

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

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Report description:

The smart homes market was valued at USD 79.13 billion in 2021, and it is expected to reach USD 313.95 billion by 2027 and register a CAGR of 25.3% over the forecast period (2023 - 2028). Across real estate companies and the architect ecosystem, the 'new normal' defined through the social distancing practice resulted in a requirement to go back to the redesign basics and reinvent the residential real estate products by factoring in new-age designing, efficiency, and innovation. As the redesigning happens, the need for a totally new set of amenities has resurfaced and gained prominence. What the customer will need in the 'new normal' has undergone a revolution in the crisis triggered by the COVID-19 pandemic, and it is leading to a paradigm shift in residential spaces.

Key Highlights

Home automation and smart homes are two ambiguous terms used in reference to a wide range of monitoring solutions, controlling, and automating functions in a home. Unlike simple home automation solutions (which could range from motor-operated garage doors to automated security systems), smart home systems require a web portal or a smartphone application as a user interface to interact with an automated system.?

Globally, the increasing importance of the need to counter security issues is anticipated to fuel the demand for smart and connected homes over the forecast period. Moreover, innovative wireless technologies, including security and access regulators, entertainment controls, and HVAC controllers, are expected to foster market growth.

The companies are continuously investing in new product designs. For example, Google's Nest smart-home division recently introduced a new smart thermostat. The new Nest Thermostat is a simpler model than the Nest Learning Thermostat or Nest Thermostat E and is offered at a lower price of USD 129.99, accounting for a difference of USD 40 less than the Nest E and USD 120 less than the top-of-the-line third-generation Nest Learning Thermostat. It was made available to pre-order immediately. T-Mobile also announced that it will be launching a 5G-based home network by 2024. The aim is to extend coverage to previously underserved rural areas across the United States. It is currently offering a trial version of the service on its 4G LTE network to a select a number of T-Mobile customers.

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Smart Homes Market Trends

HVAC Systems are Among the Most Significant Contributors to the Market

According to a report from the US National Academy of Sciences (NAS), the first decade of the 21st century was 0.8°C (1.4°F) warmer than the first decade of the 20th century. The variation in climatic changes has led to the increasing demand for electrical cooling systems in summers and, simultaneously, for natural gas, heating oil, wood, and electrical heating systems in winters.

With the advent of new government regulations regarding efficiency, the usage of HVAC systems is expected to rise. This has opened a gateway to the smart HVAC control systems for the most advanced heating and air conditioning units in buildings. Thus, the already existing HVAC equipment would have to be either replaced or retrofitted to adjust the energy efficiency as per the government standards. This would drive the need for HVAC retrofitting, thereby augmenting the overall market's growth positively.

Proper airflow will also help in humidity control. If the buildings maintain a relative humidity of 40%-60% inside, this will decrease the virus's ability to infect occupants. If the HVAC system incorporates makeup air, it also will increase ventilation, thus creating an even more healthy environment. In multiple commercial HVAC systems, filters are measured in MERV (minimum efficiency reporting values).

Moreover, reducing IoT sensor costs is also expected to result in OEMs offering products for a more competitive and lower price, which could indirectly impact the HVAC equipment market. Green HVAC systems are being developed to bring down costs and improve energy efficiency.

Starting from 2023, all new residential central air-source heat pump systems sold in the United States are expected to meet new minimum energy efficiency regulations and standards. The latest minimum energy efficiency standards for these equipment types went into effect in 2015. The new regulations require an increase in the heating efficiency of all air-source heat pumps.

North America Holds the Major Share of the Market

Smart homes are on the rise, with nearly 30 million US households projected to add smart home technology in the near future. The products consumers are looking to add to their homes include connected cameras (highest demand), video doorbells (second-highest demand), connected light bulbs, smart locks, and smart speakers.

According to the US Department of Energy, the buildings sector accounted for about 76% of the electricity used, resulting in a considerable amount of associated greenhouse gas (GHG) emissions, thereby making it necessary to reduce energy consumption in buildings to comply with the national energy and environmental challenges and decrease costs to building owners and tenants.

According to the New York State Energy Research and Development Authority (NYSERDA), enabling smart technologies and real-time energy management systems can decrease costs by an average of 15% and improve the bottom line by creating an ecosystem that reduces energy waste.

Moreover, with the COVID-19 impact, multiple energy management software providers extend their services beyond energy management systems by building health assessment solutions. One such example is Honeywell, which launched an integrated set of solutions to help building owners improve the health of their building environments, along with energy efficiency. These solutions further help building owners operate more cleanly and safely and also comply with social distancing policies.

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Other innovations have also led the market in the region. For instance, in February 2021, Aspinity announced the availability of its Acoustic Event Detection Kit (EVK1) for battery-operated, smart home devices that are always listening for acoustic triggers, such as window glass breaks or other acoustic events. The kit features the company's analogML core, a fully analog machine learning processor that promotes system power efficiency by identifying specific acoustic events before data digitization.

Smart Homes Market Competitor Analysis

The smart homes market is highly competitive and consists of several major players. In terms of market share, a few of the major players currently dominate the market. The market appears to be moderately fragmented. These major players with a prominent share are focusing on expanding their customer base across foreign countries. These companies are leveraging on strategic collaborative initiatives to increase their market shares and profitability.

January 2021 - Samsung launched large-capacity Variable Refrigerant Flow (VRF) air conditioning systems in India that can be installed in just 0.5 sq. m of space in premium apartments, villas, bungalows, and houses as commercial and retail establishments. The Wi-Fi-enabled DVM S Eco series offers smart features, such as voice control and a connected home experience, using the SmartThings app on any smartphone. Each indoor unit can be controlled separately for enhanced convenience. To offer energy efficiency, current, daily, weekly, or even monthly energy consumption can be monitored on the basis of the usage of outdoor units. DVM S Eco series provides ease of installation, wherein up to 16 indoor units can be set up at once.

March 2021 - Emerson and Ameren Missouri announced a partnership to give away Emerson's Sensi smart thermostats to Ameren Missouri customers. Through instant discounts and participation in the Peak Time Savings program, Ameren Missouri customers will be getting Emerson's Sensi smart thermostat at no cost other than the required sales tax. Participants can significantly save on their bills while using advanced technology that will enable them to control their thermostats from anywhere with a smartphone.

Additional Benefits:

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

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