

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

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Report description:

The bus market registered USD 41.44 billion in 2021, and it is projected to be worth USD 64.07 billion by 2027, registering a CAGR of 7.58% during the forecast period.

The COVID-19 pandemic prompted governments and authorities worldwide to impose restrictions on transport and mobility at an unprecedented scale and magnitude. Physical distancing had a significant impact on mobility behavior and preferences. Therefore, during the pandemic, many people preferred private transport to reduce the risk of infection. The use of private vehicles increased during the period, while those who relied on public transport switched to other modes of transport, such as biking or walking.

Over the medium term, growing concerns over pollution and the rise in stringent emission regulations encouraged countries to include more electric buses in the existing bus fleet, thereby contributing to the overall bus market's growth. The continuous rise in urban population also drove the government to design BRT systems that can effectively combine the capacity and speed of a metro with the flexibility, lower cost, and simplicity of a bus system. The rapidly growing urban population and enhanced focus on developing an efficient bus rapid transit (BRT) system are likely to drive the bus market during the forecast period.

North America, followed by Asia-Pacific, is expected to occupy a significant share in the market due to the increasing demand and population. The demand across these regions is likely to be supported by the growing need for public transportation like buses, particularly double-decker and articulated buses.

Bus Market Trends

Increasing Adoption of Electric Buses Expected to Drive Demand in the Market

Fuel constitutes a major part of the operating cost of any vehicle. With the increasing fuel costs, the demand for an electric bus for

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public transport is increasing, as an electric can reduce fuel costs and other upfront costs, as well as the total cost of ownership. By 2030, the prices of electric buses are expected to decline and reach the level of diesel fuel buses. Electric buses help reduce 81-83% of the maintenance and operating costs compared to diesel-engine buses.

The battery electric bus market witnessed steady growth over the study period due to the stringent emission norms across several countries of the world. For instance, the number of battery electric buses was 69,961 units in 2019, increasing by 11.5% to 78,032 units in 2020. This increase can be attributed to several government incentives offered to buyers and fleet owners.

Due to the increased sales and the projected increase in demand for electric mobility in the heavy-duty transportation segment, several OEMs are introducing new electric products into the worldwide market to cater to the increasing demand. For instance,

In September 2021, Volvo Buses launched the new global electromobility offer. With the launch of the Volvo BZL Electric chassis, Volvo Buses provides a solid platform for sustainable and efficient public transport facilities in cities across the world.

The company received an order of 60 battery electric buses to be deployed to Sweden, with Volvo 7900 electric articulated models, to cater to the urban public transport demand and restricted areas with stringent noise and exhaust emission norms in zero-emission zones.

Such developments and factors are anticipated to contribute to the development of the market during the forecast period.

North America is Expected to Witness the Fastest Growth During the Forecast Period

As of December 2020, the United States had nearly 2,800 zero-emission buses (deployed and to be delivered), out of which over 2,700 are electric buses. Despite competing with government agencies to provide transit services, private and individual fleet owners have been receiving aid to transition their bus fleets to zero-emission vehicles. For instance,

In March 2022, the US government announced that it is awarding nearly USD 1.5 billion in grants to modernize and electrify bus fleets as part of the new infrastructure package. This initiative may help transit agencies and fleet operators purchase or lease no-emission vehicles.

Currently, California has the highest number of zero-emission buses (1,016), over 200 electric buses in use, and many other backlogged orders. The Chicago Transit Authority (CTA) unveiled the new electric buses as part of the city's green initiatives, with contracts with manufacturers for additional 17 electric buses.

The implementation of stringent emission laws and regulations is expected to fuel the market for electric buses in the United States. Many cities in the United States now require a certain fraction of their bus fleet to be electric or hybrid, and they are also pushing the limitations on new IC engine bus tenders. For instance, SEPTA, the transport authority of Philadelphia, is committed to restricting the diesel bus share in its bus fleet to less than 5% by 2021 to gradually make way for battery electric buses. Various states in the country are taking the delivery of new electric school buses, whereas some states are planning to include more electric buses in the coming years. For instance, ?

In December 2020, a Texas school district received the first three electric school buses to be deployed in the state. Everman Independent School District (ISD) began transporting students this school year with the Blue Bird Vision Electric buses. With help from a local dealer, Rush Bus Centers, and the Texas Commission for Environmental Quality, the district was able to fund the

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buses and charging stations with grants from the Volkswagen (VW) settlement funds.?

In April 2021, Salt Lake City School District (SLCSD) rolled out four Micro Bird electric school buses to replace some of its aging diesel buses. The electric school buses were partially funded through the Utah Department of Environmental Quality's (DEQ's) Volkswagen settlement program and the Utah Clean Diesel Program (UCDP). The DEQ awarded SLCSD two grants, totaling USD 1.5 million, to purchase these electric buses.

Such developments are expected to significantly impact the market during the forecast period.

Bus Market Competitor Analysis

The market for buses is moderately consolidated, with the major players holding a significant market share due to their developed products and network of various dealers. The major players in the market include Zhengzhou Yutong Bus Co., Xiamen King Long United, Daimler AG, Volvo, Traton (Man, Scania, etc.), Tata Motors, and Ashok Leyland.

The bus market is characterized by mergers, acquisitions, and collaborations between various manufacturers trying to tap into potential markets. Since the market for electric buses is expected to grow significantly over the forecast period, bus manufacturers are investing considerably in R&D and ramping up their portfolios to include more electric models.

February 2021: Anhui Ankai Automobile Co. Ltd signed an agreement with Ideanomics Inc. The partnership will extend the service offering of Ideanomics' recently-established NETS Group. It will provide bus and tour bus operators with benefits ranging from factory/group purchasing power to streamlined ABS financing services. The parties have agreed to cooperate on sales and marketing activities in Malaysia, the broader ASEAN region, Europe, and the United States.

BYD, the world's leading e-bus manufacturer, secured another high-volume order for its zero-emission electric buses from Nobina in Finland. Nobina, the largest public transport operator in the Nordic region, ordered a further 70 latest generation BYD e-buses in a strategic move to expand its fast-evolving 'green fleet.' This latest order from Nobina Finland spans two of BYD's best-selling electric bus models, comprising 42 units of the 42-foot bus model and 28 units of BYD's 50-foot model. They were scheduled for delivery in the summer of 2022, and will primarily operate on city routes in the Helsinki Metropolitan area.?

Additional Benefits:

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

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