Warehouse automation market to return to growth in 2024

- Following a slowdown in revenues in 2023, the global warehouse automation market will experience some growth in 2024 and return to high growth in 2025.
- Brownfield sites and upstream vertical markets are driving the market for warehouse automation.
- Interest rates are having a significant impact on vendor’s investment decisions for warehouse automation.

London, 27th November 2023 – According to the latest research by market intelligence firm Interact Analysis, warehouse automation order intake will begin to grow again in 2024 after the market suffered a tough 2023, albeit at a low rate. From 2025 onwards, revenues are expected to return to double digit growth.

Warehouse automation revenues will increase in 2024 and return to high growth rates from 2025 onwards.

As a result of the pandemic and record low level interest rates in 2019/2020, we saw a significant increase in e-commerce orders which led to an uptick in warehouse construction and therefore, an increase in warehouse automation sales. However, now that e-commerce sales have slowed down and interest rates have gone up, the market has seen a decline in warehouse construction which has led to a corresponding slowdown in warehouse automation investments. Order intake for fixed automation will have contracted by around -8% in 2023, but order intake for mobile automation is expected to grow by 38% over the year, providing a buffer against the overall market decline.

The slowdown is being felt most in vertical markets with high exposure to e-commerce such as general merchandise, grocery, and apparel. These are often referred to as downstream verticals because they are downstream in the supply chain and closer to the consumer. On the other hand, upstream verticals like durable manufacturing have performed relatively well, driven by the trend towards near-shoring and the resulting construction of factories in the US and Europe. The durable manufacturing sector in fact is expected to have been the fastest growing vertical market for warehouse automation in 2023 with a revenue growth of 6%.
Rueben Scriven, Research Manager at Interact Analysis, comments, “The rise and fall of warehouse construction has led to a corresponding increase and decrease of end-to-end warehouse automation solutions. Greenfield sites are well suited for large and complex end-to-end solutions, while brownfield sites are better suited to smaller point solutions that automate particular workflows, such as mobile robots. Because the share of brownfield sites has now increased, the share of point solutions (relative to end-to-end solutions) has also increased. Therefore, automation vendors that can provide solutions for brownfield sites and distribution center automation projects will fare well in the short term.

“Overall, our projections for 2024 are more pessimistic compared with our previous forecast release. We expect interest rates to remain high next year which will dampen warehouse construction, although we expect a return to double digit order intake growth in 2025”

About the Report:

The 5th edition of our Warehouse Automation report guarantees to provide the most comprehensive and detailed analysis of the market. To produce the report, we’ve spent months conducting more than 100 in-depth research interviews and analyzed more than 120 companies, looking specifically at their past, present, and future investments in warehouse automation.

Available as a Standard and Premium version.

The premium version contains a mid-year update to adjust forecasts made in the standard version, six months after initial release. It also contains access to product news and financial databases to reduce efforts spent by internal marketing teams in collecting this data themselves. Also included is a Warehouse Automation Services Excel which breaks out the after-sale services and provides forecasts into the different services.

About Interact Analysis

With over 200 years of combined experience, Interact Analysis is the market intelligence authority for global supply chain automation. Our research covers the entire automation value chain – from the technology used to automate factory production, through inventory storage and distribution channels, to the transportation of the finished goods. The world’s leading companies trust us to surface robust insights and opportunities for technology-driven growth. To learn more, visit www.InteractAnalysis.com