

## **Automotive HVAC - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029**

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### **Report description:**

The Automotive HVAC Market size is estimated at USD 64.95 billion in 2024, and is expected to reach USD 88.82 billion by 2029, growing at a CAGR of 6.46% during the forecast period (2024-2029).

The automotive goods and supply chain market were drastically impacted by COVID-19. The automotive HVAC system market was affected due to the outbreak of the pandemic. The decline in passenger car and commercial vehicle sales in 2020 and the temporary shutdown of vehicle and component production facilities were primarily attributed to the stringent lockdown measures prevailed by regional governments.

The regional markets were exposed to several challenges in terms of supply chain and raw material sources which got highlighted during the same period. Although 2021 has marked itself as the year of transition where the auto sector revamped its production units, and with the decline in the cases, production facilities are back in operation, and vehicle sales have increased across major geographies creating a positive outlook for the HVAC component manufacturing and sales.

Over the long term, a rise in demand for thermal comfort and an increase in safety due to the adoption of HVAC systems are expected to boost the growth of the automotive HVAC market. A reduction in system size and weight of the system may support the growth of the market over the coming years. The integration of electronics, sensors, and automated climate control features at a lesser cost is translating into greater adoption of HVAC units in passenger vehicles. Rising vehicle electrification is likely to increase the integration of advanced comfort and safety features in vehicles.

Technological innovations and substantial investments in R&D initiatives are poised to enhance players' offerings and technological capabilities. Furthermore, the adoption of eco-friendly refrigerants and the production of cheaper HVAC systems

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provide lucrative growth opportunities for the players operating in the automotive HVAC market. Major players are introducing advanced HVAC system in vehicle which help to fight against fine particulates in vehicle cabin.

The Asia-Pacific region is expected to be the largest segment in the automotive HVAC market owing to the large vehicle production levels in countries such as China, India, and Japan. North America is forecasted to create new growth prospects for the manufacturers in the coming years. The European market is showing slow but steady growth and is expected to reach pre-meltdown levels over the period of the next five years.

#### Automotive HVAC Market Trends

##### Passenger Car to Provide Longer Term Momentum

Passenger car sales have deeply driven the market of HVAC across all car models. In 2021, global car sales were around 66.7 Million, which in 2020 were 63.8 Million. The global pandemic impacted economic activities all around the world including car sales across the globe, and strict lockdowns were enforced in several countries to contain the spread of the virus. Owing to this the number of cars sold in 2020 was 14.8% lower when compared to 2019. But with life returning to normalcy, the number of cars sold globally has increased which will aid the automotive steering sensor market growth in the forecast period. Owing to these vehicle sales, the present offering by OEM carries advanced HVAC and climate control systems integrated into their offered models. For instance:

- In October 2022, Polestar introduced its 3 electric SUV models in the global market. The SUV is equipped with an advanced climate control system to provide passenger comfort during long-duration journeys.

The augmenting research and developments in the automotive sector across the world are set to enhance the technological capabilities of the market players. These market players are introducing advanced technologies in automotive HVAC to develop new products that impart a competitive edge in the market. The competitors in the market are developing eco-friendly products to fall in line with the stringent government regulations regarding emissions. Energy efficacy is the other parameter driving growth in HVAC systems. Manufacturers are increasingly using green technologies to develop eco-friendly and energy-efficient automotive HVAC systems. For Instance,

- In November 2021, Marelli Corporation has developed an Indoor Air Quality (IAQ) Purification System, which kills bacteria and viruses in vehicles and indoor environments. The system utilizes UV-A and UV-C light combined with a titanium dioxide (TiO<sub>2</sub>) filter to destroy airborne bacteria and viruses, including COVID-19, with greater than 99% effectiveness within 15 minutes.

Market players are involved in mergers and acquisitions to expand their market presence. For instance, Denso collaborated with Toyota to develop Prius, a hybrid technology promoting safety, fuel efficiency, and green technology in vehicles. Furthermore, growing concerns about global warming have slightly impacted the automotive HVAC market. Consequently, many nations worldwide have started taking measures to reduce their carbon footprints which might reduce the HVAC demand in the segment.

##### High Growth Anticipated in the Asia-Pacific Region

The Asia-Pacific market is probably going to observe huge development attributable to the nearness of key automotive makers, vast scale generation of vehicles, and spiraling vehicle requests in the manufacturing countries, like India, South Korea, and

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China. Government activities to restore the automotive business are required to drive the market during the forthcoming year. For example, the Government of India is encouraging foreign investments through programmed courses in the automotive area to bring new innovations to market.

In April 2022, Chinese passenger car production reached 996,000 units with sales registering 965,000 units. This accounts the downfall of 41.9% and 43.4% respectively in production and sales compared to previous year. In 2022, January to April, passenger car production also decreased with 2.6% year-on-year registering 6,494 million units.

China is one of the largest markets and contributes significantly to the demand for these automotive HVAC systems. The increasing demand for passenger vehicles from India, China, and their other counterparts in the Asia-Pacific region is a result of the growing preferences of people for comfort and safety. These factors are expected to contribute to the market growth in the region. Consumers are aligning toward high-specification vehicles that offer par comfort features. In addition, there is an upsurge in vehicle production by foreign companies in countries, including Thailand and Malaysia.

According to the China Automobile Dealers Association (CADA), the luxury car dealers in the country sold 278,000 vehicles in August 2021, an 9.4% decrease year-on-year. In addition, Ilion units. In 2021, BMW backed up China's premium segment car sales registering 815, 691 units. This made BMW to become China's top selling luxury car maker. On similar lines Mercedes Benz and Audi witnessed decline in their premium car sales.

Considering these factors and ongoing demand, market is anticipated to witness high growth rate during the forecast period.

#### Automotive HVAC Industry Overview

The automotive HVAC market is consolidated, with the top global players accounting for most of the market share. The major companies in the air-conditioning market include MAHLE GmbH, DENSO Corporation, Mitsubishi Heavy Industries Ltd, and Hanon Systems. Mergers and acquisitions, partnerships with regional HVAC equipment manufacturers, and establishing and ensuring tie-ups with car manufacturers are some of the dynamics shaping the market's competitive landscape. For instance:

- In November 2021, Hanon System inaugurated its two new establishments in Hungary - a new greenfield production facility in Pecs and a building expansion in Retsag. The facility provides 22,464 square meters of manufacturing space and accommodates equipment including forming, brazing, welding and bending, assembly lines and testing for automotive air conditioning (A/C) lines.

- In August 2021, Valeo announced New Valeo heat pump that procures two-thirds of its energy demand from the ambient air, thereby limiting the need to draw energy from the onboard batteries, and uses a natural refrigerant. EVs equipped with the device can travel up to 30% further at -15°C than those fitted with more conventional heating systems.

- In February 2021, Highly Marelli Holdings Co., Ltd., a previously announced joint venture between Highly International (Hong Kong) Limited and Marelli Corporation K.K., has been formed. Highly Marelli will concentrate on providing world-class solutions for clients and suppliers in the areas of compressor electrification, heat pump systems, heating, ventilation, and air conditioning ("HVAC") and electric driven compressor ("EDC") systems.

#### Additional Benefits:

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

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