Residential Kitchen & Bathroom Countertops in China

Industry Study with Forecasts for 2015 & 2020

Study #2890 | July 2012 | $5400 | 234 pages
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Continuing growth in new housing completions and increasing improvement and repair expenditures will drive the market for residential kitchen and bathroom countertops in China.

**Demand to increase 6.5% per year through 2015**

The market for residential kitchen and bathroom countertops in China is forecast to increase 6.5 percent per year to 82.1 million square meters in 2015. Advances will be driven by continuing growth in new housing completions and rising improvement and repair expenditures. The expanding average floor space of kitchens and bathrooms in new residential structures, a greater penetration of countertops in bathrooms, and rising personal income levels across the country will fuel demand for countertops.

**Bathroom countertops to outpace kitchen types through 2015**

Demand for both kitchen and bathroom countertops will benefit from the growing average size of kitchens and bathrooms, as well as the more extensive usage of countertops, especially in rural housing. Although kitchen countertops will remain dominant, sales of bathroom countertops will see more rapid growth through 2015. Gains will be supported by the higher penetration rate of countertops in bathrooms, especially in new construction. Demand in new construction will account for 62 percent of residential countertop demand in volume terms in China in 2015, as new housing completions rise and kitchen and bathroom sizes in new structures continue to grow. However, remodeling demand will see faster growth through 2015. An aging housing stock, plus higher personal income levels, will help to spur remodeling expenditures and associated demand for countertops.

**Engineered stone to remain fastest growing material**

Solid surface countertops account for the largest share of the overall residential countertop market. However, solid surface countertops face competition from engineered stone, which saw its share of the market leap from one percent in 2005 to more than 15 percent in 2010. Engineered stone will continue to see the fastest growth of all materials, with demand increasing 20 percent per year through 2015. Gains will be fueled by engineered stone’s natural appearance combined with its durability and reputation as a high-end product. Demand for natural stone will exhibit modest gains through 2015, while tile and laminates will continue to post declines in demand.

**Central-East to remain largest regional market**

The market for other materials, including stainless steel and wood, will be stimulated by increasing consumer interest in specialized countertop surfaces.

The market for other materials, including stainless steel and wood, will be stimulated by increasing consumer interest in specialized countertop surfaces.
Demand for natural stone countertops is forecast to increase at a relatively low rate -- 2.2 percent per year -- in volume terms through 2015 to 19 million square meters. Growth will be restrained primarily by competition from other countertop materials, notably solid surface and engineered stone, particularly in kitchen applications. Low-end solid surface countertops are available at similar prices to natural stone and are easier to install and come in a wider variety of shapes and designs. Competition from engineered stone, which offers the look and feel of natural stone with better durability, will also impact demand for high-end natural stone. Demand will also be affected by concerns in China over the radiation that some investigators contend is given off by natural stone. This issue first surfaced in China in the late 1990s. Since then, a number of reports concerning the radioactivity of natural stone used in residential construction have surfaced. It is reported that natural stone contains a minimal amount of natural radionuclide, which can be a source of radiation exposure. Thus, the radioactivity issue has negatively impacted demand for natural stone countertops in Chinese homes. In addition, quality concerns about natural stone manufactured domestically is a factor, as natural stone countertops manufactured in China are of a much lower quality than those manufactured in Western Europe or the US due to poorer quality stone and outdated technology.

Advances in natural stone countertop demand will be stimulated by its low average prices, which is a primary concern of low-income consumers. Consumers in rural areas also tend to use natural stone rather than tile if financially feasible, as natural stone countertops are regarded as a superior product. Due to increasing personal income levels and the relatively narrow difference in price between natural stone and tile, natural stone is often a substitute for tile for low-income families. In addition, natural stone will remain an important material for bathroom countertops in urban areas, benefiting from its natural appearance and aesthetic appeal.

### TABLE V-4

<table>
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<td>5670</td>
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<td>sq. m floor space/unit</td>
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<td>92</td>
<td>95</td>
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<td>950</td>
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<td>% countertops</td>
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<td>2.7</td>
<td>3.0</td>
<td>3.2</td>
<td>3.3</td>
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<td>New Multi Family Countertop Demand (mil sq. m)</td>
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<td>21350</td>
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<td>Kitchen</td>
<td>8150</td>
<td>11600</td>
<td>17750</td>
<td>24600</td>
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<tr>
<td>Bathroom</td>
<td>1500</td>
<td>2100</td>
<td>3600</td>
<td>5550</td>
<td>7950</td>
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<td>% multiple family</td>
<td>41.5</td>
<td>52.5</td>
<td>54.5</td>
<td>59.1</td>
<td>63.0</td>
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<td>26100</td>
<td>39150</td>
<td>51000</td>
<td>63600</td>
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### CHART VI-1

**COUNTERTOP DEMAND IN CHINA BY REGION, 2010**

(59.9 million square meters)
Sample Profile, Table & Forecast

COMPANY PROFILES

Bitto Industry Dongguan Company Limited
Nange Industrial Area, Daojiao Town
Dongguan, Guangdong 523187
China
86-769-8116-2188
http://www.bitto.net.cn

Annual Sales: ¥200 million [US$30 million] (verified by company, 1/12)
Employment: 300 (verified by company, 1/12)
Key Products: Solid surface and engineered quartz materials

Bitto Industry Dongguan is a manufacturer of solid surface and engineered quartz materials. The Company is a subsidiary of Italian Bitto Shareholding Company Limited.

The Company is involved in the Chinese countertop industry through the production of solid surface and engineered quartz materials that can be utilized in the fabrication of countertops and other items. Solid surface materials, which are available in thicknesses ranging from 6 to 30 millimeters (mm), are marketed under the BITTO and WINASKY brand names. Bitto Industry Dongguan’s BITTO solid surface materials include 100-percent acrylic types that resist stains, flames, and bacteria. The Company manufactures WINASKY materials in modified acrylic, 100-percent acrylic and polyester varieties. For example, WINASKY modified acrylic materials, which are engineered to resist cracking, is made from polymethyl methacrylate modified resins and mineral fillers. Bitto Industry Dongguan’s engineered quartz materials are sold under the BITTO tradename in thicknesses of 15, 20 or 30 millimeters. BITTO engineered quartz materials are manufactured from 93-percent natural quartz, six-percent resins and one-percent pigments.

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Sample Table

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<td>sq m countertops/housing unit</td>
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<td>New Housing Floor Space (mil sq m)</td>
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<td>% new bathroom countertops</td>
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<td>New Bathroom Countertop Demand</td>
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<td>Solid Surface</td>
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<td>Natural Stone</td>
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<td>Tile</td>
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<td>Engineered Stone</td>
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<td>Laminates</td>
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<tr>
<td>Other</td>
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<tr>
<td>% new bathroom countertops</td>
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<tr>
<td>Bathroom Countertop Demand</td>
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<td>3100</td>
<td>3600</td>
<td>5700</td>
<td>8000</td>
<td>10600</td>
</tr>
</tbody>
</table>

“Demand for bathroom countertops in new housing construction is forecast to grow 7.0 percent per annum through 2015, reaching eight million square meters. Advances will be bolstered by strong growth in new housing construction, and the trend toward including more than one bathroom per housing unit in new urban developments. Additionally, demand for a more functional bathroom will also promote the installation of countertops which incorporate sinks. However, ...”

--Section IV, pg. 103
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Freedonia Other Studies

World Solid Surface & Other Cast Polymers

Global demand for cast polymers will grow 7.9 percent annually to 252 million square meters in 2016. Most projected growth will be attributable to China, a country with an emerging domestic cast polymer industry and large construction sector. Engineered stone will grow the fastest while solid surface materials remain dominant. This study analyzes the 172 million square meter world cast polymer industry, with forecasts for 2016 and 2021 by product, application, world region and for 18 countries. The study also evaluates company market share and profiles industry players.

Cabinets

US demand for cabinets is forecast to rise 8.2 percent annually to $15.3 billion in 2016, driven by a rebound in housing completions. The dominant kitchen cabinet segment will see the fastest growth. Demand will also be boosted by design trends that call for homes with more and larger cabinets to store food products and cookware. This study analyzes the $10.3 billion US cabinet industry, with forecasts for 2016 and 2021 by material, product, market and region. The study also evaluates company market share and profiles industry players.

Construction Outlook in China

Construction expenditures in China will increase 8.8 percent per annum in real terms to 16.4 trillion yuan in 2016. Nonbuilding construction will be the fastest growing segment, benefiting from transportation infrastructure expansion and upgrades, and from the construction of utilities. Growth in residential and nonresidential building construction will also be strong. This study analyzes the 10.8 trillion yuan construction industry in China, with forecasts for 2016 and 2021 by type, market and region. The study also evaluates company market share and profiles industry participants.

Decorative Laminates

US demand for decorative laminates is forecast to advance 5.5 percent per year to 12.4 billion square feet in 2015. The cabinet market will remain the largest segment, while flooring will record the most rapid gains. Saturated papers will grow the fastest within the dominant low pressure overlays product segment, followed by decorative foils. This study analyzes the 9.5 billion square foot US decorative laminate industry, with forecasts for 2015 and 2020 by material, product and market. The study also evaluates company market share and profiles industry players.

Countertops

US demand for countertops is forecast to advance 4.8 percent annually through 2015. Gains in the key residential market will be promoted by a rebound in housing completions and by increasing improvement and repair spending. Furthermore, growing interest in making homes more marketable will benefit higher-value countertop materials. This study analyzes the 600 million square foot US countertop industry, with forecasts for 2015 and 2020 by material and market. The study also evaluates company market share and profiles industry players.