

PRESS RELEASE – JUNE 2005

Major Report on the Bathroom Products Market - Republic of Ireland 2005

AMA Research has recently published the **1st Edition** of the **Bathroom Products Market in the Irish Republic** report. The report should be of particular interest to individuals and institutional investors, and provides a comprehensive and easy to use review of the rapidly evolving Irish bathroom products sector.

This report specifically reviews the Bathroom Products Market in the Republic of Ireland focusing on key market trends, the new build housing sector, offsite manufacture of bathroom products and major suppliers and distributors

Areas covered in the report include a detailed assessment of the major product sectors within the bathroom products market and a review of the major influences affecting the market including increasing levels of house building in the Republic, the growing trend towards home improvement, key legislative drivers governing disabled access and the growth in use of bathroom pods in residential construction. The Report also provides an overview of the supply and distribution of bathroom products in Ireland and profiles the key indigenous and overseas manufacturers and the key distribution channels for bathroom products including builders' merchants, the bathroom retail specialists and the DIY sector. In addition, the report analyses key drivers and restraints for growth in the market and includes estimated forecasts for growth over the next few years.

Analysis of market developments has been based upon both quantitative and qualitative assessments of both primary and secondary source data. Interpretation of relevant data has been undertaken to explore and support trends within the bathroom products market and to provide a basis for forecasts of future prospects. The report comprises of **112** pages and **24** tables and charts and is available now, priced to give excellent value, for money at **£595**.

Editors Note:

Enclosed is a summary of the report. Please use brief extracts if you wish, but we would request that references to company market share are not published with our prior permission. If you require further information please consult our website, or contact: -

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NB: It would be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

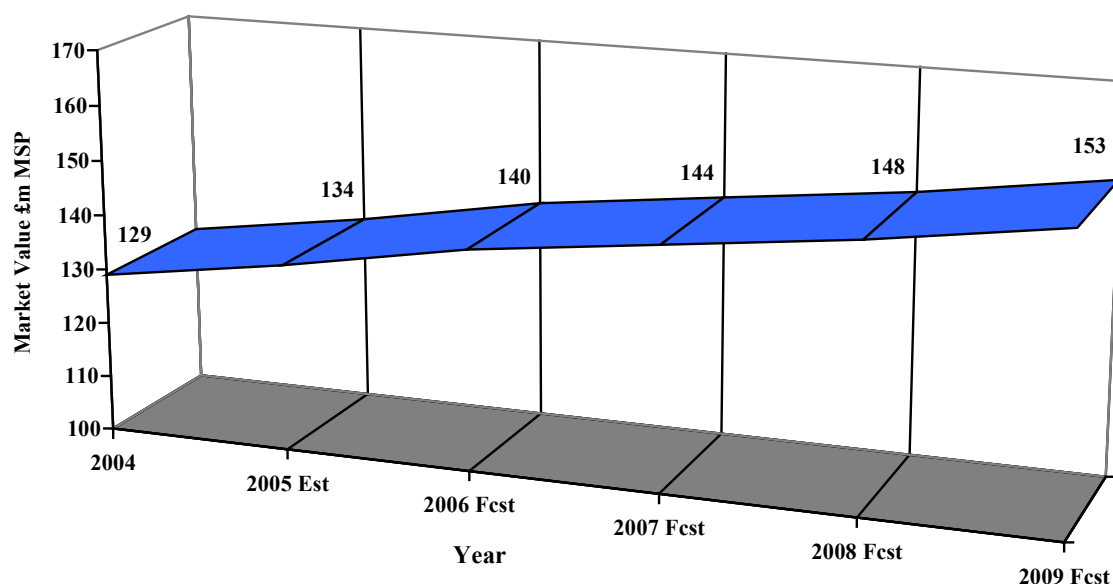
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SUMMARY

A number of factors have influenced the overall bathroom products market in Ireland including levels of consumer confidence, consumer spending and the amount of activity in the new house building and RMI sectors. During 2004, the overall bathroom products market in the Republic of Ireland was estimated to be worth around €129 million at manufacturers selling prices, following very strong growth since 2000.

The rising trend in the value of the bathroom products market is illustrated in the chart below: -

Irish Bathroom Products Market 2004-2009 - By Value (€m MSP)



Source: AMA Research/Trade Estimates

In terms of individual **product sectors**, it is estimated that showers (including trays, controls and enclosures) with 35% of the market and sanitaryware with 29% of the market continue to dominate the industry's sales. However, the accessories and brassware sectors are growing in significance with around 15% of the market. As the popularity of showering increases, sales of showers and shower products continue to outperform the baths sector, which has around 21% of the market.

During 2004, the **new build sector** for bathroom products was estimated to be worth €84 million at manufacturers selling prices and approximately 65% of the overall total market bathroom products market. This share can be attributed to the high and rapidly growing volume of bathroom products installed in new houses and the general shift to better quality and higher value fittings.

Key drivers for the new build bathroom market include the current high levels of new **housing completions**, the trend towards more **en-suites** in new build homes and the **higher specification** of bathroom products now being used by housebuilders both to add value and in response to consumer demand.

The **residential construction** sector is the main driver underpinning growth in the new build bathroom products sector and has experienced unprecedented growth in recent years. Residential completions currently total around 77,000 and over the past decade completion numbers have risen by around 200%, from less than 27,000 dwellings in 1994.

It is unlikely, however, that the current levels of new housing output in the Irish Republic can be sustained in the medium-term, and lower levels of housing supply forecast over the next couple of years will lead to a decrease in residential construction output and a gradual easing back of housing developments towards more sustainable levels.

The **replacement market** for bathroom products in Ireland is estimated to be considerably smaller at 35% and around €45m by value. Around 44% of homes in Ireland have been built since 1981, which is reflected in the much lower replacement market share compared to the UK, for example.

The replacement market for bathroom products has been driven by relatively high levels of consumer confidence in recent years with consumer spending forecast to grow by 5.5% in 2005, the rise in popularity of home improvement programmes, a growth in consumer credit and rising house prices leading to more consumers using the equity in their homes to fund improvements - a new bathroom, shower room or en-suite are often seen as a good investment as well as a practical improvement. Furthermore, the maturity of **Special Savings Investment Accounts (SSIAs)** in 2006 will see the release of an estimated €6 billion of consumer funds into the economy, with many consumers using this money to remodel their homes with new bathrooms and kitchens.

Offsite manufacturing techniques in the Irish housing market have now risen significantly from just 2% of the total housing construction market to 16% over the past 10 years. The **bathroom Pod** is already a **growth market in Ireland** and industry sources estimate that as many as 50% of new hotels rely on Pod construction, while between 40% and 50% of apartment schemes are benefiting from this method. Many house builders, are now using pre-fabricated construction to install bathrooms in apartments and smaller housing projects.

The bathroom products market in Ireland is highly fragmented, with one indigenous major bathroom products **manufacturer, Qualceram-Shires**, dominating production in the country and estimated to account for 33% of the total market share. A number of smaller Irish companies manufacturing specific products also collectively account for a similar proportion of the market, with imports making up the rest of the share.

In terms of **distribution** of bathroom products, the **Builders Merchants** dominate with around 45% market share, Leading builders merchants in Ireland include **Grafton Group Plc, Wolseley Plc, McMahon Group** and **Dublin Builders Providers**. The **bathroom specialists** have particularly benefited from the growth of higher specification and quality bathrooms in recent years and are now estimated to account for around 29% of the market in terms of distribution.

The **DIY sector** is also significant in terms of bathroom products distribution in Ireland and has grown in recent years as a result of a buoyant house moving market and the competitive pricing strategy adopted by major outlets such as **Homebase, B&Q** and **Woodies DIY**.

It is forecast that the overall bathroom products market will continue to grow at a reasonably stable level in 2005 and 2006 at 4% per annum.. The major area of change in the medium term will be the switch in share from new build to replacement as the boom in housing in the early – mid 1990s feeds through into the replacement market.

A rise in earnings growth and consumer spending, low inflation and low interest rates will all impact favourably on the bathroom products market over the next few years. However, with the current level of new build housing completions thought to be unsustainable in the medium term, lower forecasts for the residential construction over the next four years will impact upon the bathroom products sector.