DSM CAPITAL PARTNERS

INVESTMENT PERSPECTIVE · November 2026

AI INFRASTRUCTURE

Are the Opponents of Data Centers Making Their Owners More Profitable and Predictable?

Short-term GPU rents are high enough for a data center to pay for itself in under two years. That invites a building boom, and a slower build-out could leave the industry's profits larger and steadier.

$2.97
H100 rental price per GPU-hour, Nov 5, 2026: a one-year high
Source: Silicon Data H100 Rental Index via Bloomberg

+52%
Rise in the H100 rental price from its Nov 2025 low of $1.96
Source: Silicon Data H100 Rental Index via Bloomberg

~$20 / ~$40
Annual rent per watt: multiyear vs. under-one-year contracts
Source: DSM estimates

~$60
Cost per watt to build a data center today
Source: DSM estimates

The stronger-than-expected showing by Democrats in the midterm elections[1] has crystallized concerns around the pace of data center construction. What can't be controlled by political fiat, however, is underlying demand for AI compute, which continues to grow unabated.

> **If everyone has to build a little more slowly, the industry gets a longer tail at higher prices. Growth is slightly lower, but profits are greater.**

THE ECONOMICS OF RENTING COMPUTE

- **Demand is still rising.** The price to rent an Nvidia H100 is at a one-year high.
- **Multiyear contracts at ~$20 per watt** pay back a data center in about three years.
- **Short-term rates of ~$40–50 per watt** pay it back in one to one-and-a-half years.

WHY SLOWER COULD BE BETTER

- **Rates this high invite a rush to build,** with large capacity additions planned for 2027.
- **If demand slowed,** uncontracted capacity could make construction more cyclical for suppliers.
- **Restrictions stretch out the cycle:** a longer tail at higher prices means greater profits.

01 Demand for AI compute continues to grow unabated

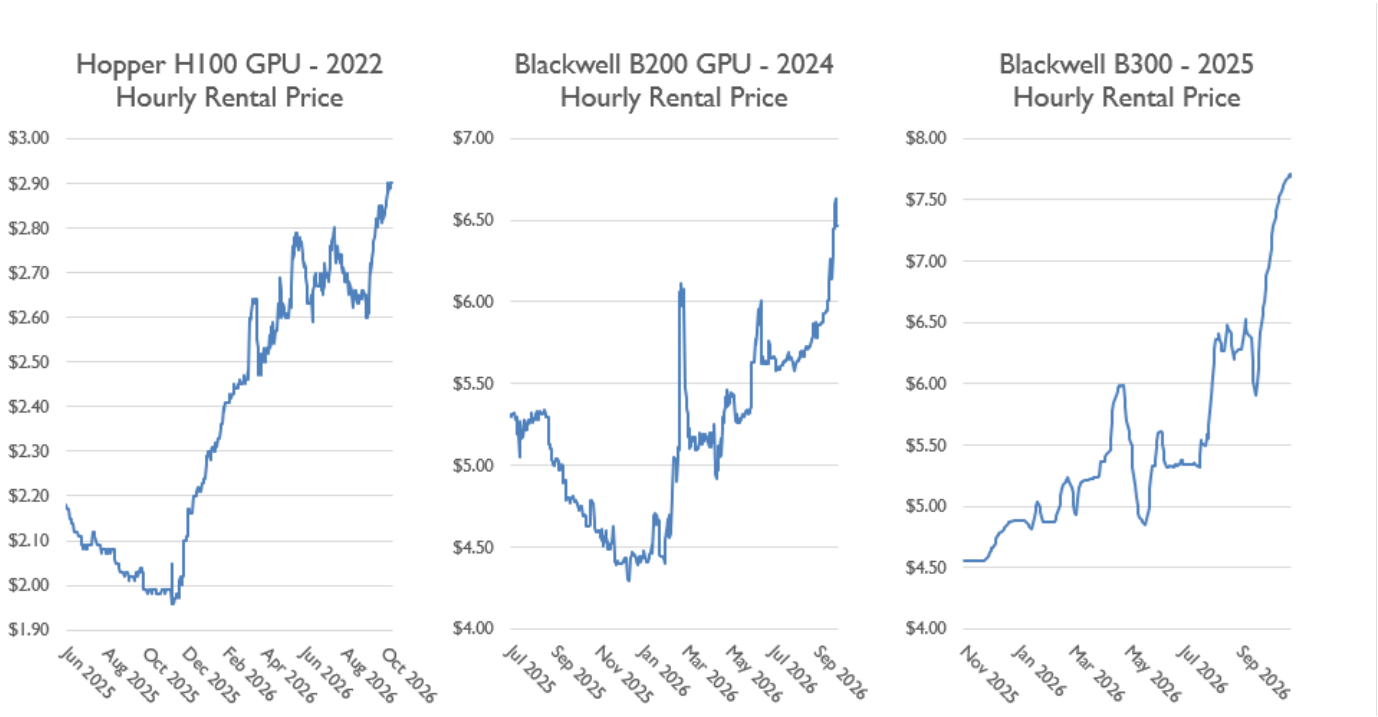
Demand for AI compute is reflected in the cost to rent an Nvidia GPU. The Silicon Data H100 Rental Index reached $2.97 per GPU-hour on November 5, its high for the past year, up from a low of $1.96 in November 2025.

The cost to rent an Nvidia H100 is at a one-year high



Silicon Data H100 Rental Index (SDH100RT), daily, November 6, 2025 to November 6, 2026, in dollars per GPU-hour. Chart: Bloomberg, reproduced as published.

GPU rental prices



Hourly rental prices for Nvidia Hopper H100 (2022), Blackwell B200 (2024) and Blackwell B300 (2025) GPUs. Source: DSM; Bloomberg.

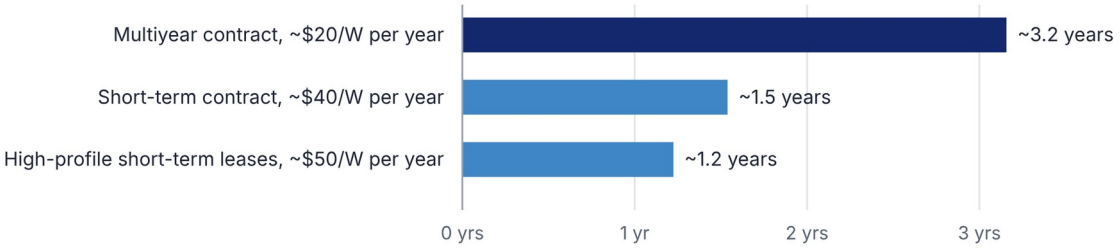
02 Rental revenue is almost pure profit

GPU rental prices in these ranges equate to an annual price of ~$20 per watt of data center capacity for multiyear contracts.[2,3] For shorter-term agreements of less than a year, prices are much higher, ~$40 per watt[2,3], reflecting the near-term scarcity of compute as end users ramp their usage and labs explore new research directions. For context, ~$60 per watt is what it costs to build a data center today, and the cost to operate it is minimal,

approximately $1 per watt. The rental revenue is almost pure profit on a cash basis, before depreciation and the cost of financing.

Nobody knows how long the current pricing environment will last. Demand is overwhelming right now, but a lot of capacity will come online in the next three to five years. So buyers will commit to the $40 per watt level only for sub-one-year timeframes: they need that capacity now to meet customer demand, but they might be able to get it for less in the future. Five years at $20 per watt is still attractive. It gives a three-year cash payback and an unlevered IRR of 20%, before the residual value of the GPUs at that point or the use of leverage to raise the return on equity. Data center owners are happy to lock in that $20 per watt rate for a multiyear period.

Years to pay back a ~$60 per watt data center



Build cost of ~$60 per watt repaid from annual rent net of ~$1 per watt operating cost; before depreciation, financing and GPU residual value. Source: DSM estimates.

03 Rates this high invite a building boom

In a sense, the ~$40 per watt short-term rates that some neoclouds have cited[2,3], or the ~$50 per watt short-term rates SpaceX received earlier this year for two high-profile GPU leases[4,5], are almost too good: the data center pays for itself in one to one-and-a-half years. So everyone is racing to put data centers together as fast as humanly possible. SpaceX, for example, expects to go from roughly 3 GW at the end of this year to at least 13 GW by the end of 2027.[6] For the builder it looks almost risk-free: secure a very high rate for a year or two and you own a fully paid-for asset, so the rate in years two to five matters much less.

That points to a massive amount of capacity added in 2027, because the economics are so strong. If demand starts to slacken at any point, there would be a lot of capacity without long-term contracts, and its owners would take whatever rate they can get short term. That could make data center construction more cyclical, which would hurt the predictability and profitability of their suppliers.

OUR VIEW

To be clear, we don't think demand is going to slacken. Historically, it has been very difficult to predict the long-term markets for transformational technologies. The total addressable market for the written word was far smaller before the printing press, and for local transport before the internal combustion engine. The impact and adoption of disruptive technologies have always been underestimated.

But if demand does slow, you can see why data center opponents might almost be doing the industry a favor by restricting the growth of data centers. If everyone has to build a little more slowly, the industry gets a longer tail at higher prices. Growth is slightly lower, but profits are greater, and more predictable for the suppliers that build and equip these facilities.

SOURCES

1 Associated Press, 2026 U.S. election results, as of November 17, 2026. Some races had not been called.

2 CoreWeave, Inc., third-quarter 2026 earnings call transcript. Source: Bloomberg.

3 IREN Limited, Q1 FY2027 earnings presentation (quarter ended September 30, 2026), November 5, 2026.

4 Anthropic, PBC, Amendment No. 2 to Form S-1 Registration Statement, filed with the SEC November 10, 2026.

5 Anthropic, news release, May 6, 2026.

6 SpaceX, third-quarter 2026 earnings call transcript. Source: Bloomberg.

Silicon Data H100 Rental Index via Bloomberg. Per-watt rent conversions, the ~$50 per watt estimate for the SpaceX leases, build and operating costs, payback periods and IRR are DSM estimates based on the sources above.

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