科智咨询
KZ Consulting

2020-2021
IDC Market Research Report for Guangzhou-Shenzhen and Surrounding Areas

Copyright Statement

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Main Conclusion

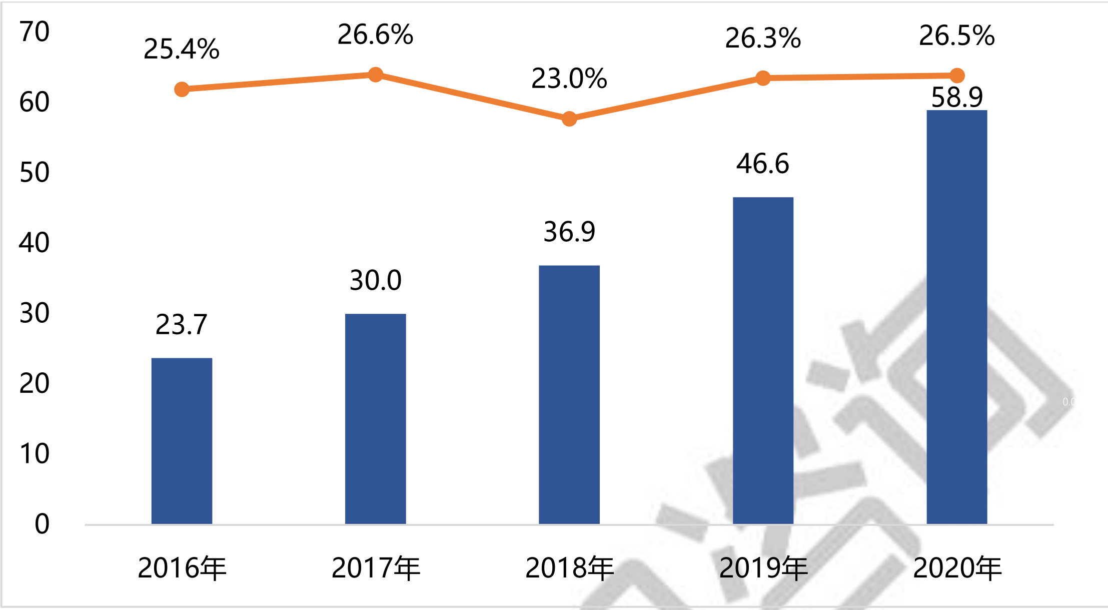
1、In 2020, the market scale of Guangzhou and Shenzhen IDC both achieved a growth rate of 20%+

In recent years, the data center industry in Guangzhou and Shenzhen has maintained a continuous growth of 20%+, and the business segment has been continuously expanded. In 2020, under the development environment of the epidemic and new infrastructure, the development speed of the data center market in Guangzhou and Shenzhen has increased, and the total business market size of the two places reached CNY 12.54 billion.

In 2020, the Guangzhou IDC business market will reach CNY 5.89 billion, a year-on-year increase of 26.5%, and the growth rate has increased slightly compared with 2019.

Due to geographic factors, Guangzhou data center industry has sufficient supporting resources and facilities. In the context of the previous tightening of Shenzhen's supply, it has become the first choice for many new projects. With the implementation of new projects, the market scale has maintained steady growth. In 2020, during the epidemic prevention and control period, traditional industries such as education and medical care will rapidly deploy digital technologies and applications, and the online economy will develop rapidly, digesting a large amount of IDC resources.

Figure 1 2016-2020 Guangzhou IDC Business Market Size and Growth (CNY 100 million)

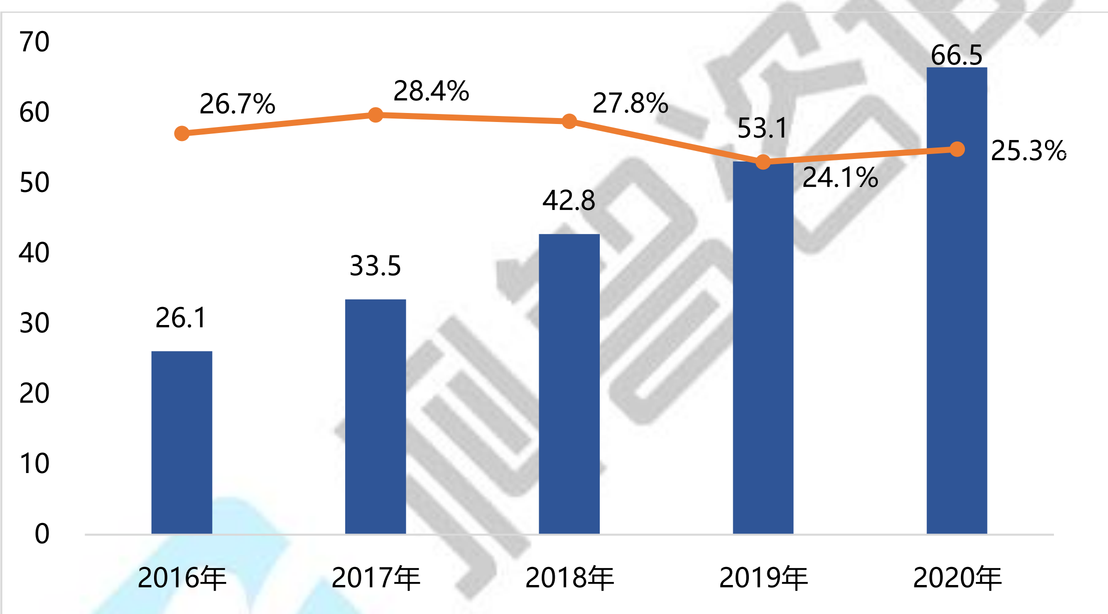


Source: KZ Consulting, June 2021

Shenzhen data center resources are in short supply, and the average vacancy rate of IDC computer rooms is at a low level of less than 10%. As a result, the price of racks in the region is slightly higher than that of Guangzhou. In recent years, the scale of Shenzhen IDC business market is ahead of the Guangzhou. In 2020, the Shenzhen IDC business market will reach CNY 6.65 billion, a year-on-year growth rate of 25.3%.

The strong demand for Shenzhen data center has promoted the rapid growth of the industry. Shenzhen is the location of Tencent, Huawei, Ping An Group and other large Internet companies, manufacturing companies, and financial companies. Internet companies represented by Tencent, manufacturing companies represented by Huawei, financial companies represented by Ping An Group, and cloud service companies represented by Tencent Cloud. In consideration of industrial optimization and upgrading and reduction of carbon emissions per unit of GDP, in 2019, Shenzhen gradually restricted the energy consumption of data centers and slowed down the pace of approval of new projects, resulting in fewer new resources in the past two years, and a decline of market growth.

Figure 2 2016-2020 Shenzhen IDC Business Market Size and Growth (CNY 100 million)



Source: KZ Consulting, June 2021

2. The new infrastructure policy and the Guangdong-Hong Kong-Macao Greater Bay Area integration policy provide a good policy environment for industrial development

In 2020, the state will issue a new infrastructure policy, focusing on the development of seven areas of new infrastructure construction, including the deployment of new infrastructure construction represented by 5G networks, big data centers, industrial Internet, and AI, as well as promoting the traditional infrastructure such as transportation and energy to upgrade. Among them, 5G infrastructure, big data centers, etc. are infrastructures with digital information networks as the core; and the emerging technologies covered by new infrastructure construction will promote transformation of digital, networked, and intelligent. In order to implement the new infrastructure policy, Guangdong Province, Guangzhou City, and Shenzhen respectively issued three-year development plans for new infrastructure to promote the development of the regional data center industry.

At the same time, Guangzhou and Shenzhen are central cities in the economic corridor of the Guangdong-Hong Kong-Macao Greater Bay Area. With the advancement of regional integration, the development of regional integration brings new opportunities for the evolution of the data center industry.

3. The difference in regional electricity prices is small, and there has not yet been a phenomenon of a large amount of IDC demand shifting to surrounding areas

Electricity prices between the Guangzhou-Shenzhen region and the surrounding regions are basically the same, and the process of core city data center projects and demand spillovers to surrounding regions is slightly slower than other regional markets such as Beijing.

The industrial power consumption of data centers in the core cities of Guangzhou, Shenzhen and the surrounding cities like Dongguan, Foshan and

Huizhou is uniformly priced by China Southern Power Grid Guangdong Company. There is basically no difference in electricity prices between regions. Only some local governments provide electricity price subsidies to reduce regional data centers construction and operating costs due to the consideration of investment promotion.

4. Guangzhou and Shenzhen have approved a large number of data center resources, which has a large space for development

Guangdong Province issued the "Guangdong Province 5G Base Station and Data Center General Layout Plan (2021-2025)", and proposed a "dual-core nine centers" overall plan layout. In the core areas of Guangzhou and Shenzhen, new medium-sized and below data centers can be built to carry the first and second types of business. A large number of newly-built data center projects in Guangzhou and Shenzhen have passed energy-saving review opinions, and data center resources on the market are relatively sufficient.

At the same time, Guangzhou's data center market has more supply at an early stage, and the average shelf rate in the operating machine room is less than 70%, which is lower than the shelf level in other first-tier cities. With the further digestion of the stock, there is a large room for growth in the market size.

Figure 3 Examples of data center projects that passed the energy-saving review opinions in Guangzhou and Shenzhen in 2020

City	IDC Providers	Project Name
Guangzhou	China Mobile Communications Group	China Mobile South Base Phase II Project

	Co.,Ltd	
	Guangzhou Liangguang Lixing Technology Co Ltd	Guangzhou Liangguang Lixing Data Center Project
	Guangzhou Maoyuan Cloud Technology Co., Ltd.	Guangzhou Maoyuan Cloud 5G Interaction Center Project
	Guangdong Aofei Data Technology Co., Ltd.	Aofei Data Digital Smart Industrial Park
Shenzhen	Shenzhen Feichun Information Technology Co., Ltd.	Cloud Data Innovation Center
	Shenzhen Anshuntong Power IOT Service Co., Ltd.	Cloud Data Information Center
	Shenzhen Zituo Yunqi Technology Co Ltd	Zituolong Huayun Data Center Project
	Shenzhen Yixin Technology Co., Ltd.	Baiwangxin Cloud Data Center Phase III

5. Under IDC scale control, data center projects with energy consumption indicators will become scarce resources

According to statistics, the data center project resources that have been put into production and have passed the energy conservation review in Guangdong Province have exceeded the total planned construction scale of 2025. The government and relevant departments have proposed that the overall scale of data centers should be reasonably controlled based on demand. They clearly stated that from 2021 to 2022, in addition to supporting the integration of existing resources and the construction of projects that require edge computing for self-use by enterprises (small data centers with less than 1,000 standard racks), in principle, no new data center racks will be added in the province. From 2023 to 2025, if the shelf rate of data centers in the province reaches 70%+, based on supply and demand, and on the premise of ensuring that the province's energy intensity reduction target can be achieved, then consider supporting the energy-saving review of new and expanded data center projects.

Affected by IDC's scale control policy, Guangdong Province is less likely to approve new projects in recent years. Data center projects with existing energy consumption indicators will become scarce resources and have good development prospects.

6. The demand of data center is increasing in the developed regional digital industry

The digital economy in Guangzhou and Shenzhen is developed. In 2019, the Digital Industry scale has exceeded one trillion yuan, which is in the forefront of the country; As a special economic development zone, Shenzhen has the highest degree of economic openness. It is the first to introduce digital regulations, pilot data transactions, and dig deeper into the value of data; at the same time, future data integration and transactions in Guangdong, Hong Kong and Macao will bring a large amount of data center demand.

7. Telecom operators have strong control capabilities and are actively developing data center services

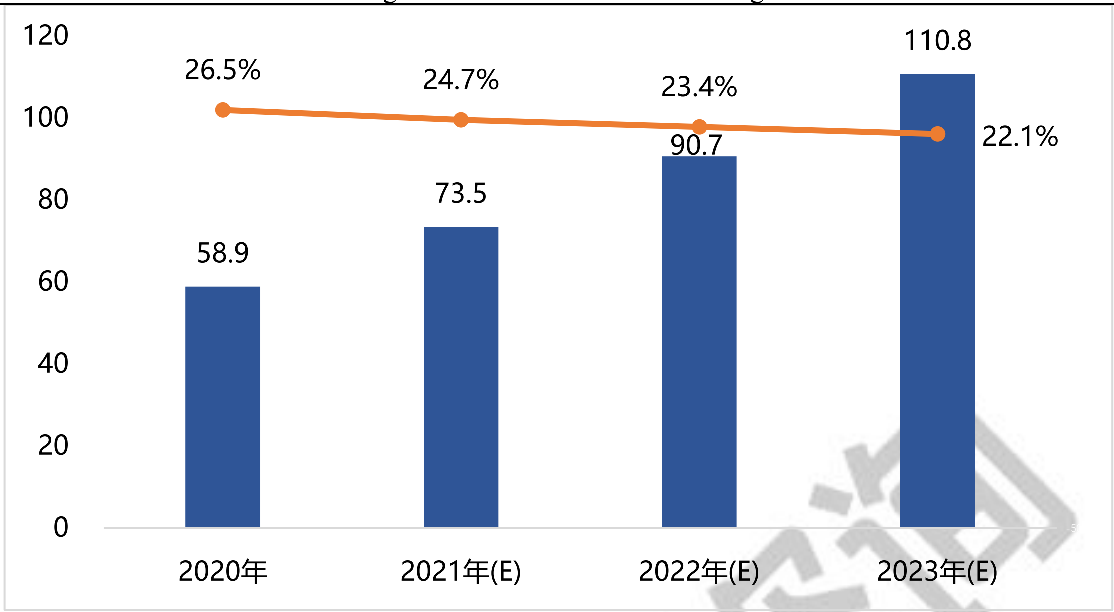
The telecom operators represented by China Telecom (Guangdong) have a strong voice in the Guangdong market by virtue of the monopoly of network resources. The total market share of the three operators exceeds 60%, which is higher than that of Beijing and Shanghai. Driven by the new infrastructure, telecommunications operators in Guangdong Province have accelerated their data center business deployment and maintained their dominant position in the regional market.

8. It is estimated that in the next three years, the CAGR of the IDC market in Guangzhou and Shenzhen will be 23.4% and 22.8% respectively

The data center industry in Guangzhou-Shenzhen has good development prospects. First of all, relying on the "new infrastructure" policy environment to support industrial development and ecological construction; secondly, benefiting from the advancement of the integration of Guangdong, Hong Kong and Macao, Guangzhou and Shenzhen are central cities in the Greater Bay Area, and data integration in the region will bring about ZB-level data processing needs; the development of new-generation information technology and digital transformation have spawned mass consumption and even industrial Internet needs; in addition, Guangzhou and Shenzhen are the core nodes of the backbone network and are the first choices for low-latency business deployment for major industry customers.

It is estimated that in the next three years, with the continuous release of data center demand, Guangzhou will maintain a growth rate of 20%+. By 2023, the regional IDC business market will reach CNY 11.08 billion, with a three-year CAGR of 23.4%.

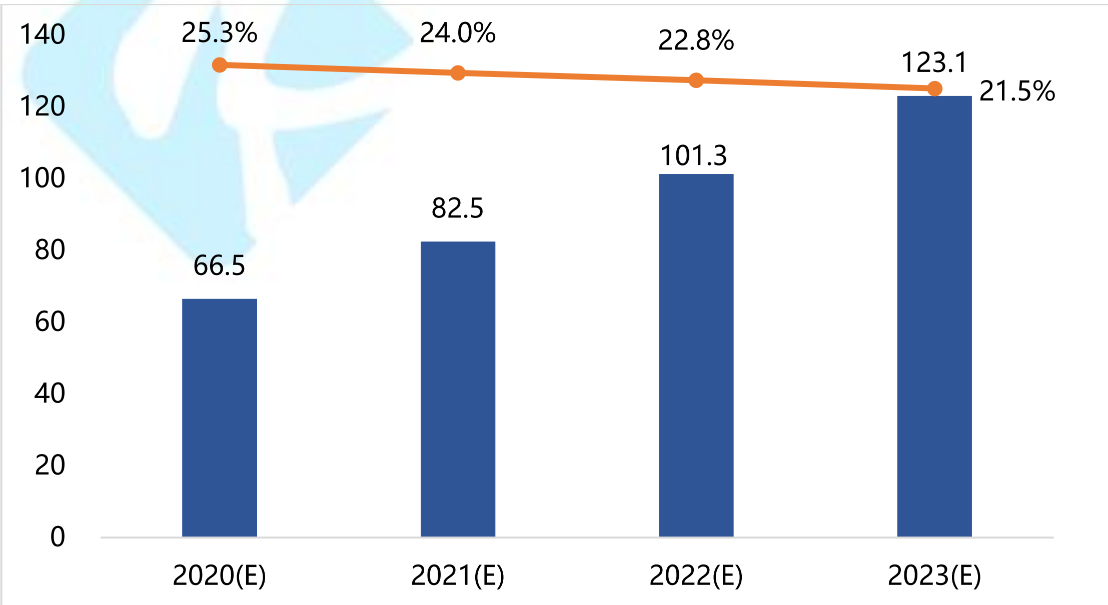
Figure 4 2021-2023 Guangzhou IDC Market Size Forecast (CNY 100 million)



Source: KZ Consulting, June 2021

Shenzhen data center market demand is strong, and many data center energy consumption indicators have been approved during the 14th Five-Year Plan period. With the implementation of new projects, the regional IDC market will grow steadily. It is estimated that the scale of Shenzhen IDC business market will exceed CNY 12 billion by 2023, and the three-year CAGR may reach 22.8%.

Figure 5 2021-2023 Shenzhen IDC Business Market Size Forecast (CNY 100 million)



Mentioned Companies

South Logistics 南方物流

CITICPE 中信产业基金

Hotwon 浩云网络

Kehua Tech 科华数据

GDS 万国数据

Weiteng Network 维腾网络

Aofei Data 奥飞数据

21Vianet 世纪互联

Powerleader 宝德科技

CloudVSP 天地祥云

Dayi Hulian 大一互联

Dr Peng 鹏博士

Gosun 高升控股

AtHub 数据港

Pangu Data 盘古数据

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