This report looks at the following areas:

- The early impacts of the Heat and Buildings Strategy and the host of government incentives designed to drive market transformation.
- The scale of the challenge to transform greenhouse gas emissions from residential central heating.
- Why, to date, heat pump sales have failed to meet government targets.
- The uncertainty that continues over cost-effective hydrogen as an alternative to fossil fuels.
- The progress of other green energy alternatives.
- The impact of the changes in the short-term.

The Heat and Buildings Strategy will transform residential central heating in the UK, though we are still at the very early stages of the transition away from fossil fuels. The policy heavily relies on the adoption of heat pumps, but the first year results of the Boiler Upgrade Scheme identified only half of the target being met. There continue to be a diverse range of issues facing their adoption and the UK is lagging well behind other European countries in installations.

Inevitably, looking to encourage consumers to opt for a higher capital cost alternative (even after government subsidies) at a time of consumer spending pressure is challenging. Yet a central feature of the inflation includes energy prices, which increases the impetus for energy efficient solutions in both the short and medium term.

While hydrogen fuel sources also form a central theme of the Strategy, currently low-carbon hydrogen is expensive compared with fossil fuel alternatives. The government's UK Hydrogen Strategy states that it will significantly cut the costs by introducing a “similar premise to the offshore wind contracts for difference”, but this remains a market feature for the future.

Market changes are inevitable, and the industry structure will also be impacted. While the boiler manufacturers are all diversifying into alternatives such as heat
Residential Central Heating and Heat Pumps - UK - 2023


The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

This is a sector where suppliers of other major appliances and HVAC manufacturers can compete.

What’s included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

<table>
<thead>
<tr>
<th>Region</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>+44 (0) 20 7606 4533</td>
</tr>
<tr>
<td>Brazil</td>
<td>0800 095 9094</td>
</tr>
<tr>
<td>Americas</td>
<td>+1 (312) 943 5250</td>
</tr>
<tr>
<td>China</td>
<td>+86 (21) 6032 7300</td>
</tr>
<tr>
<td>APAC</td>
<td>+61 (0) 2 8284 8100</td>
</tr>
</tbody>
</table>

© 2023 Mintel Group Ltd. All Rights Reserved. Confidential to Mintel.
# Table of Contents

## OVERVIEW

- Key issues covered in this Report
- Products covered in this Report

## EXECUTIVE SUMMARY

- The five-year outlook for residential central heating
  
  Figure 1: Category outlook, 2023-27

- The market
- Market size and forecast
  
  Figure 2: Market size for residential central heating, 2017-27 (£ billion)

- Segmentation and government policy
  
  Figure 3: Domestic property heating in England, by type, 2021 (%)
  
  Figure 4: Segmentation of the UK central heating market, 2022 (£ million)

- Other market drivers
- Companies and brands
- Boilers and heat pumps
- Radiators

## ISSUES AND INSIGHTS

- Why the UK lags the rest of Europe in heat pump adoption
  
  Figure 5: European heat pump sales, by country, 2022 (number per 1,000 households)
  
  Figure 6: Projected European heat pump sales, by country 2023-30 compared with 2022 (Number)
  
  Figure 7: European home temperature loss comparison over five hours (degrees centigrade last)
  
  Figure 8: Users satisfaction with heat pumps, 2023 (% of respondents)

- Hydrogen – a certain transition, an uncertain time-line
- Advantages
- Disadvantages

## MARKET SIZE AND PERFORMANCE

- The early stages of a transition
  
  Figure 9: Producer price inflation for central heating radiators and boilers for the domestic market, 2017-2022 (index, 2017 = 100)
  
  Figure 10: Market size for residential central heating, 2017-21 (£ billion)
MARKET FORECAST

• Slow start to the transformation
  Figure 11: Category outlook, 2023-27

• Early stages of change
  Figure 12: Market forecast residential central heating, 2022-2027 (£ billion)

MARKET SEGMENTATION

• Overview and the impact of the Heat and Buildings Strategy
  Figure 13: Domestic property heating in England, by type, 2021 (%)
  Figure 14: Segmentation of the UK central heating market, 2022 (£ million)

• Boilers

• Types of boilers
  Figure 15: Residential central heating boilers in England, by type, 2001-20 (000s)

• Types of fuel
  Figure 16: Use of gas fuelled central heating, by area, 2021 (%)
  Figure 17: Use of electrical heating, by area, 2021 (%)
  Figure 18: Use of oil fuelled central heating, by area, 2021 (%)

• Sales
  Figure 19: Market for fossil fuel and electric boilers, 2017-22 (£ billion)
  Figure 20: Segmentation of fossil fuel and electric boiler market, by fuel, 2017-22 (%)

• Biomass
  Figure 21: Installations of biomass boilers for domestic use, by type, 2017-2022 (number)
  Figure 22: Biomass boiler voucher applications under the Boiler Upgrade Scheme, by type and month, May 2022-May 2023 (Number)
  Figure 23: Market for biomass boilers, 2017-22 (£ million)

• Heat pumps
  Figure 24: Heat pump voucher applications under the Boiler Upgrade Scheme, by type and month, May 2022-May 2023 (Number)
  Figure 25: Installations of heat pumps for domestic use, by type, 2017-2022 (number)
  Figure 26: Market for heat pumps, by type, 2017-22 (£ million)

• Solar Thermal
Figure 27: Installations of solar thermal for domestic use, by type, 2017–2022 (number)
Figure 28: Market for solar thermal, 2017–22 (£ million)
- Wet System Radiators
  Figure 29: Market for iron and steel radiators, 2017–22 (£ million)
- Storage heaters
  Figure 30: Use of storage heating by area type, 2021 (%)
  Figure 31: Market for storage heaters, 2017–22 (£ million)

MARKET DRIVERS
- Overview
  Figure 32: Measures taken to reduce energy bills in 2022 (% of respondents)
- General economic climate
- Inflation will continue to eat into consumer spending power over the course of 2023
- Further interest rate increases will hit mortgage-holders
- High inflation and rising interest rates will compound the impact of the slowing recovery
- Consumer spending power will be curbed
- Low unemployment is helping underpin
- Consumers’ financial wellbeing has fallen from the highs of 2021...
  Figure 33: Household financial wellbeing index, 2016–23
  …and most people are feeling the effects of price rises
- New housebuilding
  Figure 34: Housing completions in England, by sector, 1962–2022 (number)
- Housing stock
- Volume
  Figure 35: Housing stock, by country, 2017–23 (000s)
  Figure 36: Types of primary heating system, 2020 (%)
- Distribution
  Figure 37: UK housing stock, by region, 2022 (000s)
- House price inflation
  Figure 38: House price inflation, 2017–23 (Annual % change by month)
- House moving
  Figure 39: Average annual savings by upgrading inefficient boilers to an A-rated boiler, by type of property, 2022 (£s)
  Figure 40: Residential property transactions, 2017–23 (number by month)
• Ownership
  Figure 41: Dwelling stock in England, by tenure, 2021 (% of total)

• Property type and size
  Figure 42: Composition of UK housing stock, by type of property, 2017
  Figure 43: Distribution of heat pumps, by housing type in England, 2020 (%)

• Age structure
  Figure 44: Dwellings in English and Welsh regions, by build period, 2021 (%)
  Figure 45: Distribution of heat pumps, by period of build, 2020 (%)

• RMI expenditure

• Public housing
  Figure 46: RMI expenditure on public housing, 2017-22 (£ million and indexed against 2017)

• Private housing
  Figure 47: RMI expenditure on private housing, 2017-22 (£ million and indexed against 2017)

• Domestic energy prices
  Figure 48: Default energy tariff cap announcements and levels, 2019-23 (£)
  Figure 49: Average domestic gas and electricity bills, 2017-22 (£s)

GOVERNMENT INTERVENTIONS THROUGH GRANTS
• Introduction
• The Boiler Upgrade Scheme/Home Energy Scotland/Boiler Replacement
• Home Upgrade Grant
• Sustainable Warmth Competition
• The Social Housing Decarbonisation Fund
• The Energy Company Obligation
  Figure 50: ECO measures installed concerning heating, 2017-2022 (Number)
• Green Homes Local Authority Delivery

INDUSTRY STRUCTURE
• Boilers and heat pumps
• Radiators

COMPANY PROFILES
• Baxi Heating UK
• Activity
• Performance
  Figure 51: Financial performance of Baxi Heating, 2017-21 (£ million)
• Strategy
• Ideal Heating
• Activity
• Performance
  Figure 52: Financial performance of Ideal Heating, 2017-21 (£000)
• Strategy
• Vaillant Group
• Activity
• Performance
  Figure 53: Financial performance of Vaillant Group UK, 2017-21 (£ 000)
• Strategy
• Viessmann
• Activity
• Performance
  Figure 54: Financial performance of Viessmann, 2017-21 (£ 000)
• Strategy
• Worcester Bosch
• Activity
• Performance
  Figure 55: Financial performance of Bosch Thermotechnology, 2017-21 (£ million)
• Strategy

APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION
• Abbreviations

APPENDIX – FORECAST METHODOLOGY
• Market forecast and prediction intervals
  Figure 56: Market forecast for residential central heating (£ billion)
• Market drivers and assumptions

FURTHER SOURCES
• Trade magazines

What’s included
  Executive Summary
  Full Report PDF
  Infographic Overview
  Powerpoint Presentation
  Interactive Databook
  Previous editions

Did you know?
This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now
Visit store.mintel.com
  EMEA +44 (0) 20 7606 4533
  Brazil 0800 095 9094
  Americas +1 (312) 943 5250
  China +86 (21) 6032 7300
  APAC +61 (0) 2 8284 8100
About Mintel

Mintel is the **expert in what consumers want and why**. As the world’s leading market intelligence agency, our analysis of consumers, markets, product innovation and competitive landscapes provides a unique perspective on global and local economies. Since 1972, our predictive analytics and expert recommendations have enabled our clients to make better business decisions faster.

Our purpose is to help businesses and people grow. To find out how we do that, visit [mintel.com](http://www.mintel.com).