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

Market Report | 2025-04-28 | 120 pages | Mordor Intelligence

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Report description:

The United Kingdom Heating Equipment Market is expected to register a CAGR of 4.73% during the forecast period.

Key Highlights
- The increase in replacement of existing equipment with better-performing ones and supportive Government regulations, including incentives for saving energy through tax credit programs, is driving the United Kingdom heating equipment market over the forecast period. For instance, the government of the UK has already set a target of installing heat pumps of 600,000 per year by 2028 to reduce the UK's reliance on fossil fuels and help fight global warming.
- The booming construction business in the country and the increasing end-user markets are the significant factors driving the growth of the heat pumps and boilers equipment market over the forecast period. Adopting the equipment includes energy efficiency, improved results, and lifespan.
- Vendors need to comply with various regulations set by the government regarding environmental protection, as the coolants and other substances used in heating equipment add to the global emissions. R-32 was chosen for its lower environmental impact, high energy efficiency, wide availability, and ease of use.
- The heating equipment market is aligned with the change to sustainability and green initiatives marking the country. Vendors of the studied market are indulging in introducing products that facilitate the green transition of various end-user industries. For instance, in August 2021, Tenova, a company offering sustainable solutions for the metals industry's green transition, announced the introduction of the 200-kW Tenova Self-Recuperative flameless smart burner. The smart burners are meant for heat treatment furnaces using hydrogen entirely while keeping NOx emissions below the strictest limits.
- According to The Renewable Energy Hub UK, using heat pumps can save 52% on energy expenses for consumers compared to gas boilers. However, with high initial costs, the Government of the United Kingdom, in 2021, announced to offer homeowners in England and Wales GBP 5,000 to install heat pumps to warm their homes. This is expected to drive huge demand for boiler

replacements in the country with heat pumps.

UK Heating Equipment Market Trends

Supportive Government Regulations is Driving the Market Growth

- Several regulations in the studied region have changed how manufacturers engineer commercial heat pumps and warm-air for low-rise buildings in the commercial and residential sectors to improve RTU efficiency and cut energy usage and waste.
- Moreover, several manufacturers have been developing equipment phasing out HCFC - 22 (Hydrochlorofluorocarbons) to cater to the customers' needs and to comply with the green technology requirements for replacing old models, thus, driving the usage of heating equipment in the country.
- The figures reported in the European countries, including the United Kingdom, suggest the rapid adoption of heat pumps which is expected to grow consistently in 2022. The market is characterized by various new developments and is favored by government policies. The European Union's announcement to drastically reduce carbon dioxide emissions by 2050 indirectly supports renewable energies and energy-efficient products. Heat pumps are strategically positioned to benefit from the drive to environmental sustainability.
- Moreover, in April 2021, the United Kingdom set a new climate change target to slash carbon emissions by 78% by 2035. The Government also incorporated the United Kingdom's sixth carbon budget, ensuring Britain remains on track to end its contribution to climate change while remaining consistent with the Paris Agreement temperature goal to limit global warming to well below 2 C and pursue efforts toward 1.5C.
- In December 2021, United Kingdom Government announced a EUR 19 million investment to supply low carbon heating for thousands of homes and buildings across the country. The investment will expand the heat network to power homes with green energy. Furthermore, in June 2022, The UK government launched a three-year GBP 450 million incentive program offering discounts of up to GBP 6,000 from the installation cost of replacing fossil fuel boilers with heat pumps.

Heat Pumps is Expected to Have a Significant Growth

- The European Union has issued a new regulation for air-to-air heat pumps. According to European Commission Regulation (EU) 2016/2281, the Minimum standard of ?s,c for air-to-air heat pumps driven by an electric motor was set at 137%. However, with revised regulations in 2021, the minimum ?s,c for air-to-air heat pumps driven by an electric motor is 189%.
- Similarly, the minimum standard of ?s,c for air-to-air heat pumps driven by an internal combustion engine was set at 130%, and the revised regulation allows air-to-air heat pumps driven by an internal combustion engine to have a Minimum standard of ?s,c at 167%. Thus, such regulations are driving the replacement and new installations of heat pumps in the studied market.
- The announcement of Rishi Sunak's Green Homes scheme in the United Kingdom allows homeowners to claim up to EUR 10,000 grants for improvements, including air-source heat pumps, a greener alternative to central gas heating. However, factors such as lower heat supply than boilers, lower efficiency below 0C, etc., are likely to hinder the market growth of air-source heat pumps.
- Moreover, heat pumps are considered the most efficient, environment-friendly systems available for heating and cooling buildings, thus influencing the government and market players to invest in this technology. For instance, during the pandemic, the Mayor of London's Energy Efficiency Fund (MEEF), managed by Amber Fund Management Limited, provided EUR 7 Million to the London Borough of Southwark to support a highly innovative project and provide low carbon heat to over two thousand homes in the area. The MEEF finance is provided for installing water-source heat pumps (WSHP), a renewable and energy-efficient technology, to replace the existing gas boilers in three housing estates within the borough. Also, according to BP, renewable energy consumption in the United Kingdom amounted to 1.24 exajoules in 2021, a decrease of over eight percent compared to

2020.
- Further, in July 2022, the UK Department of Business, Energy, and Industrial Strategy awarded a EUR 54 million contract for heat network funding, which will support the development of the scheme in London and working that use low-carbon heat sources such as heat pumps and energy from waste to warm properties. Heat networks can unlock otherwise inaccessible large-scale renewable and recovered heat sources, such as large rivers and industrial heat. This allows them to reduce bills, support local regeneration and provide a cost-effective way of reducing carbon emissions from heating.
- Moreover, according to the survey by Heat Pump Association, it is anticipated that the surge of heat pump demand to double in the country by 2021, which is well aligned with the country's net-zero targets. In addition to this, according to a high-level commission convened by the CBI, the installation of new gas boilers should be banned in the United Kingdom from 2025 to meet the net-zero climate target; owing to similar trends, the demand for heat pumps is expected to witness augmented demand over the forecast period.

UK Heating Equipment Industry Overview

The United Kingdom heating equipment landscape is highly competitive, with several local and international players active in the United Kingdom market. International participants operate in the country through partnerships with local players. With the market expected to broaden and yield more opportunities, more players are expected to enter the market soon. The key players in the market studied include Mitsubishi Electric Europe BV, and Systemair AB, among others. These major players have adopted various growth strategies, such as mergers and acquisitions, new product launches, expansions, joint ventures, partnerships, and others, to strengthen their position in this market.

- March 2022 - Danfoss introduced a new electric expansion valve to enhance heat pump efficiency, close controls, and process chillers. The ETS 8M enables OEMs and ends users to benefit from greater efficiency and reliability with low applied costs. The new ETS 8M series offers additional options in the lower capacity end of the Danfoss EEV portfolio. With four sizes available from 12 to 40 HP (62 to 114 kW) with high bi-flow MOPD, application costs can be massively reduced by only using one valve in both flow directions.
- March 2022 - British Gas completed the first air source heat pump installation as a part of the British Gas rollout plan. Centrica - British Gas' parent company - is already installing air source heat pumps into social housing under the PH Jones brand, aiming to install up to 1,000 a year and up to 20,000 by 2025.

Additional Benefits:

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

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