetization strategy incrementally, maintains flexibility for future expansion if business needs change

Notable Transaction Examples

- Partial sales or carve-outs of enterprise data centers to operators have become extremely rare, with the market now favoring full sale-leasebacks or complete cloud migrations
- **H.I.G. Capital's** infrastructure arm acquired controlling (majority) interest in **PolarDC Group Limited**. LIAN Group (original founders Fiorenzo Manganiello and Nissim-Sanel Gaon) retained minority stake and continue essential day-to-day operations role

Source: DCD, Web search, Pitchbook

Option 3: Joint Venture with an Infrastructure Investor

Transaction Structure

Enterprise contributes the facility; investor provides capital for operations and expansion. In such cases, Enterprise retains minority stake (typically 20-30%) while infrastructure investor takes majority (70-80%).

Key Benefits

Capital Efficiency
Immediate cash infusion without full asset sale - typical recapitalizations provide 60-80% of FMV

Operational Excellence
Specialized DC expertise and professional management, with operational flexibility

Economies of Scale
Benefit from shared infrastructure costs, procurement leverage, and multi-tenant efficiencies

Growth Participation
Retain equity stake to capture appreciation (DC valuations increased 15-25% in 2023-2024)

Risk Mitigation
Share operational risk and capital expenditure burden with experienced partner

Ideal Use Cases

- **Unique Campus/Regional Assets:** Prime markets (NoVA, Silicon Valley, London, Frankfurt) with land/power constraints
- **Strategic Locations:** Facilities near network hubs, renewable power sources, or markets with favorable tax incentives
- **Strong Bones, Deferred CapEx:** Well-maintained facilities built 2010-2020, needing modernization for AI/high-density workloads but lacking capital
- **Partial Liquidity + Shared Upside:** Enterprise wants to monetize asset but believes in long-term data center market appreciation (currently 12-18% annual growth)

Notable Transaction Examples

- **Meta** announces JV with funds managed by **Blue Owl Capital** to develop Hyperion data center campus, contributing land and construction-in-progress assets, retained 20% ownership while securing $3B liquidity for other AI initiatives
- Crusoe Energy Systems LLC, a vertically-integrated AI infrastructure company, Blue Owl Capital and Primary Digital Infrastructure announced a $3.4 billion joint venture to fund purpose-built data center capacity in Abilene, Texas in Oct 2024
- Infrastructure investor **Stonepeak** formed joint venture with **American Tower** to construct new Denver data center (DE3 facility) on modular basis, operated by CoreSite subsidiary in Sept 2024

Source: Data Center Dynamics, ACA research, Equinix, Data Centre Magazine

Option 4: Full Exit + Migration to Colocation or Cloud

Transaction Structure

Enterprise sells data center facility to third party (colocation provider, developer, or investor) and transitions to modern colocation facility over 12-to-36-month period, shifting from capital-intensive ownership to pay-as-you-go operational model.

Key Benefits

Complete Capital Recovery
Realize 100% of asset value immediately (vs. 60-80% in JV structures)

Operational Transformation
Exit non-core facility management, reduce headcount, eliminate 24/7 operational burden. Colocation typically 40-60% lower total cost vs self-operated facilities

Modern Infrastructure
Access to latest cooling technologies, higher power densities (20-50 kW/rack vs 5-10 kW legacy)

Focus on Core Business
Redirect IT resources to innovation rather than infrastructure maintenance

Risk Transfer
Compliance, security, physical recovery managed by specialized providers

Ideal Use Cases

- **High Redevelopment Value:** Facility in prime real estate location where land value exceeds data center use (urban centers, high-growth tech corridors)
- **Cloud-First Strategy:** Enterprise committed to moving 80%+ of workload to public/hybrid cloud over 3-5 years
- **Aging Infrastructure:** Facilities built pre-2010 requiring $50-100M+ in modernization (HVAC, electrical, security)
- **Talent Constraints:** Difficulty recruiting/retaining specialized data center operations staff
- **Heavy CapEx Requirements:** Deferred maintenance exceeding 30% of replacement cost

Notable Transaction Examples

- **CyrusOne** acquired self-occupied data center from **PowerHouse Data Centers** in prime Northern Virginia market for ~$154 million in H2 2024
- **AWS** acquired nuclear-powered data center campus from **Talen Energy** adjacent to Susquehanna nuclear plant in Pennsylvania for ~$650 Million, representing full exit by energy company and migration to cloud hyperscaler operations

Source: Data Center Dynamics, ACA research, Equinix, Data Centre Magazine

VII. Value Proposition for CFOs, CIOs, Board Members & PE Owners

CFO Value Drivers: Improve ROIC, ROA, and ROE

Eliminate Non-Core Asset Drag: Data centers represent significant capital tied up in depreciating infrastructure. Firms are increasingly moving toward asset-light models to improve return metrics

- Increased Big Tech data center spending in 2025 (81% YoY increase)
- Companies like Ahrefs estimate saving over **$400 million** by using colocation vs own build

Fund AI and Digital Transformation Without Dilution: Infrastructure optimization creates capital for strategic investments in AI and digital initiatives without requiring additional equity financing

- **326%** ROI from integrated IT documentation solutions over 3 years (**€2.17M** productivity gains for colocation operators)

Stabilize Long-term Occupancy Cost Profile: Moving to optimized infrastructure models provides predictable operational expenditure versus volatile cloud and on-premises costs

60%
Firms report cloud costs exceeding expectations

30%
Understand exactly where cloud budgets are spent

CIO Value Drivers: Modernize Architecture

Modernize Architecture: Modern data center strategies enable cloud-native capabilities while maintaining control over critical workloads

92%
Firms use multi-cloud approach (combining public and private cloud)

Improve Reliability and SLA Performance: Infrastructure optimization reduces downtime and improves service levels through better monitoring, maintenance, and resource allocation

Reliability Benefits:

- 24/7 remote monitoring prevents critical failures through predictive maintenance
- Proactive field service dispatch reduces downtime incidents by 40-60%
- Conditions-based maintenance extends equipment lifecycle by 25-35%

Exit Aging Facilities Requiring Continuous Reinvestment: 47% of data center facilities are over 11 years old, limiting adoption of energy-saving technologies and modern efficiency standards

- **1.56** Industry average PUE (vs **1.2** or better for new builds)

Expand Choice of Hybrid Cloud Strategies: Hybrid infrastructure provides flexibility to optimize workload placement based on performance, cost, and compliance requirements

Source: Data Center Dynamics, ACA research, Equinix, Data Centre Magazine

Board Member Priorities

ESG Lift Through More Efficient Operations: ESG performance is increasingly critical for attracting capital and maintaining market leadership

- **93%** Investors consider ESG important (over **50%** say it's a key priority)

Clarity Around Risk and Redundancy: Modern data center strategies provide transparent risk management and disaster recovery capabilities

Cleaner Capital Allocation Story: Moving infrastructure off-balance sheet improves capital efficiency metrics and simplifies financial narratives for investors

Lower Exposure to Data Center Operational Risk: Professional colocation and managed services reduce exposure to infrastructure failures, security breaches, and compliance violations

ESG Regulatory Timeline

2024	EU Corporate Sustainability Reporting Directive (CSRD) data collection began
2025	First CSRD-compliant reports published by large companies and listed SMEs
2027	Germany mandates PUE of **1.5** and **100%** renewable energy for data centers
2030	Germany requires PUE of **1.3** for all data centers

Private Equity Owner Value Creation

Monetize "Hidden Infrastructure Value": Data center assets often carry underutilized capacity and inefficient space allocation that can be optimized or monetized

$7 Trillion
Global data center investment projected through 2030

Fund Add-ons or Recapitalizations: Infrastructure optimization unlocks capital for strategic acquisitions and growth initiatives without additional leverage

Improve Portfolio Company Cost Structure: Centralized or optimized data center strategies drive operational efficiencies across portfolio companies

Expand Choice of Hybrid Cloud Strategies: Sale-leaseback arrangements and colocation strategies allow companies to exit infrastructure ownership while maintaining operational continuity

FinOps Adoption

- **57%** of organizations use multi-cloud FinOps tools
- **51%** have dedicated FinOps teams for cloud cost optimization
- **56%** have automated utilization monitoring policies
- **48%** automate workload shutdown policies after hours

Source: Data Center Dynamics, ACA research, Equinix, Data Centre Magazine

How Ankura Capital Advisors can help

The professionals at Ankura Capital know the market and know the capital providers. We work closely with both sponsor backed, and non-sponsor backed companies, assisting them in sourcing the most competitive financing terms from the investors best suited to help companies recapitalize and/or grow their business.

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AWARDS

2025	2024	2023	2023	2021
Special Situations Deal of the Year	Financial Deal of the Year (Under $500M)	Special Situations M&A Deal	Best M&A Advisory Firm of the Year	Restructuring Deal of the Year (Over $500M)

TRANSACTION TYPES

- Sell and Buy-Side M&A
- § 363 and Article 9 sales
- Refinancings
- Buyouts, Recapitalizations, and Carve-outs
- Growth Capital, "Rescue" Capital, DIP Financing

STRUCTURES

Secured Loans:

- Asset-Backed and Cash Flow Loans
- 1st and 2nd Lien and Unitranche Loans
- Fund Level (NAV) Loans

Other Structures: Mezzanine, Pref Equity

INDUSTRY COVERAGE

- Automotive
- Manufacturing, Chemicals & Industrials
- Technology, Media & Telecom
- Building Products & Construction
- Healthcare & Life Sciences
- Retail & Consumer
- Business Services
- Food & Beverage
- Financial Services
- Transportation & Logistics

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- Investigations & Accounting
- Joint Ventures and Partnerships

AWARDS

2025
Forbes World's Best Management Consulting Firms

2024
Forbes World's Best Management Consulting Firms