

European Heat Pump Association predicts market recovery in 2012

The European heat pump sector continued to experience a challenging market environment during 2011. After two years of negative growth, heat pump sales in 2011 finished on par with 2010 results.



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Whilst it may be too early to speak of a turnaround, the underlying trend during the first half of 2012 suggests a market in recovery. Growth rates were highest in the developing markets, however these smaller markets were not strong enough to overcompensate for the stagnation or even decline in the larger, more established European markets. In terms of absolute volume sales, Italy, France and Sweden were once again the leaders in 2011 (see **Figure 1**).

Key factors curtailing growth remain largely unchanged: low consumer confidence continues to hinder investment decisions and the availability of credit remains limited. As a consequence, no recovery of the construction sector is foreseen in the near future: the overall outlook remains bleak, with a slight silver lining in residential construction, albeit from a low level and thus insufficient to give any great impetus to heat pump sales. These factors affect all technologies that play a role in the de-

carbonisation and greening of heating and cooling, and may eventually place the attainment of the European Unions 2020 targets on GHG emission and the use of renewable energy at risk.

A slower than expected growth of heat pump sales will also negatively affect potential improvements in the overall energy efficiency. Unfortunately the scope for government intervention, now more critical than ever, is even more limited than in 2010. Even stricter budgetary constraints, at both European and national level have lead to incentives and support schemes being curtailed or withdrawn completely in most countries. The discovery of new of gas fields, the exploration of shale gas, and the recently inaugurated Northstream pipeline have eased the pressure on gas prices and have thus brought the operating costs of gas boilers closer to those of heat pumps. In parallel, electricity prices have

further increased in many countries, often resulting from the fact that most countries feed-in tariffs are financed via the end consumer. It seems somewhat unfortunate, that the potential of a technology that integrates renewables into the heating sector in a very efficient manner is limited because of efforts to increase the share of renewables in electricity production.

An examination of the contribution of individual markets to overall heat pump sales highlights the fact that many of the traditionally larger growth markets have now reached maturity. Notably Sweden and Norway have seen a decline in demand in recent times, while sales

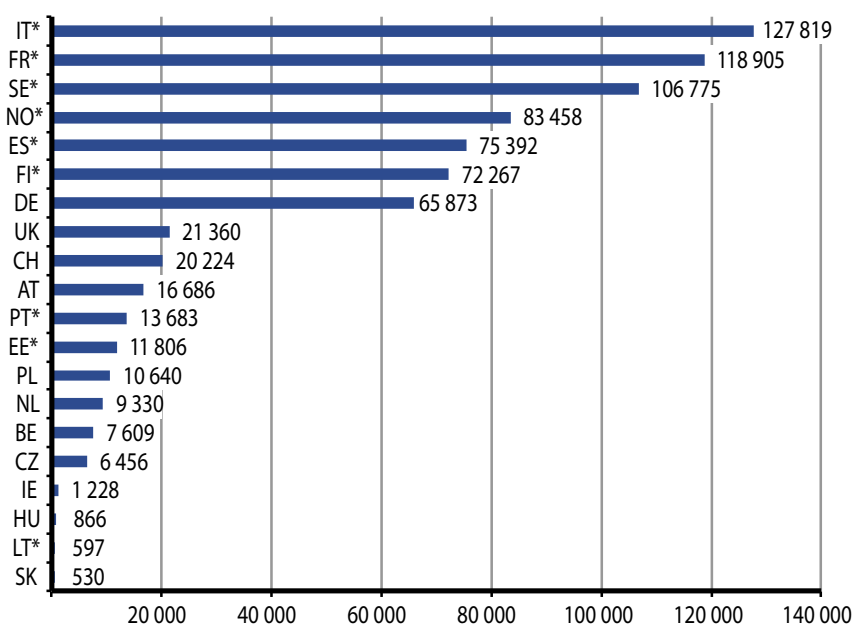


Figure 1. Sales of heat pumps in 20 European markets in 2011.

in Austria and Switzerland have levelled out. Other markets such as France, the Netherlands, Germany and Finland that showed the largest decline in 2010, recovered in 2011. Their contribution to the overall European total ensured that sales in 2011 were on a par with 2010. Growth continues in most of the developing and smaller markets lead by Belgium, Poland, the Netherlands, Lithuania, the UK and Estonia. In terms of energy source, the trend towards aerothermal energy is pronounced in most markets. It accounts for most of the market growth and reflects the cost consciousness of consumers. Improved performance and reliability characterise the air source units on the market today, and these solutions are proving to be ideal in hybrid applications, e.g. in combination with small gas boilers. In addition, industry is now rising to the challenge through an increased R&D focus on developing more cost-competitive, efficient and compact air source systems, that provide superior ease of use in both the new construction and the renovation sectors.

In applications where both heating and cooling is required, heat pumps are increasing their penetration, as they are the only technology that can deliver both of these dual functions from within a single unit, and in so doing provide unrivalled energy and cost efficiency.

Sales of 771 504 units in 2011 have positive impact on the environmental footprint of heating: they integrate 5.72 TWh of renewable energy into the mix, save 1.33 Mt of greenhouse gas emissions and reduce energy demand for final and primary energy by 7.32 TWh and 3.37 TWh, respectively. More than 4.5 million heat pumps have been sold since 2005 (see **Figure 2**). This installed base saves 43.95 TWh of final energy and 18.44 TWh of primary energy, they produce 34.89 TWh of renewable energy from the air, water and the ground and are responsible for the abatement of 8.13 Mt of Greenhouse gas emissions (GHG). The positive impact of the installed heat pump base will even improve in the future as a result of a more efficient and greener electricity production. Eurostat data for 2010 indicates an average efficiency of power production (η) of 45.5%.

The industry has an annual turnover (incl. VAT) of more than 6 100 million Euro and ensures more than 35 000 jobs.

Industry estimates for 2012 (based on sales data for the first six months) are slightly positive. The market environment is still difficult, but the framework conditions are improving. All energy related new legislation acknowledges heat pump technology as being efficient and



The Brussels based European Heat Pump Association EEIG (EHPA) represents the majority of the European heat pump industry. It has currently 97 members from all parts of the industry's value chain: heat pump and component manufacturers, research institutes, universities, testing labs and energy agencies. Its key goal is to promote awareness and proper deployment of heat pump technology in the European market place for residential, commercial and industrial application. EHPA coordinates the European Quality label for heat pumps and the EUCERT education and training scheme for heat pump installers. It compiles the annual sales statistics and market outlook. For more information, please visit: www.ehpa.org.

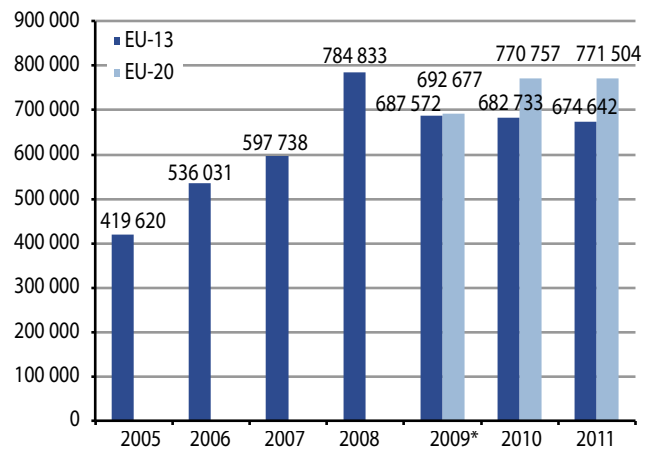


Figure 2. Development of heat pump sales 2005 to 2011: the total stock exceeds 4.5 million units.

using renewable energy. Heat pumps are also an indispensable part of the planned smart grids infrastructure balancing supply and demand. Industry efforts results in ever more reliable, cost efficient and easy to install solutions for nearly all application fields.

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