451 Research: Hong Kong multi-tenant datacenter market continues to edge out Singapore; Singapore set to rebound in 2018

New York, 14 February, 2018 – 451 Research, a top five global IT analyst firm and sister company to datacenter authority Uptime Institute, has published Multi-tenant Datacenter Market reports on Hong Kong and Singapore, its fifth annual reports covering these key APAC markets. 451 Research predicts that Singapore’s colocation and wholesale datacenter market will see a CAGR of 8% and reach S$1.42bn (US$1bn) in revenue in 2021, up from S$1.06bn (US$739m) in 2017. In comparison, Hong Kong’s market will grow at a CAGR of 4%, with revenue reaching HK$7.01bn (US$900m) in 2021, up from HK$5.8bn (US$744m) in 2017.

Hong Kong experienced another solid year of growth at nearly 16%, despite the lack of land available for building, the research finds. Several providers still have room for expansion, but other important players are near or at capacity, and only two plots of land are earmarked for datacenter use. Analysts note that the industry will face challenges as it continues to grow, hence the reduced growth rate over the next three years.

“The Hong Kong datacenter market continues to see impressive growth, and in doing so has managed to stay ahead of its closest rival, Singapore, for yet another year,” said Dan Thompson, Senior Analyst at 451 Research and one of the report’s authors. However, with analysts predicting an 8% CAGR for Singapore over the next few years, Singapore’s datacenter revenue is expected to surpass Hong Kong’s by the end of 2019.

451 Research analysts found that, while the number of new builds in Singapore slowed in 2017, the market still saw nearly 12% supply growth overall, compared with 19% the previous year. The report notes that the reduced builds in 2017 follow two years when providers had invested heavily in building new facilities and expanding existing ones.

“Rather than seeing 2017 as a down year for Singapore, we see it as a ‘filling up’ year, where providers worked to maximize their existing datacenter facilities,” said Thompson. “Meanwhile, 2018 is shaping up to be another big year, with providers including DODID, Global Switch and Iron Mountain slated to bring new datacenters online in Singapore.”

Analysts also reveal that demand growth in both Hong Kong and Singapore has shifted from the financial services, securities, and insurance verticals to the large-scale cloud and content providers.

In the Multi-Tenant Datacenter Market: Singapore report, 451 Research finds that Singapore’s role as the gateway to Southeast Asia remains the key reason why cloud providers are choosing the area. “Cloud and content providers are choosing to service their regional audiences from Singapore because it is comparatively easy to do business there, in addition to having strong connectivity with countries throughout the region. This all bodes well for the country’s future as the digital hub for this part of APAC,” added Thompson.

451 Research finds that Hong Kong’s position as the gateway into and out of China remains a key reason why cloud providers are choosing the area, as well as the ease of doing business there. This is good news for the city as long as providers find creative solutions to their lack of available land.
451 Research has also compared the roles of the Singapore and Hong Kong datacenter markets in detail. The analysts concluded that multinationals need to deploy datacenters in both Singapore and Hong Kong, since each serves a very specific role in the region: Hong Kong is the digital gateway into and out of China, while Singapore is the digital gateway into and out of the rest of Southeast Asia.

Analysts find that these two markets compete for some deals, but surrounding markets are vying for a position as well. As an example, Singapore sees some competition from Malaysia and Indonesia, while Hong Kong could potentially see more competition from cities in mainland China, such as Guangzhou, Shenzhen and Shanghai. However, the surrounding markets are not without challenges for potential consumers, suggesting that Singapore and Hong Kong will remain the primary destinations for datacenter deployments in the region for the foreseeable future.

About the report

The Multi-Tenant Datacenter Market: Singapore and Multi-Tenant Datacenter Market: Hong Kong reports analyze the competitive dynamics of each country’s datacenter market. They each include a 451 Research Market Map of competitors, market share figures, supply and utilization trends, and planned multi-tenant datacenters. The data in the report was assembled in part through the use of 451 Research’s Datacenter KnowledgeBase, which tracks hundreds of companies in the space, including product mix and regional market shares.

Subscribers can access the Multi-Tenant Datacenter Market: Singapore here. Subscribers can access the Multi-Tenant Datacenter Market: Hong Kong here.

A webinar on both the Hong Kong and Singapore markets is available to watch for free here.

About 451 Research
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451 Research is part of The 451 Group, which also includes Uptime Institute. Uptime Institute is the IT industry’s most trusted and adopted global standard for the proper design, build and operation of datacenters – the backbone of the digital economy. For over 20 years, Uptime Institute has been providing customers with the assurance that their digital infrastructure can perform at a level that is consistent with their business needs, across a wide array of operating conditions. With its datacenter Tier Standard & Certification, Management & Operations reviews, Efficient IT Stamp of Approval, and accredited educational curriculum for datacenter professionals, Uptime Institute helps organizations optimize critical IT assets while managing costs, resources and efficiency. Uptime Institute has become the de facto standard for datacenter reliability, sustainability and efficiency. Today, thousands of companies rely on Uptime Institute to enable their digital-centric business success.

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