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

Market Report | 2026-01-16 | 374 pages | Mordor Intelligence

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Report description:

HVAC Equipment Market Analysis

The HVAC equipment market was valued at USD 100.33 billion in 2025 and estimated to grow from USD 108.37 billion in 2026 to reach USD 159.25 billion by 2031, at a CAGR of 8.01% during the forecast period (2026-2031). Growth momentum rests on tightening energy-efficiency rules, the pivot to low-GWP refrigerants and digital-control upgrades that lift both operating performance and end-user value. Demand is broad-based: heat-pump incentives in Europe and North America are reshaping heating portfolios, data-center build-outs are straining traditional cooling designs and urbanization in Asia keeps room-air-conditioner volumes rising. Consolidation among tier-one vendors is accelerating as OEMs race to lock in software talent and cold-climate heat-pump IP, while regional specialists are moving into unserved niches such as solar-hybrid systems for remote sites. Short-term supply frictions tied to the January 2025 refrigerant deadline are likely to ease by 2027, setting a clearer runway for premium electrification solutions.

Global HVAC Equipment Market Trends and Insights

Stringent Building-Energy Codes in Europe Accelerating Heat-Pump Adoption

Europe's near-zero-energy-building mandate moved heat-pump installations 38% higher in 2024 versus 2022, pushing penetration in new builds to half of all units sold across the bloc. Nordic countries now deploy heat pumps in more than 60% of new homes, and large-capacity variants are entering commercial retrofits, creating a durable pull for cold-climate technology providers

Surge in Data-Center Construction in Nordics and FLAP-D Elevating Precision-Cooling Demand

Rack densities topping 30 kW, a 35% annual leap in cooling capacity and 65% growth in Swedish-Norwegian build-starts are fuelling liquid-cooling adoption. Johnson Controls notes that data-center projects now generate 18% of its commercial HVAC revenue, up from 12% a year earlier.

Talent Shortage of Certified HVAC Technicians in Mature Markets

Industrywide redesign outlays now exceed USD 10 billion and have lifted average system prices 8-12%, a short-lived drag until economies of scale improve after 2026

Other drivers and restraints analyzed in the detailed report include:

Rapid Uptake of VRF Systems in High-Rise Asian Residential ComplexesInflation Reduction Act Tax Credits Catalyzing Early Furnace-Replacement CyclesHigh Up-Front Cost of Low-GWP Refrigerant Transition for OEMs

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

Segment Analysis

Air-conditioning units contributed 45.62% to the HVAC equipment market in 2025 as rising temperatures and urban middle-class growth kept demand resilient. Residential room air conditioners in China reached 73% penetration that year [cheaa.org]. Ductless mini-splits advanced 18% annually in North America, where homeowners want zonal comfort without duct retrofits.

VRF remains the fastest-growing sub-segment, expanding at a 12.49% CAGR through 2031. Hospitals, hotels and mixed-use towers prize its simultaneous heating-cooling flexibility. Mitsubishi Electric recorded a 32% jump in global VRF installations in 2024

Retrofit and replacement activity represented 62.78% of the HVAC equipment market size in 2025, largely because systems commissioned during the 2005-2010 boom have reached end of life. Harvard research shows U.S. household HVAC replacements rose 14% in 2024 as owners chased lower utility bills.

New construction, although smaller, is forecast to climb 9.18% annually. Stricter 2023 U.S. energy-code updates lifted minimum efficiency thresholds 15%, prompting builders to specify premium packages. Performance-based retrofits continue to gain ground, with Johnson Controls indicating such contracts account for 32% of its retrofit backlog

HVAC Equipment Market Report Segments the Industry by Equipment Type (Boilers and Furnaces, Heat Pumps and More), Installation Type (New Construction, Retrofit / Replacement and More), End User (Residential, Commercial and More), Building Type (Office Buildings, Healthcare Facilities and More), and Geography (United States, China and More). The Market Sizes and Forecasts are Provided in Terms of Value (USD).

Geography Analysis

Asia-Pacific controlled 34.42% of the HVAC equipment market in 2025, driven by urban construction and middle-income expansion. China alone made up 42% of regional value, though its annual growth cooled to 6.73% as real-estate activity stabilized [daikin.com]. Japan and Korea favor high-spec VRF and air-purification models, while Vietnam and Indonesia post double-digit gains on commercial builds.

North America accounted for 29.03%, buoyed by robust replacement demand and a 32% surge in U.S. heat-pump sales following Inflation Reduction Act incentives [carrier.com]. Data-center and healthcare projects lifted commercial revenue 22%.

Europe held 24.16%; heat-pump shipments climbed 17% in 2024 despite macro headwinds. HVAC upgrades made up 38% of EU renovation-wave spending as member states schedule fossil-fuel phaseouts.

The Middle East is the fastest-growing pocket, forecast at a 10.44% CAGR, with Saudi Arabia's Vision 2030 adding large-scale district-cooling capacity and UAE developers adopting VRF at speed.

List of Companies Covered in this Report:

Daikin Industries Ltd. Carrier Global Corp. Trane Technologies PLC Johnson Controls International PLC Mitsubishi Electric Corp. Lennox International Inc. Rheem Manufacturing Co. Midea Group Gree Electric Appliances Inc. NIBE Group Panasonic Corp. Samsung Electronics (HVAC Division) LG Electronics (Air-Solution) Bosch Thermotechnology Vaillant Group Alfa Laval AB Stiebel Eltron GmbH and Co. KG Systemair AB Greenheck Fan Corporation FlaktGroup TROX GmbH Swegon Group AB Hitachi-Johnson Controls Air Conditioning Danfoss A/S (Commercial Compressors)

Additional Benefits:

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

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