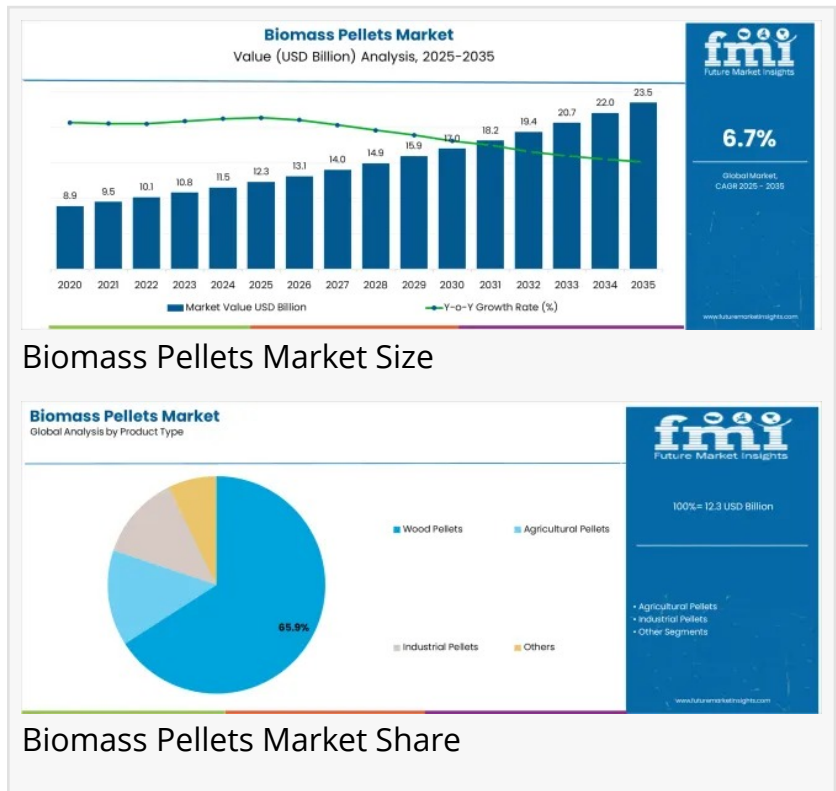


Biomass Pellets Market to Reach USD 23.5 Billion by 2035, Growth Driven by Renewable Energy Adoption

Wood Pellets will dominate with a 65.9% market share, while residential will lead the end use industry segment with a 39.0% share.

SODEGAURA, CHIBA, JAPAN, November 10, 2025 /EINPresswire.com/ -- The global [biomass pellets market](#) is poised for significant expansion over the next decade, with a projected market valuation of USD 23.5 billion by 2035, according to Future Market Insights (FMI). Valued at USD 12.3 billion in 2025, the market is expected to grow at a CAGR of 6.7%, nearly doubling in size over the forecast period. The growth is fueled by rising global demand for renewable energy sources, increasing investments in green energy, and a strategic focus on decarbonization across residential, industrial, and utility-scale applications.



Market Dynamics and Growth Drivers

The biomass pellets market is primarily propelled by the increasing need for renewable heating and power generation solutions. Government policies, carbon trading programs, and renewable energy mandates across regions such as North America, Western Europe, East Asia, and the Middle East, including Saudi Arabia, have created favorable conditions for adoption. Rising fossil fuel costs and energy security concerns further encourage the use of locally sourced renewable fuels, providing economic and environmental benefits.

Technological advancements in pelletization, combined with innovations in combustion systems, are enabling more efficient biomass energy solutions. While challenges remain, including feedstock price volatility and raw material sourcing, producers are actively mitigating these

issues through diversified feedstock utilization and supply chain optimization.

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Segment Insights

- By Product Type: Wood pellets dominate the market, accounting for approximately 65.9% share in 2025. Known for high energy density and standardized quality, wood pellets are widely used in residential heating systems, utility-scale co-firing, and industrial applications. Agricultural pellets, derived from crop residues, also hold a substantial market share, offering cost-effective and decentralized renewable fuel solutions.

- By End Use Industry: Residential applications lead the market with 39.0% share, driven by heating system replacements, government subsidies, and the growing consumer preference for renewable alternatives. The industrial segment follows at 26.0%, supported by combined heat and power installations, process heating requirements, and decarbonization mandates. Energy and commercial sectors are also witnessing strong uptake, particularly in utility-scale biomass co-firing applications.

Regional Outlook

- Asia Pacific (APAC): APAC emerges as a high-growth market, with China and India recording CAGRs of 6.7% and 6.8%, respectively. China benefits from vast agricultural and forestry residues and government-backed rural heating programs, while India's growth is driven by biomass co-firing mandates and decentralized pellet production facilities. South Korea is heavily import-dependent, relying on long-term contracts with international suppliers to meet renewable energy targets.

- Europe: The Western European market is projected to grow from USD 4.1 billion in 2025 to USD 7.4 billion by 2035 at a CAGR of 6.0%. Germany maintains leadership with its extensive residential pellet heating infrastructure, while the UK benefits from utility-scale power generation adoption. France, Italy, and Spain are steadily increasing biomass utilization through subsidy programs and renewable heating mandates.

- USA: The market in the United States is set to expand at a CAGR of 6.1%, supported by advanced pellet production technologies, integration with residential heating systems, and utility-scale co-firing projects. Federal and state-level clean energy incentives, including funding under renewable thermal credit programs, are driving long-term adoption.

- Saudi Arabia (Middle East): Renewable energy initiatives and energy diversification plans in the Middle East, particularly Saudi Arabia, are contributing to growing adoption of biomass pellets. Focused on sustainable energy integration and reducing fossil fuel dependency, the region is witnessing increased investments in industrial and commercial biomass heating applications.

Country Highlights

- Brazil: Leading the Latin American market with a CAGR of 6.9%, Brazil leverages abundant feedstock from sugarcane and eucalyptus residues, supporting cost-effective pellet production for domestic and export markets.
- Japan: Demonstrates 6.6% CAGR, emphasizing imported pellets for utility-scale power generation and strict sustainability compliance under METI guidelines.
- Canada: Strong export orientation, provincial renewable heat mandates, and biomass stove adoption drive a 6.5% CAGR.

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Competitive Landscape

The global biomass pellets market features a moderately concentrated competitive environment, with top players controlling 40–48% of market share. Leading companies focus on vertically integrated operations encompassing forestry management, pelletization facilities, and international distribution. Sustainability certification, feedstock security, and supply reliability are key differentiators. Emerging players in Asia, Latin America, and East Asia leverage local market knowledge, cost-effective production, and regional supply chain optimization to gain traction.

Sustainability and Future Outlook

Biomass pellets offer 70–85% carbon emission reductions compared to fossil fuels and deliver reliable energy solutions with 3.5–4.5 MWh/ton energy content. Scaling adoption requires coordinated efforts among governments, producers, technology providers, and investors. Policy initiatives, investment in sustainable forestry, feedstock collection infrastructure, and production facility development are critical to expanding domestic pelletization capacity and reducing import reliance.

FMI forecasts that by 2035, biomass pellets will play a pivotal role in global renewable energy adoption, supporting residential, industrial, and utility-scale applications while enabling countries to meet carbon neutrality and energy security targets.

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