

# Data centres in India to cross 1,300 MW capacity by 2024 end; Mumbai, Delhi-NCR, Chennai to dominate 80% share

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India's Data Centre (DC) capacity is expected to cross ~1,300 MW by the end of 2024 from the current 880 MW (until June 2023), said a report from CBRE South Asia. The DC segment growth, it added, is likely to continue over 2023-24, with nearly 500 MW currently under construction across several cities. Mumbai, Chennai, and Bengaluru will collectively dominate DC stock with an 80 per cent share by the end of 2024. "The Indian DC industry is witnessing a continuous uptrend owing to rapid digitalisation, enhanced tech infrastructure and the inclusion of advanced technologies such as 5G, Artificial Intelligence (AI), blockchain and cloud computing.

Per the 'From Bytes to Business: [India](#) Data Centre [Market](#) Powering Progress in 2023' report by CBRE South Asia, India's DC capacity has doubled over the last four-five years to reach ~880 MW as of June 2023 and is expected to increase further to touch ~1,048 MW by the end of 2023. During Jan-Jun 2023, the DC stock in the top 7 cities in India stood at ~880 MW capacity spanning over 13 million sqft. It added that Mumbai, Chennai, Bengaluru, and Delhi-NCR accounted for about 87 per cent of the country's DC stock as of June 2023. Overall, DC occupancy levels in India stood at about 75-80 per cent in Jan-Jun'23, which is likely to improve further by the end of the year.

**Mumbai** continues to be the most prominent DC market in the country, accounting for more than half of the total stock (52 per cent) as of Jun'23, said the CBRE report. The city is expected to lead the supply addition with a 46 per cent share of the upcoming 500 MW by the end of 2024. "The presence of multiple cable landing stations, inclusive government initiatives, and well-rooted entertainment and finance industries have established the city as a top destination for BFSI, media, cloud, and OTT companies to locate their DC operations," it said.

**Chennai** has also emerged as a key established tier-I DC market in India, accounting for 21 per cent of the total stock in the top 7 cities as of Jun'23. The city, per the findings of the report, is expected to account for a 21 per cent share of the upcoming 500 MW supply by the end of 2024. Until Jun'23, Bengaluru and Delhi-NCR accounted for 10 per cent of DC stock each.

Hyperscale DCs dominated most of the DC investments with a share of about 89 per cent, while colocation DCs contributed to the rest of 11 per cent. The top states that dominated the cumulative investment commitments include Maharashtra, Tamil Nadu, West Bengal, and Uttar Pradesh.

Anshuman Magazine, Chairman & CEO – India, South-East Asia, Middle East & Africa, CBRE, said, "Increasing population, enhanced use of [technology](#), social media, and online streaming platforms, rising need for data localisation and fast improving [digital](#) infrastructure would continue to boost demand for [data centres](#) in India. This, in turn, is likely to result in the country becoming one of the largest DC destinations across APAC over the next decade. We also anticipate heightened interest from investors looking to capitalize on DC's attractiveness as a preferred alternate real estate option in the country. Multiple state governments in India have been giving an enormous push to the DC segment in the country, with dedicated policies/incentives introduced to attract both global and domestic investors. Most of the states have also declared DCs under 'essential services' to ensure uninterrupted operations throughout the year."

Ram Chandnani, Managing Director, Advisory & Transactions Services, CBRE India, said, "Investor interest in the Indian DC market remains elevated despite the recent [economic headwinds](#). Technology companies, along with corporates from sectors such as BFSI, Cloud Services and OTT platforms will continue to drive DC demand in India. Further, public sector undertakings and other key government enterprises are shifting to third-party colocation DCs due to an increased focus on digitization and e-governance to ease operations. Though the DC [industry](#) is witnessing an expansion in tier-I cities, leading hyperscalers and cloud service providers are also likely to expand to tier-II cities to capture the growing demand among BFSI firms and online streaming platforms to establish DC facilities closer to the consumption hubs."

## Outlook for data centres

Technology firms, BFSI companies, cloud services and [OTT platforms](#), CBRE said, would continue to be key demand drivers for both colocation and hyperscale DC facilities, adding that several engineering & manufacturing firms and technology companies are also likely to set up DCs for R&D labs. Further, it added that PSUs and other government enterprises would continue to focus on the deployment of operations to third-party colocation DCs. Small-to medium-sized corporates would continue to gradually shift operations from enterprise to colocation DCs.

In terms of regions, DC operators, CBRE said, are also likely to expand in tier-II DC markets to capture the growing demand among BFSI firms and online streaming platforms to establish DC facilities closer to the consumption hubs.