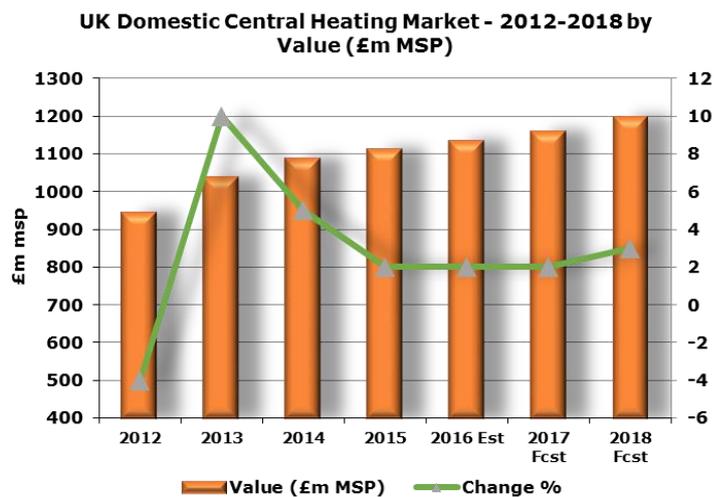


Smart heating controls drive growth in the UK central heating market

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The UK domestic central heating market is substantial, with an estimated total value of around £1.1bn at manufacturers' prices in 2015. The market saw a notable increase in 2013, with demand in 2014 also reasonably positive, though performance has been more subdued in 2015/16, reflecting the withdrawal of the ECO scheme and the Green Deal, which has affected boiler sales in particular. However, the market has benefitted from the growth of smart heating controls in the past 2-3 years and demand from the housebuilding sector has continued to increase.

While the market is mature with central heating installed in around 92% of UK homes, growth potential still exists, particularly through smart heating innovation, used to improve energy efficiency and control. The UK domestic central heating market has also benefited in recent years from increasing health and safety regulations, revised building regulations and environmental legislation. This has stimulated product innovation and development in all sectors of the market.

The widespread introduction of smart heating controls has also supported demand, with all of the Big 6 energy companies having added a smart thermostat to their home energy management portfolio. UK householders are becoming much more environmentally aware and are looking towards smart heating solutions in order to minimise energy usage and to save money. Factors which have limited opportunities for growth include the continuing trend towards greater levels of property insulation, driven by further 2014 revisions to Part L of the Building Regulations, which have tended to reduce the overall heating load.

The boiler sector dominates the product mix with around 60% of sales, followed by radiators, conventional heating controls and circulator pumps, with smart heating controls accounting for a smaller but growing share. With central heating now being mature, the largest application area is refurbishment/replacement with around 80%, while new build and first time installations account for a relatively small share of the market. The majority of products are therefore distributed via trade channels such as merchants and electrical wholesalers. However, DIY multiples and online retailers are also important distribution channels, and an increasing amount of products are sold via energy companies and into OEMs.

Keith Taylor, Director of AMA Research said: *"The future performance of the UK domestic heating market will be influenced by overall trends in housebuilding, home improvement, fuel prices, energy efficiency legislation, renewable technologies, and technological developments. With the evolving trend towards smart IoT devices in the home, the development of smart heating controls will have a significant impact on the overall domestic central heating market."*

There also continues to be significant opportunities to upgrade existing boilers to the more fuel-efficient condensing models. Around 40% of all boilers installed in the UK are non-condensing models. However, there will still be many homeowners who will continue to demand more conventional solutions. Real benefits such as ease of use and convenience will continue to be the primary focus of many conventional heating controls suppliers.

The outlook for the UK domestic central heating market in late 2016 remains relatively flat, with an uncertain UK economy following the UK 'Brexit' vote. However, more steady growth is anticipated from 2018 onwards, driven by the replacement sector and the increasing concern regarding energy efficiency and energy costs etc. By 2020, it is estimated that the UK domestic central heating market will have increased by 14% in value terms, compared to 2016.

The '**Domestic Central Heating Market Report – Focus on Smart Heating Controls - UK 2016-2020 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services within the construction and home improvement markets. The report is available now and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.

Editor's Note:

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