

UK Electric Vehicle Powertrain Market - Strategic Insights and Forecasts (2026-2031)

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Abstracts

The UK Electric Vehicle Powertrain market is forecast to grow at a CAGR of 15.1%, reaching USD 9.3 billion in 2031 from USD 4.6 billion in 2026.

The United Kingdom electric vehicle (EV) powertrain market is in the midst of a policy-mandated structural transformation, shifting its industrial base away from internal combustion engine components toward sophisticated integrated electric drive systems. This transition is underpinned by the UK's legally binding commitment to achieve Net Zero by 2050 and by near-term regulatory instruments that directly compel manufacturers to scale EV production volumes. The market's dynamics are shaped by a tension between government-mandated demand and the significant supply chain limitations that persist in domestic battery manufacturing. As OEMs accelerate capital investment to localize drivetrain component production, the competitive landscape is being redefined by a combination of regulatory compliance imperatives, local content requirements, and the push for higher-efficiency powertrain technology.

Market Drivers

The Zero Emission Vehicle (ZEV) mandate, which came into force in January 2024, is the single most consequential growth driver for the UK powertrain market. By requiring 22% of new car sales to be zero-emission in 2024, with the threshold rising to 80% by 2030, the mandate creates a fixed and escalating demand signal for complete electric drive units. Non-compliance carries financial penalties of ?15,000 per vehicle, ensuring strong adherence from manufacturers. Fleet electrification provides a parallel demand channel, as commercial operators transition to electric vans and buses to reduce operating costs and comply with clean air zone access requirements. The government's Automotive Transformation Fund supports private capital investment in domestic EV

supply chain infrastructure, further expanding supply-side capacity. The EU-UK Trade and Cooperation Agreement's Rules of Origin requirements add a localization imperative, incentivizing OEMs to source battery packs and electric motors within the UK or EU to preserve tariff-free trade.

Market Restraints

The most significant structural constraint is the UK's gigafactory gap. The Faraday Institution estimates that approximately 100 GWh of domestic battery cell manufacturing capacity will be needed by 2030, yet current confirmed development plans fall substantially short of this figure. This shortfall forces UK automakers to rely on imported battery packs, the highest-cost powertrain subsystem, thereby elevating procurement costs and introducing supply chain risk. The broader raw material supply chain remains heavily concentrated in East Asia, exposing UK manufacturers to global commodity price volatility for lithium, cobalt, and nickel. Upstream dependencies on rare-earth magnets for electric motors and semiconductor chips for power electronics further complicate the localization agenda, even as downstream assembly operations are brought onshore.

Technology and Segment Insights

The Battery Electric Vehicle segment drives the highest-value demand in the UK market, requiring fully integrated electric drive units comprising an electric motor, inverter, and reduction gearbox alongside large-capacity battery packs. The pursuit of extended range and faster charging is accelerating adoption of 800-volt architectures, Permanent Magnet Synchronous Motors (PMSMs), and Silicon Carbide (SiC) semiconductors in inverter design, all of which improve energy conversion efficiency and reduce weight. The commercial vehicle segment is an increasingly important source of high-volume, predictable powertrain demand. Stellantis' ?100 million investment at its Ellesmere Port plant, now producing electric vans across multiple brands, exemplifies this trend. Fleet operators prioritize high-torque electric drive axles and battery management systems engineered for intensive duty cycles, creating demand for purpose-built commercial-grade powertrain architectures distinct from passenger car platforms.

Competitive and Strategic Outlook

The UK competitive landscape is defined by OEM-led investment decisions that are reshaping domestic manufacturing capacity. Ford has committed ?380 million to

transform its Halewood facility on Merseyside into a dedicated electric drive unit production site with an anticipated annual capacity exceeding 420,000 units. Production commenced in December 2024, supplying units for the all-electric Puma Gen-E and E-Transit Custom, and positioning the plant to meet approximately 70% of Ford's European EV drivetrain needs. JLR is executing a ?15 billion electrification investment plan across a five-year horizon, creating sustained in-house demand for next-generation powertrains across its luxury and premium vehicle portfolio. This scale of demand commitment is actively attracting Tier-1 suppliers to co-locate or expand UK manufacturing capacity to secure long-term supply agreements. Specialist UK-based participants, including Silixon, Protean Electric, and Ashwoods Electric Motors, are competing in high-efficiency motor and power electronics niches.

Key Takeaways

The UK EV powertrain market is positioned for sustained growth underpinned by non-negotiable regulatory targets and accelerating capital investment from major OEMs. Bridging the domestic battery manufacturing gap and securing upstream raw material supply chains are the central priorities that will determine the pace and resilience of this market's expansion through 2031.

Key Benefits of this Report

Insightful Analysis: Gain detailed market insights across regions, customer segments, policies, socio-economic factors, consumer preferences, and industry verticals.

Competitive Landscape: Understand strategic moves by key players to identify optimal market entry approaches.

Market Drivers and Future Trends: Assess major growth forces and emerging developments shaping the market.

Actionable Recommendations: Support strategic decisions to unlock new revenue streams.

Caters to a Wide Audience: Suitable for startups, research institutions, consultants, SMEs, and large enterprises.

What businesses use our reports for

Industry and market insights, opportunity assessment, product demand forecasting, market entry strategy, geographical expansion, capital investment decisions, regulatory analysis, new product development, and competitive intelligence.

Report Coverage

Historical data from 2021 to 2025 and forecast data from 2026 to 2031

Growth opportunities, challenges, supply chain outlook, regulatory framework, and trend analysis

Competitive positioning, strategies, and market share evaluation

Revenue growth and forecast assessment across segments and regions

Company profiling including strategies, products, financials, and key developments

Contents

1. EXECUTIVE SUMMARY

2. MARKET SNAPSHOT

- 2.1. Market Overview
- 2.2. Market Definition
- 2.3. Scope of the Study
- 2.4. Market Segmentation

3. BUSINESS LANDSCAPE

- 3.1. Market Drivers
- 3.2. Market Restraints
- 3.3. Market Opportunities
- 3.4. Porter's Five Forces Analysis
- 3.5. Industry Value Chain Analysis
- 3.6. Policies and Regulations
- 3.7. Strategic Recommendations

4. TECHNOLOGICAL OUTLOOK

5. UNITED KINGDOM ELECTRIC VEHICLE POWERTRAIN MARKET BY COMPONENT

- 5.1. Introduction
- 5.2. Battery Pack
- 5.3. Transmission
- 5.4. Power Electronics
- 5.5. Battery Management System
- 5.6. Thermal Management System
- 5.7. Others

6. UNITED KINGDOM ELECTRIC VEHICLE POWERTRAIN MARKET BY PROPULSION TYPE

- 6.1. Introduction
- 6.2. Battery Electric Vehicle

- 6.3. Plug-in Hybrid Electric Vehicle
- 6.4. Hybrid Electric Vehicle

7. UNITED KINGDOM ELECTRIC VEHICLE POWERTRAIN MARKET BY VEHICLE TYPE

- 7.1. Introduction
- 7.2. Passenger Car
- 7.3. Commercial Vehicle
- 7.4. Others

8. COMPETITIVE ENVIRONMENT AND ANALYSIS

- 8.1. Major Players and Strategy Analysis
- 8.2. Market Share Analysis
- 8.3. Mergers, Acquisitions, Agreements, and Collaborations
- 8.4. Competitive Dashboard

9. COMPANY PROFILES

- 9.1. Integral Powertrain Limited
- 9.2. Swindon Powertrain
- 9.3. Mercedes-Benz
- 9.4. Equipmake
- 9.5. Magtec
- 9.6. Silixon
- 9.7. hyperdrives GmbH
- 9.8. Protean Electric
- 9.9. Ashwoods Electric Motors
- 9.10. Delta

10. APPENDIX

- 10.1. Currency
- 10.2. Assumptions
- 10.3. Base and Forecast Years Timeline
- 10.4. Key Benefits for the Stakeholders
- 10.5. Research Methodology
- 10.6. Abbreviations

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