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Automotive Powertrain Market Assessment, By Vehicle Type [Passenger Car, Commercial Vehicles], By Propulsion Type [Internal Combustion Engine, Electric], By Drive Type [Front-Wheel Drive, Rear-Wheel Drive], By Region, Opportunities and Forecast, 2018-2032F

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Report description:

Global automotive powertrain market is projected to witness a CAGR of 7.70% during the forecast period, 2025-2032, growing from USD 871.37 billion in 2024 to USD 1577.34 billion in 2032. The global automotive powertrain market is expanding rapidly, driven by technological advancements and increasing customer demand for high-performance and efficient vehicles. Electrification has transformed traditional powertrain systems with hybrid and electric structures being widely adopted over traditional internal combustion engines.

Growing emphasis on sustainability led the manufacturers toward greener propulsion technology to address global environmental mandates. Intelligent powertrain management systems with artificial intelligence and Internet of Things are transforming performance while driving seamless adaptability across various road conditions. Top-end and high-performance segments are breaking new barriers with sophisticated turbocharging, multiple-speed electric drive trains, and torque vectoring systems, anticipating changing driver sentiments. Partnerships among vehicle original equipment manufacturers and technology suppliers are driving the development of next-gen powertrain solutions. The market is also seeing an upsurge in modular platforms accepting multiple fuel types, providing modularity for future mobility directions. With urbanization and the demand for connected cars increasing, powertrain systems are transforming to accommodate smarter, more responsive mobility ecosystems. With ongoing R&D and an emphasis on smooth integration, the automotive powertrain industry is still at the center of the industry's shift toward sustainable and high-performance mobility.

For instance, in February 2025, Magna International Inc. broadened its long-term innovation cooperation with Mercedes-Benz. Their relationship highlights the commitment concerning innovation and perfection in the car industry, concentrated on Mercedes-Benz's electric motor development and engine services. In addition, from powertrain and drivetrain systems to ADAS technologies, body and chassis components, electrification, interior systems, and vehicle assembly, this collaboration has touched upon a wide range of vehicle domains.

High-Performance Powertrain Components Accelerate Market Growth

High-performance powertrain parts are driving market growth through enhanced vehicle performance and efficiency. Growth is triggered by the rising demand for high-torque engines and sophisticated transmissions, especially in electric and hybrid vehicles. Axial flux motors and multi-motor powertrains enhance power density and efficiency, driving market growth. Technological advancements in batteries and fuel cell systems also facilitate sustainable mobility solutions. When consumers start looking for better performance and fuel efficiency, their convergence on higher-performance parts will continue to stimulate market expansion further, and the auto powertrain market of manufacturers will shape their future.

For instance, in April 2024, Zenvo Automotive A/S announced the near completion of its Mjolner V12 engine, developed with Mahle Powertrains. This 6.6-liter, quad-turbo engine is designed to produce up to 1,250bhp independently and 1,850bhp with a hybrid system. Zenvo claims it will be the most powerful V12 engine ever in a production road car. The engine features Mahle Jet Ignition and a 9,800 rpm red line. This V12 marks the first use of a new modular architecture for Zenvo, with plans to use the concept in future models.

For instance, in March 2025, Lion Smart GmbH partnered with Hofer Powertrain Group to accelerate the market launch of immersion-cooled battery systems. Hofer Powertrain will contribute expertise in developing and validating battery systems, while Lion Smart will bring its immersion-cooled battery technology and modular platform solutions. This collaboration aims to create pioneering solutions for sustainable mobility and establish a strong network with OEMs and industry partners.

Technological Developments Drive the Market

Technological innovations are primary drivers of the advanced safety solutions, electrification, and autonomous driving. ADAS, connected car technology, and AI-based solutions are responsible for vehicle security and efficiency. IoT and 5G network integration also facilitate real-time information exchange and connectivity between vehicles, enhancing the driving experience. These developments not only drive market expansion but also transform the automobile industry by introducing different market growth opportunities for market players. As technology continues to move ahead further, it is poised to drive the automobile industry with future advancements powered by enormous research and development investments.

For instance, in February 2025, Continental AG developed a cooling line for commercial vehicle hydrogen powertrains that significantly reduces penetration into the media circuit. This innovation uses a special mixture of synthetic rubber based on high-performance EPDM, which resists ion leaching and enhances the service life of vehicle components in hydrogen systems. By addressing the challenge of ion degradation, Continental's solution improves efficiency and reduces the risk of short circuits or leakage currents in fuel cells, thereby supporting the industrialization of hydrogen drive systems.

Passenger Vehicles Dominate the Market

Passenger vehicles dominate the automobile market due to their extensive applications and comfort. The car market of passenger vehicles in the world is anticipated to increase immensely, and the Asia Pacific region will lead due to the high rate of economic growth and increasing disposable incomes in India and China. Passenger vehicles are utilized as they are small, fashionable, and inexpensive, and thus a portion of the daily travel. The industry is also supported by technology, including the inclusion of sophisticated safety measures and the transition to electric and self-driving vehicles. This growth will continue, with passenger vehicles continuing to be a significant part of the motor industry.

For instance, in November 2024, STELLANTIS N.V. launched the STLA Frame platform to enable the common production of gasoline, hybrid, and electric vehicles. This flexibility enables Stellantis to efficiently manage production across different powertrain types, enhancing its competitiveness in the evolving automotive landscape. This innovation supports the flexible assembly of vehicles, enabling Stellantis to respond more effectively to shifting market conditions and manage the transition to electric vehicles.

Asia-Pacific Dominates the Market

The Asia-Pacific is the world's largest automotive powertrain market globally, fueled by increased vehicle production and demand for fuel-efficient and environmentally friendly vehicles. China and India are two of the largest contributors, with growing automobile production and rising motor vehicle sales. The dominance is also driven by pro-electric vehicle policies and more stringent emissions regulations. As consumers move more towards the green mode of transportation, market growth is being

fueled by demand for hybrid and electric powertrains. Asia-Pacific leadership in the powertrain market is expected to prevail with technology kept up-to-date and favorable regulatory frameworks for clean transport solutions in place.
For instance, in February 2025, UNO Minda Limited partnered with Suzhou Inovance Automotive to manufacture high-voltage EV powertrain components for electric vehicles. Inovance invested 30% in Uno Minda Auto Innovations, with Uno Minda retaining 70%. The companies intend to produce key components such as combined charging units, E-axles, inverters, and motors for passenger vehicles and commercial vehicles.
Future Market Scenario (2025 - 2032F)
- The automotive powertrain market will continue to shift towards electrification, driven by government incentives and consumer demand for environmentally friendly vehicles. This trend is expected to accelerate, with electric and hybrid powertrains becoming more prevalent, especially in regions like Europe and Asia-Pacific.
- Technological advancements, including AI and ML, will play a crucial role in optimizing powertrain performance and efficiency. These technologies will help in designing and developing powertrains that are tailored to specific vehicle requirements, enhancing overall vehicle performance and safety.
- The integration of autonomous driving technologies and connected car features will further transform the powertrain market. These innovations will require sophisticated powertrain systems capable of supporting complex vehicle control systems, driving market growth and innovation.
- The Asia-Pacific region will continue to dominate the automotive powertrain market, driven by increasing vehicle sales and government initiatives promoting sustainable transportation. Europe is also expected to experience significant growth, fueled by rising electric vehicle adoption and favorable environmental policies.
Key Players Landscape and Outlook
The automotive industry's competitive landscape in 2025 will be characterized by intense competition and rapid technological advancements. Key players are focusing on electrification, autonomous driving, and software-defined vehicles to stay competitive. Challenges include supply chain disruptions, rising raw material costs, and regulatory compliance issues. Emerging markets are becoming crucial for EV adoption, driven by government incentives and economic growth. Companies must adapt quickly to changing consumer expectations and technological shifts, investing in advanced technologies to maintain a competitive edge. The landscape is further complicated by geopolitical tensions affecting trade and EV market dynamics
For instance, in May 2023, DENSO Corporation, a leading mobility supplier, and United Semiconductor Japan Co., Ltd. announced a collaboration to produce insulated gate bipolar transistors (IGBT), which have entered mass production at the 300mm fab of USJC. This collaboration also aims to boost powertrain efficiency, which further accelerates electrification.

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*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work.

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