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

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Report description:

The South Korean data center rack market reached a volume of 175,774 in the previous year, and it is further projected to register a CAGR of 8.4% 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, leading to a growing need for data center racks.

Key Highlights
-Under Construction IT Load Capacity: The upcoming IT load capacity of the South Korean data center market is expected to touch around 2,000 MW by 2029.
-Under Construction Raised Floor Space: The country's construction of raised floor area is expected to increase to 5 million sq. ft by 2029.
-Planned Racks: The country's total number of racks to be installed is expected to reach 270K units by 2029. Greater Seoul is expected to house the maximum number of racks by 2029.
-Planned Submarine Cables: There are close to 10 submarine cable systems connecting South Korea, and many are under construction. One such submarine cable that is estimated to start service in 2023 is Southeast Asia-Japan Cable 2 (SJC2), which stretches over 10,500 Kilometers with landing points from Geoje, South Korea.

South Korea Data Center Rack Market Trends

IT & Telecommunication holds the major share.

- Digital native businesses are major spenders in South Korea's public cloud market, as are media and gaming companies. Online gaming, Online storage, e-commerce, and other fully digitized businesses that need to deliver the best possible online experience are seeing unprecedented demand, along with experimental games and features using augmented and virtual reality. For example, mobile game maker Netmarble is using smart analytics and machine learning to gain customer insights that help drive further innovation and also found public cloud improves team productivity.
- As the Government has recently decided to lower the barrier to entry to the cloud computing services in the country. With this rule in effect, Foreign tech giants like Amazon, Microsoft, etc., are expected to pose a threat to domestic companies.
- Despite growing concerns among KT, Naver, NHN, and other domestic cloud service providers over the possibility of foreign firms gaining dominance in the local market, tech firms from the US and China have welcomed the proposed easing of regulations and are starting to look for experts in cloud computing services for the public sector. Such developments are driving the need for data centers for the cloud end-user segment in the country.
- South Korea is second only to Hong Kong in the world rankings of telecom market maturity. South Korea is also on the leading edge of the latest telecom technology developments, including around 6G. It enjoys a highly competitive but stable market, with strong central government support that helps drive the rollout of advanced infrastructure in both the fixed and mobile arenas. South Korea is also on the leading edge of the latest telecom technology developments, including around 6G. And it is host to two of the world's top equipment manufacturers, Samsung and LG.

Full Rack is Expected to Grow Significantly

- In South Korea, 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 and the increase in Big Data Analytics combined with cloud computing, it is necessary to build a fully rack-equipped data center.
- The Ministry of ICT and Science revealed that around 10,000 TB of video content is consumed daily by South Koreans through smartphones and other mobile devices. Such developments are only adding up to the demand for more racks in the country.
- 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.
- 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.

South Korea 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. A few major players, such as Olabs Technology Company Limited., Raritan Inc., Delta Power Solutions, and Eaton Corporation, currently dominate the market. These major players with a prominent market share focus on expanding their customer base across the region.

In June 2023, Empyrion DC has planned to open a new data center facility in the Gangnam area of Seoul, South Korea, with an IT space of 30,715 sqm (330,615 sq ft), nine-story facility is set to come online in H1 2025.

In April 2023, APAC data center firm Digital Edge announced a new data center in Incheon, South Korea, developed in partnership with SK ecoplant. SEL2 will be a two-building, 120MW campus, with the first phase due to come into service in 2024.

Additional Benefits:

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

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