Real estate requirements for manufacturing EV batteries are estimated to reach around 2,400 acres by 2030, says CBRE

Uttar Pradesh and Maharashtra lead the charging infrastructure manufacturing.

Real estate consulting firm CBRE South Asia, has announced the findings of its report 'Electric Vehicles in India- New Wheels on the Roads', which states that real estate requirements for manufacturing EV batteries are estimated to reach around 2,400 acres by 2030, as a result of the government's EV adoption targets.

Uttar Pradesh and Maharashtra lead the charging infrastructure manufacturing. The report further points out that the current primary clusters for Lithium-ion Battery (LiB) manufacturing exist in Chennai, Hyderabad, Pune, Prantij, Surat, Mandal, Delhi-NCR, Gurgaon, and Mohali.

Additionally, Maharashtra has the highest count of sanctioned EV chargers, with 317 under Phase-II of the FAME India scheme, followed by Gujarat with 278 EV chargers. Currently, India manufactures Lithium-ion cells by importing raw materials, which account for 77% of the total manufacturing cost. However, this is set to change with the discovery of a 5.9 million tonne lithium reserve in Jammu and Kashmir's Reasi District in February this year. This is expected to reduce India's reliance on imported lithium significantly.

The real estate requirements of manufacturing facilities of 4-Wheeler and 2-Wheeler (4W and; 2W) Electric Vehicles (EV) are estimated to be around 13 million sq. ft. by 2030 as a result of the government's EV adoption targets. It is also expected that by 2030, the real estate requirement will allow a production capacity of approximately 4 million units of 4Ws and 23 million units of 2Ws.

Built-to-suit (BTS) and leased facilities are primarily preferred by EV manufacturers in India due to ease of capital deployment, flexibility in lease terms, speed to market, and location advantages. However, an owned facility provides more scope for customisation, saves monthly rental outgoings, and has better prospects for land price appreciation.

Several policy enablers by state and union governments have enabled the creation of an indigenous EV manufacturing ecosystem by incentivising fresh investments from global/domestic players. During the 2020- 2023 period (YTD), Maharashtra and Tamil Nadu led EV investments with a 15% share each of the cumulative US$ 28.8 bn investment. Meanwhile, Karnataka accounted for an 11% share, Gujarat 8%, and Uttar Pradesh and Telangana recorded a 7% share each.

Key investment announcements in the EV sector during Q1 2023 are mentioned below:

Maharashtra - Gogoro Belrise Industries announced an investment of about US$ 2.5 billion for charging infrastructure manufacturing facility.

Tamil Nadu - Ola Electric announced an investment of about US$ 0.9 billion for a battery manufacturing Facility.

Uttar Pradesh - Tauschen E-mobility announced an investment of about USD 0.2 billion for an EV manufacturing facility.

For the current year, the EV sector has recorded investment announcements of about US$ 6.2 billion to date. The year 2022 witnessed strong traction, with global and domestic players announcing investments of over US$ 17.1 billion in the EV industry, a y-o-y increase of about 287% compared to USD 4.4 bn in 2021. In the same period, more than half of the investments were driven by EV component manufacturers.

Tags: EV charge points,EV charging infrastructure sector,real estate