

Centrifugal Compressor Market - Growth, Trends, and Forecasts (2023 - 2028)

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Report description:

The centrifugal compressor system market is expected to register a CAGR of over 4.26% during the forecast period.

Though COVID-19 negatively impacted the market in 2020, it has reached pre-pandemic levels.

Key Highlights

Over the medium term, natural gas is increasingly replacing oil and coal as an energy source in the power generation and transportation sectors. To fulfill the increasing demand for gas, governments worldwide are planning to invest in expanding the infrastructure. This is likely to boost the demand for centrifugal compressors during the forecast period.

Declining costs and increasing investments in renewable power generation hamper the demand for natural gas-fired power generation, negatively impacting the demand for centrifugal compressors in the power generation industry.

Nevertheless, several centrifugal compressor manufacturers strive to develop more energy-efficient products during rising end-user demands and changing energy efficiency standards. This factor is expected to create several opportunities for the market during the forecast period.

The Asia-Pacific dominated the global market, with China and India accounting for a significant share, mainly driven by the increasing demand for electricity.

Centrifugal Compressor Market Trends

The Oil and Gas Segment is Expected to Dominate the Market

The oil and gas industry offers widespread applications for centrifugal compressors across the upstream, midstream, and downstream sectors. Centrifugal compressors serve various purposes across the oil and gas industry, such as gas transportation,

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compression for gas injection, gas gathering, gas lift, etc.

In oil and gas upstream operations, gas lifts are used, in which low-pressure gas (3 to 7 bar) is compressed to a higher pressure and recycled down the well casing-tubing annulus through a gas lift valve at a predetermined depth that enables lightening the liquid column in the tubing.

Centrifugal compressors are used in later phases to maintain or increase gas flow into the pipeline systems in gas fields, as the reservoir pressure tends to decrease over time. The gas reinjection is used for enhanced oil recovery (EOR) to compensate for the natural decline in production from the oil fields.

With increasing environmental awareness over the last decade, most countries introduced plans to lower carbon emissions by shifting from coal-based electricity generation to gas-based energy generation concept, which, in turn, supported the increase in production of natural gas globally during 2010-2021, by 28.14%. The increase in natural gas production and its consumption for power generation is likely to continue, which is expected to support the demand for centrifugal compressors from the oil and gas industry.

The oil and gas midstream sector across the world is growing on account of the development of new pipeline projects. In the midstream sector, centrifugal compressors are used for gas transportation to boost the pressure and to overcome pressure drop caused in the pipeline due to friction in the pipeline infrastructure.

In October 2022, Cairn India planned to invest nearly USD 5 billion by 2025-26 on the expansion of its operations in India. Out of the total, USD 3 billion is expected to be on Rajasthan block. Such investments are expected to increase the demand for centrifugal compressors during the forecast period.

In June 2021, INOXCVA, an Indian multinational company, commissioned the United Kingdom's first-ever multifunctional mini-LNG terminal in Kyleakin, Scotland, for MOWI Scotland. INOXCVA manufactured and supplied the mini-LNG terminal on a turnkey supply basis to the company. The project includes two 1000 cubic meters of vacuum insulated storage tanks, 300-meter vacuum jacketed piping, a ship bunkering station, a trailer loading station, and a vaporization system suitable for natural gas consumption by a fish feed factory. The mini-LNG terminal is capable of taking LNG through small-scale vessels as well as by semi-trailers and IMO containers.?

Furthermore, in February 2021, Qatar reached FID on the North Field East Project (NFE), comprising of four mega LNG trains of 8 MTPA each, at an estimated cost of USD 28.75 billion. The 33 MTPA project is expected to start production in Q4 2025 and will raise Qatar's LNG production to approximately 110 MTPA by late-2026 or early 2027. With the growing demand for LNG, similar projects are expected to support the growth of centrifugal compressors in the oil and gas sector.

Therefore, owing to the abovementioned factors, the oil and gas segment is expected to dominate the centrifugal compressor market during the forecast period.

The Asia-Pacific is Expected to Dominate the Market

The Asia-Pacific dominated the global market share in 2021. The oil and gas and power industries remain the largest end users of these compressors in the region. Several floating production storage and offloading (FPSOs) projects in the Asia-Pacific are expected to begin operations over the next four years. Increasing FPSO projects are expected to create tremendous opportunities in the market studied.

The Asia-Pacific is witnessing a widespread development of industrial infrastructure, leading to a surge in demand for power. New power plants need to be developed as the requirement of continuous power supply is imperative for industrial operations.

Therefore, the increase in the development of power generation plants, particularly gas-fired generation plants, is expected to drive the demand for centrifugal compressors during the forecast period.

China is committed to strengthening its oil and natural gas pipeline network in the next ten years to boost the clean fuel's share in the country's energy mix. According to the National Development and Reform Commission, the country's natural gas pipelines are expected to reach 123,000 km by 2025. As centrifugal compressors are one of the most commonly used equipment is powering long distance natural gas pipelines, the growth in pipeline networks are expected to drive the demand for centrifugal compressors

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during the forecast period.

As China was the world's second largest consumer and the sixth largest producer of oil, it imported nearly 50% of its hydrocarbon demand in 2021. Thus, the oil and gas import, handling, and processing infrastructures are concentrated along the coastal regions in East China. The rising demand for oil and gas and related imports, handling, and processing infrastructure is expected to provide significant demand for centrifugal compressors in the country.

Further, in India, under the Make in India program, the government plans to place the country on the world map as a manufacturing hub. According to the Indian Brand Equity Foundation, the manufacturing sector in the country has the potential to reach USD 1 trillion by 2025. It is likely to increase the demand for centrifugal compressors during the study period.

Therefore, owing to the abovementioned factors, the Asia-Pacific is expected to dominate the centrifugal compressor market during the forecast period.

Centrifugal Compressor Market Competitor Analysis

The centrifugal compressor market is fragmented. Some of the major players (in no particular order) in the market include Ingersoll Rand Inc., Baker Hughes Company, Siemens Energy AG, Mitsubishi Heavy Industries Ltd, and Atlas Copco AB.

Additional Benefits:

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

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