TRENDS AND OPPORTUNITIES IN THE RESIDENTIAL HOUSEWRAP MARKET

HOUSEWRAP 2019
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
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
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)

Source: Annual Builder Practices Reports and NAHB Housing Starts
U.S. Residential Housewrap Market in 2018 (millions of SF)

- New Homes: 2,368 million square feet
- Home Remodeling: 1,809 million square feet

About 4.2 billion square feet of wrap installed in 2018.

Source: Annual Builder & Consumer Practices Reports
Regional Volumes of Housewrap by New Homes and Remodeling (2018)

- Pacific
- Mountain
- West South Central
- East South Central
- South Atlantic
- West North Central
- East North Central
- Mid-Atlantic
- New England

Source: Annual Builder & Consumer Practices Reports
Shares of Housewrap Purchased by Pros and Do-It-Yourselfers (2018)

Source: Annual Builder & Consumer Practices Reports
New Home Shares of Housewrap by Type, 2018

- Mechanically-attached film, 64%
- Self-adhered film, 10%
- Fluid-applied, 3%
- Alternatives or none applied, 22%

Source: Annual Builder & Consumer Practices Reports
Housewrap by Price-Point and Type of Home (2018)

Source: Annual Builder & Consumer Practices Reports
Housewrap Use by Size of Single Family Home Builder (2018)

Source: Annual Builder & Consumer Practices Reports
Housewrap Role Width in New Home Installations (2018)

- 9-Foot, 57%
- 10-Foot, 23%
- 4.5-Foot, 5%
- 5-Foot, 10%
- Other, 0%
- 3-Foot, 4%

Source: Annual Builder & Consumer Practices Reports
Shares of Housewrap Reported in New Homes, 2018

- DuPont Tyvek
- TYPAR
- DOW
- All Others Combined
- CertainTeed
- Barricade Building Products
- Green Guard / Kingspan
- Owens Corning
- REX Wrap
- Perma R Products
- James Hardie
- Benjamin Obdyke
- Grace / GCP
- Grip-Rite
- Kimberly-Clark
- Tremco Barrier Solutions

Source: Annual Builder & Consumer Practices Reports
U.S. Home Market Size for Roofing Underlayment (millions of sf, 2018)

- Traditional asphalt felt
- Synthetic (nailed on)
- Self-sticking (peel and stick)
- None
- Other

About 16 billion square feet of roofing underlayment were installed on home roofs in 2018.

Source: Annual Builder & Consumer Practices Reports
THANK YOU

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