

Gas Engine Market to Grow at 3.8% CAGR, Reaching \$6.0 Bn by 2031

Rising demand for efficient power generation and industrial applications drives growth in the global gas engine market.

WILMINGTON, DE, UNITED STATES, August 14, 2025 /EINPresswire.com/ -- According to a new report published by Allied Market Research, titled, "Gas Engine Market by Fuel Type (Natural Gas, Special Gas, Others), by Power Output (0.5-1 MW, 1-2 MW, 2-5 MW, 5-15 MW, Above 15 MW), by Application (Power Generation, Mechanical Drive, Cogeneration, Others), by End Use

(Marine, Utilities, Oil and Gas, Manufacturing, Others): Global Opportunity Analysis and Industry Forecast, 2021-2031" The global gas engine market size was valued at \$4.2 billion in 2021, and gas engines industry is projected to reach \$6.0 billion by 2031, growing at a CAGR of 3.8% from 2022 to 2031.



Allied

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Gas engines are transforming energy generation with cleaner, efficient, and reliable power solutions, supporting industrial growth and environmental sustainability globally”

Allied Market Research

The gas engine market is witnessing rapid growth due to increasing demand for cleaner and more efficient energy solutions across power generation and industrial applications. Gas engines, which run on natural gas, biogas, or liquefied petroleum gas, are preferred for their lower emissions, high efficiency, and versatility in combined heat and power (CHP) systems. Growing focus on reducing carbon footprints, coupled with government incentives for cleaner energy technologies, is driving adoption across industrial, commercial, and utility sectors globally.

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1. Growth Drivers:

Rising demand for sustainable and low-emission power solutions is a key driver for the gas engine market. Gas engines are widely deployed in industries, power plants, and commercial establishments for electricity generation and cogeneration purposes, providing reliable and cost-effective energy.

2. Industrial Applications Boost:

Expansion in the manufacturing, chemical, and food & beverage sectors has increased the need for on-site power generation and heating solutions. Gas engines are increasingly used for combined heat and power (CHP) systems in industrial operations to improve energy efficiency and reduce operating costs.

3. Environmental and Regulatory Support:

Stringent environmental regulations promoting reduced carbon emissions and cleaner fuel usage are supporting the adoption of gas engines over diesel and coal-based systems. Government incentives for renewable gas-based engines, such as biogas, are further encouraging market growth.

4. Technological Advancements:

Innovations in gas engine technology, including improved thermal efficiency, lower NOx and CO emissions, and integration with smart grid and automation systems, are expanding their applications. Hybrid solutions and advanced monitoring systems are also enhancing operational efficiency and reliability.

5. Market Challenges and Opportunities:

Challenges such as the high upfront cost of large-scale gas engines and the need for a stable gas supply can restrain market growth. However, increasing investments in distributed energy generation, renewable energy integration, and rural electrification projects present significant opportunities for the market during the forecast period.

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The [gas engine market forecast](#) is segmented on the basis of power output, fuel type, application, end use and region. On the basis of power output, it is segmented into 0.5-1MW, 1-2MW, 2-5MW, 5-15MW, and above 15MW. On the basis of fuel type, the market is bifurcated into natural gas, special gas, and others. On the basis of application, the market is divided into power generation, mechanical drive, cogeneration, and others. In addition, on the basis of end use, the global gas engine market is segmented into marine, utilities, oil & gas, manufacturing, and others.

Regional Market Overview

Asia-Pacific is the largest market for gas engines, driven by rapid industrialization, urbanization, and government initiatives promoting cleaner energy. Countries like China, India, and Japan are witnessing significant adoption in industrial and utility sectors. Rising investments in distributed energy generation and renewable biogas projects further support market growth in the region.

Europe and North America also hold significant market shares due to stringent emission regulations and a strong push for sustainable energy solutions. Germany, the U.S., and the U.K. are leading in CHP and gas engine installations. Emerging markets in the Middle East and Africa are witnessing steady adoption due to industrial growth and the need for efficient power solutions in remote areas.

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Key Market Players

The gas engine market is competitive, with key players such as Rolls-Royce plc, Yanmar Co Ltd., Kawasaki Heavy Industries, Ltd., Mitsubishi Heavy Industries, Ltd., Caterpillar, Kohler Co., JFE Engineering Corporation, China Yuchai International Limited, INNIO, Cummins Inc., Siemens AG, Cooper Corp., Wärtsilä, Hyundai Heavy Industries Co., Ltd., MAN SE, Doosan Corporation, Volkswagen AG dominating the market. These companies focus on offering a wide range of gas engine solutions for various applications, including power generation, industrial use, and CHP systems.

Companies are increasingly investing in R&D to enhance engine efficiency, reduce emissions, and integrate advanced monitoring systems. Strategic partnerships, mergers, and regional expansions are common strategies to strengthen market presence, while compliance with global emission standards remains a priority for maintaining competitiveness.

Regional Market Outlook

- North America would exhibit CAGR of 3.4% during 2022-2031.
- As per global gas engine market analysis, by fuel type, the natural gas segment accounted for the largest share in 2021.
- By power output, above 15MW type gas engine was the leading segment in 2021.
- By application, power generation segment was the highest revenue contributor in 2021.
- By end-use, utilities segment has largest market share in 2021.

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