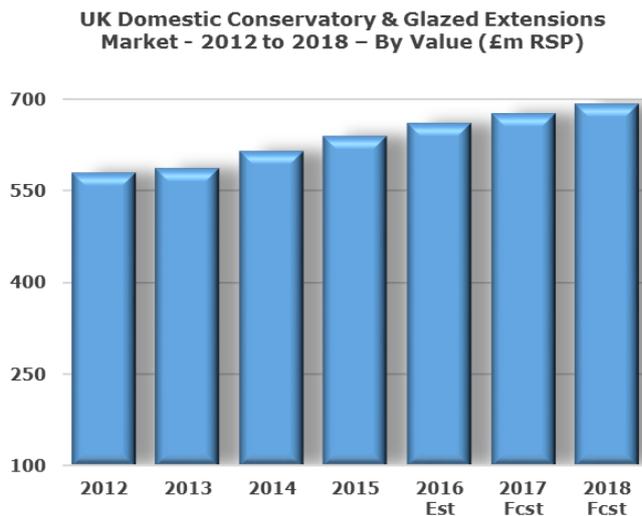




PRESS RELEASE

Modest growth in the UK conservatory and glazed extensions market

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The conservatory and glazed extensions market was estimated have increased by around 3% in 2016. A combination of a continued recovery in the economy in general - and the housing market in particular - have helped underpin rising consumer confidence and spending on higher value home improvements in recent years - particularly with interest rates so low. RMI has become increasingly important within the market as homeowners replace or upgrade older style conservatories and glazed extensions with higher efficiency roofs and windows/doors, and other higher specification products.

Until recently, the UK conservatory market had been in decline for some years, with the aspirational appeal of the traditional conservatory waning in the latter half of the 2000s - a situation which was further exacerbated by the financial crisis. Recent years have seen some recovery in the market, however, while value growth has been relatively good in recent years, volume growth is less buoyant with only 1-2% increases over the last 2 years, and only modest volume increases currently forecast to 2020.

In 2016, the market is quite sophisticated in terms of product range and offers more options for an individualised project. Consumers installing modern conservatories in their home now expect them to be used as living spaces throughout the year rather than only during warmer weather as was previously the case. Key product features which have become more important in the conservatory market include improved thermal efficiency, high specification self-cleaning glass, coloured frames, bifold opening doors, etc. Substantial product development is ongoing in this market with companies offering wider, higher specification and technology products and conservatory ranges for an increasing demanding customer base as homeowners look for a more bespoke service.

We estimate that prices have been rising year on year over the past few years, despite volume fluctuations, primarily reflecting an overall increase in specification levels. For installers, there remains a significant squeeze on margins, particularly in the budget sector, but some installers have addressed this issue by diversifying and offering a wider range of products than traditional conservatory/window companies, with examples including solar panels, alarm systems or driveways, among other products.

In terms of frame materials, PVCu continues to dominate, but timber also retains a significant share based on its attraction for many homeowners due to its natural appearance and sustainability credentials. Aluminium remains a more expensive option, though it has retained a niche share in the domestic market - though aluminium bifold doors, particularly, have gained widespread consumer acceptance.

In general, the main channels of distribution are replacement window companies, garden centres, DIY outlets, conservatory specialists, builders and online. In the self-build conservatory sector, the focus has switched from DIY outlets to online conservatory specialists, who offer a wider range of product options than those offered by DIY outlets.

"Market improvement in 2017 and beyond is likely to be driven by levels of house moving/home extension building, consumer confidence and growth in the retrofit/upgrade market – particularly if interest rates remain at historically low levels" said Jane Tarver of AMA Research. *"However, the future economic landscape is tempered by the uncertainty surrounding the commencement and potential effects of Brexit."*

However, substantial increases in volumes or value are not forecast in new conservatory demand in the short–medium term. Current forecasts indicate modest growth in overall value of sales, but this is likely to be underpinned by the continuing interest in upgrading or replacing older conservatories with higher specification products. In addition, we estimate that annual volumes are likely to remain below 100,000 in the short-medium term. Ultimately, conservatories/extensions are a 'deferrable purchase' and sales volumes are heavily dependent on economic conditions, making future demand year on year is difficult to forecast in the current climate.

The '**Domestic Conservatory and Glazed Extensions Market Report – UK 2016-2020 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services with over 25 years' experience in the construction and home improvement markets. The report is available now and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.

Editors Note:

If you would like to receive more information on the report, or would like to speak to the author, then please contact Anna Eriksson or Jane Tarver on 01242 235724.

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