

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

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Report description:

The Malaysian data center rack market reached a volume of over 98,000 in the previous year, and it is further projected to register a CAGR of 16.6% 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 Malaysia data center market is expected to reach 1,300 MW by 2029.
- Under Construction Raised Floor Space: The country's construction of raised floor area is expected to increase by more than 7.5 million sq. ft by 2029.
- Planned Racks: The country's total number of racks to be installed is expected to reach 380K units by 2029. Cyberjaya-Kuala Lumpur is expected to house the maximum number of racks by 2029.
- Planned Submarine Cables: There are close to 25 submarine cable systems connecting Malaysia, and many are under construction. One such submarine cable that is estimated to start service in 2025 is SeaMeWe-6, which stretches over 19,200 Kilometers with landing points from Morib, Malaysia.

Malaysia Data Center Rack Market Trends

Telecommunication holds the major share.

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- The telecom segment in the Malaysian market is expected to reach 350 MW by 2029, registering a CAGR of 18%. Malaysia is going through an extended negotiation phase in the telecom sector. The two sides here are the government and the four main operators in the Malaysian telecom landscape: Maxis Berhad, Celcom Axiata Berhad, Digi Telecommunications, and U Mobile. These four operators have recently requested a review of the government's 5G access offer as they want at least a 51% stake in the government-owned 5G agency DNB.
- The development of digital infrastructures, such as data centers, is central to enabling 5G applications. With this, various investors are signing an agreement for the 5G launch. For instance, in November 2022, Malaysian telcos Celcom and DiGi approved the merger agreement. Once the two companies are fully merged, the new entity will be one of the largest carriers in Malaysia, with over 20 million subscribers.
- In context to data center investment for telecom, in the recent past, TM ONE, a business unit of state-controlled telecommunications company Telekom Malaysia, invested up to MYR 300 million (USD 70.94 million) for the development of a data center in Johor Bahru to cater to a growing demand from foreign entities. The facility is currently constructed as a core data center. With the growing scope of 5G in Malaysia, the data flow will increase exponentially, catering to the need for colocation.
- Malaysian telcos Celcom and DiGi have also approved a merger agreement. Once the two companies are fully merged, the new entity will be the largest carrier in Malaysia, with over 20 million subscribers. The company also said that the implementation of 5G technology would have a positive impact of MYR 150 billion (USD 31877595000) on the country's GDP and create 750,000 jobs.
- Moreover, rising smartphone users coupled with discounted internet services and the increasing data traffic per smartphone drive the demand for telecom services, creating more need for data storage space and leading to rising demand for data center racks in the region.

Full Rack is Expected to Grow Significantly

- In Malaysia, 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.
- For instance, Between the end of 2021 and the last quarter of 2022, Malaysia increased its number of new digital consumers by 1.2 million. In addition, online shopping in Malaysia increased by 47%, with 14.43 million online consumers purchasing goods at the start of 2022, according to figures from The Malaysian Association for Internet Retailing.
- 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.
- Further, 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 influenced by the growing demand for IT services and investments made by large companies.
- Hyperscalers (mostly prefer full rack units) consider Malaysia to be the optimal place to host DC facilities. For instance, in April 2022, YTL Power International Berhad (YTL Power) announced the development of a 500 MW data center campus in Johor through its subsidiary YTL Data Center Holdings Pte Ltd. Such instances expected to create more demand for data center racks in the coming years.

Malaysia Data Center Rack Industry Overview

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

In August 2023, GDS announced the opening of its Nusajaya Tech Park (NTP) data center campus in Johor, Malaysia. Phase 1 of the campus (including Nusajaya 1, 2, 3, aka NTP1, 2, 3) with a total net floor area of 22,500 sqm (242,200 sq ft) and 69.5MW.

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 supported 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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