Australia Air Conditioners Market By End Use (Commercial, Residential), By Region, By Competition, Forecast & Opportunities, 2019-2029F

Market Report | 2024-11-25 | 84 pages | TechSci Research

AVAILABLE LICENSES:

- Single User License $3500.00
- Multi-User License $4500.00
- Custom Research License $7000.00

Report description:

Australia Air Conditioners Market was valued at USD 2,482.56 Million in 2023 and is expected to reach USD 3,542.22 Million by 2029 with a CAGR of 6.1% during the forecast period. The increasing number of residential and commercial projects is a major factor driving the expansion of the Australia Air Conditioners Market. Despite the persistent challenges caused by the COVID-19 pandemic, the nation's construction industry is growing rapidly. According to the Australian Bureau of Statistics (ABS), the number of dwellings approved in May 2024 rose by 5.5% from April 2024, which had a 1.9% increase. This marked the largest jump in building permits in seven months. The surge was driven by a 16.3% rise in private sector dwellings, excluding houses, and a 2.1% increase in private sector houses. This growth was observed across nearly all states and territories, with the exception of the Australian Capital Territory and Northern Territory.

Queensland's state-owned power grid has remotely reduced the operation of nearly 170,000 air conditioners on six occasions to safeguard the electricity network within two months. Energex and Ergon use PeakSmart meters to manage these air conditioners through power lines, typically offering a cash rebate of up to USD 400 in exchange for participation. The purpose of these meters is to alleviate stress on the power grid during peak periods, often on particularly hot days.

Key Market Drivers

Climate Change and Rising Temperatures

Australia's climate is characterized by its extreme variability, with many regions experiencing high temperatures, particularly during summer. Climate change has exacerbated this trend, leading to more frequent and intense heatwaves. The increasing frequency of extreme weather events, such as prolonged heatwaves, drives up the demand for air conditioning systems. These systems are essential for maintaining indoor comfort and health, especially during the hottest periods of the year.

Darwin, the capital city of Australia's Northern Territory, experiences extreme heat and humidity. Many of its 150,000 residents escape the tropical conditions by using air conditioning in their homes, offices, and cars. However, research from the Australian National University (ANU) indicates that air conditioning, often set to 21 degrees Celsius, may actually increase vulnerability to heat-related deaths. Heatwaves are the deadliest natural hazard in Australia, causing more fatalities than bushfires, floods, and storms combined. According to ANU, "climate change is heightening heat-associated mortality, especially in the hotter regions of

the world."

Higher temperatures also lead to a greater need for cooling solutions not just in residential areas but also in commercial and industrial settings. For instance, businesses and public spaces such as shopping centers, offices, and hospitals require efficient air conditioning to ensure the well-being of their occupants and to maintain operational efficiency. This growing demand creates a robust market for air conditioning systems and drives technological innovation within the sector.

Urbanization and Population Growth

Australia has been experiencing significant urbanization and population growth, particularly in its major cities like Sydney, Melbourne, and Brisbane. As more people move into urban areas, the demand for housing and commercial spaces increases. New residential developments, commercial buildings, and infrastructure projects often require modern air conditioning systems to ensure comfort and compliance with building standards.

Urban areas, which tend to have higher temperatures due to the urban heat island effect, further amplify the need for air conditioning. The concentration of buildings and infrastructure in these areas leads to higher ambient temperatures, making air conditioning a necessity for comfort and productivity. Additionally, as urban populations grow, so does the need for retrofitting older buildings with updated air conditioning systems to meet contemporary comfort and efficiency standards.

Technological Advancements and Energy Efficiency

Technological advancements in air conditioning systems have significantly impacted the Australia market. Modern air conditioners are increasingly energy-efficient, incorporating innovations such as inverter technology, smart thermostats, and improved refrigerants. These advancements not only enhance cooling performance but also reduce energy consumption and operating costs.

Energy efficiency has become a critical factor due to rising energy costs and growing environmental awareness. Australian consumers and businesses are more inclined to invest in air conditioning systems that offer long-term savings and reduced environmental impact. Government regulations and incentives aimed at promoting energy efficiency and reducing greenhouse gas emissions further drive the adoption of advanced air conditioning technologies. As manufacturers continue to innovate, the market is expected to see ongoing growth and diversification in product offerings.

Government Regulations and Incentives

Government policies and regulations play a significant role in shaping the Australia air conditioner market. Regulations related to energy efficiency, environmental standards, and building codes influence both the production and adoption of air conditioning systems. For example, standards set by the Australian government require that new air conditioning units meet specific energy efficiency criteria.

Additionally, various incentives and rebates are offered to encourage the installation of energy-efficient systems and the use of renewable energy sources. Programs aimed at reducing the carbon footprint of residential and commercial properties contribute to the demand for advanced air conditioning solutions. These policies not only foster market growth but also drive the development and adoption of sustainable technologies within the air conditioning industry.

States and territories across Australia are working to establish minimum standards for rental properties, including mandatory heating and cooling. Recent amendments to tenancy laws aim to ensure that landlords provide habitable living conditions, with most regulations focusing on essential amenities such as hot and cold running water. However, some regions are setting higher standards. Victoria, for instance, has advanced its requirements to include both heating and cooling. The state mandates that all rental properties must have a fixed heater in the main living area that meets energy efficiency standards. Additionally, consultations are ongoing to introduce new regulations that would require a fixed cooling unit and improve energy and water efficiency standards. The proposed Residential Tenancies and Residential Regulations 2024 will set minimum standards for ceiling insulation, draught-proofing, hot water systems, and cooling, while also enhancing existing heating standards for all rental properties. These regulations are anticipated to be finalized by October 2024.

Key Market Challenges

High Energy Consumption and Costs

Air conditioning systems are notorious for their high energy consumption, which can significantly increase electricity bills for both residential and commercial users. In Australia, where temperatures can soar, the extensive use of air conditioners during the hot months exacerbates this issue. The high demand for cooling places a considerable strain on the electrical grid, leading to

increased energy costs and, in some cases, supply issues.

The challenge of high energy consumption is compounded by the fact that many existing air conditioning systems are outdated and inefficient. Older models tend to use more electricity and refrigerants that are less environmentally friendly. Although new technologies offer better efficiency, the transition to these systems involves substantial upfront costs for consumers. This can be a barrier to upgrading, particularly in low-income households or small businesses.

Additionally, the growing emphasis on sustainability and reducing carbon footprints places pressure on the industry to develop more energy-efficient solutions. While advancements in technology, such as inverter-driven systems and smart thermostats, are addressing these concerns, achieving widespread adoption and affordability remains a challenge. High energy consumption also has broader environmental impacts, contributing to greenhouse gas emissions and climate change.

Environmental Impact of Refrigerants

Refrigerants used in air conditioning systems can have a significant impact on the environment. Traditional refrigerants, such as hydrofluorocarbons (HFCs), are known for their high global warming potential (GWP). When these refrigerants leak or are improperly disposed of, they contribute to the greenhouse effect and global warming.

Although there is a push toward using refrigerants with lower GWP, such as hydrofluoroolefins (HFOs) and natural refrigerants like carbon dioxide, the transition is not yet complete. Many older air conditioning systems still use high-GWP refrigerants, and the process of retrofitting or replacing these systems can be expensive and logistically challenging.

Additionally, regulatory changes and international agreements, such as the Kigali Amendment to the Montreal Protocol, which aims to phase down HFCs, add further complexity. These regulations require manufacturers and service providers to adapt quickly to new standards, which can be costly and require significant adjustments in supply chains and practices.

Maintenance and Service Challenges

Effective maintenance is crucial for the optimal performance and longevity of air conditioning systems. However, in Australia, maintaining and servicing air conditioning units poses several challenges. First, the sheer number of installed units across the country creates a high demand for skilled technicians. Finding qualified professionals who are trained to handle various types of systems, including the latest technologies, can be difficult, particularly in remote or rural areas.

In addition to the scarcity of skilled labor, there is often a lack of awareness among consumers about the importance of regular maintenance. Neglecting routine maintenance can lead to decreased efficiency, higher energy consumption, and more frequent breakdowns, ultimately resulting in higher repair costs and reduced system lifespan.

The seasonal nature of air conditioning use also impacts maintenance schedules. Technicians often face peak periods of demand during summer months, leading to longer wait times for service and repairs. This seasonal variability can strain service providers and affect overall customer satisfaction.

Regulatory Compliance and Standards

The air conditioning market in Australia is subject to a range of regulations and standards designed to ensure energy efficiency, safety, and environmental responsibility. Navigating these regulations can be complex and burdensome for manufacturers, distributors, and service providers.

For manufacturers, complying with energy efficiency standards and environmental regulations requires ongoing investment in research and development to meet stringent requirements. This includes adapting products to new standards, obtaining necessary certifications, and ensuring that all aspects of production and distribution align with regulatory guidelines.

Service providers and contractors must also stay updated on changing regulations, which can affect installation practices, maintenance protocols, and the handling of refrigerants. Failure to comply with these regulations can result in legal penalties and reputational damage, further complicating operations in a highly regulated market.

In summary, while the Australia air conditioner market presents significant opportunities, it also faces substantial challenges related to energy consumption, environmental impact, maintenance and service, and regulatory compliance. Addressing these issues requires a coordinated effort among industry stakeholders, consumers, and policymakers to foster a more sustainable and efficient air conditioning market.

Key Market Trends

Adoption of Energy-Efficient Technologies

The shift towards energy-efficient air conditioning systems is a major trend in the Australian market. With growing concerns over

energy consumption, rising utility costs, and environmental impact, consumers and businesses are increasingly prioritizing energy efficiency in their cooling solutions. Modern air conditioners incorporate advanced technologies such as inverter-driven compressors, which adjust their speed to maintain a consistent temperature and reduce energy consumption.

Inverter technology is a significant advancement because it allows the compressor to operate at variable speeds, rather than cycling on and off. This results in more precise temperature control and less energy wastage. Additionally, many new models are equipped with smart thermostats and sensors that optimize energy use based on occupancy and external weather conditions. These features not only contribute to lower energy bills but also align with Australia's sustainability goals.

Energy-efficient systems are often eligible for government incentives and rebates, which further drives their adoption. Australian regulations, including the Minimum Energy Performance Standards (MEPS) and the Energy Rating Label, provide clear benchmarks for consumers to evaluate the efficiency of air conditioners. These standards encourage manufacturers to innovate and improve the energy performance of their products, pushing the market towards more efficient and environmentally friendly solutions.

Integration of Smart Technology

The integration of smart technology into air conditioning systems is another prominent trend in the Australian market. Smart air conditioners offer advanced features such as remote control via smartphone apps, voice control through smart home assistants, and integration with home automation systems. This trend reflects the broader movement towards smart homes and the increasing demand for convenience and personalized control.

Smart air conditioners can be controlled remotely, allowing users to adjust settings, monitor energy usage, and schedule operation from anywhere. Features such as geo-fencing enable the system to adjust settings based on the user's location, ensuring that cooling is optimized and energy is not wasted when the home is unoccupied. Additionally, smart systems often provide maintenance alerts and diagnostic information, helping to prevent issues and improve system longevity.

The rise of smart technology is also driven by consumer preferences for connected devices and the desire for greater energy management. As smart home technology becomes more prevalent, the integration of air conditioners with other home systems—such as lighting, security, and temperature sensors—enhances overall home automation and efficiency.

Growth of Split and Multi-Split Systems

Split and multi-split air conditioning systems are gaining popularity in Australia due to their flexibility, efficiency, and suitability for various types of buildings. Unlike traditional central air systems, which require extensive ductwork, split and multi-split systems consist of individual indoor units connected to a single outdoor condenser unit. This design allows for greater control over temperature in different areas of a building.

Split systems are particularly popular in residential settings where individual rooms or zones can be cooled independently. This zoning capability is advantageous for energy efficiency, as cooling can be tailored to the specific needs of each room, reducing overall energy consumption. Multi-split systems, which can connect multiple indoor units to one outdoor unit, offer a similar advantage for larger homes or commercial spaces, providing a scalable solution for diverse cooling needs.

The growth of these systems is supported by their lower installation costs compared to ducted systems, as well as their ease of installation and maintenance. Additionally, the ability to control temperature on a room-by-room basis aligns with the increasing demand for personalized comfort and energy efficiency in Australian homes and businesses.

Increased Focus on Environmental Sustainability

Environmental sustainability is becoming a key focus in the Australia air conditioning market. With increasing awareness of climate change and environmental issues, there is a growing emphasis on reducing the environmental impact of air conditioning systems. This trend is reflected in several areas, including the development of low-GWP (global warming potential) refrigerants, energy-efficient technologies, and eco-friendly manufacturing practices.

Manufacturers are moving towards using refrigerants with lower GWP to minimize the impact of cooling systems on global warming. New refrigerants, such as hydrofluoroolefins (HFOs) and natural alternatives like carbon dioxide, are being developed and adopted to replace traditional high-GWP refrigerants. This shift is driven by both regulatory requirements and consumer demand for more environmentally responsible products.

Additionally, there is an increasing focus on the lifecycle impact of air conditioning systems, including their energy consumption, material use, and end-of-life disposal. Manufacturers are implementing more sustainable practices in production, such as using recyclable materials and reducing waste. Consumers are also becoming more environmentally conscious, seeking products that

align with their values and contribute to reducing their carbon footprint.
Overall, the trend towards environmental sustainability is shaping the air conditioning market in Australia, driving innovations in technology and materials, and influencing consumer preferences for greener and more efficient solutions.
Segmental Insights
End Use Insights
In the Australia air conditioner market, the commercial segment is the dominant end-use category. This prominence is driven by the extensive cooling needs of commercial spaces such as offices, retail stores, shopping centers, hospitals, and educational institutions. Commercial buildings often require larger, more complex air conditioning systems due to their size and the number of occupants. The high foot traffic in retail and public spaces, as well as the need for controlled environments in hospitals and educational institutions, necessitates robust and efficient cooling solutions.
Moreover, commercial establishments are increasingly investing in advanced air conditioning technologies to enhance energy efficiency and operational cost-effectiveness. Systems such as VRF (Variable Refrigerant Flow) and central air conditioning units offer the scalability and flexibility needed for large-scale applications. The push towards sustainable practices and regulatory compliance also drives demand for energy-efficient and environmentally friendly solutions in the commercial sector. The growth of commercial real estate, including new developments and refurbishments, continues to bolster the demand for sophisticated air conditioning systems. As businesses and institutions strive to maintain comfortable and productive environments, the commercial segment remains a key driver of the Australia air conditioner market.
Regional Insights
Queensland stands out as the dominant region in the Australia air conditioners market due to its distinct climatic conditions, substantial population growth, and robust economic activities. The state's tropical and subtropical climate leads to high temperatures and humidity levels, particularly in cities like Brisbane, Cairns, and Townsville. This climate drives a significant demand for air conditioning systems, as both residential and commercial properties require efficient cooling solutions to ensure comfort and operational efficiency.
The population growth in Queensland, driven by migration and urban expansion, further fuels the demand for air conditioners. As more people move to Queensland and new housing developments arise, the need for cooling solutions in residential properties increases. Additionally, the commercial sector in Queensland, which includes retail, hospitality, and industrial businesses, contributes significantly to the market. These sectors often require advanced air conditioning systems to maintain optimal indoor environments and meet regulatory standards.
Economic factors also play a role, as Queensland's diverse economy, which includes tourism, mining, and agriculture, supports a variety of commercial activities that require reliable air conditioning. The state's focus on infrastructure development and property investment boosts the demand for both new installations and upgrades to existing systems.
Furthermore, Queensland benefits from a favorable regulatory environment and government incentives that promote energy-efficient and sustainable cooling solutions. These factors combined make Queensland a leading region in the Australia air conditioners market, reflecting its unique climatic challenges, population dynamics, and economic landscape.
Key Market Players
- Mitsubishi Electric Australia Pty. Ltd.
- Electrolux Home Products Pty Limited
- Panasonic Australia Pty. Ltd.
- Samsung Electronics Australia Pty. Ltd.
- Daikin Australia Pty Limited
- LG Electronics Australia Pty Ltd
- AHIC (Australia) Pty Ltd
- Rinnai Australia Pty Ltd
- Fisher & Paykel Australia Pty Limited
- Actron Engineering Pty Ltd

Report Scope:
In this report, the Australia Air Conditioners Market has been segmented into the following categories, in addition to the industry

trends which have also been detailed below:
 Australia Air Conditioners Market, By End Use:
o Residential
o Commercial
 Australia Air Conditioners Market, By Region:
o Australia Capital Territory & New South Wales
o Northern Territory & Southern Australia
o Western Australia
o Queensland
o Victoria & Tasmania
Competitive Landscape
Company Profiles: Detailed analysis of the major companies presents in the Australia Air Conditioners Market.
Available Customizations:
Australia Air Conditioners Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:
Company Information
 Detailed analysis and profiling of additional market players (up to five).

Table of Contents:

Australia Air Conditioners Market By End Use (Commercial, Residential), By Region, By Competition, Forecast & Opportunities, 2019-2029F

Market Report | 2024-11-25 | 84 pages | TechSci Research

To place an Order with Scotts International:

- - Print this form
- - Complete the relevant blank fields and sign
- - Send as a scanned email to support@scotts-international.com

ORDER FORM:

Select license	License	Price
	Single User License	$3500.00
	Multi-User License	$4500.00
	Custom Research License	$7000.00
	VAT	
	Total	

*Please circle the relevant license option. For any questions please contact support@scotts-international.com or 0048 603 394 346.

** VAT will be added at 23% for Polish based companies, individuals and EU based companies who are unable to provide a valid EU Vat Numbers.

Email*		Phone*	
First Name*		Last Name*	
Job title*			
Company Name*		EU Vat / Tax ID / NIP number*	
Address*		City*	
Zip Code*		Country*	
		Date	2025-05-07
		Signature