



Chart in focus

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Heat pumps take the lead in new buildings, but share in existing buildings still low

Authors

Eric Heymann
+49(69)910-31730
eric.heyman@db.com

Jule Mau
jule.mau@db.com

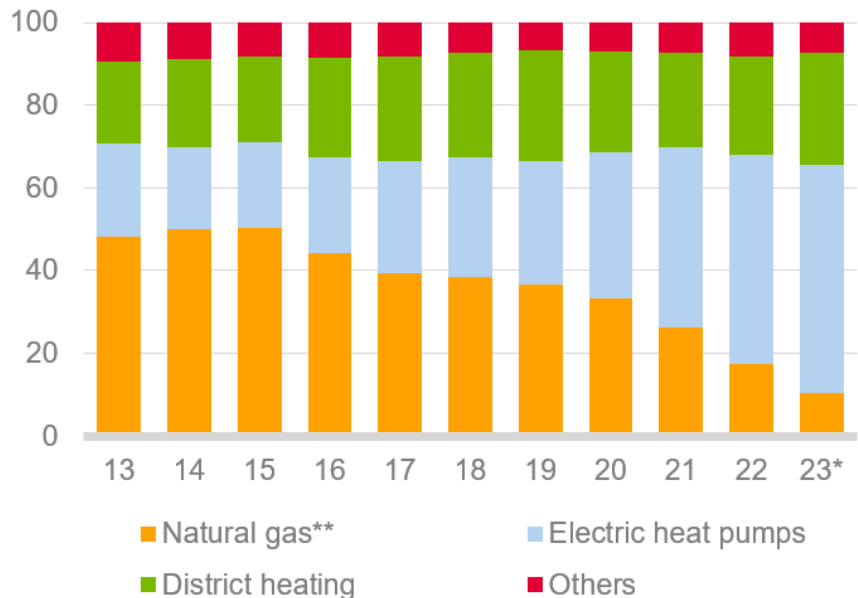
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Deutsche Bank Research Management
Stefan Schneider

Electric heat pumps are becoming increasingly popular with German homebuilders. In 2022, they already supplied the primary heating energy in more than half of all homes in new buildings. In the 1st quarter of 2023, this share even rose to 55%. Thus, heat pumps have taken over the market leadership in a short time. An important reason for the rapid growth of their market share is government subsidies, which can account for up to 40% of the total cost.

Heat pumps taking the lead in heating market for new buildings

Share of heating systems and energy sources in new residential units in Germany, %



* January till March
** Including biomethane

Source: BDEW

Gas heating systems (including biogas), on the other hand, are clearly on the retreat in new construction. While they still accounted for 50% of total heating systems here in 2015, their share fell to 17.4% in 2022. In the 1st quarter of 2023, only 10.4% of new housing units were primarily heated with gas. The main reason for this is the massive increase in gas prices last year due to the





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war in Ukraine and the political announcement that the CO₂ tax for natural gas will continue to rise in the coming years. Of course, the aforementioned subsidies for heat pumps are also contributing to more home builders deciding against a gas heating.

In addition to heat pumps, district heating has also tended to increase its market share in new construction in recent years (27.3% in Q1 2023) and has already had a higher market share than gas since last year. This is also due to the fact that new residential construction has occurred more in urban centres, where district heating is significant. In sparsely populated rural regions, on the other hand, district heating is less relevant.

Structures in the housing stock change only slowly

Despite the high and increasing share of heat pumps in new construction, the heating structure in the housing stock continues to be dominated by gas. In 2022, 49.3% of all existing dwellings were heated with gas and even 24.7% of home units were still heated with fuel oil, although oil heating has hardly played a role in new construction for many years. With a housing stock of over 43.1 million apartments (at the end of 2021), this amounts to 31.9 million apartments. District heating accounts for 14.2% of all apartments.

The situation is different for heat pumps. Although they have been gaining ground in new construction for some time and have now clearly taken over the market leadership, their share in the housing stock is only 3%. Ultimately, it is clear that the housing stock is an inert system and structural changes will take many years to come. Government regulation and technical advances in heat pumps (falling costs) will ensure that heat pumps can expand their market share in the existing housing stock in the coming years. Nevertheless, miracles are not to be expected. The shortage of craftsmen, the availability of heat pumps and, not least, financial restrictions on homeowners will delay market penetration.

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