

## NCR-Delhi data centre capacity to grow by 2.2 times to 89 MW by 2023: JLL

### Synopsis

As the data centre landscape continues to evolve, the industry is expected to grow exponentially to reach 1,007 MW by 2023 from its existing capacity of 447 MW. With the growing reliance on digital connectivity, demand is likely to ramp up further due to the imminent rollout of 5G rollout, IoT-linked devices, data localisation and cloud adoption.



NCR-Delhi is expected to emerge as a new **data centre** hotspot as demand from Government departments and IT/ITeS are expected to drive further growth as per **JLL** report titled '2020 India Data centre Market Update.'

"NCR-Delhi data centres are expected to tend to the increasing demand

arising from various digital transformation initiatives by the government. This coupled with supportive state policies for the industry is likely to drive 49MW supply during 2021-23. Large cloud players are expected to take up capacities to meet the increasing demand," said Manish Aggarwal, Managing Director – North & East, **JLL India**.

As the data centre landscape continues to evolve, the industry is expected to grow exponentially to reach 1,007 MW by 2023 from its existing capacity of 447 MW. With the growing reliance on digital connectivity, demand is likely to ramp up further due to the imminent rollout of 5G rollout, IoT-linked devices, data localisation and cloud adoption. India's data centre sector will require an investment of USD 3.7 billion over the next three years to fulfil the 6 million sq. ft greenfield development opportunity for the industry.

Mumbai and Chennai are expected to drive 73% of the sector's total capacity addition during 2021-23, while other cities like Hyderabad and Delhi NCR emerging as new hotspots. Robust pre-commitments by global cloud players in the established markets of Mumbai and Pune continues owing to prevailing infrastructure, while new markets like Hyderabad are gaining momentum in this space.

"India's data centre industry is expected to add 560 MW during 2021-23 leading to a real estate requirement of 6 million sq. ft. The supply addition will be complemented by densification of racks and servers, sustainable energy sourcing and use of indigenous resources. Rising demand is leading operators to pursue ambitious expansion plans, while some are adopting the acquisition route to enter Indian markets. Various policies and reforms brought in by the Government to turn India into a 'Global Data Hub' has provided necessary measures to achieve this goal," said Dr. Samantak Das, Chief Economist and Head of Research & REIS (India), JLL.

The increasing usage of e-commerce, **EdTech** and digital transactions placed the existing IT infrastructure of enterprises under pressure. Overall data usage increased by 36% in 2020 due to increased usage of smartphones and fixed wireless access as per Nokia Mobile Broadband India Traffic Index 2021. Enterprises have been upgrading their IT infrastructure by adopting hybrid models, given their budget constraints. Technology trends like 5G rollout, IoT-linked devices and AI will also result in stronger growth in demand.

“India’s colocation data centre industry witnessed unprecedented absorption of 102 MW during 2020, notching higher absorption than most key markets of Europe and America. Fuelled by longer-term trends of rising cloud adoption, increasing digitalisation and progressive legislation, we anticipate increased demand for colocation space nationwide. Rising demand led data centre operators and developers to pursue ambitious expansion plans, while some adopted the acquisition route to enter Indian markets, which we expect to continue. Colo capacity grew by around 28% to reach 447 MW in 2020 from 350 MW in 2019,” said Rachit Mohan, Head- Data centre Advisory (India), JLL.

According to JLL, the rapid growth of the data centre industry has led to increased energy consumption and environmental impact. Increasingly, global cloud players setting up bases in India aim to reduce their carbon footprint and are looking at data centres that provide sustainable energy alternatives and are entering renewable energy power contracts. India’s renewable energy capacity at 90 gigawatts accounts for a 25% share of the installed power capacity and provides tremendous scope for the development of green data centres.

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