

Aerospace & Defense Market Size Growth Expectations in 2022

A boom in the commercial aircraft segment, a surge in global airline traffic, and a rise in military expenditure are expected to drive the Aerospace & Defense Market

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Effects of COVID-19

The aerospace and defence market includes companies dealing with commercial aircraft and voyage and manufacturing civil and military procurements. The covid-19 pandemic has had an unprecedented effect on the Aerospace and Defence Industry. One of the sectors in the Aerospace and Defense market that has been affected the most was the commercial air travel segment. Air Travel was one of the worst affected industries in the travel segment. In a post-pandemic world, everything is expected to recover to its pre-pandemic levels and even air travel demand is rising steadily.

Increased military expenditure, the surge in air travel demand, and the up-gradation of manufacturing technology are expected to drive the growth of the Aerospace and Defence industry. According to the estimates, globally, the market size of the Aerospace and Defense market was USD 672 billion in 2020 and is expected to increase drastically to USD 900 billion by 2025 with a CAGR of 6.01%.

But, are there any hurdles to this growth?

Cybersecurity is a modern-day challenge, and the Aerospace and Defence Industry has been affected by it big time. One way to control this threat is to increase investments in cybersecurity tools which is another challenge. Another barrier is the data-intensive nature of the Aerospace and Defence Industry, as well as the need for enormous computer power to scale them.

Nevertheless, newer technologies increased R&D investments, and military expenditure rise by developed countries will continue to drive the market.

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The aerospace and defence market includes companies dealing with commercial aircraft and voyage and manufacturing civil and military procurements. The COVID-19 pandemic has had an unprecedented effect on the [Aerospace and Defence Industry](#). Although there has been some recovery since then, it is uneven and unpredictable. One of the sectors in the Aerospace and Defense market sectors that were severely affected was the commercial air travel segment. The pandemic locked people away from the world into their houses and put a stop to all kinds of travel that people regularly ventured in. Air Travel was one of the worst affected industries in the travel segment. It reduced the demand for aircrafts thereby reducing air traffic. Huge losses followed. The Defence sector wasn't much affected by the pandemic since countries did not reduce their military expenditure. Due to disruptions in the supply chain, the costs escalated and there were time delays. All of these things are expected to recover to pre-pandemic levels in the post-pandemic world, as the demand for air travel is increasing steadily. Increased military expenditure, the surge in air travel demand, and the up-gradation of manufacturing technology to produce more cost-efficient machines are expected to drive the growth of the [Aerospace and Defence industry](#).

According to the estimates, globally, the market size of the Aerospace and Defense market was **USD 672 billion** in 2020 and is expected to increase drastically to **USD 900 billion** by 2025 with a CAGR of **6.01%**.

As mentioned in the Deloitte 2022 [Aerospace and Defence Industry](#) Outlook, the rapid evolution and commercialization of new technologies will improve the efficiencies and lower the costs in the aerospace and defence industry. The commercial air trends in 2022 are in much better shape than expected after the COVID pandemic, which is a positive sign for this industry.

But, are there any hurdles to this growth?

Cybersecurity is a modern-day challenge, and the **Aerospace and Defence Industry** has been affected by it big time. In an industry where continuous technology development is a necessity, cybersecurity is bound to be an issue. One way to control this threat is to increase investments in cybersecurity tools which is another challenge. Since the aerospace industry is linked to the defence

industry, this issue needs to be addressed on a war footing. Another barrier that is restricting the growth of this industry is the data-intensive nature of the **Aerospace and Defence Industry**, as well as the need for enormous computer power to scale them. Companies in this industry must see that the best technology is used to support performance. Given the dominance of Boeing and Airbus, new players have fewer opportunities in this highly competitive and saturated industry. Newer players find it challenging to make their mark against big players. Retaining talent is also a big challenge for companies since this industry is highly specialized and needs the continued services of key engineering personnel.

Nevertheless, the use of new technologies, the increasing R&D investments, and the rise in military expenditure by developed countries will continue to drive the market.

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