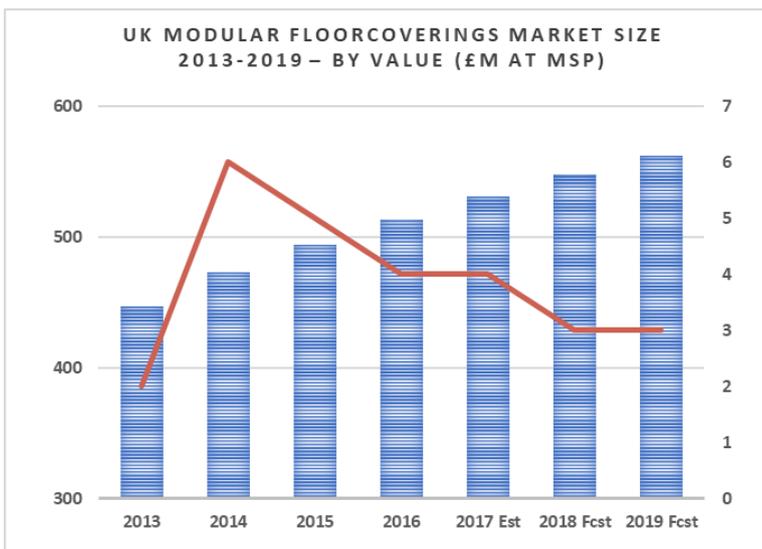




PRESS RELEASE

Good growth in the modular floorcoverings sector underpinned by greater integration of flooring products

November 2017 – Cheltenham, UK



Higher confidence levels in the private commercial sector has been a key driver for growth for the modular floorcoverings market in 2016-17 according to a new report by AMA Research. Growth of 4% in 2016 and a similar rate expected for 2017 has meant that modular floorcoverings have performed better than the wider total floorcoverings market. Encompassing carpet tile, vinyl tile, floor tiles, including ceramic, porcelain and natural stone tiles, and other niche products, the market is highly competitive and increasingly price sensitive.

The trend for integrating different flooring materials within a single installation has also driven uptake of modular flooring products, and the popularity of LVT in both the domestic and contract sectors remains a key factor driving both sector growth and trends in the market. Although modular floorcoverings products are utilised in both the domestic and contract end-use sectors, the contract sector holds largest share estimated at around 65% in 2016-17. However, a key trend in recent years has been the increased uptake of some products, such as LVT and porcelain floor tiles within the domestic sector.

Carpet tiles account for the largest value share of the market, estimated at around 37% in 2016-17, with sales having followed a broadly positive path since 2012. Demand for carpet tiles has been underpinned by growth for key end-use sectors such as commercial offices and education, although there are indications that sales of carpet tiles in 2017 have fallen below expected levels. The sector is also characterised by continued downward pressure on prices.

The vinyl tile sector has benefited from increased demand for luxury vinyl tiles (LVT) in recent years and LVT continues to outperform the wider modular floorcoverings market, and is also a key driver of demand in the modular flooring sector. Sales of modular vinyl products continued to strengthen 2016-17, with demand underpinned by the contract sector as well as a buoyant demand from the domestic sector. Market values are, however, being constrained by high levels of competition and significant downward pressure on prices, which is also impacting suppliers' margins.

The floor tiles market, which includes ceramic, porcelain, natural stone, glass, cement, etc, saw value growth of 3% in 2016 and is forecast to achieve a similar growth rate in 2017. This upturn has been the result of a strong recovery in both housing and commercial construction. Demand for floor tiles in the UK is underpinned by positive performance in the kitchen and bathroom sectors, the result of a buoyant housing market and higher levels of consumer confidence and spending.

Demand for natural stone floor coverings has been boosted by the popularity of natural materials in the home and the trend for using neutrals and earth shades – particularly greys, in both kitchens and bathrooms. Stone flooring also has high eco-credentials, an increasingly important consideration for specifiers. However, all the products in this category have faced increasing competition from alternative smooth flooring types, in particular laminate and luxury vinyl tile (LVT).

"Prospects for the UK modular floorcoverings market are for continued growth in the short to medium term, although the rate of growth is expected to slow slightly in 2017 and may decline even further from around 2019-21" said Jane Tarver of AMA Research,

"Sustained demand from the contract sector is likely to underpin the market into the medium-term, however the level of competition between products is likely to increase and price competition is likely to intensify".

One of the key factors likely to affect medium to longer-term prospects remains the position of the UK in the post-Brexit world. Exchange rate fluctuations due to the lower value of Sterling against both the Euro and the US Dollar are already beginning to have an impact on prices for some products with the modular floorcoverings market having significant import penetration rates particularly for carpet tiles, LVT and floor tiles.

The '**Modular Floorcoverings 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 or Jane Tarver on 01242 235724.

Please include our web address and telephone number on any review printed, and it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

AMA Research Ltd
Montpellier House
Montpellier Drive
Cheltenham
Gloucestershire GL50 1TY

Tel: +44 (0)1242 235724
Fax: +44 (0)1242 262948
E-mail: annaeriksson@amaresearch.co.uk
Website: www.amaresearch.co.uk