



HVAC Equipment

US Industry Study with Forecasts for **2013 & 2018**

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Demand will benefit from volatile energy prices, incentives to upgrade to more efficient models, federal HVAC efficiency regulations and the phase-out of ozone-depleting refrigerants.

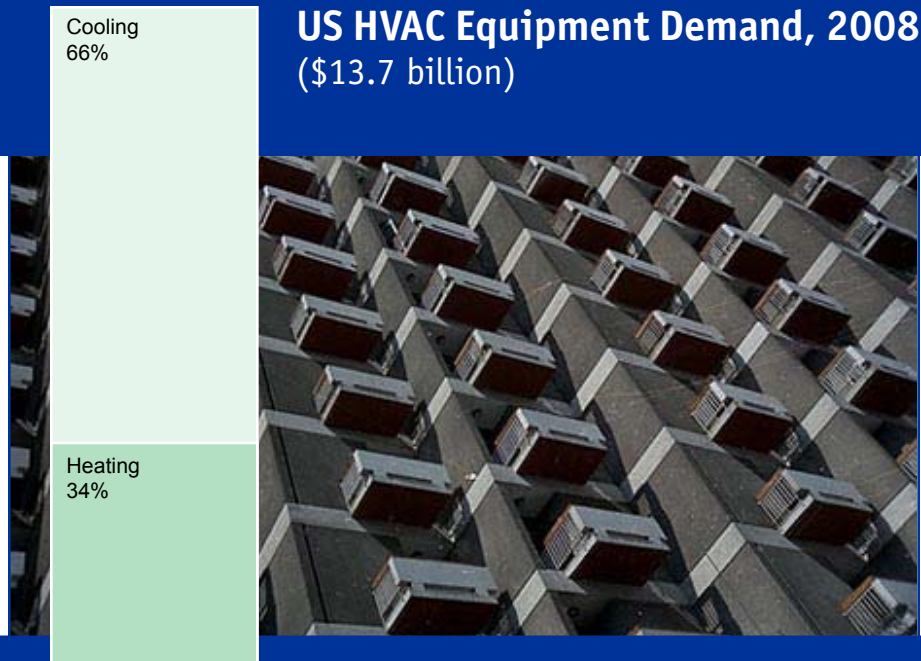
US demand to rise 4.5% annually through 2013

Demand in the US for heating, ventilation and air conditioning (HVAC) equipment is forecast to increase 4.5 percent per year to \$17 billion in 2013. Advances will be driven by a projected recovery in residential construction from a low 2008 base. Demand will also benefit from interest in more energy efficient HVAC systems driven by volatile energy prices. Public and private rebates, credits and other incentives will encourage owners to upgrade to models with efficiency ratings that are at or above ENERGY STAR levels. Ongoing changes in federal regulations regarding minimum efficiency requirements for many of these systems and the phase-out of ozone-depleting refrigerants with chlorine will also benefit sales of HVAC equipment.

Heat pumps to be largest, fastest growing heating equipment

In 2008, heat pumps accounted for the largest share of heating equipment value demand and will achieve a 52-percent share in 2013. Additionally, heat pumps are expected to post the strongest gains through 2013. Demand benefits from the heat pump's ability to provide efficient heating and cooling in moderate climates, as well as the increasing availability of low temperature and geothermal versions. While warm air furnaces will continue to account for the second largest share of heating equipment

US HVAC Equipment Demand, 2008 (\$13.7 billion)



sales, this segment is expected to lose market share because of lower efficiency compared to heat pumps. Still, sales will be supported by their relatively low initial cost and amenability to installation with other central home comfort systems.

Unitary air conditioners to remain dominant cooling equipment

Unitary air conditioners will remain the largest segment in the cooling equipment market, accounting for over 70 percent of total value demand in 2013. Gains are expected to be slightly above average over this period. Room air conditioners are expected to post the strongest gains through 2013 as quieter

and more efficient units become available and residential construction recovers from depressed 2008 levels. Most other types of cooling equipment will be hampered by their widespread use in nonresidential applications, a market that is due to slow from a high 2008 base. The cooling equipment industry is affected by a variety of regulations, including those involving ozone-depleting hydrochlorofluorocarbon refrigerants. Beginning in 2010, production and import of HCFC-142b and HCFC-22 will be banned, except for use in equipment manufactured before January 1, 2010. As a result, HFC-410A and other chlorine-free refrigerants are being phased in across most price points.

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Sample Text, Table & Chart

COOLING EQUIPMENT

Supply & Demand

Demand for room air conditioners is expected to increase 1.5 percent per year from 2008 to 2013. This rate represents a decline from the 2.5 percent increase in demand from 2003 to 2008 when residential construction was strong. This hurt demand for room air conditioners. This demand is often added when full recovery in residential construction is under way. Growth will be boosted by the trend toward central air conditioning. However, the trend toward central air conditioning is a growing number of units are equipped with central cooling systems instead of separate systems for individual rooms.

In general, sales of room air conditioners are influenced by consumer impulse buying. These units are relatively and are widely available at a variety of retail outlets. Therefore, summer temperatures that are either well above or well below normal have a dramatic effect on demand for room air conditioners. Advances will also be driven by the increasing energy efficiency and relatively modest prices of these air conditioners that make them an attractive option to building owners, particularly those in cooler climates seeking inexpensive ways to add comfort cooling capabilities. Growth will also be aided by the need to replace these room air conditioners as they tend to have a shorter lifespan than the larger central systems.

Shipments of room air conditioners are projected to decline 1.5 million in 2013. In unit terms, shipments of room air conditioners are expected to fall to 1.6 million in 2013. This decline is the result of competition in the US market from imported room air conditioners of which are sold at lower prices because these foreign manufacturers benefit from lower labor and other production costs. As a result, US-based manufacturers of room air conditioners have shifted production outside the US as a way to improve their competitiveness.

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**SAMPLE
TEXT**

TABLE VI-2

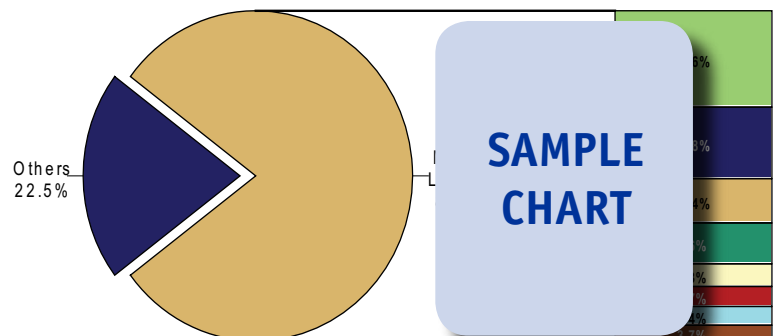
RESIDENTIAL HVAC EQUIPMENT DEMAND BY MARKET & TYPE (million dollars)

Item	1998	2003	2008	2013	2018
Residential Construct Expend (bil \$)	371.5	415.0	415.0	415.0	415.0
\$ res HVAC/000\$ construction	0.7	0.7	0.7	0.7	0.7
Residential HVAC Equipment Demand	10.0	10.0	10.0	10.0	10.0
By Market:					
New Building	5.5	5.5	5.5	5.5	5.5
Improvement & Replacement	4.5	4.5	4.5	4.5	4.5
By Type:					
Heating Equipment	10.0	10.0	10.0	10.0	10.0
Cooling Equipment	0.0	0.0	0.0	0.0	0.0
\$/unit	16.0	16.0	16.0	16.0	16.0
Residential HVAC Equip (000 units)	10.0	10.0	10.0	10.0	10.0
% residential	6.0	6.0	6.0	6.0	6.0
HVAC Equipment Demand (000 units)	10.0	10.0	10.0	10.0	10.0

**SAMPLE
TABLE**

CHART VII-1

US HVAC EQUIPMENT MARKET SHARE, 2008 (\$13.7 billion)



**SAMPLE
CHART**

Sample Profile, Table & Forecast

TABLE IV-8
WARM AIR FURNACE SHIPMENTS BY TYPE
 (thousand units)

Item	1998	2003	2008	2013	2018
Heating Equipment Shipments	6,000	6,300	6,800	7,200	7,830
% warm air furnaces	100	100	100	100	108.9
Warm Air Furnace Shipments					7,700
Natural Gas					7,000
Electric					700
Heating Oil					0
\$/unit					11.51
Warm Air Furnace Shipments (mil \$)					88.40
% warm air furnaces					12.4
Heating Equipment Shipments (mil \$)	3,410	3,722	4,410	5,135	8,920



COMPANY PROFILES

Research Products Corporation
 1015 East Washington Avenue
 Madison, WI 53703
 608-257-8801
<http://www.aprilaire.com>

Annual Sales
 Employment
 Key Products

SAMPLE PROFILE

Research Products Corporation manufactures commercial and industrial air conditioning, heating, ventilation, and control systems. The Company is privately held.

The Company participates in the US HVAC equipment industry through the production of whole-house humidifiers and dehumidifiers. Humidifiers, which are sold under the APRILAIRE brand name, are made in evaporative, flow-through design for installation in new or existing residential heating and cooling systems. These humidifiers utilize an automatic digital control that monitors outdoor temperature and indoor humidity levels to ensure efficient and easy operation. APRILAIRE humidifiers include the 350 and 360 models that are specifically designed for installation in homes with radiators or baseboard heating; 400 types that utilize an evaporative technology to reduce the amount of water used for humidification; 500 products for use in smaller homes; 600 models that feature built-in bypass dampers; and 700 types that incorporate a powered fan to increase air flow for a high capacity in large home applications.

Dehumidifiers from Research Products comprise the APRILAIRE 1750 and 1770 models, which are designed to reduce mold, odors, dust

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“Shipments of natural gas-burning warm air furnaces are forecast to increase 8.9 percent annually to 3.5 million units in 2013. This is the strongest projected growth rate in the warm air furnace segment, albeit from a depressed 2008 base. Between 2003 and 2008, shipments of natural gas-burning warm air furnaces declined as new housing completions and new residential construction spending fell, most of which ...”
 --Section IV, pg. 111

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OTHER STUDIES

World Filters

This study analyzes the world filter industry. It presents historical demand data for the years 1998, 2003 and 2008, and forecasts for 2013 and 2018 by filter type (e.g., oil, air intake, fluid power, panel and pocket), market (e.g., transportation equipment, utilities, manufacturing, consumer), world region (e.g., Asia/Pacific, North America, Western Europe) and major country. The study also considers market environment factors, details industry composition, evaluates company market share and profiles industry players.

#2568..... 11/2009..... \$6100

Filters

US demand for filters will rise 3.3% yearly through 2013, spurred in part by stricter environmental laws and more reclamation and recycling of production inputs to cut costs. Air filters will outpace fluid and internal combustion engine filters. Motor vehicles will remain the largest market while the utilities segment grows the fastest. This study analyzes the \$10.5 billion US filters industry, with forecasts for 2013 and 2018 by media, product and market. It also evaluates market share and profiles industry players.

#2524..... 08/2009..... \$4800

Consumer Water Purification & Air Cleaning Systems

US consumer water purification and air cleaning system demand will increase 4.4% annually through 2012. Reverse osmosis and distillation types will be the fastest growing water purification systems. Electrostatic air cleaners will outpace conventional air filtration systems. This study analyzes the \$1.2 billion US purification and cleaning system industry, with forecasts for 2012 and 2017 by technology, product and regional market. It also evaluates market share and profiles industry players.

#2419..... 10/2008..... \$4700

World Commercial Refrigeration Equipment

Global demand for commercial refrigeration equipment will rise 4.6% annually through 2012. Developing nations will register the strongest gains, especially those in Latin America and Asia. The US will remain the largest market, as replacement demand continues to create opportunities. This study analyzes the \$23.4 billion global commercial refrigeration equipment industry, with forecasts for 2012 and 2017 by product, world region and for 27 countries. It also evaluates market share and profiles industry players.

#2414..... 10/2008..... \$5700

World HVAC Equipment

Global demand for HVAC equipment will rise 5.8% annually through 2012. Demand in the Asia/Pacific region will outpace the world average, led by China and India. Opportunities also exist in developed areas, most notably the US and Western Europe. Cooling equipment will continue to outpace heating equipment. This study analyzes the \$63.1 billion world HVAC equipment industry, with forecasts for 2012 and 2017 by product, world region and for 18 countries. It also evaluates market share and profiles 30 industry participants.

#2336..... 05/2008..... \$5600

About The Freedonia Group

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