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Global Water Heater Market Assessment, By Storage [Tank Storage, Tankless, Hybrid/Heat Pump], By Power Source [Electric, Solar, Gas, Others], By Capacity [Less Than 50 Litres, 50 Litres to 150 Litres, 150 Litres to 300 Litres, More than 300 Litres], By End-user [Domestic/Residential; Commercial-Hotels and Restaurants, Hospital and Clinics, Hostels, Dormitories & Guest Houses, Salon and Spa Services, Health Clubs and Sports Complex, Others; Industrial], By Sales Channel [Online; Offline-Multi-Brand Stores, Brand Stores/ Kiosks, Others], By Distribution Channel [Original Equipment Manufacturers (OEMs), Distributors and Dealers, Wholesalers and Retailers], By Region, Opportunities and Forecast, 2018-2032F

https://marketpublishers.com/r/GD67F0C27707EN.html
Date: February 2025
Pages: 235
Price: US$ 4,500.00 (Single User License)
ID: GD67F0C27707EN

Abstracts

The global market for water heaters is significantly growing and evolving owing to the rising demand for hot water for residential applications such as bathing, washing, and cooking. In addition to residential water heaters, the need for hot water in sectors including hospitality, healthcare, and food service is driving market expansion for commercial water heaters. Global Water Heater Market size was valued at USD 27.61 billion in 2024 which is expected to reach USD 39.20 billion in 2032. Additionally, the market is expected to grow at a CAGR of 4.48% for the forecast period between 2025 and 2032 due to factors including rising need for energy-efficient water heaters and

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emerging advanced technologies that have benefitted the expansion of the water heater market on a global level.

Furthermore, an increase in the number of residences, hotels, hospitals, and other buildings, as well as population growth and better infrastructure in rural regions, are some of the reasons that are fueling the growth of the worldwide water heater market. Also, in order to cut down on energy use and carbon emissions, several nations have enacted energy efficiency requirements and guidelines for equipment, including water heaters. Regions with a strong emphasis on energy efficiency and sustainability, such as Scandinavia, Germany, and certain states in the U.S. like California, have witnessed a growing demand for high-efficiency water heaters. Consumers in these areas prioritize eco-friendly options and often seek out water heaters that meet stringent energy efficiency standards, such as Energy Star certification. However, the expansion of the worldwide water heater market is anticipated to be hampered by rising power prices, high operating expenses, and technical problems related to water heaters.

Integration of Smart and Advanced Technology

The global water heater market is expanding because of technical improvements which provide customers with more convenience, and energy-efficiency alternatives. The integration of smart technology in water heaters is gaining momentum. Manufacturers are incorporating features such as Wi-Fi connectivity, mobile app controls, and smart home integration into their water heater models. In the upcoming years, manufacturers are expected to continue to thrive if they make investments in R&D to enhance their products and integrate them with cutting-edge technology.

For instance, Noritz specializes in producing a range of high-quality yet affordable tankless water heaters that represent great value for money. The company focuses on providing efficient and effective products to its customers. Its latest models are also compatible with the Noritz Wi-Fi Adapter, which can send data readouts directly to the customer’s smartphone and is marketed as the only such device that can be mounted both indoors and outside.

Strategic Divestitures Reshaping the Market Landscape

In the evolving global water heater market, companies are increasingly engaging in strategic divestitures to streamline operations and concentrate on core business areas. This trend allows firms to reallocate resources towards high-growth segments and enhance overall competitiveness. Divestitures often involve selling non-core assets to

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other industry players or investors who can leverage these assets more effectively. Such strategic moves can lead to increased market consolidation and the emergence of specialized entities focusing on specific aspects of the water heating industry.

In July 2024, Electrolux Group announced an agreement to divest its South African water heater business, including the Kwikot brand and production facilities in Johannesburg, to Haier Smart Home for approximately ZAR 2.4 billion (around $132.69 million). This strategic move aligns with Electrolux's focus on core business areas and is expected to be completed in the fourth quarter of 2024, pending regulatory approvals. The company anticipates a negative earnings impact of about SEK 600 million in the second half of 2024 due to this divestment.

Novel Product Launches Driving Market Growth

Novel product launches are significantly driving the growth of the global water heater market. Manufacturers are introducing innovative products that cater to diverse applications, such as solar water heaters, tankless water heaters, and smart water heaters with IoT integration. These advancements address consumer demands for energy efficiency, sustainability, and convenience. As a result, the market is experiencing rapid expansion, with a growing preference for eco-friendly and technologically advanced water heating solutions.

For instance, in October 2023, Racold released new Altro and Omnis ranges of water heaters to cater to the evolving and diverse requirements of their customers. These innovative water heaters are designed to deliver superior energy efficiency, catering to the increasing consumer demand for sustainable solutions that lower energy costs. The incorporation of smart technology allows users to control their water heating systems remotely, aligning with the trend towards smart home integration. By addressing evolving consumer needs and promoting energy-efficient solutions, Racold's new offerings contribute significantly to market expansion.

Increased Application in Commercial Settings

The demand for water heaters in the commercial industry is predicted to rise exponentially due to increasing government expenditure on the development of tourism and healthcare facilities, which would in turn considerably boost the number of water heater installations. Increased consumption of hot water in hospitals, hotels, spas, salons, restaurants and laundry setups drives the market growth. Moreover, the market is also predicted to expand because of the growing popularity of tankless systems in

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commercial settings. The total number of hotels worldwide is more than 7,00,000 and growing even higher with new inventory plans by international hospitality groups including Accor, IHG and Marriott. In December 2022, Marriott International Inc. announced its plan to introduce 35 new luxury hotels across the globe in 2023. Saudi Arabia is planning to increase the number of cafes from 258 per million of population to 1000 cafes as part of its Vision 2030 program. Booming real estate sector in India where the developers are going providing fully furnished units and growing number of washrooms and restrooms in residential spaces are leading to a higher demand for water heaters.

Government Regulations

Government regulations often focus on energy efficiency, safety standards, and environmental considerations. Labels or certifications, such as the CE mark in Europe, indicate that the product meets specific criteria and can help consumers make informed purchasing decisions. Furthermore, In India, Energy Efficiency and Renewable Energy Management Centre of Delhi introduced a Rs 6,000 rebate on the purchase of solar water heaters (SWH) for domestic consumers. SWHs cost roughly Rs 18,000 but save money in the long term because they do not require power. Moreover, the United States Department of Energy (DOE) has established energy efficiency standards for different types of water heaters. These standards are aimed at promoting the use of more efficient water heating technologies and reducing energy consumption. For storage tank water heaters, the DOE has set Energy Factor (EF) standards.

Rising Popularity of Tankless Water Heaters

Tankless water heaters have gained traction due to their energy efficiency and continuous hot water supply. With cost savings, space-saving design, and longer lifespans, many people are opting for environmentally friendly units. The majority of tankless water heaters have a lifespan of more than 20 years. They also contain easily replaceable parts, which allow them to last for many more years. Storage water heaters, on the other hand, have a lifespan of 10-15 years. According to the U.S. Department of Energy, tankless water heaters can be up to 24-34% more energy-efficient than storage tank models, leading to lower utility bills and reduced environmental impact. Whereas, in developing countries such as India, tankless water heater penetration is currently quite low. Acceptance and uptake will rise when the accompanying advantages reach end users. Growth over the next year is expected to be spectacular (51.7%), owing to low penetration and huge market size.

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Increasing Demand for Solar Water Heaters in Sunbelt Regions

Sunbelt regions with ample sunshine, such as Southern U.S. states, parts of Europe, and Australia, have seen a rise in the adoption of solar water heaters. These systems utilize solar thermal collectors to harness solar energy for heating water. The availability of abundant sunlight makes solar water heaters a viable and eco-friendly option in these regions. Many companies offer solar water heaters to sunbelt regions. Rheem is a global manufacturer that offers a wide range of solar water heaters. Their products include both solar thermal collectors and complete solar water heating systems. Rheem provides solutions for residential, commercial, and industrial applications in various countries.

Impact of COVID-19

The COVID-19 outbreak had a conflicting effect on the global water heater market. The market was positively impacted by the rising demand for residential water heaters as per the stay-at-home orders and remote work. Moreover, the growth of water heaters is influenced by increased usage of water for showering and cleaning to prevent the spread of the virus. On the other hand, market expansion has been limited due to supply chain disruptions and diminished production capacity. Supply chain of main components used in manufacturing of water heaters like stainless steel and other casing components took an impact due to lockdown restriction which impacted overall market development.

Furthermore, reduced demand from the commercial sector as many commercial setups including hotels, restaurants, and offices were either closed or were operating at reduced capacity. Hence, Covid-19 had a considerable impact on Global Water Heater Market, nevertheless the market showed dramatic recovery as restrictions were lifted during the fall of 2020.

Key Players Landscape and Outlook

Water heater manufacturers across globe are continuously involved in research and development to improve their products and integrate with new technologies like Internet of Things(IoT) to sustain growth and market expansion. For instance, Rheem, a leading manufacturer of water heaters, introduced a line of smart water heaters integrated with their EcoNet technology. These water heaters allow users to remotely control and monitor their devices through a mobile app, providing features such as temperature adjustment, energy monitoring, and leak detection. Similarly, A. O. Smith, a water

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heating and water treatment industry pioneer, announces the addition of the Voltex AL (anti-leak) hybrid electric heat pump water heater to its home product line. The model tops the water heating market in efficiency, with the 66-gallon unit having the greatest overall Uniform Energy Factor (UEF) of 4.02 and the 50-gallon unit having the highest UEF of 3.8. It's also available in an 80-gallon version. Utilization of pump technology to extract heat from the air and transfer it to the water, making them highly energy efficient.

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