

# HVAC Equipment Market to Reach US\$ 552.6 Bn by 2035, Growing at 5.5% CAGR | Transparency Market Research

*Rising energy demand and indoor comfort needs drive HVAC market growth, projected to reach \$552.6 Bn by 2035 at a 5.5% CAGR.*

WILMINGTON, DE, UNITED STATES,  
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EINPresswire.com/ -- The [HVAC \(Heating, Ventilation, and Air Conditioning\) equipment market](#) plays a critical role in maintaining indoor environmental comfort across residential, commercial, and industrial settings. As global urbanization intensifies, so does the demand for

climate control systems that ensure air quality, temperature regulation, and energy efficiency. In 2024, the global HVAC equipment market was valued at US\$ 310.4 billion, and it is projected to grow at a CAGR of 5.5% from 2025 to 2035, reaching US\$ 552.6 billion by the end of the forecast period. This remarkable growth is underpinned by rapid infrastructure development, smart city initiatives, environmental regulations, and technological innovations in the sector.

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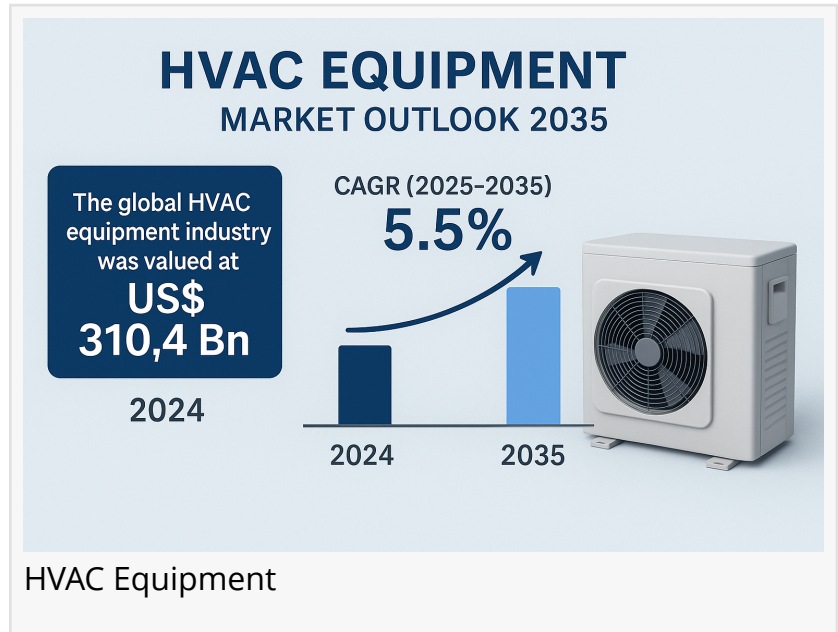
Energy-efficient HVAC systems are key to sustainable growth as global demand for indoor comfort surges.”

*Transparency Market  
Research*

Market Overview: The HVAC equipment market has evolved significantly over the past decade. The need for energy-efficient, smart, and environmentally friendly climate control solutions is now paramount. With increased construction activities in both developing and developed economies, there is a marked surge in the demand for advanced HVAC systems capable of adapting

to diverse climatic conditions.

HVAC equipment encompasses a broad range of systems including heating equipment (heat pumps, furnaces, boilers), cooling equipment (chillers, air conditioners, [cooling towers](#)), and air



delivery systems (ventilation fans, humidifiers, dehumidifiers). These systems are deployed in new construction projects as well as retrofit applications, driven by urban expansion and the rising awareness of energy consumption and sustainability.

## Key Drivers of Market Growth

### Rising Urbanization and Smart Infrastructure Development

According to the United Nations, around 68% of the global population will live in urban areas by 2050. This urban migration necessitates intelligent infrastructure with integrated HVAC systems capable of delivering consistent comfort while managing energy use effectively. Smart buildings rely on HVAC systems that integrate seamlessly with IoT platforms and building management systems to ensure optimum air quality and thermal comfort with minimal energy wastage.

Smart city initiatives across Asia-Pacific, Europe, and North America are increasingly emphasizing the use of intelligent HVAC systems. These initiatives promote the adoption of systems equipped with real-time monitoring, predictive maintenance, and energy management tools, accelerating market expansion.

### Growing Demand for Energy-Efficient Equipment

Energy-efficient HVAC solutions are no longer optional but essential. The International Energy Agency estimates that 30% of global energy consumption is attributed to buildings, with HVAC systems forming a substantial portion. Governments worldwide are imposing strict energy efficiency regulations and building codes, incentivizing the adoption of eco-friendly and high-performance systems.

Additionally, the rising cost of electricity, climate change, and sustainability goals are encouraging commercial and residential users to invest in HVAC systems with advanced features like inverter technology, smart thermostats, and variable speed compressors.

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## Key Players and Industry Leaders

Several companies dominate the global HVAC equipment market, leveraging innovation, regional expansion, and strategic partnerships. Key market participants include:

- DAIKIN INDUSTRIES, Ltd
- Midea
- GREE ELECTRIC APPLIANCES, INC.
- Trane
- Carrier
- Mitsubishi Electric Corporation
- Johnson Controls
- Panasonic Holdings Corporation

- LG Electronics
- Lennox International Inc.
- Emerson Electric Co.
- Bosch Thermotechnik GmbH
- Danfoss A/S
- Haier Inc.

These players are investing heavily in R&D, particularly in artificial intelligence, IoT, and green technology to enhance the efficiency, connectivity, and sustainability of HVAC solutions.

## Recent Developments

- In May 2025, Modine acquired L.B. White for US\$112 million, expanding its offering in portable and agricultural heating systems.
  - In December 2024, Daikin India partnered with Rechi Precision to form DAIKIN-RECHI India Pvt Ltd., focusing on assembling rotary compressors for the Indian residential HVAC market.
  - In November 2024, Copeland and Daikin announced a joint venture aimed at bringing inverter swing rotary compressor technology to the U.S. residential HVAC market.
- These strategic collaborations and acquisitions demonstrate a broader industry focus on regional penetration, product diversification, and operational efficiency.

## Market New Opportunities and Challenges

### Opportunities

- IoT and AI Integration: The proliferation of smart homes and buildings offers significant opportunities for IoT-enabled HVAC systems that allow remote monitoring and automated maintenance.
- Green Building Certifications: With rising demand for LEED-certified and sustainable buildings, there is growing potential for high-efficiency HVAC systems.
- Aftermarket Services: The increasing complexity of HVAC systems is creating opportunities in services, such as predictive maintenance and system upgrades.

### Challenges

- High Initial Costs: Advanced HVAC systems, especially those integrated with IoT and AI, come with higher upfront costs, which may deter adoption in price-sensitive regions.
- Skilled Workforce Shortage: Installation and maintenance of smart HVAC systems require specialized skills, and a lack of trained technicians could hinder market growth.
- Regulatory Compliance: Meeting the varying energy efficiency standards and environmental regulations across regions remains a challenge for global players.

## Latest Market Trends

## Technological Advancements

Technology is at the forefront of HVAC evolution. Key trends include:

- Smart Thermostats: These allow users to remotely control HVAC systems via smartphones and voice assistants.
- Predictive Maintenance: Sensors collect real-time performance data, enabling early detection of issues and reducing system downtime.
- Eco-friendly Refrigerants: Manufacturers are transitioning to low-GWP (Global Warming Potential) refrigerants in compliance with international climate agreements.

#### Modular and Compact Designs

Urban living and compact apartments are driving demand for space-efficient HVAC systems that offer powerful performance without consuming too much physical space.

#### Future Outlook

From 2025 to 2035, the global HVAC equipment market is expected to witness steady and sustained growth. Asia-Pacific will remain the dominant region, while North America and Europe will continue upgrading infrastructure with smart HVAC systems.

As more countries implement energy efficiency mandates and green building regulations, demand for high-performance HVAC solutions will soar. Furthermore, emerging markets such as Africa and Latin America are expected to experience increased adoption due to rising urbanization and industrialization.

By 2035, HVAC systems will be central to smart homes, commercial buildings, healthcare facilities, and transportation infrastructure, underscoring their integral role in human comfort and environmental sustainability.

#### Market Segmentation

The HVAC equipment market can be segmented based on:

##### By Equipment Type:

- Heating Equipment: Heat Pumps, Furnaces, Unitary Heaters, Boilers
- Cooling Equipment: Chillers, Air Conditioners, Water Cooling Towers
- Air Delivery Equipment: Ventilation Fans, Humidifiers/Dehumidifiers

Among these, cooling equipment holds the largest share, primarily driven by rising temperatures, increased household spending, and the growing prevalence of air conditioning in both residential and commercial buildings.

##### By Application:

- New Construction
- Retrofits/Renovation

Both segments show growth, though new construction in emerging economies represents the lion's share of opportunity.

##### By End-use:

- Residential
- Commercial
- Industrial

The residential segment dominates, followed closely by commercial applications, especially in offices, hotels, and retail spaces.

By Distribution Channel:

- Direct Sales
- Indirect Sales

As e-commerce grows and digital B2B platforms evolve, indirect sales are expected to witness faster growth.

## Regional Insights

### Asia-Pacific: The Market Leader

The Asia-Pacific region commands the largest market share and is projected to grow at the highest CAGR through 2035. This is driven by:

- Rapid industrialization
- Urban population growth
- Government-led infrastructure initiatives
- Rising disposable incomes and middle-class expansion

India, in particular, stands out due to its fast-paced urbanization. With over 600 million people projected to live in urban areas by 2036, the demand for advanced HVAC systems will rise significantly. China, Japan, and Southeast Asian countries are also key contributors to the region's dominance.

### North America and Europe

North America is focusing on retrofitting outdated systems with energy-efficient and smart HVAC units. Meanwhile, Europe is emphasizing eco-friendly solutions in line with its climate goals and sustainability programs.

### Latin America, Middle East, and Africa

These regions are witnessing gradual adoption of HVAC systems, with notable progress in commercial and hospitality sectors. Rising investments in infrastructure, particularly in the GCC countries and Brazil, are expected to drive regional growth.

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Contact:

Transparency Market Research Inc.  
CORPORATE HEADQUARTER DOWNTOWN,  
1000 N. West Street,  
Suite 1200, Wilmington, Delaware 19801 USA  
Tel: +1-518-618-1030  
USA - Canada Toll Free: 866-552-3453  
Website: <https://www.transparencymarketresearch.com>  
Email: [sales@transparencymarketresearch.com](mailto:sales@transparencymarketresearch.com)  
Follow Us: [LinkedIn](#) | [Twitter](#) | [Blog](#) | [YouTube](#)

Atil Chaudhari  
Transparency Market Research Inc.  
+ +1 518-618-1030

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