

## **Europe Hvac Equipment Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 165 pages | Mordor Intelligence

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### **Report description:**

The Europe HVAC Equipment Market was valued at USD 24.86 billion in 2021 and is expected to reach USD 35.58 billion by 2027, registering a CAGR of 6.28 % during the forecast period (2022-2027). In residential, industrial, or commercial building spaces, heating or cooling is implemented by heating, ventilation, and air conditioning (HVAC) equipment. It also provides fresh outdoor air to eliminate inner airborne contaminants, such as VOCs and odors emitted from interior fittings or various cleaning chemicals. Major factors driving the market for Europe HVAC equipment include an increase in new households, rising average construction spending, rising government spending on sustainable building development, rapid urbanization, and growth in disposable income across several European economies.

### **Key Highlights**

Government regulations regarding energy efficiency and the use of eco-friendly refrigerants are expected to increase the need for HVAC equipment in the European regions, particularly in the United Kingdom, Germany, and France. In Germany, the government is actively promoting the fast development and integration of renewable and efficient heating and cooling technologies through new laws and attractive incentives. This promotion has led to a significant market shift in Germany, with the heating and cooling industry growing partly due to this. The number of renewables and efficient technologies (such as CHP, solar thermal, heat pumps, condensing heating boilers, and pellet heating systems) has grown enormously.

Moreover, the government's measures to create a climate-neutral building stock by 2050 are insufficient; the country's German Housing Association (GdW) and the CDU Economic Council are looking to shift to decentral heating. Such developments are expected to impact the heating equipment market over the coming years severely.

Europe is significantly adopting Global Warming Potential (GWP) and natural refrigerants in air conditioning and heat pump systems compared to the other regions. Under the European F-gas Regulation, the amount of HFC (hydrofluorocarbon) placed annually on the EU market is capped. The HFC quota is then progressively reduced. As part of this, the period 2018 - 2021

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represents a critical phase in this progress. The F-gas Regulation needs a substantial cut in the usage of HFCs between 2015 and 2030 to mitigate climate change. This has caused a significant price rise in HFC refrigerants in the last few years. The second wave of COVID-19 has also impacted the supply chain of HVAC equipment. Due to such supply shortages, the price for HVAC saw a spike in 2021 as the raw material cost to build HVAC equipment like steel, plastic, and aluminum has also increased. The market also faced shortages in semiconductor supplies due to huge demand from other industries such as smartphone, Electron Vehicle manufacturers. The industry is highly controlled by regional distributors and component suppliers. The raw materials required for the manufacturing of HVAC equipment are electronics, plastics, and compressors, among others. Honeywell provides AC compressors. The dependence on suppliers for enhanced HVAC equipment increases their bargaining power, as well as the production cost of the product. Therefore, the switching cost of these suppliers to other companies is also high, and thus, this adds up to the competition in the market.

## Europe HVAC Equipment Market Trends

### Residential Segment to Hold a Significant Market Share

The increase in construction projects in different regions will create opportunities for the studied market to grow. For example, De Zalmhaven, also known as Zalmhaven Toren, is a project in Rotterdam, Netherlands, that includes a 215-meter residential tower. The tallest of the project's three towers, Zalmhaven I, will be the tallest residential skyscraper in BENELUX after construction on the plan is finished in 2022. As the entire structure, up to the fourth level, is entirely prefabricated, the tower will also hold the distinction of being one of the most prefabricated buildings in the world. A creative energy system is also being implemented by BAM Construction UK, a renowned provider of construction and property services, to make the skyscraper more sustainable. The region's residential construction has seen a boost despite the impact of COVID-19. Some of the largest multi-family housing construction projects initiated in Europe during Q3 2021 are ZAC Campus Grand Prac Mixed-Use Development (USD 7,000 million worth project), Milanosesto Mixed-Use Complex (USD 6,829 million worth project), Camden Goods Yard Mixed-Use Community (USD 841 million worth project), Viaduct Mixed-Use Community (USD 333 million worth project) and Sackville Road Residential Community (USD 332 million worth project). Thus, such developments in the residential sector are expected to boost the requirements for HVAC equipment studied in the market.

The demand for a coherent set of legislative measures and incentives from European policymakers is growing on all fronts. The HVAC market in Europe is also subject to various rules and regulations levied by the government. For instance, in 2021, there are three major pieces of HVAC legislation undergoing significant revisions and updates. These changes would directly impact the whole HVAC industry. The three regulations are European Commission Regulation (EU) 2016/2281, the 2021 International Energy Conservation Code, and the European 'Right to Repair'. Similarly, in February 2022, the European heating market aggregated to phase out fossil gas, a joint decision undertaken by NGOs and industry. A legislative commitment to green heat would provide certainty for manufacturers, and it would ensure that all European consumers can access the benefits of switching from fossil to renewable heating.

### France Holds Significant Share of the Market

In April 2022, the use of outdoor cooling and heating equipment on the terraces of cafes, bars, and restaurants or any outdoor public space was banned in France. The use of this type of equipment has become increasingly popular amongst commercial establishments in France. A decree in implementing the new law, resulting from a proposal of the French Citizen's Climate Convention aimed at reducing energy

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consumption, now bans the use on public property of heating or air conditioning systems that consume energy and operate outdoors.

However, the companies have been investing in the French market to expand their presence and capture new and expanding customer bases in France.

In August 2021, Daikin France delivered the first HVAC system in France under its Loop (L?P) circular program to reclaim and reuse recovered refrigerants.

Daikin France is committed to the reduction of energy and water consumption as part of a continuous improvement process, supported by a sustainable development team comprising internal and external auditors.

In line with the changing regulations in the region, the companies have been launching new and innovative products in the market.

For instance, in February 2022, a new core for a heat pumps new system was developed by Cedric Francois in France. The new heat pump system would use sound waves to provide heating services for homes in France.

The new heat pump system would be replacing the compressor with a small unit with a patented sound generator at its core. The sound generator would be generating noise in the 100Hz to 150Hz range. Such new and innovative products are expected to drive the demand growth for HVAC products in the region.

## Europe HVAC Equipment Market Competitor Analysis

The Europe HVAC Equipment Market is competitive as it is home to prominent vendors that command a prominent share of the market in different segments along with access to well-established distribution networks. With the advent of smart solutions, it is expected to become another strategic competitive point in the market. The smart building technology incorporation across commercial and industrial sectors is expected to drive connected HVAC systems in Europe and increase the competitive rivalry among the vendors in the market.

May 2022 - Johnson Controls-Hitachi has introduced a new Wall Mount indoor mini-split unit as the latest addition to its PRIMARY P300 line of high-efficiency, single-zone commercial mini-split systems. This ductless heating and cooling system are developed to address the particular requirements of small to medium-sized spaces, such as retail establishments, dining establishments, and educational facilities. The new Wall Mount unit is small and light, and the entire series of Hitachi PRIMARY mini-split systems have several mounting possibilities, making installation for contractors easier. Long pipe adds to the layout freedom, and a large capacity range ensures a system that is precisely the right size for any application.

August 2021 - The only room air conditioner models to receive Germany's stringent "Blue Angel" ecolabel are small propane (R290) split air conditioners made by Chinese appliance player Midea. . The Blue Angel certification, which was founded in 1978, is the oldest ecolabel in the world. It is owned by the German Federal Ministry for the Environment and administered by the Federal Environmental Agency (UBA). About 12,000 products carry the label, which applies to 120 different product classes.

### Additional Benefits:

The market estimate (ME) sheet in Excel format  
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### Table of Contents:

#### 1 INTRODUCTION

##### 1.1 Study Assumptions and Market Definition

##### 1.2 Scope of the Study

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## 2 RESEARCH METHODOLOGY

## 3 EXECUTIVE SUMMARY

## 4 MARKET INSIGHTS

- 4.1 Market Overview
- 4.2 Industry Attractiveness - Porter's Five Forces Analysis
  - 4.2.1 Bargaining Power of Suppliers
  - 4.2.2 Bargaining Power of Buyers
  - 4.2.3 Threat of New Entrants
  - 4.2.4 Threat of Substitute Products
  - 4.2.5 Intensity of Competitive Rivalry
- 4.3 Assessment of the Impact of COVID-19 on the Industry

## 5 MARKET DYNAMICS

- 5.1 Market Drivers
  - 5.1.1 Replacement of Existing Equipment with Better Performing Ones
  - 5.1.2 Supportive Government Regulations Including Incentives for Saving Energy Through Tax Credit Programs
- 5.2 Market Restraint (Impact of Ongoing War on Supply Chain and Raw Material)
  - 5.2.1 Dependence on Macro-economic Conditions
  - 5.2.2 Growing Competition to Limit Margins
- 5.3 Market Opportunities
  - 5.3.1 Emergence of IoT and Product Innovations to Aid Replacements

## 6 MARKET SEGMENTATION

- 6.1 Equipment
  - 6.1.1 Air Conditioning/Ventilation Equipment
    - 6.1.1.1 Type
      - 6.1.1.1.1 Single Splits/Multi-Splits
      - 6.1.1.1.2 VRF
      - 6.1.1.1.3 Air Handling Units
      - 6.1.1.1.4 Chillers
      - 6.1.1.1.5 Fans Coils
      - 6.1.1.1.6 Indoor Packaged And Roof Tops
      - 6.1.1.1.7 Other Types
    - 6.1.2 Heating Equipment
      - 6.1.2.1 Type
        - 6.1.2.1.1 Boilers/Radiators/Furnance & Other Heaters
        - 6.1.2.1.2 Heat Pumps
  - 6.2 End-User
    - 6.2.1 Residential
    - 6.2.2 Commercial
    - 6.2.3 Industrial
  - 6.3 Country
    - 6.3.1 United Kingdom
    - 6.3.2 Italy

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- 6.3.3 Germany
- 6.3.4 France
- 6.3.5 Spain
- 6.3.6 Eastern Europe
- 6.3.7 Benelux
- 6.3.8 Nordics
- 6.3.9 Russia
- 6.3.10 Turkey
- 6.3.11 Rest of Europe

## 7 COMPETITIVE LANDSCAPE

- 7.1 Company Profiles
  - 7.1.1 Daikin Industries, Ltd.
  - 7.1.2 ROBERT Bosch GmbH
  - 7.1.3 Mitsubishi Electric Europe B.V
  - 7.1.4 Danfoss A/S
  - 7.1.5 Valliant Group
  - 7.1.6 Carrier Global Corporation
  - 7.1.7 Alfa Laval AB
  - 7.1.8 Lennox International Inc
  - 7.1.9 Ariston Thermo SpA
  - 7.1.10 BDR Thermea Group

## 8 INVESTMENT ANALYSIS

## 9 FUTURE OF THE MARKET

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