



**LUCINTEL INSIGHT
SEPTEMBER 2021**

FIVE TRENDS SHAPING THE FUTURE OF THE HVAC INSULATION MARKET

Over the years, the level of demand for HVAC insulation has increased due to rising demand for HVAC systems, more government focus on energy conservation, and a growing construction industry. Some of the key trends in the HVAC insulation market are increasing demand for high temperature insulation, use of eco-friendly materials, rebates and tax credits offered by various governments, awareness about energy conservation and low environmental impacts, and

stringent regulations to adopt HVAC insulation and energy management. The major growth drivers for this market are the growth in HVAC systems and stringency in government regulations enacted to increase energy efficiency.

The HVAC insulation market is divided into several segments, such as fiberglass, plastic foam, stone wool, and others. Key players in the HVAC insulation market include Kingspan, Saint-Gobain, Owens Corning, Johns Manville, Knauf Insulation, Armacell Engineered Foams, and Rockwool. These have been working on different strategies to drive sales using highly influential marketing approaches; however, as we examine the challenges and opportunities ahead in this market, companies can benefit from a strategy of developing high-temperature insulation and use of eco-friendly materials to drive toward the key target market trends we have identified. Lucintel predicts that the global HVAC insulation market will be valued at \$6.3 billion by 2025, with an expected CAGR of 5.0% between 2020 and 2025.

Lucintel identifies five trends set to influence the global HVAC insulation market. Most of the industry players and experts agree that these five trends will accelerate developments in the HVAC insulation industry in the near future. In terms of the widespread knowledge about the HVAC insulation market already on the horizon, there is still a lack of unified perspective on the direction the industry is moving to proactively address developments. To help bring more clarity to this gap, our study aims to provide insights concerning the direction that changes are taking and how these changes will impact the HVAC insulation market.

1. Increasing Demand for High-Temperature Insulation

Residential and non-residential building markets are increasing due to urbanization and a growing population. High-thermal insulation products are seeing significant development with technological advances in HVAC building applications due to new



building codes and fire safety requirements. Increasing demand for high-thermal insulation is mainly driven by legislation programs, such as Code for Sustainable Homes and BREEAM. One example of high-temperature insulation is Fyre duct wrap insulation, a two-layer flexible insulation made from ceramic fiber. It is a high-temperature insulation that provides excellent thermal stability and fire protection.

2. Use of Eco-Friendly Materials

Preserving the environment is the major goal of green product innovation. Surging energy costs and increased global awareness of environmental issues have led to the emergence of green HVAC systems. A green HVAC system enables upgrade of an entire system to an Energy Star certified one that can save as much as 50% on the current energy costs. The major advantage of using recycled insulation is that it is an eco-friendly option to utilize material over a longer period of time. Using post-consumer waste glass is less expensive than using fresh glass materials. Recycling of waste glass also reduces the energy otherwise required to manufacture fiberglass insulation. The recycling of by-products from the fiberglass insulation manufacturing process has become popular more recently, and this emerging trend is likely to provide fiberglass manufacturers an opportunity to earn some profit. Recycling plants take by-products from fiberglass insulation manufacturers and convert the input fiber directly into commercially valuable products.



- Fletcher Insulation manufactures insulation products throughout Australia. Fletcher uses waste glass from scrap cars, bottles, CDs, industrial settings, and other sources for the production of glass wool (fiberglass) insulation. Fletcher Insulation increases the loading value of recycled up to 74% for the manufacturing of glass wool insulation.
- A distinct method has been recently designed and constructed in Morristown, Indiana for



recycling the by-products of fiberglass insulation into commercial board products. Manufacturers of fiberglass insulation have developed a cost-effective method of recycling fiberglass insulation that can convert the stream of discarded glass fiber into salable acoustical and thermal insulation, as well as commercial board products.

3. Rebates and Tax Credits Given by Various Governments

Many government authorities offer a variety of tax credits, rebates, and other incentives to support energy efficiency. These encourage homeowners to install insulation in their houses as well as specifically in ducting and piping systems. The US government pays 10% of expenses or up to \$500 for installing insulation. In the United Kingdom, there is a reduction in the amount of sales tax of up to 10% for the purchaser of insulation. To be eligible for these credits, the owners must meet the requirements established under the international energy conservation code. This is one of the factors influencing the growth of the HVAC insulation market.



4. Awareness about Energy Savings and Low Environmental Impact

Increasing awareness about the depletion of natural resources and rising demand for energy-efficient buildings, governmental initiatives to reduce CO₂ emissions, and encouragement for sustainable development are all driving the HVAC insulation market. Such energy efficiency measures include guidelines from the International Energy Conservation Code (IECC) and Leadership in Energy, which advise construction professionals



and contractors regarding increased insulation installment in HVAC systems in both residential and non-residential buildings to reduce energy consumption. These factors are expected to fuel demand for HVAC insulation in the future. Lower environmental impact is driven by a reduction or minimization of water and energy usage. Ducts and pipes are the components used in HVAC systems which have an impact on the amount of energy used, but using insulation in HVAC, reduces the effect on the environment by lowering energy use and all driving the resulting utility bills.

5. Stringent Regulations to Adopt HVAC Insulation and Energy Management

Increasing usage of insulation in HVAC applications is due to stringent energy efficiency regulations. Insulation maintains HVAC condensation and improves energy efficiency. A rebound in housing construction activities means that more houses are being constructed. Also, the rebuilding and renovation of old houses to meet the IECC 2012 measures are increasing the usage of insulation in buildings and HVAC systems. Managing energy includes proper management of energy production and energy consumption. Nearly 35% of energy consumed in residential and non-residential buildings can be attributed to HVAC systems. In addition to reducing energy consumption, builders are installing more insulation in their HVAC systems. Greenhouse gas emissions are another factor driving the building insulation market; governments all around the globe are fine-tuning various aspects of environmental norms and regulations, particularly with emphasis on reducing carbon emissions. The Kyoto Protocol was introduced in Japan, as was the Energy Performance of Buildings Directive (EPBD) in Europe to reduce global warming, emphasizing the use of insulation materials. The greenhouse gas emission reduction targets set by many nations to reduce global warming is one of the factors



driving the market of HVAC insulation. Governmental regulations related to building codes and construction practices add pressure to increase the application of insulation material in residential and commercial HVAC systems by setting rules which promote zero-energy buildings.

Strategic Considerations for Key Players in the HVAC Insulation Market

The HVAC insulation industry is dynamic and ever-changing. Successful industry players are necessarily masters of innovation, change and adaptation. To retain this status, they need to be attentive to current trends. We believe there will be promising opportunities for HVAC insulations in the residential and non-residential industries. As per Lucintel's latest market research report (Source: <https://www.lucintel.com/hvac-insulation-market.aspx>), the [HVAC insulation market](#) is expected to grow with a CAGR of 5.0% between 2020 and 2025, and reach \$6.3 billion by 2025. This market is primarily driven by growth in HVAC systems and stringency in government regulations to increase energy efficiency.

Whether you are new to the HVAC insulation market or an experienced player, it is important to understand the trends that impact the development process, as these trends as listed will lead players to create long-term strategy formulation that will allow them to remain competitive and successful in the long run. For example, to capture growth momentum, some of the strategic considerations for players in the HVAC insulation market are as follows:

- HVAC insulation players can increase their capabilities to develop high-temperature insulation, which provides excellent thermal stability and fire protection.
- Players can focus on eco-friendly materials, a factor which is expected to lead future trends.
- Investment to increase competencies in fiberglass insulation material to achieve better flame retardant properties
- Research and development activities to develop low-cost HVAC insulation



Note: In order to gain better understanding, and learn more about the scope, benefits, companies researched and other details in the HVAC insulation market report from Lucintel, click on <https://www.lucintel.com/hvac-insulation-market.aspx>. This comprehensive report provides you in-depth analysis on market trends and forecast, segment analysis, regional analysis, competitive benchmarking and company profiling of key players. In addition, we also offer **strategic growth consulting** to meet your customized needs. We have worked with many PE firms and corporate customers in the process of their market entry and M & A initiatives.



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