

Propane - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Propane Market size is estimated at 197.24 Million tons in 2024, and is expected to reach 243.80 Million tons by 2029, growing at a CAGR of 4.33% during the forecast period (2024-2029).

Owing to the COVID-19 pandemic, the demand for propane from end-user industries, including commercial, transportation, and other industry, declined drastically. However, the increased demand for liquefied petroleum gas (LPG) from the residential sector propelled propane consumption globally.

Key Highlights

- In the short term, factors such as the increasing demand from various end-user industries, such as industrial, construction, and petrochemical, are likely to drive market growth.
- The harmful effects of propane at higher concentrations are expected to inhibit the market's growth.
- Propane usage in power generation is expected to act as an opportunity for the market.
- Asia-Pacific dominated the global propane market. The largest consumption was witnessed in China and India.

Propane Market Trends

Residential Segment to Dominate the Market

- In the residential segment, propane is used for air conditioning, heating water, cooking, refrigerating foods, drying clothes,

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lighting, and fueling fireplaces.

- Propane is used mainly in homes in rural areas that do not have natural gas services and mobile homes. Millions of homes use propane to meet some of their energy requirements.
- In the United States, about 12 million households use propane as their primary heating source, and around one-fifth of mobile homes use propane for heating. In the first week of February 2022, the value of residential propane stood at USD 2.825/gallon, according to the United States Energy Information Administration (EIA).
- The rising sales of new residential will boost the demand for propane in the United States. In 2020 and 2021, demand for housing surged, and house sales volumes spiked to 822,000 and 770,000, respectively. Additionally, sales of new singlefamily houses in November 2022 were at a seasonally adjusted annual rate of 640 thousand units per e U.S. Census Bureau and the Department of Housing and Urban Development.
- Homes that use propane as the primary energy source have a large propane tank outside the house that stores propane under pressure as a liquid. Propane dealers deliver propane to residences in trucks, filling the tanks several times a year as per the requirement.
- The average residential propane tank holds between 500 and 1,000 gallons of liquid fuel. Millions of backyard cooks use propane-powered gas grills for cooking. Moreover, recreational vehicles usually have propane-fueled appliances, giving them a portable energy source for cooking, hot water, and refrigeration. People often use propane for outdoor cooking, and because of its portability, it is especially popular with campers and mobile homeowners.
- However, due to improvements in propane usage efficiency, the demand, in terms of volume for propane, may need to grow in the future.
- The increasing new residential construction, combined with continuing fuel oil conversions, is expected to offset residential space heating losses to electricity and natural gas and lead to slow growth in the number of residential space heating customers through 2027.
- The abovementioned factors are anticipated to drive the demand for propane from the residential sector during the forecast period.

China to Dominate the Asia-Pacific Market

- China is the world's largest propane consumer, with an estimated share of about 20%. China imports large amounts of propane from other countries to satisfy the huge domestic demand. The primary factor attributed to the rise in propane imports in the nation is the increased demand for propane dehydrogenation or PDH plants.
- In 2022, China produced 291.61 million mt of LPG, naphtha, gasoline, jet/kerosene, gasoil, and fuel oil over January-July, up 3.9% year on year, despite crude throughput falling 6.3% over the same period, as per NBS data. China imported 2.12 million mt of LPG, propane, and butane, in May 2022, up 7.1% month on month.
- China represents one of the largest autogas markets in Asia-Pacific. The autogas market in China developed primarily due to local programs to promote alternative fuels to tackle the worsening problem of air pollution in the nation.
- According to the China Association of Automobile Manufacturers, the total deliveries of new energy vehicles stood at 3.51 million units in 2021. In addition, 2.21 million NEVs were newly registered in China during the first half of 2022, a year-on-year increase of 100.26%, a record high.
- Overall, the market for propane in China is projected to increase rapidly post-recovery from the COVID-19 pandemic during the early forecast period.

Propane Industry Overview

The global propane gas market is fragmented in nature, owing to the presence of a vast number of natural gas producers around

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the world. Major oil companies (not in any particular order), such as Gazprom, China Petroleum & Chemical Corporation, ExxonMobil, Saudi Arabian Oil Co. (Saudi Aramco), and Shell PLC, lead the market in terms of propane production, owing to their vast production outputs of natural gas at several facilities around the world.

Additional Benefits:

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

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