Data centre ABS: growth from the ground up

Joe Allen, deputy CIO and head of securitised credit strategies at Bright Meadow, an investment team within Mariner Investment Group, highlights the strengths in the ever-growing world of digital infrastructure.

By Jacob Chilvers 19 May 2026 Structured Credit Investor

The age of digital infrastructure growth is in full swing, with investors betting on rapid scaling to deliver fruitful returns in the sector. A new report by **Bright Meadow** analyses the opportunities **in data centre-backed credit** and the inference demand of AI in the ABS market.

Q. Data centre spreads have been quite wide for the risk. Are people misunderstanding some of the fundamentals here?

A. No, I think it is still a relatively new asset class. There are some risks the market is grappling with, and we hear from other investors that they are still concerned about obsolescence risk.

To that end, we'd highlight that, with a data centre, lenders are not financing the chips or the technology within the data centre; they are financing the walls, the security, the cooling, and the infrastructure around it, which we believe carries less risk.

We believe investors are coming to grips with that. There's a lot of supply, and the market is growing rapidly, which has made it harder for investors to reallocate their capital quickly enough to understand these new structures and price them properly.

Q. What does the investor base look like today, and how do you see this evolving over time?

A. As there's a lot of investment-grade issuance, it tends to be money manager and insurance money. With that said, we are starting to see quite diverse pools of money coming in as well, including hedge funds and others.

Looking ahead, we believe that, given the extensive capital needs among issuers, this market will include many different types of investors. We see this growing from a niche asset class to being broadly included in most investors' portfolios.

Q. Energy is going to play a big part in the growth of this market. How are lenders pricing geopolitical risks?

A. Power is a very important issue here. We've focused on investing mostly in stabilised in-place data centres that are up and running. For construction-stage assets, power becomes a much bigger consideration. Do they have access to power? How will they access power? And even on stabilisation, what is the price of power they're sourcing? How certain is that power?

But for the most part, if we're talking about a stabilised in-place data centre, they will likely have secured the right to that power, so that presents less of a risk. The price is typically passed through to the tenant. That said, power availability will be the limiting factor for new data centre builds going forward.

Q. Your report highlights that AI will increase the demand wave for data centres, and LPs will benefit from this, while not taking on major risk. How so?

A. The ABS market today doesn't have a lot of AI exposure. For existing bonds, this demand trend provides a tailwind, and over time, we do expect more AI exposure to come to the market, whether it's through ABS or corporate issuance. All that said, we expect that exposure to be driven by inference demand rather than training demand. We think that inference demand tends to be safer and easier for investors to understand because it's demand that has been proven out of the model.

If you think about an AI model, the training phase was when we didn't know what these models would necessarily do or who would use them. With inference, someone is raising their hand and saying, "I am using this model, and I need this compute for this particular use case." There are two points to make there. One, it benefits the existing bonds that don't necessarily have the AI exposure. And two, what we'll see come to the market will be better understood in terms of its intended use.

Q. Do you see this all becoming a standardised part of an investor's allocation, or just staying like a niche subsection?

A. We see it becoming a standardised part of the allocation, where investors will increasingly encounter it across channels, whether they seek it out or not; the corporate issuance is growing quite rapidly. We are also seeing this growth in ABS, CMBS, and private credit.

The sector will continue to grow rapidly, attracting investors and making it more of a standalone asset class than a niche one.