

Intelligent Investment

# *India's Data Centre Market in a New Era*

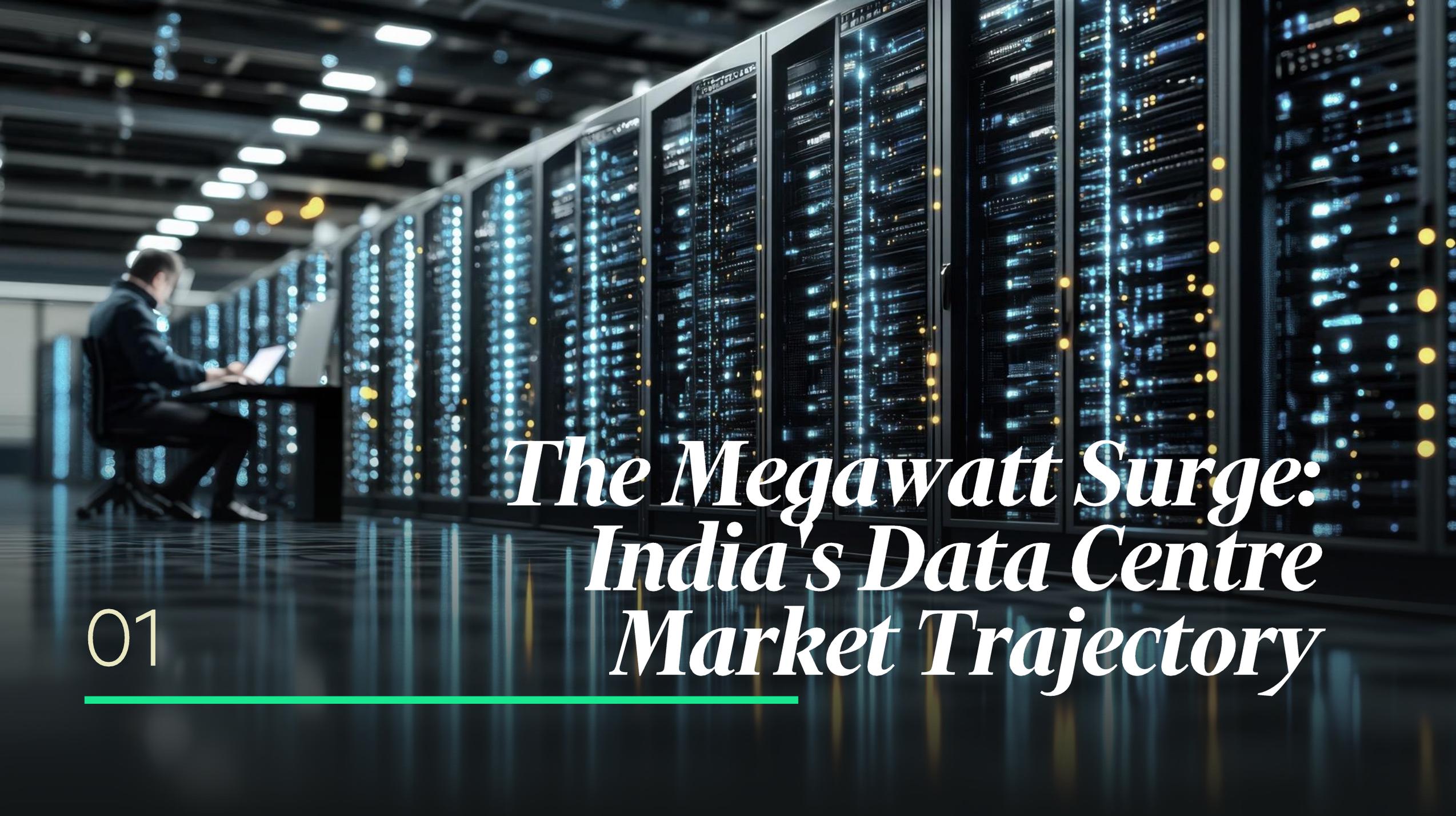
2025 YTD MARKET UPDATE

CBRE RESEARCH NOVEMBER 2025



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# *The Megawatt Surge: India's Data Centre Market Trajectory*

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## 01 DC MARKET IN INDIA: AN OVERVIEW

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# *An Emerging Leader in the APAC region*

Accelerated by the COVID-19 pandemic and the government's Digital India initiative, India stands on the brink of a significant data centre (DC) evolution. This transformation is driven by a massive surge in data generation, fuelled by the adoption of digital technologies, data localisation policies, the growth of cloud services, artificial intelligence (AI), big data, 5G, smart city initiatives, and advancements across edtech, e-commerce, online banking, and the digital rupee sectors.

As an emerging DC powerhouse, India is outpacing major Asia-Pacific (APAC) markets in growth and capacity additions, backed by lower construction and electricity costs, burgeoning capital flows, and government support. Currently, activity is concentrated in tier-I cities (led by Mumbai and Chennai), but increased market penetration by corporates and hyperscalers are expected to drive a significant surge in colocation capacities across several tier-II cities.

Table 1.1: Comparison of India's key DC metrics with key APAC markets

Country	Construction Cost (USD million / MW)	Cost of Electricity (USD / kWh)	Cost of Data (USD / GB)
<b>India</b>	<b>6.8 - 7.25<sup>1</sup></b>	<b>0.08</b>	<b>0.16</b>
Japan	12.73	0.22	3.48
Singapore	11.23	0.25	0.63
Australia	9.17	0.27	0.44
China	9.20	0.08	0.38
Philippines	4.59	0.20	0.59
Malaysia	9.25	0.05	0.28
Vietnam	6.70	0.08	0.29

Source: Attracting AI Data Centre Infrastructure Investment in India, Deloitte, May 2025;<sup>1</sup>CBRE Research, Q4 2025

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# APAC State of the Market

DC stock, future supply and 2025 outlook across tier-I cities in the APAC region

### LEGEND



Stock



Low → High

Low: <500 MW; Medium: 500 – 1,000 MW; High: >1000 MW



Future supply (2025 - 2027 E)



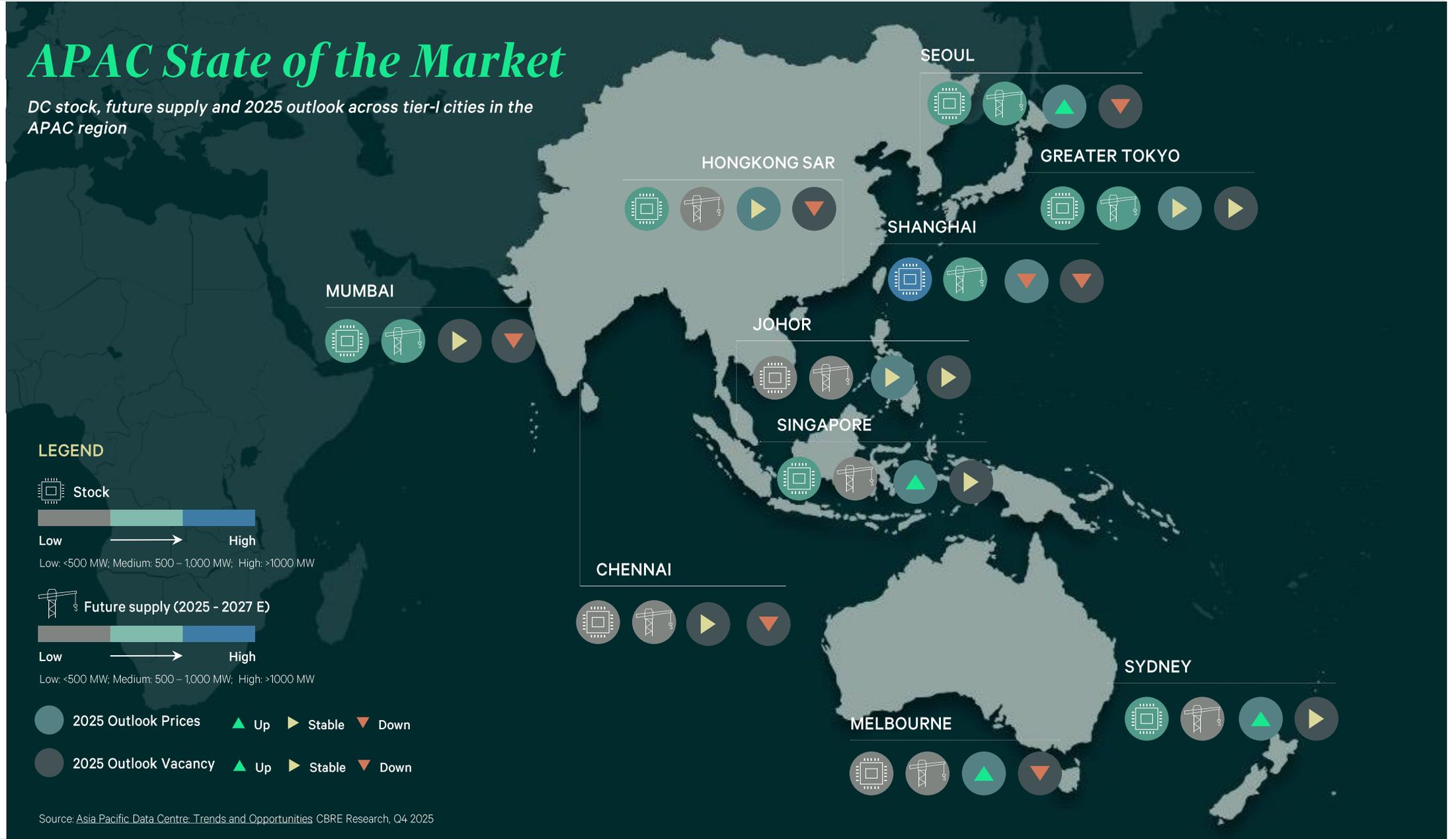
Low → High

Low: <500 MW; Medium: 500 – 1,000 MW; High: >1000 MW

● 2025 Outlook Prices ▲ Up ▶ Stable ▼ Down

● 2025 Outlook Vacancy ▲ Up ▶ Stable ▼ Down

Source: Asia Pacific Data Centre Trends and Opportunities CBRE Research, Q4 2025



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# India's Subsea Connectivity

Undersea cables are the unseen backbone of the contemporary internet, serving as the critical infrastructure that transmits over 97% of global data traffic and roughly USD 10 trillion of international financial transactions daily<sup>1</sup>. India's subsea connectivity serves as the quintessential arterial network for the country's expanding DC network. Furthermore, its strategic location makes it a vital hub connecting the Middle East, Southeast Asia, East Asia, and Europe.

Figure 1.1. depicts approximately 18 international submarine cables landing across Mumbai, Chennai, Kochi, Tuticorin, and Trivandrum.



Over half of the subsea cables that land in India are located in Mumbai and Chennai.

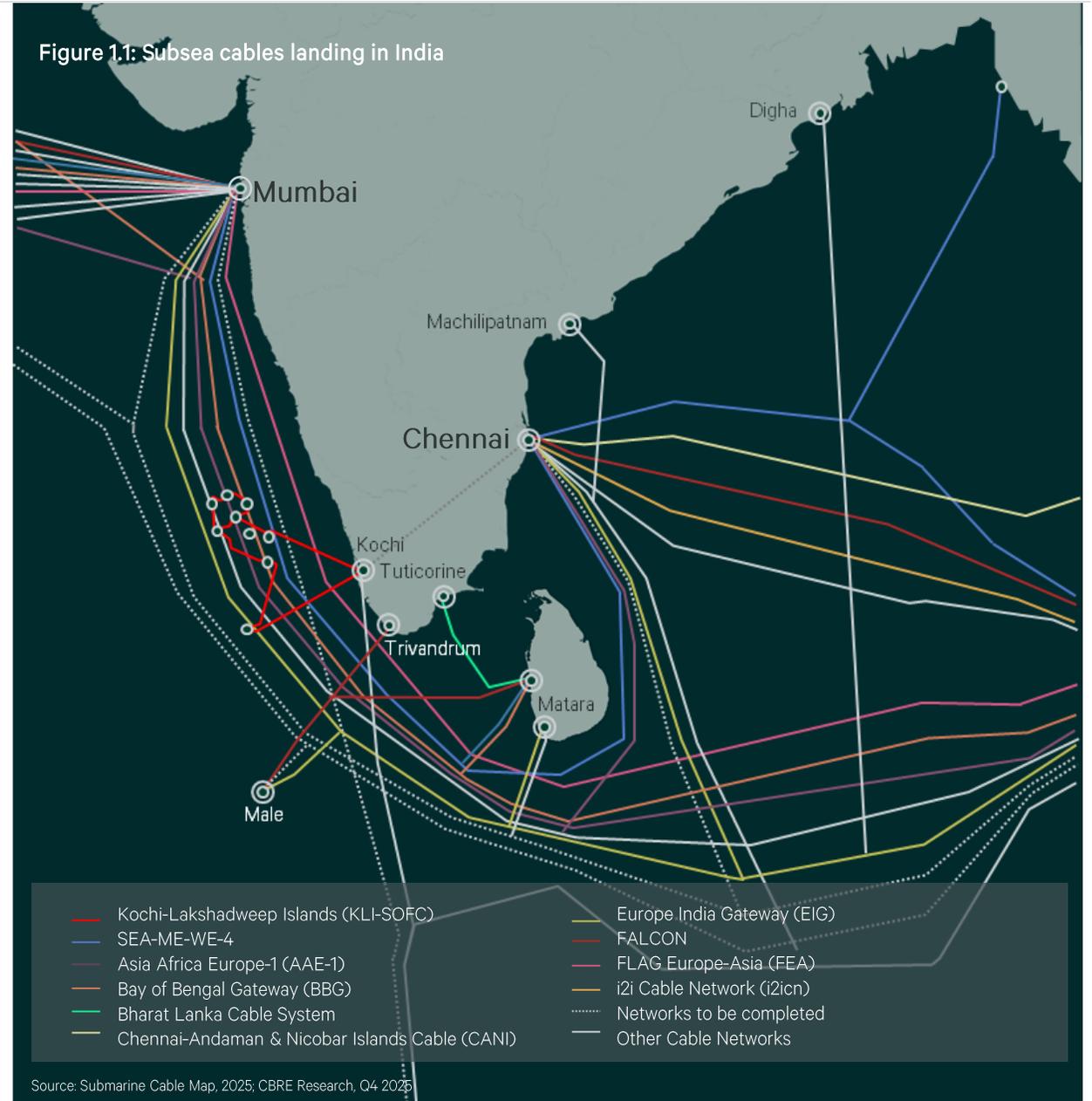
Table 1.2: Key under water cables in the pipeline

Name of the cable system	Connecting cities / regions	Operator	Expected operational year
India-Asia Xpress (IAX)	Connects Mumbai, Chennai and Digha to Singapore, Malaysia, and Thailand	Reliance Jio	2025-26
India-Europe Xpress (IEX)	Connects Mumbai to Europe via the Gulf	Reliance Jio	2025-26
SEA-ME-WE-6	Connects Chennai to South East Asia, Middle East and Western Europe	Multiple	2025-26

Source: Submarine Cable Map, 2025; CBRE Research, Q4 2025

<sup>1</sup>A Roadmap for Securing India's Undersea Cables, Observer Research Foundation, June 2025

Figure 1.1: Subsea cables landing in India



Source: Submarine Cable Map, 2025; CBRE Research, Q4 2025

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# India's DC Stock Surpasses 1.5 GW in 2025

India's DC market marked a significant milestone, reaching ~1,530 MW (23 million sq. ft.) in capacity by the end of 9M 2025 (January to September), with a 260 MW supply addition recorded during this period. This robust, high-quality supply is facilitating expansion for both hyperscalers and BFSI<sup>1</sup> tenants. However, the inventory remains highly centralised: roughly 90% is concentrated across the tier-I markets of Mumbai, Chennai, Delhi-NCR, and Bengaluru, with Mumbai as the primary hub.

The strategic advantages offered by these cities, including the presence of multiple cable landing stations, supportive government policies, and established financial ecosystems, have solidified their status as premier destinations for BFSI, media, cloud, hyperscaler, and OTT<sup>2</sup> enterprises seeking robust DC infrastructure. The next section outlines the city-wise DC market dynamics.

Figure 1.2: India's data centre stock and new supply (2021-9M2025)



Source: CBRE Research, Q4 2025

<sup>1</sup>Banking, financial services and insurance; <sup>2</sup>Over The Top

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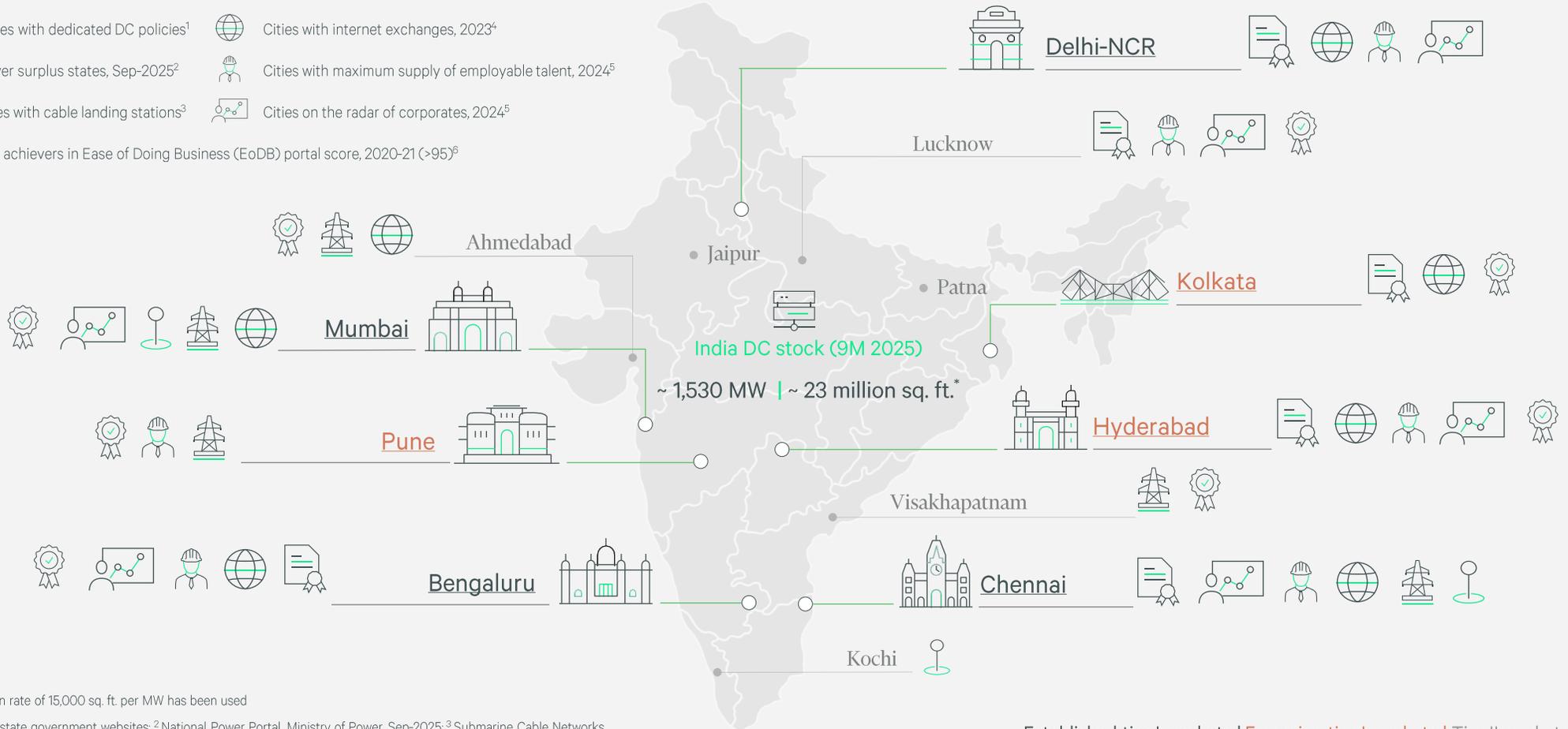
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# Leading Data Centre Hubs in India

Figure 1.3: Established and emerging DC markets in India

LEGEND

- States with dedicated DC policies<sup>1</sup>
- Cities with internet exchanges, 2023<sup>4</sup>
- Power surplus states, Sep-2025<sup>2</sup>
- Cities with maximum supply of employable talent, 2024<sup>5</sup>
- Cities with cable landing stations<sup>3</sup>
- Cities on the radar of corporates, 2024<sup>5</sup>
- Top achievers in Ease of Doing Business (EoDB) portal score, 2020-21 (>95)<sup>6</sup>



\* A conversion rate of 15,000 sq. ft. per MW has been used

<sup>1</sup> Respective state government websites; <sup>2</sup> National Power Portal, Ministry of Power, Sep-2025; <sup>3</sup> Submarine Cable Networks, Sep-2025; <sup>4</sup> Indian Network Operators Group, 2023; <sup>5</sup> India Skills Report, Wheelbox, 2024; <sup>6</sup> Good Governance Index, 2020-21

Established tier-I markets | Emerging tier-I markets | Tier II markets

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# *City-wise DC Market Analysis*

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Established tier-I market:

# Mumbai

Figure 2.1. DC dynamics in the city

**High**

Submarine cable connectivity<sup>1</sup>

**~ 56 GW**

Installed power generation capacity (Maharashtra)<sup>2</sup>

**53%**

% share in Pan India DC capacity (As of 9M 2025)

**80-85%**

Occupancy level (As of 9M 2025)

**1.4x**

Expected growth in stock b/w 2024 and 2025

## Chandivali & Navi Mumbai (Thane-Belapur Corridor)

Micro-markets driving DC growth (As of 9M 2025)

## Cloud service, BFSI, retail and technology

Key sectors driving DC demand (As of 9M 2025)

## Geographical Edge

Proximity to international internet exchange points.

Source: CBRE Research, Q4 2025

<sup>1</sup>Submarine Cable Networks, Jul-2025; <sup>2</sup>National Power Portal, Ministry of Power, August 2025



Table 2.1. DC investment snapshot in 2024 - 9M 2025

	<b>KEY DC INVESTORS*</b>	Princeton Digital Group (PDG), CapitaLand, Colt, NTT, Sify, L&T, Adani
	<b>KEY INVESTMENT LOCATION(S)</b>	Mumbai and Navi Mumbai

Source: Media articles; CBRE Research, Q4 2025

\*Note: Key investors who have announced investment plans in the city

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Established tier-I market:

# Chennai

Figure 2.2 DC dynamics in the city

**High**

Submarine cable connectivity<sup>1</sup>

**~ 44 GW**

Installed power generation capacity (Tamil Nadu)<sup>2</sup>

**20%**

% share in Pan India DC capacity (As of 9M 2025)

**60-65%**

Occupancy level (As of 9M 2025)

**1.4x**

Expected growth in stock b/w 2024 and 2025

## Ambattur & Siruseri

Micro-markets driving DC growth (As of 9M 2025)

## Cloud service, BFSI and retail

Key sectors driving DC demand (As of 9M 2025)

## Geographical Edge

India's second-largest submarine cable hub with robust connections to Southeast Asia and Europe.

Source: CBRE Research, Q4 2025

<sup>1</sup>Submarine Cable Networks, Jul-2025; <sup>2</sup>National Power Portal, Ministry of Power, August 2025



Table 2.2. DC investment snapshot in 2024 - 9M 2025



KEY DC INVESTORS\*

CtrlS, CapitaLand, Colt, Equinix, Sify



KEY INVESTMENT LOCATION(S)

Ambattur and Siruseri

Source: Media articles; CBRE Research, Q4 2025

\*Note: Key investors who have announced investment plans in the city

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Established tier-I market:

## Delhi-NCR

Figure 2.3. DC dynamics in the city

Medium\*

Submarine cable  
connectivity<sup>1</sup>

~ 7 GW

Installed power generation  
capacity (Delhi)<sup>2</sup>

10%

% share in Pan India DC  
capacity (As of 9M 2025)

1.3x

Expected growth in stock  
b/w 2024 and 2025

### Noida

Micro-markets driving DC growth  
(As of 9M 2025)

## Telecommunication, cloud service, technology and government

Key sectors driving DC demand (As of 9M 2025)

### Geographical Edge

Strategically positioned inland centre with an expanding fibre optic network but dependent on coastal cities for internet exchange points.



Source: CBRE Research, Q4 2025

<sup>1</sup>Submarine Cable Networks, Jul-2025; <sup>2</sup>National Power Portal, Ministry of Power, August 2025; \*Delhi-NCR has excellent fibre optic network coverage despite having only medium connectivity in terms of cable landing stations.

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Established tier-I market:

# Bengaluru

Figure 2.4. DC dynamics in the city

Medium\*

Submarine cable connectivity<sup>1</sup>

~ 36 GW

Installed power generation capacity (Karnataka)<sup>2</sup>

7%

% share in Pan India DC capacity (As of 9M 2025)

1.3x

Expected growth in stock b/w 2024 and 2025

## Whitefield, Electronic City & North Bangalore

Micro-markets driving DC growth (As of 9M 2025)

## Technology and BFSI

Key sectors driving DC demand (As of 9M 2025)

## Geographical Edge

A landlocked centre equipped with a robust IT infrastructure and an expanding fibre optic network but is distant from submarine cable networks.

Source: CBRE Research, Q4 2025

<sup>1</sup>Submarine Cable Networks, Jul-2025; <sup>2</sup>National Power Portal, Ministry of Power, August 2025; \* Bengaluru has excellent fibre optic network coverage despite having only medium connectivity in terms of cable landing stations.



Table 2.3. DC investment snapshot in 2024 - 9M 2025



KEY DC INVESTORS\*

CapitaLand, Colt-RMZ, L&T



KEY INVESTMENT LOCATION(S)

Bengaluru

Source: Media articles; CBRE Research, Q4 2025

\*Note: Key investors who have announced investment plans in the city

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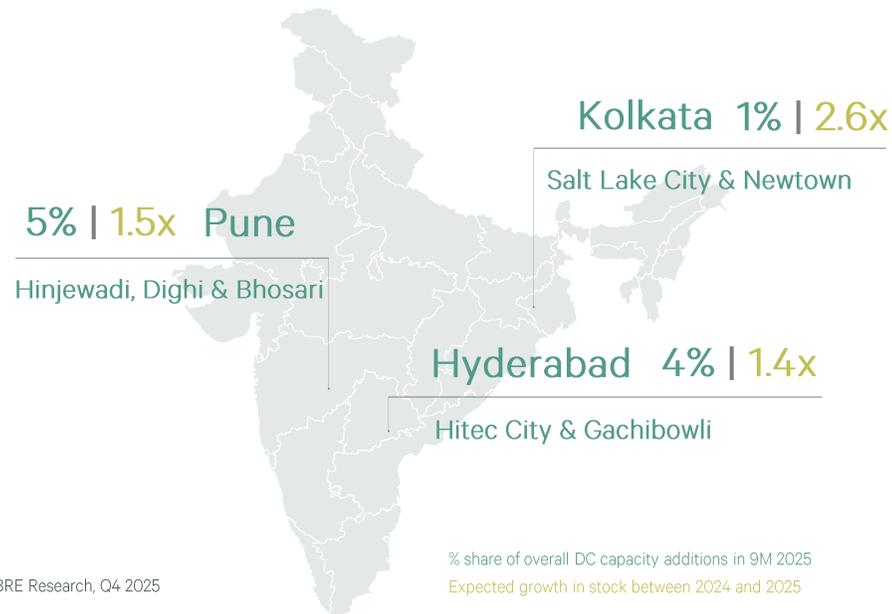
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Emerging tier-I markets:

# Hyderabad, Pune and Kolkata

Figure 2.5. DC dynamics in the emerging tier-I markets



Source: CBRE Research, Q4 2025

Table 2.4. Connectivity and network infrastructure

PARAMETER	HYDERABAD	PUNE	KOLKATA
Submarine cable connectivity <sup>1</sup>	Medium	Medium	Low
Installed power generation capacity <sup>2</sup>	~ 21 GW (Telangana)	~ 56 GW (Maharashtra)	~ 11 GW (West Bengal)

Table 2.5. DC investment snapshot in 2024 - 9M 2025

KEY INVESTORS*	INVESTMENT LOCATION
Amazon Web Services, CtrlS, STT GDC, NTT Microsoft	Hyderabad and Kolkata

Source: Media articles; CBRE Research, Q4 2025

<sup>1</sup>Submarine Cable Networks, Jul-2025; <sup>2</sup>National Power Portal, Ministry of Power, August 2025

\*Note: Key investors who have announced investment plans in the city

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*Growth Drivers*

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# What is Propelling the Expansion of India's Data Centre market?

The foundational growth drivers for India's DC market, such as rapid digitisation, internet penetration, cloud computing, big data, and IoT, bolstered by supportive government policies and investments, will continue to remain strong. However, going forward, the global push towards AI and the continued scaling of cloud operations by major companies will be the key catalysts propelling India's DC expansion.

CBRE Research has identified a few factors that are driving the exponential growth of DCs in the country (as stated in Figure 3.1), which will be elaborated in the following sections.

Figure 3.1: Key growth drivers of India's DC market

## Current



**Digitisation and internet usage**



**Cloud computing, Big data and IoT**



**Surging Investments**

## Future



**Rise of AI**



**GPU\* as a service**



**AI in Global Capability Centres**

Source: CBRE Research, Q4 2025

\*GPU as a Service (GPUaaS) is a cloud-based offering that provides on-demand access to powerful Graphics Processing Units (GPUs)



*The Current DC  
Growth Multipliers*



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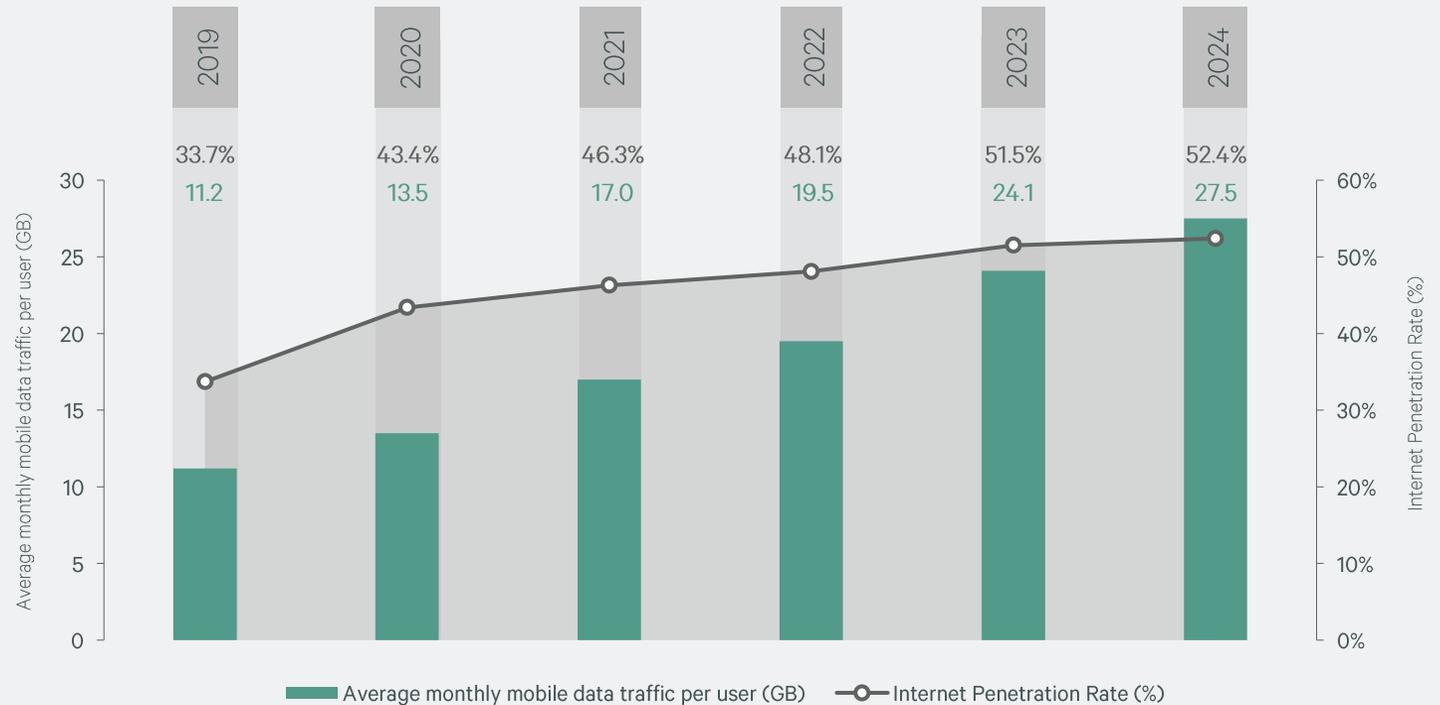
Current growth driver

# Digitisation and Internet Usage

India's accelerated digitisation is driven by surging smartphone penetration, affordable data, and expanding 5G / BharatNet infrastructure. The 2015 launch of the "Digital India" programme fundamentally catalysed the creation of robust Digital Public Infrastructure (DPI), enabling widespread access to services. This progress fuels a digital economy which currently employs 14.7 million workers (2.6% of the workforce), and is five times more productive than the rest of the economy. Moreover, it is expected to grow twice as fast as the overall economy, contributing nearly one-fifth of national income by 2029-30.<sup>1</sup> This vast, rapid increase in data directly translates to immense potential for DCs nationwide.

<sup>1</sup>Ministry of Electronics and IT, Gov, 2025

Figure 3.2: Data traffic and share of internet users in India (2019-2024)



Source: Statista, 2025; CBRE Research, Q4 2025

Current growth driver

# Cloud Computing, Big Data and IoT

Growth in cloud computing, big data analytics, and the Internet of Things has been accelerated by the **2022 Data Protection Bill**, which requires local data storage. This regulation has served as a key driver for investment, prompting over 50% of the firms in the financial services and e-commerce sectors to adapt their data storage strategies by 2024, thereby driving a major push for more DCs to be built in India.

Figure 3.3: Expected growth in India's IoT sector

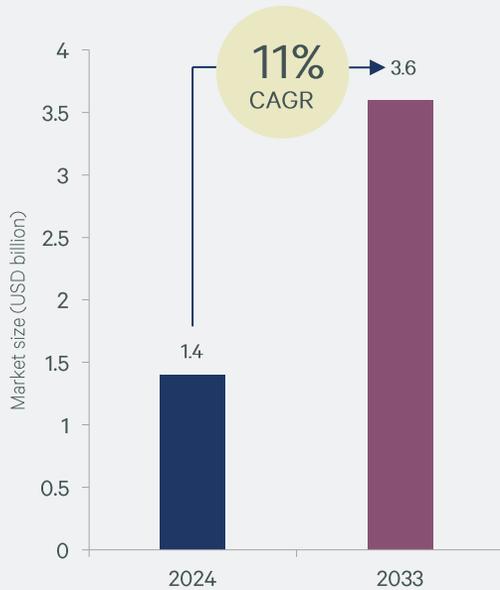
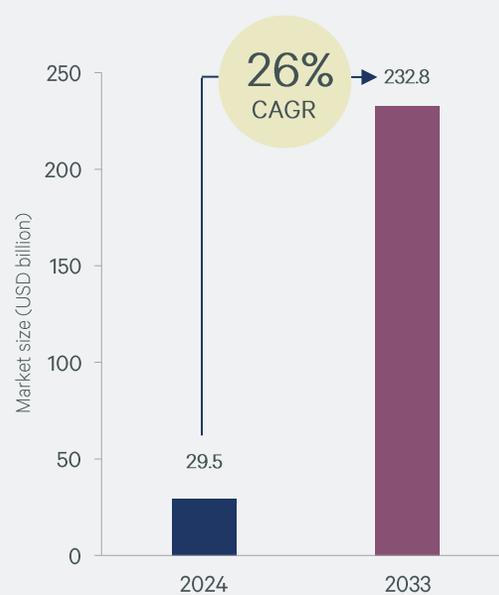


Figure 3.4: Expected growth in India's cloud computing sector



Source: IMARC Group, 2025; CBRE Research, Q4 2025

Figure 3.5: Factors influencing growth of cloud services in India

### Adopting a hybrid approach

80% of the Indian companies are managing their enterprise applications partly in the cloud and partly on-premises<sup>1</sup>

### Emerging technologies such as generative AI

India has the highest global daily adoption rate of generative AI among knowledge workers at 77%, significantly surpassing the US and Germany<sup>2</sup>

### Wider government utilisation

Over 300 government departments are utilising cloud services, a significant factor in the rapid growth of India's DPI<sup>3</sup>

<sup>1</sup> Global Cloud Implementation Study by EY, 2024; <sup>2</sup>The AI Collaboration Index: How leading companies unlock AI ROI by Atlassian, 2025; <sup>3</sup> Ministry of Information & Broadcasting, GoI, Press Bureau of India, December 2024



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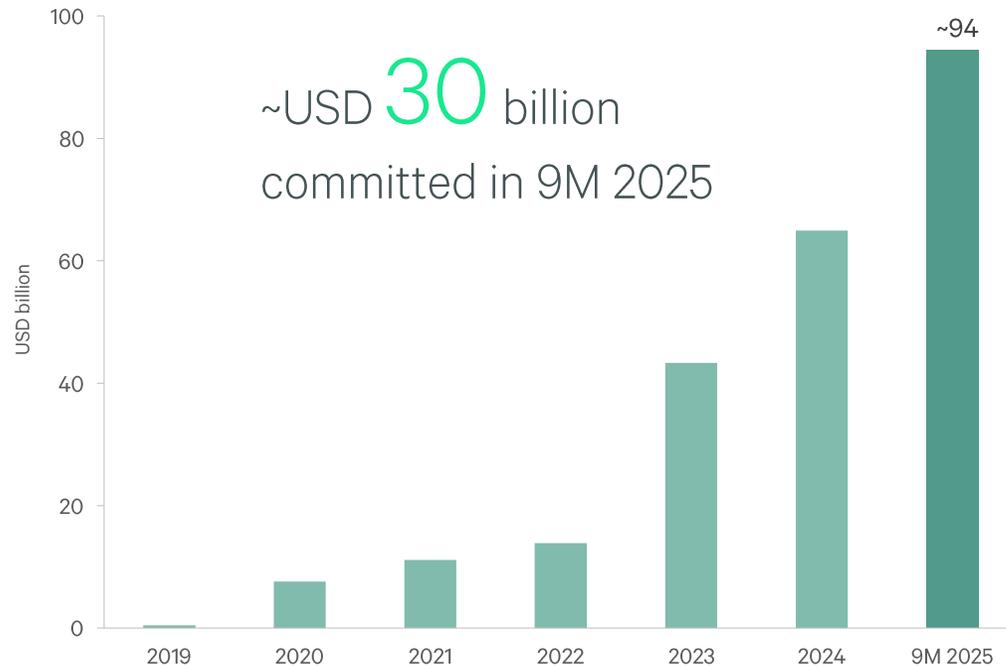
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Current growth driver

# Investments

Global investors, real estate developers, and private equity funds have significantly invested in India's DC market, drawn by its rapid growth trajectory and high potential. From 2019 to 9M 2025, the country secured nearly USD 94 billion in investment commitments from both global and domestic sources. The states leading these capital inflows include Telangana, Maharashtra, Andhra Pradesh, Tamil Nadu, Uttar Pradesh, and West Bengal.

Figure 3.6: India's cumulative DC investments (2019 – 9M 2025)

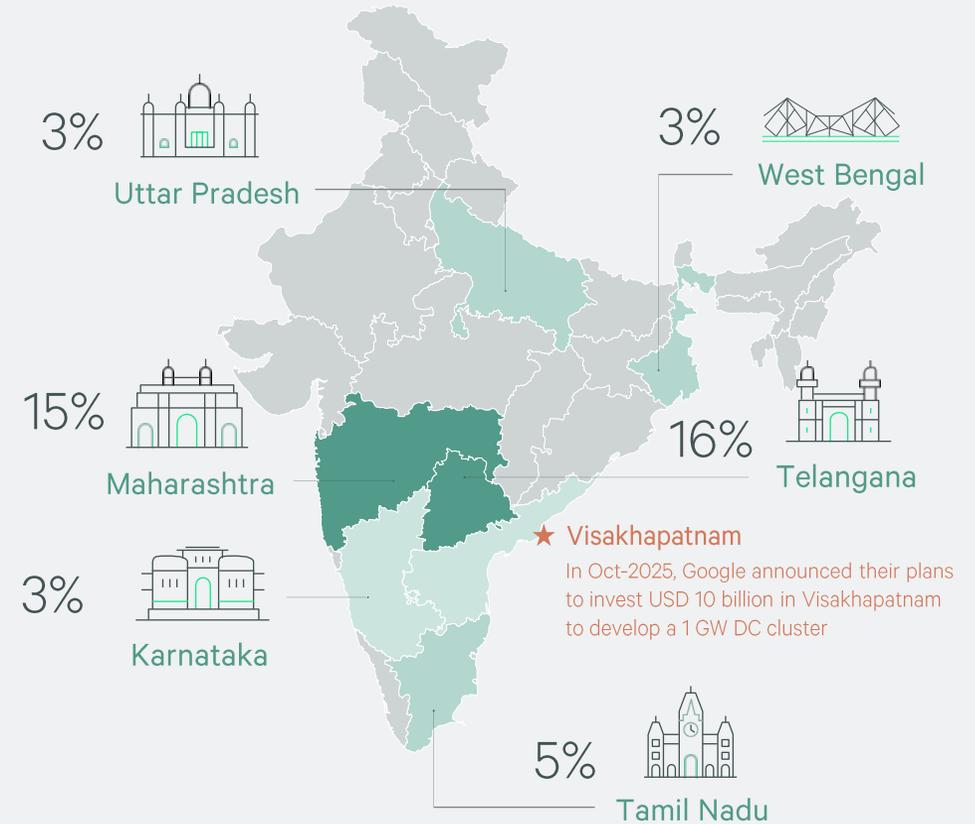


Source: Media articles; CBRE Research, Q4 2025

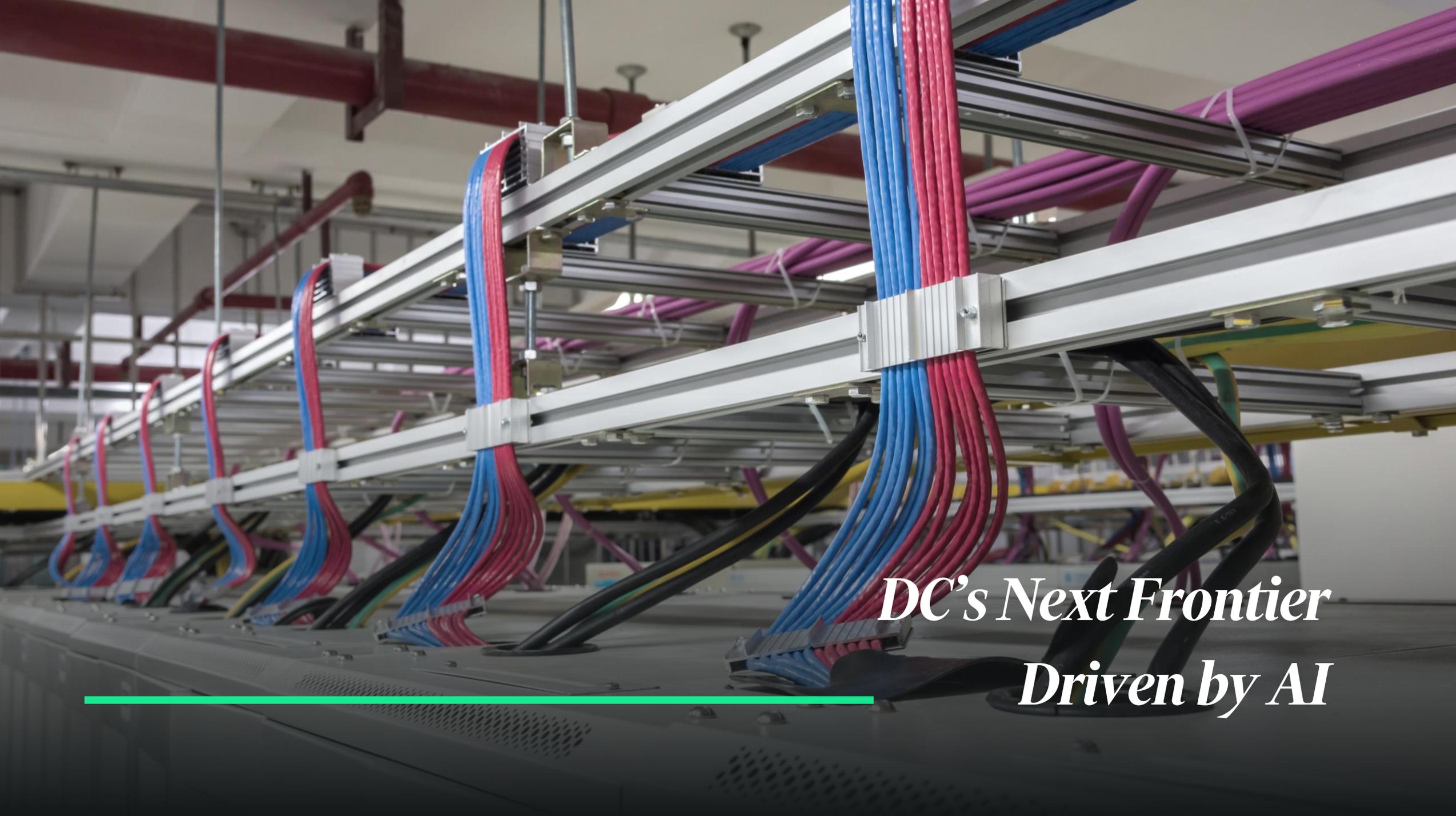
Note: Investments considered for this analysis include signed MoUs, proposed and ongoing deals

Figure 3.7: State-wise spread of DC investment commitments (2019 – 9M 2025)

Only about 50% of the nearly USD 94 billion worth of capital committed in India's DC universe between 2019 and 9M 2025 has a clear identification of recipient states and locations. Some of these states leading in DC investments have been identified below:



Source: Media articles; CBRE Research, Q4 2025



*DC's Next Frontier  
Driven by AI*

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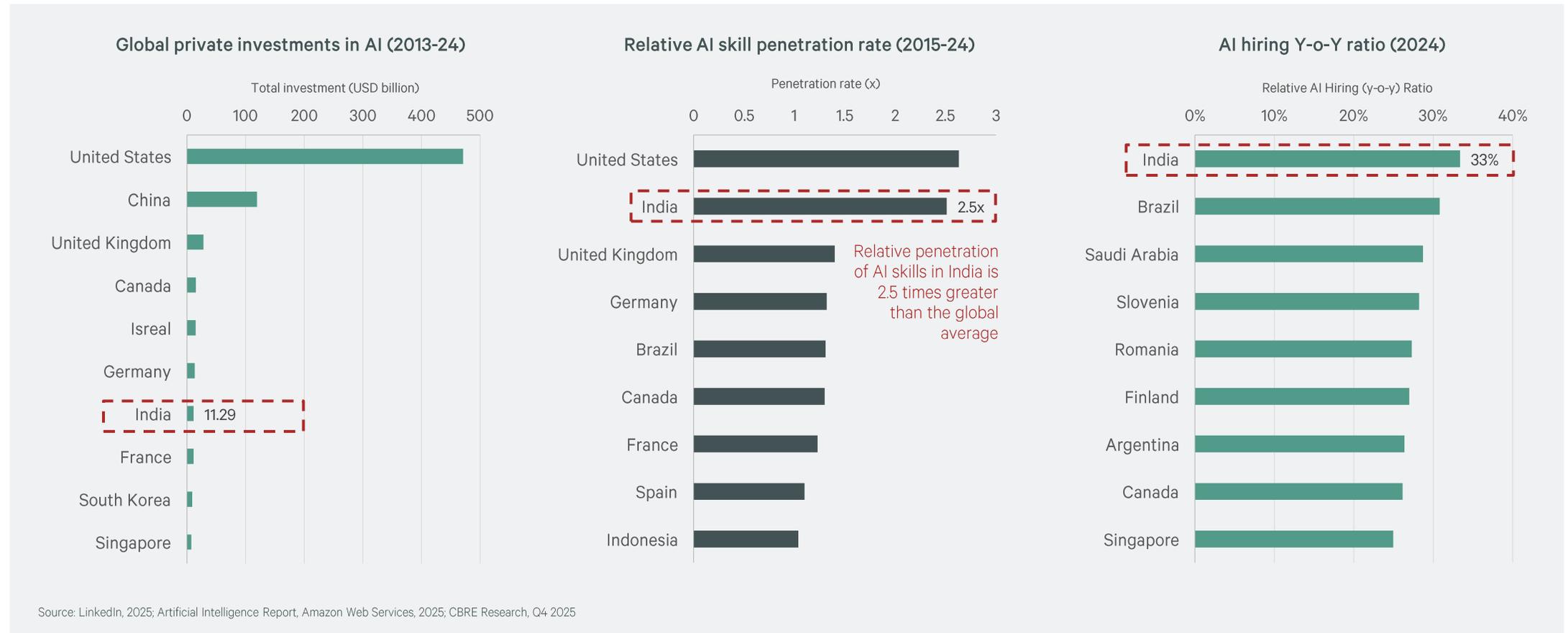
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Future growth driver

# Rise of Artificial Intelligence (AI)

India's AI market is projected to more than triple to USD 17 billion by 2027<sup>1</sup>, making it one of the fastest-growing AI economies globally. This momentum is fuelled by rising enterprise tech investments, a thriving digital ecosystem, and a robust talent base. India has 600,000+ AI professionals, with the number expected to double to 1.25 million by 2027<sup>2</sup>. The country also accounts for 16% of the global AI talent pool, second only to the United States<sup>3</sup>, a reflection of both its demographic advantage and STEM education pipeline.



<sup>1</sup> India Brand Equity Foundation, 2025; <sup>2</sup> NASSCOM India, 2025; <sup>3</sup> India's AI Leap: BCG Perspective on Emerging Challengers by Boston Consulting Group, 2025

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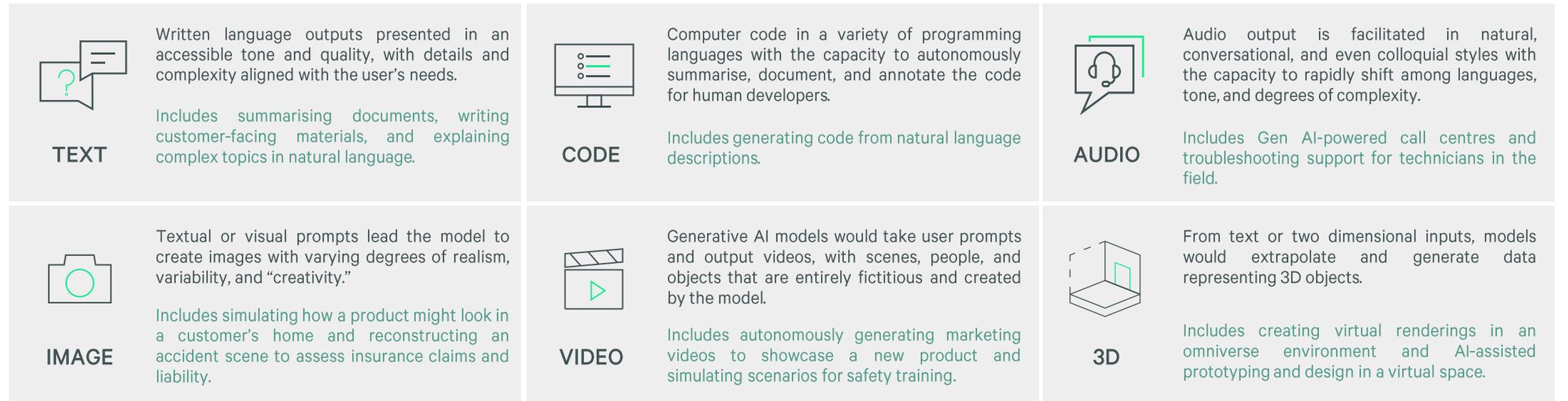
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# Generative AI Poised to Unleash DC Demand's Next Wave

The capabilities of AI have expanded significantly from routine data analysis to the creation of new content through Generative AI. This shift was marked by the launch of ChatGPT-5 Large Language Model (LLM) by OpenAI which is a single, unified system that automatically routes user queries to the best-suited model for the task. Amid high expectations for boosting productivity, facilitating technology transfer, and addressing labour shortages across various industries, this new technology has witnessed rapid and widespread adoption in India for both personal and business use. Consequently, Generative AI holds immense promise for India's economic and social development, with projections estimating it could contribute USD 1.2 to 1.5 trillion to the GDP by 2029-30<sup>1</sup>.

Figure 3.8: Six key modalities of Generative AI



<sup>1</sup>The Aidea of India, EY, 2025

Source: The Generative AI Dossier by Deloitte, 2025, CBRE Research, Q4 2025

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**Figure 3.9: Sector-wise use cases of Generative AI**



**Engineering & manufacturing**

- Control of vehicles using autonomous driving systems
- Task automation in smart factories
- Quality control, anomaly detection, and predictive maintenance
- Development of quality control and inspection systems



**BFSI**

- Creation of documents, including drafts for permission and contracts
- Unauthorised use detection and risk management
- Development of unauthorised use detection systems
- Development of chatbots for investment advice



**Pharmaceuticals & healthcare**

- Diagnostic support (medical imaging diagnosis, etc.)
- Individualised medicine (creation of tailored treatment plans)
- Automated creation of medical documentation based on electronic records
- Chemical compound analysis for the development of new drugs



**Retail**

- Individualised marketing tailored to each client
- Optimisation of ordering plans by predicting demand based on past purchase records
- Development of platforms for the efficient use of product information



**Media and advertising**

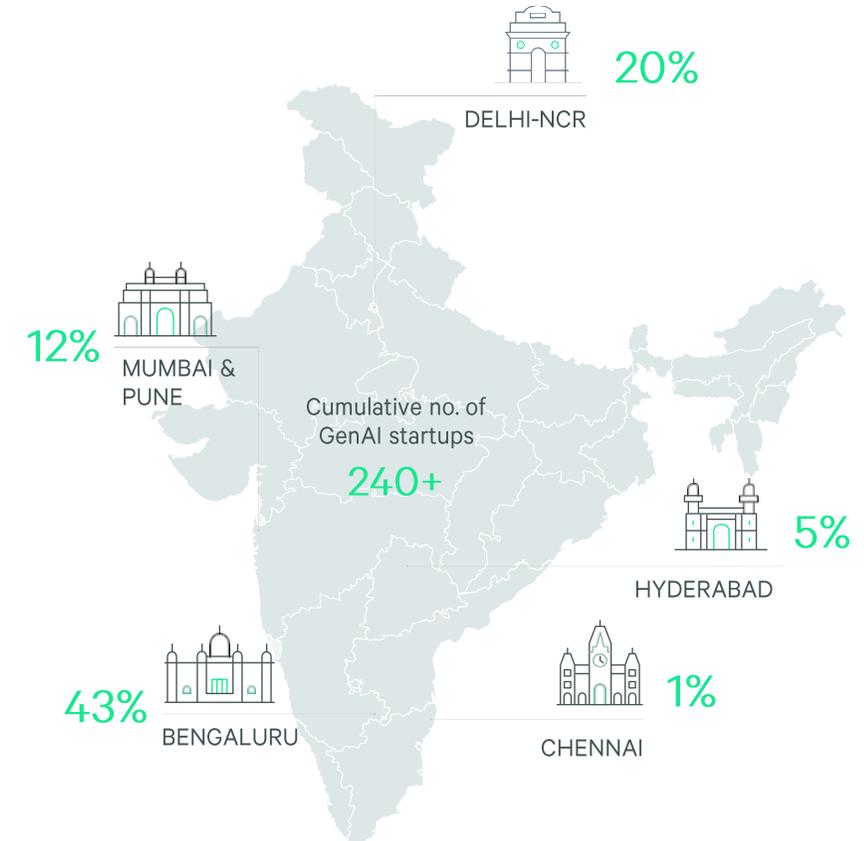
- Support for the writing of articles and scripts
- Creation of visual content (images and video)
- Translation support
- Personalised learning materials and tutoring

Implementation | Research & Development

Source: CBRE Research, Q4 2025

**Snapshot of Indian GenAI startup landscape**

Indian GenAI startups recorded a 3.6x growth count between H1 2023 and H1 2024



Source: Tracxn, India's Generative AI Startup Landscape, 2024; CBRE Research, Q4 2025

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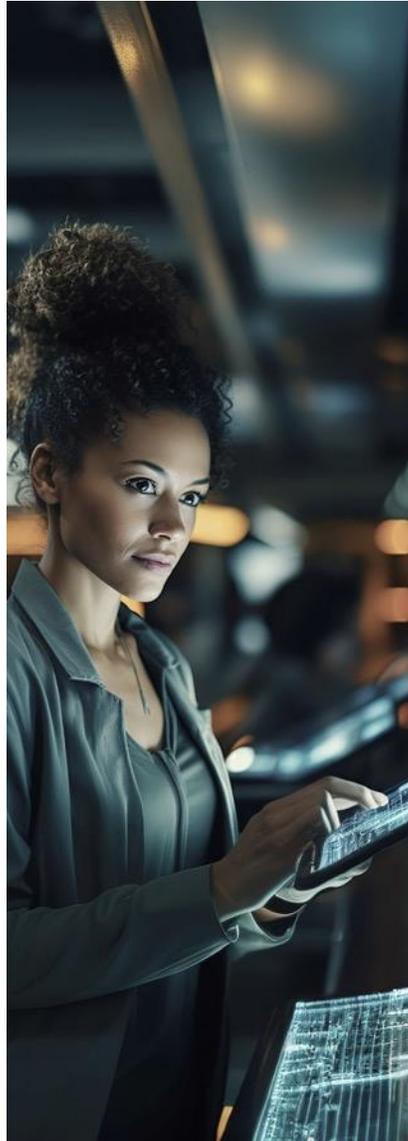
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Future growth driver

# AI in Global Capability Centres

Over the last decade, Global Capability Centres (GCCs) in India have evolved significantly, transitioning from offshore support units into hubs of technological innovation. As of FY2024, India hosted over 1,700 GCCs employing 1.9 million professionals, generating USD 64.6 billion in revenue, with a projected market size of USD 110 billion by 2030<sup>1</sup>. With rapid progress in the technology landscape and the rise of automation and artificial intelligence (AI), GCCs now hold a distinct advantage in enhancing operational efficiency. As a result, they are increasingly taking on a strategic role in driving and supporting the broader transformation agendas of global enterprises.

AI is significantly impacting GCCs, particularly in India, with a focus on automation, talent transformation, and cost optimisation. GCCs are leveraging AI to improve efficiency, enhance service delivery, and drive innovation, leading to a more strategic role within their parent organisations.

## How AI is reshaping the strategic role of Indian GCCs?

### AI integration

70%



of GCCs in India prioritise GenAI, with over 50% leveraging it to boost operations and customer experience<sup>2</sup>

### AI skilling emphasis

51%



of GCCs are relying on technology and reskilling staff in emerging AI areas to drive growth, rather than solely expanding headcount<sup>2</sup>

### Cost savings

80%



reduction in time and cost by hyper automation (enabled by AI) compared to traditional methods<sup>3</sup>

<sup>1</sup>Ministry of Labour & Employment, GoI, 2025; <sup>2</sup>GCC Pulse Survey by EY, 2024; <sup>3</sup>Zvolv, 2024

## Key advantages of an “AI-first” GCC



Better decision making



Faster time to value



Strategic talent acquisition



Shift from cost to value



Core function integration



Accelerated skill development

Source: CBRE Research, Q4 2025

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Future growth driver

# GPU as a Service

GPU-as-a-Service (GPUaaS) is an Infrastructure-as-a-Service (IaaS) cloud model providing on-demand access to high-performance Graphics Processing Units (GPUs) essential for accelerating compute-intensive workloads such as AI, ML, and scientific computing. This service model democratises adoption by eliminating the capital investment and maintenance complexity of expensive, on-premises hardware. Consequently, GPUaaS acts as a primary demand catalyst for the Indian DC market, necessitating purpose-built, large-scale facilities meticulously engineered for the extreme power density and advanced cooling required to house and operate GPU clusters.

## Key benefits of GPUaaS to occupiers



**Reduced upfront costs**

Eliminates the need for significant investments in hardware and infrastructure



**Increased efficiency**

Optimises resource utilisation and enables faster processing of complex tasks



**Improved accessibility**

Provides access to high-performance computing resources to a wider range of users



**Enhanced scalability**

Allows for easy scaling of computational resources as needed



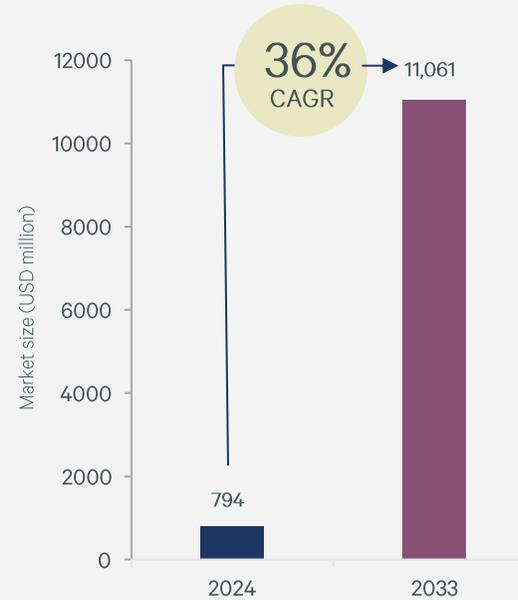
**Faster time to solution**

Enables quicker completion of computationally intensive tasks

Source: CBRE Research, Q4 2025

Figure 3.10: A snapshot of the DC GPU market in India

## Expected growth in India's DC GPU market



India's DC GPU sector is expected to grow at a CAGR of 36% from 2024-2033, potentially strengthening the DC demand

Source: Horizon Grand View Research, 2025; CBRE Research, Q4 2025



**Cloud** is the most lucrative deployment segment registering the fastest growth during the forecast period



### Key market players

- NVIDIA Corp
- Intel Corp
- Advanced Micro Devices
- Micron Technology
- IBM
- Samsung Electronics
- Qualcomm
- Huawei Technologies

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# *Building Sustainable Data Centres*

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Future growth driver

# Sustainability

The accelerated growth of AI and high-performance computing (HPC) is expected to intensify the energy demand and CO<sub>2</sub> emissions of the DC sector. Driven by the central government's goal of achieving net-zero target by 2050 and carbon neutrality pledges from hyperscalers such as Microsoft and Meta by 2030, DCs are under increasing pressure to decarbonise operations and prioritise sustainability. This transition mandates a shift towards green and renewable energy sources, the effective reuse of excess heat, and a complete rethinking of DC design and management protocols.

Globally, half of all new DCs are powered by renewables, and India is keeping pace. For instance, the Yotta NM1 data centre in Navi Mumbai already sources half of its power from renewable energy.<sup>1</sup>

Data centres' environmental effect spans their entire lifecycle, including materials for the building, raw materials and energy for manufacturing ICT equipment, operational resources such as energy, refrigerants, and water, and finally, energy and pollutants during decommissioning. Figure 4.1 demonstrates a simplified DC lifecycle, including material and energy use in each phase and opportunities for reuse.

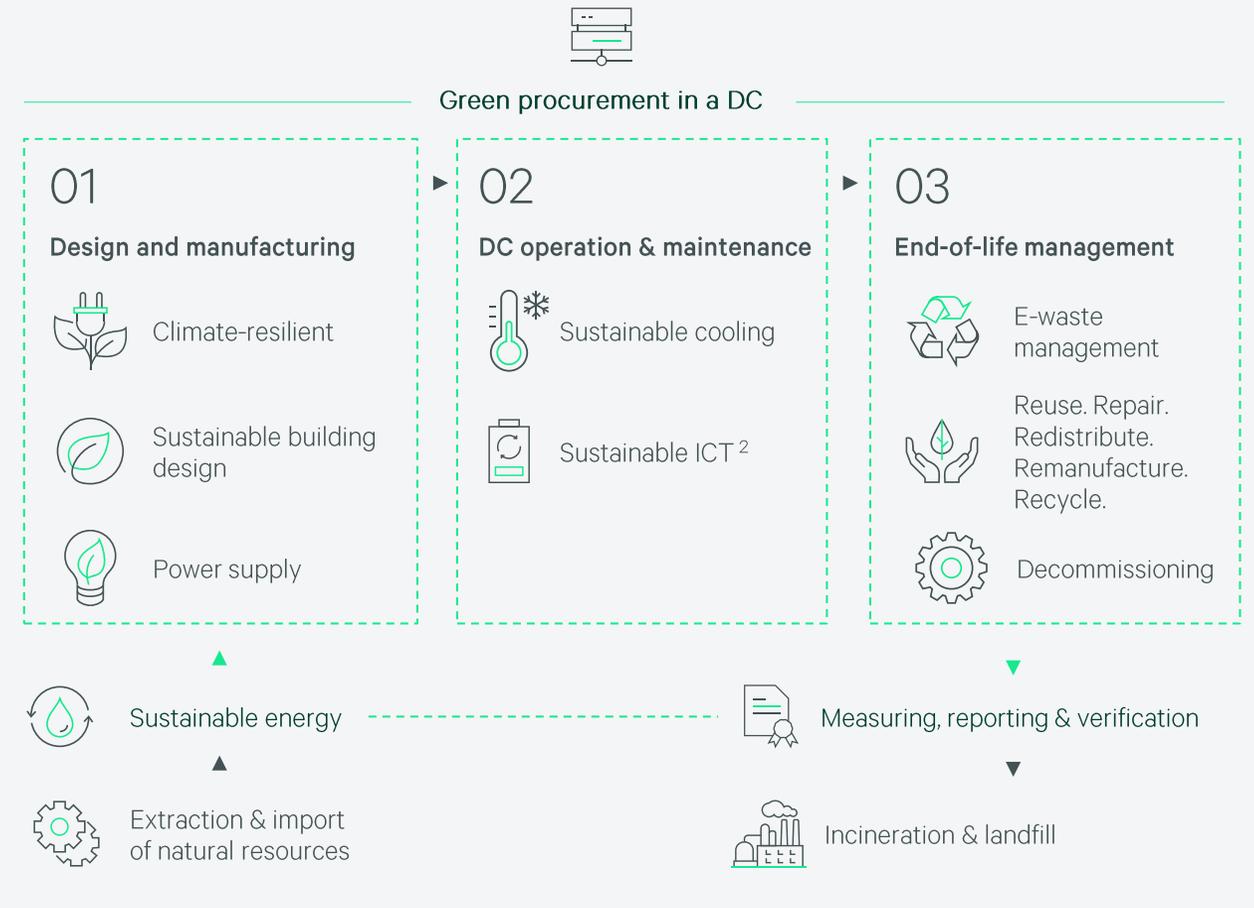
## Advantages of sustainability in data centres

-  Reduction in operational costs
-  Regulatory Compliance
-  Attracting employees & customers
-  Increasing asset value
-  Boosting stakeholder engagement
-  Securing certifications to enhance reputation

Source: CBRE Research, Q4 2025

<sup>1</sup>India's power-hungry data centre sector at a crossroads, Institute for Energy Economics and Financial Analysis, June 2025; <sup>2</sup>Sustainable ICT / Green ICT, is the practice of designing, manufacturing, utilising, and disposing of information and communication technology in a manner that actively minimizes its environmental impact and optimizes resource conservation

Figure 4.1: Sustainability in the lifecycle of a DC



Source: Green Data Centres: Towards a Sustainable Digital Transformation, World Bank, Nov 2023; CBRE Research, Q4 2025

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# The Way Forward

India's expanding population and its increasing reliance on technology, social media, and streaming platforms are driving a significant surge in the need for data centres. This has positioned the country as a leading destination for DC expansion, drawing considerable attention and investment from the global market. With strong fundamentals and anticipated supply influx, tenants are expected to carefully assess their options, select suitable DC providers and negotiate favourable terms aligned with their specific requirements.

Occupiers	Operators	Investors
 <p>Technology firms, BFSI companies, e-commerce and cloud services would continue to be the primary drivers of demand for outsourced DC facilities.</p>	 <p>DC operators are expected to expand their presence in tier-II markets, driven by rising data consumption in smaller cities.</p>	 <p>Platforms and equity investments remain the preferred investment routes into India's DC sector. Investors are also likely to form partnerships with experienced operators and developers to gain exposure to the sector.</p>
 <p>Small- to medium-sized corporations are expected to progressively transition their operations from in-house enterprise DCs to colocation DCs as well as cloud deployments.</p>	 <p>Higher power requirements are putting a strain on existing cooling systems, which could lead to equipment overheating. As a result, DCs are likely to adopt more advanced cooling technologies, such as liquid immersion cooling or direct evaporation cooling, to ensure reliability.</p>	 <p>ESG considerations, machine learning, and AI are likely to take centre stage in DC investments.</p>
 <p>The growing adoption of hyperconverged infrastructure (HCI) is anticipated to improve the efficiency and scalability of DCs in the future.</p>	 <p>Operators are expected to offer customised and streamlined solutions, along with scalability options, to attract occupiers seeking flexibility and agility in the future.</p>	 <p>DC investors are expected to continuously upgrade their facilities to boost efficiency, cut costs, and improve their environmental footprint. They are likely to achieve this by making strategic investments and implementing advanced IT strategies and energy management techniques.</p>
 <p>Engineering and manufacturing firms, along with technology companies, are likely to build their own dedicated DCs for specific R&amp;D activities, and shall also consider colocation facilities for core business.</p>	 <p>A heightened emphasis on sustainability initiatives and energy optimisation is likely to result in greater cost efficiencies.</p>	 <p>DC investors likely to form government / local alliances to navigate regulatory hurdles, specifically delays in getting approvals and acquiring land, in addition to securing a reliable supply of power and infrastructure.</p>
 <p>The rapid increase in AI-generated data is expected to create demand for high-power-density DC facilities (~more than 30kW per rack), a significant jump from traditional power densities (~8-10kW per rack).</p>		

Source: CBRE Research, Q4 2025



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# Government regulations

## Central-level initiatives aiding DC growth

### National Data Centre Policy (Draft), 2025

Aims to create a sustainable ecosystem for DCs in the country. Proposed key elements under the draft policy include:

-  Tax holiday for up to 20 years to be linked to capacity, efficiency and employment.
-  GST input tax credit to be extended to construction material, cooling systems, HVAC, and electrical equipment.
-  Single window clearance system and Ease of Doing Business
-  Provisions to grant permanent establishment status in India to international firms operating DCs (with a capacity of at least 100 MW)
-  Encouraging eligible companies to establish AI development centres or global capability hubs in the same vicinity as their DC facilities

### IndiaAI Mission, 2024

Government of India has allocated approx. USD 1.2 billion (INR 10,300 crore) to operationalise this mission; this would empower AI startups and expand compute infrastructure. The key components of the mission are mentioned below.



IndiaAI Compute Portal to provide subsidised access to over 10,000 GPUs



Launch of AIKosh (datasets platform) with sandbox tools for developers



Establishment of AI Safety Institute and AI Skilling initiatives

### Digital Personal Data Protection Act (DPDPA), 2023

It aims to balance individual privacy rights with the lawful processing needs of businesses and government entities. The implementation of this act has bolstered cross-border trade, legitimate data processing, and stakeholder trust, further enhancing India's digital innovation landscape.

### Infrastructure status for DCs, 2022

In the 2022 Union Budget, DCs were granted infrastructure status, making it easier for operators to access long-term and low-cost institutional financing.

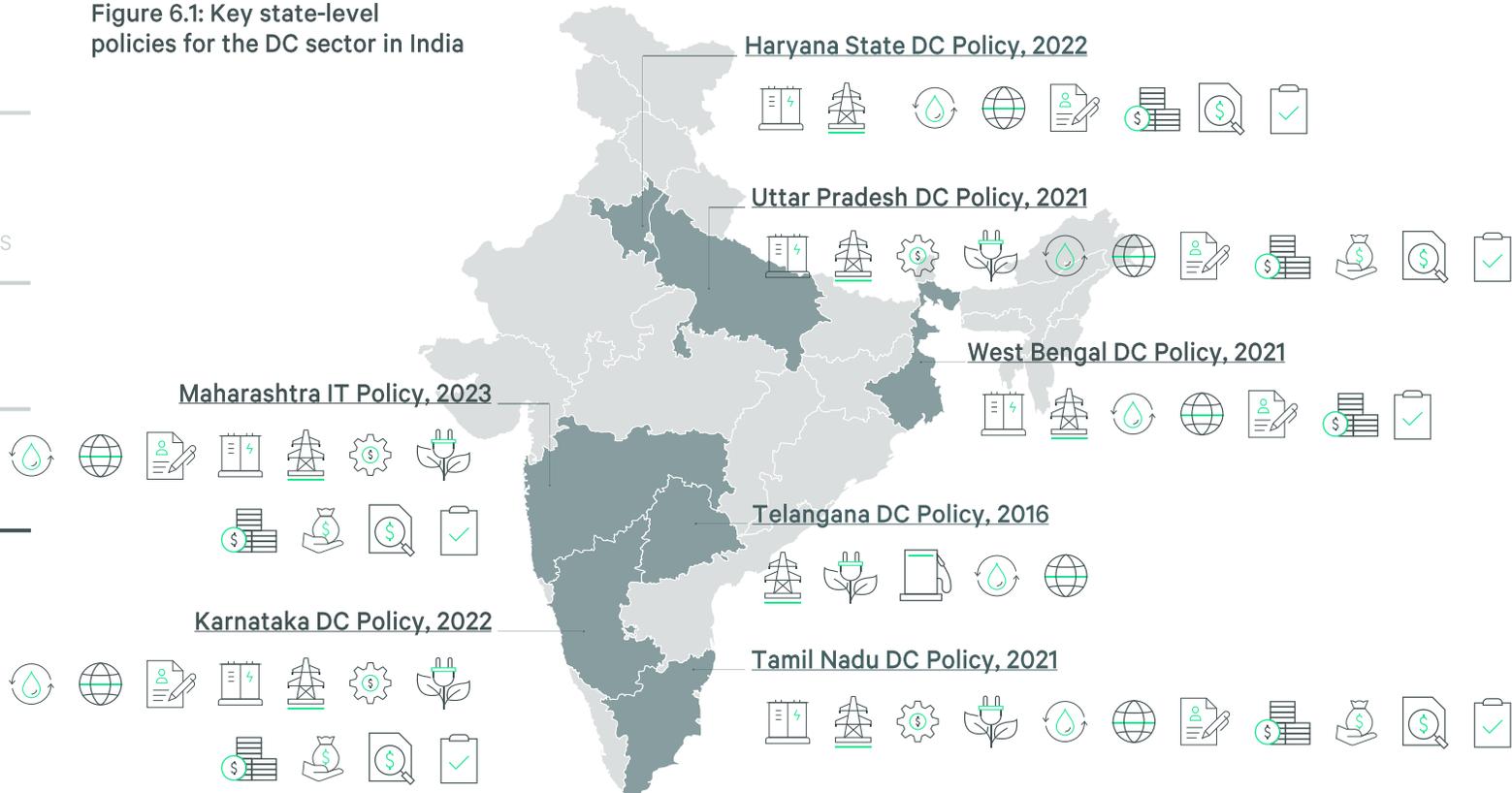
Source: Ministry of Electronics and Information Technology, Government of India (GoI), 2022, 2023, 2025; CBRE Research, Q4 2025

# Government regulations

## State-level policies aiding DC growth

Most of the states have categorised DCs as an 'essential service' to ensure uninterrupted operations throughout the year. A few key state-level policies are highlighted in the figure below.

Figure 6.1: Key state-level policies for the DC sector in India



Source: Respective state government websites; CBRE Research, Q4 2025

### LEGEND

#### POWER AND ENERGY



Exemption on electricity duty



Dual power grid availability



Availability of renewable energy under open access system



Subsidised fuel prices



Exemption on wheeling charges

#### INFRASTRUCTURE



Uninterrupted supply of water



Access to high speed internet



Special provision in building norms

#### FISCAL INCENTIVES



Exemption on stamp duty



Capital subsidy



Tax benefits



Ease of approval

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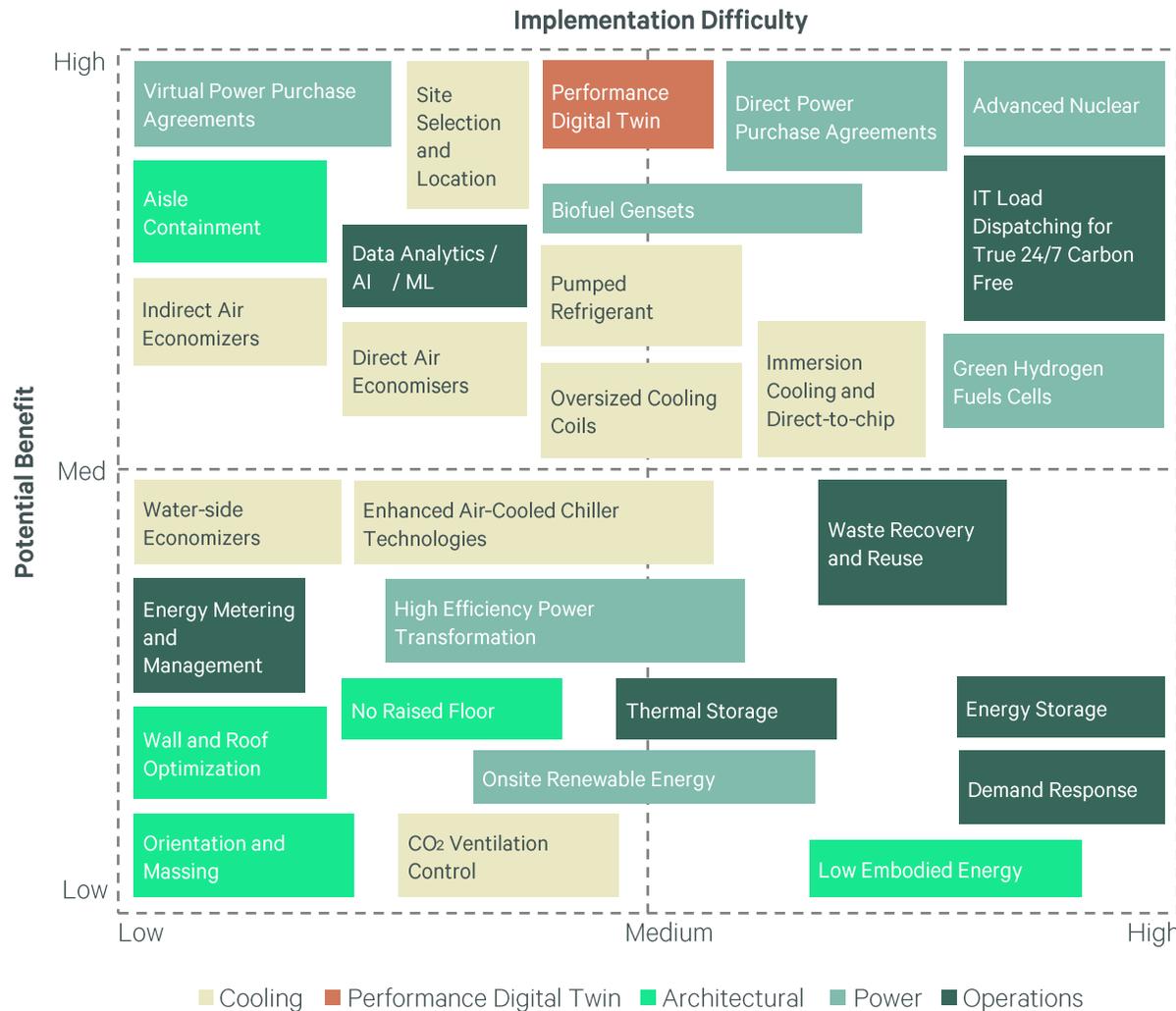
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## Sustainability measures for DCs and how they measure against potential benefits and implementation difficulty



### Definitions

- Indirect Air Economizers:** Use a heat exchanger to cool with outside air without mixing streams.
- Direct Air Economizers:** Directly use outside air for cooling, cutting mechanical cooling needs.
- Water-side Economizers:** Use a cooling tower to cool water, bypassing the main chiller.
- Enhanced Air-Cooled Chiller Technologies:** More efficient chillers with advanced tech like variable-speed compressors.
- Pumped Refrigerant:** Pumps refrigerant for cooling, reducing energy use.
- Oversized Cooling Coils:** Larger coils for more efficient cooling at lower temperatures.
- Immersion Cooling:** Submerging IT hardware in a non-conductive fluid for highly efficient heat removal.
- Direct-to-chip:** Applying a cooling element directly onto a processor to remove heat at its source.
- Site Selection and Location:** Choosing a location based on power, climate, and risk.
- CO<sub>2</sub> Ventilation Control:** Adjusts ventilation based on CO<sub>2</sub> to save energy.

**Performance Digital Twin:** A virtual model that uses real-time data to optimize a data centre

- Aisle Containment:** Separates hot and cold air for better cooling.
- Wall and Roof Optimization:** Using better insulation to reduce heat gain.
- Orientation and Massing:** Shaping the building to reduce sun exposure and increase natural cooling.
- No Raised Floor:** A design using a solid slab floor instead of a raised floor
- Low Embodied Energy:** Using materials that consume less energy to produce, transport, and install.

- Virtual Power Purchase Agreements:** A financial contract to buy renewable energy credits; energy is not physically delivered.
- Direct Power Purchase Agreements:** A contract to directly buy renewable energy that is physically delivered.
- Advanced Nuclear:** Next-generation nuclear technology for stable, carbon-free power.
- Green Hydrogen Fuel Cells:** Use hydrogen from renewables to generate clean electricity.
- Onsite Renewable Energy:** Generating clean electricity directly at the data centre.
- Biofuel Gensets:** Generators using biofuels for sustainable data centre power
- High Efficiency Power Transformation:** Using better components to reduce energy loss during power conversion.

- Data Analytics / AI / ML:** Using AI to analyze data for optimizing data centre performance.
- Thermal Storage:** Storing thermal energy (hot or cold) to use during peak hours.
- Waste Recovery and Reuse:** Capturing and reusing waste heat from servers.
- Energy Metering and Management:** Monitoring energy use to find ways to improve efficiency.
- Energy Storage:** Using batteries to store power for backup or peak shaving.
- Demand Response:** Reducing energy use on demand for a financial incentive.
- IT Load Dispatching for True 24/7 Carbon Free:** Shifting workloads to align with real-time clean energy availability.

Source: Attracting AI Data Centre Infrastructure Investment in India, Deloitte, May 2025 CBRE Research, Q4 2025

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