

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

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Abstracts

The Hong Kong Data Center Storage Market size is estimated at USD 1.21 billion in 2024, and is expected to reach USD 1.88 billion by 2029, growing at a CAGR of 9.09% during the forecast period (2024-2029).

Key Highlights

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 storage equipment.

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 Storage Market Trends

IT & Telecommunication Segment to Hold Major Share in the Market

Due to technological evolution, proximity to China, and the easy accessibility of high-end specification smartphones at an affordable cost, there has been a significant increase in smartphone users in the country. The continuous surge in smartphone usage, coupled with the growing adoption of 5G networks, has resulted in increased data traffic, establishing the telecommunications sector's dominance. This, in turn, is anticipated to have a positive impact on the growth of data centers in the country as the demand for data storage rises, consequently driving the market value of data center storage equipment.

The introduction of 5G in the country has brought about high bandwidth speeds, leading users to opt for multiple smart devices, including smart wearables, tablets, security systems, smart lighting, and more. This trend has catalyzed the demand for these devices, with approximately 96% of the population in Hong Kong currently using smartphones to access the internet on a daily basis. Furthermore, the increasing internet penetration, heightened use of social networks, improved automation, and the widespread implementation of AI across industries are key drivers for investments in data centers. As the number of data centers grows, so does the need for data center storage in the country.

The escalating demand for improved application performance, increased storage requirements, and higher mobile data usage due to the proliferation of applications and enhanced internet usage are contributing to the rise in data center workloads. Consequently, businesses worldwide are increasingly adopting cloud data storage, intensifying the demand for data center services and consequently boosting the utilization of data center storage in the country.

Hong Kong's broadband subscribers witnessed a 0.7% growth to reach 2.95 million in the first eight months of 2022. Fiber-to-the-Home/Building (FTTH/B) penetration reached 84.6%, with 87.1% subscribing to packages featuring maximum download speeds of 100 Mbps or higher. The country is experiencing rapid growth in its IT infrastructure, driven by a growing preference for the cloud and the escalating consumption and generation of data by an expanding digital user base. This surge in IT infrastructure development is amplifying the utilization of data centers, concurrently

increasing the demand for storage devices within these centers and thereby positively impacting the market.

Hybrid Storage Expected To Hold Significant Share

Businesses in Hong Kong are increasingly adopting cloud-based services, with 75% of them embracing cloud solutions for their flexibility and cost-effectiveness. As part of the smart city blueprint program, government departments have been utilizing cloud platforms since 2020. Notably, the Hong Kong government shows a preference for private cloud facilities over outsourced ones. Consequently, a strategic combination of on-premises and cloud storage solutions has become essential, leveraging the strengths of both environments and enhancing flexibility in storing and managing data. This trend contributes to the overall increase in the market value of data center storage in the country.

Service providers are actively deploying advanced storage solutions to ensure data availability and access in hybrid clouds. Noteworthy examples include HPE GreenLake, an updated app and data product that introduced platform upgrades and new cloud services in 2022. Large enterprises, particularly those with substantial data storage needs, are adopting such product portfolios, further driving the demand for hybrid storage in the country.

To address data integrity and legal compliance concerns, enterprises can tailor their storage strategies to specific legal requirements using hybrid solutions. This includes the use of hybrid storage in data centers, leading to an increased need for data storage in the country.

As businesses continue to grow, data centers are expanding and evolving to meet the increasing connectivity demands across various industries and the rising reliance on the internet. Businesses are increasingly turning to hybrid infrastructure and cloud capabilities to gain flexibility, scalability, and support remote work. The surge in data traffic underscores the importance of storage for businesses, consequently boosting the market value of hybrid storage solutions.

The proliferation of cloud storage and audio conferencing services has facilitated the widespread adoption of remote work among companies. This shift has, in turn, led to the emergence of data centers utilizing hybrid storage solutions. The integration of

hybrid storage, combining the functionalities of hard drives and SSDs, ensures optimal performance by using a cache for frequently accessed data. This approach capitalizes on the fast access capabilities of SSDs and the greater storage capacity of hard drives.

Hong Kong Data Center Storage Industry Overview

The landscape of Hong Kong's Data Center Storage market is moderately fragmented, with a majority of the market share held by key players such as Dell Inc., Hewlett Packard Enterprise, NetApp Inc., Huawei Technologies Co. Ltd., and Hitachi Vantara LLC. These major companies employ strategic collaborative initiatives to expand their market share and enhance overall profitability.

In October 2023, Seagate Technology introduced the Seagate Exos® X24 hard drives. Boasting 10 disks, each delivering 2.4TB, the Exos X24 hard drive sets a new standard for total cost of ownership (TCO) in the industry. This innovation is specifically designed to cater to hyperscale customers and enterprises with scale-out data centers, reinforcing Seagate's commitment to delivering cutting-edge solutions.

During the same month, KIOXIA Corporation showcased its extensive data center and enterprise solid-state drive (SSD) portfolio at the Open Compute Project Global Summit. The portfolio includes next-generation Enterprise and Data Center Standard Form Factor (EDSFF) E1.S SSDs tailored for hyperscale data centers, Software-Enabled Flash™ technology, and PCIe® 5.0 SSDs. This comprehensive portfolio was globally launched, demonstrating KIOXIA Corporation's dedication to meeting the evolving needs of data centers and enterprises.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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