MARCH 2025

Pump it down

Why heat pump sales dropped in 2024 – a country-by-country breakdown

Photo: Kensa Group

Overall heat pump sales trend in 14 European countries for 2024

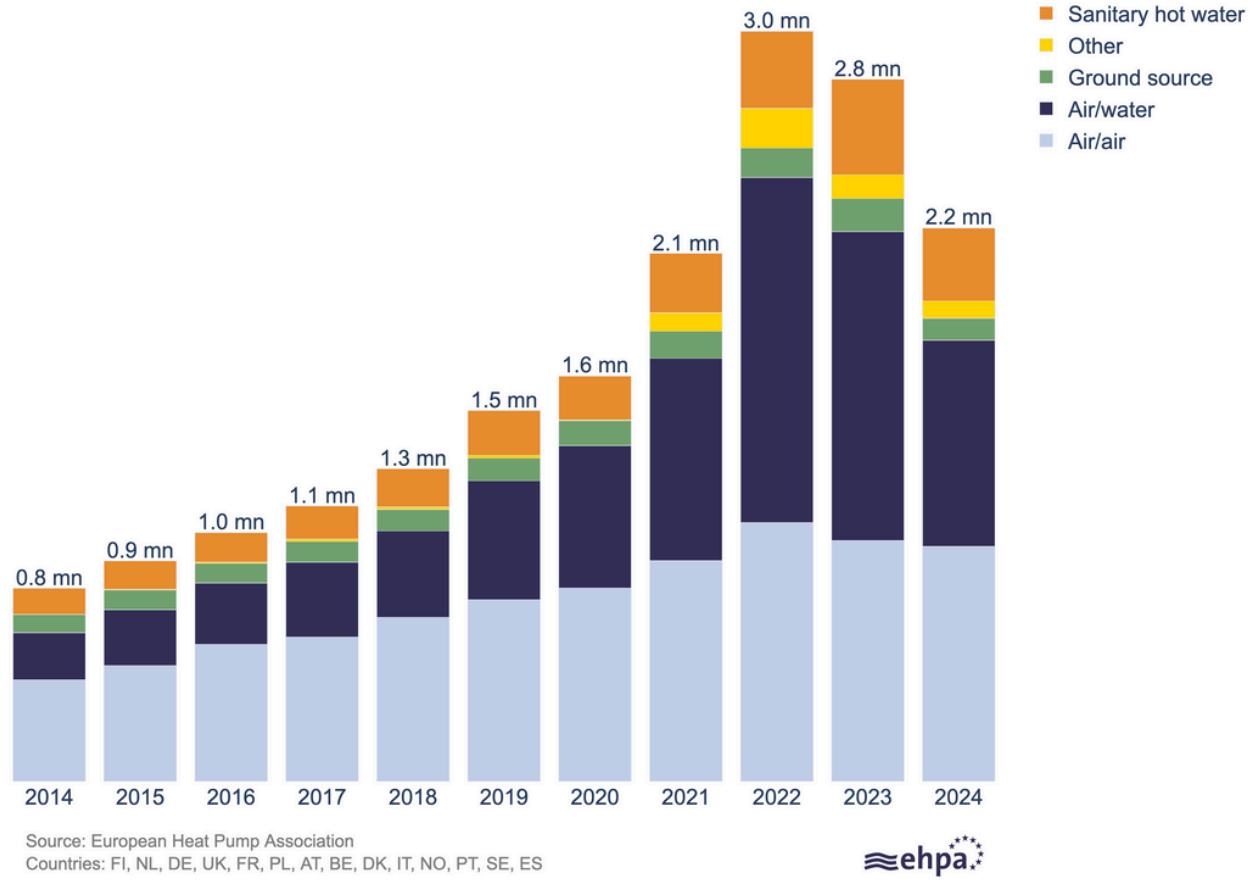

Figure 1: Annual sales of heat pumps in 14 European countries

In 2024, heat pump sales in 14 key European countries* dropped by an average of 22% compared to 2023, with the UK being the only country to see growth. These 14 countries account for about 90% of the European market, bringing the total installed stock of heat pumps in Europe to 26 million.

Annual heat pump sales trends in these countries from 2014 to 2022 show continuous growth from 0.7 million units in 2014 to 2.8 million in 2022. However, sales declined to 2.6 million in 2023 and further to 2 million in 2024, marking a major setback after a decade of expansion.

*Austria, Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden, UK.

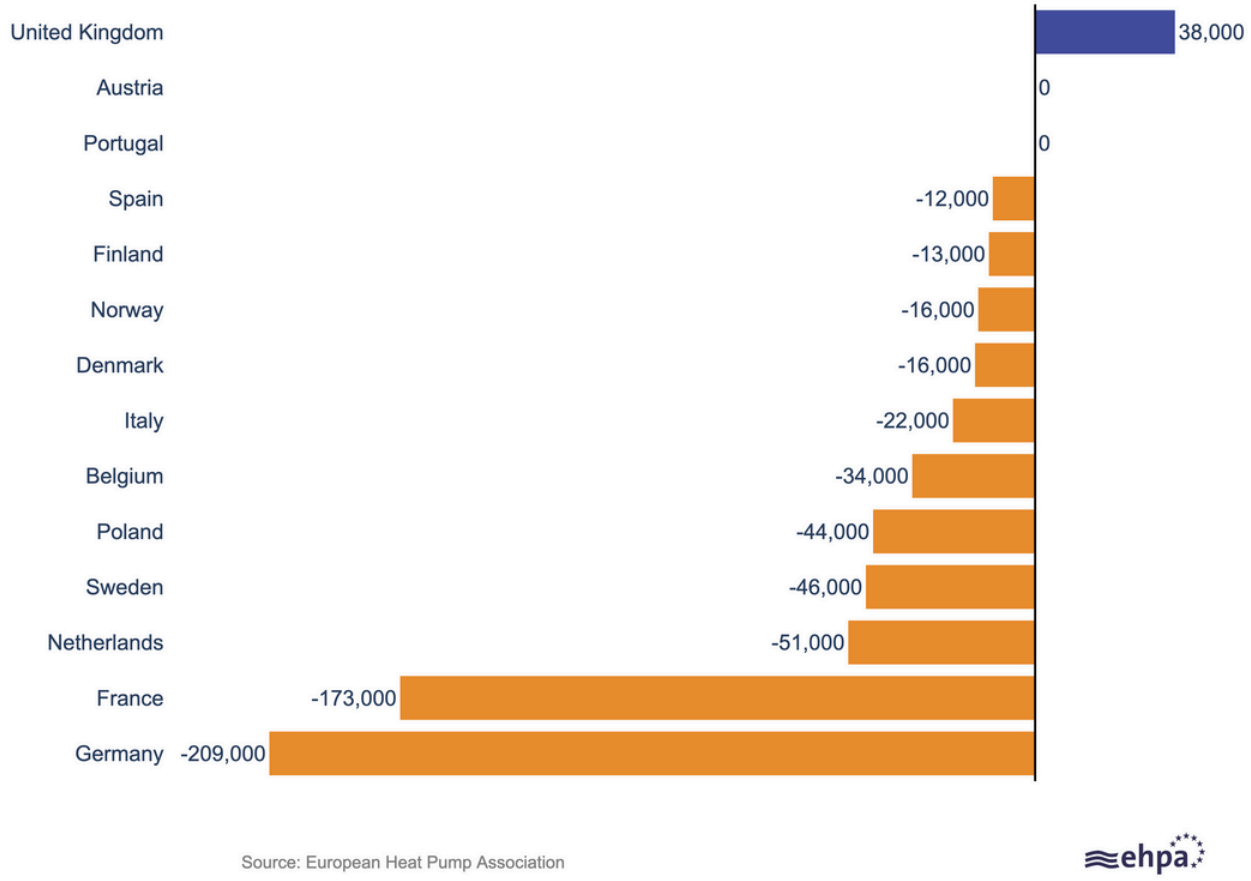

Figure 2: Change in heat pump sales (2023 vs. 2024)

The change in heat pump sales from 2023 to 2024 shows that most countries experienced a decline. Germany and France saw the largest decline, with Germany dropping by 209,000 units (48%) and France by 173,000 units (39%). The UK was the only market to experience growth, with sales rising by 38,000 units (63%).

The downturn in sales has had significant repercussions for the heat pump industry, which had expanded production capacity in 2022 and 2023. At least 4,000 jobs have been lost, and over 6,000 workers have been affected by reduced hours or other impacts. The industry currently supports around 170,000 direct jobs in Europe, and further declines could lead to additional cutbacks.

When examining national contexts, several countries —including Germany, France, Belgium, and Poland— faced regulatory uncertainty, delayed subsidies, or sudden policy shifts, leading to reduced consumer confidence and investment hesitation. Additionally, high electricity prices relative to gas, particularly in Belgium and Poland, made heat pumps less financially attractive. Other economic factors such as inflation, high interest rates, and a slowdown in construction further constrained demand.

Strengthening demand for heat pumps: Key to Europe's clean energy future

In light of this downturn, it is crucial to recognise the importance of sustaining and increasing demand for heat pumps, especially given their role in Europe's clean energy transition.

The heat pump sector plays a pivotal role in decarbonising heating and cooling, boosting energy security, and ensuring Europe's industrial competitiveness. With 60-73% of the heat pumps installed in Europe being manufactured locally, this sector not only reduces emissions but also drives job creation and economic growth.

Additionally, wider heat pump adoption can reduce Europe's dependence on imported fossil fuels and therefore provide greater energy security. The European Commission's communication on the Action Plan for Affordable Energy highlights that increasing heat pump deployment could cut €60 billion in import spending.

To accelerate the transition to clean heating and cooling, long-term policy clarity and stability are essential. A clear roadmap that phases out fossil fuel heating systems and prioritises electrification through heat pumps will foster greater confidence among consumers and manufacturers. Additionally, ensuring that the electricity used for heat pumps remains competitively priced—by reducing VAT, offering financial incentives for low-income households, and aligning energy taxation—will help make the technology more affordable and accessible.

Strengthening the sector through robust policies in upcoming initiatives such as the Electrification Action Plan and Heating and Cooling Strategy can protect jobs, safeguard Europe's leadership in clean tech, and enhance energy security.

In the following section, a country-by-country analysis outlines the specific reasons behind the sales trends in each market.

Country-specific analysis of heat pump sales in 2024

Austria

In 2024, heat pump sales in Austria remained stable compared to the previous year, with a significant rebound in the second half. The year began with subdued sales figures and a large number of funding applications. Due to high inventory levels in the wholesale trade, the increasing demand was not reflected in the first half of the year. However, as demand grew, sales picked up significantly in the latter part of the year.

Despite a challenging year for the new building sector, heat pumps continued to be the preferred solution for heating system replacements, with monobloc models being favoured for renovations. Government subsidies of up to 75% and even 100% for low-income households, provided strong incentives for homeowners to make the switch.

However, delays in payment created financial barriers for many homeowners, slowing the transition away from oil and gas heating. Addressing these financing issues could accelerate uptake and further support Austria's energy transition.

Read the Austrian Heat Pump Association's press release here

Belgium

In Belgium, heat pump sales experienced a significant decline in 2024, dropping by 40% for hydronic heat pumps and 60% for monobloc heat pumps. Overall, heat pump sales fell sharply, continuing a downward trend from 2023, with the market now at an unprecedented low compared to 2021 and 2022.

The decline is due to a combination of economic and policy challenges. High electricity prices - almost four times the cost of gas per kWh - have made heat pumps less financially attractive to households. Inflation, high interest rates and general economic uncertainty have further discouraged investment in renewable heating systems. Inconsistent government policy, including uncertainty over VAT measures and reversed decisions on heating regulations, has added to consumer reluctance. In addition, misleading media reports have fuelled misconceptions about heat pumps.

For more information, get in contact with ODE and Frixis.

Denmark

In 2024, heat pump sales in Denmark saw a significant decline of 36%, dropping from 58,000 units in 2023 to 40,500 units.

The main reason for this decrease is the lower gas prices, which have reduced the market's appeal for heat pumps, especially compared to 2022 when gas prices were higher, and the market saw substantial growth. Inflation has also played a role, as the high cost of living has made heat pumps appear expensive to many consumers.

Despite the availability of funding schemes that offer financial incentives for heat pump installations, many potential buyers remain hesitant due to the perceived high upfront cost, particularly when compared to traditional gas heating systems.

Finland

In 2024, heat pump sales in Finland fell by 13.7% to just over 100,000 units, mainly due to the decline in the construction sector, high interest rates and a slowdown in household-related investments. Air-to-air heat pumps accounted for 85,000 units, while air-to-water, ground-source and exhaust-air heat pumps saw lower demand, especially in single-family homes.

Despite the decline, there are signs of recovery. Large heat pumps for residential and commercial buildings are growing rapidly, replacing district heating. The transition to electric heating continues, reducing dependence on fossil fuels and biomass.

Looking ahead, energy price volatility and the push for more independent heating solutions, coupled with government incentives, are expected to drive demand. Finland's 1.6 million installed heat pumps create a solid replacement market, with one third of air-to-air heat pump sales already representing replacements.

Read the Finnish Heat Pump Association’s press release here.

France

In 2024, heat pump sales in France experienced a significant decline, with a loss of 124,000 air-to-water heat pumps compared to the previous year. This decline can be attributed to several factors, including economic and political challenges, as well as the lack of competitiveness of electricity prices. In addition, the instability of financial support mechanisms, in particular the MaPrimeRénov' programme, had a strong impact on sales, especially in the first half of the year.

Sales of high-temperature heat pumps fell sharply by 59%, mainly due to a slowdown in renovations and fewer replacements of oil-fired boilers. Monobloc heat pumps, which had been gaining ground in 2023, also followed the general downward trend. However, smaller heat pumps (less than 6 kW), mainly used in new single dwellings, were less affected.

Looking ahead to 2025, there is cautious optimism due to factors such as the fall in electricity prices since February and the increasing implementation of the RE2020 regulation for collective housing and commercial buildings. The industry remains hopeful but is still waiting for clear and stable guidance from the government.

Germany

After a record year in 2023, heat pump sales in Germany fell sharply by 46% in 2024. The decline is largely attributed to uncertainties around municipal heating plans and insufficient awareness of available subsidies.

The market is expected to recover in 2025, provided that the government maintains stable policies and continues supporting renewable heating solutions. If the upcoming government can offer reliable market conditions and targeted investment incentives, the heat pump market could see a rebound. The sector, having invested heavily in production capacity, remains optimistic about long-term growth, but stability and clear policies will be crucial for a sustained recovery.

Read the German Heat Pump Association's press release here.

Italy

Preliminary data suggests that the Italian heat pump market will decline by 3-5% in 2024 compared to 2023, with notable differences between segments.

The residential air-to-air heat pump sector, particularly split systems, experienced strong double-digit growth, driven by the replacement of older units from 2004-2009 and uncertainty over the future of the Bonus Casa incentive scheme in 2025, which boosted demand in late 2024. In contrast, sales of residential air-to-water and water-to-water heat pumps fell sharply by an estimated 35-40% due to the end of the Superbonus programme, bringing the market back to 2021 levels. Hybrid systems were hit even harder, with an estimated 70% drop. Heat pumps for domestic hot water showed relative resilience, with a decline of only 5%.

In the commercial sector, variable refrigerant flow (VRF) systems, air-to-water and water-to-water heat pumps continued to grow at double-digit rates, supported by stable demand from business and industry, mostly independent of incentives.

Netherlands

In 2024, heat pump sales in the Netherlands fell by 27%, with manufacturers and importers selling 110,000 units - down from 150,000 in 2023. This decline was driven by reduced government incentives, economic uncertainty and a slowdown in both the residential and commercial markets. Despite a late-year sales boost due to upcoming subsidy cuts, demand is expected to weaken again in 2025.

Currently, 1 in 12 households in the Netherlands has a heat pump, but significant growth is needed to meet the government's 2030 target of 1 in 5 households. The sector had invested heavily in production and installation capacity, but recent policy changes have forced manufacturers to cut back.

While heat pumps remain a cost-effective solution for sustainable heating, stronger policy support is needed to drive uptake beyond the early adopters. The balance between electricity and gas prices will also play a key role in the market's recovery.

Read the Dutch Heat Pump Association’s press release here.

Norway

Heat pump sales in Norway have experienced a decline, with sales dropping in 2024 compared to previous years. This decline is largely due to the drop in electricity prices, following the high prices in 2022 and 2023. During periods of high electricity prices, heat pump sales increased as people looked for ways to reduce energy costs, especially during the COVID-19 pandemic when people spent more on home renovations.

In 2024, heat pump sales declined in most categories, with moderate declines in air-to-air and air-to-water heat pumps and a significant decline of over 40% in water-to-water heat pumps. The introduction of a favourable electricity subsidy scheme and high housing interest rates also contributed to the decline.

Looking ahead to 2025, the heat pump industry remains cautious. The government's proposed low electricity price for homes and cottages could reduce the financial incentive for consumers to invest in energy-saving technologies such as heat pumps. With lower electricity prices, the payback period for heat pumps may become longer, potentially leading to lower demand in the coming years.

Read the Norwegian Heat Pump Association's press release here.

Poland

The decline in heat pump sales in Poland was driven by rising electricity costs, political mismanagement and restrictive regulations. In 2023, electricity prices almost doubled for households using more than 2,000 kWh per year, while gas prices remained stable due to subsidies. This made gas heating more affordable and discouraged the uptake of heat pumps. Although the electricity/gas price ratio improved in mid-2024, the impact on consumer bills was delayed, slowing the market recovery.

Mismanagement of the Clean Air subsidy programme also hurt sales. A poorly controlled 100% subsidy scheme led to fraud and poor quality installations, fuelling negative media coverage and a shift in consumer preference towards biomass heating. Subsidy applications for heat pumps fell from 63% in 2022 to 23% in 2024, while pellet boilers jumped from 15% to 53%.

Regulatory changes further constrained the market. New ZUM list (list of green materials and equipment) requirements excluded many high-quality heat pumps from subsidies because they did not recognise industry certifications, forcing manufacturers to undertake costly and lengthy additional testing. This reduced consumer access to reliable products.

Adding to the uncertainty, the abrupt suspension of the Clean Air subsidy programme at the end of 2024 disrupted investment plans. While the electricity price ratio has improved, consumer confidence remains fragile and policy clarity will be key to market recovery in 2025.

Spain

The Spanish heat pump market overcame many of the obstacles posed by uncertain and changing EU policies over the last year, managing to limit the decay to 5.5%, avoiding the steeper market drop suffered by other countries. This decline is partly due to a slower pace of adoption in the residential sector, where renovation rates remain insufficient to meet decarbonisation targets.

Additionally, the market still faces challenges in overcoming cost barriers and consumer awareness. Other possible causes are changing support plans from the different governments, which have destabilised consumers' confidence; a sluggish economy; the cost of living crisis; and subsidised gas prices.

Read the Spanish Heat Pump Association's press release here and the full market report.

Sweden

In 2024, Sweden experienced a decline in heat pump sales, especially in the first half of the year. This was mainly due to high inventories at retailers and installers, which led to new orders from manufacturers being delayed or cancelled. However, the market improved from the third quarter onwards. Sales of larger properties performed well in the second half of the year, exceeding the level of 2023. Air-to-water heat pumps increased by 16% in the fourth quarter, but were still 20% down on the previous year. Ground source heat pumps fell by 34% and exhaust-air heat pumps saw a significant drop of 54% for the year.

The decline in sales were partly due to the uncertain economic and interest rate situation, which put pressure on household and business finances and reduced the ability to invest in energy-saving renovations. The low level of housebuilding also had a negative impact on sales of exhaust-air heat pumps. Despite these challenges, the heat pump industry has performed relatively well compared to other sectors, thanks to a strong installed base and a solid replacement market.

Looking ahead, there is optimism for the coming years. The need for energy efficient solutions and sustainable heating remains high and the sector is well positioned for the green transition. The industry believes that stronger government policies, such as lower VAT on energy renovation products and better loan conditions, could boost investment and help drive growth in heat pump sales.

Read the Swedish Heat Pump Association's press release here.

UK

In 2024, the UK saw a significant 63% increase in sales of hydronic heat pumps, with 98,469 units sold. This growth is driven by an increase in air/water monobloc sales and a 100% increase in the 'Other Heat Pump Category' which covers domestic hot water heat pumps, exhaust air heat pumps and integrated hybrid heat pumps. The surge in sales has been supported by government schemes such as the Boiler Upgrade Scheme and the Energy Company Obligation, with MSC heat pumps notifications accounting for 60% of total sales.

To meet the growing demand, the heat pump sector also saw a 15% increase in the number of people completing recognised heat pump training qualifications. However, further action and investment are needed, alongside decisive government support, to reach the previous Government's target of 600,000 installations per year by 2028, and the Climate Change Committee's target of heat pumps in 52% of homes by 2040. The industry is optimistic that with the right policies and continued growth in both installations and workforce training, these targets can be achieved in the coming years.

Read the UK Heat Pump Association's press release here.

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The **European Heat Pump Association (EHPA)** represents the European heat pump sector. Our over 220 members include heat pump and component manufacturers, research institutes, universities, testing labs and energy agencies.

EHPA advocates, communicates and provides policy, technical and economic expertise to European, national and local authorities, and to our members.

We organise high level events and manage or partner in multiple projects.

We work to shape EU policy that allows the heat pump sector to flourish, and to become the number one heating and cooling choice by 2030. Heat pumps will be a central part of a renewable, sustainable and smart energy system in a future decarbonised Europe.