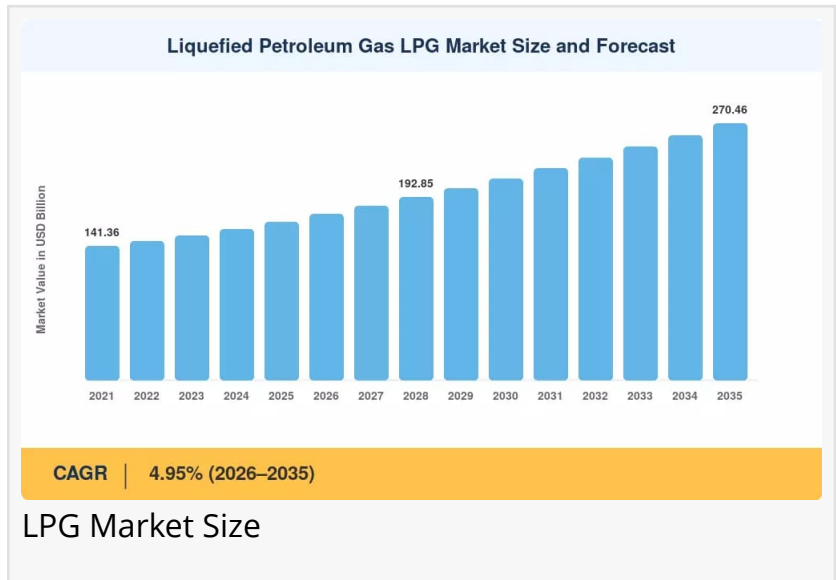


Liquefied Petroleum Gas Market Expected to Expand at a 4.95% CAGR Through 2035

U.S. natural gas liquids production reached 6.8 million barrels per day in 2024, with the Permian Basin accounting for nearly 40% of output

NEW YORK, NY, UNITED STATES, July 23, 2026 /EINPresswire.com/ -- The Liquefied Petroleum Gas Market reached USD 166.82 billion in 2025 and is projected to grow from USD 175.08 billion in 2026 to USD 270.46 billion by 2035, expanding at a CAGR of 4.95% during the forecast period (2026–2035).



Market Overview

Liquefied Petroleum Gas (LPG) is a versatile, clean-burning hydrocarbon fuel consisting primarily of propane, butane, and their mixtures, produced during natural gas processing and petroleum refining. LPG is stored and transported as a liquid under moderate pressure or refrigeration and vaporizes into a gas when released, making it easy to store, handle, and transport. This versatile fuel serves a wide range of applications including residential cooking and heating, commercial and industrial heating, agricultural drying, automotive fuel (autogas), chemical feedstocks, and power generation. LPG is valued for its high energy density, clean combustion characteristics with low emissions of sulfur oxides, particulates, and nitrogen oxides compared to other fossil fuels, and its portability, making it an ideal fuel for areas without access to natural gas pipelines.

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Natural Gas Liquids held a 55.6% share of the Liquefied Petroleum Gas Market in 2025, reflecting U.S. shale fractionation dominance and Middle Eastern gas-processing expansions.”

Prashant Hake

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The [LPG industry](#) is experiencing steady growth driven by several key factors. The increasing global demand for cleaner and more efficient fuels is a primary growth driver. LPG's lower emissions profile compared to coal, fuel oil, and traditional biomass makes it an attractive

transition fuel for improving air quality. The growing residential demand in developing countries, where LPG is replacing traditional biomass fuels for cooking and heating, is creating substantial market growth. The expansion of the petrochemical industry, requiring LPG as a feedstock for propylene, butadiene, and other chemicals, is supporting demand.

Key industry trends shaping the LPG market include the growing adoption of LPG as an autogas fuel for transportation, particularly in regions with supportive policies and infrastructure. The increasing use of LPG in off-grid and decentralized energy applications, including microgrids and backup power generation, is gaining momentum. The development of LPG as a marine fuel in the shipping industry is emerging as a growth segment. The growing focus on LPG in rural and remote areas for clean cooking and heating is driving market expansion.

The market is also benefiting from technological advancements in LPG production, storage, and handling. Innovations in LPG recovery and processing technologies are improving production efficiency. The development of advanced storage and transport solutions, including underground storage and specialized transport vessels, is enhancing supply chain flexibility. Improvements in LPG-compatible appliances and equipment are increasing consumer adoption.

Policy and regulatory frameworks are influencing the LPG market landscape. Government policies promoting clean cooking fuels and reducing indoor air pollution, particularly in developing countries, are driving LPG adoption. Environmental regulations encouraging cleaner fuels for transportation and power generation support LPG use. Subsidies and support programs for LPG access in underserved communities are expanding adoption. Safety regulations governing LPG storage, transport, and handling are shaping industry practices.

The demand outlook for LPG remains positive, supported by global population growth, urbanization, and the need for clean cooking fuels. The transition away from traditional biomass and solid fuels in developing regions will create substantial demand. The petrochemical sector's appetite for lighter feedstocks will continue to support LPG consumption.

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Market Segmentation

By Source: The market is segmented into natural gas processing and petroleum refining. Natural gas processing is the largest source of LPG, accounting for the majority of global production. Petroleum refining is a significant source, producing LPG as a byproduct of crude oil refining. Shale gas production in North America and natural gas developments in the Middle East are supporting LPG supply growth.

By Application: The market is segmented into residential and commercial, industrial and agricultural, automotive (autogas), petrochemical feedstocks, and power generation. Residential

and commercial applications represent the largest segment, driven by cooking, heating, and hot water needs. Petrochemical feedstocks are a significant segment, with LPG used to produce propylene, butadiene, and other chemicals. Automotive applications are growing, particularly in markets with favorable tax treatment and infrastructure.

By Product Type: The market is categorized by product composition including propane, butane, and propane-butane mixtures. Propane dominates the market in residential and commercial applications. Butane is primarily used in industrial applications and as a chemical feedstock. Propane-butane mixtures are widely used in various applications including automotive fuel and blending applications.

By Region: The market is analyzed across North America, Europe, Asia-Pacific, Latin America, and the Middle East and Africa. Asia-Pacific is the largest and fastest-growing regional market, driven by rapid urbanization and growing demand for clean cooking fuels.

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Regional Analysis

North America: The North American LPG market is characterized by abundant production from natural gas processing and stable demand. The United States is a major producer, exporter, and consumer of LPG. The market serves residential, industrial, and petrochemical applications. Canada's natural gas production contributes to regional supply.

Europe: Europe is a significant market with strong residential and industrial demand. The region is increasingly reliant on imports due to declining domestic production. The UK, France, and Italy are key markets. The region's focus on energy diversification supports LPG adoption.

Asia-Pacific: Asia-Pacific is the largest and fastest-growing LPG market, driven by population growth, urbanization, and increasing demand for clean cooking fuels. China leads the market, followed by India, Japan, and Southeast Asian countries. Government programs promoting clean cooking fuel adoption are accelerating growth.

Latin America: The Latin American market is developing, with Brazil and Mexico as key markets. Residential LPG demand is substantial, driven by population growth. Infrastructure development and government programs support market expansion.

Middle East and Africa: The region presents significant opportunities with growing LPG demand. Saudi Arabia, UAE, and South Africa are key markets. The region's abundant natural gas production supports domestic use and exports. African markets are expanding with growing clean cooking initiatives.

Competitive Landscape / Key Players

The global LPG market is characterized by a mix of international energy companies, national oil companies, and specialized LPG marketing and distribution companies. Key companies operating in the market include:

Saudi Arabian Oil Company (Saudi Aramco): A leading LPG producer, leveraging its position as the world's largest oil and gas producer. Saudi Aramco's production capacity and export infrastructure support its market leadership.

Exxon Mobil Corporation: A major energy company with significant LPG production and marketing operations globally. Exxon Mobil's integrated oil and gas business supports its market position.

Shell plc: A global energy company with substantial LPG production, trading, and marketing operations. Shell's expertise in energy distribution and marketing supports its market presence.

BP plc: A major international energy company with LPG production and marketing operations across regions. BP's established energy business supports its market position.

Chevron Corporation: A global energy company with significant LPG production, particularly from its natural gas processing operations. Chevron's integrated energy business supports its market presence.

Other notable players include China Petroleum & Chemical Corporation (Sinopec), PetroChina Company Limited, TotalEnergies SE, and numerous regional LPG distributors and marketers. Strategic developments include production expansions, supply agreements, market entry initiatives, and sustainability investments.

Latest Industry News & Developments

December 2025: Saudi Aramco announced the expansion of its LPG production capacity, supporting growing global demand and enhancing export capabilities. The expansion leverages natural gas processing infrastructure.

November 2025: Shell and a major Indian energy company signed a long-term LPG supply agreement, supporting India's growing demand for clean cooking fuels and autogas applications.

October 2025: The Indian government announced a significant expansion of its LPG distribution program, connecting millions of new households to clean cooking fuel.

Market Challenges & Opportunities

Key Restraints: The LPG market faces challenges including competition from natural gas and renewable energy sources in some applications. The volatility of crude oil and natural gas prices affects LPG pricing and economics. Infrastructure investment requirements for storage,

transport, and distribution create capital demands. Safety concerns related to LPG handling and transport require careful management. Regulatory changes affecting fossil fuel use could impact long-term demand.

Emerging Opportunities: The LPG market presents opportunities in clean cooking fuel initiatives in developing countries, supported by government programs and international development efforts. The growing adoption of LPG as an autogas fuel offers growth potential. The development of LPG as a marine fuel, particularly in regions with stringent emissions regulations, creates new applications. The expansion of petrochemical capacity increases feedstock demand.

Future Potential: The long-term potential of the LPG market is supported by continued population growth, urbanization, and the need for clean cooking fuels. The role of LPG as a clean transition fuel, particularly in developing regions without access to natural gas, ensures continued demand. The development of bio-LPG from renewable sources offers a pathway to sustainable growth. The essential role of LPG in energy access and clean cooking ensures sustained market demand and long-term growth potential.

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Final Market Summary

The global LPG market is poised for steady growth, with projections indicating an expansion from USD 175.08 billion in 2026 to USD 270.46 billion by 2035, at a CAGR of 4.95%. This growth is driven by increasing demand for clean cooking fuels in developing countries, population growth, urbanization, and expanding petrochemical applications. Asia-Pacific leads as the largest and fastest-growing market, supported by government clean cooking initiatives and rising population. The transition away from traditional biomass fuels toward LPG for residential cooking and heating creates substantial growth potential. Despite competition from other fuels and price volatility challenges, the essential role of LPG in providing clean, portable, and reliable energy ensures sustained market demand and long-term growth potential throughout the forecast period.

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