

2. Tangible Economic Impact¹

The Data Centre Sector provides benefits to Hong Kong's economy through its operating and spending activities. Economic benefits can be classified into two categories: (1) Direct Impact which measures economic benefits that is attributable to the Data Centre Sector in Hong Kong through the operating activities of Data Centres, and (2) Indirect Impact which measures economic benefits that is generated by other industries such as telecommunications, utilities and realty due to the spending of the Data Centre Sector on these industries in Hong Kong.

Direct Economic Impact

Taken together, DCOs and End Users directly contributed an economic value added of HKD 1.6 billion in 2009 (DCOs: HKD 1.0 billion; End Users: HKD 0.6 billion), which is about 0.1 percent of Hong Kong's 2009 GDP of HKD 1,622 billion. Total job opportunities directly attributed to the Data Centre Sector was estimated to be around 2,200 (approximate equal distribution between DCOs and End Users). Value Added per employment in 2009 was estimated to be HKD 727,300 per employee as compared to Hong Kong's economy overall value added of HKD 466,200 per employee, reflecting the higher value added nature of the Data Centre Sector.

Indirect Economic Impact

Indirect economic impact is due to the spending by data centres on other industries. Factoring information obtained through the interviews, these other industries² were identified as (1) Telecommunications, (2) Utilities, as well as (3) Realty. For each of these industries, industry-specific economic multipliers were estimated to determine how the spending of the

¹ Value Added, GDP and employment figures might be subject to further change upon clearance by EABFU.

² Spending by Data Centre Sector on other industries (e.g. security services) was judged to be relatively minor and hence, not included in the calculations.

Data Centre Sector in Hong Kong will affect the economic value added and employment generated.

For indirect impact, the spending by the Data Centre Sector resulted in these industries generating HKD 1.8 billion in terms of economic value added, and created around 2,600 job opportunities in 2009.

In 2009, direct and indirect economic impact for the Data Centre Sector generated around HKD 3.4 billion in terms of economic value added, representing 0.21 percent of Hong Kong's GDP at basic prices, and created around 4,800 job opportunities, representing 0.14 percent of the total employed persons.

The Data Centre Sector's economic value added and employment contribution to Hong Kong's economy may be relatively small as compared to other pillar industries such as Financial Services, as well as Trading and Logistics. However, the Data Centre Sector provides other economic benefits that are critical to the growth and development of the pillar industries.