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Smart City Market Forecasts to 2032 – Global Analysis By Component (Hardware, Software, and Services), Solution, Deployment, End User and By Geography

https://marketpublishers.com/r/S44CE39C56A8EN.html
Date: November 2025
Pages: 200
Price: US$ 4,150.00 (Single User License)
ID: S44CE39C56A8EN

Abstracts

According to Stratistics MRC, the Global Smart City Market is accounted for $2.85 billion in 2025 and is expected to reach $10.39 billion by 2032 growing at a CAGR of 20.3% during the forecast period. A smart city is a technology-driven urban area that applies digital tools, data insights, and integrated networks to improve service delivery and everyday living. It incorporates innovations like intelligent mobility systems, automated energy usage, efficient waste handling, enhanced security, and digital governance. Using IoT sensors and continuous data monitoring, a smart city streamlines resources, minimizes ecological impact, and fosters sustainable growth. The result is a modern, adaptive, and people-centric environment that responds effectively to community needs.

Market Dynamics:

Driver:

Growing need for sustainability

Governments and municipalities are prioritizing eco-friendly infrastructure to reduce carbon footprints and enhance resource efficiency. Smart energy grids, intelligent waste management, and green building initiatives are being widely adopted to meet climate goals. The integration of renewable energy sources into city planning is reshaping how urban areas consume and distribute power. Citizens are increasingly supportive of sustainability-focused policies, pushing local authorities to invest in greener technologies. As environmental concerns intensify, sustainability remains central to smart city innovation and expansion.

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Restraint:

Data privacy and security concerns

The reliance on interconnected sensors, IoT devices, and cloud platforms exposes cities to vulnerabilities. Strict compliance with international data protection regulations adds complexity to implementation. Smaller municipalities often struggle with the high costs of cybersecurity infrastructure and expertise. Concerns about surveillance and misuse of personal data fuel public resistance to smart city adoption.

Opportunity:

Digital twin and AI-driven planning

Digital replicas of urban infrastructure allow planners to simulate and optimize city operations in real time. AI-driven analytics enhance predictive modeling, enabling better traffic management, energy distribution, and disaster preparedness. These tools reduce operational inefficiencies and support evidence-based decision-making. Integration of digital twins with IoT networks creates a holistic view of city systems, improving resilience and sustainability. As urban populations expand, AI-powered planning will be pivotal in shaping smarter, more adaptive cities.

Threat:

Public skepticism and digital divide

Concerns about surveillance, data misuse, and loss of privacy often lead to resistance from citizens. The digital divide further exacerbates inequality, as marginalized communities may lack access to smart services. Uneven infrastructure deployment risks excluding rural and low-income populations from benefits. Without inclusive policies, smart cities could reinforce social disparities instead of reducing them.

Covid-19 Impact:

The pandemic reshaped priorities for smart city development worldwide. Lockdowns highlighted the importance of digital infrastructure for remote work, healthcare, and education. Cities accelerated investments in contactless technologies, smart healthcare systems, and digital governance platforms. Supply chain disruptions temporarily slowed

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hardware deployment, but demand for resilient and automated systems surged. Covid-19 also emphasized the need for decentralized and flexible urban planning models. Post-pandemic strategies now focus on building cities that are both technologically advanced and crisis-resilient.

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

The software segment is expected to account for the largest market share during the forecast period, due to its role in integrating diverse systems such as transportation, energy, and governance makes it indispensable. Advanced platforms enable real-time data collection, analysis, and decision-making across urban networks. Cloud-based solutions are increasingly adopted to enhance scalability and reduce infrastructure costs. Continuous innovation in AI, machine learning, and predictive analytics strengthens the software segment's leadership.

The healthcare providers segment is expected to have the highest CAGR during the forecast period

Over the forecast period, the healthcare providers segment is predicted to witness the highest growth rate, due to rising demand for smart healthcare solutions, including telemedicine and AI-driven diagnostics, is fueling adoption. Hospitals and clinics are integrating IoT-enabled monitoring systems to improve patient outcomes. The pandemic accelerated digital health investments, making smart healthcare a priority for urban planners. Cloud-based platforms and wearable devices are transforming preventive care and chronic disease management.

Region with largest share:

During the forecast period, the Asia Pacific region is expected to hold the largest market share, due to rapid urbanization in countries like China, India, and Japan is driving demand for digital infrastructure. Governments are investing heavily in smart transportation, energy grids, and public safety systems. Local production initiatives and public-private partnerships are strengthening regional capabilities. Adoption of AI, IoT, and renewable energy solutions is accelerating across major metropolitan areas.

Region with highest CAGR:

Over the forecast period, the North America region is anticipated to exhibit the highest CAGR. The U.S. and Canada are leading in technological innovation and R&D

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investments. Cities are deploying advanced AI, IoT, and blockchain solutions to enhance governance and efficiency. Regulatory frameworks are evolving to support faster adoption of next-generation urban technologies. Strong emphasis on sustainability and citizen-centric services is driving rapid growth.

Key players in the market

Some of the key players in Smart City Market include Cisco Systems, Accenture, IBM, NEC Corp., Siemens AG, Nokia Corp., Microsoft, Robert Bosch, Schneider, Oracle Corp., Honeywell, Ericsson, Hitachi, Ltd., ABB Ltd., and Huawei T.

Key Developments:

In November 2025, Essity has selected Accenture and Microsoft to help the global hygiene and Health Company accelerate the use of AI agents to unlock value and drive efficiencies and growth through improved business agility. Accenture’s top cloud, data and AI experts with deep industry and functional knowledge will use Microsoft’s advanced technologies such as Azure, Copilot Studio, and Power Platform and collaborate with Microsoft experts for technical guidance and support.

In November 2025, ABB has expanded its partnership with Applied Digital, a builder and operator of high-performance data centers, to supply power infrastructure for the company’s second AI factory campus in North Dakota, United States. The collaboration is delivering a new medium voltage electrical infrastructure for large-scale data centers, capable of handling the rapidly growing power needs of artificial intelligence (AI) workloads. As part of this long-term partnership, this second order was booked in the fourth quarter of 2025.

Components Covered:

- Hardware
- Software
- Services

Solutions Covered:

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- Smart Governance
- Smart Transportation
- Smart Security
- Smart Energy
- Smart Healthcare
- Smart Water Management

Deployments Covered:

- Cloud
- On-Premises
- Hybrid

End Users Covered:

- Government & Municipalities
- Transportation Authorities
- Utility Providers
- Residential & Commercial Sectors
- Healthcare Providers
- Other End Users

Regions Covered:

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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

South America

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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

Free Customization Offerings:

All the customers of this report will be entitled to receive one of the following free customization options:

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- Company Profiling
  - Comprehensive profiling of additional market players (up to 3)
  - 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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