

Armored Vehicle Upgrade And Retrofit - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Armored Vehicle Upgrade And Retrofit Market size is estimated at USD 6.80 billion in 2025, and is expected to reach USD 8.28 billion by 2030, at a CAGR of 4.01% during the forecast period (2025-2030).

Armored vehicles, pivotal in land combat, play dual roles in military operations, supporting offense and defense. These vehicles transport military personnel and cargo and engage in active combat, boasting weapons and armor to deflect various projectiles. They are the cornerstone of a nation's military might and are widely utilized across defense forces worldwide.

The armored vehicle upgrade and retrofit market is predominantly driven by the escalating defense budgets globally, leading to frequent upgrades to match evolving battlefield scenarios. Moreover, there is a rising appetite for cost-efficient armor solutions. In 2023, global defense spending, as highlighted by the Stockholm International Peace Research Institute (SIPRI), hit a record high of USD 2,443 billion.

Mounting global terrorism and conflicts are driving a surge in demand for cutting-edge technologies in land vehicles. With many nations facing aging armored fleets, they are increasingly turning to upgrade programs to boost efficiency, lethality, and connectivity.

However, challenges persist, especially with the high R&D costs and the swift advancements in weaponry, such as high explosive anti-tank (HEAT) warheads, which can potentially reduce the effectiveness and lifespan of armored systems. While these hurdles pose a threat to market expansion, the ongoing global efforts to modernize aging armored vehicles are poised to propel the market in the coming years.

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Armored Vehicle Upgrade And Retrofit Market Trends

The Infantry Fighting Vehicle (IFV) Segment is Expected to Hold the Largest Market Share During the Forecast Period

An infantry fighting vehicle (IFV), also known as a mechanized infantry combat vehicle (MICV), is an armored vehicle designed to transport infantry into battle and provide direct-fire support. IFVs feature modular add-on armor, including composite or spaced laminated armor, to protect against various munitions. The market's growth is primarily driven by increasing global defense investments and a growing focus on enhancing defense capabilities.

As defense budgets expand, nations are upgrading their aging IFVs' fire control, firepower, and overall functionality. Many are also procuring new vehicles, leading to a surge in demand for vehicle upgrades and retrofits. For instance, in March 2024, the Indian Ministry of Defence finalized a deal with Armoured Vehicles Nigam Limited (AVNL) for 693 armament upgrades of infantry combat vehicles BMP2 to BMP2M. This extensive upgrade, categorized as Buy (Indian-Indigenously Designed, Developed, and Manufactured), includes Night Enablement, a Gunner Main Sight, a Commander Panoramic Sight, and a Fire Control System (FCS) with an Automatic Target Tracker.

In March 2024, Nexter showcased its latest VBCI infantry fighting vehicle to Qatar, aligning with the latter's military modernization plans post-2030. The presentation hinted at potential contracts for the VBCI II, a refined version tailored for the French armed forces. Additionally, in December 2022, Sweden secured a USD 1.37 billion deal with the Slovak Republic's Ministry of Defense for 152 CV9035 infantry fighting vehicles from BAE Systems. Marketed as the CV90MkIV, the CV9035 boasts advanced capabilities and digital technology. With enhanced battlefield speeds, superior handling, and a forward-looking electronic architecture, the vehicle is well-equipped to meet the evolving demands of modern battlefields. These ongoing modernization efforts, alongside anticipated IFV upgrade programs, are poised to drive the segment's growth in the coming years.

North America is Expected to Exhibit the Highest Growth Rate During the Forecast Period

In the market for armored vehicle upgrades and retrofits, North America is poised for supremacy in the years ahead. This dominance is rooted in the region's robust defense spending, a substantial existing fleet of armored vehicles, and escalating investments in military modernization, particularly from the US and Canada. A 2022 report by the Stockholm International Peace Research Institute (SIPRI) highlighted the US's dedication, with its defense budget reaching a staggering USD 916 billion in 2023. This surge in defense funding spurred numerous upgrade and retrofit initiatives, enhancing the nation's defense capabilities. For example, in May 2024, the US Army sealed a USD 37 million deal with Elbit Systems to boost the next-gen Bradley fighting vehicle. General Dynamics Ordnance and Tactical Systems facilitated the integration of Elbit's Iron Fist Active Protection System (APS) into the Bradley M2A4E1.

The US Army boasts a diverse armored vehicle fleet, including main battle tanks, armored personnel carriers, engineering support vehicles, and mine-protected variants. This diversity extends to prime movers, mobile artillery, and a range of trucks, from light tactical to utility vehicles. The fleet showcases a broad spectrum, from the hefty 70-plus ton Abrams main battle tank to the agile Lightweight Tactical All-Terrain Vehicle favored by Special Forces, weighing around one ton. Additionally, the Army creatively repurposed various commercially available vehicles, like dump trucks and pickups, to meet its operational needs. In total, the US Army's vehicle count was around 360,069 units. In contrast, the Canadian Army heavily relies on its Heavy Logistics Vehicle Wheeled (HLVW) fleet, excelling in combat supply, troop, cargo, and spare part transportation. These dynamics, coupled with heightened military modernization efforts and bolstered defense budgets, are propelling the market's growth.

Armored Vehicle Upgrade And Retrofit Industry Overview

The armored vehicle upgrade and retrofit market is semi-consolidated, with several global and local players holding significant

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shares. Some of the key players in the market are General Dynamics Corporation, Rheinmetall AG, KNDS NV, Textron Inc., and BAE Systems PLC.

Key market players are intensifying their R&D investments, focusing on introducing state-of-the-art solutions for armored vehicles. BMC Otomotive, in April 2023, handed over two pre-production models of its Altay MBT to the military. These prototypes are set for an extensive 1.5-2 year field testing phase before moving into full-scale production. Noteworthy is BMC Otomotive's creation of 10 Altay MBT samples, each featuring unique engine and transmission setups. With a tentative timeline for serial tank production between 2024 and 2025, these strides are primed to drive the market in the coming years.

Additional Benefits:

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

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