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Square Yards Research

HOW INDIA'S

DATA CENTRE

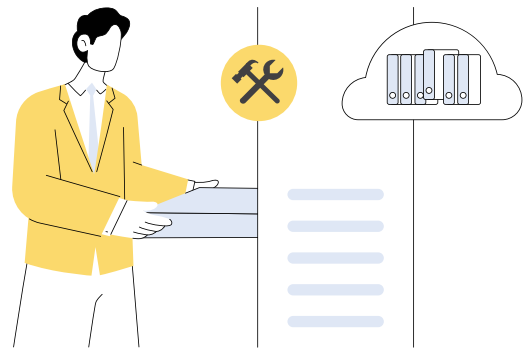
REVOLUTION IS REWRITING
REAL ESTATE

PREFACE

India's next wave of housing demand may not be shaped solely by expanding business districts or industrial corridors — the rise of digital infrastructure could increasingly influence it. As the country accelerates its ambitions to become a global data centre hub, new investment corridors are emerging that could redefine where people live, work, and invest.

Today, India generates nearly **20% of the world's data** yet accounts for only around **4% of global data centre capacity**. Bridging this gap will require significant investments in hyperscale data centres, power infrastructure, fiber connectivity and supporting utilities. While these facilities operate with relatively lean on-site workforces, their broader economic value lies in the ecosystems they enable. Infrastructure upgrades, ancillary industries, logistics networks, commercial activity and institutional investments collectively create the conditions that drive sustained residential demand.

This transformation extends well beyond the boundaries of a data centre campus. As digital infrastructure clusters mature, surrounding regions benefit from improved connectivity, expanding economic activity and greater investor confidence, making them increasingly attractive for residential development. The result is the gradual emergence of new housing markets supported not by a single employment centre but by a diversified ecosystem built around long-term infrastructure investment.



With more than 250 data centres proposed across India by 2030, this shift is expected to influence urban growth across multiple states and cities. For developers, homebuyers, investors and policymakers, understanding where these infrastructure-led growth corridors are taking shape will be critical to identifying the next generation of residential opportunities.

This report examines the relationship between India's expanding data centre ecosystem and the housing demand it is expected to create. By analysing infrastructure investment, ecosystem development and emerging market trends, it presents a forward-looking perspective on how digital infrastructure could become one of the defining catalysts of residential real estate growth in the years ahead.

EXECUTIVE SUMMARY

India's real estate sector is entering a period of recalibration. While premium housing has driven market momentum over the past few years, rising property prices, affordability concerns and an increasing focus on luxury developments have begun to moderate demand across key residential markets. This slowdown has prompted developers and investors to look beyond traditional asset classes for the next engine of growth. In this context, data centres are emerging as an opportunity capable of giving the sector a fresh lease of life.

The rapid digitisation of the Indian economy, intense cloud adoption, artificial intelligence, 5G deployment and expanding digital public infrastructure are fuelling an unprecedented demand for data storage and processing capacity. As a result, India is witnessing a surge in investments in data centre infrastructure, with global technology companies, hyperscalers and institutional investors committing billions towards expanding capacity. Unlike conventional commercial or residential real estate, data centres offer stable, long-term occupancy backed by high-credit tenants, making them an attractive alternative for developers seeking resilient income streams.

The rise of data centres is also reshaping land markets. Large parcels of strategically located land with reliable power supply, fibre connectivity and water access are becoming highly sought-after assets. This is creating new opportunities for real estate developers to monetise land banks, repurpose underutilised industrial and commercial sites and partner with specialised operators. Cities such as Mumbai, Chennai, Hyderabad, Bengaluru and the National Capital Region are already emerging as major data centre hubs while Tier-2 cities are increasingly entering investors' radar due to lower land costs and improving infrastructure.

Beyond direct real estate demand, the data centre ecosystem generates significant multiplier effects through investments in power infrastructure, renewable energy, logistics, construction and skilled employment. These developments stimulate surrounding commercial and residential markets, creating integrated digital infrastructure corridors that support broader urban growth.



THE DATA GAP:

INDIA GENERATES DATA, BUT STORES VERY LITTLE OF IT

20%



India's share of global data generated

~4%



India's share of global DC capacity

1.5-1.7 GW



Current installed capacity

250+



Proposed data centres in India by 2030

12 GW



Projected capacity by 2030

10.1%



Projected CAGR (2026-2034)

Source: Mordor intelligence, IBEF

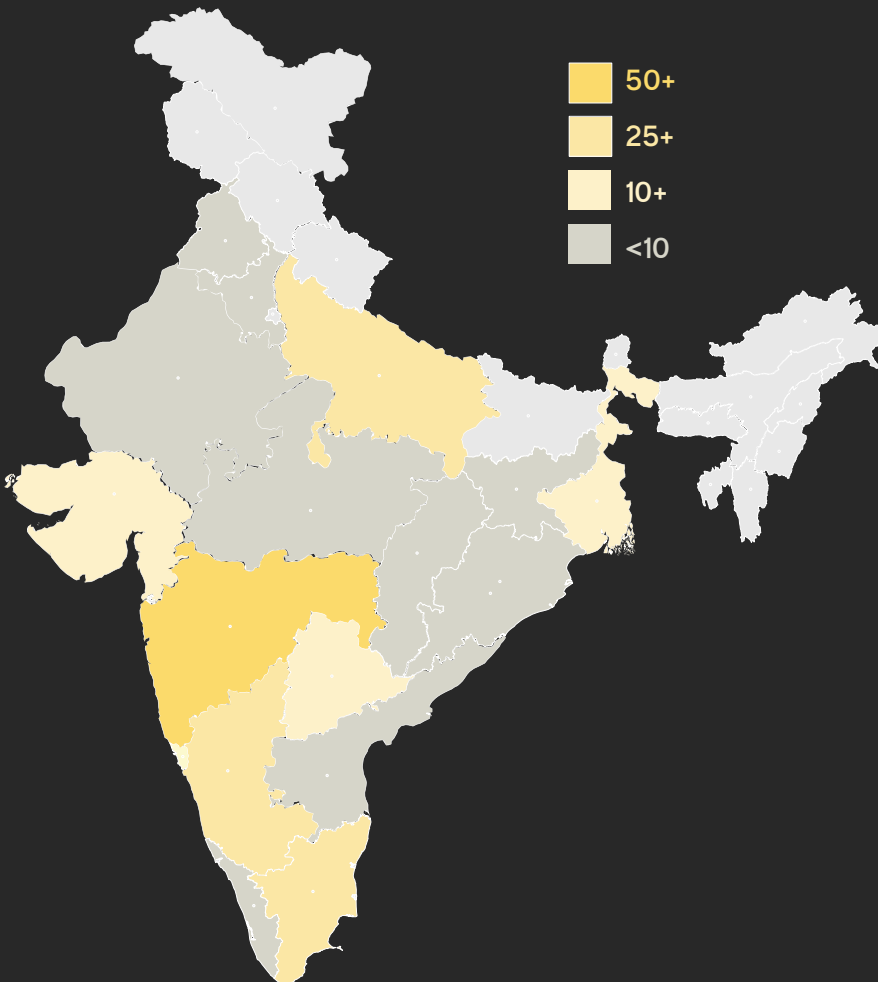
WHAT THIS MEANS FOR REAL ESTATE

- India generates nearly 20% of global data but accounts for only a small share of global data-centre capacity, creating a significant infrastructure opportunity.
- Hyperscale operators continue to announce multi-billion-dollar investments to expand domestic data storage and compute capacity.
- Rising AI adoption and cloud migration are accelerating demand for high-density digital infrastructure across India.
- Expansion of data-centre infrastructure is expected to increase demand for industrial land, power networks, fibre connectivity and supporting real-estate ecosystems.

FROM THE NEWS

- Google has proposed **\$15B** 1 GW Vizag data centre hub — commissioning by 2028.
- 1 GW hyperscale in Visakhapatnam to generate **₹10,000 cr** revenue for Andhra Pradesh.
- Digital Connexion (Reliance JV) to invest **\$11B** in AI centre in Andhra Pradesh.
- Sify Infiniti gets SEBI approval for India's first data centre IPO.

MARKET ENTRY DRIVERS: FILLING INDIA'S DATA GAP



Demand-Led Growth

Cloud adoption, AI workloads and enterprise digitisation are driving rapid growth in data storage and compute requirements across India.

Infrastructure Gap

India's low share of global data centre capacity relative to the volume of data generated presents a significant opportunity for new infrastructure investment.

Geographic Expansion

Operators are expanding beyond traditional hubs — Mumbai and Chennai — into emerging markets with access to power, land and connectivity.

Investment Momentum

India's announced data-centre pipeline could exceed USD 100 billion, subject to project execution, power availability and market demand.

Out of the
250+ Proposed data centres
in India by 2030

Tier 1: Maharashtra, Tamil Nadu, Telangana, Karnataka, Uttar Pradesh

Tier 2: Andhra Pradesh, Gujarat, West Bengal, Haryana, Odisha

POLICY PUSH

Union Budget 2026-27 launches tax holiday till 2047 for eligible foreign cloud service providers operating through India-based data centre infrastructure.

SUPPORTING SCHEMES:

- India Semiconductor Mission (ISM) 2.0
- Electronics Components Mfg. Scheme (ECMS)
- IT Services Simplification & Safe Harbour Provisions
- PSI Schemes
- The IndiaAI Mission

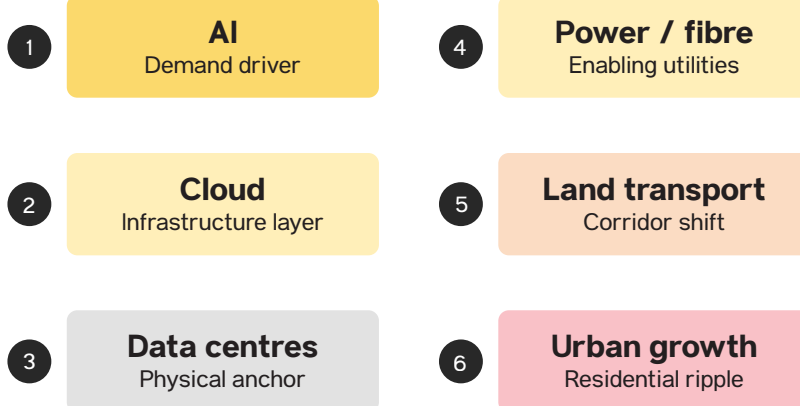


Concern

Electricity demand from data centres to reach **26.3 GW by 2031-32** — a significant grid planning challenge for emerging corridors.

THE CENTRAL THESIS: INDIA'S NEXT REAL ESTATE CYCLE MAY BE SHAPED BY COMPUTE INFRASTRUCTURE

Historically, Indian urban expansion has followed highways, industrial corridors, airports and IT parks. The next phase of urban expansion could increasingly be influenced by hyperscale data centres, power-rich corridors, fibre-connected logistics ecosystems and AI infrastructure clusters.



Data centres are becoming the new urban anchors — reshaping land values in peripheral corridors

Key Thesis: Data centres generate relatively modest direct employment compared with traditional office or industrial developments. Their broader economic impact comes from concentrating infrastructure investment, institutional capital and long-term utility upgrades, which can reshape surrounding land markets over time.

CAPACITY EXPANSION

India's data-centre capacity is expected to reach approximately 1.7 GW by end-2026, with capacity additions accelerating due to AI, cloud adoption, cable landing infrastructure and regulatory support.

REAL ESTATE DEMAND

Deloitte estimates India may require an additional 45–50 million sq ft of real estate and 40–45 TWh of incremental power by 2030 to support AI-led data centre infrastructure growth.

Source: Deloitte India, 2025

STATE-WISE DATA CENTRES

Hub / Region	State Location	Market Share Allocation
Mumbai	Maharashtra	53%
Chennai	Tamil Nadu	16%
Hyderabad	Telangana	10%
NCR (Noida)	Uttar Pradesh	7%
Pune	Maharashtra	7%
Bengaluru	Karnataka	6%
Others / Edge	Regional	1%

Source: Industry reports

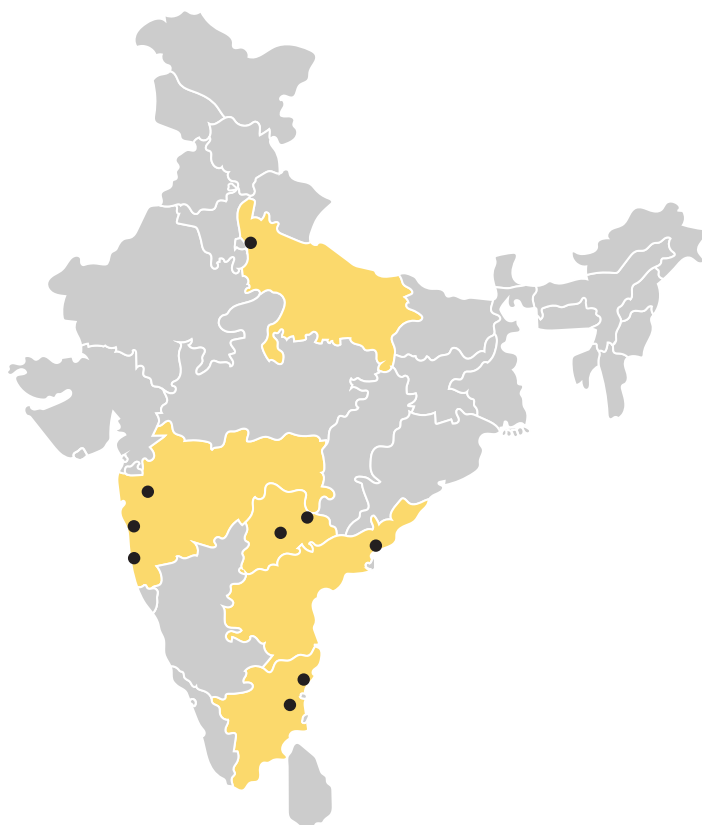
India's colocation data centre capacity reached **1.2 GW (1,200 MW) of core active IT load**, with a locked-in pipeline to quadruple to **~4 GW (4,000 MW) by 2030**. This pipeline maps to a capital expenditure commitment of ₹1.5 Lakh Crore over the development phase.

STATE-WISE EXPECTED CAPACITY MATRIX (MW)

State	Core Hub	Active Capacity (MW)	Expected Capacity by 2030 (MW)
Maharashtra	Mumbai-Pune	830	2,000
Tamil Nadu	Chennai	305	700
Telangana	Hyderabad	152	600
Karnataka	Bengaluru	182	300
Uttar Pradesh	Noida-Greater Noida	76	300-900
Gujarat	GIFT City / Jamnagar	<10	50
Andhra Pradesh	Visakhapatnam	<5	30
West Bengal	Kolkata	~35	100
Haryana	Gurugram-Faridabad	~20	75
Odisha	Bhubaneswar	~5	25
Rajasthan	Jaipur	~5	20
Kerala	Kochi	~5	15

Note: Capacity estimates are based on announced projects and industry projections; actual commissioning may vary.

TOP 10 DATA CENTRE DEVELOPMENTS IN INDIA BY PROPOSED IT LOAD CAPACITY



Key Observations

- Mumbai continues to lead India's data centre capacity pipeline.
- Hyderabad has emerged as a major hyperscale destination.
- Visakhapatnam's planned 1 GW campus signals the rise of new markets.
- AI and cloud growth are driving increasingly larger campus developments.
- Capacity expansion is extending beyond traditional metro locations.

Rank	Data Centre Campus	Location	Capacity (MW)
1	Google & AdaniConneX AI Hub	Visakhapatnam, Andhra Pradesh	1,000
2	Lodha Palava Data Centre Park	Dombivli-Kalyan, Mumbai (MMR), Maharashtra	700
3	Microsoft Mega Hyperscale Campus	Hyderabad, Telangana	600
4	Yotta Greater Noida Park (Full Campus)	Greater Noida, Uttar Pradesh	160
5	STT Ambattur Data Centre Campus	Ambattur, Chennai, Tamil Nadu	~130
6	Lumina CloudInfra Campus	Airoli-Mahape, Navi Mumbai, Maharashtra	60
7	RailTel & Techno Electric Edge Network	Pan-India (102 edge sites across 23 states)	~50
8	Yotta NM1	Panvel, Navi Mumbai, Maharashtra	50
9	Nxtra by Airtel Campus	Siruseri OMR Corridor, Chennai, Tamil Nadu	40
10	CtrIS Hyderabad Campus	Gachibowli / Chandanvelly, Hyd., Telangana	~13

Source: Industry announcements, company disclosures and market reports.

INFRASTRUCTURE-LED URBANISATION

Modern hyperscale facilities function as utility-scale infrastructure assets requiring significant power, fibre connectivity and long-term land commitments. Unlike conventional commercial developments, their economic impact extends beyond the campus boundary, influencing regional infrastructure investment and surrounding land-use patterns.

The long-term economic impact of hyperscale data centres increasingly emerges through infrastructure concentration, institutional investment and ecosystem development rather than workforce density alone.

Unlike traditional office-led growth models, data centres create value by attracting infrastructure investment at scale. Reliable power networks, fibre connectivity, logistics infrastructure and supporting commercial ecosystems tend to cluster around major campuses.

As digital infrastructure corridors mature, secondary demand emerges across residential housing, warehousing, commercial development and civic infrastructure, reshaping land values and urban growth patterns. Based on benchmark urban-development assumptions, each long-term ecosystem employee could translate into approximately 800–1,200 sq.ft of cumulative urban-space demand across residential, commercial, retail and civic infrastructure over time.

- 01  AI & Cloud Demand
- 02  Hyperscale Data Centre Capacity
- 03  Power + Fibre + Utility Infrastructure
- 04  Institutional Capital & Enterprise Confidence
- 05  Ancillary Ecosystem Formation
- 06  Housing, Logistics & Commercial Spillovers
- 07  Peripheral Urbanisation

Digital infrastructure acts as an anchor, enabling broader urban & economic development:

45%

Residential & Rental Housing

15%

Logistics & Warehousing

15%

Commercial & Enterprise Offices

15%

Retail & Hospitality

10%

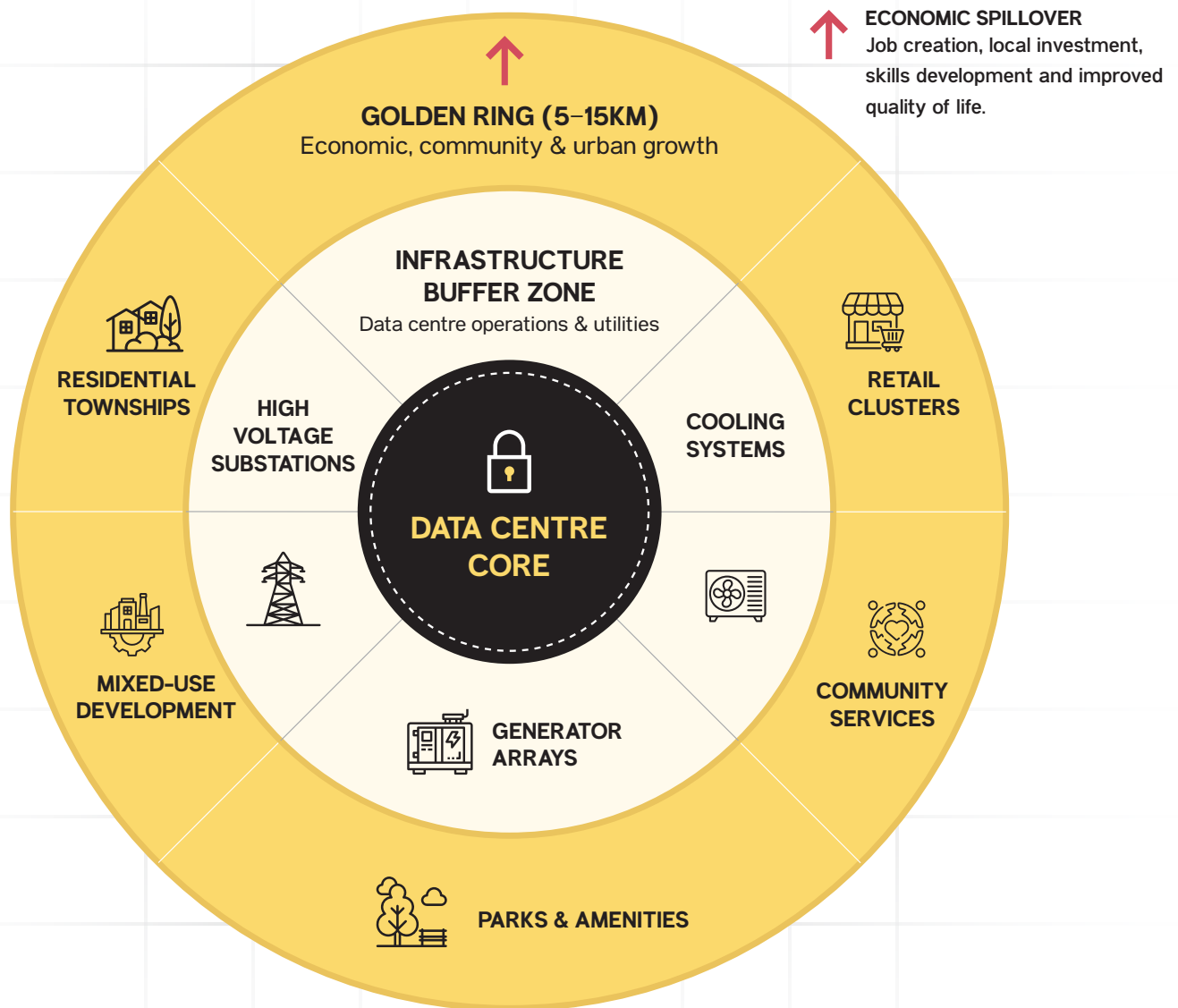
Civic & Utility Infrastructure

For every major hyperscale investment, the largest long-term land demand often emerges not within the data centre itself, but from the supporting ecosystem that develops around it.

THE DOUGHNUT EFFECT

Data centres create infrastructure hubs, not urban centres.

The campus itself typically remains a low-density infrastructure zone. The strongest real-estate appreciation often occurs within the surrounding **5–15 km Golden Ring**, where infrastructure upgrades, developer activity and housing demand can scale more efficiently.



● **DATA CENTRE CORE**
Secure & Critical Operations

○ **INFRA BUFFER ZONE**
Utility & Operational Support

● **GOLDEN RING (5–15KM)**
Economic & Community Growth



STRONG INFRASTRUCTURE. THRIVING COMMUNITIES. SUSTAINABLE FUTURE.

WHAT THIS MEANS FOR BUYERS?

The biggest opportunity may lie around the data centre rather than directly next to it.

INDICATIVE INFRASTRUCTURE & ECOSYSTEM BENCHMARKS



Direct operational employment

0.5–3

jobs / MW

Core operational workforce including facilities engineers, network technicians, security, compliance, and administration. Large hyperscale campuses increasingly operate with lean staffing through automation.

BASIS

US hyperscale operations benchmarks, operator staffing disclosures, industry employment studies.



Ancillary / ecosystem employment

10–20

jobs / MW

Includes contractors, electrical maintenance, logistics, fibre deployment, cooling systems, retail spillovers, hospitality, transport, and local services employment. Long-term indirect jobs exceed direct on-site employment.

BASIS

Economic multiplier studies, supplier ecosystem modelling, construction and maintenance supply chains – Reuters.



Data centre built footprint

6,000–8,000

sq. ft. / MW

Typical gross built-up area including IT halls, cooling systems, electrical rooms, battery storage, circulation space, and support infrastructure. Modern AI facilities may trend higher due to liquid cooling and power density.

BASIS

US hyperscale campus benchmarks, colocation engineering standards, hyperscale construction norms – IBM.



Indicative urban space requirement

800–1,200

sq. ft. / employee

Indicative total urban space generated per long-term ecosystem worker, including residential, retail, mobility, social infrastructure, and commercial support functions over time.

BASIS

US suburban office parks, tech corridors, mixed-use urban ecosystems.



Residential absorption potential

25–40%

of ecosystem jobs

Share of indirect and induced employment likely to convert into sustained residential demand within surrounding urban corridors. Residential demand is primarily ecosystem-led rather than driven by direct data centre employees.

BASIS

Corridor urbanisation assumptions, US tech cluster precedents, induced demand modelling.



PROPOSED INDIAN DATA CENTRES AND ANALYZED CAPACITY

EXPECTED RESIDENTIAL SPACE DEMAND STATE-WISE DUE TO PROPOSED DATA-CENTRES

State	Core Digital Hub	Lifetime Capacity (MW)	Direct Jobs (MW x 3)	Ancillary Jobs (DC x 15)	Total Ecosystem (jobs created)	Urban Space Demand (Total Ecosystem employees. x 1k sq.ft)	Residential Demand (USD x 40%)
Maharashtra	Mumbai/Pune	2,500	7,500	112,500	120,000	12,00,00,000	5,40,00,000
Karnataka	Bengaluru	1,300	3,900	58,500	62,400	6,24,00,000	2,80,80,000
Andhra Pradesh	Visakhapatnam	1,080	3,240	48,600	51,840	5,18,40,000	2,33,28,000
Uttar Pradesh	Noida (Delhi-NCR)	1,050	3,150	47,250	50,400	5,04,00,000	2,26,80,000
Gujarat	Jamnagar / GIFT City	1,050	3,150	47,250	50,400	5,04,00,000	2,26,80,000
Telangana	Hyderabad	1,000	3,000	45,000	48,000	4,80,00,000	2,16,00,000
Tamil Nadu	Chennai	900	2,700	40,500	43,200	4,32,00,000	1,94,40,000
West Bengal	Kolkata & Tier-II Nodes	150	450	6,750	7,200	72,00,000	32,40,000

Source: Square Yards Research estimates based on announced/proposed data-centre capacity and benchmark assumptions presented on the previous slide. Calculations assume 3 direct jobs/MW, 45 ancillary jobs/MW, 1,000 sq.ft. urban space demand per long-term ecosystem employee and 45% residential absorption. Figures are indicative and intended for scenario analysis.

195mn

sq. ft. of residential space demand potentially created by India's data-centre ecosystem by 2030



9,030 MW

Total Lifetime Capacity



27,090

Direct Jobs



4,06,350

Ancillary Jobs



4,33,440

Total Ecosystem Employees



43,34,40,000

sq. ft. Urban Space Demand



19,50,48,000

sq. ft. Residential Demand

WHY STATES ARE REWRITING RULES FOR THE COMPUTE ECONOMY

HYPERSCALE CAMPUSES REQUIRE: _____



Massive floor plates



Industrial cooling systems



Utility integration



High power density infrastructure

WHAT STATES ARE CHANGING

REFORM	PURPOSE
Higher ground coverage	Larger campus footprints
FAR optimisation	More efficient construction
Reduced setbacks	Better land utilisation
Floor-height exemptions	Cooling and technical equipment
Utility fast-tracking	Faster project approvals



WHY IT MATTERS FOR REAL ESTATE

Data centres are creating a new form of infrastructure zoning that can influence:

- Land use regulations
- Development potential
- Corridor attractiveness
- Long-term land values

WHAT THIS MEANS FOR BUYERS?

Investors should evaluate zoning, power access, environmental clearances and long-term infrastructure commitments before acquiring land near proposed hyperscale campuses.

THE NEXT REAL ESTATE CYCLE: POWERED BY COMPUTE

Data centres are not just tenants, they are infrastructure anchors reshaping land economics



THREE EMERGING SHIFTS



Infrastructure replaces employment as the primary growth trigger

Hyperscale investment concentrates power, fibre and institutional capital within select corridors.



Power availability becomes a land-value driver

Digital infrastructure clusters increasingly compete for electricity access rather than traditional office demand.



India's infrastructure gap creates opportunity

India generates ~20% of global data but remains significantly underpenetrated in data-centre capacity.

DATA CENTRES AS INFRASTRUCTURE ANCHORS

Unlike airports or metro stations, impact accumulates through power upgrades, fibre, cloud ecosystems and institutional capital — making surrounding corridors increasingly attractive.



LAND ECONOMICS: INFRASTRUCTURE COMPARISON

Infrastructure Type	Housing Demand	Land Value Impact	Corridor Influence
 IT Parks	● High	● High	● Moderate
 Manufacturing Clusters	● Moderate-High	● Moderate	● High
 Airports	● Low-Moderate	● Very High	● Very High
 Data Centres ★	● Low	● Moderate-High	● High

● High ● Moderate-High ● Moderate ● Low-Moderate ● Low

KEY INSIGHT

Unlike airports or IT parks, data centres influence land values indirectly — through infrastructure certainty, institutional capital inflows, and long-term utility investment rather than workforce density.

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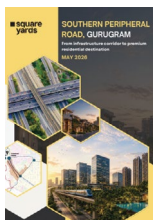
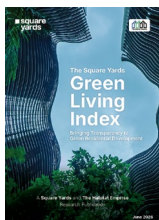
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