

Automotive Contract Manufacturing Industry Analysis Report 2025: Key Trends, Drivers, and Forecast Insights

*The Business Research Company's
Automotive Contract Manufacturing
Global Market Report 2025 – Market Size,
Trends, And Global Forecast 2025-2034*

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Contract Manufacturing Market Growth

Forecast: What To Expect By 2025?

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The [market size of automotive contract manufacturing](#) has significantly expanded in the past few years. The growth is from \$40.73 billion in 2024 to an expected \$43.96 billion in 2025 with a compound annual growth rate (CAGR) of 7.9%. The notable growth during the historic period is

mainly due to increased adoption of modular vehicle platforms, growing requirement for financially efficient manufacturing techniques, escalated outsourcing of manufacturing operations, enhanced attention towards quality and compliance norms, and an uptick in labor productivity in contract manufacturing.

In the coming years, the automotive contract manufacturing market is projected to exhibit significant growth, expanding to \$58.90 billion in 2029 with a 7.6% compound annual growth rate (CAGR). The anticipated growth during the forecast period can be linked to a rising

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demand for electric vehicle manufacture, increased preference for flexible manufacturing strategies, a growing requirement for swift prototyping services, enhanced demand for autonomous vehicle parts, and the intensifying focus on sophisticated assembly methodologies. Notable trends within the forecast span encompass advances in robotics and automation, leaps in digital twin and simulation software, investments in the research and advancement of intelligent manufacturing, innovations in connected vehicle production methods, and the progression of sustainable, eco-friendly manufacturing practices.

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What Are Key Factors Driving The Demand In The Global Automotive Contract Manufacturing Market?

The automotive contract manufacturing market is poised for growth, spurred on by the escalating demand for electric vehicles. These zero-emission vehicles, which lessen our dependence on fossil fuels, are not only more cost-effective to operate but also require less upkeep than traditional vehicles. As consumers and businesses shift towards more eco-friendly transportation options in pursuit of long-term cost savings, the appeal of electric vehicles grows. Contract manufacturing in the automotive sector is advantageous for electric vehicle production as it allows for faster expansion without the burden of substantial investments in new infrastructure. This aids in cost reduction and quicker time-to-market. For example, the European Environment Agency, a governmental organization based in Europe, reported that there was a rise in the proportion of electric vehicles among new registrations. The rate went up to 22.7% for cars and 7.7% for vans in December 2023, showing an increase from 19% for cars and 6% for vans in 2022. Therefore, the thriving demand for electric vehicles is fueling the growth of the automotive contract manufacturing market.

Who Are The Leading Players In The Automotive Contract Manufacturing Market?

Major players in the Automotive Contract Manufacturing Global Market Report 2025 include:

- Foxconn Technology Group
- Continental AG
- Magna International
- Aisin Seiki
- Jabil Inc.
- Benteler International AG
- Ficos International
- Kautex Textron
- VDL Groep
- Valmet Automotive Group

What Are The Key Trends Shaping The Automotive Contract Manufacturing Industry?

Significant players in the automotive contract manufacturing market are now turning to semi-knock-down (SKD) assembly methods in order to improve production flexibility and facilitate local manufacturing of electric vehicles (EVs). SKD assembly involves the importation of partially assembled vehicle kits that are then finished at local factories. This approach assists manufacturers in curbing logistics expenses, adhering to local regulations, and hastening entry into markets. For example, in September 2025, Magna International, an Austrian automotive contract manufacturer, initiated contract assembly for XPENG's G6 and G9 electric SUVs at their Graz premises. The process employs SKD kits sent from China, which enables XPENG to minimize costs, expedite lead times, and adhere to EU regulatory and tariff standards. The Graz facility is

an optimal location for expanding XPENG's EV operations in Europe due to its cutting-edge manufacturing capabilities, adaptable production lines, and high-quality standards.

Analysis Of Major Segments Driving The Automotive Contract Manufacturing Market Growth
The automotive contract manufacturing market covered in this report is segmented –

- 1) By Service Type: Complete Vehicle Manufacturing, Component Or Module Manufacturing, Design And Engineering Services
- 2) By Contract Type: Build-To-Print (BTP), Build-To-Specification (BTS), Joint Development Manufacturing (JDM)
- 3) By Application: Two Wheelers, Passenger Cars, Commercial Vehicle, Construction And Agricultural Vehicle
- 4) By End Use: Original Equipment Manufacturer (OEM), Aftermarket

Subsegments:

- 1) By Complete Vehicle Manufacturing: Passenger Vehicles, Commercial Vehicles, Electric Vehicles (EVs), Two-Wheelers, Off-Highway Vehicles
- 2) By Component Or Module Manufacturing: Powertrain And Engine Systems, Chassis And Suspension Components, Body And Exterior Parts, Interior Modules, Electrical And Electronic Systems
- 3) By Design And Engineering Services: Concept And Prototype Development, Product Design And Simulation, Testing And Validation, Tooling And Process Design, Vehicle Integration Engineering

View the full automotive contract manufacturing market report:

<https://www.thebusinessresearchcompany.com/report/automotive-contract-manufacturing-global-market-report>

Which Region Is Expected To Lead The Automotive Contract Manufacturing Market By 2025?
In 2024, Asia-Pacific led as the biggest and quickest progressing region in the global automotive contract manufacturing market forecasted for 2025. The market report encompasses regions such as Western Europe, Eastern Europe, North America, South America, the Middle East, Africa, and Asia-Pacific.

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