World Building Boards

Industry Study with Forecasts for 2017 & 2022

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Global demand for building boards is forecast to rise 6.2 percent per year through 2017 to 398 million cubic meters, significantly faster than during the 2007-2012 period. Gains will be driven by recoveries in the building construction markets of many developed countries, although growth will be exaggerated somewhat by a weak 2012 base, particularly in the US. Additionally, continued strong increases in building construction activity in developing areas, as well as increasing intensity of use, will boost demand.

China was the largest national market for building boards in 2012 and will see its share of global demand rise to half of the total in 2017. Continuing rapid growth and industrialization, as well as an increase in the average size of housing units in the country, will boost gains. Also, as personal incomes rise, households can better afford homes built with modern construction techniques and materials, such as building boards, thereby increasing demand. As such, China is projected to post robust demand gains of 8.5 percent per annum through 2017, a rate slower than that of the previous decade but still among the fastest in the world.

The US market for building boards is forecast to post a strong recovery and see growth of 7.0 percent annually through 2017 after suffering severe declines between 2007 and 2012. An expected housing market rebound will drive demand gains in the country. Western Europe, another market that saw declines in building board demand between 2007 and 2012, is also projected to see a recovery through 2017, though not as strong as that in the US.

Structural boards to outpace nonstructural

Structural boards (softwood plywood and oriented strand board -- OSB) are expected to see faster demand growth through 2017 than nonstructural boards. Structural boards are primarily used in construction applications and were therefore hurt more by the housing market collapses of the 2007-2012 period, so demand for them will rise from a lower base. OSB, which has the same performance characteristics as softwood plywood but is generally less expensive, is forecast to see faster growth than softwood plywood through 2017 as it continues to grow in popularity worldwide and gain market share.

Among nonstructural boards (particleboard, medium density fiberboard -- MDF, hardboard, and other boards), the fastest demand gains through 2017 are expected in MDF. MDF is a popular board because it can be used in many construction and manufacturing applications, and has better performance characteristics than its main competitor, particleboard.
Asia/Pacific

exceed that of the 2002-2012 period. Yet even with a decline in the population, per capita GDP growth will be subdued. Japan must also face the twin challenges of a rapidly aging population and a sovereign debt that is more than twice the size of annual economic output, a far higher ratio than that in most of the world's industrialized countries.

Japan: Supply & Demand

In 2012, demand for building boards in Japan totaled 11.2 million cubic meters, making it the second largest market in the Asia/Pacific region, accounting for seven percent of regional demand. Per capita demand in Japan is well above the regional and global averages, reflecting the higher standards of living in the country. However, in 2012 per capita demand was below the historical level, as a decline in building construction activity between 2007 and 2012 led to lower demand for building boards.

Through 2017, building board demand in Japan is forecast to rise 1.0 percent annually to 11.7 million cubic meters, among the slowest growth rates in the world. While Japan is expected to see a rebound in building construction activity through 2017, gains will be well below the global average, further limiting demand. Japan is also expected to see only slight gains in manufacturing activity, further limiting demand. Japan was one of the world's largest net importers of building boards in 2012. Japan primarily trades with other countries in the Asia/Pacific region, including China and Thailand.

Shipment of building boards from factories in Japan totaled 6.2 million cubic meters in 2012. Building board manufacturers headquartered in Japan include Okura Industrial and Sumitomo Forestry. Few foreign companies maintain manufacturing locations in the country, though Celulosa Arauco y Constitución (Chile), Dare Tech (China), and FRITZ EGGER (Austria) maintain sales offices in Japan.

Sample Table

<table>
<thead>
<tr>
<th>Item</th>
<th>2002</th>
<th>2007</th>
<th>2012</th>
<th>2017</th>
<th>2022</th>
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<td>Gross Domestic Product (bil 2011$)</td>
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<td>5005</td>
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<td>per capita GDP</td>
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<td>35340</td>
<td>35150</td>
<td>37770</td>
<td>40230</td>
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<td>Population (million persons)</td>
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<td>127.5</td>
<td>126.3</td>
<td>124.4</td>
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<td>Building Constr Expend (bil 2011$)</td>
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<td>318.5</td>
<td>270.5</td>
<td>304.5</td>
<td>308.0</td>
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<td>Residential</td>
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<td>165.8</td>
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<td>153.0</td>
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<tr>
<td>Nonresidential</td>
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<td>m³ building board/mil $ GDP</td>
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<td>2.8</td>
<td>2.5</td>
<td>2.5</td>
<td>2.4</td>
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<td>m³ building board/000 capita</td>
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<td>99</td>
<td>87</td>
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</tr>
<tr>
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<td>40</td>
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<tr>
<td>Building Board Demand (000 m³)</td>
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<td>12700</td>
<td>11150</td>
<td>11700</td>
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<td>net exports</td>
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<td>-5300</td>
<td>-5000</td>
<td>-5100</td>
<td>-5300</td>
</tr>
<tr>
<td>Building Board Production (000 m³)</td>
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<td>7400</td>
<td>6150</td>
<td>6600</td>
<td>6900</td>
</tr>
</tbody>
</table>

Selected Building Board Price Changes, 2002-2022
(average annual rate of change)

Source: The Freedonia Group, Inc.
Our Freedonia study, World Building Boards, offers world market forecasts for 2017 and 2022 as well as historical data (2002, 2007, 2012) for supply and demand, as well as demand by product and market in six regions and 18 countries. The study also examines key industry and market factors, evaluates company market share and profiles 34 competitors in the global building board industry.
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