

District Heating - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The District Heating Market size is estimated at USD 53.46 billion in 2025, and is expected to reach USD 57.84 billion by 2030, at a CAGR of 1.59% during the forecast period (2025-2030).

District energy is a quick-growing industry globally, supported by the aggressive climate objectives set by the global economies. Based on initial assessments, these district heating and cooling companies have been recognized as operations that could produce more extraordinary growth and value potential with an alternative holding structure. By including electrically powered heat pumps in the district heating supply, higher renewable energy levels can be used for thermal purposes, generating integration and balance between energy systems. With a burgeoning global wind turbine capacity, big heat pumps will play a meaningful role in the sustained global green energy development and phasing out fossil fuels by 2050.

Key Highlights

- District heating provides a method of delivering thermal energy to buildings (homes and commercial space) in the form of hot water through a distribution network of highly insulated pipelines. The potential for increased use of industrial district heating is limited because conversions of industrial processes to district heating involve varying heat loads amongst types of industries and processes.
- However, the conversion to district heating serves an 11% reduction in the use of electricity and a 40% reduction in the use of fossil fuels, with a total energy end-use saving of 6% among industries.
- Converting the industrial processes has led to a potential reduction of global carbon dioxide emissions by 112,000 tons per year. However, the residential and commercial markets are expected to hold a significant share.
- Approximately 60 million EU citizens are served by district heating, and an additional 140 million people live in cities with at least one district heating system. According to reports by the EU and the IEA, DH meets around 11-12% of the EU's heat demand

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via 6,000 district heating and cooling networks.

- With machine learning, the idea is to predict heat loads from customer data and operational data, along with weather forecasts, national holidays, weekdays, etc., to optimize and plan heat production, thereby lowering heat loss and handling peak loads. The potential is extended to intelligent algorithms in fault detection to identify leakages, inefficient heating systems, or errors from failure related to single components.
- In June 2024, Swedish SMR project developer Karnfull Next has strategically partnered with Finnish counterpart Steady Energy to introduce SMRs for district heating in Sweden. The collaboration aims to capitalize on Karnfull's unique financing structures and delivery models to introduce Steady Energy's renowned district heating reactors to the Swedish market.

District Heating Market Trends

Residential to Witness the Growth

- District heating is commonly used in industrialized nations worldwide. It has several advantages over individual building equipment, including improved safety and dependability, lower emissions, and greater fuel flexibility, particularly when utilizing alternative fuels such as biomass or garbage.
- District heating is widely utilized in single-family houses, multi-family dwellings, high-rise buildings, and mega townships. The primary home uses that require district heating are space and water heating. District heating markets are well-established in several cold-climate nations, such as Denmark, Iceland, Germany, the United States, other EU countries, and Canada.
- However, the District heating networks powered by renewable energy sources may significantly reduce emissions and help governments meet their emission reduction objectives. Various governments have established statutory responsibilities and incentives, such as grants, subsidies, and energy taxes, to boost the percentage of renewables in heat generation.
- Moreover, District heating was previously primarily powered by byproducts of power plants, waste-to-energy facilities, and industrial activities. However, Sweden is now incorporating more renewable energy sources into the mix. Due to competition, this localized kind of electricity has risen to the national top home-heating industry.
- According to BDH, in 2023, Germany saw sales of approximately 790,500 gas heating systems. Among these, approximately 94,000 employed traditional low-temperature technology, with the majority, over 696,500, opting for condensing boiler technology.

Asia-Pacific Holds a Significant Share in the District Heating Market

- The primary reasons driving the market's growth in China are rising disposable income, increased worries about CO2 emissions, and high usage of heating and cooling systems. Moreover, OECD states that projections for India and China's per capita GDP might climb sevenfold by 2060.
- Governments in the Asia-Pacific region are also collaborating with local businesses to develop the home market. For example, the Beijing District Heating Group is a major heating firm in China. The firm provided heating solutions to the central Beijing government and army, Chinese embassies, significant corporations and organizations, and the general people. It also has a large number of projects in other provinces.
- Modern district heating systems are especially important for Southeast Asian countries, where air pollution causes long-term economic expenses and hundreds of thousands of premature fatalities. The Future of Cooling in Southeast Asia investigates the anticipated growth in energy consumption, peak power demand, and CO2 emissions by 2040.
- India and Australia are two of the region's biggest marketplaces. The regional market is rising due to increased investment in district heating and cooling solutions and increased government activities to promote these solutions.

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- To respond to energy crises and climate change, the South Korean government established a national plan to promote zero energy buildings, and several energy efficiency policies for new and existing buildings in recent years have been developed to achieve these plans.

District Heating Industry Overview

The district heating market is moderately competitive and has many global and regional players. These companies are working hard to broaden their consumer base globally. To gain a competitive advantage during the predicted term, they also prioritize R&D expenditure in developing innovative solutions, strategic collaborations, and other organic and inorganic growth tactics.

In May 2023, Vattenfall AB and Coca-Cola announced the collaboration in Sweden and have set ambitious climate targets for net zero emissions across their entire value chains by 2040. The companies have initiated a pilot project with three charging stations to meet the need for powering electric transport.

In March 2023, NRG Energy Inc completed its acquisition of Vivint Smart Home, Inc. by accelerating NRG's consumer-focused growth strategy and offering consumers simple, connected experiences to power, protect, and manage their homes intelligently. NRG is at the intersection of energy and home services, with a unique end-to-end smart home ecosystem underpinned by our exceptional customer experience.

Additional Benefits:

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

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