MARCH 2026

Pump it up

Why heat pump sales rose in 2025 – a country-by-country breakdown

Photo: Norwegian Heat Pump Asssociation (NOVAP)

Overall heat pump sales trend in 16 European countries for 2025

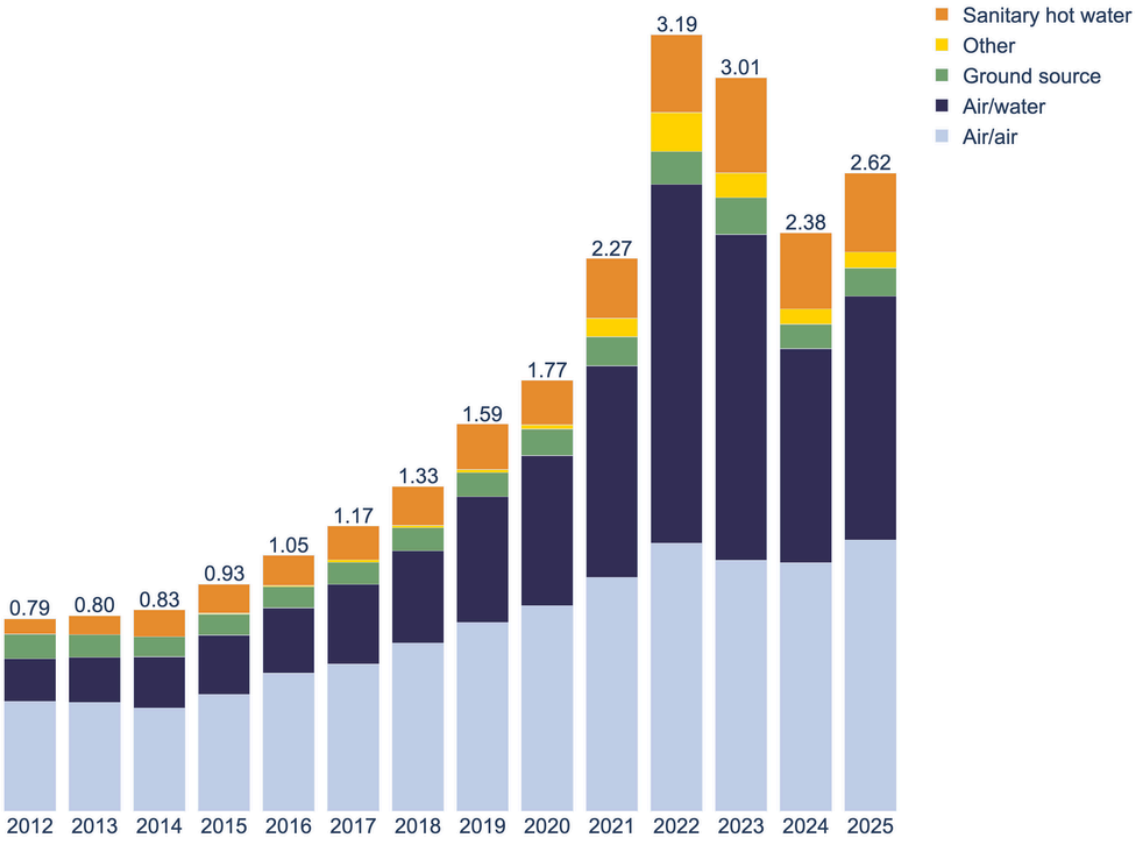

Figure 1: Annual sales of heat pumps in 16 European countries (millions)

In 2025, the heat pump market grew by over 10% in 16 European countries*, accounting for over 90% of the market. Around 2.62 million heat pumps were sold, up from 2.38 million in 2024 and bringing the total number of heat pumps installed in Europe to around 28 million.

This growth comes after two years of declining sales, which had led to job reductions and production cuts after significant investments in additional manufacturing capacity in 2022 and 2023.

The previous downturn was driven by shifting support schemes for heat pumps, weakened consumer confidence, a cost-of-living crisis in a sluggish economy, and the low price of subsidised gas.

*Austria, Belgium, Czech Republic, Switzerland, Denmark, Spain, Finland, France, Italy, Netherlands, Norway, Poland, Portugal, Sweden, Switzerland, UK

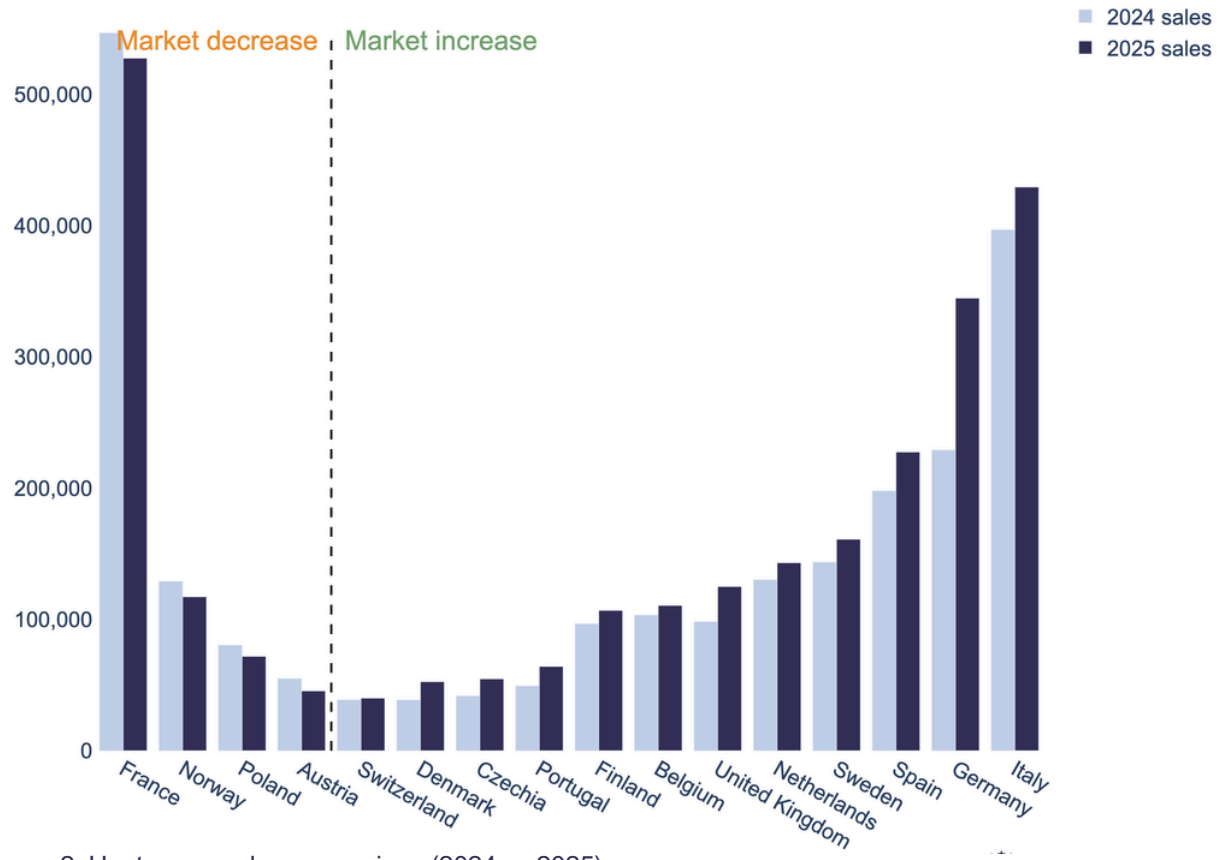

Figure 2: Heat pump sales comparison (2024 vs 2025)

In 2025, however, most countries saw sales rebound. Among the key reasons behind this recovery were measures to reduce both upfront and operational costs through stable incentives and favourable energy taxation, addressing one of the main barriers to faster heat pump adoption.

At the same time, fossil fuel boiler sales in Europe declined by around 6.7% in 2025. As a result, the installation ratio of fossil fuel boilers to heat pumps improved slightly, decreasing from 2.4:1 in 2024 to 2.1:1 in 2025 (compared with 2:1 in 2023), indicating a gradual shift in the heating market towards heat pump technologies.

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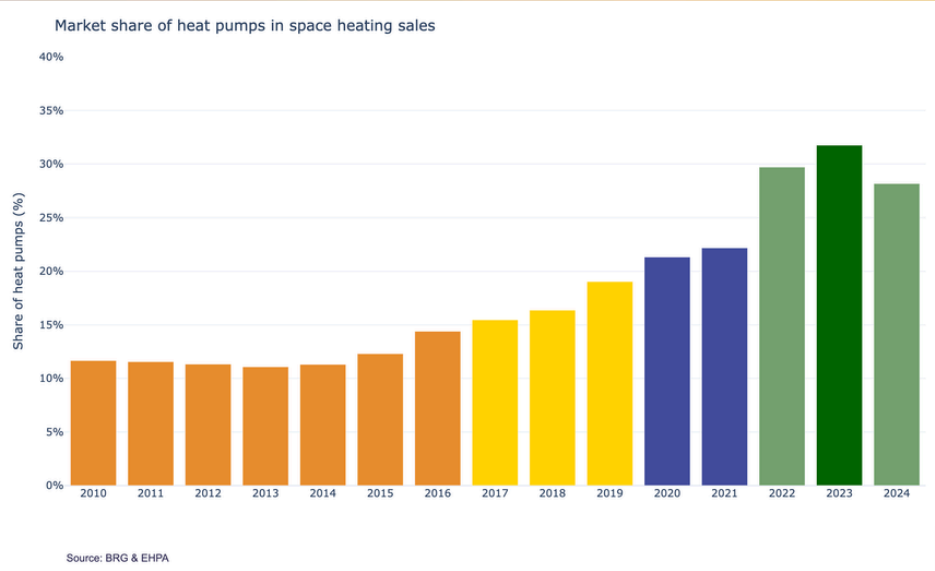

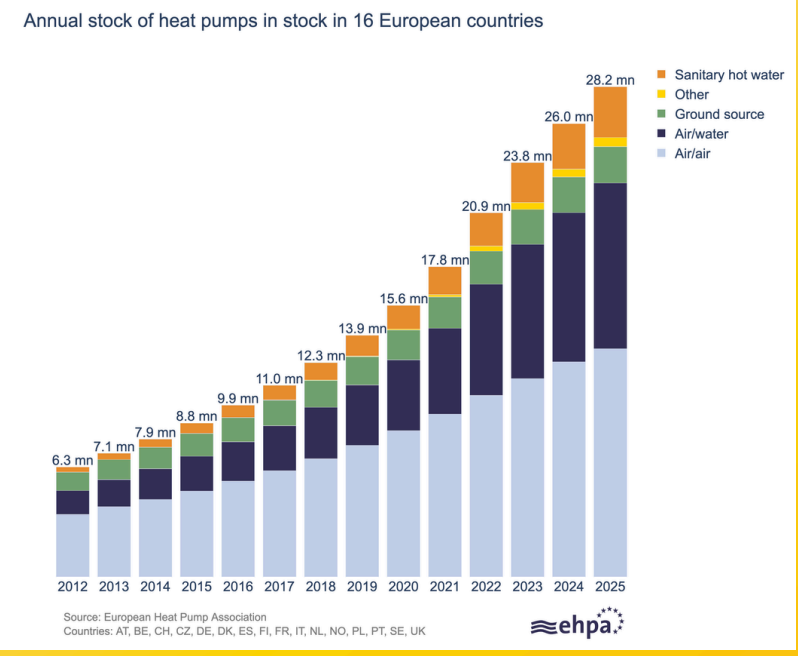

Making heat pumps competitive: the role of stable support and energy taxation

High upfront costs remain a barrier to heat pump adoption, making stable and predictable subsidy programs essential. Sudden changes or uncertainty around support schemes can negatively impact the market, as seen in France, where uncertainty around public budgets and the level of subsidies contributed to a decline in sales in 2025. Similarly, in Austria, heat pump sales experienced a significant decline in the second half of the year, following the discontinuation of subsidies at the end of 2024.

Beyond upfront costs, the running expenses also play a critical role. Higher taxes and levies on electricity make it more expensive than gas, which affects how competitive heat pumps are compared to fossil fuel boilers. Countries that have reduced electricity taxes or implemented targeted incentives have seen faster adoption, while markets with high electricity levies or subsidised gas remain slower to switch.

Adopting heat pumps also enhances energy security by reducing reliance on imported fossil fuels. Shifting heating and cooling demand to electricity helps countries shield households and industry from unreliable partners and geopolitical uncertainties.

Stable policy frameworks and fiscal measures that lower both upfront and operational costs make this transition feasible, encouraging a faster uptake of clean heating and cooling solutions across Europe.

Main factors influencing heat pump sales in 2025 across countries

Market driver	Impact	Countries	Explanation
Policy frameworks, subsidies and support schemes	⊖		Reductions, uncertainty or poorly designed support schemes slowed adoption in several markets. The end of subsidies reduced incentives in **Austria**, while delayed and poorly designed programmes slowed uptake in **Poland**. Temporary suspension or policy uncertainty affected **France**. Reduced tax incentives slowed **Italy's** residential segment. In the **Czech Republic**, scaling back subsidies may reduce sales in 2026.
	⊕		Clear and supportive policy frameworks stimulated growth in **Belgium (Flanders)**, **Germany**, the **UK** and the **Netherlands**. Measures such as ban on fossil fuel boilers, subsidies, decarbonisation plans and national heat pump strategies strengthened market confidence and encouraged adoption. In **Germany**, however, proposed changes to the Building Modernisation Act may create uncertainty and could affect sales in 2026. In **Portugal**, the anticipated end of the reduced VAT for heat pumps triggered a temporary surge in installations, although this may reduce sales in the future due to demand being brought forward.
Energy prices / electricity-to-gas ratio	⊕		In **Germany** and **Denmark**, high gas prices or energy security concerns make heat pumps attractive.
	⊖		Adoption is slowed in countries such as **Spain, Austria** and the **UK**, where electricity is expensive relative to gas, and in **Norway** where electricity remains very cheap due to subsidies.
Construction and renovation market slowdown	⊖		Weak housing construction and slower renovation activity reduced demand for new heating systems in **France**, **Italy** and **Finland**.
Large installed base and replacement demand	⊕		Mature markets like **Finland** and **Sweden** benefit from replacement cycles of older heat pumps and heating systems.

Country-specific analysis of heat pump sales in 2025

Austria

The heat pump market was under considerable pressure in 2025 due to the discontinuation of federal subsidies. The federal subsidies, which expired at the end of 2024, still boosted sales in the first half of 2025, but the expected market slump occurred in the second half. Overall, heat pump sales declined by 17% compared to 2024, falling significantly short of expectations.

The total market for sold and installed heating systems in Austria decreased by 13% compared to 2024, from 106,000 units to 92,000 units in 2025 (excluding district heating and local heating connections).

Sales of fossil fuel systems, gas boilers and oil boilers rose significantly again in 2025, from an already high sales level of 31,000 units in 2024 to approximately 35,000 units in 2025.
Public uncertainty regarding gas supply and the risks associated with fossil fuels subsided. Energy prices have also declined, reducing the incentive for households to switch heating systems and contributing to the renewed uptake of fossil fuel heating technologies.

The focus of attention has shifted away from environmental concerns toward economic considerations. However, these interests are not mutually exclusive. Heat pumps can support both climate and economic objectives. Austria hosts a large number of heat pump manufacturers, component suppliers, and installation companies, employing many people across the country.

Budget consolidation and reduced public funding have led to a significant contraction in the market for renewable heating systems. A stop-and-go approach to subsidy policy should be avoided, as it undermines investment and planning certainty, discourages households and businesses, and slows the development of renewable heat supply.

For more information, get in contact with the Austrian Heat Pump Association.

Belgium

In 2025, the heat pump market in Belgium showed consistent growth across multiple segments, with an overall increase of 7%, reflecting both a recovery from previous fluctuations and the maturation of the market.

The growth of the market was possible due to a combination of regulatory and policy measures that act as an incentive for the technology and provide a clear direction for the sector. Policies such as the requirement for fossil-free heating in new construction in Flanders since the beginning of 2025 and bans on oil boilers in Wallonia from 2026 increase the attractiveness of heat pumps. Fiscal measures, notably the VAT differential favouring heat pumps (6%) over fossil fuel boilers (21%) across both renovations and new constructions, enhance the business case for switching to electric heating. This effect is expected to increase further with the introduction of ETS2 in 2028.

In addition, the heat pump sector and the Flemish government signed a heat pump charter that lists the commitments and actions of both parties to accelerate the role out of heat pumps. The charter confirms the role of installers as ambassadors and aims to support them in that role.

Overall, the trends in 2025 show that the Belgian heat pump market is stabilising and growing in a more predictable and structural way, driven by technological improvements, regulatory support, fiscal incentives, and growing consumer and installer confidence.

For more information, get in contact with ODE and Frixis.

Czech Republic

In the Czech market the distortions observed in 2024, when electricity tariffs for electric heating increased disproportionately, have largely been corrected and last year sales returned to pre-crisis levels. Heat pump sales increased by 31% in 2025. However, the market is now facing renewed downside risks.

The flagship subsidy programme, Nová zelená úsporám, is being scaled back due to growing pressure on the state budget. At the same time, policy discussions and planning are increasingly focused on replacing public grants with financial instruments delivered through the banking sector, signalling a potential shift in the structure of support for energy-efficient investments.

For more information, get in contact with the the Czech Heat Pump Association.

Denmark

ISales of heat pumps in Denmark grew by 36% last year, mainly due to economic and environmental motivations among households. Heat pumps offer high energy efficiency, which can lower heating bills compared to oil and gas boilers, while also improving their home's energy rating and value.

At the same time, many Danes are choosing heat pumps as a greener heating solution. By replacing fossil-fuel-based systems, heat pumps help reduce climate impact, which has increased their appeal. Despite uncertainty around district heating, the phase-out of gas, and changing support schemes, demand grew.

For more information, get in contact with the Danish Heat Pump Association and VELTEK.

Finland

Heat pump sales saw an increase of 10% compared to the previous year in Finland. In monetary terms, heat pump system sales exceeded €600 million in 2025. Cumulatively, investment in the 1.8-1.9 million heat pumps sold in the country so far amounts to around €10 billion, illustrating the scale of market development over recent decades. In addition, about one-third of current heat pump sales already consist of system replacements.

However, weak new construction activity, sluggish renovation activity, and a generally cautious economic climate among households and investors continue to slow down overall investment, including in heat pump technologies.

Sales breakdown shows that 96,000 units were air-to-air heat pumps, an increase of 14%, while 7,000 units each were air-to-water and ground-source heat pumps, along with 1,700 exhaust air heat pumps. Ground-source and exhaust air heat pumps in single-family houses were most affected by the slowdown in construction and renovation markets, with sales declining by around 10%. Air-to-water heat pump sales remained stable compared to the previous year. At the same time, stronger performance can be observed in larger heat pump systems installed in apartment buildings and service buildings, often as replacements for district heating. New business models, such as heat-as-a-service, are also emerging and expanding in this segment. Heat pump technologies are increasingly used in district and zone heating production as well, gradually replacing fossil fuels and biomass by utilising waste heat and ambient heat through electric-driven systems.

Read the Finnish Heat Pump Association's press release here.

France

After the sharp contraction in sales of over 40% between 2023 and 2024, the air-to-water heat pump market recorded a much more moderate decline of 1.8% between 2024 and 2025. Overall, the heat pump market dropped by 4% across all segments.

The market downturn was mainly visible at the beginning of 2025 due to the temporary absence of public funding. Sales recovered in spring following renewed government commitments to support schemes, while uncertainty during the summer, linked to the temporary suspension of the subsidy scheme “MaPrimeRénov’”, briefly impacted demand. The reopening of the programme in autumn, combined with revisions to white certificates and the “Coup de pouce chauffage” scheme, restored positive momentum through the end of the year.
Technologically, monobloc systems outperformed split systems. Manufacturers anticipated upcoming restrictions on fluorinated gas refrigerants (F-Gas) by developing lower-capacity units using low-global warming potential (GWP) refrigerants. High-power monobloc systems also grew, supported by renovation projects in multi-family housing and cascade configurations. The slowdown in new construction affected split systems more strongly.

Policy developments in late 2025 strengthened prospects for 2026. Increased white certificate incentives and a tripling of the heat pump bonus under the “Coup de pouce chauffage” scheme improved financial attractiveness across income groups.

For more information, get in contact with the French Heat Pump Association.

Germany

AIn 2025, the German heat pump market had a strong recovery with a 50% increase compared with the previous year. This development marks an important milestone for the sector, with heat pumps accounting for almost half of all heat generators sold in Germany for the first time, after two years of highly politicised and polarised discussions on heating.

One of the main drivers is growing consumer confidence in the technology. Demand is now being shaped more by performance, cost expectations and concerns about fossil fuel price risks and supply security. In this context, heat pumps stand out as the preferred option. In 2025, more than 288,000 subsidy applications were granted for heat pumps, an increase of 91% year-on-year. In addition, 80% of new heat pumps are installed in existing buildings, showing that consumers are confident in retrofitting with heat pumps.

At the same time, the sector emphasises the importance of stable and predictable regulatory conditions. While the coalition government has announced the continuation of existing heating subsidies at least until 2029, proposed changes to the Building Modernisation Act have raised concerns within the industry.

Overall, the German market in 2025 showed strong expansion supported by subsidies and growing consumer confidence, while future growth will depend on maintaining predictable policy conditions and investment incentives.

Read the German Heat Pump Association's press release here.

Italy

The Italian heat pump market grew by 9% in 2025. Heat pumps remained a leading technology, with positive performance in almost all power segments.

Medium- and large-scale systems and in commercial and industrial applications continue to improve, with energy efficiency and air quality continuing to be key drivers.

The residential segment up to 17 kW experienced a decline, particularly for air-to-water and water-to-water heat pumps. This slowdown was largely linked to the reduction of tax incentives and the anticipation of the new *Conto Termico* 3.0 scheme. The contraction was also influenced by a broader slowdown in the construction sector, affecting both new housing and renovation projects.

The outlook for 2026 is cautiously positive, supported by encouraging early residential data and expected regulatory measures aimed at strengthening the industrial and tertiary sectors.

Read the Italian Heat Pump Association's press release here.

Netherlands

In the Netherlands, the residential heat pump market grew by 10% in 2025.

In total, more than 800,000 heat pumps are now installed in homes, meaning that over 1 in 10 Dutch households are heated with a heat pump, either fully electric or hybrid.

Growth in 2025 was mainly driven by a nearly 50% increase in all-electric water-water heat pumps in new buildings, using sources such as ground energy, photovoltaic-thermal (PVT) panels and aquathermal energy. Air-to-water heat pumps grew by about 8%, although models specifically designed for hybrid systems declined by 6%.

At the same time, the market for air-to-air heat pumps expanded to 275,000 units in 2025, up from 255,000 the year before. This brings the total installed base in homes to 1.75 million units. These systems are increasingly used for heating as well as cooling and represent the largest hybrid application in terms of numbers.

Looking ahead, the heat pump industry is well prepared, with production capacity increased through investments in previous years and is positioned for further scaling up. However, to achieve the national policy goal of installing heat pumps in one in four homes by 2030, strong support for the national Heat Pumps Approach 2025-2030 will be essential to double sector capacity over the coming years.

Read the Dutch Heat Pump Association's press release here.

Norway

In 2025, Norway passed 2 million heat pumps sold in total. However, the total market declined by 9% compared to 2024.

Sales to households (0–10 kW) fell across all categories. This is largely due to "Norgespris", an electricity subsidy scheme designed to protect domestic consumers from high prices.

Fossil fuel heating in buildings is virtually phased out in Norway, so heat pumps mainly compete with direct electric heating. Consequently, sales are highly sensitive to electricity prices. Historically, Norway's prices have been among the lowest in Europe. While high prices stimulate the market because heat pumps are so energy efficient, lower subsidised prices reduce the demand for heat pumps.

In contrast, the commercial sector pays full market price for electricity. This has driven a 50% increase in large air-to-water systems and a massive increase in large brine-to-water installations.

Despite a challenging residential market, there are opportunities for growth. Government support through the Enova programs is helping commercial and cooperative projects, strengthened incentives for small houses may lift 2026 sales, and rising green requirements are motivating property managers to invest in energy-efficient upgrades.

Read the Norwegian Heat Pump Association's press release here.

Poland

The Polish heat pump market experienced a decline of 11% in 2025. Key factors contributing to this downturn include a poorly designed support scheme under the Clean Air subsidy program and delays in fund disbursements, which have resulted in five times fewer applications for heat source replacements than in 2024.

Additionally, widespread misinformation about heat pumps on social media and other online sources, coupled with a lack of corrective measures, has further hindered market growth.

The absence of clear policies promoting heat pumps and electrification in general has also contributed to the slowdown.

For more information, get in contact with the Polish Heat Pump Association.

Portugal

Heat pump sales in Portugal increased by around 30% in 2025, largely driven by the anticipated end of the reduced 6% VAT rate, which encouraged a surge in purchases, particularly in June and July, as consumers rushed to take advantage of the lower tax. This growth was seen across all market segments, showing strong activity throughout the sector.

For more information, get in contact with the Portuguese Heat Pump Association.

Spain

The Spanish heat pump market grew by 15% in 2025, and is evolving along three key trends: First, heating is gradually moving toward electricity. As the power grid decarbonises, electric solutions like heat pumps become more attractive. However, heat pump deployment is slowed down by high electricity taxes and costs compared to gas. This makes consumers concerned about the running costs of a heat pump.

Second, regulatory pressure is shifting from design compliance toward operational performance. European legislation is accelerating requirements around digitization, covering building automation, monitoring, and system interoperability. As a result, the market is shifting from just selling equipment to offering integrated, data-driven solutions.

Third, renovation and the repurposing of under-utilised sites (‘asset repositioning’) projects are growing faster than new constructions. This includes upgrading ventilation, improving indoor air quality, and retrofitting systems. However, there are still gaps in technical standards, particularly in advanced controls and ventilation strategies.

Overall, the market is transitioning: increasingly electrified, more digital, and more performance-oriented. The long-term sustainability of this growth will rely on the alignment of regulatory ambition, economic incentives, and the industry’s technical capacity.

For more information, contact the Spanish Heat Pump Association.

Sweden

Heat pump sales in Sweden grew across all segments, with an overall increase of 12% in 2025.

Despite a weak sales year in 2024, a challenging global economic context and low housing construction rates, the market showed a strong recovery. The large installed base of heat pumps provides stability, with a big share of the investments being made for the replacement of existing heat pumps.

Looking ahead, the sector is cautious about the potential impact of the reduction of the tax deduction (ROT) for heat pumps on 2026 sales. The ROT was changed back from 50% to 30%.

Read the Swedish Heat Pump Association's press release here.

UK

2025 was another year of growth for the heat pump sector in the UK, with sales reaching a record 125,000 units, a 27% increase from the previous year.

All types of heat pumps saw steady increases, including a 26% rise in air-to-water monobloc units, a 32% increase in ground and water source heat pumps, and a 36% jump in domestic hot water systems.

Out of those units, 36% were manufactured in the UK, and domestic manufacturing grew by 38% compared to 2024.

The sales growth is being driven by supportive government policies, particularly the Warm Homes Plan, which provides regulatory clarity and long-term funding for subsidies, as well as the increasing focus on decarbonising heat and reducing reliance on imported gas.

However, while the sector is expanding, the rate of growth has slowed compared to the 56% surge seen in 2024, and reaching the government target of 450,000 annual installations by 2030 will require sustained momentum and measures to improve the electricity to gas price ratio.

Read the UK Heat Pump Association's press release here.

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The **European Heat Pump Association (EHPA)** represents the European heat pump sector. Our over 220 members include heat pump and component manufacturers, research institutes, universities, testing labs and energy agencies.

EHPA advocates, communicates and provides policy, technical and economic expertise to European, national and local authorities, and to our members.

We organise high level events and manage or partner in multiple projects.

We work to shape EU policy that allows the heat pump sector to flourish, and to become the number one heating and cooling choice by 2030. Heat pumps will be a central part of a renewable, sustainable and smart energy system in a future decarbonised Europe.