

Sectors in focus

DATA CENTER TENANCY AGREEMENTS - ROUTES TO STABILIZATION

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Summary

The convergence of data sovereignty, security, power, cooling, connectivity, service agreements and AI-driven operational demands is transforming the traditional data center lease or co-location agreement into a hybrid instrument. Part real estate contract, part technology service agreement. This trend reflects the complexity of projects, number of stakeholders involved, and the pace of technological change.

MSA structures

For tenants deploying capacity across multiple sites and jurisdictions, Master Service Agreement (MSA) structures are increasingly replacing a series of standalone leases. Core commercial and legal terms, including liability allocation, data protection obligations and security standards, sit in a single overarching agreement, with site-specific detail captured in separate site or service orders beneath it. This allows new capacity to be deployed quickly in new locations without revisiting the legal framework, which matters increasingly to tenants scaling rapidly across jurisdictions.

Future-proofing

Future-proofing is also front of mind. A data center built today may need to accommodate technologies that don't yet exist, so leases and co-location agreements increasingly need to be drafted as dynamic documents. This means including provisions that allow tenants to install next-generation cooling systems or draw materially higher power densities in future within a pre-agreed commercial framework.

[Read more about structuring shell and core data center developments .](#)

Allocating responsibility

Similarly, the rise of shell-and-core development requires a clear contractual interface between the developer's responsibility for a compliant base build and the tenant's responsibility for fit-out, typically documented through a detailed fit-out guide or technical protocol covering electrical and heat limits, cabling methods and fire and security systems. Comprehensive, contemporaneous record-keeping is increasingly treated as best practice and materially reduces the risk of disputes over whether the base build and tenant fit-out are properly integrated.

"A lease that can't flex to accommodate new technology is a liability. The MSA structure isn't just a tenant convenience, it's what lets developers scale across jurisdictions without renegotiating every time."

Tim Cline, Partner, St. Louis.

How BCLP can support you across the data center lifecycle

We help clients compete where others can't, bringing global insight to the legal challenges of next generation digital infrastructure. We understand the unique complexities and commercial drivers of the sector, and look at the whole asset, so you can maximize value. Our seamless coverage across real estate, planning, energy, construction, finance, tax, regulatory, data and disputes helps you connect the dots across the data center lifecycle.

Related capabilities

- Data Centers

Meet the team



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