Building Boards

US Industry Study with Forecasts for 2017 & 2022

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# Building Boards
US Industry Study with Forecasts for 2017 & 2022

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Increased construction activity due to an expected US housing market rebound will spark gains in demand for building boards in flooring, roofing, and wall sheathing applications.

US demand to rise 7.0% annually through 2017

Demand for building boards in the US is forecast to rise 7.0 percent annually through 2017 to 52.5 billion square feet, as measured on a 3/8 inch basis. Residential construction markets accounted for approximately half of total demand in 2012 (though that percentage is much higher historically), so increased construction activity due to an expected housing market rebound will spark gains. In particular, the housing market recovery will drive growth in demand for building boards in flooring, roofing, and wall sheathing applications. Rising residential improvement and repair activity will also contribute to demand, though to a lesser extent than gains in the new residential market.

Growth in construction market to outpace demand in manufacturing sector

Building boards are also used in manufacturing applications, such as furniture and fixtures, transportation equipment, and engineered wood products. Growth in demand for building boards in manufacturing applications is not projected to be as strong as that in construction applications. Among manufacturing markets, furniture and fixtures and engineered wood products are expected to post the fastest gains in building board demand. In furniture and fixture applications, demand will benefit from a nearly five percent annual increase in wood furniture shipments through 2017. The expected housing market recovery will increase demand for engineered wood products, such as I-joists, and thus for building boards used in their manufacture.

Oriented strand board to outpace softwood plywood

Softwood plywood and oriented strand board (OSB) account for the largest portion of board demand. Both products are structural boards, meaning they are approved for use in structural applications such as floor and wall sheathing. Through 2017, OSB is forecast to see much more rapid gains in demand than softwood plywood. In 1992, OSB was certified by all model building codes in the US to perform as well as softwood plywood on a thickness-by-thickness basis. Since that time, OSB has gained share from softwood plywood in construction markets, as it offers the same performance at a lower price point.
MARKETS

Manufacturing Markets

Manufacturing markets for building boards include furniture and fixtures, engineered wood products (including certain building board products used in the production of other building board products), transportation equipment, material handling equipment, and various other manufactured goods. This diverse range of applications results in wide variations in terms of product requirements and competitive technologies. For instance, building board use in the manufacture of furniture and fixtures is dominated by MDF, particleboard, and plywood while the production of engineered wood products primarily uses particleboard, OSB, and MDF. Softwood plywood is the dominant type of building board used in transportation and material handling equipment. In these applications, softwood plywood faces little competition from other boards, and instead vies for market share with solid lumber and plastic materials.

Through 2017, demand for building boards in manufacturing applications is expected to rise 3.4 percent per year to 17.9 billion square feet, as measured on a 3/8 inch basis. This will be an improvement from the declines of the 2007-2012 period, though it will not match the gains seen in construction applications. Demand improvements result from an expansion in US manufacturing activity, an increased adoption of certain engineered wood products that use building board components, and greater reliance on performance and finishing characteristics aimed at increasing use in manufacturing applications. This trend will be particularly noticeable in softwood plywood and OSB, as industry participants will attempt to lessen reliance on construction markets by developing products optimized for manufacturing applications. One example of this is Louisiana-Pacific’s SUPERSTRUCT OSB panels designed to be used in furniture manufacture.

Building boards face strong competition from alternative materials in many of these markets. For example, plastics are eroding the market for hardboard in some industries.
Sample Profile, Table & Forecast

COMPANY PROFILES

Hoover Treated Wood Products Incorporated
154 Wire Road
Thomson, GA  30824
706-595-1264
http://www.frtw.com

Annual Sales:  $100 million (estimated)
Employment:  250 (estimated)
Key Products:  fire retardant, preservative, and sound reduction treatments for plywood

Hoover Treated Wood Products is a leading full-line treating company of fire retardant and preservative treated wood. The privately held company is owned by Berggruen Holdings Limited and Hoover’s management.

The Company participates in the US building boards industry through the treating and distribution of plywood. Hoover treats pressure impregnated lumber and plywood products for fire resistance, preservation, and sound reduction. The Company maintains five wood treatment facilities in Winston, Oregon; Detroit, Michigan; Milford, Virginia; Pine Bluff, Arkansas; and Thomson, Georgia. Additionally, Hoover has a distribution network of sites throughout the US and Canada. The Company’s treated wood products are marketed under such brand names as EXTERIOR FIRE-X, PYRO-GUARD, CCA, DURA-GUARD, COP-8, and PLYWALL.

Hoover’s EXTERIOR FIRE-X plywood is specifically designated for exterior construction. The pressure impregnated, fire retardant plywood can be used in applications that are directly exposed to the

TABLE VII-7
MIDWEST DEMAND FOR BUILDING BOARDS
BY SUBREGION & PRODUCTS
(million square feet - 3/8 inch basis)

<table>
<thead>
<tr>
<th>Item</th>
<th>2002</th>
<th>2007</th>
<th>2012</th>
<th>2017</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midwest Construction (bil 2005$) sq ft boards/000$ construction</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Midwest Building Board Demand</td>
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<tr>
<td>By Subregion:</td>
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<td>East North Central</td>
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<td>West North Central</td>
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<tr>
<td>By Product:</td>
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<tr>
<td>Structural Boards</td>
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<td>Nonstructural Boards</td>
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<td>% Midwest</td>
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<tr>
<td>US Building Board Demand</td>
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<td></td>
</tr>
</tbody>
</table>

“Demand for nonstructural boards in the US is forecast to rise 5.6 percent annually through 2017 to 21.0 billion square feet, as measured on a 3/8 inch basis. Demand will benefit from the increasing popularity of these products in cabinet markets, as well as by increased market penetration of engineered wood flooring, the manufacture of which increases demand for nonstructural boards. Advances will also stem from developments in manufacturing processes such as ...”

--Section V, pg. 99
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World Flooring & Carpets

The study analyzes the 14.6 billion square meter world flooring and carpet industry, with forecasts for 2017 and 2022 by product, market, and region. The study also evaluates company market share and profiles industry players.

#3082 ............... September 2013 ............... $5300

World Building Boards

Global demand for building boards will rise 6.2 percent per year through 2017 to 398 million cubic meters. China will see its share of global demand rise to half of the total, with solid gains also expected in North America and other regions such as South America and Eastern Europe. Structural boards will outpace nonstructural. This study analyzes the 295 million cubic meter world building board industry, with forecasts for 2017 and 2022 by product, market, world region, and for 18 countries. The study also evaluates company market share and profiles industry players.

#3074 ................ September 2013 ................ $6100

Hard Surface Flooring

US demand for hard surface flooring will rise 5.0 percent per year to 9.3 billion square feet in 2017. Vinyl will remain the largest product segment and will grow the fastest, followed by tile and wood. The residential market will outpace nonresidential uses, with remodeling and replacement applications remaining the largest segment. This study analyzes the 7.2 billion square foot US hard surface flooring industry, with forecasts for 2017 and 2022 by product and market. The study also evaluates company market share and profiles industry competitors.

#3037 ................ June 2013 ...................... $5100

World Housing

World construction of new housing units will rise 3.3 percent per annum to 60.9 million units in 2017. Over 80 percent of global new housing construction will take place in the Asia/Pacific and Africa/Mideast regions, while North America and Western Europe will have the highest rates of growth. This study analyzes the two billion unit world housing industry, with forecasts for 2017 and 2022 by housing type, world region, and for 22 countries. The study also considers market environment factors such as world economic trends, demographics, and housing construction.

#3087 ................ October 2013 .................. $5700

World Flooring & Carpets

World flooring and carpet demand will rise 4.9 percent yearly to 18.6 billion square meters in 2016. The Asia/Pacific region will see the most rapid growth. Nonresidential buildings will be the fastest growing market, while nonresilient flooring will pace products. North America will offer the best prospects for carpets and rugs. This study analyzes the 14.6 billion square meter world flooring and carpet industry, with forecasts for 2016 and 2021 by product, market, world region and for 20 countries. The study also evaluates company market share and profiles industry players.

#2981 ................ January 2013 ................... $6300

About The Freedonia Group

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