



Home Innovation
RESEARCH LABS

TRENDS AND OPPORTUNITIES IN THE RESIDENTIAL HOUSEWRAP MARKET

HOUSEWRAP 2019

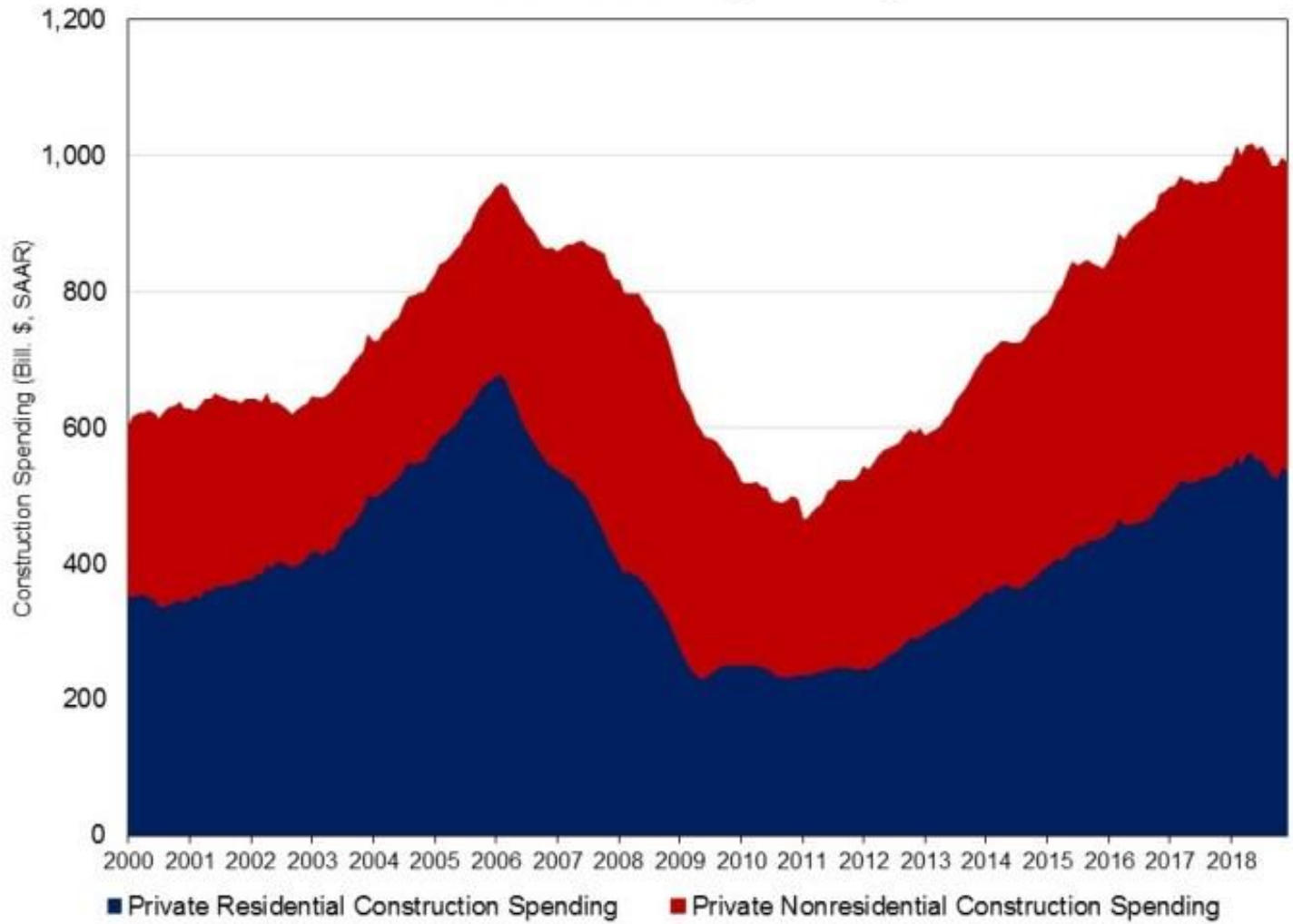
Finding Innovation a Home

Home Innovation Research Labs

- Founded in 1964 as wholly-owned subsidiary of NAHB
- Independent, for-profit researchers assisting development and commercialization of new building technologies
 - Engineering research & development
 - Market & field research
 - Laboratory testing
- #1 in green home building certification (NGBS)
- Building codes and standards developers
- Partners with ICC-ES to fast-track issuance of ESRs



Construction Spending



Source: NAHB / US Census



Top Trends Shaping the Building Materials Industry

- Skilled labor shortage
 - Cost of labor also increasing
 - Cycle time lengthened (from 6 months to 7 months to complete a home)
 - Industry environment favors easy-to-install and pre-finished materials
 - Conditions are right for some off-site housing solutions
- Construction materials costs increasing
 - Building products up 2 times CPI (4% in 2018)
- Lower availability of residential development property
 - Higher density suburbs (smaller and narrower lots, less privacy etc.)
 - Remodeling outlook very good—improve/expand instead of buy new
- More rigorous energy codes
 - Air tightness requirements of homes
 - Higher R-value + continuous insulation on exterior walls
 - Windows & HVAC systems—next in line for sweeping upgrades



Trends Shaping the Building Materials Industry

- Demographics
 - Younger home owners/buyers—transitioning from renting
 - Smaller, more affordable single family homes
 - Population flow continues to South and West
- More durable products & materials continue to be favored
- Technology improvements
 - Plastics with decorative + wear layers gaining much ground
- Design trends favoring simpler styles (more euro and urban) and contemporary design—primarily interiors but also exteriors
 - Exteriors incorporate lines suggestive of traditional styles
 - Wood, stone, concrete, and steel—with multiple textures on exterior
 - Open floorplans still popular but defined living spaces
 - Painted cabinets & wood floors in kitchen
- Blurring transition from indoor to outdoor living—window walls or lots of glass, upgraded outdoor living space



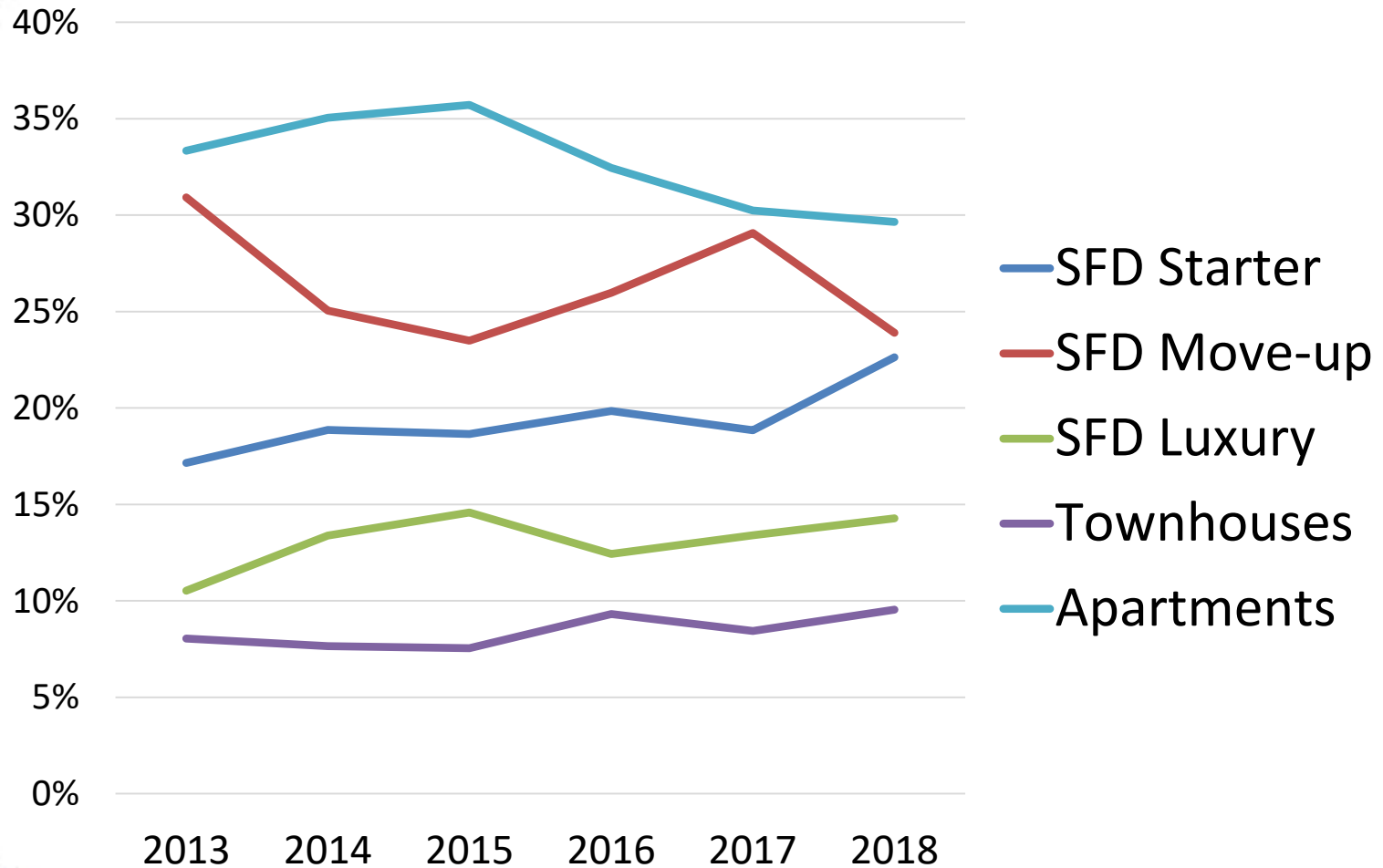
Basis for Presentation Data: Annual Building Product Tracking Studies

- Home Innovation has been tracking annual materials purchases since 1995
 - Builder Practices Survey of 1,600 U.S. Builders
 - Consumer Practices Survey of 100,000+ U.S. households
- Decades of custom market research, sponsored by hundreds of building materials manufacturers
- Support of development and launch of hundreds of new building products

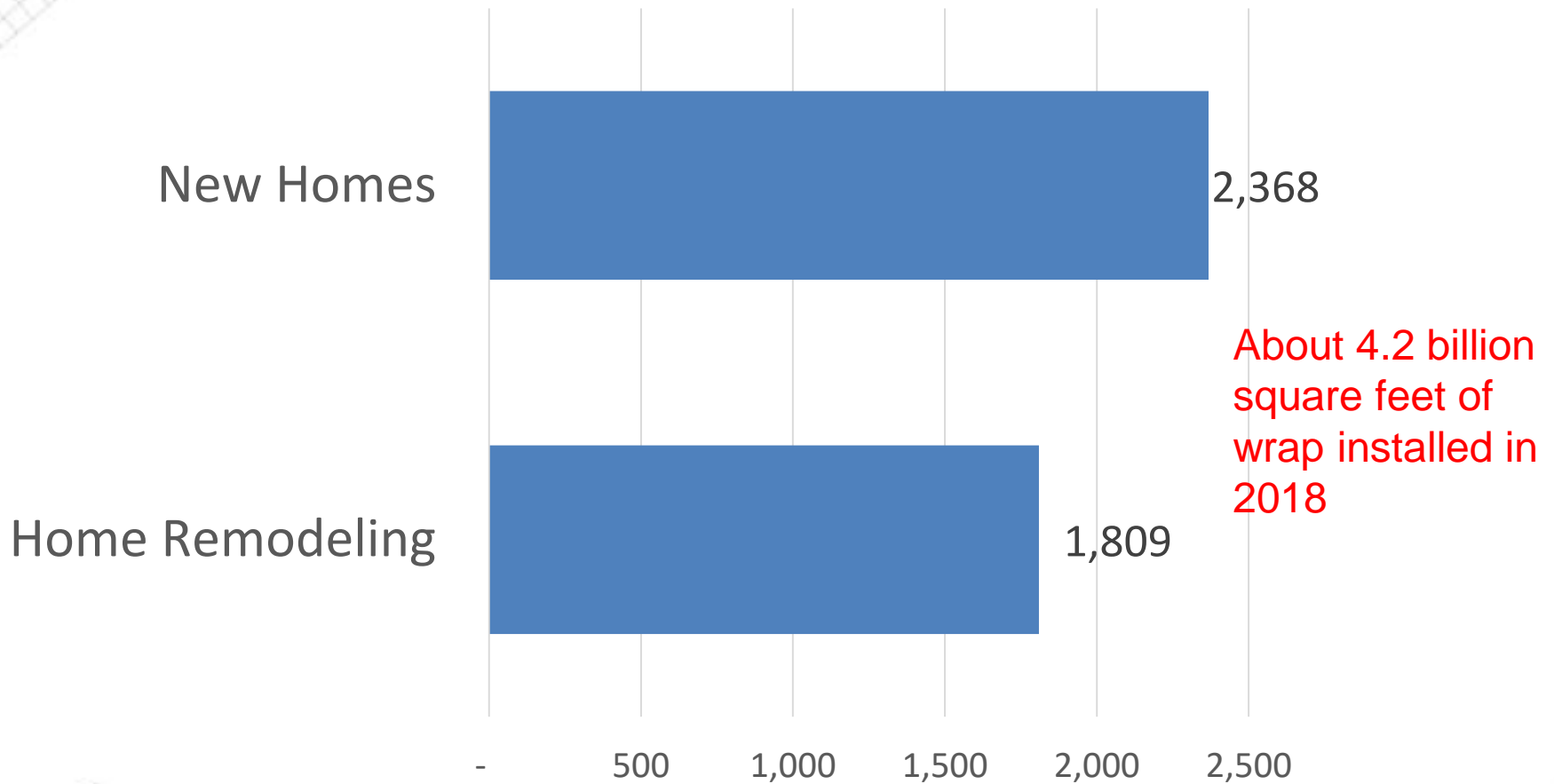


U.S. New Housing Mix Trend

(based on annual housing units starts)



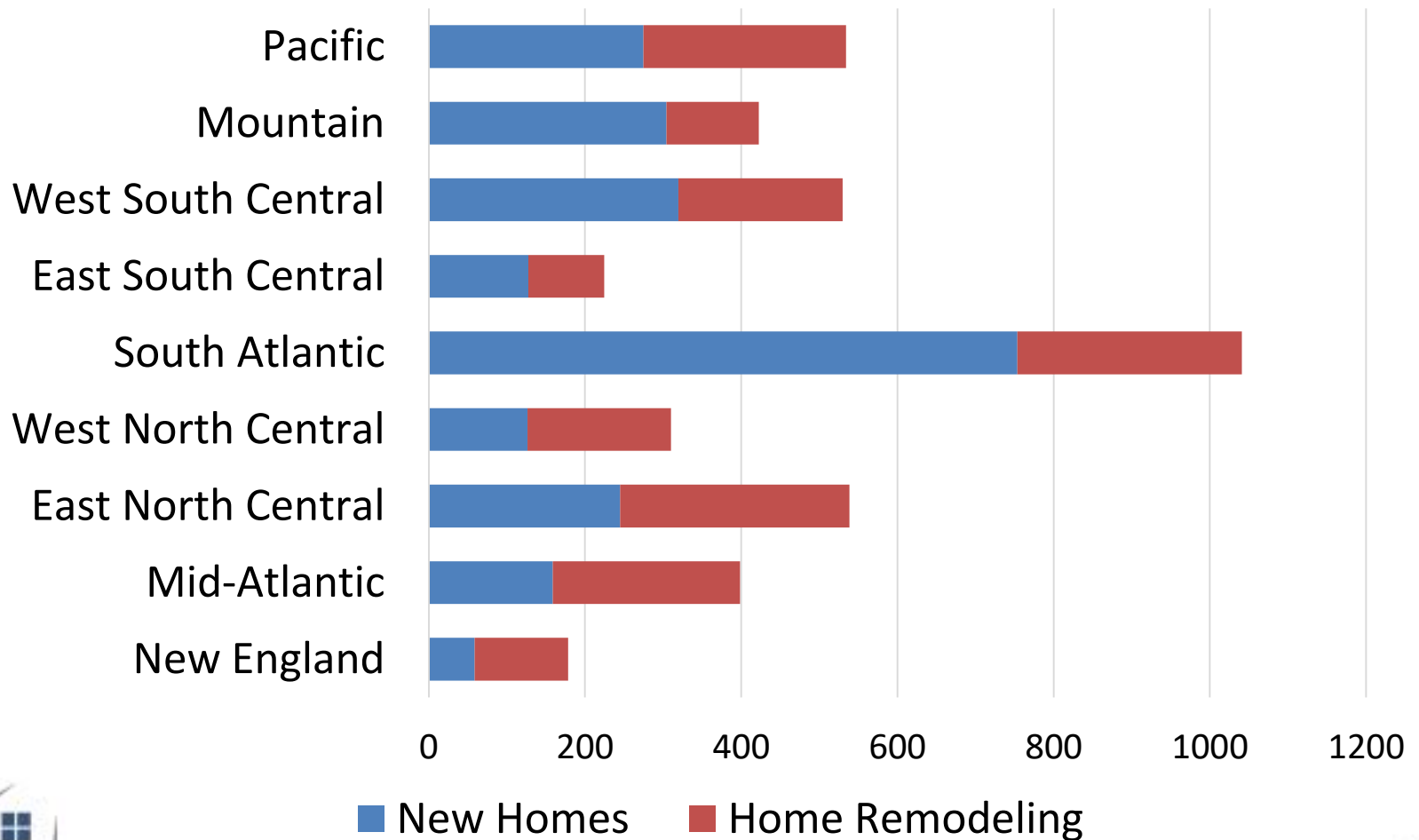
U.S. Residential Housewrap Market in 2018 (millions of SF)



About 4.2 billion square feet of wrap installed in 2018

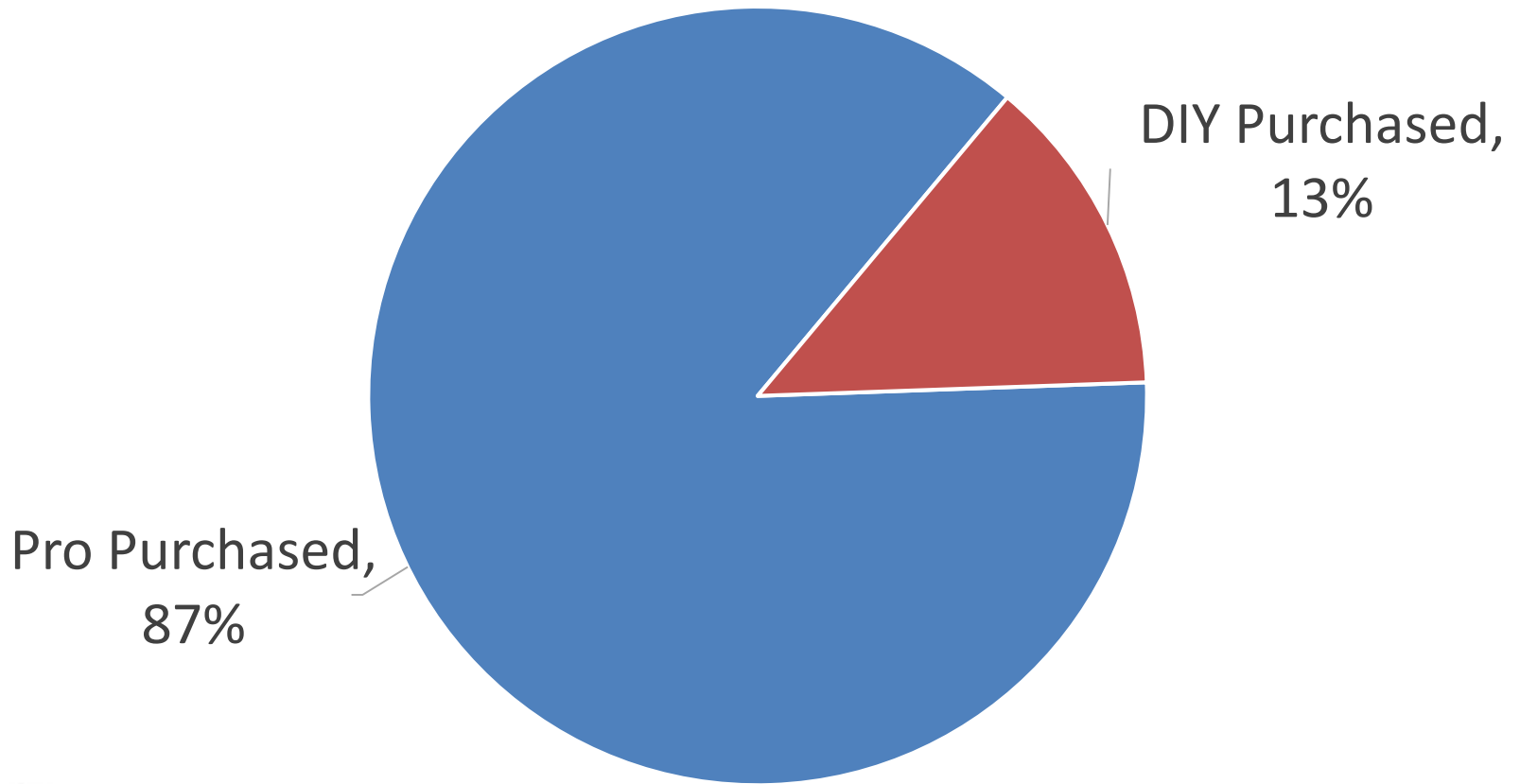


Regional Volumes of Housewrap by New Homes and Remodeling (2018)

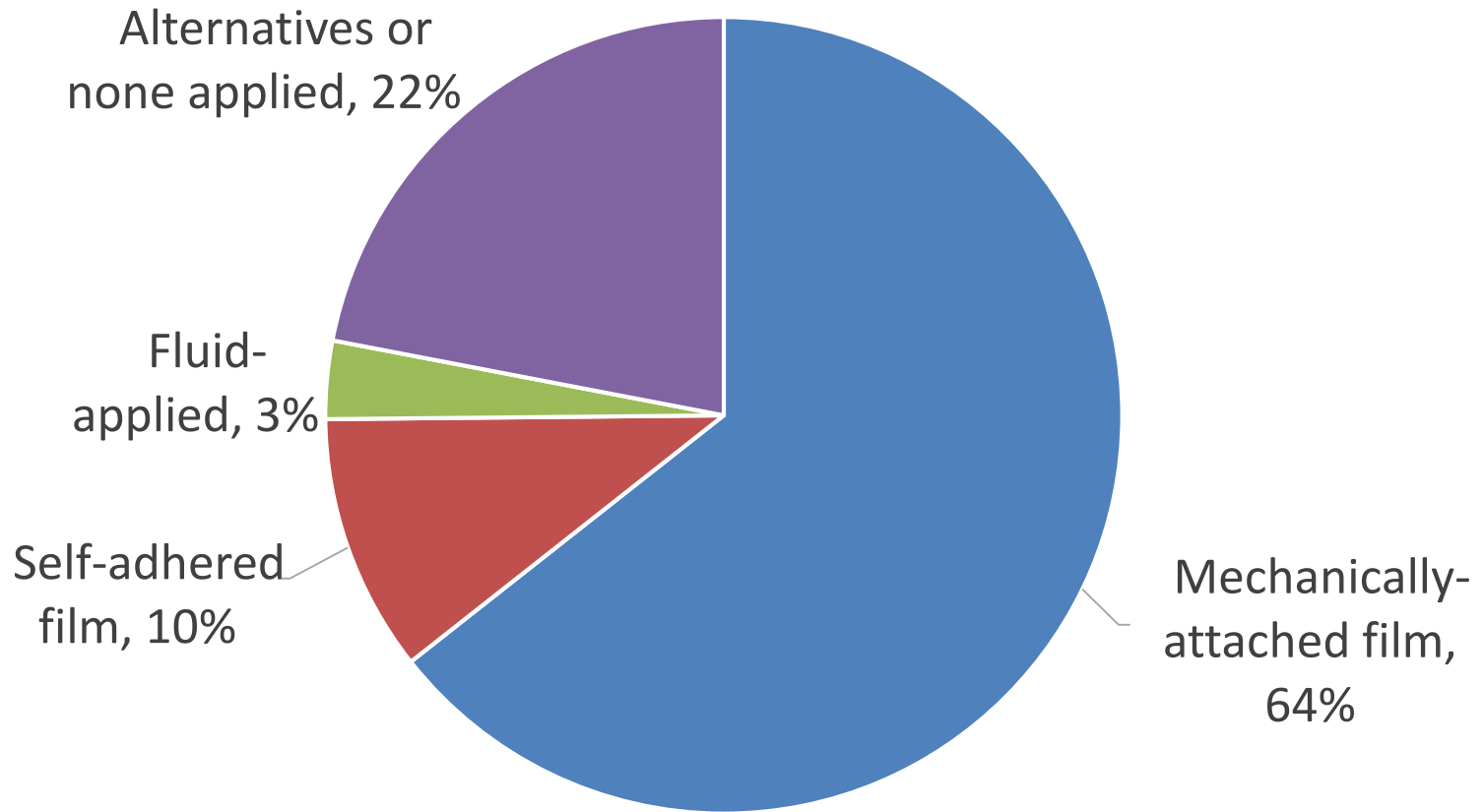


Source: Annual Builder & Consumer Practices Reports

Shares of Housewrap Purchased by Pros and Do-It-Yourselfers (2018)

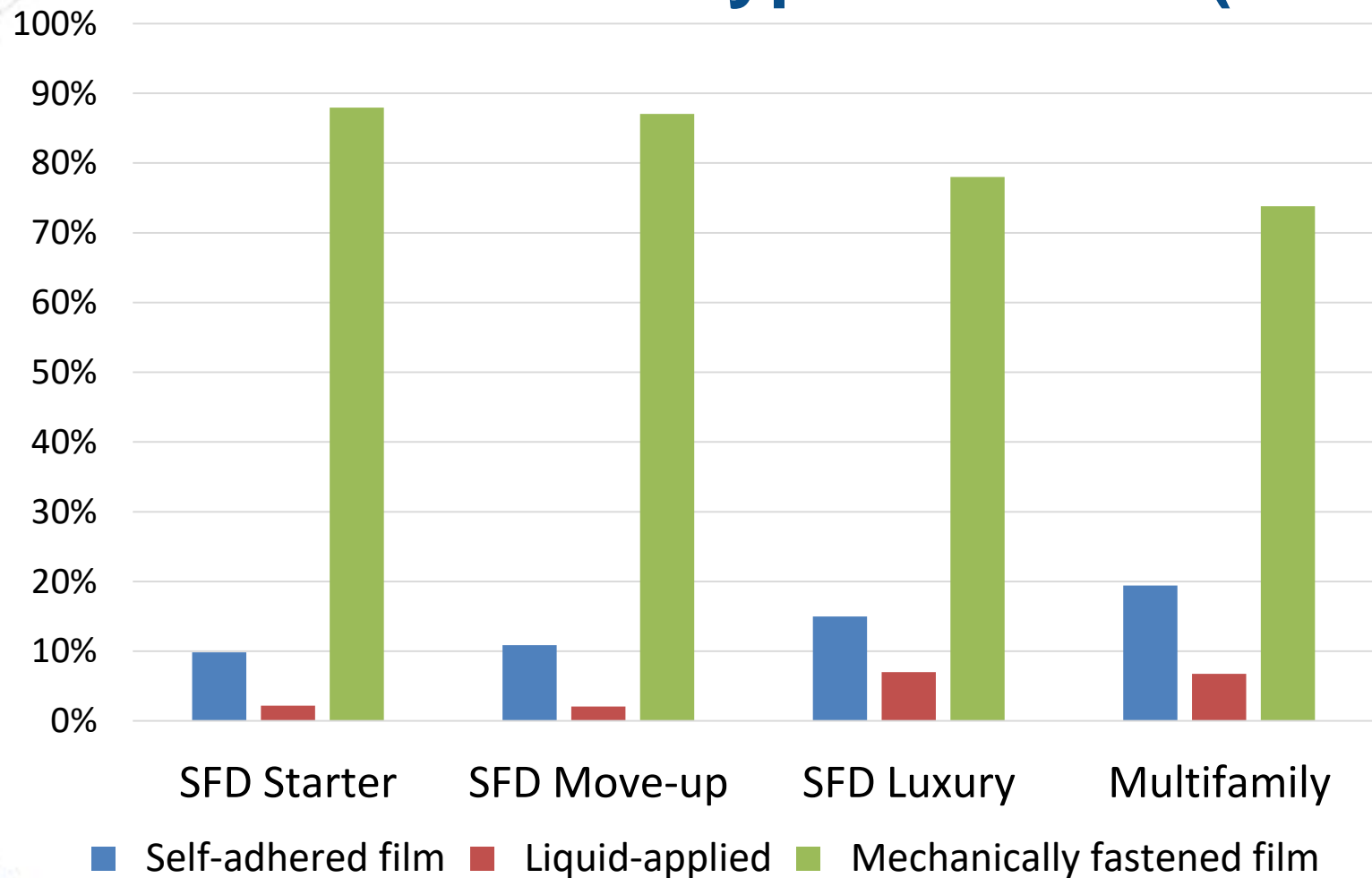


New Home Shares of Housewrap by Type, 2018

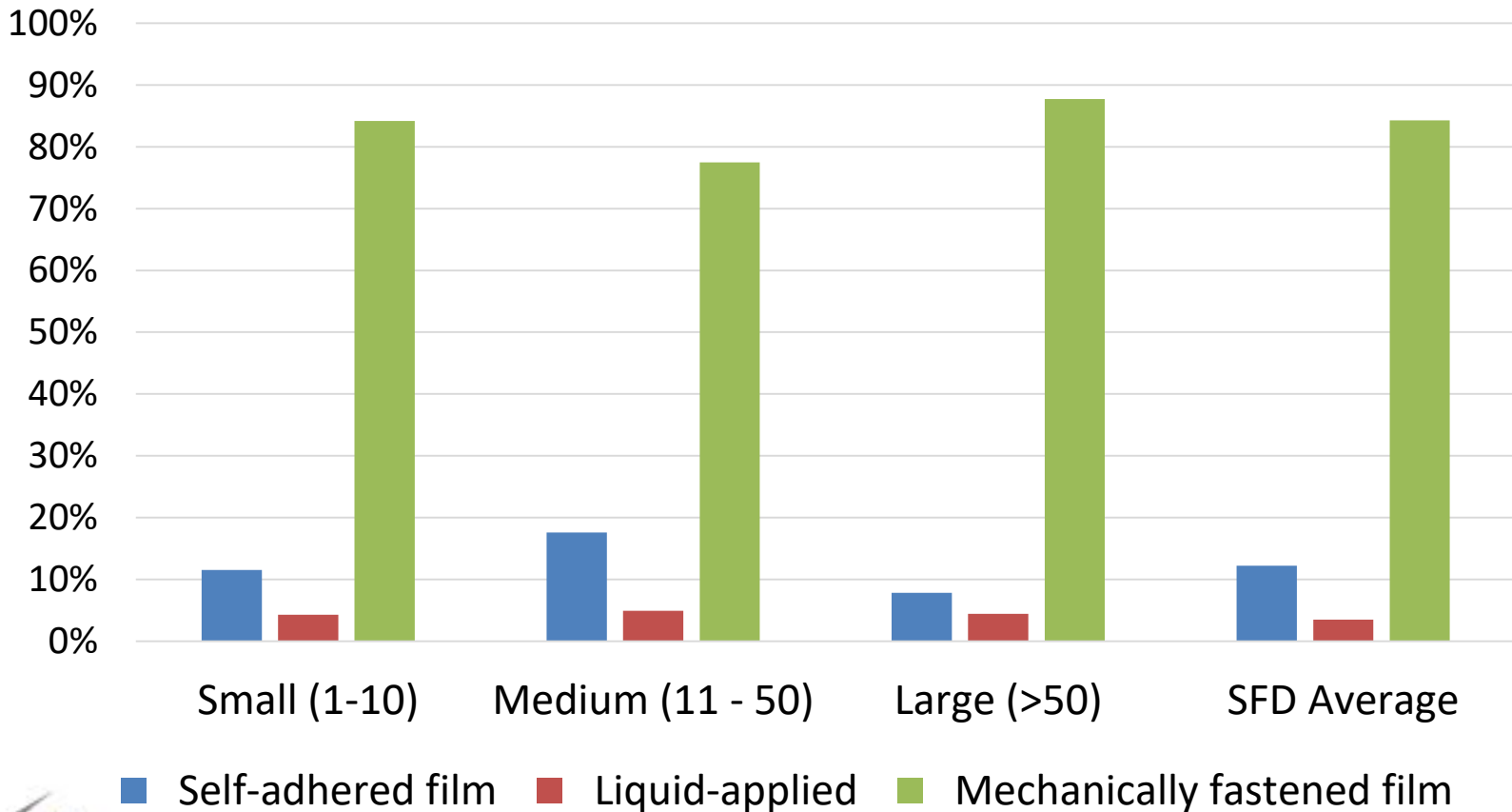


Source: Annual Builder & Consumer Practices Reports

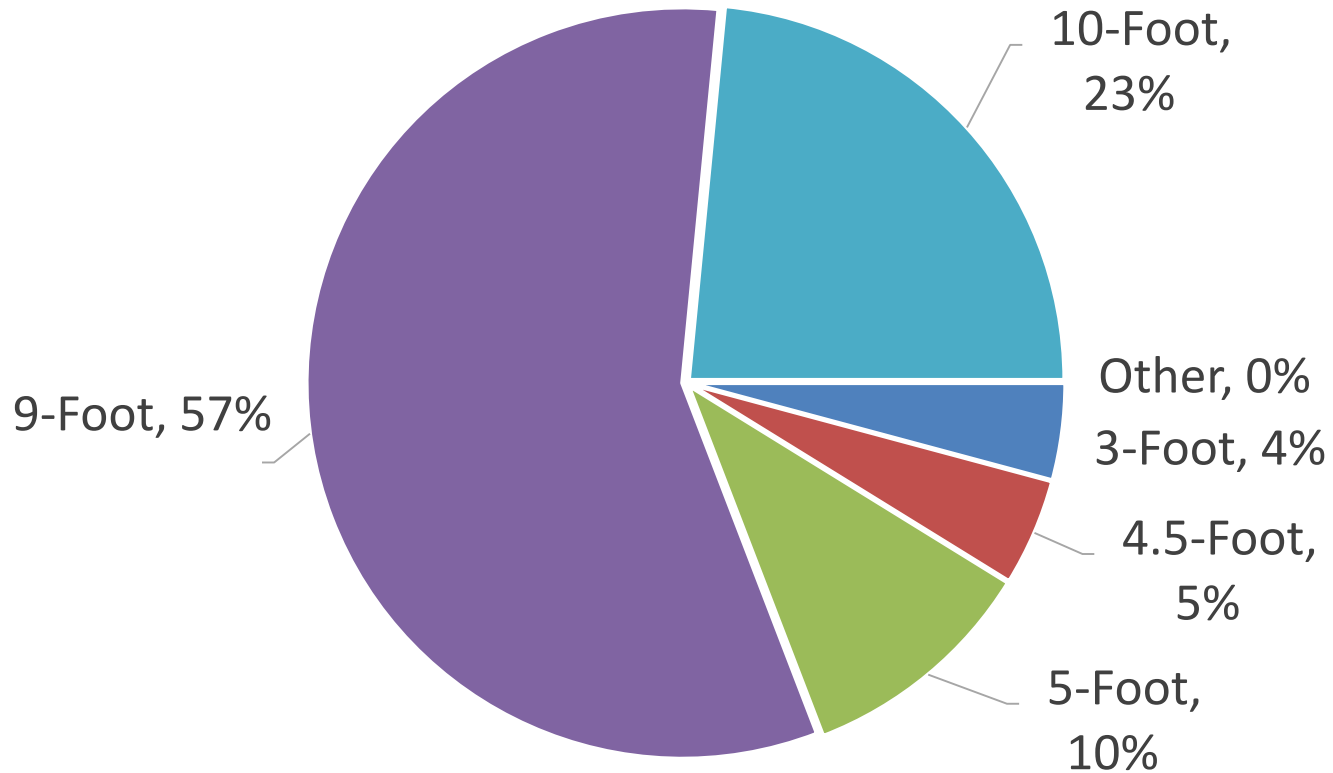
Housewrap by Price-Point and Type of Home (2018)



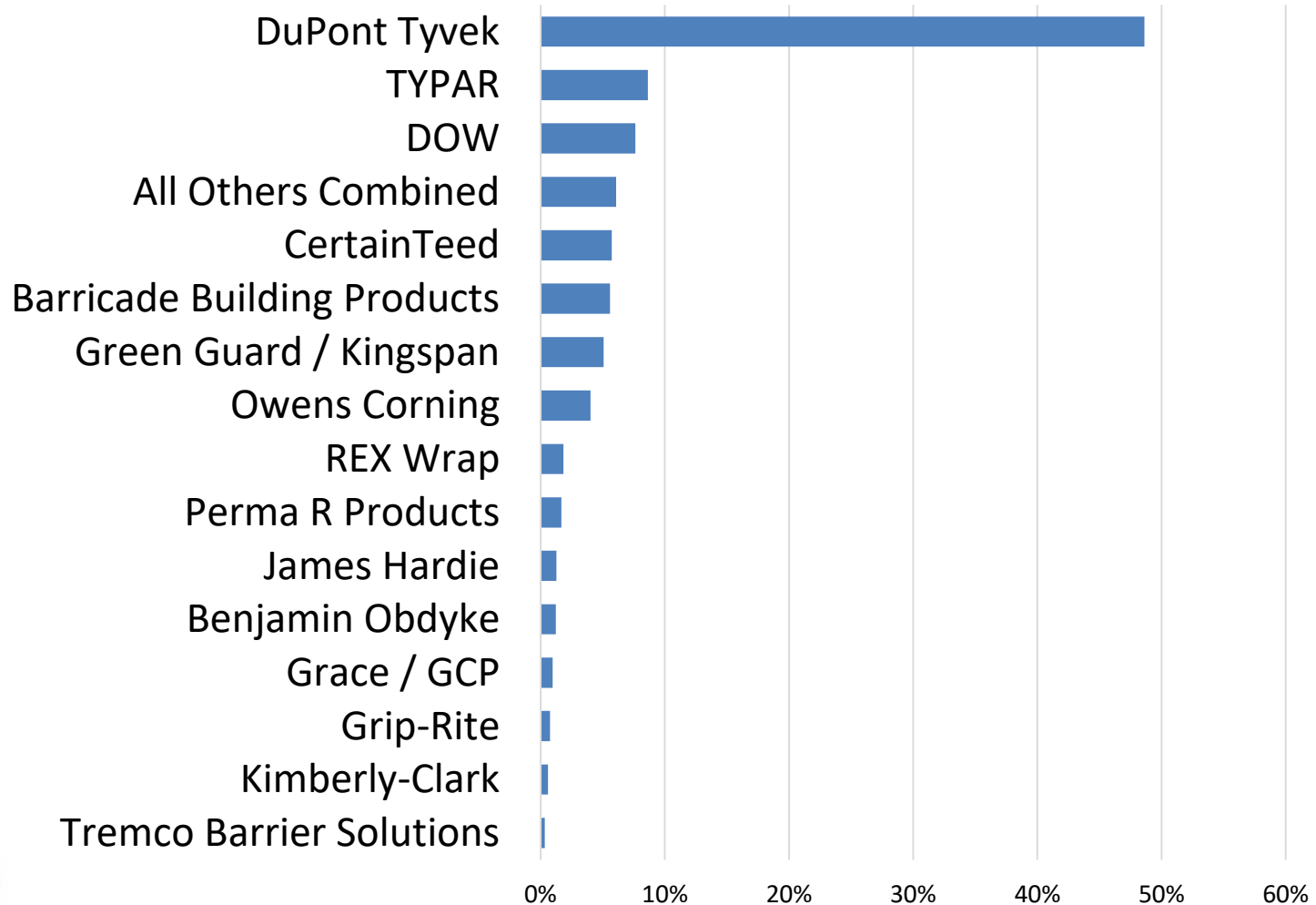
Housewrap Use by Size of Single Family Home Builder (2018)



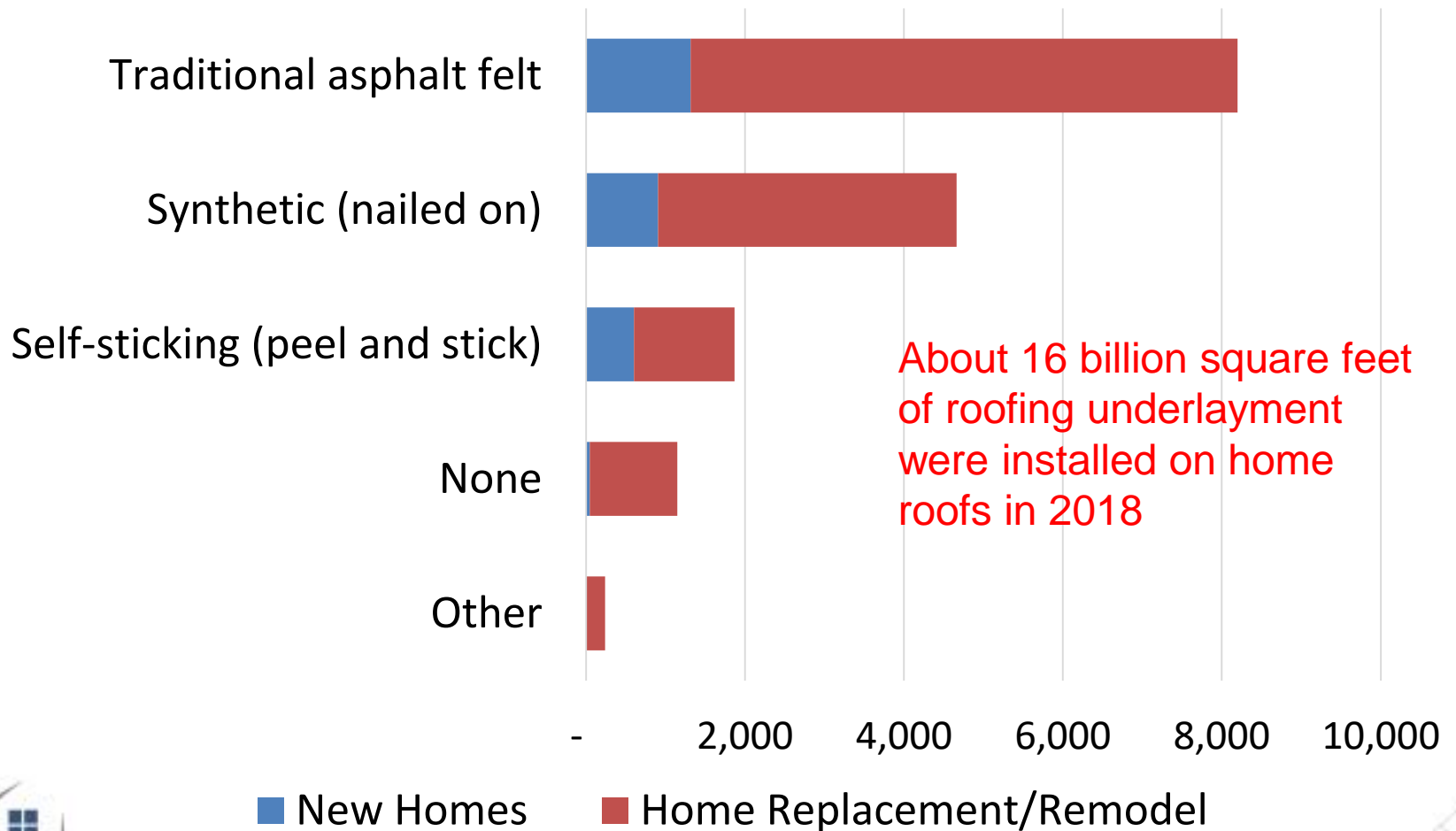
Housewrap Role Width in New Home Installations (2018)



Shares of Housewrap Reported in New Homes, 2018



U.S. Home Market Size for Roofing Underlayment (millions of sf, 2018)





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THANK YOU

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