

Gas Water Heater Market Growth Fueled by Rising Demand in Residential & Commercial Sectors

Gas Water Heater Market to Reach \$12.8 Billion by 2032, Driven by Energy Efficiency and Urbanization

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According to a recent report by Allied Market Research, the global [gas water heater market](#) size was valued at \$7.8 billion in 2022 and is projected to reach

\$12.8 billion by 2032, growing at a CAGR of 5.1% from 2023 to 2032. This growth is being driven by the increasing demand for energy-efficient water heating systems, supportive government initiatives, and the expansion of residential and commercial infrastructure worldwide.



Gas Water Heater Market to hit \$12.8B by 2032, fueled by energy-efficient adoption, urbanization, and rising commercial demand."

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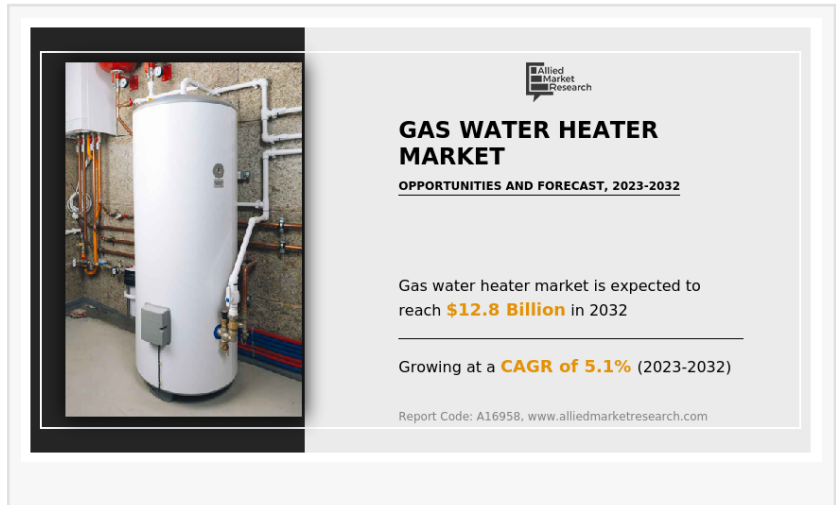
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A gas water heater, often referred to as a heat exchanger, is a device that transfers energy from external sources to heat water. These systems are available in two primary types: instant gas water heaters and [storage gas water heaters](#). The choice between these systems depends on

multiple factors such as household requirements, building type, fuel availability, installation costs, efficiency, and long-term maintenance needs.

Market Drivers

Several factors are fueling the rapid expansion of the gas water heater market. Rising consumer preference for energy-efficient systems is a primary driver. Many governments across the globe



are offering subsidies and incentives to encourage the adoption of gas water heaters, making them a more viable choice over electric alternatives.

In addition, the growing number of hospitals, hotels, and commercial establishments, coupled with population growth in urban and semi-urban areas, is creating significant demand. Rising disposable incomes and lifestyle improvements also contribute to the increasing adoption of modern water heating solutions.

Consumers are becoming more conscious about conserving natural resources, and gas-based systems offer an attractive balance between affordability and efficiency. While the upfront purchase and installation costs may be relatively high, the operating costs of gas water heaters are much lower compared to electric systems. The rising cost of electricity and growing awareness of sustainability are expected to further boost market growth.

Challenges and Opportunities

Despite strong growth, the market faces challenges such as technical issues in installation, higher initial investment, and competition from electric and [solar water heating systems](#). However, these challenges are being outweighed by opportunities stemming from urbanization, rapid infrastructure development, and the rising popularity of eco-friendly appliances.

Global construction activities, particularly in residential complexes, commercial buildings, and industrial facilities, are creating a steady demand for water heating systems. This trend is especially strong in Asia-Pacific, where urbanization and industrialization are progressing at a fast pace.

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Market Segmentation

The global gas water heater market is segmented based on product type, installation type, fuel type, application, and region.

By Product Type: The market is divided into instant water heaters and storage water heaters. Instant gas water heaters dominated in 2022, accounting for more than three-fifths of the market share. Their ability to provide hot water on demand with higher efficiency makes them popular among both residential and commercial users.

By Installation Type: Segmentation includes indoor and outdoor installations. Indoor installations held more than two-thirds of the market share in 2022 and are expected to maintain dominance due to safety, convenience, and better system integration in residential and commercial settings.

By Fuel Type: The market is segmented into natural gas and LPG. The LPG segment emerged as the leader in 2022, acquiring more than two-thirds of the global market share, and is expected to continue this trend throughout the forecast period due to widespread availability and cost benefits.

By Application: The applications of gas water heaters span residential, commercial, and industrial sectors. The commercial segment accounted for more than two-fifths of the total market share in 2022, largely driven by demand from hotels, hospitals, and office complexes.

By Region: Region-wise, Asia-Pacific dominated the market in 2022, accounting for nearly two-fifths of the global share. The region continues to experience strong growth due to rapid urbanization, population growth, and rising living standards. North America and Europe also represent significant markets, driven by demand for energy-efficient systems and replacement of aging infrastructure.

Key Players in the Gas Water Heater Market

Leading companies in the market are focusing on strategies such as expansion of production capacity, acquisitions, partnerships, and product innovation to strengthen their market presence. Prominent players include:

A.O. Smith

Ariston Thermo S.p.A

BDR Thermea Group

Bosch Thermotechnology

Bradford White Corporation

Haier Electronics

HTP Comfort Solutions LLC

Lennox

Racold

Rheem Manufacturing Company

These companies are investing in research and development to deliver high-efficiency, eco-

friendly, and user-friendly products to cater to evolving consumer demands.

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Conclusion

The gas water heater market is set for significant growth in the coming decade, driven by rising demand for energy-efficient water heating solutions, rapid urbanization, and increasing commercial infrastructure. With Asia-Pacific leading in adoption and global manufacturers investing in innovation, the industry is expected to expand steadily. Although initial installation costs may pose a challenge, the benefits of reduced operational costs, government subsidies, and sustainability make gas water heaters a preferred choice for households and businesses worldwide.

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