Residential Kitchen & Bathroom Countertops

US Industry Study with Forecasts for **2011 & 2016**

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Freedonia

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INDUSTRY STRUCTURE

Demand for countertops will be promoted by continued consumer preferences for larger kitchens and more bathrooms, and by growing market penetration of high value countertop materials.

US demand to reach 540 million square feet by 2011

Demand for residential kitchen and bathroom countertops is forecast to increase 1.3 percent annually to 540 million square feet in 2011. Demand growth will decelerate from the pace of the 2001 to 2006 period, primarily due to weakness in the new single unit home market. In the remodeling market, kitchen and bathroom remodeling expenditures will increase, but at a decelerated pace from the 2001 to 2006 period. Continued consumer preferences for larger kitchens and more bathrooms will promote growth. In value terms, demand for countertops is expected to advance 2.4 percent per year to $14.3 billion in 2011. Value gains will be promoted by growing market penetration of high value countertop materials, primarily natural and engineered stone.

US Residential Kitchen & Bathroom Countertop Demand
(505 million square feet, 2006)

Engineered, natural stone countertops to lead gains

Countertops made from engineered and natural stone will experience the strongest gains through 2011. Demand for engineered stone will benefit from its ability to combine the minimal porosity of solid surface with the heat and scratch resistance of quartz. Demand for natural stone will be aided by consumer interest in the luxury and style that granite and other stones offer. As the price of these materials declines, middle-income consumers will be able to afford them, further stimulating demand. Laminate countertops will continue to account for the largest share of countertop sales. However, growth will be constrained by the rise of natural and engineered stone, as some consumers find laminates to be a low-end surfacing choice.

Dominant remodeling segment to support growth

Advances in countertop demand will be stimulated by growth in the remodeling segment, which accounted for 70 percent of volume sales in 2006. Kitchen and bathroom improvements are popular home remodeling projects, with countertop replacement a key aspect. Although new single unit housing, the largest market for new countertops, is forecast to decline through 2011, residential kitchen and bath renovation expenditures are projected to remain positive over the same period. Sales of kitchen countertops will continue to outpace bathroom countertop sales through 2011.

West to have strongest geographic market growth

The South is forecast to remain the largest geographic market for countertops, accounting for 41 percent of total demand in 2011. The West will have the strongest growth during this period, as gains will be led by increases in population and solid growth in the overall construction industry, increasing demand for new and replacement countertops.

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Sample Text, Table & Chart

TABLE VI-5

COUNTERTOP DEMAND BY REGION
(million square feet)

Item	1996	2001	2006	2011	2016
New Housing Units (000 units)					
sq ft countertop/new unit					
Housing Stock (mil units)					
sq ft countertop/stock unit					
Countertop Demand					
By Region:					
Northeast					
Midwest					
South					
West					
By Market:					
New Housing					
Remodeling				401.0	457.0

SAMPLE TABLE

MARKETS

Manufactured Housing

Demand for countertops in the manufactured housing re... market is forecast to expand ... millio... feet in 2011. The primary dr... t is c... interest in making manufact... uilt h... including their kitchens and ... so be... by the slowdown in the resi... many ... cannot afford to move into a ... into... pensive manufactured homes. ... mes w... countertop demand by installing new countertops to grow in ... new owners will install countertops to match their own stylis... ences. Gains will be restricted by the slowdown in kitchen an... renovations, as well as by consumer tendencies. Owners of manufactured housing tend to trade up into better manufactured homes or site-built homes. As such, these owners generally put off remodeling jobs, such as the replacement of countertops, until it is absolutely necessary.

SAMPLE TEXT

Many manufactured homes serve not as primary housing units, but as secondary residences. These units, often called "park homes," serve as vacation homes or weekend getaways for people interested in wilderness activities. While these owners tend to have higher average incomes, they are usually not interested in remodeling the countertops of their homes, as it is not worth the expense or inconvenience. Moreover, as these homes are not full-time homes, these units do not have the wear and tear of traditional homes. This will negatively affect remodeling demand, as these owners will generally not replace countertops unless it is absolutely necessary, in which case they will usually use laminates or value materials.

For the manufactured home segment, laminates dominate the kitchen countertop market, while laminates and cultured marble are the leading surfacing materials for bathroom countertops. The value of these

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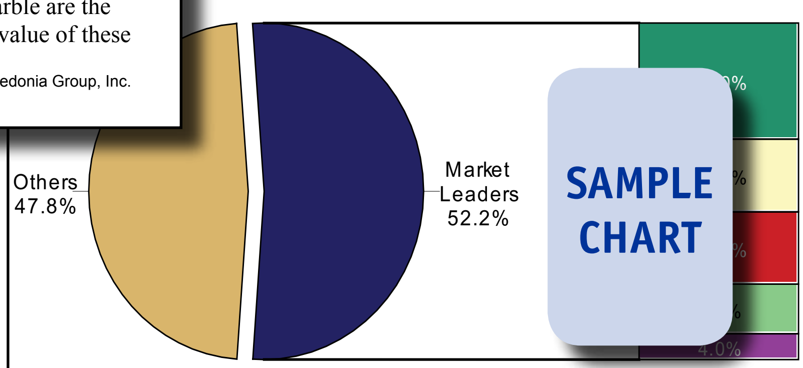
CHART VII-1

...TERTOP MATERIALS MARKET SHARE, 2006
(505 million square feet)



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Sample Profile, Table & Forecast

TABLE IV-4

KITCHEN COUNTERTOP DEMAND IN REMODELING
(million square feet)

Item	1996	2001	2006	2011	2016
Housing Stock (mil units)	11				0.0
sq ft countertops/house					19
Kitchen & Bath Remodel (bil 2000$)					.5
sq ft countertops/000 $ expend					.5
Replacement Kitchen Countertops	14				.0
Laminates	10				.5
Solid Surface					.1
Natural Stone					.1
Engineered Stone					.0
Miscellaneous Cast Polymers					.1
Tile					.2
Other					.0
% remodeling					.9
Kitchen Countertop Demand	20				0.0

SAMPLE TABLE

COMPANY PROFILES

Boos (John) & Company
315 South First Street
Effingham, IL
217-347-770
http://www.jc

Annual Sales
Employment:

SAMPLE PROFILE

Key Products ... rtops

John Boos is a manufacturer of wooden butcher block and stainless steel products, such as countertops, mobile carts, work tables and butcher block cutting boards. The privately held company also produces wooden furniture for schools. John Boos' products are used in residential, institutional and industrial markets, as well as restaurants and supermarkets worldwide.

The Company participates in the US residential countertops industry through the production of wood and stainless steel kitchen countertops. Wood kitchen countertops are made by attaching hard rock maple or Appalachian red oak rails to medium-density fiberboard (MDF) backings. According to John Boos, 90 percent of its countertops are made from hard rock maple. The rails, which are bonded to the bases with US Food and Drug Administration-approved adhesives, are then subjected to high-heat and high-pressure conditions, ensuring long-term durability while reducing the moisture content of the wood. Wood countertops are sold through the ULTRA PREMIUM, LYPTUS and CLASSIC product lines.

ULTRA PREMIUM countertops are made in models with widths of up to 48 inches and can have thicknesses of between 1-3/4 inches

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"**Replacement** - Sales of kitchen countertops in remodeling applications are expected to increase 2.8 percent per year through 2011 to 269 million square feet. Demand for kitchen countertops in remodeling jobs will be driven by several factors. Consumer expenditures for kitchen and bathroom remodeling will continue to rise, though at a greatly decelerated rate from the period between 2001 and 2006."

--Section IV, pg. 131

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Other Studies

Home Organization Products

US sales of home organization products will grow 4.5% annually through 2011, driven by demographic trends favoring more organized storage needs. Metal and wire products will remain the largest type and grow the fastest, especially modular units. Products used in garages and closets will lead gains by room. This study analyzes the $6.9 billion US home organization product industry, with forecasts for 2011 and 2016 by material, product, room and market. It also evaluates market share and profiles major producers.

#2224 .... 09/2007..................... $4400

Decorative Laminates

US sales of decorative laminates will grow 3.8% annually through 2011, driven by increased demand for laminate flooring, store fixtures and wall panels. Decorative foils and saturated papers will pace the dominant low-pressure laminate segment, while high-pressure laminates will lead gains. This study analyzes the US decorative laminate industry, with forecasts for 2011 and 2016 given by raw material, production process, product and market. It also evaluates company market share and profiles major firms.

#2203 .... 06/2007..................... $4400

Residential Kitchen & Bath Countertops in China

Demand for residential kitchen and bath countertops in China will rise 7.3% per year through 2010, driven by continued strong growth in new housing completions and kitchen and bath remodeling expenditures. Remodeling will remain the fastest growing market, while solid surface materials become dominant. This study details the ¥26.7 billion residential kitchen and bath countertops market in China to 2010 and 2015 by material, product, market and geographic region. It also evaluates market share and profiles key firms.

#2115 .... 10/2006..................... $4900

Cabinets

The US cabinet market will top $16 billion in 2010. Greater use of cabinets per home and the growing popularity of special-function rooms will help offset a decline in single-family housing completions. The small nonconstruction market will lead gains, bolstered by trends toward more and higher-end amenities in recreational vehicles and boats. This study analyzes the $14 billion US cabinet industry to 2010 and 2015 by material, product, market and region. It also evaluates market share and profiles major firms.

#2091 .... 08/2006..................... $4400

Solid Surface & Other Cast Polymers

US cast polymer demand will grow 4.1% annually through 2010. Gains will be driven by increasing use in nonresidential countertops, a relatively low penetration market where cast polymers benefit from a number of performance advantages. Solid surface products will remain dominant while engineered stone types grow the fastest. This study analyzes the 196 million square foot US cast polymer industry to 2010 and 2015 by product, end use and region. It also evaluates market share and profiles major players.

#2069 .... 07/2006..................... $4300

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