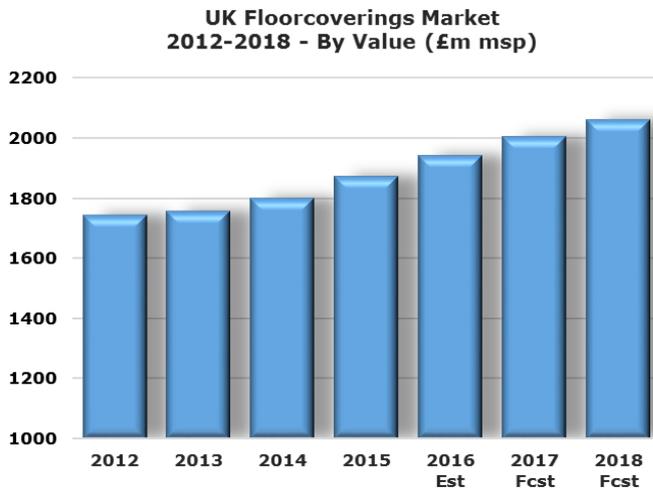




PRESS RELEASE

The UK floorcoverings market has continued to perform well in 2016, though sales performance varies across the different sectors.

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Growth in the UK floorcoverings market has gathered pace in 2015-16, despite ongoing uncertainties in terms of both the economy and consumer confidence, according to a new report from AMA Research. Despite the 'Brexit' vote, growth has remained broadly positive in 2016, reflecting a mix of a relatively buoyant housing market and steady demand from several key contract sectors. Initial estimates are that the total floorcoverings market has grown by around 4% in 2016 – reaching a level of around £2 billion in the UK.

Sustainability and environmental credentials are becoming even more significant, particularly in the contract sector, not only in terms of raw materials but also in terms of the manufacturing process, use of energy, emissions and recycling/recycled content. The competitive nature of the market and downward pressure on prices is also forcing suppliers to focus strongly on improving efficiencies, expanding their product ranges (often via acquisitions) and adopting strategies that will both protect and enhance their sales and market positions.

Carpet continues to hold the largest share in value terms in 2016 at around 56% - though this would be higher when measured in volume terms. Following a period of steady decline, share for carpets in the UK has now stabilised with both consumers and contract specifiers recognising the benefits of different flooring products in different areas of application.

Growth in the UK wood flooring sector in 2015-16 has been relatively strong, at around 4% per annum, with laminates continuing to be a strong driver for growth due to increased use in the student accommodation and in the serviced apartments sectors. Vinyl sales are currently outperforming all other product sectors in the UK floorcoverings market, with demand driven largely by the rising popularity of LVT. Demand from the contract sector has continued to underpin growth, with safety flooring a particularly strong area of focus, with tiles increasing share in recent years.

The market for ceramic, porcelain and natural stone floor tiles is worth around £200m underpinned by strong growth in the kitchen and bathroom sectors, as well as strong demand from contract sectors such as transport, retail and entertainment. Import penetration into this sector is high, estimated at around 70-75% in recent years. This is due to the small number of large volume UK ceramic tile manufacturers and the relatively high profile of European producers who have progressively taken share in the UK market. Key sectors for natural stone floor tiles include upmarket homes and residential developments, hotels and spas, and commercial buildings.

In general, prospects for the floorcoverings market are for steady growth in the short to medium term, although there are indications that the rate of growth may slow slightly in 2017-20. However, a key factor influencing future growth for flooring is the "Brexit" issue and its impact on the general economy and levels of consumer confidence.

"One of the key 'unknowns' will remain the strength of Sterling in relation to both the Euro and US\$. A weakening pound will impact both prices and margins, affecting manufacturers and suppliers reliant on imports of products and/or raw materials" said Jane Tarver at AMA Research. "Local manufacturers and exporters are likely to see some benefit however, and there is potential for some to grow their market share".

Distribution routes are also likely to be impacted by the structural changes currently occurring in the retail sector, with many channels now offering multi or omni-channel services as well as "click and collect". Ultimately, floorcoverings is a mature sector and sales volumes will depend upon levels of consumer and business confidence, as well as household spending and business investment levels.

The '**Floorcoverings 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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