

Residential HVAC: heat pumps lead, consolidators keep buying

Demand, labour and transactions in North American residential heating, cooling and plumbing services.

1 Demand: heat pumps are taking share

+5.5%

US shipments of central air conditioners and heat pumps, January to July 2026 vs 2025

AHRI, September 2026

2.6M vs 1.8M

heat pumps vs gas furnaces shipped in the US, January to July 2026; furnaces down 5.1%

AHRI, September 2026

40,600

projected US openings a year for HVAC technicians; employment up 11% from 2025 to 2035

US Bureau of Labor Statistics

Labour is the constraint

About 440,900 technicians worked in the US in 2025, and the BLS projects the trade to grow much faster than the average occupation. A trained team is one of the most valuable assets a contractor owns.

US Bureau of Labor Statistics

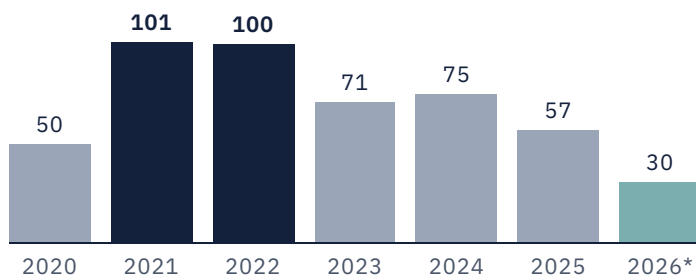
Canada: rebates push heat pumps

Heat pumps heated 6.1% of Canadian households in 2022, up from 4.8% in 2018. Ontario's Home Renovation Savings Program lists rebates of up to \$7,500 for cold climate air source units and \$12,000 for ground source.

HRAI, Comprehensive Energy Use Database; Save on Energy

2 Transactions: a platform market

Residential HVAC and plumbing deals per year, North America



- **544 deals** since 2018, including **33 in Canada**, 23 of them since 2022.
- Activity peaked near **100 deals a year** in 2021 and 2022, then settled near 70.
- **59%** of deals were made by buyers with three or more acquisitions.

*2026 to early October. Source: Tribal Capital transaction database, 2018 to 2026; public announcements.

3 Who is buying

- Buyers backed by private equity took **39 of 77** disclosed HVAC deals through early June 2026.
- Residential platforms are in a **mid cycle** consolidation phase; commercial HVAC is earlier in the cycle.

Capstone Partners data, via S&P Global Market Intelligence, June 2026.

OUR VIEW

Demand is moving from furnaces to heat pumps, and technicians are the scarce input. Acquirers keep paying for contractors that have both a trained team and recurring service revenue.

What acquirers look at

Share of revenue from maintenance agreements, technician retention, replacement versus new construction mix, lead generation and owner dependence.