

India outpaces APAC countries in data centre capacity growth

About 850 MW capacity to be operational during 2024-2026; Total capacity set to cross 1800 MW by 2026

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India topped major APAC countries with the highest data centre capacity of 950MW in the Asia-Pacific region (excluding China), overtaking major countries like Australia, Hong Kong SAR, Japan, Singapore, and Korea, according to a report.

Real estate consulting firm CBRE South Asia Pvt Ltd, which recently released ‘Asia Pacific Data Center Trends Q1 2024’, said India is likely to record the highest capacity addition of 850 MW during the 2024-2026 period, higher than major APAC countries.

After India, Japan recorded the second-highest data centres (DC) capacity with 892 MW, followed by Australia at 773 MW, Singapore at 718 MW, Hong Kong at 613 MW and Korea at 531 MW.

The DC industry in India has experienced remarkable growth and transformation, with capacity doubling since the start of the pandemic. In 2023, there was an addition of 255 MW of new supply compared to 200 MW in 2022, resulting in a total stock of approximately 1,030 MW by the end of the year. This accelerated growth is expected to continue in 2024, with planned supply of over 330 MW across various cities, potentially increasing the stock by 30 per cent annually to reach around 1,370 MW. The total DC stock in 2023 was 16 mn. sq. ft. in India.

Data centres continue to rank among the top three preferred alternative assets for investors in the APAC region, including India. The sector has witnessed significant investments from global operators, real estate developers, and private equity funds eager to tap into the country's thriving market.

India's data centre sector, with its resilience and potential for attractive returns, has emerged as a beacon of opportunity for investors. The sector's allure is further enhanced by the fact that between 2018 and 2023, India secured investment commitments of more than \$ 40 billion from both global and domestic investors. The top States that dominated the cumulative investment commitments include Maharashtra, Uttar Pradesh, West Bengal, and Tamil Nadu. India is also attracting global hyperscalers who view it as a prime market for expansion, with many of them opting for their customised build-to-suit (BTS) facilities. In 2023, more than 85 per cent of \$27 billion committed is being targeted towards the development of hyperscale facilities.

Strong supply pipeline

Mumbai, known for its status as the financial capital and hosting key landing stations connecting India with the Middle East and Europe, remains the dominant market with over 50 per cent share in total stock in India as of 2023. Reliable power supply, broadband connectivity, and availability of skilled manpower further contribute to Mumbai's appeal as a sought-after destination. Chennai, with an 18 per cent share, follows as the second most popular market due to its strategic location on the east coast, facilitating strong connectivity to East Asia.

Notably, more than 60 per cent of the upcoming supply would be concentrated in Mumbai and Chennai, while Delhi-NCR, Bangalore, and Hyderabad are jointly expected to account for over 30 per cent share. With the anticipated supply influx, tenants are expected to carefully assess their options, select suitable data centre providers, and negotiate favorable terms aligned with their specific requirements. Demand is likely to pick up pace in H2 2024, paving the way for continued growth in this sector. Emerging markets such as Kochi, Jaipur, Ahmedabad, Lucknow, Patna, and Vishakhapatnam are experiencing growth, driven by their strategic locations and improved infrastructure, including enhanced power supply along with fibre and cable connectivity upgrades.

Anshuman Magazine, Chairman & CEO - India, South-East Asia, Middle East & Africa, CBRE, said, “India, with its favourable market conditions, is attracting multinational corporations (MNCs) seeking to expand their digital services and relocate from other Asian markets due to supply constraints. Sustained demand is expected from BFSI firms, technology corporates, and cloud service providers as they explore alternative solutions such as colocation and hyperscale facilities. Furthermore, engineering & manufacturing firms, along with technology companies, are likely to establish their own DCs specifically dedicated to R&D labs.