

Carpet sector growth expected from 2012

THE UK carpet market is forecast to reach a total of £1,173.8m in 2013, according to a new survey by MBD. Growth is anticipated to resume a year earlier after a dramatic decline during the recession.

The shock forecast is that the carpet market could plunge by a massive 9% this year followed by a further drop of 2% in 2010. This is mainly a reflection of the current economic downturn, the slowdown in the housing market as well as in new construction output. However, the survey also notes that carpets continue to face the threat of substitution by smooth floorcoverings.

The forecast contraction of the carpet market contrasts with increases of 6% and 1% in 2006 and 2007.

Demand from the domestic sector is expected to continue to account for the largest share of the UK carpet market during the forecast period, anticipated to represent 58% of the market in 2013. But carpets will also continue to face strong pressure from alternative smooth floorcoverings, including engineered and solid wood, vinyl and ceramic tiles.

Overall, sales of domestic carpets are forecast to decline by a cumulative 8% in real terms compared with 2008, to £685.5m in 2013.

Contract carpet sales are forecast to decline by 8% in real terms between 2008 and 2013, to £488.3m in the latter year. This is believed to reflect the decision by many companies to delay unnecessary purchases during times of economic uncertainty, and a move towards other forms of flooring.

Tufteds are expected to continue

UK carpet market (£m at 2008 prices)

	DOMESTIC	CONTRACT	TOTAL
2009	£680.6m	£481.0m	£1,161.6m
2010	£663.1m	£471.0m	£1,134.1m
2011	£668.6m	£475.7m	£1,144.3m
2012	£676.8m	£482.1m	£1,158.8m
2013	£685.5m	£488.3m	£1,173.8m

Source: MBD forecasts

Good news ..

THE 2012 London Olympics and the forecast increases in construction output from 2011 onwards is expected to benefit the contract carpet market.

After a 4% fall in construction this year and negative growth expected in 2010, MBD quotes figures predicting a 2% to 3% annual growth rate in building work from 2011, boosted by the work for the Olympics.

to dominate the carpet market, accounting for a projected 75% of total sales in 2013. However, MBD anticipates that between 2008 and 2010, sales of tufted carpets will decline by a significant 9% in real terms, reflecting the uncertain economic conditions.

However, moderate growth is forecast for the following three years. Nonetheless overall sales are expected to decline by 5% in real terms compared with 2008, to £876.4m (at 2008) prices in 2013. This partly reflects the predicted return to growth in the construction market.

Woven carpets will fare even worse with a steady decline except

for a marginal rise expected in 2012, according to the survey. Between 2008 and 2013, woven carpet sales are expected to decline by a disconcerting 20% in real terms, to £181.2m (at 2008 prices) in the latter year.

This downward trend is partly attributed to the increase of tufted carpets imported from places such as China, which is looking to expand its machine-based production of tufted carpets, as well as the economic downturn.

Needlepunch carpets are expected to remain at 4% of the total carpet market. However, a 16% decline this year, followed by a 2% fall in 2010 are anticipated. This sector is being hit by the slowdown in UK car production.

However the government car scrappage incentive scheme and the more prosperous outlook from 2011 onwards should boost sales of needlepunch carpets, anticipated to increase moderately after 2011. Nonetheless overall the value of the needlepunch sector is expected to decline by 11%, compared with 2008, to £52.1m in 2013 (at 2008 prices).

Contact MBD for details:

■ www.mbdltd.co.uk
■ T: 0161 236 6845

UK carpet market by construction type (£m at 2008 prices)

	2009	2010	2011	2012	2013
Tufted	£856.7m	£837.0m	£847.4m	£858.9m	£876.4m
Woven	£189.8m	£184.3m	£182.9m	£184.7m	£181.2m
Fibrebonded	£50.8m	£49.7m	£50.4m	£51.0m	£52.1m
Rugs	£12.6m	£12.3m	£12.3m	£12.4m	£12.6m
Other	£51.8m	£50.9m	£54.4m	£51.8m	£51.5m
TOTAL	£1,161.6m	£1,134.1m	£1,144.3m	£1,158.8m	£1,173.8m

Source: MBD forecasts

Industry in brief

Prompt payment bid

The Resin Flooring Association, FeRFA, has signed up to the Prompt Payment Code set up by the Institute of Credit Management and the government.
www.promptpaymentcode.org.uk

NHS backs 30 days

Contractors bidding for a place on Procure 21+, the NHS' revised major scheme framework, must pay sub-contractors within 30 days.

Advice on borrowing

Forum of Private Business (FPB) has launched a new video advice service to tell business owners how to be successful with lenders.
www.smallbusinesschannel.co.uk

Anger on CITB grant hike

The CITB-ConstructionSkills move to cut grant rates by 10% is causing anger. Last year, 23,500 employers claimed grants of £176m.

School building stalled

New Barbour ABI research reveals 35 primary and secondary school projects on hold, awaiting funding of around £122.5m.

Sustainable opt out

The new building regulations do not require contractors working on extensions to improve energy efficiency of the whole building, it has been announced.

Ageism review planned

A government review next year could make it illegal to sack someone who wants to work beyond the retirement age of 65.

Children at play alert

The Health and Safety Executive (HSE) is warning contractors to be alert for children playing on construction sites this summer.

Too busy for blogs

Over 70% of small businesses don't have time to update website blogs, says a new survey.

Queens award entries

Flooring companies can now apply for the 2010 Queen's awards for enterprise. The deadline is October 30. www.queensawards.org.uk

Minimum wage raised

The minimum wage for workers aged 22 and over rises to £5.80 an hour in October; for 18-21-year-olds it rises to £4.83; and for those 16 and 17 it becomes £3.57.

Architects fees advice

RIBA president Sunand Prasad is urging architects not to cut fees to win work.