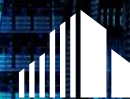


# DATA CENTRE MARKETBEAT

Fall 2019



CUSHMAN & WAKEFIELD

## HONG KONG

### MARKET OVERVIEW

Hong Kong is perennially a key data center market in Asia, with a strong economy built off the financial sector and international trade. Despite recent political strife, several operators remain committed to the territory including Equinix (with two projects currently in process), Global Switch (looking to domicile in Hong Kong), new market entrant AirTrunk, and longtime proponent CITIC. For AirTrunk, the new 20 MW project in Tsuen Wan represents the second leg of an Asia expansion that began in Singapore. The Australian firm already operates facilities in Sydney and Melbourne and plans growth in further regional markets in the future. The largest data center operator in Hong Kong, SUNeVision, remains in planning on two important sites acquired in 2018, particularly an eagerly awaited Tseung Kwan O parcel that is the last zoned for data center use in the industrial park. Available land will continue to remain a sore point for the local industry, as hyperscalers that would normally acquire a large plot find them wholly unavailable. The focus in recent quarters, therefore, has turned to the purchase or lease of older industrial properties offering the potential for conversion to data center use and this will likely remain the trend going forward.



*“Hong Kong data center capacity remains in high demand, with Amazon and other cloud services companies gaining presence and new operators beginning development.”*

### ECOSYSTEM DEVELOPMENTS

- **Amazon** has opened the AWS Hong Kong Region, creating the eighth location in the greater Asia Pacific. The cloud giant has benefited from consistent growth in Hong Kong, beginning with their first Point of Presence (PoP) in 2008, a proper AWS office in 2013, and now a formal Region.
- Infrastructure-as-a-Service provider **Heficed** has chosen Hong Kong as the location for their first PoP in Asia, offering a variety of solutions for IP address management. The London-based company is another in a long line of market entrants who prefer to use Hong Kong as their base to access mainland China.
- International law firm **HFW** signed an agreement with Equinix to diversify their IT strategy, with Hong Kong one of the key markets for their new distributed capacity. The dense interconnectivity available via the Equinix platform was a key driver behind the decision, with other markets affected including Dubai, London, Melbourne, and Paris.
- Indonesian-owned **Telin Hong Kong** has followed up on the 2018 launch of their local data center with new direct connections available to Alibaba Cloud via Epsilon Direct Cloud Connect. Telin is now able to offer a complete suite of services, including colocation, public cloud access, virtual private networks, and much else.
- **Global Switch** has gained a new owner, with Jiangsu Shagang Group paying HK\$17.3 billion for the final 24% stake held by the Reuben Brothers. Ownership of the ostensibly London-based company is now split among a consortium of companies based in mainland China. Global Switch has elected to push back their long-rumored IPO, likely to 2020 after reviewing market conditions.

### CONSTRUCTION UPDATE

OPERATOR	LOCATION	Project	STAGE / EST. DELIVERY
Equinix	Tsuen Wan	HK1 (Phase XII)	Under Construction / Q4 2019
	Shek Mun, Shatin	HK4 (Phase III)	Under Construction / Q1 2020
Global Switch	Tseung Kwan O	TKO (Phase II)	Under Construction / Q4 2019
AirTrunk	Tsuen Wan	HKG1	Under Construction / Q4 2020
CITIC	Kwai Chung	CTT (Phase III B)	Under Construction / 2020
GDS	Kwai Chung	TBD	In Planning / 2021
SUNeVision	Tsuen Wan	TBD	In Planning / 2021
	Tseung Kwan O	TBD	In Planning / 2022

#### MORE INFORMATION:

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#### GLOBAL DATA CENTER ADVISORY GROUP

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