Europe’s AI sovereignty needs an infrastructure backbone

Published 7 July 2026

Baoqi Zhu
Associate Director, Quantitative Research & Multi Asset Solutions

Key Takeaways

- Europe’s proposed Cloud and AI Development Act aims to at least triple EU data-centre capacity over the next five to seven years.
- Europe lags the US and China in data-centre capacity, making local build-out central to its artificial intelligence (AI) sovereignty ambitions.
- Data centres are not only a chip story. Physical infrastructure represents a meaningful share of total cost.
- Power access, grid connections and electrical equipment could become bottlenecks as Europe scales AI capacity.
- Construction, grid and power equipment, cables, substations and data-centre electrical systems may benefit from the build-out.

Europe’s AI sovereignty moment

For Europe, AI sovereignty is becoming a practical question: where will the region host, power and control the computing capacity needed for the next phase of AI adoption? The proposed Cloud and AI Development Act (CADA), published in June 2026, is a sign that policymakers are starting to answer that question in infrastructure terms. Its most tangible ambition is to at least triple EU data-centre capacity over the next five to seven years, supported by faster permitting and better access to energy, land, water and financing.

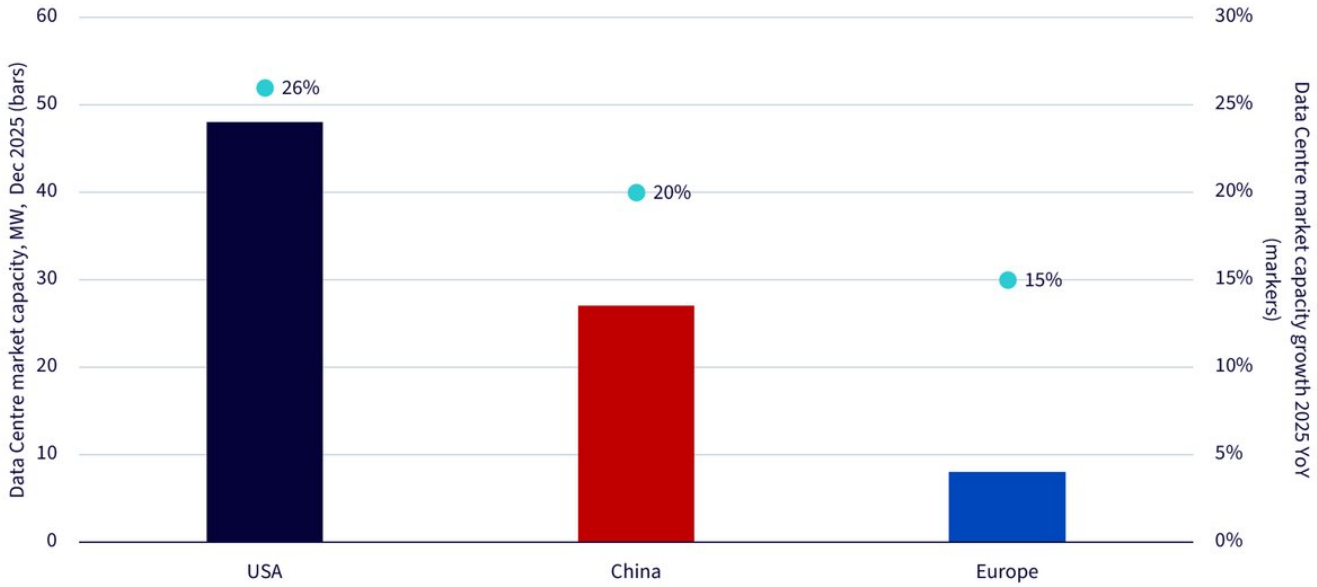
France shows how this policy direction can translate into projects. Around the 2025 AI Action Summit, the country announced more than €109bn of AI-related infrastructure investment plans. SoftBank’s plan to develop up to 5GW of AI data-centre capacity in France, with investment of up to €75bn, gives the theme greater scale and visibility.

The geopolitical backdrop also matters. The recent Fable 5 and Mythos 5 export-control episode showed that access to frontier AI can be shaped by jurisdiction as much as by technology. Europe may not build full self-sufficiency overnight, but the direction is clear. If the region wants more control over AI capacity, it requires more cloud, compute and data-centre infrastructure on European soil.

The capacity gap behind Europe's AI ambitions

Europe starts from a much lower base than the US and China. Europe is estimated to have only around 8GW of data-centre capacity at the end of 2025, far behind the US and China. Yet this gap may also create opportunities for companies involved in supporting future infrastructure expansion. If Europe wants to support AI sovereignty and more local compute capacity, it will likely require a meaningful increase in data-centre investment over the next decade. Secondary markets such as Northern France, Northern Spain and parts of the UK may help on this goal. The top 15 announced European projects alone could theoretically total 28GW[1], more than three times current European capacity.

Figure 1: Total European data centre capacity and growth lag both the US and China



Source: Morgan Stanley. For illustrative purposes only. Forecasts, estimates and project announcements are not guarantees of future outcomes.

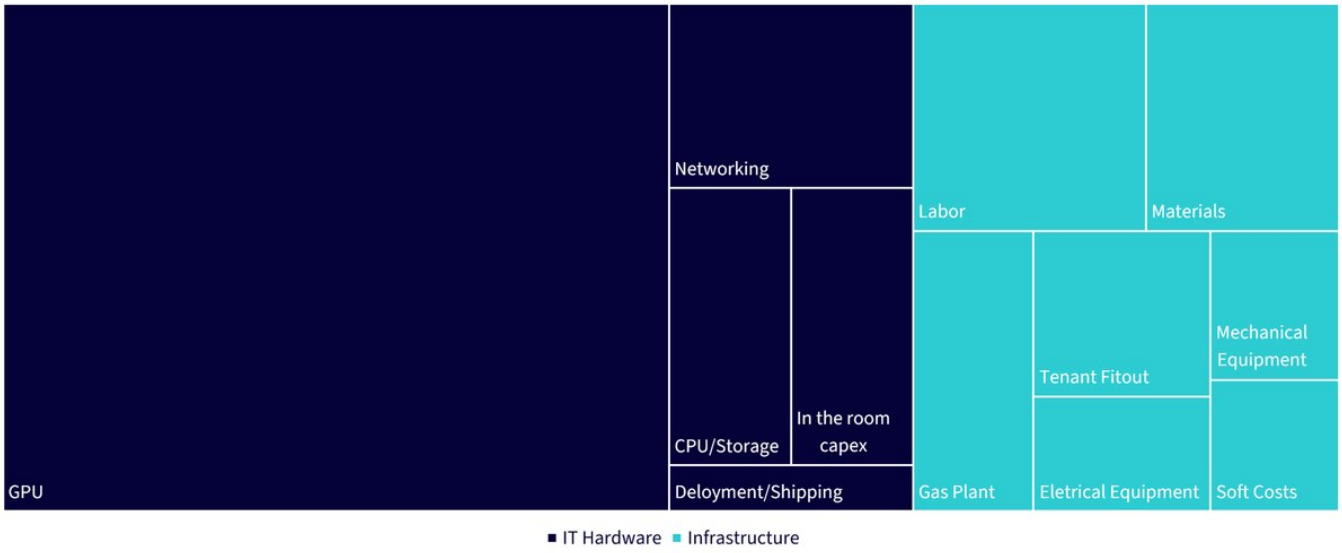
This does not mean every project will be built. Data centres are hard assets with hard constraints. Announcements often outpace reality because projects still need access to power, planning permission, equipment and viable economics. In many markets, the question is not whether cloud providers want more capacity, but whether they can build it on an acceptable timetable. That is why the investable story may lie less with data centre operators and more with the companies that supply the infrastructure needed for the build-out.

Beyond GPUs: the infrastructure cost of data centres

AI data centres are often discussed through the lens of semiconductors. Graphics processing units (GPUs) dominate the headline cost and remain critical to the AI supply chain. But the infrastructure wallet is still large.

According to a recent estimation, the total cost of a US 1GW AI data centre is about $60bn, splitting between roughly $41bn of IT hardware and $19bn of infrastructure. That means close to one-third of the cost sits outside the semiconductor stack. It includes powered land, the building shell, electrical equipment, and grid connection.

Figure 2: AI data centre cost breakdown (1GW, gas-powered, USA)



Source: Stanford University, Cushman & Wakefield. Estimates are illustrative and subject to change.

In Europe, the infrastructure share could prove higher in some cases. Grid connections can take years. Suitable powered land is scarce in mature hubs. Labour is another constraint. As a result, 'time to power' is becoming one of the most important variables in the AI infrastructure race. A data centre without a reliable power connection is just a stranded building.

This is where data centre construction fits naturally into a European infrastructure investment theme. The opportunity is not to own the entire AI value chain. It is to capture the physical build-out required to host, power and connect AI capacity in Europe.

Where the infrastructure opportunity may sit

The potential beneficiaries can be grouped into three broad areas.

The first group is power and grid infrastructure. Data centres need large, reliable and increasingly low-carbon electricity supply, so the opportunity is not only in grid connections but also in new power capacity. Europe's focus on energy security and decarbonisation is already supporting renewable generation, storage and grid reinforcement, and data-centre growth adds another source of demand. Renewable infrastructure suppliers may benefit where new capacity is built for power-intensive users, while cable makers and grid equipment providers are needed to connect these sites. Companies such as Prysmian, Nexans and NKT are relevant through cables and grid connections, while Siemens Energy adds exposure through grid technology and power equipment.

The second group is construction and engineering. A data centre is not a standard commercial building. It needs heavy foundations, secure access and complex mechanical and electrical works. The construction phase also must meet tight delivery schedules. According to company guidance, ACS looks particularly relevant given that around 25%[2] of its revenue is expected from data centre construction in 2026, while Skanska also has meaningful data centre construction experience. For broader construction groups, the opportunity may be more incremental, often through fit-out and energy integration rather than the full building shell.

The third group is electrical systems inside data centres. Once power reaches the site, it must be converted and distributed inside the facility with very high reliability. This is becoming more important as AI racks require much higher power density. Traditional low- and medium-voltage systems remain essential, while new architectures such as 800 VDC highlighted by Nvidia could change how power is delivered inside future AI data centres. Companies like Schneider Electric, ABB and Legrand are relevant because they supply critical electrical systems that help keep facilities running safely and efficiently.

Conclusion

Europe's AI sovereignty agenda is not only about models, chips or regulation. It also depends on the physical infrastructure needed to build and operate AI capacity within the region. Data-centre development could create opportunities across selected infrastructure segments, including construction and engineering, grid and power equipment, and electrical systems. This adds a clear growth layer to Europe's broader infrastructure build-out.

What WisdomTree Offers

The WisdomTree Europe Infrastructure UCITS ETF (WBLD) is designed to capture this opportunity through companies involved in building and supplying Europe's next generation of infrastructure. Its value-chain approach targets exposure to construction firms and key component suppliers, avoids pure operators, and aligns the portfolio more closely with the areas where public funding, procurement rules and industrial policy may drive growth. The portfolio allocates meaningful exposure to Construction Materials, Electrical Equipment, and Construction & Engineering industries, which are directly relevant to data centre build-out in Europe.

Figure 3: WisdomTree Europe Infrastructure UCITS ETF's coverage in infrastructure value chain



Source: WisdomTree.

[1] Morgan Stanley: European Data Centers: Growth lags the US, but long-term outlook still strong (15/06/2026).
[2] Source: Morgan Stanley, 'European Data Centers: Growth lags the US, but long-term outlook still strong'.

Important Risks Related to this Article

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area ("EEA"): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

Marketing communications issued in jurisdictions outside of the EEA: This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as "WisdomTree" (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

This marketing communication is intended for all investors; however, the WisdomTree products described in this document and related materials may be restricted in certain jurisdictions and may only be available to particular categories of investors in accordance with applicable laws and regulations. Where a product is not authorised or its distribution is restricted in your jurisdiction, it is the responsibility of any person or entity in possession of this information to inform themselves of, and comply with, all relevant restrictions. Before making any investment, investors should seek appropriate legal, regulatory, tax and investment advice to assess the suitability and implications of investing in these products. Information about WisdomTree products is available at wisdomtree.eu. WisdomTree does not oer investment advice tailored to individual circumstances. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be aected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and aer seeking independent investment, tax and legal advice. The content of this document does not constitute investment advice nor an oer for sale nor a solicitation of an oer to buy any product or make any investment.

An investment in exchange-traded products ("ETPs") is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks.

The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public oering of shares in the United States or any

province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes.

This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any ailiate, nor any of their respective oicers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.

This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could dier materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements.

WisdomTree Issuer ICAV

Certain funds referred to in this document are issued by WisdomTree Issuer ICAV (“WT Issuer”). WT Issuer is an open-ended, umbrella-type Irish Collective Asset-management Vehicle with segregated liability between sub-funds and is authorised by the Central Bank of Ireland (“CBI”) as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) under Irish law. Each fund is represented by a separate class of shares (the “Shares”) issued by WT Issuer.

The Fund is described in a Key Information Document (KID) or Key Investor Information Document (KIID) for UK investors, and the prospectus of WT Issuer (“WT Prospectus”). A copy of the WT Prospectus and the KID / KIID is available, for EEA/UK only, in English at www.wisdomtree.eu. Where required under national rules, the KID will also be available in the local language of the relevant EEA Member State. Investors should read the WT Prospectus before investing and should refer to the section of the WT Prospectus entitled »Risk Factors¼ for further details of risks associated with an investment in the Shares.

The summary of investor rights associated with an investment in the fund is available in English on WisdomTree Europe¼s website. WisdomTree Management Limited may decide to terminate the arrangements made for the marketing of its collective investment undertakings. In such circumstances, shareholders in the aected EEA Member State will be notified of this decision and will be provided with the opportunity to

redeem their shareholding in the fund free of any charges or deductions for at least 30 working days from the date of such notification.

For Investors in Switzerland:

This document constitutes an advertisement of the financial product(s) mentioned herein.

The prospectus (in English only) and the key investor information documents (KID) (in German, French and Italian) are available from WisdomTree¼s website:https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports

For WisdomTree UCITS products only: the representative and paying agent of the ETPs in Switzerland is Société Générale Paris, Zurich Branch, Talacker 50, PO Box 5070, 8021 Zurich, Switzerland. The prospectus, the key investor information documents (KIID), the articles of association and the annual and semi-annual reports of the sub-funds are available free of charge from the representative and paying agent. As regards distribution in Switzerland, the place of jurisdiction and performance is at the registered seat of the representative and paying agent. Some of the sub-funds referred to in this document may not have been registered with the Swiss Financial Market Supervisory Authority (“FINMA”). In Switzerland, such sub-funds that have not been registered with FINMA may only be available to Qualified Investors.

For Investors in France:

The information in this document is intended exclusively for professional investors (as defined under the MiFID) investing for their own account and this material may not in any way be distributed to the public. The distribution of the Prospectus and the oering, sale and delivery of Shares in other jurisdictions may be restricted by law. WT Issuer is a UCITS governed by Irish legislation, and approved by the Financial Regulatory as UCITS compliant with European regulations although may not have to comply with the same rules as those applicable to a similar product approved in France. The Fund has been registered for marketing in France by the Financial Markets Authority (Autorité des Marchés Financiers) and may be distributed to investors in France. Copies of all documents (i.e. the Prospectus, the Key Investor Information Document, any supplements or addenda thereto, the latest annual reports and the memorandum of incorporation and articles of association) are available in France, free of charge at the French centralizing agent, Societe Generale at 29, Boulevard Haussmann, 75009, Paris, France. Any subscription for Shares of the Fund will be made on the basis of the terms of the prospectus and any supplements or addenda thereto.

For Investors in Malta: This document does not constitute or form part of any oer or invitation to the public to subscribe for or purchase shares in the Fund and shall not be construed as such and no person other than the person to whom this document has been addressed or delivered shall be eligible to subscribe for or purchase shares in the Fund. Shares in the

Fund will not in any event be marketed to the public in Malta without the prior authorisation of the Maltese Financial Services Authority.

For Investors in Monaco: This communication is only intended for duly registered banks and/or licensed portfolio management companies in Monaco. This communication must not be sent to the public in Monaco.

For Investors in Israel: Oering materials for the oering of the Shares and securities have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this oering or passed upon the accuracy or completeness of any oering materials. Any representation to the contrary is unlawful. The products mentioned herein have not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute “an oer to the public” under sections 15 and 15a of the Israel Securities Law, 5728-1968 (“the Securities Law”) or section 25 of the Joint Investment Trusts Law, 5754-1994 (“the Joint Investment Trusts Law “), as applicable. The products are being oered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum (“the Addendum”) to the Securities Law, “Sophisticated Investors”) who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority.

This prospectus or this document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any oeree who purchases a product is purchasing such product for its own benefit and account and not with the aim or intention of distributing or oering such product to other parties (other than, in the case of an oeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such oeree is purchasing a product for another party which is a Sophisticated Investor).

Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. A recipient of this document may be required to provide confirmation that it is a Sophisticated Investor purchasing a product for its own account or, where applicable, for other Sophisticated Investors.