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Wood Pellets Market Forecasts to 2030 – Global Analysis By Feedstock (Forest and Wood Waste Resources, Agricultural Residue and Waste, Food Waste, Virgin Lumber and Energy Crops), Flavor (Hickory Wood Pellets, Pecan Wood Pellets, Apple Wood Pellets, Cherry Wood Pellets and Mesquite Wood Pellets), Application, End User and by Geography

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Abstracts

According to Stratistics MRC, the Global Wood Pellets Market is accounted for $9.64 billion in 2024 and is expected to reach $15.47 billion by 2030 growing at a CAGR of 8.2% during the forecast period. Wood pellets are a renewable and sustainable source of energy made from compressed sawdust and wood waste, often sourced from forestry residues and lumber processing. These tiny, cylindrical pellets are being used more and more for power generation in industrial facilities and are widely used as biofuel in heating systems, such as boilers and stoves. Moreover, they are effective for storage, transportation, and combustion due to their uniform size, high energy density, and low moisture content.

According to Bioenergy Europe, the European Union produced over 20.5 million tonnes of wood pellets in 2022, with significant contributions from countries like Germany, Sweden, and Latvia.

Market Dynamics:

Driver:

Growing attention to renewable energy

There is a growing global emphasis on renewable energy due to the pressing need to fight climate change and move away from reliance on fossil fuels. Since wood pellets can drastically cut greenhouse gas emissions when compared to coal, natural gas, or oil, they have become a popular sustainable bioenergy source. They are essential to reaching the net-zero emission goals set forth in global accords like the Paris Agreement. Furthermore, their adaptability to combined heat and power (CHP) plants, industrial power generation, and residential heating has strengthened their position as a clean energy source.

Restraint:

High expenses for production and transportation

Wood pellets are an environmentally friendly energy source, but making them requires a number of expensive procedures, such as drying, grinding, compressing, and packaging. During manufacturing, the need for sophisticated equipment and energy input can raise production costs. Additionally, especially for exports, transportation contributes significantly to the overall cost structure. Due to their lower energy density than fossil fuels, wood pellets require greater transportation volumes, which raise the logistical difficulties and expenses.

Opportunity:

Growing utilization of wood pellets for power production

The market for wood pellets in industrial-scale power generation has a lot of opportunities because of the increasing transition from coal-fired power plants to renewable energy sources. Co-firing wood pellets with coal is becoming more common in nations like South Korea, Japan, and the United Kingdom in an effort to cut emissions while making use of their current infrastructure. Global pledges to reduce reliance on fossil fuels and decarbonizes energy systems are the driving forces behind this trend. Furthermore, new opportunities for the demand for wood pellets are being created by the construction of specialized biomass power plants, especially in Europe and Asia.

Threat:

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Competition from new technologies in renewable energy

The market for wood pellets is seriously threatened by the quick development of alternative renewable energy sources like solar, wind, and sophisticated battery storage systems. These substitutes are frequently thought to be more scalable and sustainable, require less upkeep, and have lower operating expenses. For instance, wind turbines and solar photovoltaic systems are now more competitive in both residential and commercial applications due to their declining costs. Moreover, wood pellets run the risk of becoming less appealing as a renewable energy source as governments and consumers embrace these technologies more and more.

Covid-19 Impact:

Due to restrictions and labor shortages, the COVID-19 pandemic caused temporary delays in production and logistics and disrupted supply chains, which had a mixed effect on the market for wood pellets. However, government stimulus packages that supported renewable energy projects and the heightened emphasis on sustainable energy during the pandemic helped maintain demand in important markets. As people spent more time at home, residential heating increased, but industrial demand temporarily declined as a result of fewer manufacturing and energy-related operations. The market showed resilience overall as governments continued to prioritize green energy initiatives, despite shipping delays and shifting trade policies posing challenges for export-reliant regions.

The Forest and Wood Waste Resources segment is expected to be the largest during the forecast period

Due to it offering a plentiful and sustainable supply of raw materials like sawdust, wood chips, and forestry residues, the Forest and Wood Waste Resources segment commands the largest market share for wood pellets. The global focus on waste reduction and the promotion of circular economy practices is advantageous to this segment. Moreover, the environmental impact of forestry by-products, which were previously thrown away or burned, is being lessened by their effective conversion into wood pellets for energy production. Its dominance in the wood pellets market is fueled by the high energy density and low processing costs of forest and wood waste, which make it a dependable and affordable source of raw materials.

The Apple Wood Pellets segment is expected to have the highest CAGR during the forecast period

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Due to its growing appeal among consumers for use in grilling and smoking, the Apple Wood Pellets segment is anticipated to experience the highest CAGR in the wood pellets market. Pellets made from apple wood are preferred because they can add a subtle, sweet, and fruity flavor to a range of foods, especially seafood, pork, and poultry. This market is expanding as a result of the growing popularity of outdoor cooking and barbecuing as well as the rising need for specialty and premium wood pellets. Additionally, apple wood pellet adoption is also being aided by the growing consumer base in areas like North America and Europe, where gourmet cooking and flavor experimentation are becoming more popular.

Region with largest share:

Due to its strict environmental regulations and strong commitment to renewable energy, the European region is expected to hold the largest share of the wood pellets market. As part of their efforts to lower greenhouse gas emissions, nations like the UK, Germany, Sweden, and Denmark have greatly expanded their use of wood pellets for heating and power generation. Wood pellet adoption has been further accelerated by the Renewable Energy Directive (RED) of the European Union and subsidies for biomass energy projects.

Region with highest CAGR:

The market for wood pellets is anticipated to grow at the highest CAGR in the Asia-Pacific region due to rising demand for renewable energy sources and an increased emphasis on environmentally friendly heating options. Wood pellets are being quickly adopted by nations like China, Japan, and South Korea as part of their efforts to lessen their dependency on coal and other fossil fuels. The biomass energy industry is expanding significantly as a result of China's efforts to combat environmental pollution and Japan's drive to achieve its carbon-neutral targets. Moreover, the region's market is growing quickly due to the growing demand for wood pellets for residential heating in colder climates and rising awareness of the products' environmental advantages.

Key players in the market

Some of the key players in Wood Pellets market include Andritz AG, Georgia Biomass, LLC, Lignetics Inc., Drax Group PLC, Groupe Savoie Inc., Wood Pellet Energy (UK) Ltd. , Fram Renewable Fuels LLC, Vermont Wood Pellet Company, Highland Pellets LLC, Energex, Pinnacle Renewable Energy Group, Mallard Creek Inc., Enviva LP, I.C.S. (Lacroix) Lumber Inc. and Sinclar Group Forest Products.

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Key Developments:

In September 2024, Drax Group PLC and Karbon-X Corp. are proud to announce the official launch of a new agreement to broker transactions in carbon offsets, building upon the successful Carbon Dioxide Removal (CDR) agreement established earlier this year to remove 25,000 tons of carbon dioxide from the atmosphere.

In March 2024, Enviva Inc. announced that it has entered into two Restructuring Support Agreements: one RSA with an ad hoc group of holders representing approximately 72% of its senior secured credit facility, approximately 95% of its 2026 senior notes, approximately 78% of bonds related to its Epes, Alabama plant currently under construction, and approximately 45% of bonds related to its greenfield project near Bond, Mississippi, and a second RSA with certain holders representing more than 92% of bonds related to the Bond project.

In October 2023, Highland Grenada LLC, an affiliate of Arkansas-based Highlands Pellets LLC, has recently announced its acquisition of a 144-acre former Georgia-Pacific OSB mill site in Grenada, Mississippi. The facility would be Grenada's inaugural green energy project and wood pellet producer.

Feedstocks Covered:

- Forest and Wood Waste Resources
- Agricultural Residue and Waste
- Food Waste
- Virgin Lumber
- Energy Crops

Flavors Covered:

- Hickory Wood Pellets
- Pecan Wood Pellets

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Apple Wood Pellets

Cherry Wood Pellets

Mesquite Wood Pellets

Applications Covered:

Heating

Power Generation

Combined Heat & Power (CHP)

End Users Covered:

Residential

Commercial

Industrial

Regions Covered:

North America

US

Canada

Mexico

Europe

Germany

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UK

Italy

France

Spain

Rest of Europe

Asia Pacific

Japan

China

India

Australia

New Zealand

South Korea

Rest of Asia Pacific

South America

Argentina

Brazil

Chile

Rest of South America

Middle East & Africa

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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 2022, 2023, 2024, 2026, and 2030
- 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:

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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Contents

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List Of Tables

LIST OF TABLES

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(2022-2030) ($MN)
Table 118 Middle East & Africa Wood Pellets Market Outlook, By Mesquite Wood Pellets (2022-2030) ($MN)
Table 119 Middle East & Africa Wood Pellets Market Outlook, By Application (2022-2030) ($MN)
Table 120 Middle East & Africa Wood Pellets Market Outlook, By Heating (2022-2030) ($MN)
Table 121 Middle East & Africa Wood Pellets Market Outlook, By Power Generation (2022-2030) ($MN)
Table 122 Middle East & Africa Wood Pellets Market Outlook, By Combined Heat & Power (CHP) (2022-2030) ($MN)
Table 123 Middle East & Africa Wood Pellets Market Outlook, By End User (2022-2030) ($MN)
Table 124 Middle East & Africa Wood Pellets Market Outlook, By Residential (2022-2030) ($MN)
Table 125 Middle East & Africa Wood Pellets Market Outlook, By Commercial (2022-2030) ($MN)
Table 126 Middle East & Africa Wood Pellets Market Outlook, By Industrial (2022-2030) ($MN)

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