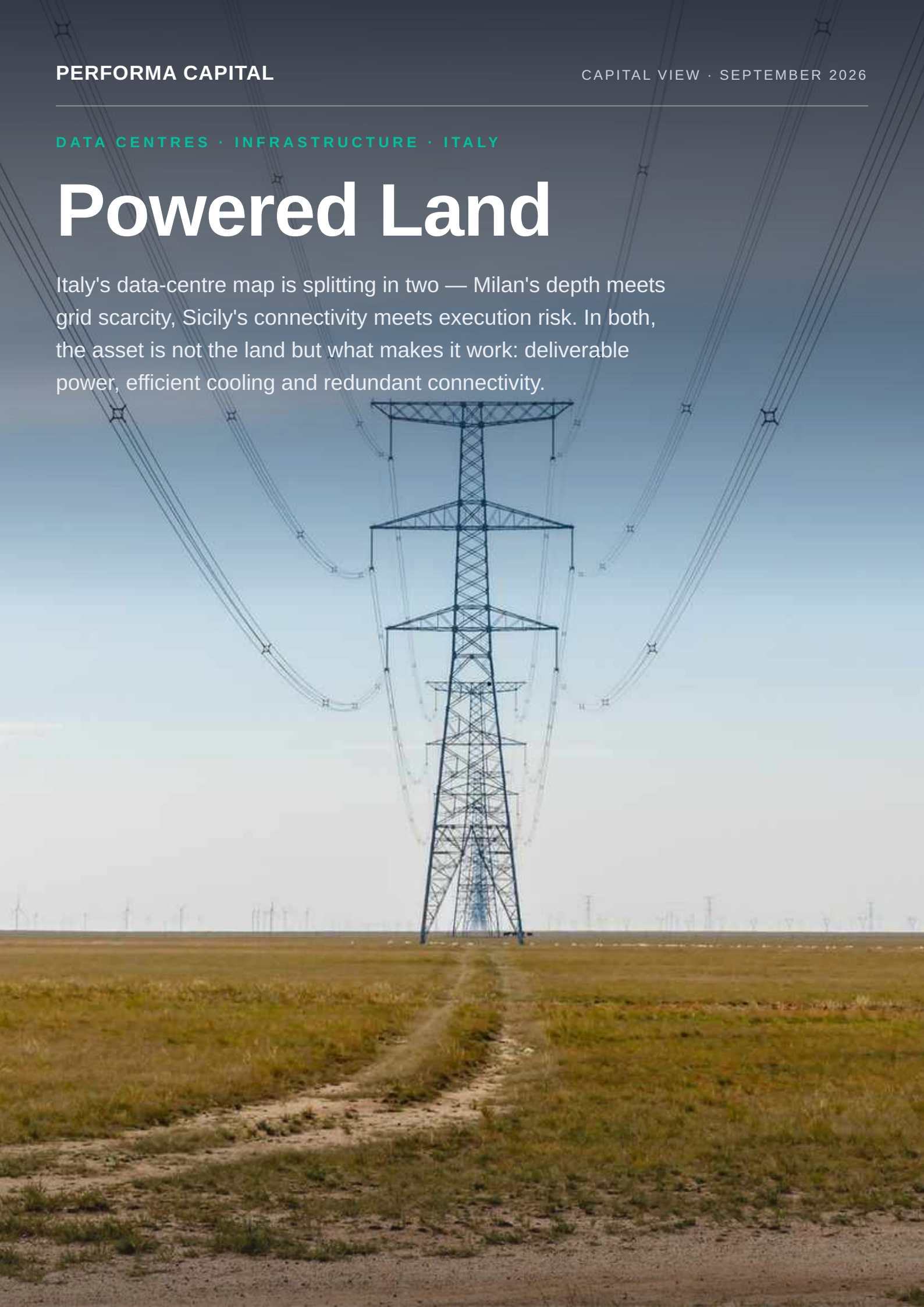


DATA CENTRES · INFRASTRUCTURE · ITALY

Powered Land

Italy's data-centre map is splitting in two — Milan's depth meets grid scarcity, Sicily's connectivity meets execution risk. In both, the asset is not the land but what makes it work: deliverable power, efficient cooling and redundant connectivity.



THE QUESTION, ANSWERED

How is land for a data centre priced in Italy? Not per square metre. A site is valued on the electrical power it can secure (MW), the voltage and distance to a substation, and the time to connect. Land without a credible route to power is, for this use, close to worthless; secured, deliverable power — **powered land** — is the scarce asset.

513 MW

Italy installed IT capacity, 2024 (+17% YoY) — RINA Prime

~730 MW

National connection contracts actually signed — Knight Frank / Terna

82 GW

National connection requests — gross demand, not deliverable

€133 /MWh

Italian power price, 2025 — above every peer

KEY TAKEAWAYS

- **82 GW** of grid-connection requests nationally, but only **~730 MW** under signed contracts — the headline pipeline overstates deliverable power by two orders of magnitude.
- Milan holds **~46%** of national capacity, yet colocation take-up **more than halved** to 68.8 MW in 2025 — demand is slowing and turning selective.
- Italian wholesale power averaged **€133.5/MWh** in early 2025, above every major peer; energy is **40–70%** of a data-centre's operating cost.
- Sicily offers subsea connectivity (Sparkle / BlueMed) and land, but **no site-level power** yet — value needs firm power plus redundant terrestrial backhaul.

01 The power gap — requested vs deliverable

Italy's headline pipeline overstates near-term deliverability. Knight Frank, attributing grid data to Terna, reports more than **82 GW** of national connection requests. Almost **50 GW** have been approved in principle — but only about **730 MW** has progressed to signed connection contracts. Demand for power outruns deliverable power by two orders of magnitude, and that scarcity is what land buyers are really paying for.

The national power gap — connection pipeline (end-2025)



Source: Knight Frank, Data Centre Atlas 2026, citing Terna (end-2025).

The queue, by level (end-2025)	Pending requests	Approved
Italy (national)	31.8 GW	~50 GW
Lombardy	12.8 GW (~40%)	26 GW
Milan province	4.6 GW	12.1 GW
Signed connection contracts (national)	—	~730 MW

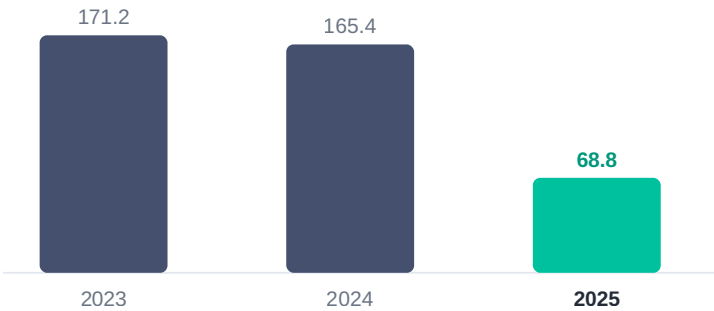
"Approved" is capacity authorised on paper; it is not a guaranteed connection. Part of the queue is likely speculative — occupying the line without becoming built capacity. Source: Knight Frank, 2026 (Terna data).

02 Milan: the demand is real, the deliverable power isn't

Milan is Italy's dominant market, but the interesting signal is not just power scarcity — it is that absorbed demand is **slowing and turning selective**. Colocation take-up fell to **68.8 MW in 2025**, from 171.2 MW in 2023 and 165.4 MW in 2024. The built base is about **184–186 MW**, with potential expansion toward **500 MW** over the following two years.

So Milan has a very large potential pipeline, a grid under pressure — and, recently, much weaker absorption. The investment question is not whether Milan has a pipeline, but **how much of it can be powered, built and absorbed**.

Milan colocation take-up (MW leased per year)



Source: Knight Frank, Data Centre Atlas 2026. Take-up more than halved in 2025.

Milan is not short of proposed capacity. It is short of **credible, deliverable capacity** — and increasingly **selective demand**.

The sophisticated read of the Milan market, end-2025.

A measurement note — two numbers that are not a contradiction. RINA Prime measures *installed IT capacity* (238 MW for Milan, 2024); Knight Frank measures *built or live capacity within its own market dataset* (≈186 MW, end-2025). These figures should not be added or directly ranked — they answer different questions.

Permitting is being reformed — but that is not power

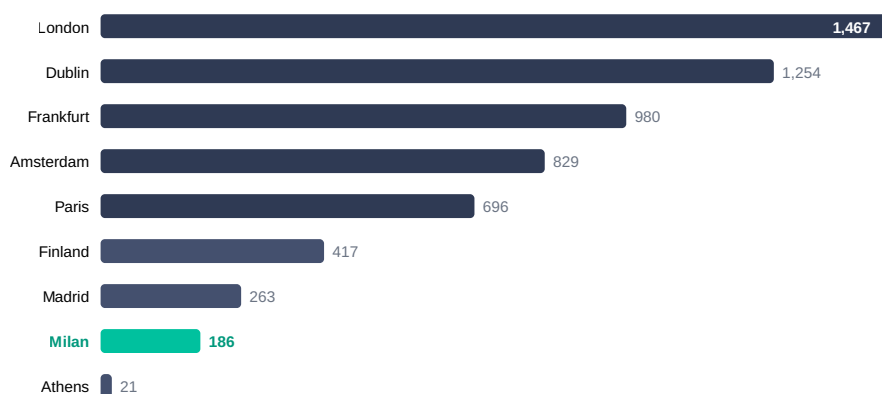
Italy's February 2026 reform introduces a unified authorisation procedure, replacing fragmented processes, with a stated maximum of around ten months and a likely filter against speculative projects. The correct reading is not that authorisation is now fast in absolute terms: **the reform may shorten and clarify the authorisation pathway, but it does not create grid capacity. In Milan, permitting certainty and power deliverability remain separate investment questions.** A plot can be fully permissible and still not be a bankable data-centre site.

Authorisation risk is a value variable, not a footnote. On a large project a one-year permitting delay does not just add cost — it defers a full year of operating income and of any energy saving, which dwarfs the administrative fee. The discipline: underwrite against a two-year delay, require a subsidy that runs from energisation (not signature), and keep a partial-use exit if consent never comes.

03 The market, in numbers

Italy's installed capacity reached **513 MW IT in 2024** (+17% YoY), Milan ~46% of it; the colocation market was worth €765m. Investment announced in 2024 was about **€37bn** (Microsoft €4.3bn, AWS €1.2bn, Data4 €2bn, a €30bn foreign commitment), with **€10.1bn for 2025–26**.

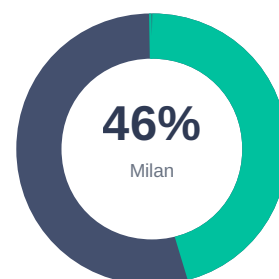
Europe's markets — live capacity (MW), end-2025



Source: Knight Frank, Data Centre Atlas 2026. Milan highlighted.

The Politecnico di Milano puts the three-year pipeline at **~€25bn across 83 projects**, Milan drawing about a quarter of all European data-centre investment. In live-capacity terms, however, Milan is still a mid-table European market.

Milan's share of Italy



238 of 513 MW IT (2024, installed).
RINA Prime.

04 The energy-cost reality

Securing power is half the equation; paying for it is the other. Italian wholesale power averaged **€133.5/MWh** in early 2025 — above every major peer — and roughly **142% above its 2016–19 average**. Energy is **40–70% of a data centre's operating cost**.

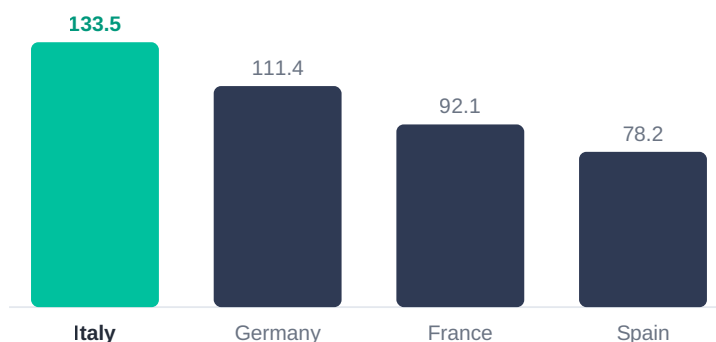
That reshapes site selection: proximity to cheap, firm, ideally renewable power can matter more than

proximity to a city. It is why renewable-rich regions enter the conversation at all — even where their grids are weaker today.

Where firm renewable supply is the objective, long-term power-purchase agreements (PPAs) and on-site battery storage (BESS) are increasingly used to shape intermittent generation into the 24/7 load profile a data

centre needs — though neither substitutes for a secured grid connection.

Wholesale electricity price, Jan–Apr 2025 (€/MWh)



Source: RINA Prime, 2025. Italy highlighted.

Illustrative — on stated assumptions, not a market figure. At a 50 MW IT load and a PUE of 1.30, a site draws ~569,400 MWh a year, so every €10/MWh on the power price is about €5.7m a year. The subtler point is cooling: if a hotter southern summer lifts PUE from 1.30 to 1.45, the extra energy cost is ~€8.8m a year — so cheaper power has to be roughly **€15–16/MWh lower just to break even**. Cheap southern electricity can be cancelled by the cost of cooling. (Illustrative model; real figures are deal- and contract-specific.)

05 Sicily: connectivity, not scale



- Established hubs — deepest grid & demand (Milan, Rome)
- Southern frontier — subsea cables, optionality

Sicily's case is not yet one of scale; it is one of **connectivity**. Through Sparkle (TIM), Palermo has become a Mediterranean landing point — the "Palermo Sicily Hub" and the BlueMed system — creating the possibility of serving routes between continental Europe, North Africa and the wider Mediterranean, for carrier-neutral, edge and regional facilities.

But connectivity is not power. Terna's Tyrrhenian Link (Sicily–Sardinia–Campania) may strengthen the strategic role of Sicily within Italy's electricity system, but it does not by itself establish site-level data-centre capacity. A project still requires a documented route to a suitable substation and a signed connection pathway.

Plausible but not yet proven, and to be treated as investment hypotheses: lower land cost than Lombardy, wider land availability, subsea-cable access, solar potential, proximity to Mediterranean routes. We found no primary source showing Sicily already has a Milan-scale pipeline, large operational IT capacity, or secured power for large campuses. Sources: Sparkle / TIM (connectivity); Terna (grid interconnection).

The real bottleneck: terrestrial backhaul

Sparkle's Sicily Hub in Palermo connects to the island's main landing stations — Palermo, Trapani, Catania, Mazara del Vallo — and routes toward North Africa, Malta, Greece and the Middle East; Sparkle reports latency savings of roughly 15–35 ms on relevant routes (operator-reported, not an independent benchmark). But a landing point on the coast does not transfer its value to land inland. **A submarine cable is not a data-centre advantage until it becomes diversified terrestrial connectivity** — two physically separate fibre routes, multiple carriers, and a documented path to the campus. A site near one landing but dependent on a single corridor can be weaker than a site further away with two independent routes.

Milan has the demand. Sicily has the route. Neither has value without power.

Italy's data-centre map, in one line.

06 Where energy and cables meet — beyond Milan and Sicily

The best Italian sites are not defined by landing points alone, but by the intersection of landing access, redundant terrestrial fibre, firm grid capacity, efficient cooling and anchor demand. On that test the map is wider than Milan and Sicily.

Area	Dominant advantage	Dominant risk
Milan & Lombardy	Deepest demand and interconnection.	Power scarcity and cost.
Palermo – Termini Imerese	Sicily Hub cables + Tyrrhenian Link + space.	Deliverability and demand to build.
Genoa	Submarine landing bridged to Northern demand (Milan / Turin).	Scarce, costly large sites.
Rome – Civitavecchia	National demand (public sector, telecom) and centrality.	Weaker international-cable edge.
Bari – Brindisi	Adriatic landings + Puglian renewables + land.	Scale and firm power to prove.
Catania – Augusta	Industry, ports (offshore-wind hubs), Mediterranean routes.	Summer cooling, grid, demand.
Bologna – Modena	Industrial / AI-HPC enterprise demand.	No direct cable advantage.

A qualitative read, not a site valuation: each area still needs site-level verification of firm power, backhaul redundancy, cooling and title. Cable / landing facts: Sparkle / TIM. Grid: Terna.

Landing a cable lowers the cost of connectivity; it cannot replace a grid connection. Cheap power lowers operating cost; it cannot replace demand.

The winning Italian sites are where firm power, efficient cooling, redundant backhaul and paying demand meet.

07 What makes a plot "bankable" for a data centre

How we tell, quickly, whether a site is a real data-centre opportunity or just land — and the structure of our own site-assessment sched.

 **Securable power (MW)** — how many megawatts can realistically be obtained? The headline figure, before anything else.

 **Voltage & substation** — nearest primary substation, line voltage (MV, 150 kV, 220/380 kV) and distance.

 **Connection timeline** — has a request been lodged with Terna / E-Distribuzione, and the realistic time to energisation?

 **Water & cooling** — availability for cooling, discharge routes, environmental limits.

 **Connectivity** — distance to fibre backbone and, in the South, to subsea-cable landing stations.

 **Planning & title** — zoning compatibility, constraints (landscape, archaeology, hydrogeology) and a clean, verifiable title or mandate.

How the capital is sequenced — de-risking before the main CAPEX

1 · OPTION

Land option

Low capital, with exit rights if power, fibre or consent fail.

2 · PRE-DEVELOPMENT

De-risk

Connection request, geotechnical & environmental studies, cooling design, carrier and pre-lease.

3 · CONDITIONAL CLOSE

Commit on proof

Power formally assigned, key consents, connection contract, anchor tenant, tariff secured.

4 · MODULAR BUILD

Scale in stages

10–15 MW first, then 25 MW, then 50 MW — never the full load before demand is proven.

A method, not a specific transaction: capital is staged so each tranche is spent only after the prior risk is cleared.

08 The bottom line

There is no clean €/sqm benchmark for data-centre land, and anyone quoting one is selling a number that does not exist. Value is a function of **secured power, connection timeline and entitlement** — not surface area. Milan monetises ecosystem density but rations power; Sicily offers connectivity and optionality but carries execution risk. For a landowner, the way to unlock value is to pursue a grid connection and resolve planning. For an investor, lead with the power question and let it decide the deal.

FREQUENTLY ASKED

Is data-centre land cheaper in the South of Italy?

Land and labour are cheaper, with incentives and a subsea-cable advantage — but the grid is weaker and hotter. A southern plot is competitive only where a credible, documented power route is in place.

How long does it take to connect a data centre to the grid in Italy?

Italy publishes no standard figure; mature European markets run 5–10 years, and Milan's queue shows how little requested capacity is actually contracted. Time-to-power is itself a large part of a site's value.

What single number decides a data-centre site?

The megawatts it can secure, and when. Everything else — size, price, location — is secondary.

09 Sources & how we weight them

We separate sources that *measure* from sources that *narrate*: Terna measures the grid; Sparkle documents the cables; Knight Frank interprets the market; commercial forecasters sell a projection. Every figure is cited with its vintage; where a figure is unavailable we say so rather than estimate it.

Primary	Terna (grid, connection queue) · Sparkle / TIM (subsea cables, Sicily Hub) · MIMIT (authorisation, national strategy) · GSE (renewables) · ARERA (electricity prices & market)
High-quality secondary	Knight Frank, Data Centre Atlas 2026 (Milan capacity, pipeline, deliverability) · RINA Prime 2025 (Italian capacity, investment, energy) · Politecnico di Milano (pipeline, economic impact)
Context only	CBRE · JLL · Cushman & Wakefield (outlook, occupier demand) · DatacenterDynamics · TeleGeography (project & cable news, to be corroborated)
Not used as proof	Mordor Intelligence · Research and Markets · SEO market pages (commercial forecasts with undisclosed method; interesting as scenario, never as primary evidence)

A measurement note: RINA Prime reports Milan's *installed* IT capacity (238 MW, 2024); Knight Frank reports *built/live* capacity (≈186 MW, end-2025). Different definitions — not added or ranked. Market commentary, not investment advice.