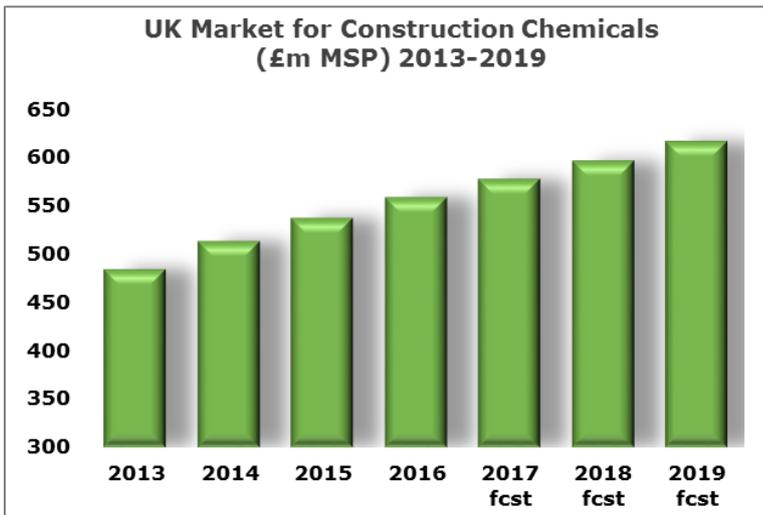




PRESS RELEASE

Steady growth forecast in the UK construction chemicals market

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The UK construction chemicals market is estimated to have grown by around 4% in 2016, with a further 3% increase forecast for 2017. Annual growth rates vary between product sectors as trends differ within key end user markets, but in overall terms, growth has been slow and steady over the past five years. Despite the outcome of the vote to leave the EU, there have been steadily growing levels of home improvement and housebuilding output, leading to greater usage of sealants and adhesives, with bright prospects also in the infrastructure sector.

This is according to a report recently published on the sector by AMA Research, which focuses on liquid, spray, foam, mastic and powdered chemical products used by tradesmen, sub-contractors and homeowners, but also includes concrete and mortar additives that are used in both factory and on-site production of concrete products and mortars.

Adhesives constitute the largest product group and in recent years, growth in this sector has been underpinned by the recovery in the housing new build, home improvement, commercial new build and infrastructure applications. Since 2012, growth has also been good in the fillers product category, which includes powder and ready-mix products, wood fillers and expanding foam. Annual growth rates in the sealants, caulks and putties sector are typically steady due to the very broad range of applications targeted. The supply chain is highly fragmented, with merchant and distributor own label products being significant.

The supply of concrete, mortars & cement admixtures has improved steadily in recent years, driven by demand for use on major infrastructure projects and recovery in the housebuilding and commercial new build sectors. The strongest demand has been for water reducing admixtures i.e. plasticisers and superplasticisers, underpinned by the continuing need to reduce water usage, in particular by the concrete manufacturing sector.

Demand for protective coatings – fire retardancy, waterproofing & damp-proofing - has been maintained by the need for regular / remedial re-coating of buildings and infrastructure. A more recent new driver has been the growth in new basements and basement conversions in London homes within the more affluent boroughs, as these applications need protecting from below ground water ingress.

Demand for resin flooring systems appears to have remained steady, having diversified away from the core industrial/ warehousing market into education, food production and retail. However, a resumption in demand for warehousing, manufacturing and R & D facilities – particularly in the pharmaceutical, biotechnology & electronics sectors – will again boost this sector.

Key factors which are likely to influence the overall market over the next two years include a continued steady increase in housebuilding output partly stimulated by Government programmes, further infrastructure development in areas such as water treatment, drainage, 'smart motorways', energy-from-waste plants and transport, leading to greater use of admixtures, sealants and protective coatings.

There are also advances in technical composition for many products which could lead to improvement in market size, in terms of value at least. For example, the shift to water reducing admixtures and similar products which improve the consumption of 'embedded water' may add value to the sector.

"Medium term growth prospects for the overall construction chemicals market appear steady but modest, particularly for products mostly supplied to the home improvement and trade sectors for use in residential RMI and refurbishment, such as adhesives, sealants and protective chemicals" said Keith Taylor, Director of AMA Research. *"There is likely to be a period of significant uncertainty over the next 2-3 years as the formal EU departure looms closer and the UK has to renegotiate trade deals. Risks also include changes to legislation affecting the construction chemicals market."*

Growth in the construction chemicals market is forecast at 2-3% per annum in the short to medium term.

The '**Construction Chemicals Market Report – UK 2017-2021 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services with over 25 years' experience within 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 on 01242 235724.

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