

Smart Cities Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The global smart cities market is expected to register a CAGR of 22.62% over the forecast period. The market numbers in the study indicate the revenue generated from various types of solutions such as smart mobility management, smart public safety, smart healthcare, smart building, smart utilities, smart security, smart education, and other solutions.

Key Highlights

A smart city is an urban area that makes use of cutting-edge technologies such as artificial intelligence (AI), the Internet of Things (IoT), cloud storage, big data, and data analytics to gather and analyze utilization data and use the insights gained from them to manage resources, services, and assets effectively. Growing government measures to address urbanization and overpopulation and the growing need for resource management for sustainable development are driving growth in the smart cities industry. The increased adoption of the internet and the internet of things propel the growth of smart cities and platforms worldwide. It is expected that by the next three years, there will be more than 26 smart cities, with the majority existing in North America and Europe, providing a major drive to the AI and IoT sensors for adoption in smart cities.

From the first telegraphic fire alarms to radios and dash cams, public safety agencies-law enforcement, fire, EMS, and emergency management-have always been early adopters of the newest technologies. Increasing smart device networks and the development of artificial intelligence are turning public safety technology today from a necessary toolkit into an independent partner that can take action to keep the public safe.

Data security is the prime concern of every government incorporating the smart city plan, as it is vital in industries such as BFSI, retail, healthcare, and others, owing to the sensitive nature of the data. IoT platforms used for smart cities are experiencing high adoption rates due to IoT demand. This increasing use of these platforms for smart cities across various verticals has increased the vulnerabilities of these systems to data breaches. The need for a uniform security platform is increasing, with many providers offering multiple solutions.

COVID-19 has propelled the development of smart cities. Smart city infrastructure has helped government agencies avoid the dangerous COVID-19 virus. Post-COVID-19, the government has also been investigating the potential for implementing some smart city technologies to increase urban resilience in times of crisis. The government of Singapore has acknowledged the

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significance of accelerating the nation's degree of digitization across industries.

Smart Cities Market Trends

Rising Adoption of AI and IoT to Drive the Market

The increased adoption of the internet and the internet of things propel the growth of smart cities and platforms worldwide. It is expected that by 2025, there will be more than 26 smart cities, with the majority existing in North America and Europe, providing a major drive to the AI and IoT sensors for adoption in smart cities.

The use of IoT has increased, from industrial applications to emergency services, public transportation, public safety, city lighting, and smart city applications. Municipalities are moving to wireless communications offered by IoT due to low cost, greater efficiency, and resource reduction. According to Cisco, machine-to-machine (M2M) connections supporting IoT applications will account for over half of the world's 28.5 billion connected devices by 2022. Connections from smart speakers, fixtures, devices, and associated devices will reach 14.6 billion, and the connected home vertical will account for the bulk of total M2M connections. Furthermore, local governments in other parts are investing in smart and adaptive streetlights to improve energy efficiency. For instance, Chicago has launched a smart lighting program that aims to install 270,000 LED lights over four years. During the project's initial year, the city installed 81,000 LED lights. Chicago estimates it will save around USD 10 million yearly in utility costs. The project includes a monitoring and control system that immediately alerts the city of any outages. It also allows workers to optimize the performance of the streetlights.

As part of the Digital India initiative, the Indian government has planned to push IoT in the country. The government allocated an INR 7,000 crore fund allocation for the development of 100 smart cities powered by IoT devices to control traffic, efficiently use water and power, and collect data using IoT sensors for healthcare and other services.

With smart city initiatives, the trend of increasing IoT and connected devices is expected to continue over the forecast period. The growing adoption of connected devices that include smart meters, smart homes, smart lighting, and smart transportation, among others that use IoT to connect, is likely to propel the growth of smart city platforms.

Asia-Pacific is Expected to be the Fastest Growing Market

Asia-Pacific is one of the fastest-growing regions for innovative city technologies, with China playing a significant role in the market growth. China has made significant investments in the digital transformation of its cities. With its top-down approach to urban development, the country has effectively mobilized its industries and resources to support its national aim of constructing smart cities. China has built smart city infrastructure that has already been applied to many of its main metropolises and sectors through public-private partnerships and the promotion of focused technical innovation.

A few firms have taken the lead in the transformation of cities as new technologies emerge after decades of research and development. Alibaba, Baidu, Didi Chuxing, Huawei, and Tencent are among those that have integrated their technology in cities such as Hangzhou, Suzhou, Shenzhen, Shanghai, and Beijing. These technologies then serve as the foundation for "digital brains," which use cloud computing, AI, and IoT to lay the groundwork for smart city infrastructure.

The Japanese government has been supporting the Society 5.0 concept to achieve Sustainable Development Goals by realizing a smart society that provides people with a better quality of life by tightly connecting the internet and physical space. The Japan Government's Strategic Innovation Promotion Program (SIP) has been instrumental in the development of collaboration infrastructure in each field, such as agriculture and transportation infrastructure, as well as the development of inter-field data collaboration infrastructure to connect them, and the formulation of the Smart City Reference Architecture as a basic design guideline for smart cities.

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Government policies and collaborations towards the development of cities are expected to drive the studied market. For Instance, The India Urban Data Exchange was created in collaboration with the Smart Cities Mission and the Indian Institute of Science (IISc) in Bengaluru. IUDX provides a unified interface for data suppliers and users, including ULBs, to share, request, and access datasets relating to cities, urban government, and urban service delivery. IUDX is an open-source software platform that enables secure, authenticated, and managed data exchange between different data platforms, third-party certified and authorized apps, and other sources. As the number of cities on IUDX grows, this would lead to uniform and frictionless data sharing between data producers and consumers throughout urban India.

The Green Building Council of Australia (GBCA) has revealed the government's Smart Cities Plan, which should increase investment performance and seek to improve the country's sustainability factor. This new plan would make significant adjustments to the existing finances. To begin, it would coordinate and drive smarter city policies. This is done to ensure that both local and national governments are on board with the projected changes. Furthermore, it would endeavor to establish clear models for infrastructure, innovation, and sustainability inside city bounds.

Smart Cities Market Competitor Analysis

The smart cities market is moderately fragmented during the forecast period. The major players in the market are ABB Ltd, Cisco Systems Inc., Emerson Electric Co., IBM Corporation, and Ericsson Inc. Players in the market are adopting strategies such as partnerships, innovations, investments, and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

October 2022 - ABB Ltd acquired ASKI - Industrie-elektronik Gesellschaft m.b.h. The ASKI brand would continue under the ABB Smart Power umbrella, and the team would remain in Zell am Moos, Austria. This acquisition aims to expand the energy segment and the digital energy management ecosystem. The acquisition supports ABB's strategy of developing new energy management features to reduce CO2 emissions and lower energy costs.

July 2022 - AspenTech, a majority-owned subsidiary of Emerson, announced that it agreed to acquire Micromine, an end-to-end mining software provider. This acquisition is expected to expand AspenTech's software portfolio, furthering the company's diversification strategy into the metals and mining market and facilitating the industry's digital transformation and sustainability goals. The deal with AspenTech accelerates Emerson's software strategy and demonstrates the company's commitment to building a higher-growth, more diverse, and cohesive portfolio. This proposed Micromine acquisition exemplifies how Emerson and AspenTech will drive growth through continued investment and mergers and acquisitions.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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