

Canada Heating, Ventilation, and Air Conditioning (Hvac) Equipment Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Canadian HVAC equipment market is expected to register a CAGR of 3.56% over the forecast period. Heating, ventilation, and air conditioning (HVAC) equipment refers to the different systems used for circulating air between indoor and outdoor areas and heating and cooling in residential and commercial buildings. These systems also filter and clean indoor air and maintain humidity at optimal levels.

Key Highlights

The market sizing encompasses the number of units sold for the different types of heating, air conditioning, and ventilation systems across the residential and commercial sectors in Canada. The study also tracks the key market parameters, underlying growth influencers, and major vendors operating in the industry, which supports the market estimations and growth rates over the forecast period.

In terms of heating equipment, though most Canadian households use forced-air heating systems to warm their homes, the demand for heat pumps, which are more energy-efficient than air furnaces, is expected to rise significantly in the coming years. This is driven by favorable government initiatives which promote the adoption of heat pumps. Additionally, ventilation equipment, such as air handling units, are also becoming popular as air pollution levels grow and people become more conscious of the necessity of maintaining a healthy and safe atmosphere.

Manufacturers are facing many efficiency requirements and changes to refrigerants that are primarily driven by the U.S. Dept. of Energy (DOE), which in turn has a significant impact on the market in Canada. New DOE energy efficiency standards for 2023 are expected to impact all rooftop units sold in Canada significantly.

The filters, coils, fins, etc., of an HVAC system, such as an air conditioner, require regular maintenance for the unit to function effectively and efficiently throughout its years of service. Neglecting necessary maintenance results in a steady decline in air conditioning performance and a significant increase in energy use.

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Amid the COVID-19 pandemic, labor shortages across HVAC manufacturing sectors delayed the production of HVAC equipment. In addition, the continuous lockdowns resulted in the shutdown of many factories, scaling back production. However, the pandemic highlighted the importance of ventilation, which is a significant factor driving the demand for HVAC systems in the region. Several studies suggested that COVID-19 transmission was particularly effective in crowded, confined indoor spaces such as workplaces (offices, factories), and other indoor settings, such as churches, restaurants, shopping centers, and vehicles. Investments in upgrading HVAC systems to ensure safety of people contributed to the growth of the market studied.

Canada HVAC Equipment Market Trends

Surge in Construction Activities Driving the Market

The construction sector is vital in driving the demand for HVAC systems in Canada. With the increase in the construction of commercial and residential buildings, the demand for HVAC equipment and services has been rising consistently in the region. According to Statistics Canada, investments in building construction had a record year in 2021, jumping 19.3% to reach USD 218.2 billion. Investment in residential construction was up by 28.4%, reaching USD 162.0 billion, with single-unit investment accounting for more than half of the gain. Similarly, Canada Mortgage and Housing Corporation reported a 20% increase in construction starting in 2020.

The construction of some large commercial buildings has recently started in the region. For instance, in November 2021, the construction of a major expansion of Electronic Arts' Burnaby campus was initiated. The project includes a 180,000 sq ft, three-story building and a 120,000 sq ft, three-story building, which add a combined total of 300,000 sq ft of Class A office space. With the rise in climate change awareness, builders and regulators alike in the region are seeking to reduce the carbon footprint of commercial and industrial construction. Construction guidelines such as Net Zero have established a standard for sustainable building practices. Heavy government subsidies also make it more affordable to meet the higher upfront costs sometimes associated with green construction.

Additionally, many government initiatives in the region support infrastructure development across the country, aiding market growth. For instance, through the Investing in Canada Plan launched in 2016, the Government is investing over USD 180 billion over 12 years in infrastructure projects across Canada. 21 federal departments and agencies are making these investments. According to the November 2021 update on implementation progress and funding under the plan, 74,812 projects were approved, representing over USD 101 billion in federal funding.

Residential Segment Holds Major Market Share

HVAC systems have emerged as a necessity in most Canadian homes, given the variable climate and harsh winters. Many places in Canada face extreme heat events or heat waves, which involve high temperatures and high humidity. In 2021, 595 deaths were reported in British Columbia due to one of Canadian history's most extended and hottest heat waves. Consequently, most households in Canada have an air conditioner.

Central air conditioning is Canadians' most common way to cool residences. In recent years, as per a survey conducted by Statistics Canada, sales of electrical, plumbing, heating, and air-conditioning equipment and supplies to wholesalers amounted to approximately CAD 38.86 billion (USD 29.12 billion) in 2021, and it stated that around three in five Canadian households own an air conditioner; among these households, 42% reported owning a central air conditioner, 17% a stand-alone, and 3% another type of air conditioner. Also, according to the Heating, Refrigeration, and Air Conditioning Institute of Canada (HRAI), the first quarter of 2021 posted the most significant increase in residential air conditioning year-to-date, up by 135%.

Central air conditioning consists of a large compressor and a series of ducts. Vents are in each room, a single unit system cooling

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the entire home. Many homes in Canada, especially those heated with a furnace, will already have built-in ductwork. Mini-split systems are also gaining popularity in Canadian homes heated by ductless systems-hot water, electric heat, or radiant panels. They are also an excellent option to heat and cool homes when there is no room for ductwork, additions, garages, etc. Also, according to A-Plus Air, around 65% of Canadian homes are warmed by forced-air furnaces, most of which are powered by natural gas, and others use propane or oil. Furnace-based heating systems are popular because they can heat a room quickly. With some modifications, a forced-air furnace can even be roped into function as an air filter, fresh-air ventilator, or humidifier. Another benefit is that the same duct systems can be deployed for air-conditioning during warmer summer months. Heat pumps have also emerged as a preferred choice in various applications and for the region's new homes and retrofits of existing heating and cooling systems. Heat pumps are also stated to be more energy efficient than furnaces and boilers.

Canada HVAC Equipment Market Competitor Analysis

The Canadian heating, ventilation, and air conditioning equipment market is highly fragmented, with the presence of key players in the market like Daikin Industries Ltd, LG Electronics Inc., Nortek Air Solutions Llc, Rheem Manufacturing Company Inc., and Trane Technologies PLC, among others. Players in the market are adopting strategies such as partnerships and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

In September 2022, Trane Technologies, one of the global climate innovators, announced innovations to expand its electrified heating and cooling portfolio and upgrade two well-known series of rooftop units to improve energy efficiency, building connectivity, and control. Trane introduced the new Thermafit Air-to-Water Modular Heat Pump Model AXM that offers flexible, all-electric heating and cooling. It also introduced updates to its Voyager 3 and IntelliPak 2 rooftop units to improve indoor comfort and air quality in warehouses and large facilities.

In June 2022, Carrier Corporation introduced the redesigned Performance series 17 two-stage air conditioner and the Performance series 17 two-stage heat pump. These comply with the upcoming 2023 Department of Energy (DOE) minimum efficiency requirements.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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