

Increasing energy efficiency needs underpin global insulation markets

Press Release

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Despite of the weak economic situation affecting construction industry, investments in insulations are likely to continue due to rising requirements on energy efficiency.

Increasing energy efficiency is no longer a Western European issue but has become essential on a global basis. Accordingly, insulation related regulations, standards and subsidies can be found in most regions of the world. Yet, outside Europe and North America, most of them are not obligatory.

The highest legal standards on energy efficiency can be found in Western Europe and North America. They cover energy policy acts, building codes and subsidies, also for modernizing insulation for buildings. Comparable regulations are established in Japan. Energy conservation acts also exist in China and India, but further measures are only at the beginning. Even in Russia and UAE, energy conservation is an upcoming topic. But both have so far only implemented codes on the thermal performance of buildings. Abu Dhabi was first in the Emirates with introducing building certificates by adapting the American standard LEED.

The insulation market is a growth market. Before economic downturn an annual global growth rate of more than 4% was estimated for the medium term. Schlegel and Partners project growth rates to slow down to 2.6% in the years 2009 and 2010 due to the current economic situation. Public construction spending that influence insulation investments are considered in this reduced growth rate. With returning to a growth rate of 4.6% in 2011 world insulation demand is estimated to achieve USD 32 bn. Schlegel and Partners

further project an acceleration of the annual growth between 2012 and 2016 to a global demand of USD 41 bn as energy efficiency regulations will become more obligatory.

The fastest growing region will be Asia / Pacific with China outpacing all other countries by nearly tripling its insulation demand in dollar terms. Furthermore, high growth rates are expected for Eastern Europe. The demand in Western Europe is already at a high level and is therefore expected to have the slightest growth rates followed by North America.

Deviating growth rates in terms of volume indicate a shift in the distribution of materials. Today, mineral wool products are leading the market, especially in countries with high fire protection requirements like the United States and Japan. Plastic products usually rank second. Only the Chinese market is dominated by plastic materials, mainly of polystyrene.

Exceeding dollar growth rates signify rising relevance of upscale insulation products like polyurethane. This is due to higher requirements that entail more efficient insulations. Additionally, such materials usually have a reduced thickness which is especially interesting when space limitations occur. This trend mainly concerns Western Europe with its high share of refurbishments.

Investments in insulations depend on construction spending which are of course affected by the currently weak economic situation. Nevertheless, it can be assumed that insulation markets will continue to grow. This is due to public construction investments, the introduction of stricter energy conservation laws and continuously high energy price levels.

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