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North America Naval Vessels - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 80 pages | Mordor Intelligence

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Report description:

The North America Naval Vessels Market size is estimated at USD 19.04 billion in 2024, and is expected to reach USD 39.48 billion by 2029, growing at a CAGR of 15.70% during the forecast period (2024-2029).

The market is primarily driven by the initiatives undertaken by nations such as the US to enhance its naval warfare capabilities due to a rise in naval conflicts, the growth of piracy, and human and drug trafficking. The ongoing geopolitical turmoil has led to an arms race that has encouraged the United States to develop and deploy advanced naval vessels with similar or better operational characteristics than its potential adversaries.

On this note, the US is planning to include 46 more ships in its naval fleet by the end of 2023. However, Canada's naval vessel market is expected to experience slow growth during the forecast period, owing to the government's insufficient and ineffective budget allocation and the country's reluctance to upgrade its naval capabilities.

Manufacturers are under growing pressure to provide various countries with their individual customized vessels as per the requirement of their own. Development and manufacturing costs increased as a result of the application of advanced digital technology, e.g., High-Speed Processors, Combat Management Systems, and Data links in combination with enhanced automation and sensor fusion. Nevertheless, these technologies have led to an important increase in the combat performance of maritime vessels.

North America Naval Vessels Market Trends

Frigates Segment Expected to Account for the Largest Market Share

Frigates are expected to dominate the market share during the forecast period on account of the development and induction of new frigates by the US. The US is concentrated on enhancing the lethality and low detection capabilities of frigates and is one of the foremost countries in the world engaged in the design and development of new frigates. Its new program of guided missile frigate FFG(X) is in progress and includes the construction of about 20 FFG(X) next-generation frigates by 2030. The US Navy has selected five shipbuilders, Austal USA, Fincantieri S.p.A., General Dynamics Corporation, Huntington Ingalls Industries, and Lockheed Martin Corporation, for the program, and it is currently evaluating its designs. It expects to receive the first ship by July 2026 and the second ship by October 2026.

In addition, Canada aims to be a major contributor to the global security sector, and its Canadian Surface Combatant (CSC) program aims at building a new class of multi-purpose frigates to expand the country's current naval fleet, in order to excel in every aspect of warfare. For instance, in August 2023, the Canadian government announced an investment of USD 463 million in the Canadian Surface Combatant (CSC) project to ensure timely delivery of the CSC vessel for the Royal Canadian Navy. The objective of the program is to introduce a Single Class Ship for Operations in Open and Coastal Environments, replacing both Iroquois class destroyers as well as Halifax multirole patrol frigates. Such developments are expected to help the growth of the segment during the forecast period.

The United States is Expected to Dominate the Market During the Forecast Period

The US has the largest naval fleet in North America and ranks fourth globally in terms of fleet size. The US Navy has deployed over 484 ships in active service and the reserve fleet, with about 90 more in the planning and ordering stage or under construction. Both the US Navy and the Department of Defense (DoD) have been working to achieve a more distributed fleet architecture featuring a smaller proportion of larger ships, a larger proportion of smaller ships, and a new third tier of large, unmanned vehicles. The US Navy has been actively implementing force structure expansion plans, aiming to reach its 355-ship goal by FY 2034 through a mix of service life extensions and new construction. The US Navy's FY2021 five-year (FY2021-FY2025) shipbuilding plan includes 42 new ships, 13 less than the 55 included in the FY2020 (FY2020-FY2024) five-year plan. In 2021, the US Navy received a Los Angeles-class attack submarine, an Arleigh Burke-class destroyer, about five littoral combat ships (LCS), and John-Lewis-class oiler naval vessels.

Huntington Ingalls Industries was awarded a contract modification worth USD 113.6 million from the US Navy for long-lead-time material and advance procurement activities for the amphibious assault ship LHA 9. Thus, as the US has been striving to modernize and expand its entire naval fleet to remain competitive against the Chinese Naval fleet, new orders are anticipated to be placed during the forecast period, which may drive the North American naval vessels market in the coming years.

North America Naval Vessels Industry Overview

The naval vessel market is highly consolidated, with many companies taking major revenue shares in the market. Some of the prominent players in the market are Lockheed Martin Corporation, General Dynamics Corporation, HII, Austal Limited, and Irving Shipbuilding Inc. Due to the availability of competent players in the US, it becomes difficult for new foreign players to enter and dominate the North American market. However, collaborations and partnerships between the players to support the naval vessel development programs of the naval forces may help the companies gain a strong and leading position in the market in the years to come. For instance, in September 2023, Maritime Partners 'one of its managed funds, acquired Marine Management LLC (USMMI) from Maersk Line, Limited. USMMI is the owner and operator of US flag vessels, including one owned maritime support vessel, three owned tankers, and one bareboat chartered tanker, for the purpose of chartering to the US Navy's Military Sealift Command. It's also engaged in the operation and maintenance of US government vessels, as well as has a single contract for operations and maintenance related to US military training boats that are ongoing in Japan.

Additional Benefits:

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

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