

Countertop Demand by Material (\$11.1 billion, 2002)

Laminates
35%

Solid
Surface
23%

Stone 17%

Tile 9%

Engineered
Stone 9%

All Others
7%

NEW US forecasts to
2007 & 2012

Freedonia[®]

Kitchen & Bath Countertops

Study # 1734

November 2003

\$3900

US countertops demand to exceed \$12 billion in 2007

US demand for residential kitchen and bath countertops is forecast to increase 2.3 percent per annum to \$12.4 billion in 2007. Advances will be driven primarily by the increasing market penetration of more expensive varieties of countertop materials, as well as a shift toward higher value varieties in lower cost materials.

Further value gains will be restrained by the increasing automation of countertop fabrication shops and the increasing price competitiveness among materials suppliers and fabricators of more expensive surfaces. Although projected declines in new single unit housing completions through 2007 will limit gains in volume terms somewhat, sales of countertops will reflect improving real kitchen and bath remodeling expenditures, as well as an ongoing trend toward larger kitchens and more bathrooms within a home.

Engineered stone, natural stone materials to post fastest growth

Laminate countertops will continue to account for the largest share of countertop shipments, with approximately 35 percent of demand in

value terms and nearly 60 percent of demand in volume terms in 2007. Demand for laminate countertops benefits from factors such as economy, ease of installation and maintenance, and a wide variety of color and pattern options. Countertops made from natural stone and engineered stone, however, will experience stronger gains, in both value and volume terms, through 2007. Demand for these materials will be aided by consumer interest in the style, luxury and durability that most stone and engineered stone surfaces offer.

Remodeling projects to outperform new housing segment

Advances in countertop demand will be stimulated by growth in the remodeling segment, which accounted for 71 percent of sales in volume terms in 2002. This is partly because kitchen and bathroom improvements are among the more popular home remodeling projects, and countertops are a key aspect of many of these remodeling projects. Although new single unit housing completions are forecast to decline slightly through 2007, inflation-adjusted residential kitchen and bath renovation expenditures are projected to improve over the same period. Sales of kitchen countertops will continue to outpace those of bath countertops.

Midwest region to see best countertop demand gains

Among geographic markets, the Midwest is forecast to post the strongest gains through 2007, driven by projected improving trends in population and inflation-adjusted GDP growth. The South, the region which accounted for the largest share of countertop demand in 2002, will also post above average gains through 2007, driven by a better outlook for new housing units, and strong population and GDP growth.

Study coverage

Details on these and other findings are contained in a new Freedonia study, ***Kitchen & Bath Countertops***, priced at \$3900. This study provides historical data through 2002 as well as forecasts to 2007 and 2012 for the US market. Demand is provided for the major types of countertop materials in square feet and current US dollars, with demand also provided in square feet by type, end-use and regional market. In addition, market share is provided for leading laminate, solid surface and engineered stone material suppliers, along with an overview of competitive strategies, regulatory issues and the macroeconomy. Profiles are provided for 39 countertop fabricators and suppliers of countertop materials.

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PRODUCTS

In addition to depending on the price and style of the new home, the type of countertop installed also varies by geographic area. For instance, homes built in areas close to stone quarries are more likely to use stone, since the material is readily accessible and is less expensive. Style preferences also dictate what materials are used. For example, tile countertops are most widely used in the western US, where they are part of the traditional aesthetic. Stone is used in existing homes is also used to renovate homes in a particular area because the homeowner expects to have based on what is typical for a home of its price in the area.

Data supported with the aid of nearly 70 tables and charts

TABLE IV-3

KITCHEN COUNTERTOP DEMAND IN NEW CONSTRUCTION (million square feet)

Item	1992	1997	2002	2007	2012
New Housing Units (000 units) sq ft countertops/housing unit					
Total Sq Footage of New Housing Units sq ft countertops/000 total sq footage					
New Kitchen Countertop Demand					
Laminates					
Solid Surface					
Tile					
Stone					
Engineered Stone					
Misc Cast Polymers					
Other					
% new construction Kitchen Countertop Demand					

SAMPLE TABLE
Historical data for 1992, 1997 and 2002 as well as Freedonia forecasts through 2007 and 2012

Source: The Freedonia Group, Inc.

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Study #1734 - "Kitchen & Bath Countertops"

Freedonia's methods involve:

- Establishing consistent economic and market forecasts
- Using input/output ratios, flow charts and other economic methods to quantify data
- Employing in-house analysts who meet stringent quality standards
- Interviewing key industry participants, experts and end-users
- Researching a proprietary database that includes trade publications, government reports and corporate literature

COMPANY PROFILES

presented for 39 US industry players such as Cosentino, DuPont, Formica, Hartson-Kennedy, Nevamar, VT Industries and Wilsonart

This study can help you:

- Determine your market & sales potential
- Learn more about industry competitors
- Assess new products & technologies
- Identify firms to merge with or acquire
- Complement your research & planning
- Gather data for presentations
- Confirm your own internal data
- Make better business decisions

SURFACE MATERIALS

\$20 to \$400, and installation costs of five dollars or more per square foot. Glass tiles are available in a wide range of colors, from bright to iridescent, pastel and metallic, with finishes such as clear, smooth, frosted, ridged, swirled or pebbled. Suppliers of glass tiles for countertops, backsplashes and other applications include Euro-Tile and Vitrium.

Engineered Stone

Demand for engineered stone countertops, also known as quartz surfacing, is expected to be driven by consumer desire for a natural stone look, low maintenance and further value. Further value is expected to be offset soon as prices increase. Demand is expected to increase in 2007. Gains will be offset by a natural level of durability. Prices accompanying the trend, however, this trend is likely to be offset soon as prices increase.

SAMPLE PAGE

The various types of engineered stones are priced to compete with the various grades of other high-end countertops. For the US market, this composite material is designed to fit a niche between solid surfacing and granite surfaces. For instance, ZODIAQ (DuPont) is aimed at the high end market and is priced at levels similar to high grade granite. SILESTONE, on the other hand, is positioned to compete with mid- to upper-level solid surfacing and lower-level granite surfaces. Engineered stone is not meant to imitate granite. Instead, sales of these countertop are targeted at consumers who want a harder, more durable, shinier product than solid surface countertops, and the look and sparkle of granite without the maintenance requirements or color limitations.

In volume terms, demand is expected to increase slightly faster at a rate of 1.5% per year over the next five years, as the material continues to penetrate the market.

Explanations to support each table's data and projections

increase million units as the market will be

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Wall Coverings

US demand for wall covering alternatives to paint will grow 5.7% annually through 2007. Finished gypsum board will increase rapidly based on a rebound in manufactured housing. Wallpaper will recover as the faux finishing trend subsides. Ceramic tile and wood paneling will benefit from increased demand for high-end natural coverings. The study details the \$1.9 billion US wall coverings industry to 2007 and 2012 by product, market and US region. It also profiles key firms and evaluates market shares.

#1717 09/2003 \$3800

Decorative Laminates

US sales of decorative laminates will reach \$6.1 billion in 2007, driven by increases in nonresidential construction and residential kitchen and bath remodeling. High pressure laminates (HPLs) will grow the fastest based on rising popularity of laminate flooring and increasing use of HPLs with solid wood and other materials in furniture. This study analyzes the \$4.9 billion US decorative laminates industry to 2007 and 2012 by material, product and market. It also profiles key producers and evaluates market share.

#1694 08/2003 \$3900

World Carpets & Flooring

Worldwide demand for floor covering will reach US\$63 billion in 2006. Laminate flooring, ceramic tile and other nonresilient flooring will exhibit the strongest market gains based on the durability and the ease of maintenance offered by nonresilient flooring, and by growing consumer preference for high-end and natural products. This study analyzes the global carpet and flooring industry to 2006 and 2011 by type, market, worldwide region and for 18 countries. It also presents market share data and profiles global competitors.

#1622 12/2002 \$4700

Sealants & Caulks

The US sealant and caulk market will grow 5.8% annually through 2006. Value demand will benefit from a continued shift toward higher performance products such as silicones, as well as greater use of newer formulations (e.g., urethane acrylic) that

combine the best properties of several different sealant types. This study analyzes the 2.5 billion pound US sealant and caulk industry to 2006 and 2011 by material, type and market. It also presents market share data and profiles leading US industry competitors.

#1605 10/2002 \$3800

Solid Surface & Other Cast Polymer Materials

US demand for cast polymer materials will grow 7.1% annually through 2006. Gains will be fueled by ongoing consumer interest in high-end surfacing materials, particularly residential countertops. Engineered stone will grow the fastest while solid surface materials remain the largest cast polymer type. This study analyzes the 122 million square foot US cast polymer material industry to 2006 and 2011 by product, end-use and regional market. It also presents market share data and profiles leading industry participants.

#1598 10/2002 \$3800

Cabinets

Demand for cabinets in the US will grow 6.8% per year through 2006, reaching \$15.6 billion. Kitchen cabinets will benefit from the increasing size of kitchens, as well as from the continued popularity of remodeling projects. Nonresidential applications hold the best growth prospects, driven by the repair and improvement of existing buildings. This study assesses the US cabinets industry to 2006 and 2011 by material, product, market and US region. It provides market shares and profiles major players.

#1572 07/2002 \$3700

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