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Smart Weapons Market - Global Industry Size, Share, Trends, Opportunity, and Forecast, Segmented By Weapon Type (Missiles, Munitions, Guided Projectiles, Guided Rockets, Guided Firearms, Directed Energy Weapons), By Platform (Air, Land, Naval), By Technology (Laser, Infrared, Radar, GPS, Others), By Region & Competition, 2021-2031F

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Abstracts

The global smart weapons market is anticipated to expand significantly, from USD 21.22 billion in 2025 to USD 39.95 billion by 2031, demonstrating an impressive compound annual growth rate of 11.12%. These advanced armaments, characterized as precision-guided munitions, incorporate sophisticated guidance technologies like GPS and laser designators to ensure highly accurate target engagement. This market growth is fundamentally fueled by escalating geopolitical instability and the ensuing demand for military modernization initiatives, which increasingly focus on minimizing collateral damage during operational deployments. The expansion is further supported by financial trends, with global military expenditure reaching an unprecedented $2.7 trillion in 2024, as reported by the Stockholm International Peace Research Institute in April 2025.

Despite this robust growth, the market contends with considerable obstacles, notably the substantial costs associated with the development and acquisition of these intricate weapon systems. The dependence on complex supply chains for specialized electronic components drives up unit prices, consequently limiting inventory capacities and hindering broader integration by countries with constrained defense budgets. This challenge requires strategic solutions to ensure wider adoption and sustained market growth.

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Market Driver

The primary driver for the global smart weapons market is the intensification of geopolitical tensions and regional conflicts. Countries are shifting their strategic focus from counter-insurgency to near-peer deterrence, necessitating an urgent replenishment of existing stockpiles and the modernization of arsenals with precision-guided capabilities to ensure strategic preparedness. This strategic reorientation is evidenced by significant increases in national defense budgets; for instance, the United States' military spending alone grew by 5.7% to $997 billion in 2024, as reported by SIPRI in April 2025, highlighting the heightened global security landscape. This demand is leading to a substantial industrial expansion, with companies like Rheinmetall aiming for an annual production capacity of 350,000 artillery shells at its new Unterl?? facility by September 2025 to bolster European defense.

A second crucial driver is the incorporation of artificial intelligence and autonomous capabilities, which are fundamentally transforming the speed and effectiveness of the combat kill chain. Military forces are increasingly prioritizing AI-powered systems for swift target identification and autonomous engagement, thereby significantly shortening the sensor-to-shooter timeline in complex operational settings. This technological progression is bolstered by dedicated funding aimed at streamlining traditional procurement processes and accelerating innovation. For example, the Department of Defense requested $500 million in FY2025 to expedite the deployment of attritable autonomous systems, as reported by GovCon Wire in January 2025. These investments underscore a market evolution toward network-centric warfare, where software-defined functionalities are as vital as traditional kinetic performance.

Market Challenge

The growth of the global smart weapons market is considerably constrained by the substantial costs involved in both developing and acquiring these sophisticated precision systems. Smart munitions necessitate advanced guidance modules and specific electronic components, which in turn require complex manufacturing procedures. This dependency on an elaborate, multi-layered global supply chain implies that any scarcity of critical materials or microelectronics invariably drives up production expenses. Consequently, the high price per unit compels nations to restrict their inventory levels, frequently scaling back the total volume of procurement contracts to remain within predetermined defense budgetary limits.

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These financial and logistical impediments directly hinder the market's capacity for effective scalability. Elevated unit costs make it challenging for countries with more limited financial resources to incorporate such weaponry into their defense arsenals, thereby narrowing the potential customer base. Recent industry findings corroborate the impact of these systemic issues; a 2025 survey by the National Defense Industrial Association revealed that 54 percent of private sector defense industrial base respondents cited supply chain disruptions as a key challenge impacting production efficiency and cost-effectiveness. This ongoing pressure on the supply chain perpetuates high pricing, which in turn decelerates the wider adoption of smart weaponry.

Market Trends

A significant and transformative trend in the global smart weapons market is the increasing proliferation of loitering munitions and kamikaze drones. These low-cost, expendable systems are being widely deployed, providing enhanced tactical flexibility. Unlike more expensive traditional missiles, these munitions allow military forces to conduct continuous surveillance over target zones and precisely neutralize time-sensitive threats, essentially broadening access to air support for ground operations. This move towards mass-producible, single-use aerial vehicles is recalibrating procurement approaches, as defense agencies now prioritize high volume and quick replenishment. The substantial demand is evident in industrial orders, such as AeroVironment's $55.3 million contract in January 2025 to supply Switchblade loitering missile systems to the U.S. Army, underscoring the operational importance of these adaptable platforms.

Concurrently, the industry is embracing Modular Open Systems Architectures (MOSA), which are designed to enable swift upgrades and circumvent conventional supply chain bottlenecks. This trend addresses the requirement for versatile weapon systems that can be rapidly updated with new software or payloads to counteract evolving threats without the need for extensive hardware overhauls. By separating software from hardware, manufacturers can implement incremental enhancements and accelerate production to align with wartime consumption demands. This industrial shift is highlighted by substantial capital investments; for instance, Anduril Industries announced a $1 billion investment in January 2025 to build Arsenal 1, a hyperscale software-defined manufacturing facility in Ohio dedicated to producing autonomous weapons and systems.

Key Market Players

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Lockheed Martin Corporation

The Boeing Company

Northrop Grumman Corporation

General Dynamics Corporation

BAE Systems plc

MBDA Inc.

Raytheon Technologies Corporation

Thales S.A.

Rheinmetall AG

Elbit Systems Ltd.

Report Scope

In this report, the Global Smart Weapons Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Smart Weapons Market, By Weapon Type

Missiles

Munitions

Guided Projectiles

Guided Rockets

Guided Firearms

Directed Energy Weapons

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Smart Weapons Market, By Platform

- Air
- Land
- Naval

Smart Weapons Market, By Technology

- Laser
- Infrared
- Radar
- GPS
- Others

Smart Weapons Market, By Region

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

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Germany

Spain

Asia Pacific

China

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 Smart Weapons Market.

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Global Smart Weapons 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:

Company Information

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

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