

Europe HVAC Equipment - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

Europe HVAC Equipment Market Analysis

European HVAC equipment market size in 2026 is estimated at USD 32.29 billion, growing from 2025 value of USD 30.45 billion with 2031 projections showing USD 43.32 billion, growing at 6.05% CAGR over 2026-2031. This growth positions the region as a critical arena for vendors contending with stricter decarbonization mandates and evolving energy policies. Mounting heat-pump incentives under the EU Green Deal, intensifying summer heatwaves that lift cooling demand, and accelerated replacement of aging boilers collectively fuel the adoption of electrified systems. Meanwhile, supply-chain inflation and high upfront capital requirements temper near-term momentum but have not derailed the long-term trajectory of electrification. Competitive pressure has risen as conglomerates pursue billion-dollar acquisitions to scale production capacity and consolidate fragmented installer networks, aiming to meet the bloc's 60 million heat-pump target by 2030.

Europe HVAC Equipment Market Trends and Insights

EU Green Deal efficiency mandates drive market transformation

Mandatory minimum-efficiency standards and EUR 56 billion (USD 65.57 billion) in heat-pump incentives rolled out across the bloc in 2024 reshaped equipment demand, pushing heat-pump installations in Germany up 60% year-over-year to 43,000 units in Q1 2025. Subsidies favored air-to-water models whose sales jumped from 22,000 to nearly 38,000 units, underscoring policymakers' bias toward hydronic integration. Although Dutch ISDE rebates were reduced in 2025, the Netherlands still aims to install heat

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pumps in 20% of homes by 2030, sustaining a 9.7% CAGR for the European HVAC equipment market. Manufacturers have responded with natural-refrigerant designs and financing schemes that shield buyers from upfront costs.

Aging boiler replacement accelerates market expansion

Roughly 130 million legacy boilers across Europe became ripe for swap-out as gas prices climbed in 2024 and carbon penalties tightened. OEMs accelerated M&A to secure installer capacity, highlighted by Daikin's purchase of Sweden-based Kylslaget AB in August 2024. Retrofit-oriented heat-pumps engineered for compatibility with existing hydronic circuits shortened installation times and boosted contractor productivity, lifting replacement demand even in markets with modest new-build volumes.

High upfront capital expenditure constrains market penetration

Heat-pump systems still cost 3-5 times more than a boiler swap, deterring households in Eastern Europe and rural districts despite subsidies. Complex financing packages introduced by OEMs raise administrative hurdles and slow sales cycles. Where disposable income is lower, the European HVAC equipment market expands largely through publicly funded social-housing programs rather than private purchases.

Other drivers and restraints analyzed in the detailed report include:

Summer heatwave intensity reshapes residential AC demand
Commercial HVAC electrification gains momentum
Supply-chain inflation pressures profitability

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Ground-source heat pumps recorded the fastest 9.78% CAGR through 2031, even though air-conditioning and ventilation maintained the largest 57.95% share within the European HVAC equipment market. Institutional buyers favored geothermal solutions that deliver higher seasonal efficiencies and longer lifespans, justifying the drilling expenses that residential customers often avoid. As Nordic geology supports closed-loop borefields, installers are reporting an increase in multi-megawatt campus-scale projects.

In parallel, air-to-water heat pumps remained dominant in heating retrofits, leveraging existing radiators and earning policy preference due to their simplification of the fossil-fuel phase-out. Daikin's R-290 modular platform, unveiled in March 2025, exemplified the natural-refrigerant progression that meets F-Gas regulations while enhancing part-load efficiency. Hybrid boiler-pump kits gained traction as interim solutions in colder interiors. Collectively, these innovations sustain the European HVAC equipment market's technology shift from gas-fired packages to electrified variants without sacrificing performance.

Residential users contributed 46.80% of 2025 sales, while public and institutional estates, schools, and hospitals are projected to post the highest 10.05% CAGR, increasing their share of the European HVAC equipment market size by 2031. Government decarbonization budgets funded large-scale retrofits that pair heat pumps with demand-controlled ventilation.

Institutional project cycles are longer but guarantee volume, encouraging OEMs to offer energy-as-a-service contracts that bundle equipment, maintenance, and monitoring. Commercial offices continue to experience steady demand from ESG-driven landlords, while industrial sites explore process heat recovery integrations. These varied user needs prompt suppliers to expand their portfolios and develop software analytics capabilities, further driving competitive differentiation in the European HVAC equipment market.

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Europe HVAC Equipment Market is Segmented by Equipment (Air-Conditioning/Ventilation Equipment, and Heating Equipment), End-User Industry (Residential, Commercial, Industrial and Manufacturing, and More), Installation Type (New Construction, and Retrofit/Replacement), Distribution Channel (OEM-Installer Networks, Wholesale/Distributor, and More), and Country (Germany, United Kingdom, France, Italy, Spain, Russia, and More).

List of Companies Covered in this Report:

Daikin Industries Ltd. Carrier Global Corporation Mitsubishi Electric Corporation Robert Bosch GmbH (Bosch Thermotechnology) Vaillant Group Danfoss A/S Lennox International Inc. Panasonic Corporation Ariston Holding N.V. BDR Thermea Group B.V. Hitachi Ltd. (Johnson Controls-Hitachi) Johnson Controls International plc Systemair AB NIBE Industrier AB Glen Dimplex Group Fujitsu General Limited LG Electronics Inc. Samsung Electronics Co. Ltd. Trane Technologies plc Viessmann Climate Solutions SE STIEBEL ELTRON GmbH & Co. KG Gree Electric Appliances Inc. of Zhuhai Midea Group Co. Ltd. Arcelik A.S. Riello S.p.A. Armacell S.A. Thermondo GmbH Enertech AB (CTC)

Additional Benefits:

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

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6.4.2 Carrier Global Corporation

6.4.3 Mitsubishi Electric Corporation

6.4.4 Robert Bosch GmbH (Bosch Thermotechnology)

6.4.5 Vaillant Group

6.4.6 Danfoss A/S

6.4.7 Lennox International Inc.

6.4.8 Panasonic Corporation

6.4.9 Ariston Holding N.V.

6.4.10 BDR Thermea Group B.V.

6.4.11 Hitachi Ltd. (Johnson Controls-Hitachi)

6.4.12 Johnson Controls International plc

6.4.13 Systemair AB

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6.4.15 Glen Dimplex Group

6.4.16 Fujitsu General Limited

6.4.17 LG Electronics Inc.

6.4.18 Samsung Electronics Co. Ltd.

6.4.19 Trane Technologies plc

6.4.20 Viessmann Climate Solutions SE

6.4.21 STIEBEL ELTRON GmbH & Co. KG

6.4.22 Gree Electric Appliances Inc. of Zhuhai

6.4.23 Midea Group Co. Ltd.

6.4.24 Arcelik A.S.

6.4.25 Riello S.p.A.

6.4.26 Armacell S.A.

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