

Europe Hybrid Electric Vehicle Battery - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Europe Hybrid Electric Vehicle Battery Market size is estimated at USD 1.64 billion in 2025, and is expected to reach USD 4.12 billion by 2030, at a CAGR of 20.31% during the forecast period (2025-2030).

Key Highlights

- In the medium term, government-backed initiatives promoting electric vehicles (EVs) are set to bolster the demand for hybrid electric vehicle batteries.
- Conversely, the burgeoning advancements in the plug-in hybrid electric vehicle market may pose challenges to this growth.
- However, innovations in battery materials-such as enhanced energy density, quicker charging, heightened safety, and extended lifespan-present lucrative opportunities for players in the hybrid electric vehicle battery sector.
- Germany is poised to emerge as the quickest-growing region in Europe's hybrid electric vehicle battery landscape.

Europe Hybrid Electric Vehicle Battery Market Trends

Lithium-Ion Battery Type Dominate the Market

- The lithium-ion electric vehicle battery market in Europe is a dynamic arena, teeming with both opportunities and challenges. Lithium-ion hybrid EV batteries are outpacing other battery technologies in popularity, primarily due to their advantageous capacity-to-weight ratio. Their adoption is further fueled by superior performance attributes, such as longevity, low maintenance needs, an extended shelf life, and a notable decrease in price.

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- While lithium-ion batteries traditionally commanded a premium over their counterparts, leading market players have been channeling investments into achieving economies of scale and bolstering R&D efforts. These endeavors not only enhance battery performance but also intensify market competition, culminating in a downward trend in lithium-ion battery prices.
- In 2023, battery prices witnessed a notable dip, settling at USD 139/kWh - a reduction exceeding 13%. With ongoing technological innovations and manufacturing refinements, projections suggest a further decline, targeting USD 113/kWh by 2025 and an ambitious USD 80/kWh by 2030.
- Amidst escalating environmental concerns, European governments are fervently championing electric vehicles. A key focus is achieving net-zero carbon emission targets. Lithium, being a cornerstone element in batteries, plays a pivotal role in enhancing EV storage capacity.
- In a concrete move, the United Kingdom government, in November 2023, unveiled a GBP 50 million (USD 63 million) investment aimed at fortifying a resilient battery supply chain, with a spotlight on lithium-ion batteries. This initiative aligns with the nation's ambitious EV production goals. Dubbed the Battery Strategy, this initiative promises focused support for zero-emission vehicles, batteries, and their supply chains. It includes a commitment to new capital and R&D funding, extending through to 2030. Such endeavors are poised to bolster the adoption of lithium-ion batteries as a clean energy solution, subsequently amplifying their demand in hybrids and EVs in the foreseeable future.
- Leading companies in the region are ramping up battery production to meet the surging demand for lithium-ion batteries in hybrids and EVs. Over recent years, battery production projects have seen a consistent upward trajectory across the region.
- In a notable development, Tata Motors, the parent company of Jaguar Land Rover, revealed in May 2023 its ambitious plans to inaugurate a multi-billion dollar electric car battery plant in the upcoming year. The chosen site for this significant investment is Somerset, located in southwest England. Such undertakings are set to bolster battery production in the region in the years ahead.
- Given these initiatives and projects, a surge in lithium-ion battery production is anticipated, coinciding with an expected uptick in hybrid vehicle demand during the forecast period.

Germany to Witness Significant Growth

- Germany's hybrid electric vehicle (HEV) batteries are influenced by various government policies, industry developments, and market dynamics. Federal and state regulations aimed at reducing greenhouse gas emissions encourage the adoption of HEVs as a way to decrease overall emissions from the transportation sector.
- In recent years, the demand for hybrid electric vehicles (HEVs) is surging, and their share is increasing among all fuel types nationwide. According to the Association des Constructeurs Europeens d'Automobiles (ACEA), by June 2024, HEVs have increased their share of new car registrations in Germany from 22.2% in 2023 to 24.4%. With the rollout of government incentives and tax benefits for HEVs nationwide, this share is set to grow further, indicating a burgeoning demand for HEVs in the years ahead.
- Furthermore, to support the growing demand for lithium-ion batteries for Hybrid EVs, governments are providing substantial subsidies and incentives to boost local production and innovation and fulfill the rising demand for hybrid electric vehicle batteries across the region.
- For instance, Germany and the state of Schleswig-Holstein granted Northvolt, a Swedish battery and storage specialist, about EUR 700 million (USD 758 million) in subsidies for the construction of a battery factory in the northern state. Such subsidies and initiatives are likely to accelerate battery production across the country in the coming years and raise the demand for hybrid EV batteries in the future.
- Moreover, the future of HEV batteries in Germany looks promising, driven by ongoing technological advancements, supportive government policies, and increasing consumer interest in sustainable transportation options. The government has several policies to promote hybrid vehicles to encompass greenhouse emissions across the region.
- For instance, as of 2023, the government announced a significant subsidy to promote electric vehicles across the country. Buyers of new electric vehicles received a subsidy of up to EUR 6,000 (USD 6500), while plug-in hybrid and hybrid EVs could get up to EUR 4,500 (USD 4900). Such initiatives are likely to accelerate the production and demand of EVs across the country in the

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coming years and are likely to raise the demand for HEV batteries during the forecast period.

- Such initiatives showcase the feasibility and importance of HEV battery solutions for battery energy storage systems in EVs and are likely to raise the demand for HEV batteries across the country in the coming year.

Europe Hybrid Electric Vehicle Battery Industry Overview

Europe's hybrid electric vehicle battery market is semi-fragmented. Some key players (not in particular order) are BYD Company Ltd, LG Energy Solution, Exide Industries Ltd, EnerSys, and Panasonic Holdings Corporation, among others.

Additional Benefits:

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

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