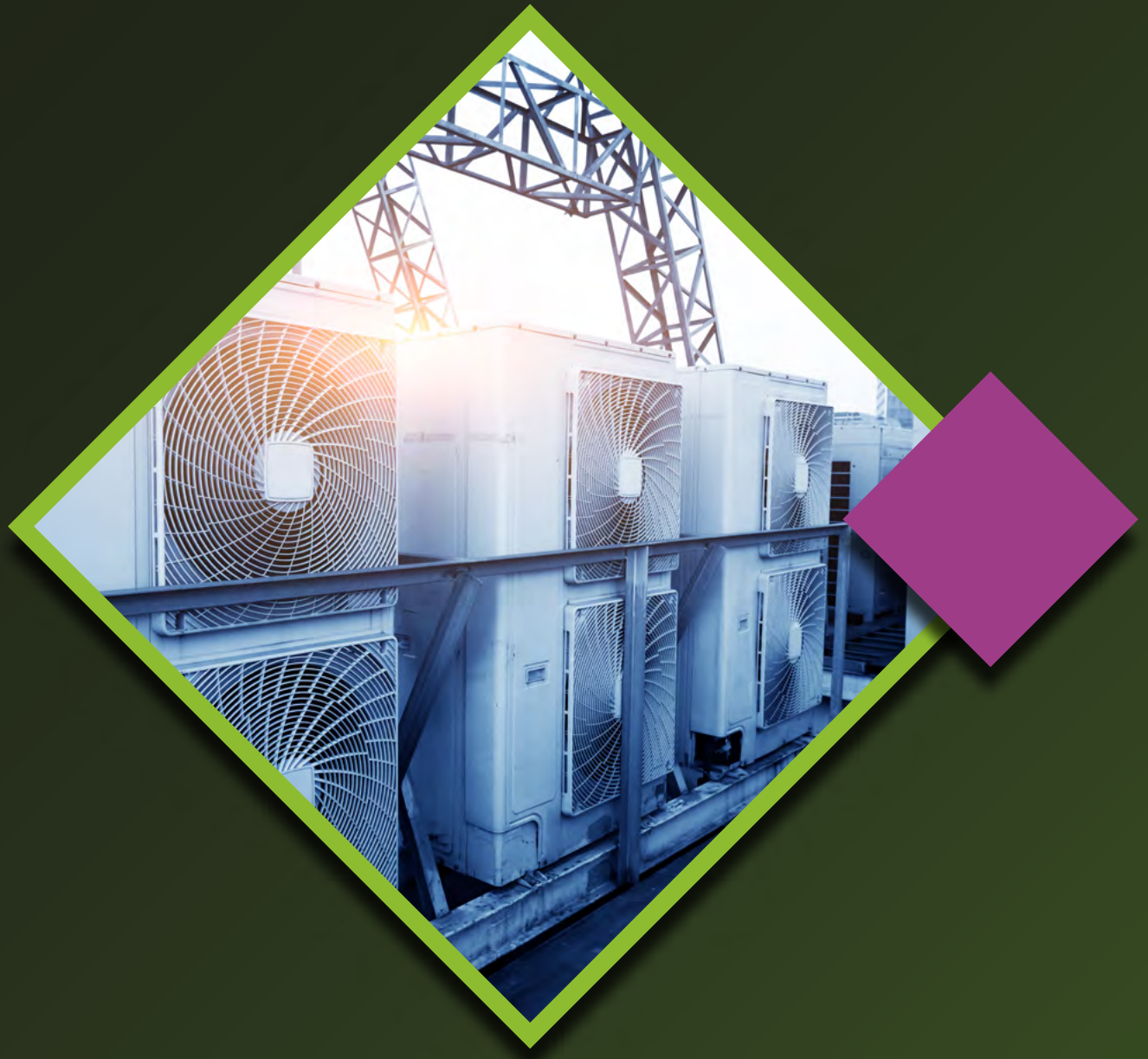




UK HVAC Market Sector Update

M&A activity in the UK HVAC market is strong and expected to grow, bolstered by the drive to net-zero and increasing demands of a volatile climate. Growing energy costs are also driving interest in the market.



> Key Highlights

Introduction

The UK HVAC market is experiencing robust growth, driven by increasing demand across sectors and a projected compound annual growth rate (CAGR) of 3.8% through 2030. Key drivers of this growth include government-backed initiatives, as well as the UK's commitment to net-zero emissions by 2050. The market is also being shaped by ongoing urbanisation, energy efficiency regulations, and widespread adoption of smart technologies.

However, the industry faces several challenges, including regulatory complexity, high capital costs, architectural limitations associated with retrofitting older buildings, cybersecurity risks in smart HVAC platforms, extended payback periods on energy-efficient systems, and the high cost of transitioning to natural refrigerants.

Entrepreneurs Hub recently completed a deal involving a provider of expert mechanical and electrical pipework solutions for heating and cooling projects in public and commercial buildings, see p5 for further details.

If you are considering succession or sale for your business then we would welcome you to join us for a confidential, no-obligation, free call to assess where you stand today and to discuss some of your potential options.

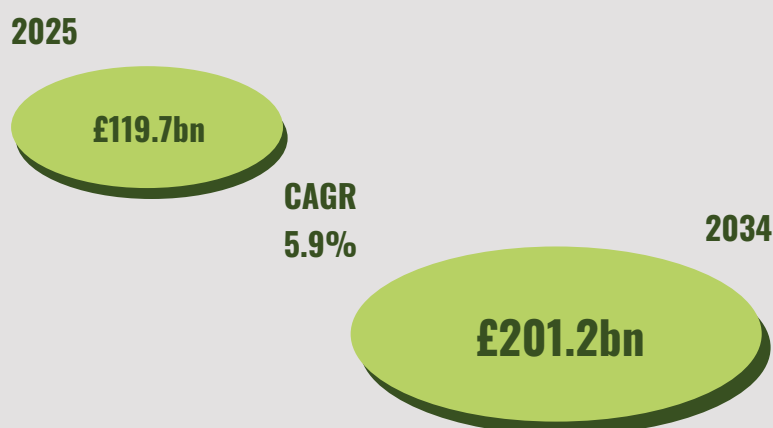


> Market Overview

Global Market

The global HVAC equipment market is witnessing steady growth, fuelled by rising demand for energy-efficient and smart climate control solutions across residential, commercial, and industrial sectors. The market was valued at £119.7bn in 2025 and is projected to reach £201.2bn by 2034, growing at a CAGR of 5.9%.

Manufacturers are focusing on developing innovative HVAC systems that offer improved energy efficiency, remote monitoring, and predictive maintenance capabilities. As global temperatures rise and building standards evolve, there is a growing need for sustainable and intelligent climate control solutions; the HVAC equipment sector is poised for sustained expansion.



European Market

The European HVAC market is expected to grow to at a similar rate of 6.2% CAGR. This growth is driven by rising temperatures, frequent heatwaves, and government initiatives. As Europe modernises its infrastructure and prioritises sustainability, demand is expected to remain strong, particularly in older cities adapting to modern climate needs.

UK FOCUS

The UK HVAC market is projected to grow at a CAGR of 3.8% to reach approximately £29.7 billion by 2030. The market has shown resilience, particularly in maintenance and repair services, which remained stable despite economic volatility.

Sustainability is now a core growth driver, with the UK's net-zero 2050 targets accelerating adoption of energy-efficient systems like heat pumps and smart HVAC controls. Technology is reshaping the sector, with growing use of smart systems, IoT devices, and energy-saving innovations. Despite growth prospects, the market remains fragmented with over 92% held by smaller players. Consolidation is increasing as larger firms like Centrica and HomeServe pursue acquisitions to expand service offerings and geographic reach.

> Growth Drivers

Urbanisation:

Urban development and a rise in residential, commercial and industrial construction has significantly increased demand for HVAC installations. Greenfield projects and large-scale retrofit initiatives are driving equipment purchases, supporting sustained market growth.

Energy Efficiency Regulations:

The adoption of high-efficiency HVAC systems is being driven by various government regulations, including the Energy Performance of Buildings (England and Wales) Regulations and the UK's Net Zero 2050 target. These policy mandates have driven infrastructure upgrades, specifically in older buildings across the UK.

Building Automation Integration:

HVAC manufacturers are increasingly embedding smart sensors, data analytics, and connectivity modules into their products. This reflects a growing demand for building automation and energy optimisation in commercial and public infrastructure. These smart systems enhance capabilities such as energy optimisation, predictive maintenance, and remote diagnostics, helping operators reduce costs and improve performance.

Advanced Ventilation and Air Purification:

Public health concerns, particularly around indoor air quality (IAQ), are driving demand for HVAC systems

featuring advanced purification and filtration technologies. Systems incorporating HEPA filters, UV-C sterilisation, and energy recovery ventilators (ERVs/HRVs) are gaining traction across healthcare, education, and urban residential buildings.

Government Incentives and Subsidies:

Tax credits and rebate programs promoting energy efficient and low carbon HVAC technologies have reduced upfront costs for end-users. Due to these financial incentives, UK residential and light commercial sectors are transitioning to air source and ground source heat pumps. These systems are emerging as the preferred alternative to traditional fossil-fuel-based heating.



> Recent UK M&A Activity

Entrepreneurs Hub Case Study

This deal was completed in June 2025: Acorn Mechanical Pipework Services Acquired by Astra Holdings.

Acorn MPS provides expert mechanical and electrical pipework solutions for heating and cooling projects in public and commercial buildings, including manufacturing and processing plants. Entrepreneurs Hub was engaged by the shareholders of Acorn MPS, who started the business over 40 years ago, to help them transition into a new phase of life.

“ Finding the right home for Acorn was incredibly important to me. I wanted to ensure that the business I built would continue to thrive, with the same values and commitment to excellence. Astra understands what makes Acorn special, and I’m confident they will provide the support needed for the team to grow and succeed. I am excited to see Acorn’s future unfold under their stewardship.

Bob Jarrom - Acorn MPS

”

Astra Holdings are specialists in acquiring, and growing, UK-based industrial SMEs that are profitable yet facing succession planning challenges. Many of these businesses, like Acorn MPS, have been built over decades and serve as economic pillars in their communities. Astra’s acquisition approach ensures these companies continue to thrive, maintaining their values, leadership, and commitment to their customers.

Astra emerged as the acquirer of choice against a backdrop of keen interest from the market. This included overseas interest as well as a significant number of private equity / investment type buyers.



> Recent UK M&A Activity

Selected UK Acquisitions

Transaction Date	Transaction	Rationale
Advised by Entrepreneurs Hub Ltd June 2025	Acorn MPS Acquired by Astra Holdings	Buy and build strategy of this strategic investor in industrial SMEs. The acquisition marks another milestone in Astra's long-term strategy with plans to acquire 30 SMEs over the next 5-6 years.
April 2025	K&G Distribution Ltd (UK) Acquired by IPCOM (Belgium)	Strengthen UK presence and expand technical insulation capabilities. Enhance service delivery by broadening IPCOM's product offering in HVAC, marine and industrial sectors.
August 2024	Elliott Environmental Services Ltd (UK) Acquired by CPS Building Services (UK)	Enhance HVAC service portfolio and regional presence in the UK. Strengthens CPS' capabilities in air quality, ventilation and energy efficiency solutions.
March 2024	CBFM Heating Ltd (UK) Acquired by Rinnai (UK)	Enhance service offering in HVAC solutions across the UK. Strengthens their capabilities in providing HVAC and facility management services.
February 2024	Oceanair (UK) Acquired by MKM Building Supplies (UK)	Enhances product portfolio and strengthens their position into the air-to-water heat pump market. Supports their strategy to diversify their offering and reinforces their presence in emerging markets.
December 2023	Brooktherm Refrigeration Ltd. (UK) Acquired by Daikin Applied (Europe)	Strengthens their position in the UK industrial HVAC market. Enhances their services capabilities specifically in refrigeration, air conditioning and maintenance.
May 2023	Powrmatic Ltd. (UK) Acquired by Carver Group	Enhances their presence in the UK industrial and commercial HVAC market. Expands their workforce across Europe and Canada.

> UK M&A Outlook

**UK Value
by 2030
£29.7bn**

**Robust
Growth**

**UK CAGR
2025-2030
3.8%**

Overview

The UK's HVAC market is experiencing increased M&A activity, as companies pursue geographic expansion, service diversification and technological leadership. Acquisitions are being driven by the need to enhance sustainability, align with regulatory demands, and achieve operational scale.

Key Drivers of M&A Activity

Geographic Expansion

Companies are acquiring regional and local players to expand their footprint and strengthen cross-border capabilities.

Diversification of Services

Acquirers are focusing on businesses that enhance service offerings like energy-efficient system installations.

Technology and Automation

Growing demand for advanced HVAC technologies.

Sustainability and Regulatory Compliance

The UK's net-zero goals are prompting the acquisitions of firms specialising in energy-efficient solutions.



> Conclusion

M&A activity in the UK HVAC sector is strong and expected to continue, with growth driven by increasing demand for energy-efficient solutions, sustainability targets, and technological innovation. The market is expanding across residential, commercial, and industrial segments, with strategic acquisitions focusing on geographic expansion, service diversification and technological leadership.

Entrepreneurs Hub have recent experience in this sector and if you would like to find out more about how we can help you as you consider, plan or pursue your exit strategy, please contact us.



Next Steps

Please let us know if you would like to speak with one of our Directors on a confidential and no-obligation basis.

We can discuss timing, preparing for sale, guide valuations, or just give you an honest opinion of where you're at.

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About Entrepreneurs Hub

Entrepreneurs Hub is a trusted M&A advisory firm with a focus on UK SME businesses. We are a highly experienced team who have been where you are - entrepreneurs, business owners, and board-level directors, we have bought companies, sold companies and advised hundreds of clients to do the same.

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