Bundesverband Wärmepumpe e.V.

Press release from the German Heat Pump Association (BWP)

Heat pump sector lowers expectations for market growth

Berlin, 26 March 2026. Following the coalition's publication of the key points of the Building Modernisation Act (GMG), the German Heat Pump Association (BWP) has released its new industry study. According to the study, the association expects 330,000 heat pumps to be installed this year and anticipates growth rates of around 10 per cent in the coming years as well. Whilst there is considerable interest in heat pumps among homeowners, the expected demand falls short of the actual potential, as the debate surrounding the Building Modernisation Act (GMG) is causing considerable uncertainty in the heating market. It is therefore all the more important that heating subsidies continue unchanged.

"More and more consumers are associating heating with gas and oil with high financial risks. The war in the Middle East highlights just how urgently Germany needs to break free from its dependence on imported fossil fuels," notes Norbert Ruths, a member of the BWP Executive Board and a master craftsman from Langenlonsheim. "For many, the heat pump is the first solution to this problem."

Following the publication of the BWP's latest industry study, Managing Director Dr Martin Sabel highlights the growing economic importance of heat pumps. "Heat pumps have become the most important product across an entire value chain. This is about securing long-term jobs for 100,000 employees. The heat transition is being implemented by the domestic heating industry and local stakeholders from the skilled trades and energy supply sectors."

Heating subsidies are a key driver for a stable heat pump market

That is why it is important that the coalition has committed to providing sufficient funding for the heating subsidy scheme until at least 2029. "Every euro of funding triggers four times that amount in investment in building modernisation," says Dr Sabel, referring to the latest evaluation report on the Federal Funding for Efficient Buildings (BEG). "Five and a half billion euros in funding for new heating systems therefore generates four billion euros in tax revenue for public finances. The government could not invest more effectively in energy independence, economic growth and climate protection."

Building Modernisation Act (GMG): No surge in building renovations expected

In light of the proposed Building Modernisation Act (GMG), Ruths notes a feeling of uncertainty amongst homeowners. "Our customers are asking us many questions that cannot be answered until the legislative process has been completed at the very earliest – for example, regarding the requirements for the use of low-carbon energy sources in new gas and oil heating systems. It is difficult to understand why, despite global political events, the Building Modernisation Act (GMG) once again excludes the installation of new oil and gas heating systems. Consequently, a new wave of modernisation in the building sector is not to be expected.," says Ruths.

A clear direction for energy prices allows full potential to be realised

The market forecasts from the industry study are based on two scenarios: a 'business-as-usual' scenario describes how the new Building Modernisation Act (GMG) is causing new uncertainties in the heating market. What becomes clear here is that in the short term, stable heating subsidies must provide guidance. An ambitious target scenario, on the other hand, indicates that heat pumps could realise their full growth potential once energy prices are clearly aligned, which would in turn revitalise the heating market as a whole.

Industry calls for political commitments to be honoured

“Given the high level of government levies on electricity, there can currently be no question of fair competition between heat pumps and fossil fuel alternatives. Instead of finally implementing the reduction in electricity tax, the CO_2 price is once again increasingly being called into question,” criticises Sabel, summarising the conclusions of the industry study for the Federal Government: “We need greater clarity in the new regulatory framework, continuity in funding and relief on electricity prices.”

Table: Heating subsidies, investment and VAT in 2025

	BEG EM authorisations	**Federal budget commitments**	**Investments** (with a leverage ratio of 3.9*)	**Refunds for public budgets** (VAT 19 %)
Heat generators eligible for funding 2025	330,000 including 288,000 heat pumps	5.4 billion euros	21.2 billion euros	4.0 billion euros

Source: Energiewechsel.de

Further information under https://www.waermepumpe.de/presse/pressemitteilungen/ .

About the German Heat Pump Association (BWP)

The German Heat Pump Association - Bundesverband Wärmepumpe (BWP) e. V. is an industry association based in Berlin that covers the entire value chain surrounding heat pumps. The BWP brings together over 1,350 companies from the heating industry, tradesmen, planning and architectural firms, drilling companies and energy suppliers, all of whom are committed to promoting the increased use of efficient heat pumps.

The German heat pump industry employs around 100,000 people and generates an annual turnover of around 3.5 billion euros. There are currently just under two million heat pumps in use in Germany. Around 95 per cent of the systems installed here are manufactured by BWP member companies.

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