

Building Automation System Market Revenue Expected to Reach USD 230.72 Billion by 2035 at 10.05% CAGR

Building Automation System Market Size, Share and Research Report By Component (Hardware, Software, Services), By System Type (HVAC Control, Lighting Control)

NEW YORK,, NY, UNITED STATES, August 25, 2026 /EINPresswire.com/ -- The Global [Building Automation System market](#) stood at USD 88.54 billion in 2025 and opens the forecast window at USD 97.44 billion in 2026, climbing to USD 230.72 billion by 2035 at a 10.05% CAGR. Two catalysts

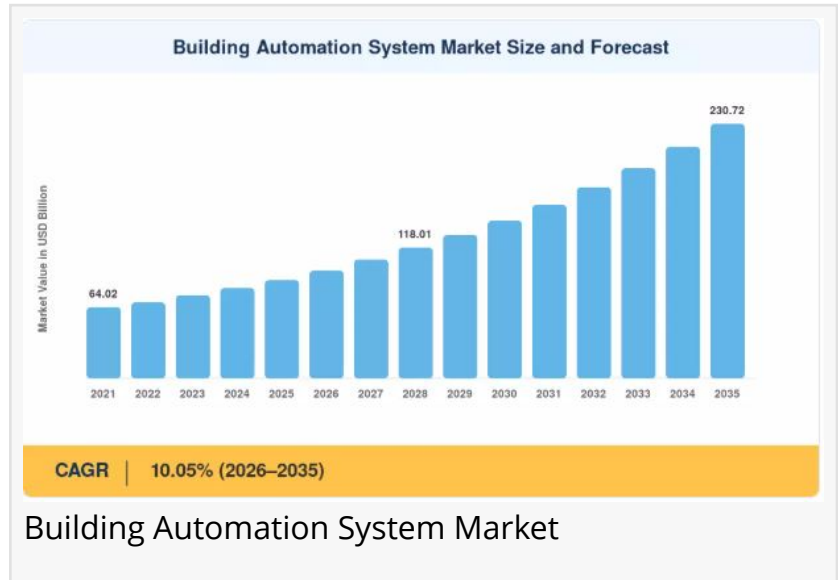
dominate the near-term picture. The European Union's recast Energy Performance of Buildings Directive obliges non-residential buildings above a 290 kW effective rated output to install building automation and control systems by the end of the decade, and the U.S. Inflation Reduction Act's Section 179D deduction now pays up to USD 5.81 per square foot for qualifying efficiency retrofits.

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Building Automation System Market is expanding as smart technologies, IoT connectivity, and energy-efficient solutions transform modern building management.”

Market Research Future (MRFR)

Neither incentive is discretionary spending; both convert controls from a capital nice-to-have into a compliance line item. The market's 10.05% CAGR reflects the convergence of tightening building energy codes (+2.1% impact), falling sensor and edge controller costs (+1.6%), cloud analytics and predictive maintenance monetisation (+1.5%), and utility demand-response and grid-flexibility payments (+1.2%) accelerating across the world's largest commercial real estate and regulatory-compliance economies simultaneously.



Legacy pneumatic actuators, standalone HVAC timeclocks, and proprietary DDC panels are being

displaced by IP-native supervisory layers running on commodity hardware. Sensor bill-of-materials costs have fallen roughly 60% over the past decade, and the IEA estimates global investment in building energy efficiency reached about USD 270 billion in 2024. That deflation is why software now outgrows hardware inside the market.

Regionally, North America holds 32.3% of 2025 revenue on the strength of its commercial office and healthcare stock. Asia-Pacific advances fastest at a 10.45% CAGR as China and India tighten construction codes. Europe follows close behind, where EPBD compliance deadlines rather than payback economics set the purchase timetable. Expect the building automation system market to reward vendors who sell outcomes, not panels.

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□ How Significant Is the Building Automation System Market's Growth?

The building automation system market's trajectory from USD 88.54 billion in 2025 to a projected USD 230.72 billion by 2035 represents more than a two-and-a-half-fold expansion over the forecast decade, reflecting the structural shift from proprietary DDC panels and pneumatic actuators toward IP-native, cloud-supervised control platforms deployed across commercial, residential, industrial, and institutional buildings. The market's 10.05% CAGR is anchored in a regulation-and-deflation supercycle where tightening energy codes, falling sensor costs, and utility demand-response payments are all converging to make automated building controls a compliance necessity rather than a discretionary capital upgrade.

Hardware retained 45.6% of 2025 revenue, though its lead inside the market narrows each year as controllers commoditise, while software is the growth engine, compounding at 10.7% through 2035 on subscription analytics and fault-detection licensing, and services generated USD 21.87 billion in 2025 through commissioning, integration, and maintenance contracts.

HVAC Control remains the largest system-type segment at 36.2% share, the entry point for the market given it carries the largest savings pool, typically 40-50% of commercial building electricity, while Energy Management Systems are growing fastest at a 10.8% CAGR as they layer onto existing infrastructure with minimal field labour and satisfy reporting obligations directly. Commercial buildings accounted for 44.8% of 2025 spending, while residential deployments post the steepest trajectory at a 10.9% CAGR from a small base, and wireless communication architectures are expanding at a 10.72% CAGR, driven by retrofit projects that cannot justify new conduit.

□ What Does the Future Hold for the Building Automation System Market?

Tightening building energy codes and performance mandates contribute approximately 2.1 percentage points to the building automation system market's CAGR the single highest driver

impact. Compliance now outranks return-on-investment as the purchase trigger. The EPBD recast adopted in April 2024 requires member states to mandate building automation and control systems in non-residential buildings exceeding 290 kW, dropping to 70 kW from 2030, covering an estimated 3.5 million commercial properties across the bloc. Facility owners who once modelled seven-year paybacks now model penalty exposure instead, a shift that compresses decision cycles from years to quarters.

Falling sensor and edge controller costs contribute approximately 1.6 percentage points to the CAGR, establishing hardware deflation as a primary structural driver that widens the addressable base. Wireless sensor node costs have dropped below USD 12 per point in volume, against roughly USD 90 for a hard-wired equivalent including labour, according to Lawrence Berkeley National Laboratory field-study data.

Small portfolios of 20,000-50,000 square feet, historically uneconomic, now clear internal hurdle rates. Cloud analytics and predictive maintenance monetisation adds a further 1.5% as automated fault detection and diagnostics typically identifies 8-15% whole-building energy savings in first-year deployments per U.S. Department of Energy Better Buildings findings, with vendors bundling these tools into per-point annual subscriptions that convert a single capital sale into a decade-long service annuity. Utility demand-response and grid-flexibility payments contribute a further 1.2% as FERC Order 2222 opened wholesale markets to aggregated distributed resources, with U.S. demand-response programmes enrolling roughly 33 GW of capacity by 2024 and buildings with automated setpoint control able to monetise curtailment events at USD 40-90 per kW-year in constrained zones.

The next phase of the market's evolution centers on autonomous operations replacing scheduled control, as by the early 2030s most large-portfolio buildings will run reinforcement-learning setpoint optimisation rather than fixed schedules, with pilot deployments already reporting 10-25% HVAC energy reduction without occupant complaints. Supervisory software is heading toward a handful of horizontal platforms with certified device ecosystems, mirroring what happened in [industrial automation](#) a decade earlier, with independent integrators retaining the commissioning and service relationship while ceding the data layer and margin migrating upward accordingly.

[Heat pumps](#), on-site solar, batteries, and EV charging are turning buildings into bidirectional energy nodes, requiring optimisation logic that legacy HVAC controllers were never designed to run, while CSRD reporting in Europe and comparable frameworks elsewhere require auditable operational-emissions data at asset level, pulling metering and analytics into the market for thousands of mid-size portfolios that would otherwise have deferred investment indefinitely.

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□ Who Are the Key Players in the Building Automation System Market?

Concentration in the building automation system market is moderate. The top five suppliers hold an estimated 40-46% of global revenue, producing a Herfindahl-Hirschman Index in the 700-900 range, competitive by regulatory standards, but with a clear tier-one group that controls specification in large commercial projects. Below that tier, several thousand regional integrators fragment the services layer, which is why acquisition activity has focused on installed-base access rather than technology. MRFR identifies the following key participants with estimated revenue share ranges:

Honeywell International (~10–13% share) - the broadest-portfolio leader providing the Forge platform, Alerton and Tridium controls, and fire and security systems, having completed its acquisition of Carrier's Global Access Solutions business for roughly USD 4.95 billion in June 2024, deepening its security and access position within building portfolios.

Johnson Controls International (~9–12% share) - an equipment-plus-controls bundling specialist for large commercial projects offering OpenBlue, Metasys, and York equipment integration, having advanced OpenBlue digital services with expanded autonomous HVAC optimisation across enterprise customers in 2024.

Siemens Smart Infrastructure (~9–11% share) - an engineering-led specification leader in Europe offering Desigo CC and the Building X cloud suite, having expanded Building X with additional AI-based fault-detection modules in 2024, pushing supervisory functions off-premises.

Schneider Electric (~8–10% share) - a power-and-building convergence specialist offering EcoStruxure Building and SmartX controllers, having broadened EcoStruxure Building offerings toward small and mid-size portfolios with pre-configured, subscription-priced deployments in 2025.

Carrier Global / Automated Logic (~4–6% share) - an HVAC-anchored provider with deep North American channel presence offering WebCTRL and i-Vu controls, serving customers requiring tightly integrated HVAC equipment and controls procurement.

ABB (~3–5% share) - an electrical infrastructure adjacency specialist offering i-bus KNX and Cylon building automation, leveraging its broader power and automation portfolio to serve converged electrical-and-controls projects.

Legrand (~2–4% share) - a device-layer scale leader with strong European distribution offering room controls, energy metering, and connected wiring devices, anchoring point-level hardware across large European building portfolios.

Bosch Building Technologies (~2–4% share) - a safety-led entrant into broader automation offering integrated security, fire, and energy platforms, leveraging its safety-systems heritage to expand into comprehensive building management.

Delta Controls / Delta Electronics (~2–3% share) - an open-protocol, integrator-friendly specialist offering the O3 sensor hub and enteliWEB analytics, positioned to serve integrators seeking non-proprietary, interoperable control architectures.

Trane Technologies (~2–4% share) - an equipment service base leveraged into controls, offering Tracer building automation and the Nexia platform, converting its large installed HVAC equipment base into recurring controls and service revenue.

Strategic competition in the building automation system market is increasingly defined by platform-level analytics and outcome-based pricing rather than point-count hardware sales, with high upfront retrofit capex in ageing building stock cited as a top structural headwind, as the EU building stock is around 75% energy-inefficient and deep-renovation rates run at approximately 1% per year against the 3% needed to meet 2050 standards, alongside cybersecurity exposure of connected control layers, fragmented legacy protocols and integration overhead, a shortage of skilled controls technicians projected at over 42,500 yearly HVACR openings against inadequate training throughput, and the split-incentive problem in leased commercial property.

□ What Are the Emerging Trends in the Building Automation System Market?

Several transformational trends are redefining the building automation system market's evolution through 2035:

Grid-Interactive Efficient Buildings: The U.S. Department of Energy forecasts that grid-interactive efficient building solutions might save USD 100-200 billion in cumulative power-system costs by 2040, with vendors implementing telemetry and settlement logic capturing a share of that value rather than simply enabling it.

Emerging-Market Code Enforcement: India's Energy Conservation Building Code and China's mandatory green-building standards are moving from advisory to enforced, with India alone targeting commercial floor-space additions of roughly 700 million square metres by 2030, most of it code-bound.

Operational Data as a Product: Every commissioned building generates a telemetry stream worth more than the hardware that produced it, with portfolio benchmarking, insurance risk scoring, and equipment-failure prediction emerging as saleable derivatives licensed to OEMs and insurers.

Multi-Tenant Sub-Metering and Lease Alignment: Green-lease structures that pass through measured consumption dissolve the split-incentive problem, allowing landlords deploying tenant-level metering to recover automation capex through service charges and unlocking a segment that resisted investment for two decades.

Small-Portfolio Subscription Delivery: Buildings under 50,000 square feet remain largely unautomated, and hardware-as-a-service pricing with zero upfront capex is converting this long tail into recurring revenue, with utility on-bill financing programmes in several U.S. states already providing the collection mechanism.

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□ How Is the Building Automation System Market Segmented?

The building automation system market report provides a comprehensive segmentation framework:

By Component: Hardware (45.6% share, 2025), Software (10.7% CAGR), Services (USD 21.87 billion, 2025)

By System Type: HVAC Control (36.2% share, 2025), Lighting Control (USD 17.62 billion, 2025), Security & Access Control (9.6% CAGR), Fire & Life Safety (12.4% share, 2025), Energy Management Systems (10.8% CAGR)

By Communication Technology: Wired (59.9% share, 2025), Wireless (10.72% CAGR)

By Installation Type: New-Build (52.3% share, 2025), Retrofit (10.47% CAGR)

By End User: Commercial (44.8% share, 2025), Residential (10.9% CAGR), Industrial (USD 15.06 billion, 2025), Institutional (14.2% share, 2025)

By Region: North America (32.3% share, 2025), Europe (USD 24.61 billion, 2025), Asia-Pacific (10.45% CAGR), South America (5.2% share, 2025), Middle East & Africa (11.2% CAGR)

□ What Are the Regional Insights from the Building Automation System Market?

North America is defined by existing stock rather than new construction in the building automation system market, holding 32.3% of 2025 revenue. The United States commands 79.4% of regional share as the General Services Administration alone manages roughly 360 million square feet of federal space subject to net-zero operational targets by 2045, creating a predictable multi-decade retrofit pipeline, with demand-response revenue increasingly underwriting projects that efficiency savings alone could not justify. Canada contributed USD 3.09 billion through National Building Code energy tiers, and Mexico is growing at a 9.7% CAGR through nearshoring-led industrial construction.

Europe buys controls to avoid penalties, generating USD 24.61 billion in the building automation system market in 2025. Germany commands 22.6% of regional share through GEG amendments

and heat-pump integration, the UK contributed USD 4.06 billion through MEES minimum EPC rating enforcement, France is growing at an 8.9% CAGR through its Décret Tertiaire, which requires commercial buildings above 1,000 square metres to cut final energy consumption 40% by 2030 against a reference year with mandatory annual reporting through the OPERAT platform, effectively making metering and automation the only compliance route available at scale. Italy holds 9.4% of regional share through Superbonus successor schemes, Spain contributed USD 1.72 billion through recovery-fund renovation allocations, the Nordic countries are growing at a 9.3% CAGR through district heating optimisation, Russia holds 4.1% of regional share through domestic supplier substitution, and the rest of Europe contributed USD 2.98 billion through EPBD national transposition.

Growth in Asia-Pacific is construction-driven, which changes the product mix materially within the building automation system market as the region advances at a 10.45% CAGR. China commands 37.2% of regional share through mandatory green-building standards, adding roughly 2 billion square metres of floor space annually with national standards now requiring automated control for large public buildings, a dynamic that favours regionally manufactured controllers over imported premium platforms given strong price sensitivity.

India is posting a 12.6% CAGR within the region through ECBC adoption and commercial construction, Japan contributed USD 4.24 billion through its ZEB roadmap and ageing-stock renewal, South Korea holds 9.8% of regional share through zero-energy building certification mandates, ASEAN is growing at an 11.4% CAGR through data centre and hospitality expansion, and the rest of Asia-Pacific contributed USD 2.11 billion through commercial urbanisation.

□□□ Regional & Country-Level Reports by Market Research Future:

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