# Air Conditioning Equipment Market Growing at 4.8% CAGR | Asia-Pacific Leads, Europe & LAMEA Surge Ahead

*Air Conditioning Equipment Market to Hit $144.3 Billion by 2032 | Construction Growth & Energy Efficiency Trends Drive Demand*


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The [air conditioning equipment market](air conditioning equipment market) continues to evolve rapidly as global construction, tourism, and consumer lifestyle improvements accelerate demand for advanced cooling solutions. According to a recent report published by Allied Market Research, the market was valued at $89.9 billion in 2022, and is projected to reach $144.3 billion by 2032, growing at a steady CAGR of 4.8% from 2023 to 2032. The expansion of residential and commercial infrastructure, rising disposable incomes, and shifting consumer preferences toward energy-efficient air conditioning systems are shaping the future of the industry.

> Global air conditioning equipment market to reach $144.3B by 2032, driven by construction boom, rising incomes, and energy-efficient AC demand.”
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> *Allied Market Research*

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Rising Demand Driven by Global Construction & Urbanization

Air conditioning equipment refers to systems designed to regulate temperature and humidity within enclosed spaces, improving indoor comfort and air quality. Growing economic development across emerging markets is significantly accelerating the adoption of air conditioners across households, offices, industrial facilities, and hospitality sectors.

The surge in construction activities, particularly in developing regions, acts as a strong catalyst for market expansion. Rapid urbanization, infrastructure development, and population growth are contributing to large-scale residential and commercial construction. For example, rising populations across Gulf countries are expected to push substantial investments into infrastructure sectors such as housing, education, and healthcare. The population in the GCC region is estimated to exceed 600 million by 2050, leading to increased demand for efficient air conditioning systems. This trend is expected to create lucrative air conditioning equipment market opportunities over the forecast period.

 Rising Disposable Income Boosting Air Conditioner Adoption

Globally, an increase in disposable incomes and improved standards of living have encouraged consumers to invest in advanced and premium cooling appliances. This shift has resulted in heightened demand for split ACs, window ACs, packaged systems, and chillers across residential and commercial applications.

In addition, portable air conditioning systems are gaining traction due to their mobility, lower upfront costs, and ease of installation—further contributing to the air conditioning equipment market growth.

 Government Programs Encouraging Energy Efficiency

Energy efficiency is becoming a key priority across global markets. Governments and regulatory authorities are introducing stringent guidelines and offering incentives to promote energy-efficient cooling technologies.

For instance, India's Ministry of Power—through Energy Efficiency Services Limited (EESL)—launched the Super-Efficient Air Conditioning Program in 2020. This initiative promotes the adoption of air conditioners that consume significantly less energy, supporting India's Hydrochlorofluorocarbons Phase-out Management Plan and national Cooling Action Plan. Similar initiatives across Europe, Asia-Pacific, and the U.S. are pushing manufacturers to develop high-efficiency inverter technologies, smart ACs, and environmentally friendly refrigerants.

These initiatives not only contribute to sustainability but also create growth opportunities in the air conditioning equipment market by shifting consumer preference toward green technologies.



 Market Segmentation Overview

By Type

Split Air Conditioner

Window Air Conditioner

Chiller Air Conditioner

Packaged Air Conditioner – projected to grow at the highest CAGR of 5.5% during the forecast period.

By Application

Residential

Commercial

Industrial – expected to register a CAGR of 4.9% from 2023 to 2032.

By Region

Asia-Pacific – largest market share in 2022

Europe

North America

LAMEA

Asia-Pacific dominated the global market in 2022, contributing more than one-third of total revenue, driven by population growth, rapid industrialization, and increased adoption of HVAC systems in commercial buildings. Meanwhile, Europe and LAMEA are expected to witness the fastest CAGR of 4.9% through 2032 due to energy-efficiency regulations and increased modernization of old infrastructure.

 Impact of the Russia–Ukraine War on the Air Conditioning Equipment Market

The geopolitical tension between Russia and Ukraine has created notable disruptions across global supply chains. Ukraine holds strategic importance in supplying raw materials and electronic components used in air conditioning equipment manufacturing. The conflict has resulted in supply shortages, increased logistics costs, and delays in production cycles.

This supply chain disruption has contributed to price volatility for both manufacturers and consumers. Additionally, Russia's role as a major global energy exporter means fluctuations in energy supply have led to increased electricity costs. As cooling systems are energy-intensive, rising power costs are pushing consumers and businesses to adopt more energy-efficient AC models.

In summary, while the geopolitical crisis has caused short-term challenges, it has also accelerated the shift toward sustainable and high-efficiency air conditioning solutions.

 Key Industry Players in the Market

Leading companies operating in the air conditioning equipment industry include:

Hitachi Ltd

Mitsubishi Electric

Panasonic Corporation

Midea Group Co., Ltd.

Samsung Electronics

Sharp Corporation

Electrolux AB

LG Electronics

Johnson Controls

Daikin Industries, Ltd.

These companies are focusing on product innovation, smart connectivity, eco-friendly refrigerants, and expanding their global footprints to stay competitive.

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 Future Outlook: Market Poised for Steady Growth

As global temperatures rise, urbanization accelerates, and consumers demand improved indoor comfort, the air conditioning equipment market is expected to continue registering robust growth. Adoption of AI-enabled HVAC solutions, IoT-based monitoring systems, and energy-efficient inverter technologies will play a pivotal role in shaping the next decade.

Moreover, sustainability-driven regulations and government programs will significantly influence product innovation. The market presents substantial opportunities for manufacturers focusing on green technologies, modular cooling systems, and hybrid solutions tailored to commercial and industrial needs.

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