

Saudi Arabia Defense - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Saudi Arabia Defense Market size is estimated at USD 17.31 billion in 2025, and is expected to reach USD 20.41 billion by 2030, at a CAGR of 3.35% during the forecast period (2025-2030).

Saudi Arabia's defense industry stands as a robust sector supported by substantial investment to modernize the country's military capabilities in a geopolitically unstable region. With a strategic focus on modernizing defense capabilities, Saudi Arabia consistently allocates a significant portion of its budget to defense. Saudi's Vision 2030 initiative further highlights the defense budget. It aims to diversify the economy and increase indigenous manufacturing capabilities.

The Saudi defense industry witnessed significant growth, driven by factors such as geopolitical tensions, regional conflicts, and the need to protect national interests. The country includes a strategic location in the Middle East, combined with a major oil exporting country, underscores the importance of maintaining strong defense capability to safeguard its borders and ensure stability in the region. Thus, Saudi Arabia is making substantial investments in modernizing its forces, purchasing advanced weapons systems, and improving its defense infrastructure.

On the other hand, the Saudi Arabia defense industry faces several challenges that could impact its growth trajectory. The primary restraint is the vulnerability to fluctuations in global oil prices, as the annual defense budget of Saudi Arabia heavily relies on the country's oil revenues.

Saudi Arabia Defense Market Trends

Saudi Arabia Strengthening its Defense Capabilities Amid Tensions in the Middle East

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Over the past few decades, the Middle East became a global hotspot for conflicts, with civil wars raging in Syria, Iraq, Yemen, and Libya. Moreover, the internationalization of civil wars led to coalitions between countries, which further disturbed the geopolitical climate in the region.

In addition, the Iran-Saudi Arabia proxy conflict, an ongoing struggle for influence in the Middle East and surrounding regions between Iran and Saudi Arabia, led the countries to provide varying degrees of support to opposing sides in nearby conflicts. With several nations indulging in armed conflicts in the region, there is a growing push among the countries to obtain military assets comparable in roles and capabilities to the adversaries. Moreover, the indulgence of global superpowers with advanced military capabilities, like the United States and Russia, into the scenario further boosted these requirements.

The country is consistently investing in acquiring state-of-the-art weaponry, upgrading infrastructure, and promoting innovation through research and development initiatives to strengthen national defense capabilities. In 2022, Saudi Arabia is ranked as the fifth-largest defense spender in the world, with a defense budget of USD 75 billion. As per the 2023 budget released by the Saudi Arabia Ministry of Finance in December 2022, the Kingdom will spend USD 69 billion on defense in 2023. It is approximately 23% of its total budget, which increased by 50% from the 2021 defense budget.

Sea-based Vehicles Segment is Expected to Register Significant Growth During the Forecast Period

The regional security environment increasingly emphasizes the importance of naval power. Navies play a front-line role in securing sea lines of communication to ensure freedom of navigation at sea and protect exclusive economic zones and offshore assets. The navy also plays a crucial role in providing warning and engagement capabilities against air and missile attacks. Intensifying international competition in the Red Sea on its western flank, Yemen's implosion, and the Horn of Africa's instability are significant trends redefining Riyadh's maritime threat landscape beyond the Arabian Gulf.

The government of Saudi Arabia initiated the Saudi Naval Expansion Program II, a naval modernization program spanning more than 10 years. The government plans to spend approximately USD 20 billion on new ships (which may replace the outdated East Naval Fleet) and about USD 6 billion on the frigate program built by Lockheed Martin. SNEP II focuses attention on the Royal Saudi Navy's Eastern Fleet, which last underwent a major modernization program in the 1980s and 1990s. It is largely driven by a need to counter Iranian naval power. It focuses on the ability to blockade critical maritime chokepoints, such as the Strait of Hormuz.

For instance, in February 2024, Indra Sistemas SA signed a contract with Lockheed Martin Corporation to equip the four Multimission Surface Combat ships (MMSCs). It will be delivered to the Royal Saudi Arabian Navy with an electronic defense system. Back in July 2018, Lockheed Martin Corporation was awarded a contract worth USD 450 million to begin the detailed design and planning for the construction of four Multi-Mission Surface Combatants (MMSC). The vessels are being procured as part of a modernization program for the RSN's eastern fleet called SNEP II (Saudi Naval Expansion Program).

Similarly, in February 2023, MBDA won the contract to supply CAMM(Common Anti-Air Modular Missile) to the Royal Saudi Navy's MMSC. Such robust procurements in the naval segment are anticipated to accelerate the market's growth during the forecast period.

Saudi Arabia Defense Industry Overview

Saudi Arabia's defense market is consolidated in nature, with a presence of few players holding significant shares in the market. Some of the key players in the market are Lockheed Martin Corporation, the Boeing Company, SAMI, Leonardo S.p.A., and RTX Corporation. The Saudi Arabian government is highly investing in enhancing defense capabilities and local defense manufacturing. Also, the growing number of contracts with defense OEMs for the procurement of advanced defense equipment boosts the market

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growth across the country.

For instance, in December 2021, under the Royal Saudi Air Force (RSAF) AWACS Modernization Program Phase 2, the country was awarded a USD 397.9 million contract to Boeing to modernize its fleet of Boeing E-3 Sentry Airborne Warning and Control System (AWACS) aircraft. Under the contract, the company will modernize five aircraft by 2026.

The government is also trying to develop its indigenous defense manufacturing capabilities. It is focusing on implementing policies to ensure that its publicly held defense manufacturers account for more than 50% of its defense revenue share by 2030. Such initiatives may reduce the market share of foreign companies in the country during the forecast period.

Additional Benefits:

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

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