

HVAC MARKET IN RUSSIA

GROWING OPPORTUNITIES FOR INTERNATIONAL COMPANIES

RESIDENTIAL AND
COMMERCIAL
HEATING

CONTENTS

Construction and HVAC market in Russia	3
HVAC equipment application and common sales channels	5
Heating: volume of imported products, popular heating types and brands	6
Heating boilers	7
Heat pumps	8
Heating devices	9
Equipment for additional heating	10
Market trends in the sector	11

CONSTRUCTION AND HVAC MARKET IN RUSSIA

70% of
investors

consider Russian market as the most attractive with its 143.5 mln active consumers and 6th largest volume of economy in the world

622,8 mln sqm

of residential and non-residential buildings' space were placed in service during in 2015

28-35 sqm

per capita housing in Russia that is to be reached by 2020 according to federal Residential Construction Housing Support Programme 2013–2020

728,000 sqm

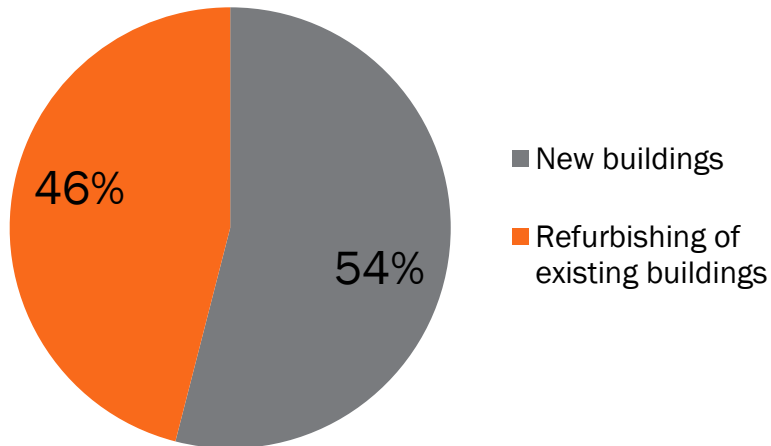
of quality office space are planned to be provided in the next 2 years due to creation of new offices and refurbishment of existing ones

Over 50%

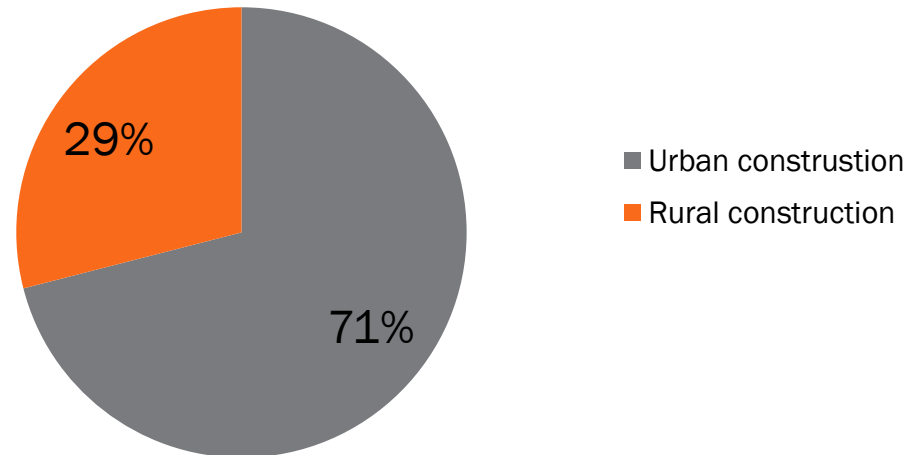
of HVAC products are imported

CONSTRUCTION AND HVAC MARKET IN RUSSIA

Orders of HVAC equipment are frequently performed for:



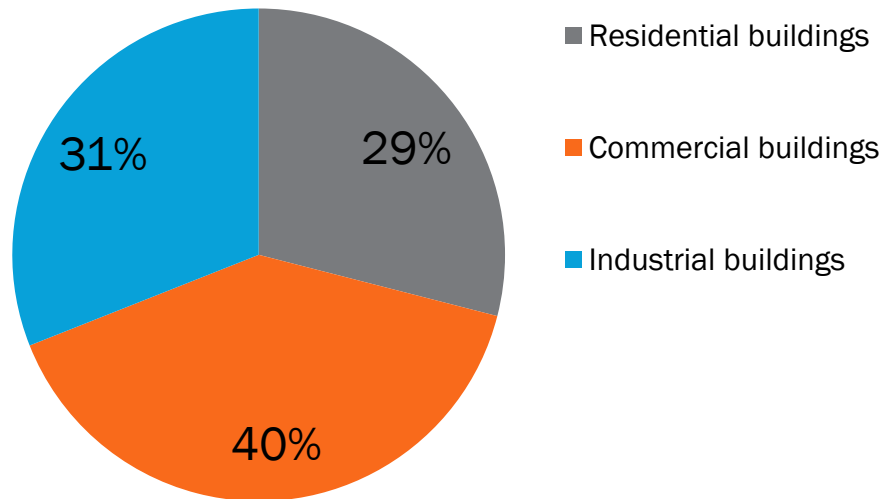
Share of HVAC equipment orders by type of locality:



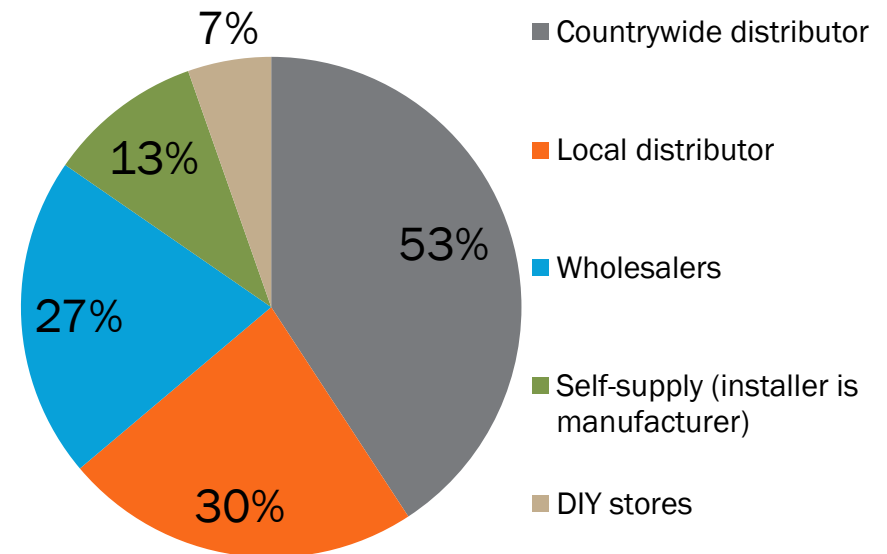
HVAC market players have more opportunities to develop supplies for new projects constructed in the cities, though refurbishing is still being actively performed as 35% of housing stock were built and equipped over 40 years ago

CONSTRUCTION AND HVAC MARKET IN RUSSIA

HVAC equipment trends in application:



Sales channels:

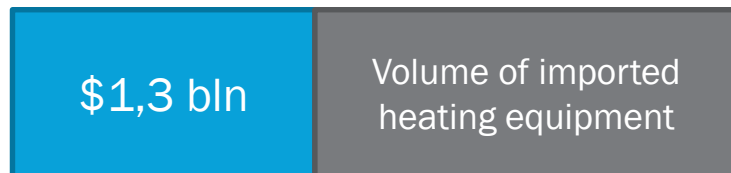


Sales chain is based on **countrywide distributors** while significant share of producers work directly with **local distributors and wholesalers**.

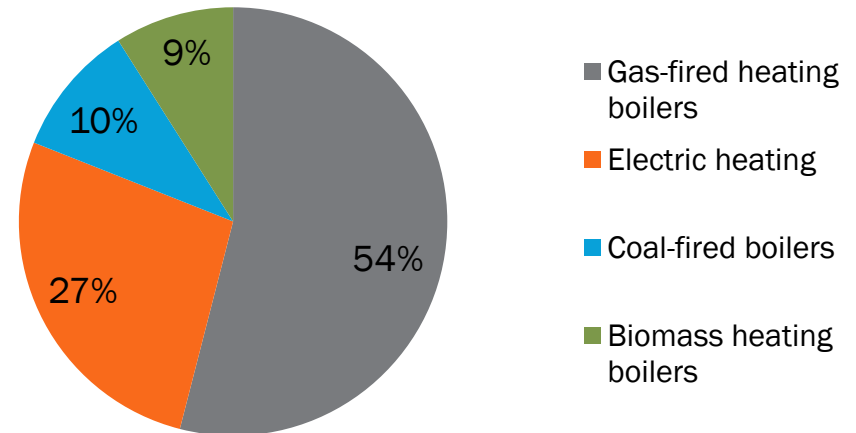
Developers of **commercial housing** are the most frequent clients for HVAC suppliers, however residential and industrial sectors also have high demand.

HEATING

RESIDENTIAL AND COMMERCIAL SECTOR



Most frequently installed types of heating equipment

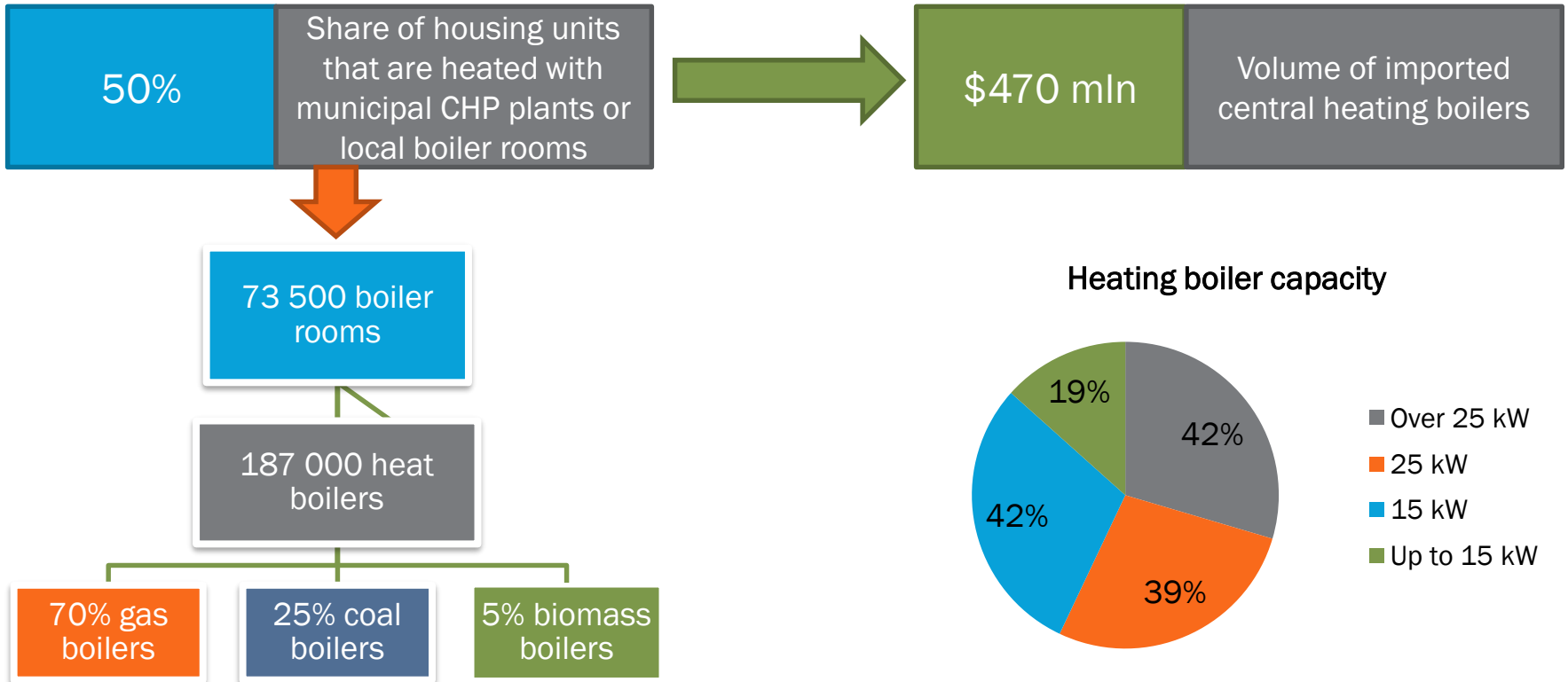


Leading brands in the market:

- Viessmann (has production in Russia)
- Vaillant
- Buderus (has production in Russia)
- Baxi

HEATING

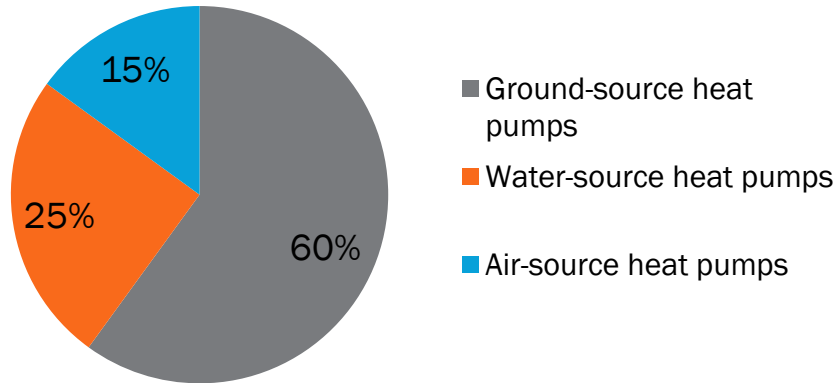
RESIDENTIAL AND COMMERCIAL SECTOR: BOILERS



HEATING

RESIDENTIAL AND COMMERCIAL SECTOR: HEAT PUMPS

Share of heat pump types installed:

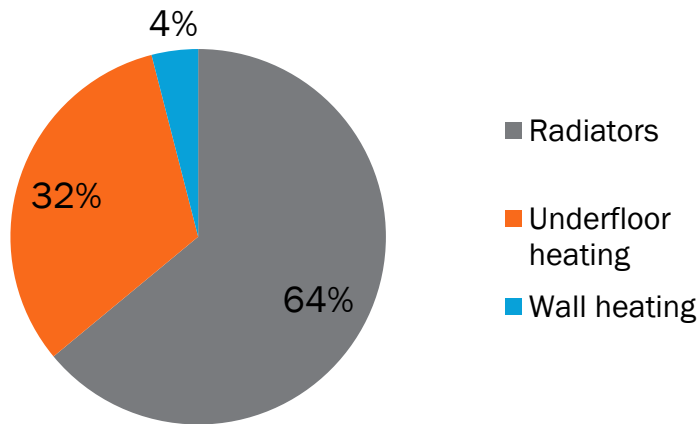


Heat pumps are being installed by **22%** of construction companies

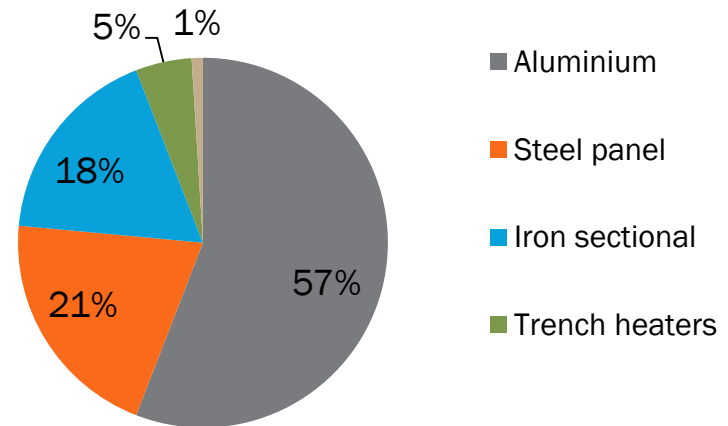
HEATING

RESIDENTIAL AND COMMERCIAL SECTOR: HEATING DEVICES

Heating devices used in residential buildings



Popular types of radiators installed

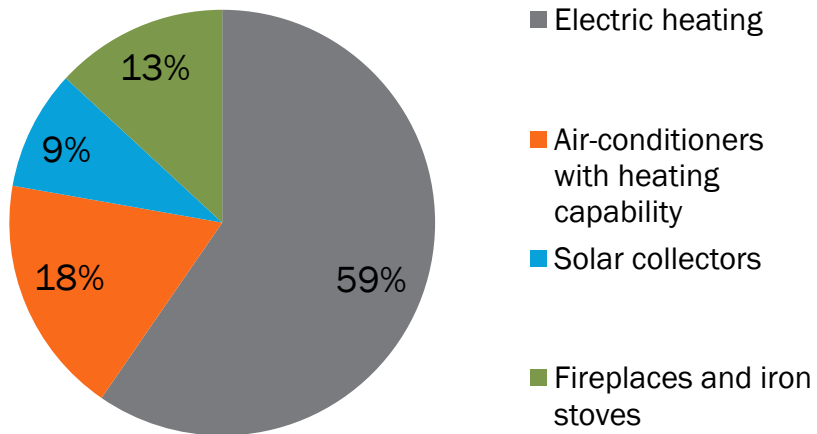


Most popular heating devices installed in residential buildings in Russia are radiators (64%). Underfloor heating is installed relatively often (32%), whereas wall heating is a rare solution (4%). These types of equipment have prospects for development in the new buildings but difficult for installing in existing ones.

HEATING

RESIDENTIAL AND COMMERCIAL SECTOR: DEVICES FOR ADDITIONAL HEATING

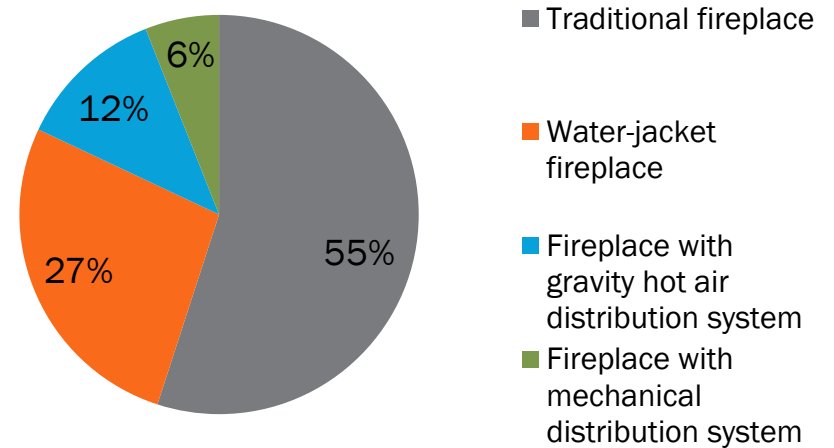
Additional heating devices installed



\$1,84 bln

Volume of imported electric heating devices

Types of fireplaces installed



\$210 mln

Volume of imported electric furnaces

\$133 mln

Volume of imported liquid fuel furnaces

HEATING

RESIDENTIAL AND COMMERCIAL SECTOR: TRENDS

- The size of the heating market is estimated at **€2bn**, a nominal year-on-year increase is almost 10%.
- Despite the economical and political challenges, the strong performance in recent years has been saved mostly because of the **stability of residential construction** across the country. Developers are continuing construction of big amount of projects launched in 2013–2014 and refurbishment of old buildings.
- In accordance with Federal Housing Programme, per capita housing in Russia is to be expanded to 25-27 m² by 2015 and to **28-35 m² by 2020**. The scheme will lead to positive movements in the heating equipment market in the next few years.
- Major heating brands **increase localisation** in Russia by opening factories, representative offices and warehouses (including Bosch (Buderus), Viessmann, Schiedel, Ariston Thermo, Fondital, GEA, etc.). In 2015, Russian Ministry of Economic Development launched a programme supporting international brands in opening manufacturing in Russia.
- Increasing propensity to implement **energy and cost-efficient solutions** – firstly in commercial structures, and then in all other buildings is expected to fuel the steady growth of the market.
- Market is still **strongly dependent on imported products** (over 50% of the total volume) that have no local competitors by quality and exploitation.

Contacts:

Pavel Moshnyaga, International Sales Manager

pavel.moshnyaga@reedexpo.ru

T.: +7 495 937 6861 ext.157, M.: +7 926 520 1018

www.aquatherm-moscow.ru