

Defense Contracting Service Market Trends 2025-2029: Regional Outlook and Sizing Analysis

*The Business Research Company's
Defense Contracting Service Market
Trends 2025-2029: Regional Outlook and
Sizing Analysis*

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Defense Contracting Service Market Growth Forecast: What To Expect By 2025?

The market size for defense contracting services has witnessed robust growth in the past few years. The market, which stands at \$669.17 billion in 2024, is forecasted to escalate to \$705.44 billion in 2025, with an impressive compound annual growth rate (CAGR) of 5.4%. This growth throughout the historical period can be credited to climbing geopolitical tensions, escalating terrorist threats, expansion in international defense exports, a surge in defense training, and an increase in the embrace of autonomous combat vehicles.

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It will grow to \$862.66 billion in 2029 at a compound annual growth rate (CAGR) of 5.2%.”

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Expectations are high for robust expansion in the defense contracting service market size in the approaching years. It is anticipated to surge to \$862.66 billion in 2029, exhibiting a compound annual growth rate (CAGR) of 5.2%. Factors contributing to this projected growth during the forecast period include escalating threats in digital warfare, increasing requirement for unmanned systems, upsurge in defense expenditure, burgeoning demand for fortified defense infrastructures, and amplified emphasis on defense modernization programs. The forecast period is also set to witness major trends like technological progress, the rise of artificial intelligence, machine learning, big data analytics, and leaps in aerospace technology.

Download a free sample of the defense contracting service market report:

What Are Key Factors Driving The Demand In The Global Defense Contracting Service Market?

The anticipated escalation of geopolitical disputes is predicted to fuel the expansion of the defense contracting service market. Geopolitical tensions, induced by increasing conflicts or rivalries between nations due to political, military, or strategic reasons, are chiefly attributable to territorial disputes. Nations are laying claim to disputed areas, resulting in a heightened military presence, diplomatic standoffs, and regional instability. Defense contracting services act as a catalyst to manage such geopolitical disputes, as they aid governments in swiftly acquiring sophisticated military technologies and strategic abilities. These capabilities not only fortify national security and deterrence but also support allied operations and preserve a competitive advantage in regions marred by conflict or instability. For instance, as per a December 2023 report by the Australia-based Institute for Economics and Peace think tank, the lethality of terrorist attacks increased in 2022, with an average of 1.7 fatalities per attack, compared to 1.3 per attack in 2021. Consequently, the increasing geopolitical tensions are responsible for the expansion of the defense contracting service market.

Who Are The Leading Players In The Defense Contracting Service Market?

Major players in the Defense Contracting Service Global Market Report 2025 include:

- Science Applications International Corporation Inc.
- RTX Corporation
- The Boeing Company
- Lockheed Martin Corporation
- Airbus SE
- General Dynamics Corporation
- Northrop Grumman Corporation
- Honeywell International Inc.
- BAE Systems plc
- L3Harris Technologies Inc.

What Are Some Emerging Trends In The Defense Contracting Service Market?

Major firms engaged in the defense contracting service sector are channeling their resources into the creation of groundbreaking solutions like cutting-edge tactical directed energy solutions, aiming to deliver cost-effective substitutes for traditional ammunition. Tactical directed energy solutions encompass sophisticated weaponry that harnesses concentrated energy sources like lasers or microwaves to accurately neutralize threats, while mitigating collateral damage. Illustratively, in March 2025, Parsons Corporation, an American technology enterprise, entered into a collaborative research and development agreement (CRADA) with the U.S. Air Force Civil Engineer Center, Readiness Directorate (AFCEC/CX), rolling out its latest Zeus 4 directed energy system fitted onto the Joint Light Tactical Vehicle (JLTV). The system boasts AI-based targeting sensors and a palletized, bolt-on arrangement to boost operational adaptability, curb costs, and facilitate precise neutralization of unexploded ammunition with negligible collateral damage.

This progress builds on the triumph of the prior Zeus 3 system and signals an increasing shift in defense contracting towards mobile, scalable, and vehicle-independent directed energy capacities that can be speedily launched across a broad spectrum of combat situations.

Analysis Of Major Segments Driving The Defense Contracting Service Market Growth

The defense contracting service market covered in this report is segmented –

- 1) By Service Type: Engineering And Technical Services, Logistics And Sustainment, Training And Simulation, Cybersecurity, Program Management, Professional Services
- 2) By Contract Type: Fixed-Price Contracts, Cost-Reimbursement Contracts, Time And Material Contracts, Indefinite Delivery Or Indefinite Quantity Contracts
- 3) By Application Area: Aerospace, Land Systems, Maritime Systems, Information Technology, Cybersecurity, Intelligence, Homeland Security
- 4) By End-User: Government Agencies, Military Branches, Defense Contractors, Industry Partners

Subsegments:

- 1) By Engineering And Technical Services: Systems Engineering, Test and Evaluation, Design and Development, Integration Services, Prototyping
- 2) By Logistics And Sustainment: Supply Chain Management, Maintenance, Repair, and Overhaul (MRO), Depot Services, Spare Parts Management, Lifecycle Support
- 3) By Training And Simulation: Live Training, Virtual Training, Constructive Simulation, Computer-Based Training, Mission Rehearsal Systems
- 4) By Cybersecurity: Network Security, Endpoint Security, Threat Intelligence, Security Operations Centers (SOC), Risk and Compliance Management
- 5) By Program Management: Project Planning and Scheduling, Cost Estimation and Control, Risk Management, Contract Administration, Performance Monitoring
- 6) By Professional Services: Consulting Services, Financial and Auditing Services, Legal and Compliance Services, Human Capital Services, Strategic Advisory

View the full defense contracting service market report:

<https://www.thebusinessresearchcompany.com/report/defense-contracting-service-global-market-report>

Which Region Is Expected To Lead The Defense Contracting Service Market By 2025?

In 2024, North America led the global market for defense contracting services, with Asia-Pacific predicted to experience the most growth in the coming years. The Defense Contracting Service Global Market Report 2025 accounts for regions such as Asia-Pacific, Western Europe, Eastern Europe, North America, South America, Middle East, and Africa.

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