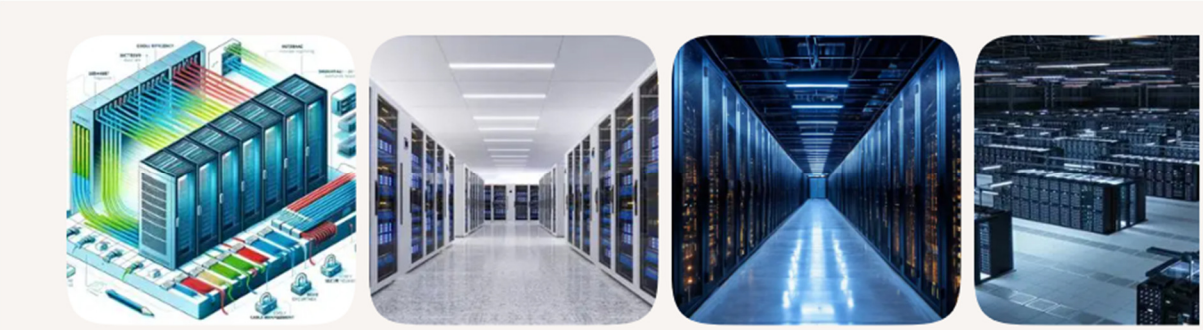
Should a Christian Invest in AI Datacenters



I published an article last week on Ways to Invest in AI Datacenters. The purpose of my blog is two-fold. I want to help young (and old) investors make good decisions on where to invest their money, and secondly, I want to encourage people to live a simpler life by using minimalism. I balance the articles and typically write every other week on the other topic.

AI is the rage nowadays, and seeing data centers popping up all over Texas, I figured there was a pretty good chance that money could be made. All my research was based on articles I had read and AI sources, so the bias was clearly toward AI. I want to thank my granddaughter Rachel Culver for contacting me after I published the article. Rachel lives in Colorado and explained many of the negatives surrounding AI data centers. While I don't have exact percentages, I know that most young people under 25 are against them. I found that out by asking people I know locally. Fear of jobs being lost to AI is real, and news reports show that some jobs have already been lost.

I had no idea on all the negatives and started studying the other side of the coin. While some of the things I have learned have not been substantiated, I have heard many horror stories. One town was supposed to have had the residential electricity rates go up ten-fold. Other electric companies actually limited residential consumption to give more electricity to these higher paying datacenters.

The ecological impact is clearly there. They take up lots of space and use large amounts of water. I won't belabor the issue but will let you read the article below on the NEGATIVES of AI Datacenters.

One of the reasons God has blessed me in investing is I always stay away from things that hurt or harm people. I stay away from any alcohol, tobacco, drugs, pornography, or gambling stocks or ETFs. Many people do not worry about where the money is invested, but I do. I don't believe a Christian needs the devil's money or activities to get a good return on investments.

I always pray about things that concern me, and after a week of prayer, I have decided I am getting out of AI Datacenters. I have put a link to this article in the original article so anyone considering it will also have access to the negatives.

One time when I was in my early 20's, I wanted to go see a movie and knew it was not a good moral one. I came to my old pastor and asked him if it would be ok to go. He asked why I was asking him, and I told him that I was uncomfortable about going to see it.

I hadn't had a clear NO from God, but wasn't sure, so I wanted him to say it was ok. He said when something bothers you after prayerful consideration, that means NO. I have lived by that direction of the Holy Spirit for over 50 years, and I have decided I am getting out of AI Datacenter ETFs.

You need to pray and let the Lord direct you. I am not your boss, but I personally can't stay in a good conscience with these after finding out all these negative things.

Negatives on AI Datacenters

AI data centers are one of the fastest-growing infrastructure markets, but they also face significant risks. Investors often focus on the demand story while overlooking the challenges that could affect profitability and stock performance. Here are some of the biggest negative issues.

1. Massive Capital Requirements

Building an AI data center is extremely expensive.

- Large AI campuses can cost **$5 billion to over $20 billion**.
- NVIDIA GPUs alone can represent billions of dollars in hardware.
- Companies must continually invest as AI chips become obsolete every 2–4 years.

Investor Risk: Companies can become highly leveraged, reducing free cash flow and slowing dividend growth.

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2. Power Constraints

Electricity has become the biggest bottleneck.

AI servers consume far more power than traditional cloud servers.

- Traditional rack: **5–15 kW**
- AI rack: **100–150 kW**, with some next-generation systems targeting **250–600 kW** per rack.

Many regions simply don't have enough electrical capacity.

Consequences include:

- Multi-year delays waiting for utility connections
- Higher electricity costs
- Dependence on expensive backup generation

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3. Water Usage

Many AI data centers use water for cooling.

A large AI campus can consume **millions of gallons of water per day**, especially in hot climates.

Communities increasingly oppose projects because of:

- Water shortages
- Environmental concerns
- Increased utility costs

Some operators are moving toward liquid cooling or closed-loop systems to reduce water consumption, but these solutions also add cost.

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4. Supply Chain Problems

Construction depends on components that are often in short supply:

- High-voltage transformers
- Electrical switchgear
- Backup generators
- Cooling equipment

- NVIDIA and AMD AI chips

Lead times for critical electrical equipment can stretch from months to years, delaying projects and revenue.

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5. Grid Reliability

Many electric grids are already operating near capacity.

If utilities cannot provide enough electricity:

- Projects are postponed
- Customers look elsewhere
- Operating costs increase

Some developers are even considering dedicated natural gas plants or small modular nuclear reactors, but those options require additional investment and regulatory approval.

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6. Rapid Technology Changes

AI hardware evolves quickly.

A data center designed around today's GPUs may need significant upgrades within a few years.

This creates:

- Higher depreciation
- Frequent capital spending
- Risk of stranded assets

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7. Customer Concentration

Many AI data centers rely on a small number of hyperscale customers, such as:

- Microsoft
- Amazon Web Services
- Google Cloud

- Meta

If one of these companies slows AI spending or builds more of its own infrastructure, third-party data center operators could see slower growth.

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8. Interest Rate Risk

AI data centers are typically financed with large amounts of debt.

Higher interest rates mean:

- More expensive financing
- Lower project returns
- Reduced cash flow available for shareholders

This is especially important for REITs, which often rely on debt and equity markets.

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9. AI Demand Could Normalize

Current demand is fueled by an AI investment boom.

Potential risks include:

- AI adoption growing more slowly than expected
- Enterprises reducing AI spending after initial deployments
- Lower utilization of expensive AI clusters

If supply outpaces demand, pricing power and returns could weaken.

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10. Environmental Regulations

Governments are paying closer attention to:

- Carbon emissions
- Electricity usage
- Water consumption
- Noise from backup generators

Future regulations could increase compliance costs or delay new developments.

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11. Security Risks

AI data centers are attractive targets for:

- Cyberattacks
- Intellectual property theft
- Physical sabotage
- Nation-state actors

Operators must invest heavily in cybersecurity and physical security.

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12. Construction Inflation

Costs continue to rise for:

- Steel
- Copper
- Concrete
- Skilled labor
- Electrical equipment

Projects can easily exceed their original budgets, reducing returns.

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13. Competition

Many companies are rushing into the market.

Competition comes from:

- Existing REITs
- Private equity
- Infrastructure funds
- Hyperscalers building their own facilities

- Sovereign wealth funds

Greater competition may compress lease rates and returns over time.

What Investors Should Watch

When evaluating AI data center companies, focus on these key indicators:

Metric	Why It Matters
Debt-to-EBITDA	Lower leverage provides more financial flexibility.
Occupancy	High occupancy signals strong demand and pricing power.
Remaining Power Capacity	Available power enables future growth.
Long-Term Customer Contracts	Stable, multi-year leases reduce revenue risk.
Return on Invested Capital (ROIC)	Indicates whether large capital expenditures are generating attractive returns.
Free Cash Flow	Supports dividends, debt repayment, and future investment.
Utility Partnerships	Strong relationships with power providers can accelerate expansion.

Bottom Line

The long-term outlook for AI data centers remains strong because demand for AI computing continues to grow. However, the industry is capital-intensive and faces real constraints—including power availability, financing costs, supply chains, technology obsolescence, and environmental scrutiny. For investors, the strongest opportunities are often companies with:

- Access to abundant, reliable power

- Investment-grade balance sheets
- Long-term contracts with high-quality customers
- Healthy free cash flow and disciplined capital allocation

These characteristics can help companies weather industry cycles while continuing to benefit from the long-term expansion of AI infrastructure.

While there are many pros to buy AI Datacenter stock and ETFs, I think the Cons win this battle with me. I was making good money not investing in them and believe I will do fine without them. Let your conscience be your guide.

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