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Air Conditioning Study Shows Growth in the Market

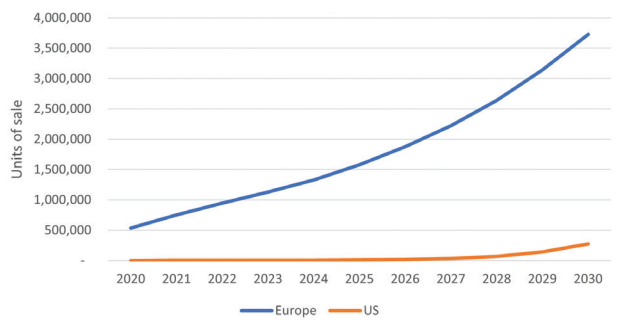
BRACKNELL, BERKSHIRE, U.K.—The BSRIA Worldwide Market Intelligence air conditioning study in 31 countries shows the global market growing 8% in volume in 2021, compared to 2020, despite challenging trading conditions.

The **European** HVAC market is going through a transformation with electrification of the heating systems and tackling an increase in average ambient temperatures. Higher shares of buildings are requiring cooling and less so heating. The overall cooling market has recorded 13% growth compared to years ago, with chillers and split air-conditioning units recording the highest growth of 17% and 15%, respectively, in units of sale. The incentives driving the markets at a regional level include the EU Renovation Wave, which aims to renovate the EU building stock to improve energy efficiency while driving the clean energy transition, as well as many local incentives schemes encouraging end users to replace their old systems with a newer technology, such as reversible cooling/heating technologies and inverters, in both residential and commercial sectors.

The total **Americas** region has performed well, with 9% growth overall in 2021, and Canada and Mexico performing the strongest with 32% and 26% growth, respectively. The U.S., which accounts for around 70% of the total region's sales, has recorded 8% growth, despite a generalized supply chain crisis causing product shortages and longer lead times combined with the demand surge generating an inflationary pressure and price increase in all product categories.

The key driver behind this growth is a combination of markets opening up from the pandemic and high savings of the households combined with hot weather in some regions. In addition, the incentives in the West and Northeast, together with building codes and regulatory frameworks, accelerate the shift away from fossil fuel and toward the electrification for heating and cooling. The phase out of HFC refrigerant over stringent time lines is among the regional policies of the most progressive states. Electrification and refrigerant regulation in regional pockets of the country is spurring competitors to develop new lines for addressing heating and cooling and preparing for HFC phase out.

FIGURE 1 Hydronic heat pump sales 2020 – 2030.



Overall, **Asia and Oceania** grew by 8%, with chillers performing better than the splits market as increasing numbers of gas and oil boilers are being replaced with scroll reversible chillers. India, Bangladesh, Philippines and China performed particularly well, increasing by 45%, 32%, 18% and 10%, respectively, while Australia, Japan, Thailand and Vietnam all contracted in 2021. Some of the large increases are due to a bounce back after a devastating drop in 2020 sales. The residential markets performed particularly well, driven by continuous work-from-home of tens of millions of people throughout the region. Further to buying additional units for home offices, households were also experiencing replacement requirements of old units due to heavy workloads.

The **Middle East and Africa** region has not seen the strong growth of other regions as of 2021, with only 2% growth in total AC sales. The key markets, such as UAE and Saudi Arabia, rely heavily on mega projects as well as replacement of existing systems. The economic conditions surrounding the pandemic and a lack of tourism had its toll in air-conditioning sales, especially in large commercial units such as chillers.

The market growth is expected to settle down in all regions in the next few years, with more modest growth rates forecasted due to the many challenges surrounding energy prices, the shortage of components and rising material prices. The countries where there is a firm backing towards decarbonizing building stock will see the highest increase in newer and more efficient cooling/heating technologies.

— Contributed by BSRIA Worldwide Market Intelligence