Bricks, Blocks & Pavers
US Industry Study with Forecasts for 2018 & 2023

Study #3236 | November 2014 | $5200 | 277 pages
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A recovery in construction expenditures, particularly in new housing, will be the primary driver of gains as the brick, block and paver market continues to rebuild from declines since 2006.

US demand to rise 8.8% annually through 2018

Demand for bricks, blocks, and pavers in the United States is forecast to rise 8.8 percent per annum from a low 2013 base to $8.9 billion in 2018. A recovery in construction expenditures across all market segments will be the primary driver of gains as the brick, block, and paver market continues its improvement from declines related to the 2006 collapse of residential construction and subsequent economic recession. Rebounding new housing construction will have a particularly significant impact on demand growth.

Bricks to be fastest growing product segment

Bricks, typically made of clay, will see the most rapid growth of any product, driven by the expected robust increases in new housing construction. Brick is used primarily as a siding material on residential buildings, most intensively in the single-family segment. After suffering steep declines following the 2006 collapse in housing construction, demand for brick remained low in 2013. Through 2018, demand is projected to rise at a double-digit annual rate.

Demand for structural blocks is concentrated in nonresidential markets, where they are used both in foundations and in above-grade walls. Although residential buildings do not use structural block as intensively, foundations in such buildings represent a second important market for structural block. Spending on structural block is projected to grow at a strong annual pace, driven by rebounding building construction expenditures. Competition from other materials such as poured concrete foundations will prevent stronger advances.

Pavers and outdoor wall block are used in various hardscaping applications in residential, nonresidential, and nonbuilding markets. Many buildings use retaining walls to support earth or part of the weight of structures in areas where sloped land presents a danger of erosion. In addition, increasing interest in aesthetically pleasing features such as terraced landscaping and paver patios and walks will continue to support demand for hardscaping products across many markets. Interest in “green” building materials such as permeable pavers or products made from recycled plastics will also support sales of hardscaping products. Demand for pavers and outdoor wall block is concentrated in improvements and repairs, particularly in the residential market; consequently, sales of these products will not be boosted by rebounding new building construction and growth will not be as robust as that for brick. Through 2018, demand for pavers is projected to rise at a strong, industry-average rate, while that for outdoor wall block is projected to rise at a slightly slower pace than pavers.
Applications

Hardscaping

Demand for bricks, blocks, and pavers in hardscaping applications accounted for over one-third of total market demand in 2013 and are experiencing strong increases around the turn of the 21st century, with intensity of use of such products as pavers and outdoor wall blocks growing. Through 2018, demand is projected to strengthen on 8.2 percent annual advances. In spite of continued product usage, growth in hardscaping demand for bricks, blocks, and pavers will be slower than is expected in siding and fireplace applications. Unlike siding and fireplace uses of bricks, blocks, and pavers, demand in hardscaping is tied more closely to improvement and repair of existing construction rather than to new construction, particularly in the residential market. This characteristic translates to a slower growth in hardscaping demand for paver patios and walkways, which support structures like retaining walls that improve the curb appeal or outdoor living space of a home.

Growth in demand for brick, block, and paver products in paving applications is expected to rise to $1.2 billion by 2018 on 8.7 percent annual advances. Pavers are forecast to see more rapid growth than outdoor wall blocks through 2018 as demand for pavers is more heavily concentrated in residential markets, which will see stronger growth through the forecast period as they recover from deep declines suffered between 2006 and 2012. Furthermore, increasing availability of various colors and larger paving slabs will boost intensity of use as well as value demand. Various “green” options such as pavers made from recycled plastics or those that are designed to be permeable, allowing for improved runoff water management, will also support rising unit and value demand for bricks, blocks, and pavers in paving applications through 2018.

Demand for brick, block, and paver products in retaining wall applications is projected to reach $1.2 billion in 2018 on 7.5 percent annual increases. Consumption of these products is concentrated in nonresidential and nonbuilding markets, where they are used to support large projects that provide outdoor living space.

### Table III-6

<table>
<thead>
<tr>
<th>Item</th>
<th>2003</th>
<th>2008</th>
<th>2013</th>
<th>2018</th>
<th>2023</th>
</tr>
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<tbody>
<tr>
<td>Construction Expenditures (bil 2009$)</td>
<td>1196</td>
<td>1074</td>
<td>872</td>
<td>1215</td>
<td>1435</td>
</tr>
<tr>
<td>units/000$ construction</td>
<td>7.5</td>
<td>7.0</td>
<td>6.7</td>
<td>7.4</td>
<td>7.4</td>
</tr>
<tr>
<td>Brick Demand (mil units)</td>
<td>8950</td>
<td>7540</td>
<td>5810</td>
<td>9050</td>
<td>10600</td>
</tr>
<tr>
<td>Clay Brick:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clay Building Brick</td>
<td>8065</td>
<td>6725</td>
<td>5060</td>
<td>7850</td>
<td>9130</td>
</tr>
<tr>
<td>Glazed Clay Brick</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>47</td>
<td>60</td>
</tr>
<tr>
<td>Other Clay Brick</td>
<td>146</td>
<td>86</td>
<td>56</td>
<td>68</td>
<td>70</td>
</tr>
<tr>
<td>Concrete Brick</td>
<td>885</td>
<td>815</td>
<td>750</td>
<td>1200</td>
<td>1470</td>
</tr>
<tr>
<td>$/unit</td>
<td>0.23</td>
<td>0.28</td>
<td>0.26</td>
<td>0.28</td>
<td>0.31</td>
</tr>
</tbody>
</table>

| Brick Demand                                  | 2085  | 2075  | 1505  | 2550  | 3300  |
| Clay Brick:                                   |       |       |       |       |       |
| Clay Building Brick                           | 1915  | 1880  | 1315  | 2235  | 2895  |
| Glazed Clay Brick                             | 14    | 16    | 16    | 27    | 37    |
| Other Clay Brick                              | 66    | 44    | 34    | 43    | 53    |
| Concrete Brick                                | 170   | 195   | 190   | 315   | 405   |

| Brick Demand                                  |       |       |       |       |       |
| Clay Brick:                                   |       |       |       |       |       |
| Clay Building Brick                           |       |       |       |       |       |
| Glazed Clay Brick                             |       |       |       |       |       |
| Other Clay Brick                              |       |       |       |       |       |
| Concrete Brick                                |       |       |       |       |       |

| $/unit                                        |       |       |       |       |       |
| Construction Expenditures (bil 2009$)         |       |       |       |       |       |
| units/000$ construction                       |       |       |       |       |       |
| Brick Demand (mil units)                      |       |       |       |       |       |
| Clay Brick:                                   |       |       |       |       |       |
| Clay Building Brick                           |       |       |       |       |       |
| Glazed Clay Brick                             |       |       |       |       |       |
| Other Clay Brick                              |       |       |       |       |       |
| Concrete Brick                                |       |       |       |       |       |
| $/unit                                        |       |       |       |       |       |
CONTECH Engineered Solutions LLC
9025 Centre Pointe Drive
West Chester, OH 45069
513-645-7000
http://www.conteches.com

Annual Sales: $600 million (estimated)
Employment: 1,300 (estimated)
Key Products: concrete retaining walls, pavers, and patio stones

CONTECH Engineered Solutions LLC is a privately held manufacturer of geosynthetics, metal and plastic pipe, drainage products, box culverts, retaining walls, and construction liner and sheeting products. The Company is owned by several private equity investment companies, including Anchorage Capital Group LLC (New York, New York), Littlejohn & Company LLC (Greenwich, Connecticut), Tennenbaum Capital Partners LLC (Santa Monica, California), and Farallon Capital Management LLC (San Francisco, California).

CONTECH is involved in the US brick, block, and paver industry through the Keystone Retaining Wall Systems LLC subsidiary (Minneapolis, Minnesota), which produces concrete retaining walls, pavers, patio stones, and other items under the KEYSTONE brand name. Concrete retaining walls from Keystone Retaining Wall Systems include CANYON RIDGE, SEDONA STONE, ALAMEDA, FLAGSTONE, INSIGNIA, and STONEGATE COUNTRY MANOR products. CANYON RIDGE retaining walls feature the texture and weathering of natural stone, while the company’s SEDONA STONE retaining walls are available in earth colors for use as curb and sidewalk borders, tree rings, and planters, among other applications. Keystone Retaining Wall Systems’ ALAMEDA retaining walls are open-cored, lightweight types.

---

### TABLE IV-4

<table>
<thead>
<tr>
<th>Item</th>
<th>2003</th>
<th>2008</th>
<th>2013</th>
<th>2018</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Res Improvement &amp; Repair (bil $)</td>
<td>153</td>
<td>170</td>
<td>186</td>
<td>202</td>
<td>218</td>
</tr>
<tr>
<td>$ brick, Block &amp; Paver/000 $ I&amp;R</td>
<td>4.3</td>
<td>4.1</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Residential I&amp;R Demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structural</td>
<td>135</td>
<td>139</td>
<td>141</td>
<td>161</td>
<td>185</td>
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<tr>
<td>Hardscaping</td>
<td>345</td>
<td>586</td>
<td>666</td>
<td>849</td>
<td>1069</td>
</tr>
<tr>
<td>Siding</td>
<td>289</td>
<td>362</td>
<td>370</td>
<td>440</td>
<td>520</td>
</tr>
<tr>
<td>Fireplace</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>% improvement &amp; repair</td>
<td>23.2</td>
<td>33.7</td>
<td>43.2</td>
<td>33.5</td>
<td>30.7</td>
</tr>
<tr>
<td>Residential Brick, Block &amp; Pavers</td>
<td>3330</td>
<td>3236</td>
<td>2736</td>
<td>4345</td>
<td>5805</td>
</tr>
</tbody>
</table>

---

This Freedonia study, *Bricks, Blocks & Pavers*, offers historical demand data (2003, 2008, 2013) plus forecasts (2018, 2023) by product, market, application and region of the US. The study also assesses key market environment factors, details industry structure, evaluates company market share and profiles 34 competitors in the US industry.
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