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Driveline Market for Electric & Hybrid Vehicle – Global Industry Size, Share, Trends, Opportunity, and Forecast, Segmented By Architecture (Series, Parallel, Power split), By Transmission (Automatic Transmission (AT), Dual Clutch Transmission (DCT), Electronic Continuously Variable Transmission (E-CVT)), By Motor Output (45-100 kW, 101-250 kW, and250kW), By Vehicle Type (Hybrid Vehicles, Plug-In Electric Hybrid, Battery Electric Vehicle), By Region & Competition, 2021-2031F

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Abstracts

The Global Driveline Market for Electric & Hybrid Vehicle Market is projected to grow from USD 35.62 Billion in 2025 to USD 61.47 Billion by 2031 at a 9.52% CAGR. This market comprises the mechanical systems responsible for transferring power from engines and motors to the vehicle wheels. Growth is predominantly fueled by strict government emission policies, alongside increased manufacturer investments in electrification and a growing consumer appetite for eco-friendly transportation. Highlighting this trend, the European Automobile Manufacturers Association reported that battery electric vehicles made up 17.4 percent of new car registrations in the European Union in 2025, directly boosting the need for specialized powertrain architectures.

Conversely, a major hurdle restricting market growth is the substantial development expense tied to specialized electric vehicle parts. The necessity of embedding motors and electronic control units into tight physical areas demands massive engineering

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funding. Consequently, these heightened production costs inflate the ultimate purchase price of the vehicles, deterring consumer adoption and stifling subsequent market progression within price-sensitive economies.

Market Driver

The Global driveline market for electric and hybrid vehicles is primarily driven by the rapidly increasing worldwide acceptance of these sustainable automobiles. Automotive producers are ramping up their manufacturing capabilities as buyers transition toward eco-friendly mobility solutions, creating a parallel need for the specialized powertrain components that deliver energy to the wheels. This is evidenced by an Argonne National Laboratory report from February 2026 in the 'Light Duty Electric Drive Vehicles Monthly Sales Updates', which noted that plug-in electric vehicles captured 9.1 percent of annual passenger vehicle sales in 2025. Additionally, massive financial commitments are strengthening the broader industry infrastructure, with the Environmental Defense Fund reporting that automakers announced $198 billion in 2025 toward United States electric vehicle and battery manufacturing facilities.

Market growth is further accelerated by technological advancements in integrated driveline and electric axle systems. Modern engineering solutions allow the transmission, inverter, and motor to be combined within a single compact housing, significantly reducing the overall vehicle weight and freeing up space for larger battery packs to extend driving range. These unified mechanisms simplify assembly processes and enhance the efficiency of power delivery. According to a July 2025 guide by Brogen EV Solution titled 'Electric Truck Axle Guide', modern integrated electric truck axles utilize single motors capable of delivering 300 kilowatts of peak power, illustrating how the rapid integration of these standard components actively shapes the trajectory of the powertrain sector.

Market Challenge

A prominent obstacle facing the electric and hybrid vehicle driveline industry is the exorbitant development expense linked to specialized components. Designing electric drivelines demands massive capital investments for engineering, as automakers must carefully integrate electronic control units and motors into constrained physical spaces. Compared to traditional powertrains, this inherent complexity raises production expenses. These elevated manufacturing costs subsequently cause a direct inflation in the final retail price of the automobile.

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The resulting price premium hinders consumer adoption, particularly in price-sensitive economies where purchasing decisions depend heavily on upfront costs. When expensive driveline parts keep electric vehicles priced out of reach, vehicle demand stagnates, directly leading to fewer driveline orders for automotive suppliers. Illustrating this issue, the National Automobile Dealers Association reported that ongoing affordability pressures limited battery electric vehicles to just 5.1 percent of new vehicles sold in the United States during November 2025. Such pricing constraints restrict mainstream market penetration and limit the commercialization required to expand the driveline industry.

Market Trends

Powertrain engineering is experiencing a fundamental shift driven by the transition toward 800-volt driveline architectures. Traditional 400-volt systems encounter thermal limits during power transfer that restrict electric vehicle performance, whereas doubling the operating voltage reduces the electrical current to minimize energy loss and heat generation. This higher voltage allows engineers to utilize thinner internal cables, decreasing total driveline weight. Highlighting these structural enhancements, a September 2025 Car and Driver report titled '2026 Volvo EX90 Adopts an 800 Volt System for Faster EV Charging' noted that upgrading to this architecture elevated the peak charge rate from 250 to 350 kilowatts, successfully optimizing mechanical power delivery.

Another significant trend accelerating energy conversion efficiency is the adoption of silicon carbide power electronics within drivelines. Unlike conventional silicon components, silicon carbide semiconductors operate at higher voltages and temperatures without severe thermal degradation. Integrating this material into traction inverters facilitates higher switching frequencies while shrinking the hardware footprint, a miniaturization that extends driving ranges without requiring larger batteries. As noted by the Society of Automotive Engineers in July 2025 in 'Moving targets How improvements to SiC and GaN power electronics will redefine EV', silicon carbide inverters achieved over 98.5 percent efficiency, compared to typical silicon inverters at 97 percent, ensuring maximum powertrain output through minimized energy loss.

Key Market Players

ZF Friedrichshafen AG

BorgWarner Inc.

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Dana Incorporated

GKN Automotive Limited

Magna International Inc.

Aisin Corporation

Robert Bosch GmbH

Schaeffler AG

JTEKT Corporation

American Axle & Manufacturing Holdings, Inc.

Report Scope

In this report, the Global Driveline Market for Electric & Hybrid Vehicle Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Driveline Market for Electric & Hybrid Vehicle Market, By Architecture

Series

Parallel

Power split

Driveline Market for Electric & Hybrid Vehicle Market, By Transmission

Automatic Transmission (AT)

Dual Clutch Transmission (DCT)

Electronic Continuously Variable Transmission (E-CVT)

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Driveline Market for Electric & Hybrid Vehicle Market, By Motor Output

- 45-100 kW
- 101-250 kW
- 250kW

Driveline Market for Electric & Hybrid Vehicle Market, By Vehicle Type

- Hybrid Vehicles
- Plug-In Electric Hybrid
- Battery Electric Vehicle

Driveline Market for Electric & Hybrid Vehicle Market, By Region

- North America
  - United States
  - Canada
  - Mexico
- Europe
  - France
  - United Kingdom
  - Italy
  - Germany
  - Spain

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India

Japan

Australia

South Korea

South America

Brazil

Argentina

Colombia

Middle East & Africa

South Africa

Saudi Arabia

UAE

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Global Driveline Market for Electric & Hybrid Vehicle Market.

Available Customizations:

Global Driveline Market for Electric & Hybrid Vehicle Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

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Company Information

Detailed analysis and profiling of additional market players (up to five).

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