

# North America HVAC News June 2009



International Market Strategy

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## USA (& World): BRG Heating and Cooling Reports (Including New Technologies)

May 2009: BRG CONSULT has collected 2008-base year information and has preliminary reports immediately available on the following 47 HVAC product categories in the USA:

### **Solar Thermal**

- Flat Plate Collectors
- Evacuated Tube Collectors
- Unglazed Collectors
- Solar Storage Tanks

### **Solid Fuel Boilers**

- Logwood Boilers
- Pellet Boilers
- Woodchip Boilers
- Coal/Fossil Fuel Boilers
- Other Solid Fuel Boilers

### **Heat Pumps**

- Geothermal Heat Pumps
- Water Loop Heat Pumps
- Air to Water Heat Pumps
- Air to Air Heat Pumps
- Water Heating Heat Pumps

### **HVAC**

- Boilers (8 types)
- Furnaces (4 types)
- Water Heaters (13 types)
- Air Conditioners (8 types)

Preliminary product summaries are also immediately available on heating and water heating markets in the following other countries: Canada, China, 14 countries of Europe.

If you would like to obtain one of these reports or if you are interested in receiving market information on any other market/country, please contact Marie Vermeulen at [mvermeulen@brgconsult.com](mailto:mvermeulen@brgconsult.com)

Source: BRG CONSULT NORTH AMERICA



## USA & China: DAIKIN To Sell Heat-Pump Water Heaters in China, U.S.

07 May 2009, TOKYO - DAIKIN INDUSTRIES LTD. will begin sales this month of heat-pump-type heating and water heater systems in China and North America. Energy conservation is the main selling point of the systems, which produce hot water using heat extracted from the air. They heat homes by pumping the warm water through pipes that run under floors and behind walls.

The firm introduced the systems in Europe back in 2007, shipping more than 30,000 units there in fiscal 2008. Compared with heating systems that use oil, these heat pumps reduce carbon dioxide emissions by more than two-thirds.

Chinese sales will be handled by about 500 stores, while U.S. sales will be through three major wholesalers. DAIKIN will sell products made to European specifications by a Belgian subsidiary for the time being, but plans to switch to local production in China this August. The company aims to boost sales of the systems to 150 billion yen (US\$1.5 billion) in fiscal 2012, five times fiscal 2008 sales.

Source: AsiaPulse News



## USA: WATSCO & CARRIER CORPORATION Announce Joint Venture

04 May 09 - WATSCO, INC. and CARRIER CORPORATION, a unit of UNITED TECHNOLOGIES CORPORATION, today announced that they have executed an agreement to form a joint venture between the world's largest provider of HVAC/R solutions and the world's largest independent distributor of HVAC/R products, that will distribute CARRIER, BRYANT and PAYNE products throughout the U.S. Sunbelt, Latin America and the Caribbean.

CARRIER ENTERPRISES LLC, the newly-formed joint venture, with pro-forma revenues of approximately \$1.4 billion in 2008, will operate 110 locations in 20 states and Puerto Rico, the Caribbean and Latin America and serve over 19,000 air conditioning and heating contractors. The operations will sell CARRIER, BRYANT and PAYNE-branded residential and light-commercial air conditioning and heating equipment (80% of sales) and a complementary array of parts and supplies (20% of sales).

In the formation of the joint venture, CARRIER will contribute 95 locations in the U.S. Sunbelt and Puerto Rico and the export division located in Miami, Florida. WATSCO has agreed to purchase a 60 percent interest in the joint venture for a consideration payable in a combination of cash and WATSCO stock and contribution of 15 locations that currently distribute CARRIER, BRYANT and PAYNE products, with options to purchase additional ownership of the joint venture in future years. The completion of the transaction is subject to customary regulatory approvals and transition items.

CARRIER ENTERPRISES will operate as a separate and distinct entity. As part of its fundamental strategy, WATSCO operates on a decentralized basis whereby companies are operated independently by highly empowered management teams to honor the history, legacy and long-standing relationships that have been established over decades. WATSCO's family of flagship companies benefit from WATSCO's scale, financial position, commitment to growth and collective know-how. CARRIER ENTERPRISES will operate in a consistent fashion and will represent a significant platform for growth, governed by WATSCO and CARRIER, and led by its current management team. WATSCO's other business units will maintain their aggressive nature to grow and develop their businesses in the same manner and with the same independent spirit.

The addition of CARRIER ENTERPRISES will add significant new product groups to the WATSCO sales mix. First, CARRIER manufactures an extensive array of premium-level residential products, which include high-efficiency air conditioning and heating systems with state of the art technology. In addition, today WATSCO's sales mix largely consists of residential air conditioning products; the addition of CARRIER ENTERPRISES allows for a meaningful sales presence in the light-commercial HVAC market as well. Also, this transaction will mark WATSCO's initial entrance into international markets through the addition of the Latin American and Caribbean sales operations of CARRIER ENTERPRISES.

Albert Nahmad, WATSCO's Chairman and Chief Executive Officer, commented: "We are excited to partner with CARRIER in this outstanding business. We consider this joint venture to be transformational. It accelerates our strategy to develop a national network of high performing HVAC/R businesses to serve contractor customers with quality services and products. We are also fortunate that our historically conservative mindset toward our balance sheet and overall financial position has allowed us to take advantage of this substantial opportunity. As important, the



transaction structure provides us with the capacity and flexibility to continue our buy-and-build strategy in the years ahead.”

Geraud Darnis, President of CARRIER CORPORATION, said: “This partnership with WATSCO presents a unique opportunity for our territories in the sunbelt region to build on the strengths of both organizations to further grow share and profitability. The combined entity is expected to offer a wider portfolio of parts and supplies and unparalleled customer service.”

Source: [www.euroinvestor.co.uk](http://www.euroinvestor.co.uk)

## USA: GE to Make Energy Efficient Water Heaters

May 29, 2009 - GENERAL ELECTRIC said it will produce energy-efficient hot water heaters by 2011 at Appliance Park in Kentucky, U.S., said a Courier-Journal report.

The report said the expansion would create 420 jobs and that GE would invest \$69 million in the project

Source: [www.appliancemagazine.com](http://www.appliancemagazine.com)



## USA: Appointments at STIEBEL ELTRON, MESTEK, WATERFURNACE

### STIEBEL ELTRON Announces Regional Sales Manager Appointments

West Hatfield, MA. — Doug Belden was named Western regional sales manager for STIEBEL ELTRON. Belden was formerly with FERGUSON ENTERPRISES and has over 15 years experience in the plumbing / HVAC mechanical arena. Glenn Issac is the Eastern regional sales manager for STIEBEL ELTRON. He was formerly with BOSCH as national account manager and Eastern regional sales manager, and has over 20 years of tankless water heater experience.

### MESTEK Names Engineering Manager

Westfield, MA. — MESTEK, INC. announced that Andrew Dirats has joined the company as engineering manager for MESTEK's HVAC and hydronic products groups. Dirats is a mechanical engineer and seasoned entrepreneur with 18 years experience as a principal in a privately held aerospace materials testing business. He has tenured in all areas of business management from planning to execution and has managed sales, marketing, technical and production teams.

### WATERFURNACE RENEWABLE ENERGY INC. Names President, CEO

Fort Wayne, IN. — WATERFURNACE INTERNATIONAL, INC., a manufacturer of residential, commercial, industrial, and institutional geothermal and water source heat pumps, named Tom Huntington as president and CEO. Huntington takes over from Bruce Ritchey, who is retiring from the company after 10 years in the position.

Huntington comes to WATERFURNACE from the Building Efficiency Division of JOHNSON CONTROLS, INC. He also served as senior vice president of engineering and vice president of Global Sales and Marketing at BRISTOL COMPRESSORS.

Source: Various



## USA: Solar Manufacturer Introduces Online Solar Hot Water Training Program

May 5, 2009 - California-based solar hot water manufacturer HELIODYNE now offers interactive, Web-based solar installation courses for trade professionals interested in installing solar thermal systems. The beginner's course educates professionals on solar hot water theory along with proper installation techniques.

Training Manager at HELIODYNE, Robert Cooley, announced that using the Internet as a medium to train and educate plumbers, builders, dealers, engineers, architects, planners and others is an ideal solution. "We can reach so many without the inconvenience and expense of travel," he says.

Training topics include:

- Solar Hot Water Fundamentals
- Sales and Quoting
- Sizing
- Installation
- Service and Maintenance

The subjects are broken down into short lessons that the student can study at his or her own pace from the convenience of their home or office.

Using a Web-based Learning Management System, students are taught using a series of professionally produced videos and illustrations. After viewing and studying each lesson, the student has the option to take an online exam. Taking and passing the exams is not required, but is necessary if the student wants to become a certified installer of HELIODYNE products.

NABCEP certification is pending. For a limited time, the company will be offering the course free of charge.

Source: Supply House Times



## Canada: Ductless Split Systems Shipments Showed Largest Increase in 1<sup>st</sup> Q 2009

May 01, 2009, Mississauga, Ontario – During the 1st Quarter 2009, ductless splits systems shipments showed the largest gain increasing by 24%. Other sectors showed decreases including residential air conditioning shipments by 33%, chiller bookings by 24%, commercial air conditioning shipments by 18%, unit heater shipments by 13% and residential furnace shipments by 6% over the 1st Quarter 2008.

Key figures and trends are as follows:

- Commercial air conditioning shipments decreased 18%, from 8,299 in the first quarter of 2008 to 6,767 in the first quarter of 2009.
- Residential air conditioning shipments decreased 33% from 39,059 in the first quarter of 2008 to 26,333 in the first quarter of 2009.
- Residential furnace shipments decreased 6% from 52,311 in the first quarter of 2008 to 49,340 in the first quarter of 2009.
- Unit heater shipments decreased by 13% from 8,862 in the first quarter of 2008 to 7,734 in the first quarter of 2009.
- Ductless Split Systems shipments increased by 24% from 12,436 in the first quarter of 2008 to 15,362 in the first quarter of 2009.
- Chiller bookings decreased 24% from 235 in the first quarter of 2008 to 178 in the first quarter 2009.

Source: [www.hrai.ca](http://www.hrai.ca)



## USA: U.S. Remodeling Market Shows Signs of Recovery

May 15, 2009 - The U.S. remodeling market showed improvement during 1Q 2009, with significant growth in all indicators. The National Association of Home Builders' (NAHB) Remodeling Market Index (RMI) reported that the Current Market Conditions measure rose to 34.5, up from 25.5 in 4Q 2008. Future Expectations jumped to 30 from a historic low of 18.6 the previous quarter.

The RMI measures remodeler perceptions of market demand for current and future residential remodeling projects. Any number over 50 indicates that the majority of remodelers view market conditions as improving. The RMI has been running below 50 since the final quarter of 2005, following decreasing remodeling expenditures since that time.

The index component for U.S. market conditions for major additions and alterations increased to 32.7 from 19.4 in 4Q 2008, while minor additions improved to 39.1 from 31.5. Maintenance and repair remained also climbed, to 30.4 from 23.6.

Measures for future expectations showed growth during the first quarter, NAHB said, with the component for calls for bids rising to 34.2 from 20.6. The backlog of remodeling jobs component climbed to 28.5 from 18.4, and appointments for proposals jumped to 35.3 from 19.1. Finally, NAHB said, the component that measures the amount of work committed for the next three months rose to 21.8 from 16.4.

Source: [www.appliancemagazine.com](http://www.appliancemagazine.com)



## USA: Home Builders More Hopeful That Sales Will Return

WASHINGTON -- Encouraged by low interest rates and the re-emergence of first-time buyers, U.S. home builders' spirits improved again in May, the National Association of Home Builders said Monday, bringing its sentiment index to the highest level since the collapse of Lehman Bros. sparked a global financial panic in September.

The NAHB-Wells Fargo index rose to 16 in May from 14 in April on a scale of zero to 100. It's the highest since the 17 recorded in September. The index got as low as 6 in January. Before the current housing meltdown, the index had never gotten below 20 in its 24-year history. It peaked at 72 nearly four years ago.

At 16, the index shows that about one in six builders thinks the market for new homes is "good." The industry trade group received 733 responses to its survey in May. The increase in the index to 16 matched economists' expectations.

The release comes a day before the Commerce Department reports on its estimates for housing starts and building permits in April. Over time, the NAHB index and housing starts are highly correlated. Starts are down 48% in the past year and down 72% from the peak. Economists are forecasting a slight increase in starts to a 519,000 seasonally adjusted annual rate from 510,000 in March.

Starts of single-family homes have been essentially flat for three months near a record-low level. Builders are still working off a massive oversupply of new homes, and are making some progress. The number of unsold new-homes on the market remains high in relation to sales at 10.7 months' worth of sales, but the total number of homes on the market -- 311 in March -- is getting close to the average that prevailed before the housing bubble grew.

According to the NAHB index, builders are still deeply pessimistic about current sales conditions, and about the traffic of potential buyers through their developments. But builders are more hopeful about future sales over the next six months. The future sales index rose to 27 in May from 24 in April.

"Builders are responding to what they perceive to be some of the best home-buying conditions of a lifetime," said NAHB Chairman Joe Robson, a home builder from Tulsa, Okla., in the press release.

"You're not likely to get a better deal in terms of mortgage rates than what's available right now," Robson said. "Combine that with the affordable prices, multitude of home choices and \$8,000 tax credit for first-time buyers that are now available, and you have a very appealing set of reasons to make a move."

NAHB economist David Crowe said builders think the market could be near a bottom, but expressed concern about the ability of builders to get financing. The index measuring current sales rose from 12 to 14, while the index measuring buyer traffic was unchanged at 13.

The index rose four points in the West to 12, rose three points to 18 in the Northeast, rose one point to 18 in the South, and was unchanged at 14 in the Midwest.

Source: MarketWatch.com



## USA: Consumer Confidence Increases in May, says CEA-CNET Indexes

May 29, 2009 - Consumer confidence in the overall economy moved up sharply in May, according the Consumer Electronics Association (CEA). The CEA-CNET Indexes also show that consumers continue to feel more confident about future spending on technology and consumer electronics.

The CEA-CNET Index of Consumer Expectations (ICE) climbed in May, reaching 174.6, up nearly six points from last month. The ICE, which measures consumers' confidence in the overall economy, is at its highest level since February 2008 and up more than 11 points year-over-year.

Confidence in technology and consumer electronics also reached its highest level of the year. The CEA-CNET Index of Consumer Technology Expectations (ICTE) climbed to 81.1, an increase of nearly four points from last month. The ICTE, which measures consumer confidence in technology and consumer electronics, is nearly 8% higher than the same period last year.

The CEA-CNET Indexes are comprised of the ICE and the ICTE, both of which are updated on a monthly basis through consumer surveys.

Source: [www.appliancemagazine.com](http://www.appliancemagazine.com)



## USA: Housing Starts, Permits Hit Record Lows in April

WASHINGTON - Optimism that the housing slump had hit bottom was damaged Tuesday when the government reported that construction on new housing projects slowed to a record low pace in April.

New construction of single-family homes and apartments plunged 12.8% to a record-low annual rate of 458,000, much weaker than the 519,000 rate expected by economists surveyed by MarketWatch.

The drop was caused by construction of multifamily housing, which fell 46.1% to a record low 78,000. This was the biggest drop since January 1994.

Starts of single-family homes rose 2.8% to a seasonally adjusted annual rate of 368,000. Single-family starts have shown some stability in the past four months.

Building permits for single-family homes rose 3.6% to 373,000.

Starts are down 54.2% in the past year, while starts of single-family homes are down 45.6%. Meanwhile, total authorized building permits fell 3.3% in April to a record-low seasonally adjusted annual rate of 494,000.

Single-family permits are down 42.3% in the past year.

Housing completions rose 4.9% to a seasonally adjusted annual rate of 874,000. Completions are off 15% in the past year.

The government cautions that housing data are volatile and subject to large sampling and other statistical errors. In most months, the government can't be sure whether starts increased or decreased. Large revisions of reported figures are common.

On Monday, the National Association of Home Builders reported builder sentiment rose to its highest level since last September.

Source: MarketWatch.com



## USA: Obama's 2010 Budget Includes RE Initiatives

20 May 2009 - The Obama administration has released its fiscal-year 2010 budget, including requests for various programs and agencies related to renewable energy and energy efficiency measures.

The budget request for the Department of Energy's (DOE) Energy Efficiency and Renewable Energy programs is \$2.3 billion (approximately 8% of the DOE budget), an increase of \$140 million (6.4% from FY09 appropriations).

The president's FY10 budget request for the Environmental Protection Agency represents the highest level of funding for the agency in its 39-year history, notes the Environmental and Energy Study Institute (EESI). The request is for \$10.5 billion in discretionary budget authority, an increase of \$7.6 billion from FY09 appropriations.

In addition, the president's FY10 budget request for the Department of Housing and Urban Development reflects a new focus on community development and redevelopment as a key part of the solution to climate change and energy independence, according to EESI. The budget request includes \$2.4 million for a new Office of Sustainable Housing and Communities.

Obama's request for Department of Labor's Employment and Training Administration includes programs to help the country's youth move into the growing fields of renewable energy infrastructure, energy efficiency and home retrofitting.

"Clearly the stimulus and economic recovery bill will provide the greatest boost to changing the outlook for clean energy investments, rather than the proposed FY 2010 budget," says Carol Werner, EESI's executive director. "While the proposed budget heads the country in the right direction overall in its increased support for investments in renewable energy and energy efficiency technologies, and should be commended for that, at the same time we were disappointed that EPA's Energy Star program received essentially flat funding.

"DOE's water power program not only had received no additional investment in the stimulus package, but was cut 25 percent (\$10 million) in the proposed FY2010 budget, and yet these technologies offer immense near-term benefits," Werner adds.

Source: Environmental and Energy Study Institute



## **USA: Sales Agents, Appraisers Underestimate Value of Green**

26 May 2009 -- Professionals with expertise in green building sales and marketing attending the National Green Building Conference in Dallas on May 8-10 reported that they are seeing steady progress in educating real estate appraisers and sales agents to recognize the added value of homes that can save energy, promote comfort and indoor air quality and go easy on the environment.

However, at a time when builders in general are encountering difficult appraisal problems because of slow sales and surging forecloses, finding appraisers who know how to make suitable property comparisons to provide accurate valuations of green homes is particularly challenging, they said.

The large majority of those who play a role in the residential appraisal and sales process don't have enough expertise in green homes to value them correctly or to promote their unique features to prospective buyers. Because of that, consumers aren't always aware of the improvements that their builders or remodelers make, whether their information comes from these professionals or from the tools that they use — like the local MLS system.

### **Putting Green in the MLS**

Al Medina, director of the Green Designation program of the National Association of Realtors, said that only about 1% of the nation's independently owned and operated MLS's have a green feature. His organization is working to change that deficiency by educating its sales agents about the value of green and the importance of establishing its benefits in the listings and in the minds of consumers.

Toward the end of last year, roughly 1,500 Realtors had completed the educational requirements to receive the green designation, Medina said. "Agents are a great conduit to consumers and the public," he said. "There is clearly pent-up demand for green education."

As part of its mission, the association's Green Resource Council is working to include entry fields in MLS's to identify green features and certifications that will help agents search for sustainable homes and properties and allow builders and sellers to market their green homes.

As a prototype, Medina recommended MLS inputs initiated by Realtors in Traverse City, Mich. and its green disclosure statement, which is the most comprehensive greening of a MLS that the council has received. "This is one great example," he said, "and it wouldn't have gotten done without the collaboration of the local Home Builders Association of the Grand Traverse Area."

### **Green Appraisals**

On the appraisal side, we are behind any movement or education that gets the appraisal world on board with this stuff," Medina said. Don Briggs, whose company BRIGGS ASSOCIATES INC. specializes in green appraisals, said that a builder or Realtors should expect the appraiser who comes to view their green property to be competent, but if he isn't knowledgeable about green building he may fall short in determining the most probable price a property will bring in the open market. "He can leave things out, and he is responsible for that," Briggs said.

While green may not yet have received the full market recognition it deserves, Briggs added, "90% of people looking for a home have at least some awareness of green."



In the meantime, “you’re going to have to educate appraisers,” he said, and go out and look for those who are competent in assessing green homes.

For appraisers who are in the business of making market comparisons in order to assess home values, “data from the Multiple Listing Service is the right place to look,” said John Stovall, vice president of ECOBROKER. “But most MLS’s don’t identify green properties.”

Stovall said that NAHB members can help promote the higher value and customer benefits of green homes by working with knowledgeable agents to include appropriate data in the MLS.

His own company, which was honored during the NAHB Green Conference as the “Green Advocate of the Year,” now has some 5,000 members spreading the word in all 50 states about the advantages of green housing.

As an example of emerging companies that are dedicated to selling green housing, Stovall cited Seattle-based GREENWORKS REALTY, which bills itself as the first real estate brokerage in the country to specialize in green properties.

The company’s agents drive their business by volunteering with various local organizations in the area, including Built Green of King and Snohomish Counties, the Northwest Eco-Building Guild and the Seattle Chamber of Commerce.

### **Shoving Buyers Out the Door**

Blazing some new territory of her own, Beth Johnson, of ADVOCATES REALTY in Dallas, has earned all of the national green credentials available and was the first certified ECOBROKER in Texas.

“When a buyer comes to me, they tend to be green leaning,” Johnson said. “What makes them comfortable is the resale value. They understand the concept that you don’t want a white elephant home that’s not even Energy Star five or 10 years from now.”

About 37% of the homes built in Texas are Energy Star certified, she said, and Texas ranks as the leading state for that program.

Conceding that there are some extra up-front costs in making homes more energy efficient — which is a growing priority for municipalities across the state — Johnson said that they tend not to be significant amounts of money and they can be mitigated by savings on utility bills and energy tax credits.

Johnson warned green builders that listing agents who aren’t knowledgeable about their homes could be doing more harm than good. She said she has encountered agents who can’t tell prospective buyers the program under which a home has been certified, which is “very confusing” to them. “Sometimes your own sales staff is shoving them out the door,” she said. With plenty of trained Realtors coming into the market, “you might as well choose someone who can articulate your product accurately and enthusiastically,” she said.

Source: NAHB