Armored Fighting Vehicles Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 100 pages | Mordor Intelligence

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Report description:

The armored Fighting Vehicles Market is projected to register a CAGR of 4% during the forecast period.

Despite the significant impact of the COVID-19 pandemic on the economy, the market for armored fighting vehicles remained unaffected, as the procurement projects were on track and the sales and revenues of armored vehicles increased steadily for the manufacturing companies.

The growing geopolitical tensions and border issues between various countries in Asia-Pacific, Europe, and Middle-East are generating demand for the procurement of new armored vehicles to enhance the combat capabilities of the ground forces.

Currently, the majority of the armed forces globally are operating old and aging armored vehicles. To replace the aging armored vehicles fleet, the armed forces are investing in the procurement of new generation armed vehicle programs with enhanced efficiency, lethality, and surveillance capabilities.

There is a growing emphasis on developing local manufacturing capabilities in the Asia-Pacific and the Middle-Eastn regions. The development of new armored vehicle models by local armored vehicle manufacturers is anticipated to increase their presence in the regional market.

Armored Fighting Vehicles Market Trends

The Infantry Fighting Vehicle (IFV) Segment Accounted for the Highest Share

The infantry fighting vehicle (IFV) segment currently dominates the market, and it is expected to continue its dominance during the forecast period. This is mainly due to increased demand for IFVs due to their tactical advantage to provide direct-fire support along with infantry troop carrying capabilities. Several countries globally are undertaking various programs to robustly modernize their fleet of IFVs to enhance their attack and troop support capabilities. Earlier in August 2020, the Spanish Ministry of Defense awarded a contract worth EUR 1.74 billion (USD 2.06 billion) to deliver 348 8?8 Dragon Wheeled Combat Vehicles (VCR) to a consortium led by General Dynamics European Land Systems-Santa Barbara Sistemas (GDELS-SBS). The Dragon VCR will replace the Pegaso 3560 BMR armored personnel carriers (in-service since the 1970s) and Pegaso VEC-M1 reconnaissance vehicles (in-service since the 1980s). The delivery of the armored vehicles is expected to begin in the second half of 2022. The program is expected to increase to up to 1,000 VCRs in the coming years. The armored vehicle entered the construction phase in December 2021. Also, the Australian Army is currently in talks with armored vehicles for the acquisition of about 450 tracked IFVs under the Project LAND 400 Phase 3, which will replace M113AS4 armored personnel carriers in service of the Army. The total acquisition cost of the vehicles is estimated to be worth up to USD 27 billion. Such large-scale procurements and the growing tensions in the Asia-Pacific region and the Middle East may further propel the growth of this segment during the forecast period.

The Asia-Pacific Region is Expected to Witness the Highest Growth During the Forecast Period

The Asia-Pacific region is expected to witness the highest growth during the forecast period due to the robustly growing military spending of the countries in the region. Due to the increasing geopolitical tensions in the region, countries like China, India, Australia, South Korea, Singapore, and Japan are significantly investing in the procurement of new armored vehicles to replace their aging fleets that have been in operation for over 30 years. Earlier in March 2021, the Acquisition, Technology & Logistics Agency (ATLA) of Japan announced its plan to replace the light armored vehicles (LAV) due to their issue of lower cabin space and high emissions from engines. Likewise, the Indian Ministry of Defense awarded Mahindra Defence Systems (MDS) a contract worth USD 146 million (INR 1,056 crore) to supply light specialist vehicles (LSVs) in March 2021. Under the contract, the company is expected to deliver 1,300 LSVs from 2021 through 2025. The countries in the region are robustly developing their local manufacturing capabilities to support their regional armed forces. For instance, China's NORINCO has been focusing on increasing the production and sales of domestically manufactured armored vehicles for the past few years. Such developments are anticipated to accelerate the growth of the market in this region.

Armored Fighting Vehicles Market Competitor Analysis

The armored fighting vehicles market is moderately fragmented, with many international and regional players in the market. Some of the prominent players in the market are General Dynamics Corporation, Oshkosh Corporation, BAE Systems, Rheinmetall AG, and Nexter Group. For decades, the market for armored fighting vehicles was highly consolidated, with few international players accounting for the majority share of the market. However, over the past few years, due to the global trend of indigenous manufacturing, many new local players have entered the market in the Asia-Pacific and Middle Eastern regions. Saudi Arabian Military Industries (SAMI), STREIT Group, Nurol Makina, BMC Otomotiv Sanayi ve Ticarest AS (BMC), and Katmerciler HIZIR, among others, are some of the local players based out of the Middle Eastern region. To further enhance their footprint in the market, the local players are signing long-term contracts to meet the requirements of the regional armed forces. In this regard, companies in Turkey have been rapidly expanding their presence in the Middle Eastern and North African countries through strategic partnerships with the local defense authorities. In 2021, the Katmerciler received a contract from Kenya to deliver 118 H?z?r 4x4 tactical wheeled armored vehicles. Due to high competitiveness in the market, the international players are investing in the development of next-generation armored vehicle models with autonomous capabilities as well as advanced weapons and electro-optic infrared sensor suites, which will enhance situational awareness and survivability of the military personnel on the battlefield.

Additional Benefits:

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

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