

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

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Report description:

The United States Residential Heating Equipment Market is expected to register a CAGR of 5.5% during the forecast period.

Key Highlights

- Growing residential construction expenditure with increasing restructuring & replacement activities are predicted to boost heating equipment growth. The construction sector in the country is focused on developing sustainable and energy-efficient structures.
- The introduction of favorable regulatory policies and rebates for homeowners by policymakers in the country to integrate heating equipment and systems in their new houses are augmenting the demand for heating equipment. In addition, the rising energy consumption in the residential sectors is projected to drive the preference for technologically advanced residential heating equipment that reduces overall operational costs and improves energy savings.
- For instance, according to IEA, most heat pumps are installed in new buildings. In the United States, the share of heat pump sales for newly constructed buildings exceeds 40% for single-family dwellings and is near 50% for new multi-family buildings.
- The increasing need to curb dependence on fossil fuels and look for an energy-efficient alternative to the furnace is driving the demand for residential heating equipment over the forecast period. However, the availability of substitutes for this equipment and the cost of installation is hindering the growth of the market.
- The COVID- 19 pandemic has adversely affected the United States economy. Lockdowns across various states have resulted in the closure of multiple business activities and infrastructure development projects across the country. This has resulted in a decrease in demand for residential heating equipment.

US Residential Heating Equipment Market Trends

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Heat Pumps to Grow Significantly

- The heat pumps are widely used not only for heating purposes but also for cooling. They are mechanical heat transfer devices that collect low-grade heat from any source and then upgrade it to distribute it at a high temperature. The growing inclination toward energy-efficient appliances is primarily driving the demand for heat pumps in the country.
- The United States is one of the major market in the installation of air source heat pumps which registered 15% growth in 2021 with consistent yearly growth of above 5% since 2015. Further, in the United States, a drive to electrify homes and ban on fossil fuel heating is expected to further boost the need for heat pumps.
- Furthermore, the United States Department of Energy launched the initiative for Better Energy, Emissions, and Equity, focused on advancing the research, development, and national deployment of innovating clean and efficient building heating and cooling systems, putting USD 10 million toward accelerating the research and adoption of heat pump technologies through Nationwide Advanced Water Heating Deployment Initiative to increase market adoption of high-efficiency, grid-connected Heat Pump Water Heaters in residential and commercial buildings.
- Moreover, the United States recently extended the 26% federal tax credit for new residential ground source heat pumps until the end of 2022. Such initiatives by the US government are projected to increase the sales of residential heat pumps in the country.
- In 2021, The United States Environmental Protection Agency removed eligibility to top rating for gas heaters in the Energy Star Programme. Other policy signals, like carbon intensity expectations for heating equipment, are projected to encourage heat pump adoption.

Growth in New Homes to Fuel the Demand for Residential Heating Equipments

- In August 2021, the California Energy Commission approved a new building energy code that encourages the installation of heat pumps for space and water heating in new buildings (or as an alternative to meet more stringent building energy efficiency requirements). The implementation of the energy code in 2023 will set heat pumps as the baseline heating technology by boosting the demand during the forecast period.
- The residential construction sector has become the key performer in the US economic recovery from the COVID-19 crisis, generating double-digit growth rates and making significant contributions to the economy and overall construction industry's recovery owing to moderate mortgage rates, robust demand for larger living spaces, and limited housing inventory in the market. This growth in residential buildings will boost the demand for heating equipment in the forecast period.
- Furthermore, the increasing renovation activities of buildings and growth in the sales of new homes resulted in an increase in the sales of heat pumps for newly constructed buildings by 40% for single-family dwellings and 50% for new multi-family buildings according to IEA.
- Moreover, furnaces are the most common heating equipment used in the residential sector of the United States. Most of the furnaces are gas based and the increasing prices of gases and the ban on the use of natural gas in new buildings by the New York City Council are expected to create the demand for electric furnaces in the market.

US Residential Heating Equipment Industry Overview

The United States residential heating equipment market is highly fragmented as the demand for heating equipment is increasing in the country. The key players in the market like Daikin Industries Ltd., Emerson Electric Co., Robert Bosch LLC, and others, are continuously innovating new products and rising activities such as mergers and acquisitions and capacity expansion, further

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increasing the competition.

- December 2021 - Mitsubishi Electric launched Ecodan Hydrodan, a new highly efficient, water-to-water heat pump for the multi-residential market. It is specifically designed to provide heating and hot water in residential apartments, and to capitalize on the significant sustainable energy efficiency that the next generation of heat networks offer. It also operates with a low quantity of low-GWP R32 refrigerant, to help keep environmental impact to a minimum.
- August 2021 - Gradient, a San Francisco, California based startup, announced the development of a home window heat pump that will provide cooling and heating year-round, make use of a climate-friendly refrigerant possibly propane (R290) and reduce greenhouse gas emissions by 75% compared to conventional systems.

Additional Benefits:

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

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