

FOR IMMEDIATE RELEASE APRIL 2012

Renewable Energy – Ground and Air Source Heat Pumps Market Report – UK 2012-2020 Analysis

New AMA report reviews the UK heat pumps market and considers future prospects.

“The Government have ambitious targets for heat pumps over the next decade and beyond. However, although they are a mature technology and market in many countries, in the UK the current market is one of the smallest in Europe in terms of household penetration”

A brief summary of the report is included on the following page.

Priced at £675, the report is currently available from AMA Research Ltd,
Telephone 01242 235724 or e-mail at sales@amaresearch.co.uk.

Editors Note:

Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

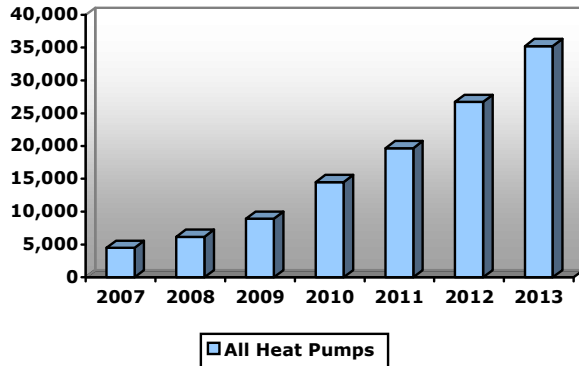
If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Andrew Hartley or Chris Moore on (01242) 235724.

Please include our web address and telephone number on any review printed, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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UK Ground / Air Source Heat Pumps Market: 2007-2013 – By Volume



The Government have ambitious targets for heat pumps over the next decade and beyond. However, although they are a mature technology and market in many countries, in the UK the current market is one of the smallest in terms of household penetration. In Norway and Sweden, for example, the number of heat pumps per 10,000 households is around 300-350 – some 50 times the penetration level in the UK. The use of heat pumps for space and water heating is not yet a fully accepted system in the UK and there is still some reluctance to specify the technology for new housing – although it more widely used in the self build sector.

Estimating the size of the UK market is difficult since there are few official or reliable statistics quantifying

the number of installations to date. However, given these data limitations, industry sources indicate that in 2010 there were annual sales of around 14,500 GSHP's and ASHP's for residential, commercial and industrial applications and we estimate the market to be worth around £120m at msp (excluding installation). In 2011, the market has experienced further growth to around 19-20,000 units.

There are a number of barriers to the growth of heat pumps in the UK though some tend to be more prominent in the residential sector, such as overall upfront costs in terms of product and installation and a relatively long payback period.

In addition to a significant uptake of heat pumps into new mainstream housing, self build and retrofit into existing homes, installations of air source heat pumps will need to increase substantially in the commercial sector. In 2010, housing completions in the UK were 12% down on the previous year at just over 134,000, with provisional 2011 estimates indicating marginal growth at best.

The rate of penetration in both the commercial and domestic markets will primarily be driven by a combination of relative costs of alternative heating fuels, level and duration of subsidies provided for different renewable technologies (a major issue given the substantial changes to FIT's in 2011/early 2012), equipment and installation costs, performance characteristics of relative technologies, market acceptance for retrofit applications etc.

Despite current low market volumes, there has been considerable development in the manufacture and installation of heat pumps in recent years, and there are between 25-30 key manufacturers supplying ASHP's and GSHP's - in addition to several hundred accredited heat pump installers under the Microgeneration Certification Scheme. ASHP's have increased share over the last 2 years and many industry observers regard this change as a significant driver of growth in the medium term, as they overcome the cost/space problems of major groundworks associated with GSHP's

Forecasting growth rates of all microgeneration technologies is extremely difficult, given the impact of the economy, relative costs/efficiencies against gas and other renewables, and changes in subsidies. However, a key element will be the speed of take-up of, as illustrated in 2011 in the Solar PV sector, which illustrated how quickly the market can expand with a mix of subsidy support and industry marketing.

A broad objective is to achieve an installed heat pump system total in the range **600k – 650k by 2020** - with average annual installations of around **50,000** between 2012 – 2020, which would mean a significant step-change in consumer awareness and a major increase from current volumes in the short term.

AMA Research's report "**Renewable Energy – Ground and Air Source Heat Pumps Market Report – UK 2012-2020 Analysis**" is available in hard copy or electronic format for £675 and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.