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Photonic Integrated Circuits (PIC) Market Forecasts to 2032 – Global Analysis By Product Type (Transceivers, Variable Optical Attenuators (VOAs), Modulators, Sensors, and Other Product Types), Component (Lasers, Modulators, Photodetectors, Multiplexers/De-multiplexers (MUX/DEMUX), Optical Amplifiers, Attenuators, Waveguides, and Other Passive Components), Integration Type, Raw Material, Application, End User, and By Geography

https://marketpublishers.com/r/P01833331AD7EN.html
Date: September 2025
Pages: 200
Price: US$ 4,150.00 (Single User License)
ID: P01833331AD7EN

Abstracts

According to Stratistics MRC, the Global Photonic Integrated Circuits (PIC) Market is accounted for $17.7 billion in 2025 and is expected to reach $61.9 billion by 2032 growing at a CAGR of 19.6% during the forecast period. Photonic Integrated Circuits (PIC) Market focuses on integrating multiple photonic functions, such as lasers, modulators, and detectors, onto a single chip. PICs enable faster data transmission, lower power consumption, and miniaturized optical systems, making them critical for telecommunications, data centers, and sensing applications. Growth is driven by increasing demand for high-speed optical networks, cloud computing, and emerging 5G/6G infrastructure. Advancements in silicon photonics, manufacturing scalability, and government support for next-generation communication technologies are accelerating market adoption globally.

Market Dynamics:

Driver:

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Demand for High-Speed Data Transmission

The escalating need for rapid data transfer is a primary driver for the growth of the photonic integrated circuit (PIC) market. Industries such as telecommunications, data centers, and cloud computing require high-speed, low-latency communication systems to handle the increasing volume of data traffic. PICs, leveraging light for data transmission, offer significant advantages over traditional electronic circuits, including higher bandwidth and lower power consumption. This demand is further amplified by the proliferation of 5G networks and the surge in AI applications, necessitating advanced optical interconnects for efficient data processing and communication.

Restraint:

High Manufacturing Costs

The production of photonic integrated circuits involves complex processes and specialized materials, leading to high manufacturing costs. Techniques such as hybrid integration and monolithic integration require precise fabrication methods, which can be capital-intensive. Additionally, the need for cleanroom environments and advanced equipment adds to the overall expenses. These high costs can limit the widespread adoption of PICs, particularly among small and medium-sized enterprises. Furthermore, the lack of standardization in manufacturing processes can lead to inconsistencies and yield issues, further escalating production costs.

Opportunity:

Growth in 5G and Data Centers

The expansion of 5G networks and the increasing demand for data centers present significant opportunities for the photonic integrated circuit market. 5G technology requires high-speed, low-latency communication systems, which can be efficiently achieved using PICs. Similarly, data centers require high-bandwidth interconnects to manage the growing volume of data traffic. PICs offer a solution by enabling faster data transmission with reduced power consumption. The integration of AI and machine learning in data centers further drives the need for advanced optical interconnects, positioning PICs as a critical component in the evolution of telecommunications and data infrastructure.

Threat:

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Regulatory Challenges

Stringent regulations concerning environmental impact, material usage, and manufacturing processes can hinder the development and deployment of PICs. Compliance with these regulations often requires significant investment in research and development, as well as modifications to existing manufacturing facilities. Additionally, the lack of standardized regulations across different regions can create barriers to market entry and complicate international trade. These regulatory hurdles can delay the adoption of PICs and increase the overall cost of production.

Covid-19 Impact:

The COVID-19 pandemic had a mixed impact on the photonic integrated circuit market. While it caused challenges such as supply chain disruptions and temporary shutdowns of manufacturing facilities, it also accelerated the demand for digital communication and the adoption of advanced technologies like PICs. The increased reliance on remote work, online services, and digital infrastructure highlighted the need for high-speed, efficient communication systems, thereby driving the growth of the PIC market. As industries adapt to the post-pandemic landscape, the long-term outlook for the PIC market remains positive, supported by ongoing investments in telecommunications infrastructure and digital transformation initiatives.

The transceivers segment is expected to be the largest during the forecast period

The transceivers segment is expected to account for the largest market share during the forecast period. Transceivers, which combine transmitters and receivers in a single module, are essential components in optical communication systems, facilitating high-speed data transmission. The increasing demand for data centers, 5G networks, and AI applications necessitates efficient and high-capacity transceivers. PIC-based transceivers offer advantages such as reduced size, lower power consumption, and improved performance, making them a preferred choice for modern communication systems. This trend is expected to drive the growth of the transceivers segment in the coming years.

The hybrid integration segment is expected to have the highest CAGR during the forecast period

Over the forecast period, the hybrid integration segment is predicted to witness the

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highest growth rate. Hybrid integration involves combining different materials and technologies to create photonic circuits that leverage the strengths of each component. This approach allows for the integration of various functionalities, such as lasers, modulators, and detectors, onto a single chip, enhancing performance and reducing size. The increasing demand for compact, high-performance devices in applications like telecommunications, data centers, and AI systems is driving the adoption of hybrid integration, leading to its projected high CAGR.

Region with largest share:

During the forecast period, the North America region is expected to hold the largest market share. This dominance is attributed to factors such as the presence of major players in the semiconductor and photonics industries, significant investments in research and development, and the rapid adoption of advanced technologies. The region's robust infrastructure, coupled with government initiatives supporting innovation and digital transformation, further contributes to its leading position in the market. Additionally, the increasing demand for high-speed communication systems in sectors like telecommunications, healthcare, and defense bolsters the growth of the PIC market in North America.

Region with highest CAGR:

Over the forecast period, the Asia Pacific region is anticipated to exhibit the highest CAGR. This growth is driven by the rapid industrialization and digitalization in countries like China, Japan, and South Korea, leading to increased demand for advanced communication technologies. The region's strong manufacturing capabilities, coupled with government initiatives promoting innovation and technology adoption, create a favorable environment for the growth of the PIC market. Moreover, the rising investments in data centers, 5G infrastructure, and AI research further propel the demand for photonic integrated circuits in the Asia Pacific region.

Key players in the market

Some of the key players in Photonic Integrated Circuits (PIC) Market include Intel Corporation, Cisco Systems, Inc., Infinera Corporation, Lumentum Holdings Inc., Coherent Corp., Broadcom Inc., MACOM Technology Solutions Holdings, Inc., Ciena Corporation, NeoPhotonics Corporation, Rockley Photonics Holdings Limited, Marvell Technology, Inc., STMicroelectronics N.V., LIGENTEC SA, SMART Photonics B.V., PHIX Photonics Assembly B.V., Enablence Technologies Inc., GlobalFoundries Inc.,

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and Advanced Micro Devices, Inc.

Key Developments:

In September 2025, Ciena the global leader in high-speed connectivity announced that it has entered into a definitive agreement to acquire Nubis Communications, a privately-held company headquartered in New Providence, New Jersey. The addition of Nubis, which specializes in high-performance, ultra-compact, low-power optical and electrical interconnects tailored to support AI workloads, will expand Ciena's portfolio and add critical talent to address a wider range of opportunities inside the data center.

In October 2024, The Department of Commerce has provisionally agreed to provide up to $93 million in direct funding to optical networking vendor Infinera. The proposed funding, awarded under the CHIPS and Science Act, would support the construction of a new fab in San Jose, California, and a new advanced test and packaging facility in Bethlehem, Pennsylvania. In a statement, the Department of Commerce said the projects would increase Infinera's existing domestic manufacturing capacity by an estimated factor of 10 and would create up to approximately 500 manufacturing jobs and 1,200 construction jobs across the two states.

In September 2024, Lumentum Holdings Inc. ("Lumentum"), a market-leading designer and manufacturer of innovative optical and photonic products, announced today its participation in the European Conference on Optical Communication (ECOC) 2024 in Frankfurt, Germany, from September 23 – 25. At Stand #A24, Lumentum will showcase its latest photonic solutions, reinforcing its commitment to powering the artificial intelligence (AI) revolution through unparalleled speed, scalability, and energy efficiency.

Product Types Covered:

Transceivers

Variable Optical Attenuators (VOAs)

Modulators

Sensors

Other Product Types

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Components Covered:

- Lasers
- Modulators
- Photodetectors
- Multiplexers/De-multiplexers (MUX/DEMUX)
- Optical Amplifiers
- Attenuators
- Waveguides
- Other Passive Components

Integration Types Covered:

- Monolithic Integration
- Hybrid Integration
- Module-Level Integration

Raw Materials Covered:

- Indium Phosphide (InP)
- Silicon-on-Insulator (SOI) / Silicon Photonics
- Silicon Nitride (SiN)
- Gallium Arsenide (GaAs)

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- Lithium Niobate (LiNbO3)
- Other Raw Materials

Applications Covered:

- Optical Communication
- Sensing
- Signal Processing
- Biomedical
- Quantum Computing
- Other Applications

End Users Covered:

- Telecommunications & Data Communication
- IT & Data Centers
- Healthcare & Life Sciences
- Automotive & Transportation
- Aerospace & Defense
- Consumer Electronics
- Industrial & Manufacturing
- Other End Users

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Regions Covered:

- North America
  - US
  - Canada
  - Mexico
- Europe
  - Germany
  - UK
  - Italy
  - France
  - Spain
  - Rest of Europe
- Asia Pacific
  - Japan
  - China
  - India
  - Australia
  - New Zealand
  - South Korea
  - Rest of Asia Pacific

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South America

Argentina

Brazil

Chile

Rest of South America

Middle East & Africa

Saudi Arabia

UAE

Qatar

South Africa

Rest of Middle East & Africa

What our report offers:
- Market share assessments for the regional and country-level segments
- Strategic recommendations for the new entrants
- Covers Market data for the years 2024, 2025, 2026, 2028, and 2032
- Market Trends (Drivers, Constraints, Opportunities, Threats, Challenges, Investment Opportunities, and recommendations)
- Strategic recommendations in key business segments based on the market estimations
- Competitive landscaping mapping the key common trends
- Company profiling with detailed strategies, financials, and recent developments
- Supply chain trends mapping the latest technological advancements

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- Company Profiling
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  - SWOT Analysis of key players (up to 3)
- Regional Segmentation
  - Market estimations, Forecasts and CAGR of any prominent country as per the client's interest (Note: Depends on feasibility check)
- Competitive Benchmarking
  - Benchmarking of key players based on product portfolio, geographical presence, and strategic alliances

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Note: Tables for North America, Europe, APAC, South America, and Middle East & Africa Regions are also represented in the same manner as above.

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