

GLOBAL X INSIGHTS

The Next Big Theme: May 2025

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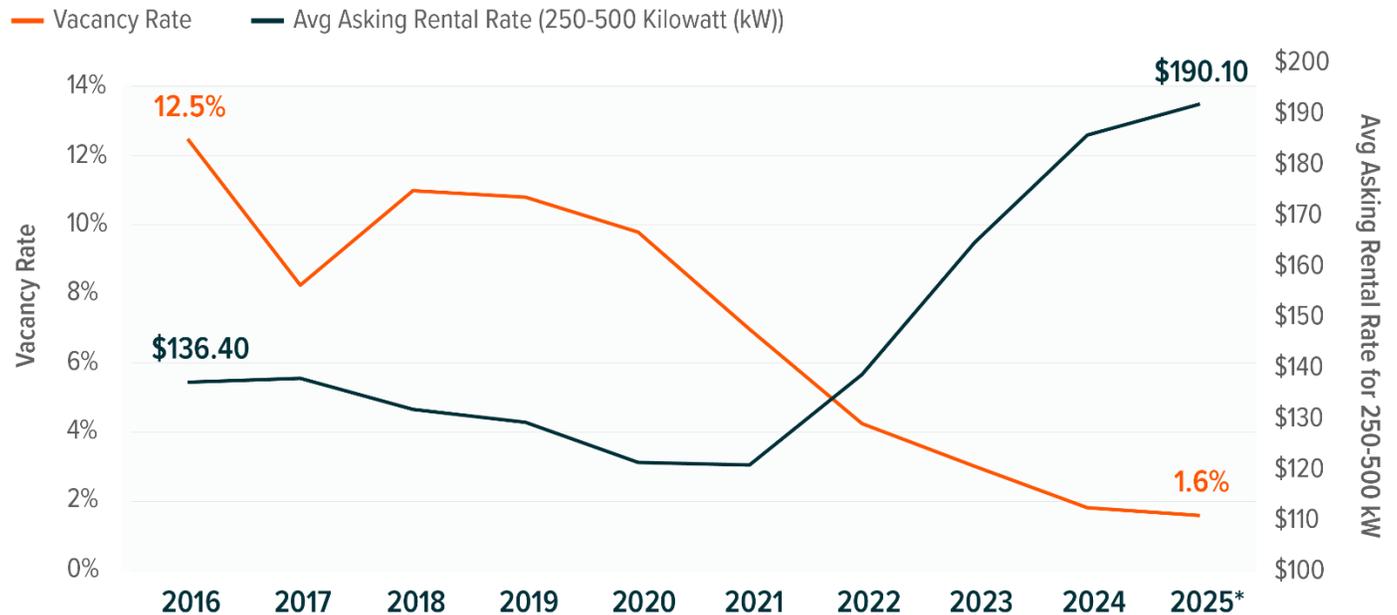
Date: May 23, 2025
Topic: Thematic



MONTHLY SPOTLIGHT CHART

U.S. DATA CENTER RENTS ARE ON THE RISE AS VACANCY RATES REACH RECORD LOWS

U.S. Data Center Rents



Sources: Avison Young. (2025, May 1). Q1 2025 U.S. data center market overview. CBRE. (2025, February 26). North America Data Center Trends H2 2024.

Note: Data represents U.S. colocation data centers in primary and secondary markets. 2025 data is as of Q1. *Q1 2025 Rental Rate is a Global X estimate.



Data Centers & Digital Infrastructure

Data Center Demand Persists

The U.S. data center market entered 2025 with strong momentum. In Q1 2025, U.S. vacancy rates reached a record low of 1.6% in primary markets, driven by AI adoption, the digital transformation, and the accelerating shift to cloud and edge computing. Major markets like Northern Virginia, Dallas/Fort Worth, and Las Vegas had strong leasing activity and colocation vacancy rates below 1%. Overall, colocation inventory in primary and secondary U.S. markets set a record high of 18.5 gigawatts (GW) during Q1, and construction pipelines continued to grow, signaling sustained long-term momentum. Demand for data center capacity across Europe is also rising at a record pace. In 2023, colocation data centers alone contributed €30 billion (\$32 billion) to European GDP, a contribution that is projected to rise to a robust €83.8 billion (\$90.7 billion) by 2030.¹

Defense Tech

Global Defense Budgets Propose Spending Increases

After initially proposing an 8% budget cut for the armed services, the Trump administration is reversing course due to mounting geopolitical tensions and bipartisan pushback. Both the president and the secretary of defense are pushing for a \$1 trillion national defense budget for fiscal year (FY) 2026, which would mark a 10–12% year-over-year (YoY) increase. While the rollout of the federal budget isn't expected until May, renewed commitments to modernize and expand key areas of the defense industrial base are likely.² Germany has officially backed President Trump's push for NATO members to raise defense spending to 5% of GDP, up from the current 2% target. German leaders are proposing a phased approach, with 3.5% dedicated to core military spending and 1.5% toward broader security, including cyber and infrastructure. Chancellor Merz is pushing constitutional changes to unlock €500 billion for military modernization, aiming to make Germany Europe's leading conventional force.³

Artificial Intelligence

Big Tech's AI Spending and Growth Show No Signs of Slowing

Big Tech players will collectively spend over \$300 billion on AI-focused infrastructure this year to support the growing demands of AI development. During Q1 2025 earnings calls, Meta Platforms raised its FY capex guidance to \$64–72 billion from \$60–65 billion, while Microsoft, Alphabet, and Amazon reaffirmed their FY capex forecasts of \$80 billion, \$75 billion, and \$100 billion, respectively.⁴ Such spending amid broader macroeconomic uncertainties, tariffs included, underscores the strategic importance of AI to the future of each company. Meta also announced that it will launch a new standalone AI app, powered by its latest Llama 4 model, to compete with the likes of ChatGPT and Anthropic's Claude. Microsoft reported that GitHub's user base quadrupled to 15 million over the past year with demand for AI-assisted coding and AI agents growing. Amazon's generative AI assistant, Alexa+, reached over 100,000 users within three months of launch.⁵

Healthcare Innovation

New Therapies Offer Encouraging Data in Diabetes, Obesity, and Heart Health

Eli Lilly announced positive late-stage clinical trial results for orforglipron, a daily GLP-1 pill for type 2 diabetes. The oral medication demonstrated significant improvements in blood sugar control and weight reduction, with efficacy approaching that of injectable GLP-1 treatments. This development is an important advance in the competitive race to create more convenient diabetes and obesity therapies. The pill, which could be approved as soon as 2026, is projected to hit \$10 billion in sales in 2030.⁶ Lilly's injectable GLP-1s are expected to reach \$60 billion in sales by 2030.⁷ Verve Therapeutics announced encouraging early data from its Phase I clinical trial of Verve-102, a gene editing therapy targeting high cholesterol. Participants receiving the highest dose (0.6 mg/kg) experienced an average 53% reduction in LDL ("bad") cholesterol. If clinical development continues to progress from here, the therapy could receive regulatory approval by 2029.⁸

Cybersecurity

Cyber Giants Are Bolstering Their AI Offerings to Combat More Sophisticated Threats

Palo Alto Networks announced its acquisition of Protect AI, a startup focused on securing machine learning (ML) systems, for an amount reportedly in the range of \$650–700 million.⁹ Protect AI specializes in tools that secure the ML supply chain, helping companies detect vulnerabilities and manage risks associated with AI models. Its flagship product, NB Defense, identifies security gaps in notebooks used to build AI systems, while its Radar tool offers a software bill of materials for ML environments.¹⁰ The acquisition builds on Palo Alto's recent AI momentum, including the launch of its Precision AI platform, and reflects broader industry trends towards acquisitions, consolidations, and partnerships, particularly to bolster AI-driven cybersecurity capabilities. As generative AI expands across industries, so too does the attack surface, with bad actors increasingly targeting the underlying AI pipelines and data sources.



Autonomous & Electric Vehicles

Global EV Sales Jump

In Q1 2025, 4.11 million EVs were sold globally, a 29% YoY increase. March sales were particularly strong, with 1.67 million units sold, up from 1.2 million in February. China maintained its position as the largest global EV market with 2.42 million units sold in Q1, a 36% YoY increase. China sold almost 1 million units in March alone. The country's strong growth was aided by the extension of vehicle trade-in incentives into 2025. The United Kingdom, Germany, Norway, Sweden, and the United States also recorded double-digit YoY EV sales growth in Q1, even amid growing policy uncertainty and rising trade tensions. Notably, the United Kingdom had a record month in March, with EV sales growing 41% YoY with over 100,000 units sold for the first time.¹¹

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- [Why HealthTech? Why Heal?](#)

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- **Digital Assets:** [Blockchain & Bitcoin Strategy ETF \(BITS\)](#), [Bitcoin Trend Strategy ETF \(BTRN\)](#)
- **Multi-Theme:** [Dorsey Wright Thematic ETF \(GXDW\)](#)

Footnotes

1. Data Center Knowledge. (2025, April 1). EU Data Centers: Balancing Sustainability, Sovereignty, and Growing Pains.
2. Bloomberg. (2025, April 7). Trump, Hegseth Tout \$1 Trillion US Defense Budget.
3. CNBC. (2025, May 15). Germany backs Trump's push for 5% NATO defense spending target.
4. Tech Brew. (2025, May 1). Big Tech sticks to AI spending plans amid tariff chaos.
5. Ibid.
6. Axios. (2025, April 17). Eli Lilly stock soars on encouraging results for daily weight-loss pill.
7. Yahoo! Finance. (2024, March 1). Eli Lilly stock will surge 29% over the next year with its weight-loss drug on pace to do \$60 billion in sales by 2030, BofA says.
8. GlobeNewswire. (2025, April 14). Verve Therapeutics Announces Positive Initial Data from the Heart-2 Phase 1b Clinical Trial of VERVE-102, an In Vivo Base Editing Medicine Targeting PCSK9.
9. Globes. (2025, April 9). Palo Alto Networks mulls buying AI security co for \$700m.
10. CNBC. (2025, April 28). Palo Alto Networks acquiring Protect AI to boost artificial intelligence tools.
11. Rho Motion. (2025, April 15). Global EV Sales Up 29% In 2025 From Previous Year.

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Data Center REITs and Digital Infrastructure Companies are subject to risks associated with the real estate market, changes in demand for wireless infrastructure and connectivity, rapid product obsolescence, government regulations, and external risks including natural disasters and cyberattacks.

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