

Net-Zero Goals Propel Energy Transition Market to \$5.6 Trillion by 2031

Rising energy demand, sustainability goals, and supportive policies drive energy transition market growth, despite tech limits and geopolitical concerns.

WILMINGTON, DE, UNITED STATES, June 24, 2025 /EINPresswire.com/ -- According to a new report published by Allied Market Research, titled, "[Energy Transition market](#) by type: global opportunity analysis and industry forecast, 2022–2031 The global energy transition market size was valued at \$2.3 trillion in 2021, and projected to reach \$5.6 trillion by 2031, with a CAGR of 9.3% from 2022 to 2031.



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Energy transition refers to the shift from conventional fossil fuels to renewable and sustainable energy sources, aiming to reduce carbon emissions and promote the generation of green

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The global shift toward cleaner, more sustainable energy sources is not just a trend—it’s an imperative driving innovation, investment, and policy transformation worldwide.”

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energy. This transformation is essential to combat climate change and enhance environmental sustainability. Key components of the energy transition include energy storage solutions, renewable energy technologies, electric vehicles, heating systems, nuclear energy, hydrogen, and other emerging clean technologies.

In 2021, renewable energy emerged as the leading sector in the energy transition landscape, attracting \$366 billion in global investment, marking a 6.5% increase from 2020, particularly in small-scale systems. Electrified transport

followed as the fastest-growing segment, with a remarkable 77% surge in investment, reaching \$273 billion. Electrified energy and nuclear energy also contributed to the shift, receiving \$53 billion and \$31 billion, respectively, highlighting the diversified focus of global investments in achieving a low-carbon future.

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Market Dynamics

The energy transition market is primarily driven by the rising global emphasis on reducing carbon emissions and combating climate change. Governments across the world are implementing stringent environmental regulations and setting ambitious targets to achieve net-zero emissions. These initiatives are encouraging the adoption of renewable energy sources, such as solar, wind, and hydropower, thereby propelling the demand for energy transition technologies. Additionally, global climate agreements like the Paris Accord are pressuring nations to shift from fossil fuels to greener alternatives, further strengthening the market momentum.

Technological advancements play a crucial role in driving the energy transition market. Innovations in energy storage systems, smart grids, and renewable energy generation have significantly improved the efficiency and reliability of clean energy. Battery technology, especially lithium-ion and next-generation storage solutions, is making renewable sources more viable for continuous power supply. Moreover, digitalization and the integration of artificial intelligence in grid systems are enhancing energy management, reducing costs, and promoting widespread adoption of clean energy systems.

Investment from both public and private sectors is another major factor supporting the growth of the energy transition market. Governments are offering subsidies, tax credits, and incentives to accelerate renewable energy adoption and infrastructure development. Similarly, major corporations are committing to sustainability goals and investing in renewable power generation and carbon reduction technologies. These financial commitments are fostering innovation and scalability in clean energy projects, which are essential for meeting future energy needs sustainably.

However, the energy transition market also faces several challenges. High initial investment costs, especially in developing regions, often hinder the adoption of renewable technologies. Additionally, outdated grid infrastructure, intermittent nature of renewable sources, and lack of energy storage solutions limit the reliability of clean energy. Resistance from traditional energy sectors and policy inconsistencies can further slow down the transition process. Addressing these challenges requires coordinated policy frameworks, international collaboration, and significant investment in infrastructure upgrades.

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Despite these obstacles, the energy transition market presents substantial opportunities for long-term growth. Emerging economies are witnessing rapid urbanization and industrialization, which creates a growing demand for sustainable and efficient energy systems. The increasing focus on energy independence, energy security, and the potential for job creation in the clean energy sector also contribute to the market's expansion. As global awareness and technological

maturity increase, the energy transition is expected to accelerate, transforming how energy is produced, distributed, and consumed worldwide.

Nonetheless, the high costs associated with R&D and production, along with a lack of standardization and regulatory hurdles in developing markets, are significant barriers to growth. Moreover, technological and infrastructure limitations restrict large-scale adoption. Addressing these challenges through industry collaboration, policy support, and innovation will be essential for unlocking the full potential of fibre batteries in the global market.

Segment Overview

The [energy transition market analysis](#) is segmented based on technology, end-use sector, and region. By technology, it includes renewable energy (solar, wind, hydro), energy storage systems, hydrogen, and carbon capture and storage (CCS). End-use sectors encompass power generation, transportation, industrial, and residential applications. Regionally, the market is analyzed across North America, Europe, Asia-Pacific, and LAMEA. Each segment plays a vital role in supporting the global shift from fossil fuels to cleaner, more sustainable energy solutions, with growing investments and innovation driving adoption across both developed and emerging economies.

Regionally, the energy transition market demonstrates significant growth potential across all major regions, with Asia-Pacific leading the charge due to rapid industrialization, urbanization, and strong governmental support for clean energy initiatives. Countries like China, India, and Japan are making substantial investments in renewable energy infrastructure, electric vehicles, and energy storage technologies. China's ambitious carbon neutrality goals and India's focus on expanding solar capacity are driving regional demand for advanced energy transition solutions. The growing energy needs of the region, coupled with environmental concerns, make Asia-Pacific a dominant force in the global market.

In Europe and North America, the energy transition market is driven by stringent environmental regulations, climate goals, and strong commitments to decarbonization. The European Union's Green Deal and the U.S. Inflation Reduction Act have accelerated investments in renewable energy, smart grids, and carbon capture technologies. Meanwhile, countries across LAMEA (Latin America, Middle East, and Africa) are gradually adopting renewable solutions to reduce their dependence on fossil fuels and improve energy access. Though these regions are in the earlier stages of transition, increasing international support and policy reforms are expected to foster steady market growth.

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Competitive Analysis

The global energy transition market is highly competitive, with key players focusing on innovation, strategic partnerships, and investments in renewable technologies to strengthen their market position. Major companies such as Ørsted A/S, NextEra Energy, Brookfield Renewable Partners, and Repsol are actively expanding their renewable energy portfolios by

investing in solar, wind, hydrogen, and battery storage projects. These companies are also enhancing their capabilities through mergers and acquisitions, enabling them to gain access to new markets and technologies. For example, Ørsted has focused on offshore wind development, while NextEra is investing heavily in solar and energy storage solutions in North America.

In addition to established energy companies, a growing number of tech firms and start-ups are entering the market with advanced digital solutions for smart grid management, energy efficiency, and emissions monitoring. This has led to increased competition and innovation within the sector. Companies are also leveraging digitalization, such as AI and IoT, to improve energy optimization and support the integration of renewable sources. The competitive landscape is further shaped by government policies, carbon reduction targets, and global climate agreements, which are pushing companies to adopt cleaner, more sustainable energy models to maintain relevance in the evolving market.

Key findings of the study:

- The Renewable Energy segment accounted for 31.4% energy transition market share in 2021 and is anticipated to grow at a rate of 9.8% in terms of revenue, increasing its share in the global energy transition market during the forecast period.
- The utility segment is the fastest-growing application segment in the global energy transition market and is expected to grow at a CAGR of 9.6% during 2021–2031.
- In 2021, Asia-Pacific region dominated the global energy transition market with more than 48.7% of the share, in terms of revenue.

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