

Smart Building Market to Surge from USD 174.97 Billion in 2026 to USD 691.56 Billion by 2034 at 18.70% CAGR

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/EINPresswire.com/ -- The global [smart building market](#) was valued at USD 143.00 billion in 2025 and is projected to grow from USD 174.97 billion in

2026 to USD 691.56 billion by 2034, exhibiting a CAGR of 18.70% during the forecast period. Asia Pacific dominated the smart building market with a market share of 23.20% in 2025. Market expansion is primarily driven by increasing adoption of intelligent building automation systems, rising focus on sustainability and energy efficiency, rapid growth in smart city projects, and growing investments in digital infrastructure across both developed and emerging economies.



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Top Companies in Smart Building Market

Cisco Systems, Inc.

Siemens AG

ABB Ltd.

Schneider Electric SE

IBM Corporation

Honeywell International Inc.

Johnson Controls Inc.

Legrand SA

Hitachi, Ltd.

Endeavor Business Media

Smart Building Market Trends

One of the most prominent trends shaping the smart building market is the increasing number of smart city projects worldwide. Governments are actively investing in intelligent urban infrastructure that integrates smart transportation, smart utilities, digital governance platforms, and connected buildings. Smart buildings serve as the backbone of these initiatives by enabling efficient resource utilization, automated operations, and seamless connectivity across urban ecosystems.

Another major trend is the integration of advanced digital technologies such as artificial intelligence (AI), Internet of Things (IoT), big data analytics, and cloud computing into building management systems. AI-powered platforms enable predictive analytics for equipment maintenance, energy forecasting, and occupancy management, while IoT sensors provide continuous real-time data from various building components. Cloud-based building management platforms are gaining popularity as they allow centralized control of multiple facilities, scalability, and remote access, reducing the need for extensive on-site IT infrastructure.

In addition, there is a growing emphasis on occupant-centric building design. Smart buildings increasingly incorporate features such as personalized lighting and temperature control, touchless access, indoor air quality monitoring, and smart workspace management, all of which enhance user experience and well-being.

Smart Building Market Growth Factors

Rising concerns over energy consumption and greenhouse gas emissions are major drivers of market growth. Buildings account for a significant share of global energy usage and carbon emissions, making them a primary target for sustainability initiatives. Smart building solutions help optimize energy usage through intelligent HVAC controls, automated lighting systems, and energy monitoring platforms, significantly reducing wastage and operational costs.

Government regulations and green building standards are further supporting market expansion. Many countries have introduced stringent energy efficiency codes and incentives for green construction, encouraging developers to adopt smart technologies. In addition, growing awareness of long-term cost savings associated with intelligent building systems is motivating property owners and facility managers to invest in smart infrastructure.

The post-pandemic recovery of commercial real estate is another key growth driver. As offices, retail spaces, hotels, and healthcare facilities reopen, there is increased demand for smart technologies that support hygiene, safety, and space optimization. Solutions such as contactless entry, occupancy tracking, automated cleaning schedules, and air quality monitoring are becoming standard features in modern commercial buildings.

Smart Building Market Segmentation Analysis

By component, the market is segmented into solutions and services. The solution segment is

expected to dominate the market, accounting for 67.44% of global share in 2026. Solutions include building infrastructure management, security & emergency management, and energy management systems.

Energy management solutions are witnessing strong growth due to rising green building initiatives and government regulations related to energy efficiency. These systems enable real-time monitoring and control of power consumption, helping reduce utility expenses and carbon footprints. Security & emergency management solutions, including access control, video surveillance, and safety systems, are also gaining significant traction, particularly in commercial and public infrastructure projects.

Building infrastructure management solutions, such as parking management systems, smart water management, and elevator & escalator control systems, are increasingly adopted to improve operational efficiency in large and complex facilities.

The services segment, comprising system integration, deployment, consulting, and maintenance, is expected to register rapid growth. As smart building ecosystems become more complex, organizations are increasingly relying on specialized service providers for seamless implementation and ongoing support.

By application, the market is divided into residential and commercial. The commercial segment is expected to dominate due to large-scale adoption across offices, hotels, hospitals, retail complexes, and corporate campuses. The residential segment is also expanding steadily, driven by rising adoption of smart home technologies such as smart lighting, smart thermostats, security systems, and energy monitoring devices.

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Regional Insights

Asia Pacific dominated the smart building market in 2025 with a 23.20% share, driven by rapid urbanization, expanding construction, and large-scale smart city initiatives across China, India, Japan, and South Korea. North America remained a key market, valued at USD 58.42 billion in 2025, led by the U.S. due to strong adoption of green building technologies and regulatory support. Europe ranked second, supported by strict energy efficiency regulations and rising green building certifications, with strong growth in the UK and Germany. The Middle East & Africa is growing steadily on the back of smart infrastructure investments, while Latin America is expanding gradually through government-led sustainability initiatives.

Key Industry Developments

June 2023: Cisco Canada partnered with Sentiom to launch a smart building solution aimed at mitigating water and fire damage in multi-residential buildings.

January 2023: Telefonica and Siemens collaborated to present a smart building technology

proposal at Mobile World Congress.

January 2023: ABB launched the ABB Cyclon smart building management system at Light Middle East 2023.

January 2023: Wipro Limited introduced its Smart-i-Building solution running on Microsoft Azure.

November 2022: Qualcomm Technologies and Siemens Smart Infrastructure partnered to develop 5G-enabled smart building networks.

June 2022: View launched a cloud-native smart building platform for managing building portfolios with enhanced cybersecurity.

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