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Private Equity Eyes Spark NZ Data Centres

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Private equity giant Pacific Equity Partners (PEP) has emerged as the frontrunner to acquire a significant stake in Spark New Zealand's \$555 million data centre business. The potential deal highlights growing investor appetite for digital infrastructure assets across Australasia. Industry analysts suggest the transaction could value Spark's data centre platform at nearly \$800 million, reflecting the premium placed on cloud storage capabilities in an AI-driven economy.

Spark, New Zealand's largest telecommunications provider, has been strategically separating its data centre operations to unlock shareholder value. The company's latest financial disclosures reveal its data centres generated \$112 million in earnings before interest, taxes, depreciation, and amortization (EBITDA) last fiscal year, representing 18% year-on-year growth. PEP's reported bid faces competition from Asian infrastructure funds, though sources indicate the Sydney-based firm's regional expertise gives it an edge. "Data centres have become the new gold rush," remarked Macquarie Capital analyst David Gibson, noting similar transactions in Australia reached 25 times EBITDA multiples.



The proposed acquisition comes as demand for data storage capacity surges across the Asia-Pacific region. Research firm IDC predicts the ANZ (Australia and New Zealand) data centre market will grow 14% annually through 2028, fueled by cloud computing expansion and artificial intelligence adoption. However, critics warn that private equity ownership could lead to higher costs for businesses reliant on these facilities. "These deals often result in aggressive cost-cutting and reduced service flexibility," cautioned University of Auckland technology professor Elaine Campbell during a recent industry panel.

As the due diligence process advances, market watchers anticipate a finalized agreement by November. The transaction's structure remains uncertain, with possibilities ranging from a partial stake sale to complete divestment. For Spark, the move represents another step in its transformation from traditional telecom to digital services powerhouse. For PEP, it signals continued confidence in infrastructure assets despite rising interest rates. The deal's outcome will likely set valuation

benchmarks for similar assets across Australasia as the region's digital economy matures.

