Hong Kong Data Center Rack - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2030

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Report description:

The Hong Kong data center rack market reached a volume of over 150,000 in the previous year, and it is further projected to register a CAGR of 13.2% during the forecast period. The increasing demand for cloud computing among SMEs, government regulations for local data security, and growing investment by domestic players are some of the major factors driving the demand for data centers in the country/region.

Key Highlights
-Under Construction IT Load Capacity: The upcoming IT load capacity of the Hong Kong data center market is expected to reach 1,700 MW by 2029.
-Under Construction Raised Floor Space: The country's construction of raised floor area is expected to increase to 6 million sq. ft by 2029.
-Planned Racks: The country's total number of racks to be installed is expected to reach 230K units by 2029. NCR Ho Chi Minh City is expected to house the maximum number of racks by 2029.
-Planned Submarine Cables: There are close to 2 submarine cable systems connecting Hong Kong, and we expect a few cables to come in the near future. One such submarine cable that is estimated to start service in 2025 is Asia Cable Link ALC, which stretches over 6,000 Kilometers with landing points from Hong Kong SAR, Mainland China.

Hong Kong Data Center Rack Market Trends

IT & Telecom segment is expected to hold the highest market share.

- The cloud segment is expected to register a CAGR of 11%. The demand for the cloud segment is expected to increase with the growing demand for analytics, visualization tools, and business services.
- For instance, 75% of the businesses in Hong Kong have adopted cloud services as they offer more flexibility and cost-effectiveness. Also, under the smart city blueprint program, government departments have been using cloud platforms since 2020. The Hong Kong government is more inclined to use private cloud facilities than outsourced cloud facilities. However, data protection, regulatory enforcement, and privacy laws issued by the government have led to some businesses hesitating to adopt cloud services.
- The number of people using the internet in China was 5.07 million in 2012, which is expected to increase to 7.05 million by 2029. The average time spent by users in Hong Kong on smartphones is estimated to be around 3 hours and 31 minutes. The growing number of smartphone users in Hong Kong is expected to propel the growth of the telecom segment in the country.
- Increasing demand for smart devices, such as smartphones and tablets, to use varying services such as streaming, browsing, and playing games has led to consumers opting for 4G services, thus diminishing the 3G service market over the years. The implementation of 5G is expected to further increase the data speed with the evolving technology over the years, which is expected to cater to the demand as more industries adopt automation in their companies in the manufacturing sector. Such improvements in the market are expected to create more demand for data center racks in the coming years.

Full Rack is Expected to Grow Significantly

- In Hong Kong, due to growing space scarcity between various companies, the full rack has a majority of the market share. In order to cope with increasing rack capacity due to the rapid growth of mobile broadband, e-commerce, and the increase in Big Data Analytics combined with cloud computing, it is necessary to build a fully rack-equipped data center.
- In Hong Kong, the penetration rate of online shopping was 59.8% and is expected to increase to 79.2% by 2023. Additionally, Hong Kong has one of the highest levels of Internet penetration in the world, currently at 89.4 %, which is a major reason why there is so much demand for Internet shopping.
- Further, the Hong Kong and Shanghai Banking Corporation (HSBC) launched a new digital payment solution in February 2023. The new service, called HSBC Merchant Box, aims to make it easier for SMBs to make cross-border payments across regional and global e-commerce platforms using real-time exchange rates. Such instances are expected to create more need for full racks in the coming years.
- At first, there was a limited focus on rack space in data centers; only size and cost were taken into account during deployment. Nevertheless, there is an opportunity for increased use of rack space in the data center as more and more users from different sectors, such as online banking, telecommunications, media and entertainment, and others, are adopting applications with higher density.
- Companies increasingly rely on data centers for efficient management of their databases and storage, as they generate significant amounts of data every day. The main driving factor for data center rack usage is, therefore, the increased deployment of fully configured data centers. Also, the growth of the market is being majorly influenced by the growing demand for IT services, OTT streaming services, and investments made by large companies and by the local government.
- Streaming servers were required for OTT streaming services and online banking providers because of the rise in demand for digital services, which contributed to the expansion of hyperscale data centers (mostly prefer full-rack units). For instance, In the first two weeks of January 2022, 4.6 billion in-home minutes were spent streaming, representing one-fifth of all video consumption time in-home, with a total net reach of 4.32 million in-home viewing Hong Kongers. YouTube and myTVSuper round out the top two streaming platforms. Such instances in the market are expected to create more demand for data center racks across the region.

Hong Kong Data Center Rack Industry Overview

The upcoming DC construction projects in the country will likely increase the demand for Data Center Racks in the coming years. The Hong Kong Data Center Rack Market is moderately consolidated with a few major players, such as Eaton Corporation, Black Box Corporation, Rittal GMBH & Co.KG, Schneider Electric SE, and Dell Inc. in the market. These major players, with a prominent market share, focus on expanding their regional customer base.

In October 2022, Eaton announced the release of its new Open Compute Project (OCP) open rack v3 (ORV3) compatible solutions. It was purpose-built and preconfigured, focusing on the efficient, scalable delivery of critical power for their data center facilities seeking to deploy ORV3 racks. The rack featured extra-wide and extra-deep cabinets; the open rack enclosure supports hybrid mounting equipment and two locking-colocation compartments.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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