

replacement markets. In the Northeast, replacement sales have a larger share because there is less new construction. Replacement sales are more stable than new construction sales, and are more predictable because they are influenced by existing heating equipment. Details of in-place heating equipment appear in sections II and III of the main report.

2. The climate of the Northeast United States makes it primarily a market for heating equipment. Mild summers and lower levels of new construction since central air conditioning became very popular have lessened the importance of air conditioning. This, in turn, allows hydronic heating systems to be more popular than elsewhere in the U.S. Central warm-air furnaces also exist. Lower incidence of central air conditioning is important to Canadian manufacturers because it reduces the need to offer an integrated (heating and air conditioning) product line.
3. Fuel oil is the traditional heating fuel in the Northeast U.S., with gas second. Electricity is a distant third. Wood and coal are used in Maine, New Hampshire and Vermont, but less elsewhere. Dislocations in the price of fuel oil and low availability of gas have led to some replacement sales to change fuel source in the past ten years. Markets are expected to be more stable in the future.

All of the products included in this study have markets in the Northeast U.S. Manufacturers can use the detail of equipment and fuel characteristics in sections II and III, and the estimates of equipment sales in section VI to understand demand more precisely. In general, products that have replacement demand (furnaces, boilers, and water-heaters), have sizeable and attractive markets in the Northeast. Add-on equipment (chimneys, and perhaps zero-clearance fireplaces) has smaller, but active markets. Those that rely on fuel conversion (gas burners) require new