

Heat pump sales fall by 5% while EU delays action

Brussels, Belgium – 27 February 2024

Heat pump sales in 14 European countries **fell by around 5% overall in 2023** compared to 2022, from 2.77 million to 2.64 million. This reverses the trend of the last decade, where combined sales increased annually. The slowdown is already forcing manufacturers to cut or reduce jobs – the changes announced so far **will impact nearly 3,000 employees** (see *Table 1 below*).

France, Italy, Sweden, Finland, Poland, Denmark, Austria and Switzerland all saw heat pump sales drop last year. While they increased in Portugal, Belgium, Norway, the Netherlands, Spain and Germany this was not enough to offset the overall decrease* (*Figures 1 and 2*). What's more, even in many countries that saw overall growth, **quarterly sales declined towards the end of 2023** (*Figure 3*). Market analysts expect this downwards trend to continue way into 2024.

Very new figures from the UK, not yet included in the graphs or overall calculations, show national sales growth of 4% last year.

The dropping sales come as **the EU's Heat Pump Action Plan**, due to be published in early 2024 to support the sector, **is delayed by the European Commission until 'a time to be decided'**. In the meantime, high interest rates and changing national policy measures are unsettling investors and consumers. Governments increased support for people investing in heat pumps in 2022 following the energy crisis triggered by the Russian invasion of Ukraine. In 2023 much of that support was restricted or removed. This was the case in Italy, which saw one the biggest drops between 2022 and 2023 sales, for example.

The slowdown in heat pump sales **puts the EU's climate and energy targets at risk**. This includes the 2030 target of 49% renewables in heating and the 60 million heat pumps to meet REPowerEU.

Thomas Nowak, secretary general at the European Heat Pump Association said:

"The heat pump sector is facing stormy weather, and needs all hands on deck. Companies have invested in training and manufacturing capacity and consumers are on board. What's now vital is a compass in the form of the EU Heat Pump Action Plan and subsequent national plans. These will steady the waters.

"If Europe is serious about supporting net zero industries, decarbonising, and achieving greater energy independence, it can not afford to delay. A proper action plan shows voters that EU policy makers have their back. The longer we wait, the more challenging the decarbonisation of heating and cooling will be," added **Nowak**.

[See the full set of graphs.](#)

Figure 1:

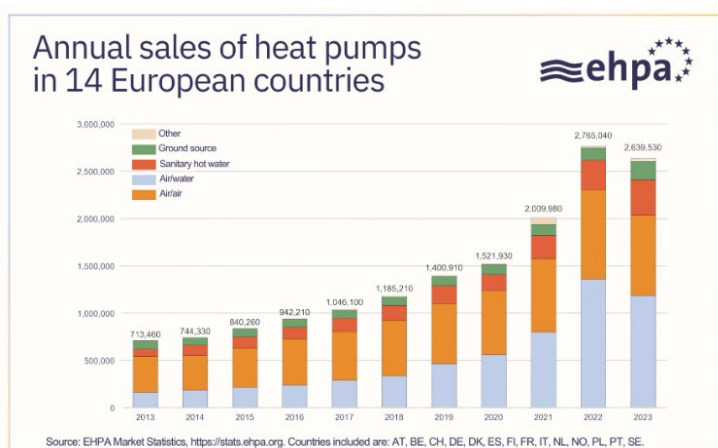


Figure 2:

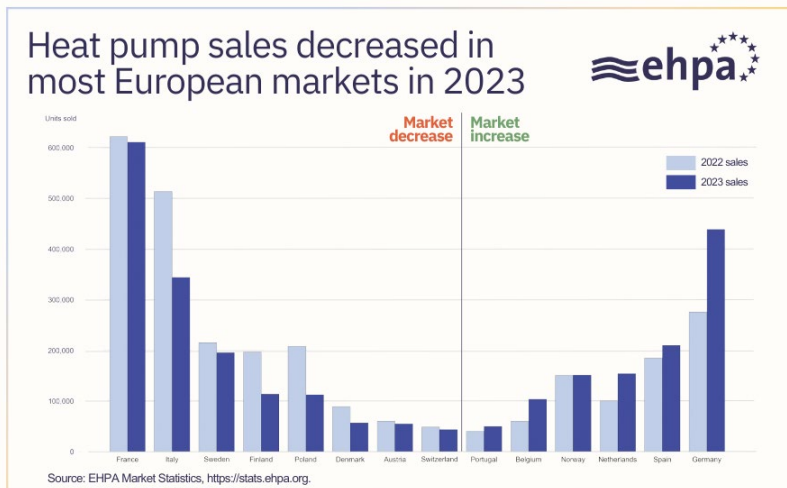
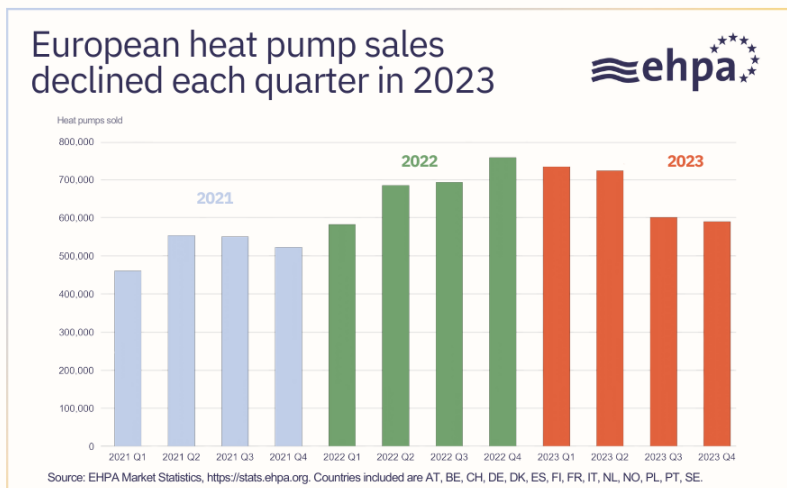


Figure 3:

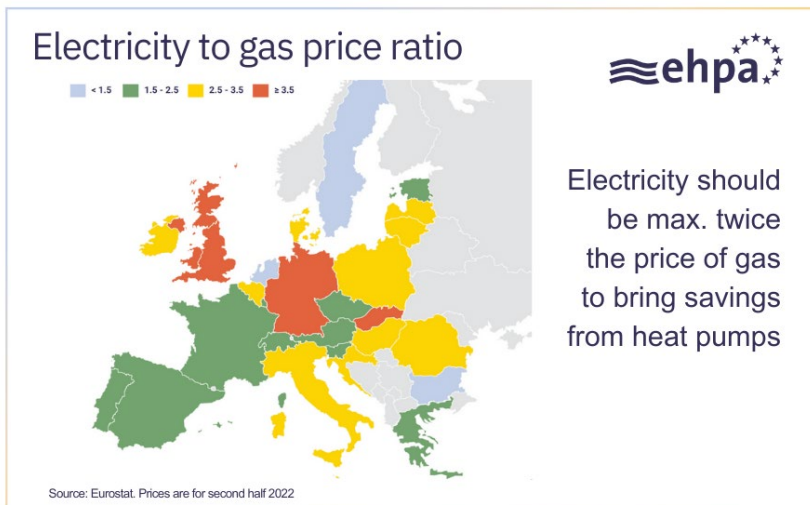


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The taxes and levies applied to energy should be addressed to reduce the price of electricity for end users. In 2022 gas prices were high, making electric heat pumps a more financially worthwhile investment. With the price of fossil gas coming down, and electricity often carrying a tax burden, electricity prices are sometimes as much as four times those of gas (*Figure 4*).

Bringing stable policy support and ensuring electricity is around twice the price of gas – for example through a carbon price and tax breaks - are crucial to turn “the cost of heat pumps” into an investment that enables continuous savings on heating. This will trigger end-user demand and bring more heat pumps to decarbonise the heating and cooling sector and support greater EU energy independence.

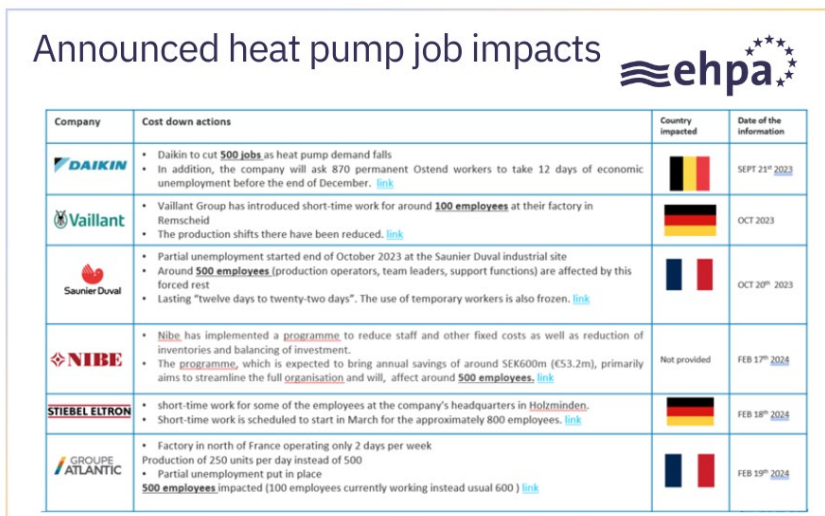
Figure 4:














Publishing the EU Heat Pump Action Plan rapidly – as called for by over 60 CEOs and a wide group of associations in letters to Commission president von der Leyen - is the essential first step.

We are expecting total sales for 2023 to bring the total heat pump stock to around 23 million in Europe (EU 27 + UK, Norway and Switzerland).

Table 1:



Company	Cost down actions	Country impacted	Date of the information
 DAIKIN	<ul style="list-style-type: none"> Daikin to cut 500 jobs as heat pump demand falls In addition, the company will ask 870 permanent Ostend workers to take 12 days of economic unemployment before the end of December. link 		SEPT 21 st 2023
 Vaillant	<ul style="list-style-type: none"> Vaillant Group has introduced short-time work for around 100 employees at their factory in Remscheid The production shifts there have been reduced. link 		OCT 2023
 Saunier Duval	<ul style="list-style-type: none"> Partial unemployment started end of October 2023 at the Saunier Duval industrial site Around 500 employees (production operators, team leaders, support functions) are affected by this forced rest Lasting "twelve days to twenty-two days". The use of temporary workers is also frozen. link 		OCT 20 th 2023
 NIBE	<ul style="list-style-type: none"> Nibe has implemented a <u>programme</u> to reduce staff and other fixed costs as well as reduction of inventories and balancing of investment. The <u>programme</u>, which is expected to bring annual savings of around SEK600m (€53.2m), primarily aims to streamline the full <u>organisation</u> and will, affect around 500 employees. link 	Not provided	FEB 17 th 2024
 STIEBEL ELTRON	<ul style="list-style-type: none"> short-time work for some of the employees at the company's headquarters in Holzminden. Short-time work is scheduled to start in March for the approximately 800 employees. link 		FEB 18 th 2024
 GROUPE ATLANTIC	<ul style="list-style-type: none"> Factory in north of France operating only 2 days per week Production of 250 units per day instead of 500 Partial unemployment put in place 500 employees impacted (100 employees currently working instead usual 600) link 		FEB 19 th 2024

*These 14 countries made up 90% of the European heat pump market in 2023

Contact:

Sarah Azau
 Head of Communications, European Heat Pump Association
sarah.azau@ehpa.org
 Tel: +32 473 57 31 37