



The Future of HVAC Contractors in Canada

Introduction

The heating, ventilation, and air-conditioning (HVAC) contractor industry in Canada is vital in providing comfort and ensuring energy efficiency in residential and non-residential buildings. This report aims to provide an overview of the HVAC contractor industry in Canada, focusing on its current state and future prospects. The analysis is based on industry data from IBISWorld research¹.

Canadian HVAC industry overview

The Canadian HVAC contractor industry primarily comprises companies that install, maintain, and repair heating, ventilation, and air-conditioning systems in residential and non-residential buildings. The industry has experienced growth, driven by population increases, urbanization, and demand for energy-efficient systems. In 2022, the industry generated \$14.7 billion in revenue, with 12,059 companies and 60,089 employees¹.

Quick look: HVAC contractors in Canada¹

CATEGORY	DETAILS
Market Size (2022)	\$14.7 billion
Residential Renovation Expenditure Growth (2022-2027)	2.9% annualized growth
Nonresidential Construction Growth (2022-2027)	3.2% annualized growth
Key Drivers	Energy-efficient systems, automated systems, consumer spending, and construction demand
Consumer Spending Power	Expected to improve over the next five years
Housing Market and Business Expansion	Benefiting from improved consumer spending power
Energy-Efficient Systems Demand	Driven by volatile energy prices, EnerGuide ratings, and concern over greenhouse gas emissions
Energy Price Volatility (2022-2027)	Expected to stabilize slightly
Importance of Improved Energy-Efficiency Ratings	Increasing due to stringent mandatory requirements set by Natural Resources Canada and local provinces

A key factor contributing to the growth of the HVAC contractor industry is the increasing demand for energy-efficient systems. This demand is driven by volatile energy prices, government-mandated energy-efficiency ratings (EnerGuide), and growing public concern over greenhouse gas emissions and climate change¹.

Canadian HVAC industry five-year outlook

The HVAC contractor industry in Canada is expected to experience faster growth over the five years to 2027, with industry revenue forecast to increase at an annualized rate of 2.5% to reach \$16.7 billion¹—the predicted growth results from recovering construction demand and improving consumer spending. The popularity of energy-efficient systems that lower costs for businesses and households will drive demand for new installations in existing structures.

¹ CANADIAN INDUSTRY (NAICS) REPORT 48421CA | Moving Services in the Canada | Report by: Shawn McGrath | January 2021

Key industry projections for the HVAC contractor industry in Canada¹

YEAR	REVENUE (\$ BILLION)	COMPANIES	EMPLOYMENT (UNITS)
2022	14.7	12,059	60,089
2023	15.2	12,267	61,508
2024	15.6	12,443	62,686
2025	16.0	12,626	63,926
2026	16.4	12,808	65,172
2027	16.7	12,992	66,246

Consumer spending power is projected to improve over the next five years in Canada as the overall economy recovers, helping both the housing market and business expansion. Residential renovation expenditure is anticipated to rise at an annualized rate of 2.9% over the five years to 2027, while the value of nonresidential construction is expected to grow at an annualized rate of 3.2% during the same period¹.

The number of HVAC contracting companies in the industry is projected to grow at an annualized rate of 1.5% to 12,643 companies over the five years to 2027. Industry wages are anticipated to rise at an annualized rate of 2.1% to reach \$5.1 billion over the next five years¹.

This positive outlook indicates opportunities for HVAC businesses and investors in the Canadian market.

¹ CANADIAN INDUSTRY (NAICS) REPORT 48421CA | Moving Services in the Canada | Report by: Shawn McGrath | January 2021



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