

DATA CENTRE INDUSTRY TO ATTRACT \$4.8 BN INVESTMENT BY 2025

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Increasing use of digital technology, migration of IT infrastructure to third-party providers, and growing usage of data from new and existing channels will result in the addition of 678 MW to India's digital transformation industry by 2025.

This will create demand for 9.1 million square feet of real estate space, which will need an investment of \$4.8 billion in both data centre infrastructure and data centre sector real estate. The industry added 71.8 MW of capacity in the second half of 2022, resulting in a total supply of 171 MW in 2022 – a 31 percent growth over the previous year.

As a cost optimisation and revenue-boosting strategy, digital transformation is expected to gain wider acceptance and drive higher absorption in the coming quarters, according to Jones Lang LaSalle's Data Centre Update: H2 2022.

Data capacity is measured in megawatts (MW) and gigawatts (GW). They indicate how much data the network of servers can consume. Mumbai leads the space absorption, accounting for a 43 percent share, with a substantial hyperscale precommitment being delivered in Delhi

NCR, it said. Hyperscale data centres cater to the demands of large organisations including Amazon, Google, and Facebook.

The supply in the market increased 36 percent year-on-year with the addition of 85.1 MW. The addition was mainly due to precommitments that made up a significant portion of the demand.

Data centre operators have been prioritising faster delivery times to entice additional hyperscale precommitments, resulting in a consistent growth of supply. Mumbai and Delhi NCR led the way, representing 74 percent of the total supply added during the second half of 2022, it said.

“Hyperscalers’ public cloud services have been scaling up their requirements significantly and are expected to grow further. This demand is fuelled by the rising digital adoption across sectors and the outsourcing of IT infrastructure to third-party players,” said Rachit Mohan, head - data centre advisory, India, at JLL. “With this precommitment, the industry is set to experience growth and expansion, creating exciting opportunities for all stakeholders involved. It is expected that the 350 MW absorption will be delivered by 2025.”

According to Samantak Das, chief economist, and head of research & REIS, India, at JLL, India’s data centre industry doubled to 722 MW in 2022 from 350 MW in 2019, registering a robust CAGR of 27 percent.

“This growth shows no signs of slowing down, thanks to the high pace of India's digital transformation. In 2022, the industry saw an all-time high absorption of 160 MW, resulting in a total occupancy of 660 MW, which is 32 percent higher than the previous year,” Das said.

India’s data centre industry is set for continued growth, with a strong precommitment pipeline expected to result in 678 MW being added over the next three years, taking the industry's capacity to 1,400 MW by end-2025.

The highest capacity addition is expected in Mumbai, including Navi Mumbai, requiring 4.7 million sq. ft. of real estate, followed by Chennai at 2.3 million sq. ft. and Delhi NCR at 1 million sq. ft.

The investment in real estate and data centre infrastructure required for setting up data centres will require a capital outlay of \$4.8 billion by 2025. Data centre operators may tap global investors or form alliances to fund the additions.