

### Ceramic Tile Market



Figure 1. Global ceramic tiles market

“  
*The Asia Pacific region is the most attractive market for ceramic tiles due to the rapid socio-economic development in the region.*  
 ”



#### Global Outlook

According to a report by Markets and Markets, the global ceramic tiles market is projected to grow from USD 207.7 billion in 2020 to USD 285.1 billion by 2025, at a CAGR of 6.5% during the forecast period. The ceramic tiles market has been growing due to growth in population, rise in disposable income, growth in renovation & remodelling activities, and increase in investments in the residential and commercial sectors. The rise in demand from emerging economies and the growth of the organized retail sector is also creating growth opportunities for the market. However, volatile raw material prices and increasing regulations & tariffs are restraining the growth of ceramic tiles market.

The Asia Pacific region is the most attractive market for ceramic tiles due to the rapid socio-economic development in the region. The increasing number of new housing units and huge investments in the infrastructural sector are fuelling the demand for ceramic tile materials in this region. The growth of the ceramic tiles market in the APAC region is also driven by increasing demand for ceramic tiles in countries, such as China, India, Thailand, Indonesia, and Vietnam, due to the significant growth in the construction opportunities in these countries. The Asia Pacific region is followed by North America and Europe.



#### UK Ceramic Tiles Market

According to Mordor Intelligence, the increasing demand for floor tiles is set to impact the growth of the ceramic tiles market positively in the United Kingdom. In the United Kingdom, the residential construction sector is thriving, and house construction is at the forefront of the construction activity. Moreover, textures and design elements have become increasingly important within the market with continuing production and printing innovations allowing manufacturers to easily replicate the appearance of natural materials. Commercial, residential replacement and new residential are the key application segments of the United Kingdom ceramic tiles market.



#### Application Insights

According to a report by Grand View Research, in 2019, the floor application segment accounted for the largest share in the industry and is anticipated to witness a revenue based CAGR of 5.9% over the forecast period of 2020-2027. Non-residential construction segments such as hotels and shopping malls are increasingly using these ceramic tiles as they offer cost-effectiveness along with superior aesthetics.

Rising influence of designers and architects for the application of porcelain ceramic tiles, flooring in non-residential application is expected to boost product demand. Easy cleaning, stylish designs, and stain and water resistance offered by these products is likely to propel their demand in non-residential flooring applications over the projected period.



#### Demand for Porcelain Ceramic Tiles

According to Grand View research, porcelain ceramic tiles are expected to remain the most dominant category in the industry and likely to witness a revenue based CAGR of 7.3% over the forecast period of 2020-2027. These ceramic tiles are made from fine, denser clay, and fired at extreme temperatures, thereby offering superior durability to the flooring with exposure to high traffic.

### Ceramic Tile Market



“

*The glazed ceramic tiles are also one of the most popular categories that recorded a demand valued at USD 99.5 billion in 2019...*

”

In addition, impervious porcelain ceramic tiles also offer mould and bacteria resistance thereby enhancing their long-term value in the floor covering. Moreover, chemical and stain resistance offered by the product is also expected to boost the demand for ceramic tiles owing to rising use in shopping malls, hotels, and institutional buildings.

The glazed ceramic tiles are also one of the most popular categories that recorded a demand valued at USD 99.5 billion in 2019 and are likely to witness a revenue based CAGR of 5.3% from 2020 to 2027. These ceramic tiles offer exceptional resistance to staining owing to the presence of a protective layer of glass.

In addition, the protective layer on the glazed ceramic tiles also makes them highly water resistant, thereby increasing their utility in humid conditions. Thus, these ceramic tiles are increasingly being used for applications in wet areas such as bathrooms, kitchens, and laundry rooms, which in turn is expected to heighten market growth over the forecast period.



#### Growth of Organised Retail Sector

The penetration of organized retailers increases the availability of different types of ceramic tiles, subsequently driving the growth potential of this market. The rapidly developing global retail industry is witnessing the entry of many retail stores, which include hypermarkets, supermarkets, and specialty stores. Owing to hectic lifestyles and work schedules, convenience and comfort are increasingly becoming important to customers; hence, large, organized retail stores focus on stocking more varieties and brands of ceramic tiles under one roof to offer more options to consumers. Dedicated retail stores for interior décor products are also making ceramic tiles available for the customers. With the increasing brand consciousness among consumers, the importance of organized retailers offering branded ceramic products and other home furnishing products has also increased. Organized retailing enables customers to gather information on various brands and compare the price, quality, and design of several products, after which they make a buying decision. Thus, the growth of the organized retailing sector is expected to have a positive impact on the ceramic tiles market in the next few years.



#### Volatile Raw Material Prices

Manufacturing of tile is an extremely energy-intensive manufacturing process; power, gas, and transportation costs are the vital cost-related concerns impacting the industry. Uniformity in power and fuel availability at reasonable rates is vital for the growth of the ceramic tiles industry. Volatile and unstable markets have significant negative consequences, which are primarily faced by the manufacturing organizations. There is great volatility in the pricing of raw materials used for manufacturing ceramic tiles. There is price volatility in raw materials, such as silica sand, kaolin, feldspar, and bentonite. Volatile raw material prices increase the capital involved in the entire manufacturing process of ceramic tiles. Rising costs and unexpected deviations in raw material price levels destabilize the supply chains and render it difficult for manufacturers to sustain in the competitive ceramic tiles market.



#### UK Construction Sector

According to the ONS, monthly construction output fell 0.2% in volume terms in August 2021 with the level of output now 1.5% below its pre-coronavirus (COVID-19) pandemic (February 2020) level; new anecdotal

### Ceramic Tile Market



“

*Consumer spending, a major source of economic activity, collapsed as the first wave of the pandemic swept across countries in early 2020.*

”

evidence from businesses continued to suggest that product shortages caused by supply chain issues and subsequent price rises were the main reasons for the decline work remained flat (0.0%), with repair and maintenance falling (0.6%) on the month.

Anecdotal evidence from businesses continued to suggest that product shortages caused by supply chain issues and subsequent price rises were the main reasons for the decline.

The level of construction output in August 2021 was 1.5% (£214 million) below the February 2020 pre-pandemic level; new work was 3.7% (£348 million) below the February 2020 level, while repair and maintenance work were 2.7% (£135 million) above the February 2020 level. The recovery to date, since the start of the pandemic, is mixed at a sector level, shown with infrastructure 45.4% (£852 million) above and private commercial 26.3% (£656 million) below their respective February 2020 levels in August 2021.

### -Economic Impact of Coronavirus-

Undoubtedly, coronavirus is a black swan event – something that happens once in a century. Its spread has left businesses around the world counting costs, with many investors fearing the spread of coronavirus will pose an insurmountable challenge to the economic growth of all major countries across the globe. Almost every industry has been affected, with governments scrambling to somehow arrest the economic decline. Central banks in more than 50 countries, including the US Federal Reserve and the Bank of England have cut interest rates to try to strengthen their economies. Furthermore, most countries have announced unprecedented stimulus packages in the hopes of reviving their economy.

### Effect on Global Demand

Consumer spending, a major source of economic activity, collapsed as the first wave of the pandemic swept across countries in early 2020. All of a sudden, consumers were forced to change behaviour, companies to transform business models, and governments to adjust regulations. And just as the coronavirus has affected regions and individuals in vastly different ways, the economic impact has also been very uneven. Employees able to work from home have maintained jobs and income, accumulated more savings while forced to cut back on spending from lockdowns, travel restrictions, and health fears; others lost jobs and income or closed down businesses and have struggled to pay the bills.

According to a recent report by McKinsey, unlike previous recessions, this one involves no consumer debt overhang, bursting asset price bubbles, or long-term business cycle fluctuations. The sudden and deep drop in consumer spending across China, the United States, and Western Europe, ranging from 11 to 26 percent in the initial months of the pandemic, resulted mainly from cutbacks to in-person services, especially travel, entertainment, and dining.

These categories have been growing over the long term, and consumer surveys indicate a likely strong demand rebound after the pandemic. The massive ten- to twenty-percentage-point spike in the savings rate across the United States and Western Europe has left many households in a strong position to spend. That means an effective vaccine rollout to bring the pandemic to an end could restore consumer demand to pre-pandemic levels, fuelled by rising consumer confidence, pent-up demand, and accumulated savings.

### Impact on Tiles Market

According to Ceramic World Web, despite the pandemic, the year 2020 saw an initial partial recovery in global tile production and consumption, after 2 years marked by a

### Ceramic Tile Market



“

*Production in Asia rose by 2.8% to 11.9 billion sqm, mainly due to the increase in volumes produced in China, India and Iran, which offset the contraction in Vietnam and Indonesia.*

”

downturn. World tile consumption climbed to 16,035 million sqm (+2.5%), while world production, which was hindered by temporary plant interruptions in many countries, grew by 1.7% to 16,093 million sqm.

Production in Asia rose by 2.8% to 11.9 billion sqm, mainly due to the increase in volumes produced in China, India and Iran, which offset the contraction in Vietnam and Indonesia. In the European continent production fell in the European Union (1,218 million sqm; -6.6%), while it grew in non-EU Europe (638 million sqm; +11.9%), thanks to the sharp upswing in Turkey. Production on the American continent also fell to 1,409 million sqm: in North America the losses amounted to just -2.7% (321 million sqm), while in Central and South America, the region worst hit by the extended 2020 lockdowns, production fell to 1,088 million sqm (-7.6%).

Given the high level of investments being made in the major tile producing countries, further growth can be expected in 2021. China closed the first half of 2021 with a 14.7% increase in production compared to the first half of 2020; Brazil with +52% (+24% forecast for the whole year); Spain with +34%; Iran with +10% and Mexico with +48% (+18% forecast for the end of the year). Italian production is also expected to bounce back to pre-pandemic levels driven by surging exports amid double-digit growth rates in several key markets in the first half of the year.

The five-year outlook published by MECS is also very positive and suggests that world tile production may reach 20 billion sqm by 2025 (CAGR 2021-2025 +4.7%), with the strongest growth in Asia and Africa.

#### UK Economic Forecast

The International Monetary Fund has sharply revised up its growth forecast for Britain's economy this year in its latest economic outlook update, after giving a more downbeat assessment in April when the country was only just beginning to relax COVID-19 restrictions.

British economic output slumped by almost 10% in 2020, its biggest drop in more than 300 years, as it suffered one of the world's highest official death tolls for COVID-19 and endured months of curbs on business and social activity.

However, the IMF forecasts Britain's economy could grow by 7.0% this year, the same as the United States and the joint-fastest growth rate among major advanced economies. This was 1.7 percentage points higher than the IMF forecast in April, the biggest upgrade for a major economy. Britain's growth forecast for 2022 was revised down by 0.3 percentage points to 4.8%.

#### Global Economic Forecast

According to the IMF World Economic Outlook forecast, economic prospects have diverged further across countries since the April 2021 World Economic Outlook (WEO) forecast. Vaccine access has emerged as the principal fault line along which the global recovery splits into two blocs: those that can look forward to further normalization of activity later this year (almost all advanced economies) and those that will still face resurgent infections and rising COVID death tolls. The recovery, however, is not assured even in countries where infections are currently very low so long as the virus circulates elsewhere.

The global economy is projected to grow 6.0 percent in 2021 and 4.9 percent in 2022. The 2021 global forecast is unchanged from the April 2021 WEO, but with offsetting revisions. Prospects for emerging market and developing economies have been marked down for 2021, especially for emerging Asia. By contrast, the forecast for advanced economies is revised up. These revisions reflect pandemic developments and changes in policy support. The 0.5 percentage-point upgrade for 2022 derives



### Ceramic Tile Market



“

*The additional support is expected to lift 2021 US GDP growth by 0.3 percentage point and 2022 growth by 1.1 percentage points...*

”

largely from the forecast upgrade for advanced economies, particularly the United States, reflecting the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly across the group.

The additional support is expected to lift 2021 US GDP growth by 0.3 percentage point and 2022 growth by 1.1 percentage points, with positive spillovers to trading partners. This shift is partially offset by the forecast downgrade in 2021 for Japan, reflecting tighter restrictions in the first half of the year as caseloads picked up. Japan is anticipated to see a stronger rebound in the second half of 2021, as vaccination proceeds and the economy fully reopens, improving its growth forecast for 2022. Similar strengthening momentum is expected in France, Germany, Italy, and Spain later this year, carrying over into 2022. Meanwhile, China's 2021 forecast is revised down 0.3 percentage point on a scaling back of public investment and overall fiscal support.

---

ANALYSE | ADVISE | REALISE

---

## Key contacts



**GORDON TITLEY**  
Director

**E:** [gtitley@eurovals.co.uk](mailto:gtitley@eurovals.co.uk)  
**M:** 07734 388785



**DAN EDGAR**  
Director

**E:** [dedgar@eurovals.co.uk](mailto:dedgar@eurovals.co.uk)  
**M:** 07827 999332



**JOHN LAWRENCE,**  
**MRICS** Director

**E:** [jlawrence@eurovals.co.uk](mailto:jlawrence@eurovals.co.uk)  
**M:** 07775 444796



**ANDREW DUNBAR**  
Director

**E:** [adunbar@eurovals.co.uk](mailto:adunbar@eurovals.co.uk)  
**M:** 07967 302675

### LONDON OFFICE

5 Willoughby Street, London,  
WC1A 1JD

0207 048 0184

### BIRMINGHAM OFFICE

Suite 111, Somerset  
House, 37 Temple St,  
Birmingham, B2 5DP  
0121 236 9992

Email address  
[info@eurovals.co.uk](mailto:info@eurovals.co.uk)

**ANALYSE | ADVISE | REALISE**



A valuable strategic partner through every stage of the business lifecycle.

Across virtually every sector of the economy, at every stage of the business lifecycle, EV helps companies in transition understand and realise the maximum value of their assets. With more than 100 years of combined experience, our team of trusted professionals offers unparalleled expertise at assessing the value and managing the sale of assets.

We bring clarity to the process and improve our clients' business intelligence, capital position and confidence.



## Appraisals & Valuations

A deep understanding of our clients' industries, sectors and specific businesses helps us deliver accurate achievable valuations. We perform appraisals & valuations on all asset classes and have significant expertise and experience across all major industries & sectors.

- Plant & Machinery
- Stock/Inventory
- Accounts Receivable
- Business Valuations
- Intellectual Property

## Field Exams – Audits / Surveys

EV conducts due diligence for asset-based lenders across the UK, Europe, and the United States. Our team has experience in collections and insolvency, which lends to unique insight into the potential value of accounts receivable and stock in distressed situations.

## Asset Dispositions / Sales

Whether the result of an insolvency, merger or acquisition, loan default, restructure or simply executing a sales promotion, EV has more than 35 years of expertise providing:

- Auctions
- Private Treaty Sales
- Retail Store Closures
- Orderly Liquidations
- Strategic Disposition Programmes

