

NEWS RELEASE



For Immediate Release

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US INSULATION DEMAND TO REACH \$11 BILLION IN 2012

Demand for insulation materials in the United States is forecast to advance 5.3 percent per annum through 2012 to \$11 billion. Demand will benefit primarily from renewed growth in residential building construction, particularly single-family homes, from a very low 2007 base. Consumption will also benefit from greater insulation use on a per structure basis, as well as insulation upgrades for existing buildings. These and other trends are presented in ***Insulation***, a new study from **The Freedonia Group, Inc.**, a Cleveland-based industry market research firm.

Fiberglass insulation will remain the leading insulation material in use, accounting for more than half of demand in dollar and volume terms in 2012.

Growth will be driven primarily by the rebound in new home building, the dominant market for fiberglass insulation. Demand will also benefit from more intensive use of fiberglass insulation per new housing unit, sparked by growing concerns about energy efficiency, and by ease of installation and favorable cost factors.

Foamed plastic insulation is the second largest insulation product in use in the US, accounting for nearly 45 percent of demand in value terms in 2007. Advances will derive from growth in nonresidential building construction activity and increasing penetration of residential markets. Smaller uses, such as the production of appliances and transportation equipment, will trail overall gains.

Other insulation materials, including reflective insulation and radiant barriers, cellulose, mineral wool, perlite, vermiculite, cotton and other materials, all have niche applications. Reflective insulation and radiant barriers will see the fastest growth (albeit from a small base). These insulating materials will find increasing use in metal buildings and other nonresidential structures, as well as in pipe wrap, appliances

and duct insulation, as a means of reducing energy costs. Cellulose insulation is used primarily in residential applications, largely in attic insulation. Mineral wool insulation has high temperature resistance, making it useful in industrial and HVAC applications.

In 2012, residential construction (new and replacement) will account for over 45 percent of demand for insulation in value terms and 60 percent in terms of R-1 insulating value. Gains will be most robust in new construction applications, as the industry recovers from a dreadful 2007 trough. Nonresidential construction markets will also provide growth opportunities, although value gains will be about the same as in the 2002-2007 period, and below the overall average.

| US INSULATION DEMAND (million dollars) | | | | | |
|---------------------------------------------------|------|------|-------|-----------------|---------------|
| Item | 2002 | 2007 | 2012 | % Annual Growth | |
| | | | | 2002- 2007 | 2007- 2012 |
| Insulation Demand | 6899 | 8490 | 11000 | 4.2 | 5.3 |
| Fiberglass | 3509 | 4395 | 5850 | 4.6 | 5.9 |
| Foamed Plastic | 3015 | 3625 | 4510 | 3.8 | 4.5 |
| Reflective/Radiant | 93 | 160 | 275 | 11.5 | 11.4 |
| Mineral Wool | 111 | 128 | 150 | 2.9 | 3.2 |
| Cellulose | 80 | 85 | 106 | 1.2 | 4.5 |
| Other | 91 | 97 | 109 | 1.3 | 2.4 |

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Insulation (published 03/2008, 298 pages) is available for \$4,600 from The Freedonia Group, Inc., 767 Beta Drive, Cleveland, OH 44143-2326. For further details, please contact Corinne Gangloff by phone 440.684.9600, fax 440.646.0484 or e-mail pr@freedoniagroup.com. Information may also be obtained through www.freedoniagroup.com.

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