PRESS RELEASE

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The World Air Conditioning Market Comes Out of the Chill

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In 2011, the world market for air conditioning was valued at US$88.2 billion up 13% compared with US$78 billion in 2010, evidence that the global AC market is continuing to recover lost ground since the downturn in 2009.

Asia Pacific is still the largest world region in terms of air conditioning sales with US$48.2 billion or close to 55% of the world market in 2011. Within the region, China and Japan represent the biggest markets, with 83% by value of the market.

Apart from the sales, Asia represents the major production hub with around 70% of the world's air conditioners were produced in China in 2011.

The Americas and European regions were the worst affected by the economic crisis in 2009; America has started to slowly recover- stronger growth is witnessed in Brazil. Europe is struggling to recover from the Euro crisis, though sales of all splits were up in 2011. Chiller sales are down though there is an increasing AHU market. This is due to EU building regulations stipulating the need for air tight buildings. This has led the need for more ventilation and hence the need for small standardised AHU products to be installed in new and major refurbishment projects. Sales of AHU with heat recovery are also increasing.

Market conditions in the Middle East, Africa and Indian subcontinent continue to remain positive. Overall though; some countries such as UAE were impacted by the financial crisis.

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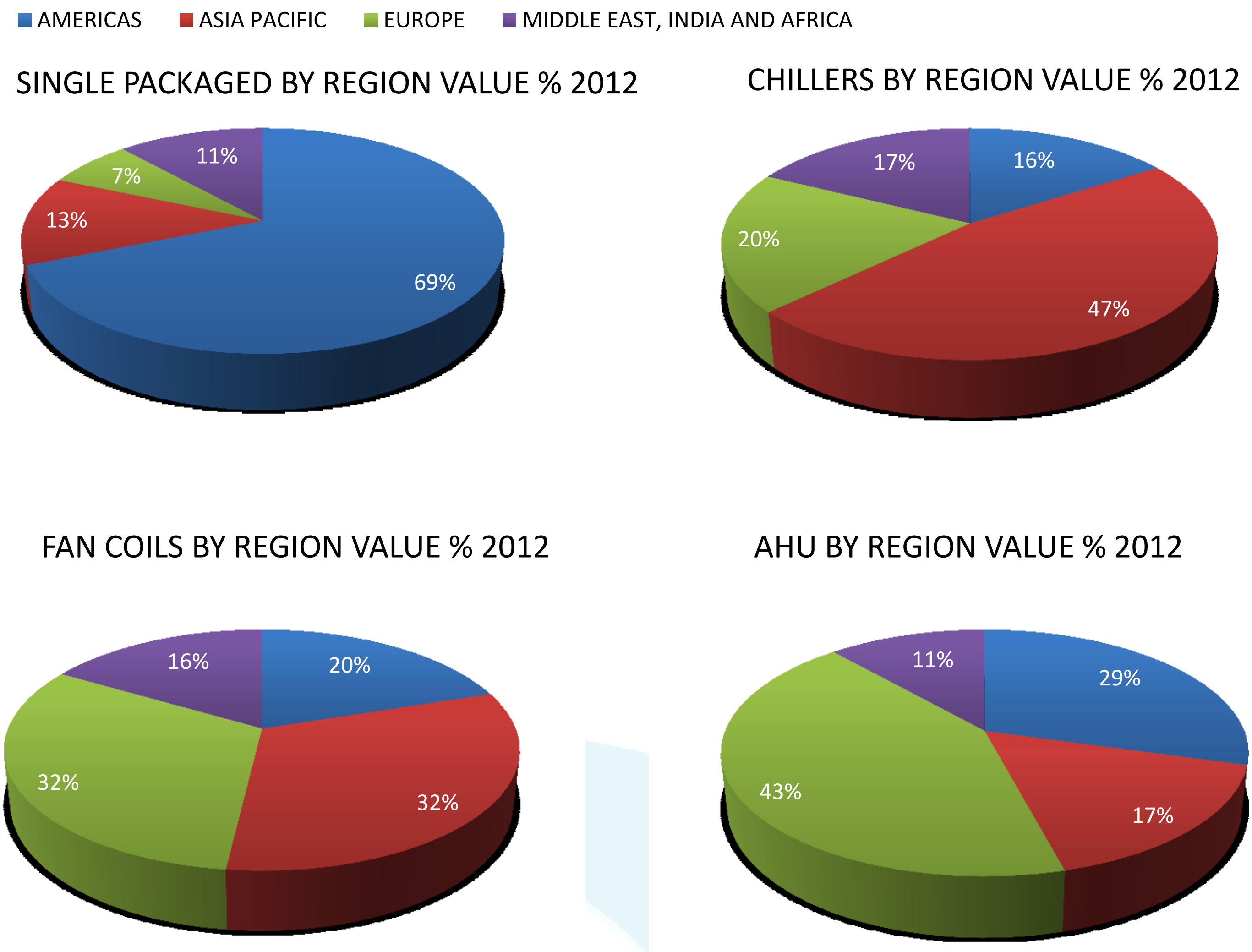
India and Saudi Arabia are the most important markets of the region. Qatar is also an important market with opportunities once the government has made its announcement regarding the Football World Cup 2022 due mid-2012.

Figure 1. World Air Conditioning, by region value, %, 2012



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1 MOVEABLES

Total sales of moveables for 2011 are estimated to be 1,896,229 units with a corresponding value figure of US530.6 million, up in volume by 16% over 2010.

• North America is the largest market for portables.

• The moveable market remains relatively small, and is expected to increase in size due to the general world economy improving.

• The Middle East, Africa and Indian subcontinent is the smallest region as this type of equipment in fact is not enough to provide sufficient cooling loads to cope with the extreme heat, which are required in those regions.

2 WINDOWS/THROUGH THE WALL

The windows/through the wall market continued to recover ground lost since the first financial crisis in 2009, up 7%, reaching 14,846,076 million units, and US$3.3 billion by value.

• The total America region has the largest share of sales with 70% by volume and 58% by value.

• The windows market is increasingly experiencing competition from low cost splits, particularly in Europe and Asia, as they are also perceived as more energy efficient and better quality. There will always be a market in some countries for windows especially on projects where cost is the prime driver of the project.

Also opportunities for windows will lie in a strengthening replacement market in many regions.

3 SPLITS

The total sales of all splits in 2011 amounted to US$ 64.6 million with a corresponding volume figure of 92.6 million. This is an increase of 14% in value and 8% by volume. A recovery in market sizes was witnessed for all types of splits.

• Asia remains the biggest market for splits and in 2011 sales increased by 7% in volume and 15% in value compared with 2010. There is a combination of reasons behind this; there has been an increase in VRFs and Japanese Ducted Systems in terms of volume. Also in Countries such as Japan there has been a shortage in electricity supply, which has resulted in people replacing equipment with energy saving products such as inverters and air-to-air heat pumps; however these come at a higher price.

• In Europe sales of all splits increased by 20%, despite being hit hard by the Euro crisis. This is mainly due to the sales in Russia.

• In 2010 Russian split market share has significantly increased due to abnormal hot weather in European part of Russia in July and August. Consequently retail prices for moveable A/C or RAC split systems with installation at the day of request had achieved the level of $1,500. In 2011, growth continued, mainly driven by panic. Many Russians, terrified by the theories of global warming, expected a repetition of heat wave from 2010. The increase in sales was of about 72% by volume and 135% by value. The justification for this enormous increase by value resides in speculative prices on the season's peak.

The VRF market is the most promising increasing by over 8% CAGR over the forecast period. This product is increasingly competing successfully against small Chillers. Increased awareness across all regions including America is helping to push sales. Its suitability for refurbishment projects is helping to hold up the market even in regions where growth is slow.

In most regions there is movement away from USA ducted splits towards Japanese style minisplits. Penetration of minisplits is low in America, though awareness of the products is increasing amongst end users. Japanese ducted splits are slowly taking share away from USA ducted. Growth of the former will be stronger and it is expected that Japanese style ducted splits will represent 28% of all ducted splits by the end of the forecast period.

There is still a significant market for USA ducted splits, for the replacement sector and for units greater than 17kW.

• Splits are either manufactured in Asia or in the case of Americas (US-style ducted), there is also now a trend towards manufacture in Asia or are manufactured in Asia and assemble in the Americas. The US is the production centre for US style splits while Latin America is an assembly centre for Japanese style splits for the American market.

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4 SINGLE PACKAGED

The single packaged market was estimated at 1.7 million units and was valued at US$ 4.7 billion in 2011.

• Americas is the biggest market, constituting the 87% of the global sales.

Rooftop

• In Europe, the market for rooftop units in 2011 was 15,003 units, down 1% compared with 2010 by volume. In terms of value the market was up by 4%.

• The Asian rooftop market remains small with 11,301 units in total in 2011; there is no market for rooftop in Taiwan, South Korea, Malaysia and Thailand. The market in Philippine and Japan is negligible.

• The roof top market can be considered one of the most important across all the AC market in mainly Middle Eastern markets, such as Saudi Arabia, whose sales account for about the 22% of the total market in the region. Here, these units are installed in residential buildings as they can be installed and maintained from outside without access to the inside of the house. Larger capacity units up to 350kW are also installed in substations such as in Qatar.

Indoor packaged

• Total sales of indoor packaged amounted to 111,023 units with a value of US$732.4m. This product is declining in many countries due to preference towards splits especially floor standing vertical splits.

• In Europe, the indoor packaged market is very small with only 28,266 units sold in 2011 and with a drop of 1% in volume and increase of 2% by value. The market is continuously decreasing because of the less demand and competition from splits units, screw Chillers and VRF.

• In Asia, the market for indoor packaged is small with sales of 52,675 units in 2011.

• In the Middle East region, the large packaged units are used for commercial applications including banks, mosques and churches, warehouses, showrooms, supermarkets, factories and low-rise buildings. The indoor packaged market decreased in 2011, -down 4% over 2010 by volume and up 1% by value.

PTAC

• This is a commercial through the wall product- sold mainly in North America.

• Their primary application is medium and small hotels. The PTAC market dipped dramatically in the past three years. The hospitality sector was badly hit by the economic crisis and the construction activity in this segment of the market fell by 19% in the USA in 2011. A slow recovery in the market will take place in 2012, but it will take more than three years before the volumes return to the 2008 levels.

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5 CHILLERS

The Chiller market increased by 18% in value in 2011. The most popular Chillers are screw and scroll, and together with the reciprocating, they account for the 92% of the total market, though reciprocating Chillers are very much in decline.

• The majority are air cooled and 54% by volume are <100kW, whilst 11% by value.

• Asia Pacific is the largest market for Chillers with 163,230 units sold in 2011 which equates to 58% of the global market.

• In Europe, the Chiller market has recorded a decrease of 1% in volume and an increase of 9% in value.

• In the Americas, the Chiller market increased by 9% in volume 2011 and is expected to show moderate growth in 2012 with the recovery of the non-residential market taking a bit longer, particularly in North America, which represents over 70% of the regional market for central plant air conditioning.

• Production is predominantly local with chiller production centres mainly in the USA but also in Mexico and Brazil.

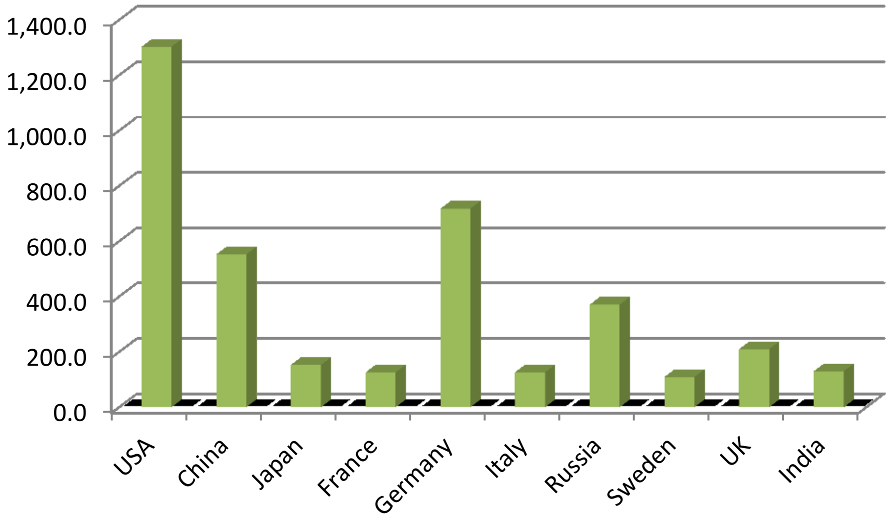
6 AIRSIDE

In 2011, the airside market reached 6.7 million units, up 8% over 2010, and up 13% in value terms, similar to the trends as seen in Chillers markets.

• The AHU market value increased from 658,529 to 739,910 units. There is a continuing trend towards customised units and the inclusion of heat recovery models, due to the drive towards energy efficient solutions.

• The fan coils market increased by 8% in volume compared to 2010. As with Chillers; China holds the greater market share by volume of 22%, and value (9%). Concealed fan coils remain the most popular with 74% of the market.

Figure 2. Top ten forecasted AHU markets, by value ($), 2013



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New global report now available by BSRIA

BSRIA has recently published its new and fully updated study of the world's most important air conditioning markets. These new reports have been compiled through findings from over 839 interviews with key industry contacts throughout the world. These findings were analysed by BSRIA's air conditioning market experts, incorporating existing technical and market expertise and extensive historical knowledge. The result is a unique and independent publication and an essential tool for any marketing professional in the air conditioning industry.

Statistical data in this article is quoted from the *World Market for Air Conditioning* study, published in March 2012.

More information on the availability and costs of these reports contact Tim Page or view our website **www.bsria.co.uk/wmi**

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