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Coffee Break

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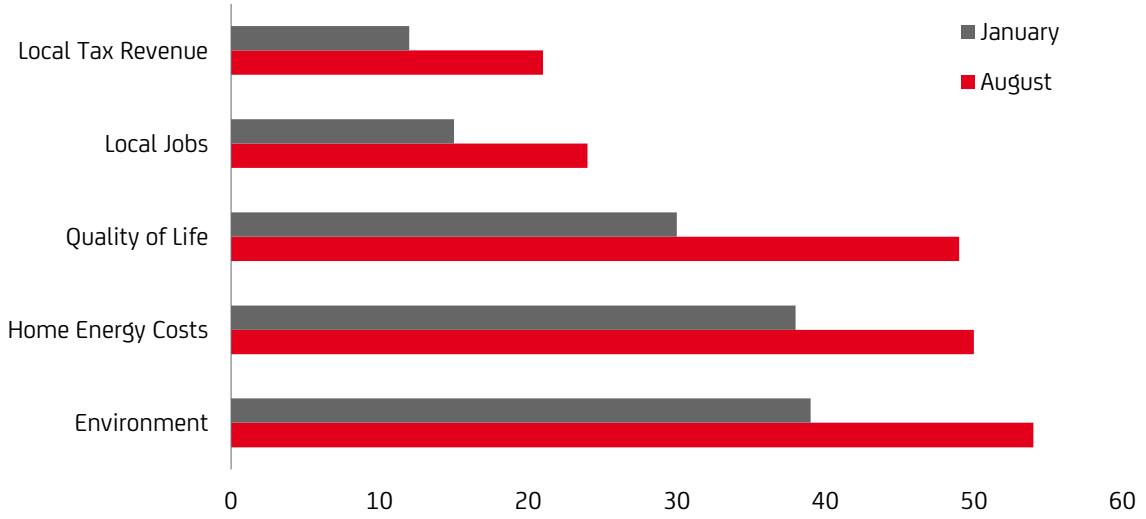
Data centres could face fallout from US midterm campaign messaging

6 October 2026

Voter opinions of data centres in the US have turned sharply negative. Now that they have become a potent political issue, their operators could face blowback from campaign promises.

NEGATIVE VIEW OF DATA CENTRES COINCIDES WITH COST-OF-LIVING ANGST

PERCENTAGE OF US ADULTS WHO SAY DATA CENTRES ARE "MOSTLY BAD" FOR THE FOLLOWING THINGS



Source: Pew Research Center, The Investment Institute by UniCredit

THE CONTEXT

With the US midterms a month away, voters' opinions about the state of the country are hardening around core issues. While the state of the economy is always a central issue for US voters, concerns about affordability are running especially high in this election cycle. For example, in a Reuters/Ipsos poll from 31 August, a plurality (47%) of registered voters said that cost of living was the single most important factor that would influence their vote. The poll also showed that 71% disapproved of US President Donald Trump's handling of the issue. Data centres are becoming intertwined with Americans' cost-of-living concerns though their perceived link to rising energy costs.

Data centres are therefore increasingly becoming a potent political issue that is shaping public opinion. Opposition to data centres is also a rare issue on which there is bipartisan agreement in the US, as Democrats and Republicans express similar levels of concern about their impact on communities. This opposition is increasingly featuring in midterm campaigning, creating additional problems for incumbent candidates who presided over their expansion.



THE DATA

One of the key objections to data centre construction is their growing demand for power from local power grids, which has prompted accusations that they are to blame for rising utility bills. Data centres are also accused of worsening local environments and quality of life through significant air pollution, water usage for cooling and noise emissions. Even the assertion that data centres benefit communities by creating jobs and generating tax revenue is increasingly seen negatively by voters. This is a stark turnaround from January this year when many Americans weren't even aware of data centres. In the poll cited above, most of the new negative sentiment that showed up in August (9-15pp depending on the question) coincided with a decline in the share of respondents who said they had "not heard" of data centres in January, from 25% in January to 12% in August. Other responses in the poll, such as that data centres were "mostly good" or "neither good nor bad" showed little change in the period covered. This indicates both growing awareness of data centres and a rapid deterioration in the public's perception of their impact on local communities.

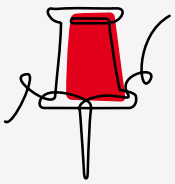
Concern about the negative impact of data centres on local communities also appears to be a rare issue with bipartisan agreement. While Democrats held more negative views in the Pew Research poll cited above, views among Republicans also turned more negative, with 42% saying in August that the impact of data centres was "mostly bad", up from 24% in January.



OUR VIEW

Politicians have been quick to react to this shift in public perception towards data centres by making it an election issue for this year's midterms. A recent NPR analysis of AdImpact data shows that mentions of data centres in political advertisements rose from 62 in June, to 110 in July and 164 in August. Since the negative sentiment towards data centres is tied to cost-of-living concerns, it is a greater burden for incumbents and therefore more problematic for the Republican majorities in the House and Senate than for Democratic challengers. Some politicians have tried awkward reversals to appease voters on the issue. For example, Texas Governor Greg Abbot changed from praising his state as the "epicentre of AI development" to calling for stricter regulation and ordering a temporary moratorium on new permits for data centre construction. Trump's messaging has been out of sync with the growing negative sentiment surrounding the issue as he said at a cryptocurrency event that data centres "could use a little public relations help" and has lauded the tax revenues and jobs that they bring to local communities. As Trump seeks to insert himself increasingly into the political discourse surrounding the midterms, this is likely to be an unwelcome and discordant message for Republican candidates.

If negative political messaging on data centres propels some candidates to victory in November, there could be an economic price to pay for data centre operators. As the Texas example shows, this could entail more intrusive permitting processes and more grass roots opposition to new data centre construction. Even some more supportive politicians, such as Illinois Governor JB Pritzker, have proposed eliminating some tax exemptions that have previously been offered. Therefore, regardless of which party wins majorities in the midterms, data centre operators are likely to face a less accommodating public and may also incur higher costs in the future as politicians rush to take advantage of the increasingly negative publicity.



OTHER THINGS TO NOTE

German new orders: sharp decline, but core demand holding up

German new orders plunged by more than 10% mom in August, but the headline figure looks worse than the underlying picture. The entire drop was driven by a slump in bulk orders in the transport sector – typically aircraft, ships, trains and military vehicles. Excluding these big-ticket items, new orders were broadly flat. The less volatile trend was still firmer, as new orders rose by more than 1% on a 3-month-3month basis. In short, the August data do not signal a renewed weaking in industrial demand. We therefore continue to expect a moderate recovery in German industry, with the fiscal bazooka gradually feeding through. (A. Rees)

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