

Legal services

Data centre boom sparks deals rush

Frenetic hyperscaler activity in US demands extensive legal support

PETER BARBER

The world is witnessing a building frenzy on a scale not seen since the 19th century, but this time it is data centres rather than railways.

Google, Amazon, Microsoft and Meta will spend more than \$400bn on data centres in 2026, on top of more than \$350bn this year, as they battle for supremacy in artificial intelligence.

Law firms hired by the “hyperscalers”, such as Amazon Web Services, Microsoft Azure and Google Cloud, are among the beneficiaries of the rush to build out the companies’ booming cloud services businesses.

“I don’t have a deal on my desk that’s less than \$4bn to \$5bn” says Melissa Kalka, a partner at Kirkland & Ellis, which has more than 100 lawyers working on data centres full time.

As investments in other construction projects have flatlined, JPMorgan last month predicted that more than \$5tn would be spent on building AI infrastructure over the next five years.

“I read once that every eight minutes, we save as much data on to cloud computing as the entire Library of Congress contains in its record,” says David Ridenour, a partner at King & Spalding. “So the content we are creating is so massive . . . that even without AI we would see massive growth.”

Consultancy McKinsey expects demand for data centres to increase by 22 per cent a year.

“The latest trend is really funds focused on data

centres, digital infrastructure funds — it’s really becoming a very precise asset class,” says Kirkland partner Erica Berthou.

Artificial intelligence company OpenAI’s Stargate Project, Phase 1 of which is under way in Abilene, Texas, will be one of the largest data centre campuses in the world. It is so ambitious and on such a tight timetable that it is widely referred to as Project Ludicrous.

Norton Rose Fulbright brought together specialists in deal financing, corporate and M&A, real estate and project management for AI infrastructure company Crusoe Energy Systems to handle the workload.

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Melissa Kalka, Kirkland & Ellis

“[Just] from the real estate perspective, we had something like six different attorneys working on it because of the demands of getting it done in such a compressed timeframe,” says Ammad Waheed, who leads Norton Rose’s Houston-based real estate group. The Abilene site will be powered by 1.2 gigawatts of electricity, enough to power as many as a million American homes.

“One raging issue in the US right now is the grid,” says Robert James, a partner at Pillsbury Winthrop Shaw Pittman. “As anyone visiting the US knows we have underinvested systematically

in our infrastructure, and the electrical grid is no exception to that.”

S&P Global predicted in October that data centres in the US would require 22 per cent more grid power by the end of 2025 than they did last year, and nearly three times as much in 2030.

Data centres are increasingly facing opposition from local communities who worry they are driving up utility bills and causing electricity disruptions.

The centres can also suck up massive amounts of water to cool the servers, and there have been complaints about constant noise and questions over how much they actually contribute to local economies.

A report from Data Center Watch, which tracks community opposition to developments in the US, estimated that in the second quarter of 2025 alone, \$98bn in projects were blocked or delayed due to local action, more than the total for all previous quarters since 2023.

Many believe a long-term solution will come down to one technology: “At the end of the day there is going to have to be a nuclear play,” says King & Spalding’s Ridenour. Since 2019, US government agencies have committed more than \$6bn to developers of small modular reactors, according to FT research.

Pillsbury said it was advising on multiple projects worldwide to build Westinghouse’s AP1000 pressurised water reactor power plants and AP300 SMRs, including “a leading US nuclear operator on several AP1000 projects supporting data centre demand.”

The scale of investment has raised fears that an AI bubble is inflating, threatening the entire US economy if it bursts. Harvard economist Jason Furman has estimated that spending on data centres and related technology accounted for 92 per cent of US GDP growth in the first half of 2025.

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Erica Berthou, Kirkland

James does not believe it is a bubble. “I think that you will find new uses for computation of this scale. We are working with real assets, with real dirt, with real steel and real silicon.”

Some industry participants’ ambitions are even reaching into space.

Google is planning “an interconnected network of solar-powered satellites” equipped with AI chips.

Start-ups Starcloud and Axiom Space want to turn satellites into orbiting data centres, while Lonestar has converted a lunar landing module for a data centre on the Moon.

“New dimensions will be found, some of which will transcend these earthbound issues, and some may introduce issues of their own,” says James.

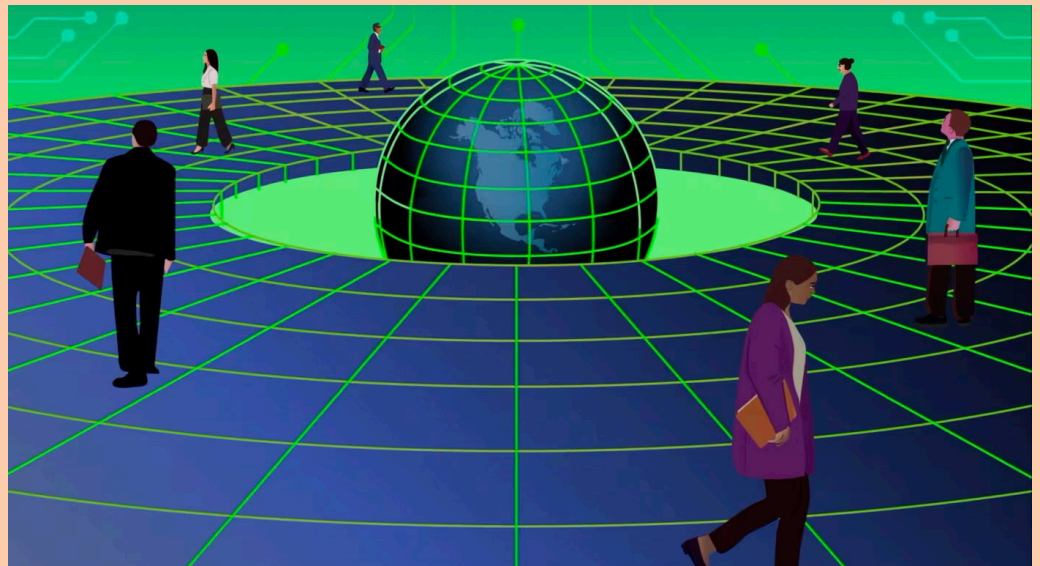
Law

Ten legal practitioners, ten approaches to achieving breakthroughs

Each lawyer highlighted here is recognised for work that addresses pressing questions, whether in finance, regulation or litigation

HARRIET ARNOLD

Every year a panel of judges selects the “FT most innovative law firm practitioner” from a shortlist of lawyers who stand out for making breakthroughs. The expertise on display here may range from financial structures to new regulation to prowess in litigation, but each lawyer is intent on legal work that will address pressing questions of all kinds.



Efi Chalikopoulou.



Most Innovative Law Firm Practitioner

Erica Berthou

Partner, Kirkland & Ellis

The race to build more data centres to support artificial intelligence is stoking demand for energy infrastructure and opportunities to invest. Erica Berthou, an investment funds partner, is helping to satisfy those two demands.

As a member of Kirkland’s executive committee, Berthou first established an infrastructure fund formation platform in 2021, which brought together expertise formerly spread across the firm — in areas such as tax and property, as well as finance. These cross-disciplinary teams track and share intelligence to ensure advice on the platform matches clients’ needs.

Those clients include some of the biggest names in private equity: the platform has supported fundraisings including Antin Infrastructure Partners V (\$10.2bn), Blackstone Green Private Credit Fund III (\$7.1bn), TPG Rise Climate (\$7.3bn) and ISQ Global Infrastructure Fund III (\$15bn).