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China Data Center - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

https://marketpublishers.com/r/CEFB05E1C72AEN.html
Date: July 2024
Pages: 203
Price: US$ 4,750.00 (Single User License)
ID: CEFB05E1C72AEN

Abstracts

The China Data Center Market size is estimated at 2.32 thousand MW in 2024, and is expected to reach 3.35 thousand MW by 2029, growing at a CAGR of 7.64%. Further, the market is expected to generate colocation revenue of USD 4,293 Million in 2024 and is projected to reach USD 6,204.6 Million by 2029, growing at a CAGR of 7.64% during the forecast period (2024-2029).

Tier 3 data center accounted for majority share in terms of volume in 2023, Tier 4 is fastest growing segment

Tier 3 data centers are the most preferred due to features such as on-site assistance, power, and cooling redundancy. The segment is expected to grow from 1,115.1 MW in 2022 to 1,874 MW by 2029 at a CAGR of 5.7%. These data centers are mainly chosen by companies for storing and processing business-critical data to cater to their growing business and scalability needs. There are around 110 Tier 3 data centers in the country, and around 37 upcoming data centers are under construction with Tier 3 specifications.

Tier 4 data centers are the next most preferred by large businesses due to their performance, lower downtime, and 99.99% uptime. These data centers are relatively costly; however, the performance offered by them outweighs the price and supports the competitive and growing needs of large businesses. In 2022, the country had seven Tier 4 data centers owned by Princeton Digital Group and SpaceDC Pte Ltd.

Tier 1 & 2 data centers are the least preferred due to their higher downtime durations, power and cooling redundancies, and on-site remote assistance. Since these data

centers are relatively cheap compared to Tier 3 and Tier 4, small businesses and startup companies prefer them. Since Tier 1 & 2 data centers are the least preferred, stagnant growth could be seen during the forecast period.

China Data Center Market Trends

Huawei, Apple, Xiaomi, Oppo, and Vivo offer cheap smartphones with high end features which attracts consumers to spend more these products creating a hige demand in smartphones in the country

The number of Chinese smartphone users was 950 million in 2022, and the figure is expected to reach 1.8 billion by the end of the forecast period (2023-2029), registering a CAGR of 10.2%. The spread of 4G and 5G connectivity across the country has improved mobile communication, making smartphones a basic necessity for people.

Chinese smartphone companies are offering affordable smartphones with high-end features, leading to an increase in smartphone users in the country. Around 50% of users replace their phones every 12-18 months, making companies innovate their phones frequently. Currently, the major market players are Huawei, Apple, Xiaomi, Oppo, and Vivo.

This increase in smartphone users has positively impacted the growth of the data center market in the country. During the study period, when the number of smartphone users increased fivefold, the number of racks in data centers increased from around 70k in 2017 to 280k in 2021. This trend is expected to be witnessed during the forecast period as well.

Chinese government's "Broadband China Strategy coupled with increased fiber connectivity, boost the data centers in the country

The Chinese government's "Broadband China Strategy," drafted in 2013 and implemented in 2015, is accredited for spreading broadband connectivity across the country, primarily in remote locations. In 2021, under this strategy, the broadband speed reached 100 Mbps for residential use in cities and 20 Mbps in rural regions. On the other hand, the broadband speed for commercial/industrial use increased from an average speed of 100 Mbps in 2015 to 1 Gbps in 2021. With further expansion of the fiber connectivity network, average speeds are estimated to rise significantly in the coming years.

In order to provide high data speeds, the Chinese market increased the distance of laying fiber optic cables over the years. The deployment of optic fiber cable networks in the country registered a CAGR of 8.5% during 2017-2022. The deployment of fiber optic cables spurred last-mile internet connectivity in the country. As these cables offer better connectivity and higher bandwidths, most companies replaced them with traditional copper cables to offer better and upgraded services.

Stable broadband speed, predominantly via fiber cables, is crucial for the expansion of data centers and their communication with other data centers and internet exchanges (IX). It has become common for companies to store their business's critical data in the cloud, colocation, and in-house. Within these storage locations, various services are provided to their customers across different servers. With the increase in the number of points of communication, it becomes critical to keep communication as fast as possible. Therefore, strong broadband connectivity across the country is expected to support the data centers to maintain 100% uptime during the forecast period.

China Data Center Industry Overview

The China Data Center Market is fragmented, with the top five companies occupying 22.39%. The major players in this market are China Telecom Corporation Ltd, Equinix Inc., GLP Pte Limited, Keppel DC REIT Management Pte. Ltd and Princeton Digital Group (sorted alphabetically).

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