

ABSTRACT FOR THE CATALINA REPORT ON THE FLOOR COVERINGS INDUSTRY TRENDS AND END-USE MARKETS

SUMMARY OF MAJOR FINDINGS

U.S. floor coverings sales are expected to recover during 2021 due to rising housing demand. Housing demand will remain strong in 2021 due to historically low interest rates. The recovery will be led by builder purchases, as demand shifts to single-family homes, and continued gains in existing home sales. Existing home sales has traditionally driven residential replacement sales. Sales, however, could remain below pre-recession levels due to sluggish commercial sales, since the office and hospitality markets, as well as, Main Street commercial sales could remain weak during 2021. In addition, non-moving households may be hesitant to invest in new flooring until a pandemic-stimulus package is passed in Washington. In any case, flooring sales will continue to be driven by SPC and WPC luxury vinyl tile products. These product lines continue to increase at double-digit rates. During 2020, LVT was the only flooring product that showed gains.

FLOORING SECTOR TRENDS

Catalina Research uncovered these findings in our in-depth report on U.S. floor coverings industry trends and an analysis of end-use markets. U.S. shipments, exports, imports, and price trends are evaluated for wall-to-wall carpet, carpet tile, area rugs, wood flooring, ceramic tile, vinyl tile, vinyl sheet, other resilient flooring, laminate flooring, and stone flooring. Data is in dollars and square feet. Import sales are tracked by major country of origin, which uncover the inroads made by Chinese and other foreign-based manufacturers. Tariff charges are also investigated.

PROFIT MARGINS AND THE COMPETITIVE ENVIRONMENT

In addition, Catalina Research investigated the cost structure and profit margins of U.S. floor coverings plants. Data trends are compiled for material, labor, and capital inputs. As part of this analysis, Catalina Research compiled company sales and profit margins, and calculated company market shares. Market shares were also calculated for the soft and hard surface flooring sectors.

END-USE MARKET ANALYSIS

Catalina investigates the industry's end-use markets in three separate sections: Residential Replacement Sales, Builder and Manufactured Home Producer Purchases, and Commercial and Transportation Equipment Markets. Each section evaluates end-use market sales trends, purchases by flooring type, share of total flooring sales, and floor coverings share of inputs for each end-use market. For example, Catalina examines flooring material's share of total builder spending and the average value per square foot of flooring purchased. Existing home sales and household income are analyzed to evaluate the drivers of residential replacement demand. A similar analysis was conducted for the builder and manufactured home markets. In this section, Catalina analyzed new home completions, total square footage built, housing starts and permits to uncover opportunities in this market. For commercial markets, Catalina tracked flooring purchases for new construction and remodeling projects. Construction spending by type of building was analyzed as part of this process.

WORLD MARKET TRENDS AND EXPORT SHIPMENTS

A separate section analyses world floor coverings production and U.S. export shipments. World production is segmented by flooring material and by major producing country. This section also analyzes U.S. manufacturer sales on world markets. Catalina calculated the importance of export shipments by flooring sector and by major country of destination.

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