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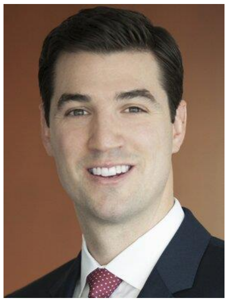
Tips For Counsel As PE Eyes Data Center Facility Services

By **John Sheehan and Mark Opitz** (February 6, 2026, 5:52 PM EST)



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The global data center market experienced rapid expansion as enterprises, cloud providers and artificial intelligence developers poured capital into new capacity to meet soaring demand over the last two years.

According to JLL,[1] the broader data center and information technology infrastructure market is projected to surpass $317 billion this year as demand from generative artificial intelligence, edge computing and cloud adoption accelerates growth across regions.

As capital floods into hyperscalers, colocation platforms and data center real estate, one segment of the digital infrastructure ecosystem remains quietly undervalued: commercial facility services — a comprehensive, integrated suite of cleaning, maintenance and operational tasks designed to manage, repair and optimize commercial properties.

Yet as data center operations grow more complex and uptime — the time a computer system, server or application is operational, functional and accessible to users — tolerance narrows, these service providers are becoming central to risk management, scalability and long-term value creation, making them an increasingly important focus for private equity investors and deal counsel alike.

As private equity interest in services-enabled digital infrastructure grows, merger and acquisition activity is increasingly shaping how facility services platforms scale, diversify capabilities and deepen customer relationships — making deal execution and integration considerations a critical part of the investment thesis.

Data Centers Are Operationally Intensive by Design

Unlike traditional commercial real estate, data centers are mission-critical, high-density and always on. Power continuity, cooling efficiency, uptime guarantees, regulatory compliance and security are not just differentiators, they are baseline requirements.

This operational intensity fundamentally changes the economics of commercial facility services in the data center sector. For example:

- Zero tolerance for failure drives long-term, sticky customer relationships;
- Specialized technical expertise creates meaningful barriers to entry;
- 24/7 service requirements expand contract value and scope; and
- Regulatory, cybersecurity, and environmental, social and governance demands broaden the range of outsourced services.

For investors, this translates into commercial facility service businesses embedded in data center operations often exhibiting recurring revenue, long contract durations and high switching costs.

Structural Tailwinds Supporting Commercial Facility Services Growth

Several trends are strengthening the investment case for building data center-focused commercial facility services platforms.

Capacity Expansion and Geographic Diversification

Hyperscalers and colocation providers are rapidly expanding into secondary and tertiary markets — those smaller real estate regions categorized by lower population densities. These new locations often lack established ecosystems of data center engineers, network specialists and other highly specialized technical talent, increasing reliance on third-party commercial facility services providers with national or global reach.

*R**ising Power and Cooling Complexity***

AI and high-performance computing workloads are driving unprecedented rack densities, or the amounts of electrical power consumed by IT equipment within a data center. Liquid cooling, hybrid cooling systems and advanced energy management solutions require specialized maintenance capabilities favoring providers with deep technical expertise.

Outsourcing by Design

Even large data center operators are increasingly viewing noncore operational tasks — mechanical, electrical, HVAC, security, power management, monitoring and compliance — as candidates for outsourcing to reduce risk and improve cost predictability.

ESG and Energy Efficiency Mandates

Sustainability reporting, carbon reduction targets and energy optimization initiatives are pushing operators to partner with commercial facility service providers that can deliver measurable efficiency improvements and compliance support.

What Investors Should Look For in Commercial Facility Services Platforms

Not all commercial facility services businesses are created equal. For investors evaluating potential commercial facility service targets in the data center ecosystem, several characteristics stand out:

- Demonstrated data center — specific capabilities, not generic commercial facility services;

- Long-term master service agreements with blue-chip operators;

- Integrated service offerings spanning mechanical electrical, monitoring, lifecycle upgrades — and heating, ventilation and air conditioning systems; and

- Scalable operating models capable of supporting customers across multiple geographies.

Commercial facility services businesses that combine technical depth with geographic scalability will be particularly well positioned to become platforms that execute a buy-and-build strategy.

A Fragmented Market Ripe for Consolidation

Despite strong demand fundamentals, the data center-focused commercial facility services market remains fragmented; Many providers are regional, founder-led, and operationally strong but lack scale, technology investment or capital for expansion.

This fragmentation creates a compelling opportunity for private equity and infrastructure investors to:

- Execute rollup strategies in key data center corridors;
- Professionalize operations and reporting;
- Invest in technology-enabled monitoring and predictive maintenance; and
- Expand service lines aligned with ESG and energy optimization.

M&A Considerations for Private Equity Investors in Facility Services and Data Center Transactions

For private equity sponsors pursuing platform creation and buy-and-build strategies in data center-focused facility services, deal success over the next several years will hinge less on generic-services playbooks and more on underwriting operational risk, contract transferability and scalability. The sector's tailwinds are strong, but value creation will depend on disciplined diligence and integration.

Platform Thesis Starts With Contract Quality and Portability

Many attractive targets are tied to a small set of hyperscalers, colocation operators or enterprise customers. Sponsors should prioritize targets with master service agreements and site-level work orders that provide durable scope, pricing mechanics that keep pace with wage and parts inflation, and clean change-order economics.

Assignment and/or consent requirements and customer step-in rights can become gating issues — particularly in rollups — so early mapping of potential consent requirements and customer communication strategy is critical.

Uptime and SLA Exposure Underwriting Variables

Data center customers increasingly embed service credits, liquidated damages and strict incident response obligations. Sponsors should conduct diligence on historical credits and outage events, root-cause protocols, and whether liability caps and exclusions align with the target's insurance program.

Where the target touches commissioning mechanical, electrical and plumbing systems, and also support, controls and/or monitoring, or mission-critical change management, consider tighter indemnity regimes, escrows and holdbacks, and earnouts tied to service quality and retention.

Labor and Constraint

A scalable technician pipeline — recruiting, training, original equipment manufacturer certifications, background screening and supervisory depth — is often the most defensible value driver. In secondary and tertiary markets, sponsors should evaluate wage pressure, turnover, union exposure and subcontractor dependency, and build the investment plan around workforce development, safety culture and utilization management.

Cyber and Physical Access Risk as a Diligence Workstream

Even nontech providers may have privileged access to badge-controlled areas and building/power management systems. Private equity buyers should assess access governance, vendor management and incident history, and be prepared to invest post-closing in controls, documentation and auditability to meet customer requirements.

Possible Energy Optimization and Compliance Growth Levers

Add-on acquisitions that expand into liquid cooling maintenance, energy management and ESG reporting support can deepen share of wallet, but sponsors should validate baselining and verification methods and clarify ownership of savings and incentives. In parallel, confirm licensing and permit compliance, environmental health and safety programs, and any design-adjacent work that may trigger professional liability.

Integration Readiness Determines Whether the Rollup Compounds

The private equity playbook should center on standardizing computerized maintenance and management and work order systems, preventive maintenance, spares and inventory, safety protocols, and customer reporting — so acquisitions translate into scalable margin and credible national coverage.

Conclusion: The Bottom Line

As capital continues to flow into the data center sector, the importance of reliable, specialized commercial facility services providers will only heighten. For investors seeking exposure to the sector — particularly private equity sponsors pursuing platform strategies — data center-focused commercial facility services companies represent a powerful and often overlooked investment thesis, combining recurring revenue potential with mission-critical customer embeddedness.

In the next phase of data center growth, uptime will be everything — but so will execution. The firms that keep the lights on, systems cooled, and facilities secure and compliant may prove to be among the most valuable assets in the digital infrastructure ecosystem, especially as M&A and integration become central levers for building scaled, multiregional service platforms with expanded technical capabilities.

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[1] JLL, Global edge data center market to cross $300B by 2026. https://www.jll.com/en-us/newsroom/global-edge-data-center-market-to-cross-300-billion-dollar-by-2026?.