

Keeping cool in a warmer world

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“Sold out!” “Out of stock!” As temperatures in Geneva soared to record highs this summer, my frantic search for an air conditioning unit proved fruitless with demand far outstripping supply.

That demand for cooling solutions is set to grow exponentially in the coming years – not only to cool our homes and offices in an increasingly warm world, but also to cool a growing number of datacentres powering the AI revolution.

Supply needs to step up, opening the door to innovation and creating interesting investment opportunities.

Europe’s early summer heatwave saw temperatures 5-12 degrees above seasonal average in large cities, leading to an estimated 25,000 deaths. It was a similar picture in the US, with heat alerts and power outages dominating the July 4 public holiday.

The rising cost of hot weather

And yet Europe has one of the lowest rates of air conditioning penetration globally – less than one in four homes has the technology, compared with around 90% in the US.¹ Overall, around 40% of the world’s population has access to air conditioning, and double that proportion needs cooling for at least part of the year, according to the International Energy Agency.

That will have to change. As the world gets warmer, cooling devices are no longer just comfort and luxury items; increasingly they are seen as survival essentials. The heat is impacting productivity – as many of us can attest after trying to work during the heatwave with no air conditioning.

Extreme weather events have cost the global economy around USD 2 trillion over the past decade, and unless countermeasures are taken, higher temperatures alone could wipe out trillions in annual global productivity by 2030.

According to research by the World Meteorological Organization, worker productivity drops by 2–3% for every degree above 20°C.²

Investing in adaptation through cooling

The upside case from adaptation solutions, however, is just as striking. The Global Centre on Adaptation estimates that investing USD 1.8 trillion globally by 2030 could generate around USD 7 trillion in economic, social, and environmental benefits.

The climate adaptation story is multi-faceted, from making our infrastructure and power grids more resilient to weather, to using sensors, drones, and AI to prevent fires. But temperature control has a key part to play – we need buildings and systems that keep people, equipment, and data safe and well inside them.

The gap between cooling need and cooling capacity is wide. To close it efficiently, in ways that do not simply add to grid load, we need a new generation of high-efficiency thermal management solutions for

homes, hospitals, schools, and datacentres.

Heating, ventilation and air conditioning (HVAC) is a big growth industry, presenting many interesting opportunities for innovation and investment. It is no coincidence that the recent USD 2.2 billion listing of Madison Air was one of the biggest industrial IPOs in US history.

Heating and cooling represent up to 60% of a building's total energy use, so improving efficiency in this area is key to meeting both carbon emissions reduction targets and climate adaptation goals. Across the world, the cities that integrate resilience thinking into their decarbonisation strategies will be better positioned to meet climate targets, attract long-term capital, and protect the wellbeing of their residents as climate volatility intensifies.

At the same time, the AI-driven datacentre buildout is pushing rack densities and power loads beyond what conventional air cooling can handle, accelerating a shift toward liquid cooling. The datacentre HVAC sub-market alone is projected to more than double to USD 32 billion by 2032.³

Together, climate-driven demand and AI-driven datacentre demand are turning HVAC solutions from a cyclical category into a structural, multi-year theme.

The summer of 2026 has made it clear that adaptation is no longer a hedge against a future risk, it is a response to a present one. We believe demand for companies building the resilience layer of the global economy, in the grid and in the built environment, is set to rise for years to come.

Source: <https://www.pictet.com/us/en/insights/am/cooling-technologies>