Smart Cities Market Size & Share Analysis - Growth Trends and Forecast (2026 - 2031)
Industry: Data Centers & Infrastructure
URL: https://www.mordorintelligence.com/industry-reports/smart-cities-market

Smart Cities Market Size and ShareMarket Overview

Study Period	2020 - 2031
Market Size (2026)	USD 1.96 Trillion
Market Size (2031)	USD 4.06 Trillion
Growth Rate (2026 - 2031)	15.65 %
Fastest Growing Market	Africa
Largest Market	Asia Pacific
Market Concentration	Medium
Major Players	*Disclaimer: Major Players sorted in no particular order

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Smart Cities Market Analysis by Mordor IntelligenceThe smart cities market size is valued at USD 1.96 trillion in 2026 and is projected to reach USD 4.06 trillion in 2031, translating into a 15.65% CAGR over the forecast period. Growing sovereign-data policies, generous national grant programs, and escalating climate-resilience mandates are steering procurement toward interoperable, domestically hosted platforms. Asia Pacific currently anchors the largest revenue pool, yet Africa’s leapfrog deployments are generating the fastest percentage growth. Hardware spending still dominates, but a clear pivot toward subscription-based analytics is transferring value to software vendors. Meanwhile, hybrid cloud architectures are moving into the mainstream as municipalities seek both compliance and scalability.

Key Report Takeaways

* By solution, smart utilities held 28.44% revenue share in 2025 while smart public safety systems are expected to post the fastest 17.24% CAGR to 2031.
* By component, hardware captured 54.46% of the smart cities market share in 2025, whereas software platforms are forecast to advance at a 16.24% CAGR through 2031.
* By deployment model, cloud solutions controlled 66.28% of spending in 2025 and are poised to expand at a 17.86% CAGR, outpacing on-premise alternatives.
* By end-user, government accounted for 48.34% of demand in 2025, yet transportation and logistics operators represent the fastest-growing segment with a 16.16% CAGR through 2031.
* By geography, Asia Pacific generated 39.58% of smart cities market revenue in 2025, Africa is projected to record an 18.09% CAGR through 2031, the highest worldwide.

Note: Market size and forecast figures in this report are generated using Mordor Intelligence’s proprietary estimation framework, updated with the latest available data and insights as of January 2026.

Global Smart Cities Market Trends and InsightsDrivers Impact Analysis*

Driver	(~) % Impact on CAGR Forecast	Geographic Relevance	Impact Timeline
Surging Government Funding for Integrated Infrastructure	+3.2%	Global, with concentration in North America, Europe, and Asia Pacific	Medium term (2-4 year

s) |
Rising Adoption of AI and IoT Platforms | +3.8% | Global, led by Asia Pacific and North America | Short term (≤ 2 years) |
Climate-Resilience Mandates Elevating Sensor Deployments | +2.7% | Global, with emphasis on coastal cities in North America, Europe, and Asia Pacific | Long term (≥ 4 years) |
Data-Driven Urban Services Demand in Megacities | +2.9% | Asia Pacific, Middle East, and South America megacities | Medium term (2-4 years) |
Energy-Positive District Pilots Accelerating Utilities Spend | +1.9% | Europe and North America, expanding to Asia Pacific | Long term (≥ 4 years) |
Digital-Twin Adoption Shortening Municipal Procurement Cycles | +2.1% | North America and Europe, with pilot programs in Asia Pacific | Short term (≤ 2 years) |

Source: Mordor Intelligence |

Surging Government Funding for Integrated Infrastructure

Multi-modal grant programs are shifting risk from local balance sheets to national budgets. The United States ARPA-I has earmarked USD 2 billion for proof-of-concept projects that combine electric-vehicle charging, smart streetlights and storm-water sensors within shared conduit, cutting installation costs by nearly 40%.[1]United States Department of Energy, “ARPA-I Integrated Infrastructure Funding,” energy.gov The United Kingdom’s Local Digital Fund committed GBP 500 million (USD 635 million) in 2025 to standardize application programming interfaces across council services, giving residents single-portal access to parking permits and waste-collection schedules.[2]UK Government Digital Service, “Local Digital Fund,” gov.uk Japan’s Digital Agency allotted USD 1.2 billion to reinforce mid-tier cities with fiber backhaul and edge compute nodes that double as disaster-response hubs. Collectively, these programs accelerate adoption in municipalities that lack bonding authority, smoothing the near-term revenue curve for vendors across the smart cities market.

Rising Adoption of AI and IoT Platforms

Cities are moving from descriptive dashboards to prescriptive analytics that automate resource allocation. Singapore’s Smart Nation machine-learning models predicted bus crowding with 92% accuracy in 2025, trimming average commute times by 11 minutes. ITU’s Y.4000 standards, ratified in 2024, unlocked true plug-and-play interoperability, letting procurement teams swap out sensors without being locked into monolithic suites. Munich’s open-source digital twin processed 2.3 billion sensor readings to optimize snow-removal routes, slashing fuel use by 18% and saving EUR 4.2 million (USD 4.6 million) in overtime. Such examples validate the value proposition and shorten payback periods, spurring incremental demand in the smart cities market.

Climate-Resilience Mandates Elevating Sensor Deployments

Updated climate-adaptation rules are turning real-time sensing from a nice-to-have into a regulatory requirement. The European Union now obliges every city above 100,000 residents to publish live flood forecasts by 2027, a move driving mass procurement of ultrasonic level sensors and predictive hydrology models. New York City’s FloodNet expanded to 500 intersections in 2025, enabling early closure of subway entrances and cutting evacuation delays by 22%. Tokyo’s 2024 ordinance injected indoor air-quality sensors into new commercial buildings, feeding geospatial dashboards that inform traffic-restriction policies during high-ozone days. These mandates steadily lift the baseline spend on environmental monitoring within the smart cities market.

Data-Driven Urban Services Demand in Megacities

Population density exceeding 10 million residents pushes analog service models to their limits. São Paulo’s route-optimization software lowered garbage-truck mileage by 14% and saved BRL 38 million (USD 7.6 million) in fuel in 2025. The Wor

ld Bank’s Global Platform for Sustainable Cities offers concessional financing t o projects that deliver measurable cost savings inside two years, nudging admini strators to prioritize data-centric solutions. Shenzhen’s traffic-management cen ter integrates feeds from 18,000 cameras, cutting average intersection wait time s by 19% in 2025. These hard cost reductions reinforce the business case for con tinuous investment across the smart cities market.

Restraints Impact Analysis*

Restraint | (~) % Impact on CAGR Forecast | Geographic Relevance | Impact Timeli ne |
High Upfront Retrofit and Integration Costs | -2.4% | Global, particularly acute in North America and Europe legacy cities | Short term (≤ 2 years) |
Cyber-Security and Data-Privacy Concerns | -1.8% | Global, with heightened scrut iny in Europe and North America | Medium term (2-4 years) |
Municipal Debt-Ceiling Pressure Post-COVID | -1.3% | North America, Southern Eur ope, and select South American cities | Short term (≤ 2 years) |
Political Resistance to Urban Surveillance Analytics | -0.9% | North America and Europe, with localized opposition in Asia Pacific | Medium term (2-4 years) |
Source: Mordor Intelligence |
High Upfront Retrofit and Integration Costs

Legacy assets in mature cities lack spare conduit, power capacity or network bac khaul, forcing expensive civil works before sensor rollouts. The American Societ y of Civil Engineers pegged vehicle-to-infrastructure upgrades at USD 175,000-25 0,000 per intersection in 2025, roughly four times the greenfield cost. Chicago’ s smart-streetlight initiative absorbed USD 18 million in unforeseen transformer upgrades, delaying completion by 14 months.[3]City of Chicago, “Smart Streetlig ht Program Update,” chicago.gov Integration complexity further inflates budgets as municipalities translate data from decades-old SCADA systems into cloud-ready formats, often requiring bespoke middleware that adds 15-25% to licensing fees. These barriers can postpone deal closure and slow initial uptake in the smart c ities market.

Cyber-Security and Data-Privacy Concerns

High-profile breaches elevate cyber security from an IT matter to a political fl ashpoint. The 2024 ransomware attack on Dallas prompted the United States Cybers ecurity and Infrastructure Security Agency to demand air-gapped backups for all federally funded smart-city projects, raising total system costs. Under GDPR, Eu ropean cities must anonymize facial data within 90 days, pushing compute to the edge and reducing algorithm accuracy by up to 12% relative to cloud processing. Baltimore canceled its aerial-surveillance pilot in 2025 because of privacy conc erns, underlining how regulatory uncertainty can strand investments. As a result , procurement teams often favor vendors that bundle zero-trust architectures and third-party penetration testing, adding expense and lengthening sales cycles.

*Our forecasts treat driver/restraint impacts as directional, not additive. The impact forecasts reflect baseline growth, mix effects, and variable interactions .

Segment AnalysisBy Solution: Utilities Modernization Drives Near-Term Revenue Wh ile Public Safety Gains Momentum

Smart utilities represented 28.44% of total revenue in 2025, buoyed by mandates for advanced metering and automated fault isolation. The United States Departmen t of Energy’s Grid Resilience and Innovation Partnerships program alone released USD 3.5 billion to projects that demonstrate real-time voltage optimization, sl icing outage durations by up to 50%. Smart public safety solutions are set to de liver the fastest 17.24% CAGR, as municipalities deploy interconnected gunshot-d

etection microphones and AI-based crime prediction. For instance, the Los Angeles Police Department’s upgraded real-time crime center cut property-crime response times by 14% in 2025.

Multiple adjacent domains round out the portfolio. Smart mobility takes advantage of Society of Automotive Engineers V2X protocols standardized in 2024, improving traffic-signal coordination and reducing congestion. Smart buildings rely on automated HVAC and occupancy analytics that hit a typical three-year payback. Pilot smart healthcare kiosks in underserved neighborhoods demonstrate early success in trimming emergency-room backlog. Smart security applications address perimeter protection for water-treatment plants and substations, leveraging Transportation Security Administration pipeline directives to justify investment. Together these subcategories reinforce the breadth of the smart cities market.

Image © Mordor Intelligence. Reuse requires attribution under CC BY 4.0. By Component: Hardware Dominates Spending but Software Captures Value Migration

Hardware commanded 54.46% of 2025 outlays, reflecting the tangible nature of sensors, cameras and edge servers that deliver instant visibility. Bosch magnetometer parking nodes, deployed across 120 cities, cut average parking search time by eight minutes and trimmed local emissions by 2.3% in pilot zones. In contrast, software platforms are forecast to climb at a 16.24% CAGR, as municipalities pivot toward subscription fees that bundle analytics updates and security patches. Microsoft's Azure Digital Twins gave 18 cities the ability to simulate congestion-pricing zones in silico, helping avoid politically risky missteps.

Services bridge the two worlds, especially for smaller municipalities lacking deep IT benches. The Linux Foundation reports 340 municipal installations of its open-source FIWARE and CityGML frameworks as of 2025, up from 210 a year earlier, signaling confidence in community-supported stacks. The shift toward software-defined infrastructure further weakens vendor lock-in, letting cities change analytics vendors without ripping out hardware, a trend that structurally benefits the smart cities market.

By Deployment Model: Cloud Gains Share as Sovereignty Concerns Drive Hybrid Architectures

Cloud deployments captured 66.28% smart cities market share in 2025 and are expected to sustain a 17.86% CAGR to 2031. Amazon Web Services expanded GovCloud to new jurisdictions, offering physically isolated regions that satisfy data-residency requirements while preserving access to AI accelerators. Germany’s Federal Office for Information Security recommends hybrid architectures that keep personally identifiable information on municipal servers and route anonymized workloads to public clouds, achieving compliance without forfeiting elasticity.

Edge computing blurs the traditional cloud-versus-on-premise line. Verizon’s Mobile Edge Compute, live in 45 United States cities, enables autonomous-vehicle coordination with sub-20-millisecond latency. International standards such as ISO 27001 and the NIST Cybersecurity Framework now appear explicitly in request-for-proposal language, giving certified vendors a bidding advantage. These developments entrench a long-run preference for hybrid deployments inside the smart cities market.

Image © Mordor Intelligence. Reuse requires attribution under CC BY 4.0. By End-User: Government Anchors Demand While Logistics Operators Accelerate Adoption

Government and municipal departments generated 48.34% of 2025 revenue, motivated by rising service-quality expectations amid flat tax receipts. Conversely, transportation and logistics operators are projected to grow at a 16.16% CAGR through 2031. UPS integrates its ORION route-optimization with adaptive traffic signals in 80 cities, saving 10 million gallons of fuel annually and trimming delivery times by 6%.

Commercial building owners adopt demand-response systems that cut energy bills in real time, with Honeywell logging a 22% uptick in enterprise deployments during 2025. Utilities play a dual role as adopters and infrastructure hosts, renting pole space and fiber pairs to city IT departments. Duke Energy's collaboration with AT&T to mount 5G radios on distribution poles exemplifies the convergence of power and telecom assets that underpins continued smart cities market expansion.

Geography Analysis

Asia Pacific generated 39.58% of smart cities market revenue in 2025, underpinned by China's mandate to establish 500 smart cities by 2030. The Ministry of Housing and Urban-Rural Development requires every city above 1 million residents to operate an integrated command center, accelerating demand for domestic platforms offered by Huawei and Alibaba Cloud. India's Smart Cities Mission disbursed INR 480 billion (USD 5.8 billion) across 100 municipalities, showing measurable congestion reductions of 16% on pilot corridors. Japan's Society 5.0 funded 23 digital-twin pilots in 2025, including a Tokyo model that simulates earthquake evacuations in near real time.

Africa is projected to record an 18.09% CAGR through 2031, the highest worldwide. The African Development Bank's USD 2.5 billion African Urban Agenda prioritizes water-loss detection and prepaid metering. Cape Town's smart water grid plugged leaks fast enough to defer a ZAR 4.2 billion (USD 230 million) desalination plant. Kigali's city-wide IoT backbone, built with Korea Telecom, reduced lighting and waste-collection costs by 12%. These leapfrog deployments validate software-defined infrastructure in bandwidth-constrained environments, propelling the smart cities market across frontier economies.

North America benefits from federal cost-sharing programs but contends with fragmented procurement rules. Europe's focus on open-source and data sovereignty drives uptake of locally hosted clouds, underwritten by the EUR 7.5 billion (USD 8.76 billion) Digital Europe Programme. The Middle East is building showcase greenfield cities such as NEOM that embed autonomous mobility and blockchain land registries from day one. South America relies on concession models; São Paulo alone attracted USD 420 million in private capital for smart lighting in 2024. Collectively, these patterns diversify addressable revenue streams, adding resilience to the global smart cities market.

Regulatory Landscape

Smart-city procurement is increasingly shaped by interoperability, data governance, and building and infrastructure performance mandates. In the United States, H.R. 4649 (Smart Cities and Communities Act of 2025) illustrates a technology-neutral policy direction focused on protocols and standards that reduce vendor lock-in and improve cross-agency integration. In Europe, Directive (EU) 2024/1275 (Energy Performance of Buildings Directive, as updated through May 2026) tightens the compliance pull for digital building capabilities by requiring the European Commission to submit a report on the Smart Readiness Indicator (SRI) by 30 June 2026, reinforcing the link between building modernization programs and smart-city platforms.

Cities are also entering more formal multi-level governance cycles and standardization roadmaps. The European Commission communication on the 2025 Cities Agenda sets out recurring high-level political dialogues beginning in 2026, while the

Interoperable Europe rolling work on ICT standardisation for smart cities and co
mmunities and ISO/IEC JTC 4 activity support harmonized technical standards in R
FPs. Separately, UN-Habitat issued International Guidelines on People-Centred Sm
art Cities (2025), adding a widely used governance and inclusion framework that
municipalities use to support privacy-by-design, transparent analytics, and acco
untable deployment of AI and sensing in civic services.

Value Chain Analysis

The smart cities value chain begins with upstream component and equipment suppli
ers (sensors, meters, cameras, edge servers, networking, and power devices), the
n moves through connectivity providers (fixed fiber, 4G/5G, and private networks
), cloud and data-platform vendors, and software and application specialists foc
used on vertical domains such as utilities, mobility, public safety, and buildin
gs. System integrators and master planners help translate multi-vendor stacks in
to deployable city outcomes, often bundling cybersecurity, identity, data govern
ance, and managed operations into multi-year contracts. This integrator-led mode
l is reflected in programmatic awards such as the April 2026 Diriyah master plan
 engagement, where Hitachi was selected as master systems integrator for a smart
-city scope in Saudi Arabia.

Downstream buyers include municipal agencies, utilities, transport operators, an
d public-private development authorities. Procurement is increasingly organized
around outcomes (resilience, congestion reduction, loss reduction, and service d
igitization) rather than individual devices. Telcos are also moving up the chain
 from connectivity to platform and infrastructure partnerships, reflected in Jul
y 2026 collaboration announcements such as AIS and Bangkok Land to deploy 5G, fi
ber, and smart infrastructure across a large Muang Thong Thani development area
in Thailand. The services layer (design, deployment, integration, and operations
) is further reinforced by consortium and JV activity, including the July 2026 M
EIL and Analog 50:50 joint venture in India targeting physical intelligence solu
tions with a stated USD 300-500 million investment, which underscores how capita
l and execution capability concentrate around integrators and infrastructure-bui
ld partners.

Competitive Landscape

Moderate concentration defines the competitive arena. Siemens and Schneider Elec
tric monetize existing building-automation and grid-management footprints, cross
-selling smart-city modules to entrenched customers. Cisco and Huawei bundle net
working gear with traffic-management and video-analytics software, whereas hyper
scalers like Microsoft, AWS and Alibaba Cloud offer municipal-specific complianc
e tiers that shorten time-to-deployment. An IEEE patent review shows Chinese fir
ms filed 42% of smart-city patents in 2025, highlighting an innovation tilt towa
rd Asia Pacific.

White-space remains in interoperability middleware. Vendors such as Itron and Se
nsus specialize in translating legacy SCADA protocols into modern APIs, partneri
ng with equipment incumbents to win retrofit contracts. Startups including Rubic
on for waste routes and Remix for transit planning deliver verticalized solution
s that prove value inside one budget cycle, challenging monolithic suites. The s
pread of open-source frameworks like FIWARE loosens vendor lock-in, forcing incu
mbents to compete on managed services and outcome-based pricing.

Regulatory compliance is fast becoming a decisive differentiator. Vendors that d
ocument third-party ISO 27001 audits and continuous vulnerability scanning now c
lear procurement gates more smoothly. Simultaneously, sovereign-data rules motiv
ate suppliers to carve out national data centers or hybrid deployment modes, a s

ervice layer that smaller rivals struggle to replicate. The competition dynamic, therefore, revolves less around hardware innovation and more around platform breadth, compliance assurance, and service quality, reinforcing the evolving nature of the smart cities market.

Smart Cities Industry Leaders* Cisco Systems Inc.

* Siemens AG

* Huawei Technologies Co. Ltd.

* Schneider Electric SE

* International Business Machines Corporation

* *Disclaimer: Major Players sorted in no particular order

Market Opportunities and Future Outlook

AI-first city architectures built on distributed edge capacity, federated data models, and digital-twin operating layers are expanding the addressable scope beyond sensor rollouts into compute, platform software, and lifecycle operations. Municipal and developer commitments are providing demand signals for providers that can support these shifts, including Rio de Janeiro's announcement in June 2026 of a USD 550 million investment in Rio AI City AI infrastructure, with a data center complex in the Olympic Park, and Egypts Talaat Moustafa Group's April 2026 announcement of a USD 27 billion AI-powered city program (The Spine), which includes multiple edge data centers and micro-edge nodes. Together, these initiatives create near-term whitespace for providers offering sovereign-capable data platforms, edge-to-cloud security, and vertical analytics that fit public-sector procurement requirements.

Interoperability and standards-aligned procurement also open opportunities for middleware, open APIs, and compliance tooling that can simplify multi-vendor integration across utilities, mobility, buildings, and public safety. Government and multi-stakeholder roadmaps, including the Interoperable Europe rolling plan for ICT standardisation (2026) and the UK Digital Standards Strategy 2026-2030, reinforce buyer preference for portable architectures and consistent cybersecurity baselines, supporting vendors that productize integration and governance rather than relying on bespoke projects. Large-scale district and smart-zone developments also lift demand for master-planned connectivity, urban platforms, and operational service models that can be replicated across new phases and adjacent projects, such as Songdo detailed design activities initiated by the Incheon Free Economic Zone Authority in July 2026.

Recent Industry Developments* July 2026: Siemens AG signed a memorandum of understanding with Gates Developments to explore collaboration on smart infrastructure and electrical solutions for upcoming real estate projects. The engagement highlights the continued role of large electrical and automation vendors in shaping end-to-end urban infrastructure packages that combine power, building systems, and digital layers.
* October 2025: Cisco partnered with the City of Los Angeles and local nonprofits to launch a community Wi-Fi initiative across the Crenshaw Corridor using outdoor access points and wireless backhaul. The project reinforces smart-city connectivity as a foundational layer that can be co-deployed with lighting and street assets, expanding pathways for public-service digitization and sensor expansion.

* September 2024: ITU reported ongoing smart sustainable cities guidance and too lkits to help municipalities structure ICT planning and benchmarking for digital public services. These frameworks are used by cities to align projects with int eroperable architectures and measurable outcomes, influencing how vendors scope deployments and document performance.

Table of Contents for Smart Cities Industry Report1. INTRODUCTION

* 1.1 Study Assumptions and Market Definition
* 1.2 Scope of the Study
2. RESEARCH METHODOLOGY

3. EXECUTIVE SUMMARY

4. MARKET LANDSCAPE

* 4.1 Market Overview
* 4.2 Market Drivers* 4.2.1 Surging Government Funding for Integrated Infrastruc ture
* 4.2.2 Rising Adoption of AI and IoT Platforms
* 4.2.3 Climate-Resilience Mandates Elevating Sensor Deployments
* 4.2.4 Data-Driven Urban Services Demand in Megacities
* 4.2.5 Energy-Positive District Pilots Accelerating Utilities Spend
* 4.2.6 Digital-Twin Adoption Shortening Municipal Procurement Cycles

* 4.3 Market Restraints* 4.3.1 High Upfront Retrofit and Integration Costs
* 4.3.2 Cyber-Security and Data-Privacy Concerns
* 4.3.3 Municipal Debt-Ceiling Pressure Post-COVID
* 4.3.4 Political Resistance to Urban Surveillance Analytics

* 4.4 Industry Value Chain Analysis
* 4.5 Regulatory Landscape
* 4.6 Technological Outlook
* 4.7 Porter's Five Forces Analysis* 4.7.1 Bargaining Power of Suppliers
* 4.7.2 Bargaining Power of Buyers
* 4.7.3 Threat of New Entrants
* 4.7.4 Threat of Substitutes
* 4.7.5 Intensity of Competitive Rivalry

* 4.8 Impact of Macroeconomic Factors on the Market
5. MARKET SIZE AND GROWTH FORECASTS (VALUE)

* 5.1 By Solution* 5.1.1 Smart Mobility Management
* 5.1.2 Smart Public Safety
* 5.1.3 Smart Healthcare
* 5.1.4 Smart Building
* 5.1.5 Smart Utilities
* 5.1.6 Smart Security
* 5.1.7 Other Solutions

* 5.2 By Component* 5.2.1 Hardware
* 5.2.2 Software
* 5.2.3 Services

* 5.3 By Deployment Model* 5.3.1 Cloud
* 5.3.2 On-Premise

* 5.4 By End-User* 5.4.1 Government and Municipal
* 5.4.2 Residential
* 5.4.3 Commercial and Industrial

* 5.4.4 Transportation and Logistics
* 5.4.5 Utilities Providers
* 5.4.6 Other End-User

* 5.5 By Geography* 5.5.1 North America
* 5.5.1.1 United States
* 5.5.1.2 Canada
* 5.5.1.3 Mexico
* 5.5.2 South America
* 5.5.2.1 Brazil
* 5.5.2.2 Argentina
* 5.5.2.3 Rest of South America
* 5.5.3 Europe
* 5.5.3.1 Germany
* 5.5.3.2 United Kingdom
* 5.5.3.3 France
* 5.5.3.4 Italy
* 5.5.3.5 Spain
* 5.5.3.6 Russia
* 5.5.3.7 Rest of Europe
* 5.5.4 Asia Pacific
* 5.5.4.1 China
* 5.5.4.2 Japan
* 5.5.4.3 India
* 5.5.4.4 South Korea
* 5.5.4.5 Australia and New Zealand
* 5.5.4.6 Southeast Asia
* 5.5.4.7 Rest of Asia Pacific
* 5.5.5 Middle East
* 5.5.5.1 Saudi Arabia
* 5.5.5.2 United Arab Emirates
* 5.5.5.3 Turkey
* 5.5.5.4 Rest of Middle East
* 5.5.6 Africa
* 5.5.6.1 South Africa
* 5.5.6.2 Nigeria
* 5.5.6.3 Rest of Africa

6. COMPETITIVE LANDSCAPE

* 6.1 Market Concentration
* 6.2 Strategic Moves
* 6.3 Market Share Analysis
* 6.4 Company Profiles (includes Global level Overview, Market level overview, Core Segments, Financials as available, Strategic Information, Market Rank/Share for key companies, Products and Services, and Recent Developments)* 6.4.1 ABB Ltd.
* 6.4.2 Cisco Systems Inc.
* 6.4.3 Emerson Electric Co.
* 6.4.4 International Business Machines Corporation
* 6.4.5 Telefonaktiebolaget LM Ericsson
* 6.4.6 Schneider Electric SE
* 6.4.7 General Electric Company
* 6.4.8 Siemens AG
* 6.4.9 Huawei Technologies Co. Ltd.
* 6.4.10 Honeywell International Inc.
* 6.4.11 Hitachi Ltd.
* 6.4.12 Nokia Corporation
* 6.4.13 Koninklijke Philips N.V.
* 6.4.14 Microsoft Corporation
* 6.4.15 Oracle Corporation
* 6.4.16 AT&T Inc.

* 6.4.17 Intel Corporation
* 6.4.18 NEC Corporation
* 6.4.19 Robert Bosch GmbH (Bosch Security Systems)
* 6.4.20 Samsung Electronics Co. Ltd.
* 6.4.21 Panasonic Corporation
* 6.4.22 Verizon Communications Inc.
* 6.4.23 Alibaba Group Holding Ltd. (Alibaba Cloud)
* 6.4.24 Johnson Controls International plc
* 6.4.25 Thales Group

7. MARKET OPPORTUNITIES AND FUTURE OUTLOOK

* 7.1 White-Space and Unmet-Need Assessment

Research Methodology Framework and Report ScopeMarket Definition and Coverage

For this study, the smart cities market is the spending by city stakeholders on digital solutions and related services that help manage mobility, utilities, buildings, public safety, healthcare, and city operations through connected data and automation.

Scope exclusions: This sizing does not count conventional civil construction and non-digital public works unless they are directly tied to the smart solution layer being implemented.

Segmentation Overview

* By Solution* Smart Mobility Management
* Smart Public Safety
* Smart Healthcare
* Smart Building
* Smart Utilities
* Smart Security
* Other Solutions

* By Component* Hardware
* Software
* Services

* By Deployment Model* Cloud
* On-Premise

* By End-User* Government and Municipal
* Residential
* Commercial and Industrial
* Transportation and Logistics
* Utilities Providers
* Other End-User

* By Geography* North America* United States
* Canada
* Mexico

* South America* Brazil
* Argentina
* Rest of South America

* Europe* Germany
* United Kingdom
* France

* Italy
* Spain
* Russia
* Rest of Europe

* Asia Pacific* China
* Japan
* India
* South Korea
* Australia and New Zealand
* Southeast Asia
* Rest of Asia Pacific

* Middle East* Saudi Arabia
* United Arab Emirates
* Turkey
* Rest of Middle East

* Africa* South Africa
* Nigeria
* Rest of Africa

Data Sources, Market Sizing, and Validation

Desk Research

Desk work starts by organizing how cities typically fund and deploy smart programs, then mapping that to measurable demand signals. We use public sources such as United Nations urbanization data, World Bank and IMF macro indicators, and OECD city and infrastructure statistics to anchor the demand pool by region. For digital infrastructure and connectivity checks, we also refer to sources such as ITU datasets and national telecom regulators.

To translate demand into market value, we review government budget documents, procurement portals, and public tender notices. We then use standards bodies and association publications that describe common solution architectures to structure the in-scope categories. Company annual reports, investor presentations, and reputable press releases are used to understand product mix shifts and typical contract structures. When needed for consistency, we also use paid subscriptions for company financials and intelligence, patent databases, and global contracts and tenders to check timelines and price logic. These are illustrative sources, and we also relied on other public and internal references for data collection, cross-checks, and clarification.

Primary Interviews and Surveys

Primary work is used to pressure-test what desk signals cannot explain well, such as what portion of city spend is actually tied to smart layers and how projects ramp after pilots. We interview and survey solution providers, system integrators, city program stakeholders, and channel partners across major regions, so assumptions on adoption speed, recurring services, and pricing are aligned with what is being implemented.

Distribution of primary research fieldwork respondents

Company type	Respondent position	Region
Top tier: 30%	CXOs: 14%	APAC: 46%
Mid tier: 55%	Functional/Unit leaders: 41%	EMEA: 35%
Smaller Players: 15%	Managers: 45%	Americas: 19%

Market-Sizing & Forecasting

The model is built using a top-down approach where urban population growth, city infrastructure spend, and digital adoption signals are used to reconstruct the addressable pool for smart deployments by region, and then refined to the in-scope solutions. After that, we corroborate totals with selective bottom-up approximations, such as sampled contract values by use case, typical ASP ranges for hardware and software layers, and channel checks on service attachment rates, which we use to adjust outliers.

Key inputs that influence the outputs include the pace of smart mobility rollouts, penetration of smart metering and grid digitalization, the cloud versus on-premise mix, typical project life cycle (pilot to scale), and the share of services in multi-year city programs. Where detailed city-by-city data is missing, we handle gaps through proxy indicators like the count of funded programs, tender frequency, and regional budget capacity, and then validate those proxies through interviews.

Forecasts are built using scenario analysis supported by trend lines on urbanization and infrastructure digitization, followed by expert consensus on adoption timing. We keep assumptions practical by updating price erosion or ASP lift only where there is evidence from recent bids and delivered deployments, and then applying the same logic consistently across regions and solution areas.

Data Validation & Update Cycle

Outputs are checked through multiple steps so totals stay realistic and traceable. We compare modeled results against independent signals such as public smart city program pipelines, procurement intensity, and regional ICT spending direction, then review any sharp jumps before sign-off.

If interview feedback or desk indicators point to a mismatch, analysts re-contact sources and re-run the affected assumptions, especially around services mix and pricing. Reports are refreshed annually, with interim updates when material events change city funding or deployment pace. Before delivery, a final analyst pass is done so the numbers reflect the latest available data and currency assumptions.

Mordor Intelligence's Smart Cities Market Size Measured Against Other Published Estimates

Published smart city market values often vary because the market boundary is not treated the same way, and because timing choices matter when programs are funded over multiple years. Differences also show up when one estimate blends adjacent areas like traditional infrastructure capex, while another counts only the digital layer and related services.

A refresh-led gap is common because currency conversion timing, multi-year contract recognition, and ASP changes for software and services can shift the headline number even if underlying adoption is similar. By re-checking recent tender pricing, service attachment rates, and the exchange-rate window used in the model during refresh cycles, Mordor Intelligence keeps the estimate closer to what cities and suppliers are currently contracting and delivering.

Benchmark comparison

Source | Market Size | Gaps in Research Methodology |
Mordor Intelligence | USD 1.96 T (2026) | |
Global Consultancy A | USD 1.04 T (2025) | Uses a different base year and leans on a faster near-term ramp, which can compress services recognition and shift currency effects into an earlier year, thereby lowering the 2025 point estimate versus a 2026-start view. |
Industry Analyst B | USD 0.33 T (2024) | Appears to focus on a narrower demand pool and a shorter forecast window, where only selected smart city application ar

eas are counted and the broader solution stack and multi-year services are less consistently included. |
Looking across the three figures, most of the spread comes from year alignment and what is counted as smart city value versus adjacent infrastructure spend. When the same core demand signals are restated on a consistent year and scope, the market picture becomes easier to compare across regions and to track over time with repeatable inputs.

Key Questions Answered in the ReportHow large is the smart cities market in monetary terms? The smart cities market size stands at USD 1.96 trillion in 2026 and is forecast to reach USD 4.06 trillion by 2031.

Which solution area generates the most revenue for cities today? Smart utilities currently lead, holding 28.44% of total revenue due to advanced metering and grid-modernization mandates.

Which segment is expanding the fastest through 2031? Smart public safety platforms are projected to grow at a 17.24% CAGR as municipalities adopt AI-enabled video analytics and gunshot detection.

Why is cloud deployment gaining share in municipal projects? Cloud services combine compliance-ready data residency with scalable AI toolkits, driving a 17.86% CAGR while meeting sovereignty mandates.

Which region is expected to see the quickest growth? Africa is set to post an 18.09% CAGR through 2031 as cities leapfrog legacy infrastructure and deploy 5G-anchored broadband and solar-powered sensors.

How are suppliers differentiating themselves amid rising competition? Vendors now compete on compliance certifications, open-API interoperability and managed service guarantees rather than hardware alone.

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