

1Q 2016 Ceramic Tile Industry Update

by Andrew Whitmire

U.S. Tile Consumption Overview:

The U.S. ceramic tile market is off to a strong start this year, as consumption through 1Q was 683 million sq. ft., up 9.3% vs. 1Q 2015 (625 million sq. ft.).¹

The following table shows U.S. tile shipments, imports, exports, and total consumption in thousands of sq. ft.

<u>Year</u>	<u>U.S. Shipments (incl. Exports)</u>	<u>Imports</u>	<u>Exports</u>	<u>Total Consumption*</u>	<u>% Change in Consumption from Previous Year</u>
1Q 2016	226,992	464,790	8,761	683,021	9.3**
2015	897,943	1,881,051	40,718	2,738,276	9.9
2014	816,050	1,711,571	36,996	2,490,624	0.5
2013	793,931	1,723,470	39,513	2,477,888	12.9
2012	748,290	1,491,845	45,618	2,194,518	5.4

*Note: U.S. Shipments + Imports – Exports

**Note: Change from 1Q 2015

Imports:

Through 1Q 2016, 464.8 million sq. ft. of ceramic tile arrived in the U.S., up 9.8% from 1Q 2015 (423.4 million sq. ft.).

Imports in 1Q 2016 made up 68.0% of U.S. tile consumption (in sq. ft.), down from 68.7% in the previous year.

Through 1Q 2016 China was the largest exporter to the U.S. with a 30.1% share of U.S. imports (in sq. ft.). Mexico was in second place, making up 26.2% of imports, followed by Italy with a 17.3% share. Spain and Turkey rounded out the top five with 8.3% and 4.4% shares of imports, respectively.²

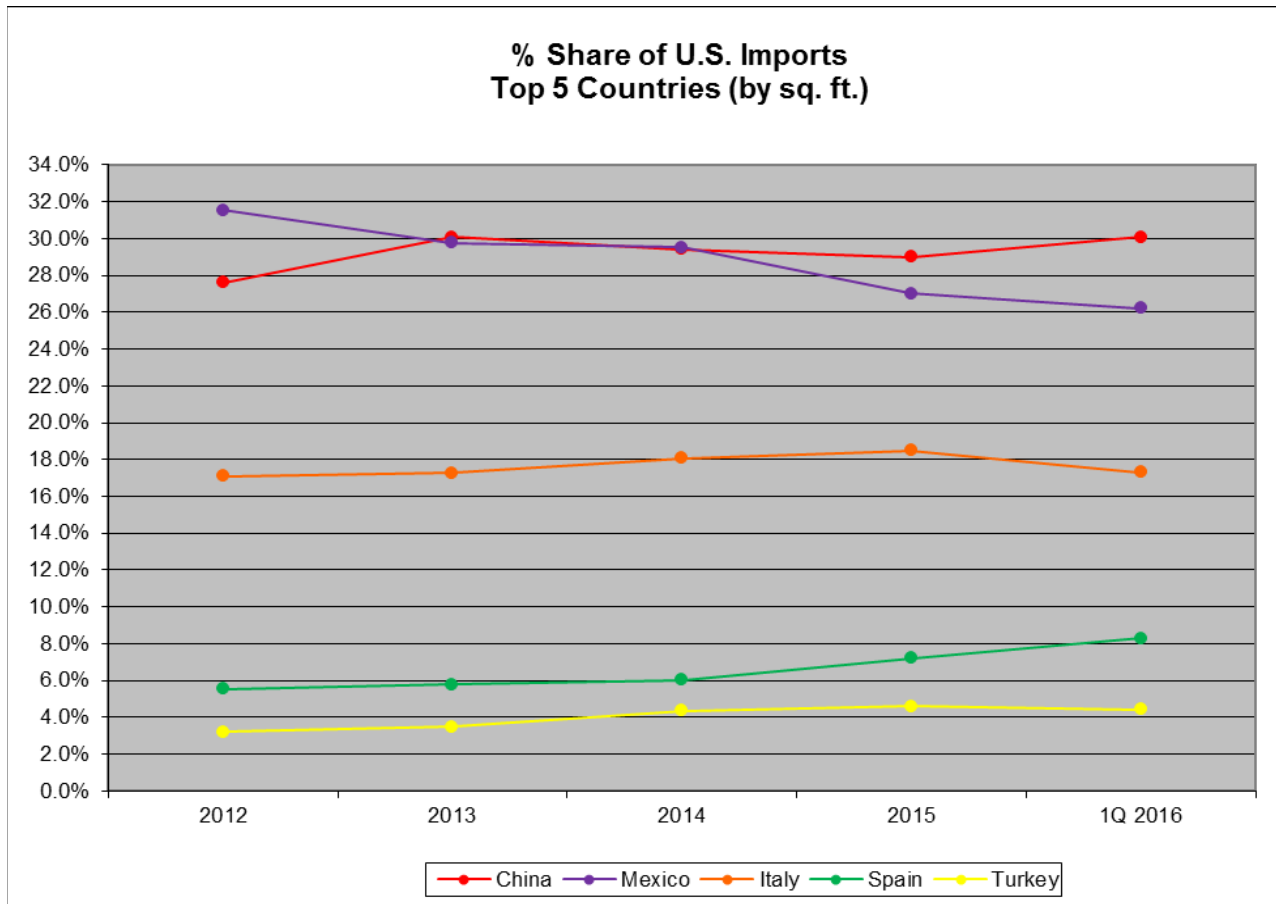
¹ U.S. Dept. of Commerce & Tile Council of North America

² U.S. Dept. of Commerce



The five countries from which the most tiles were imported in 1Q 2016 based on sq. ft. were:

Country	Sq. Ft. 1Q 2016 YTD	Sq. Ft. 1Q 2015 YTD	2016/2015 % Change	2015/2014 % Change
China	139,859,987	140,970,360	-0.8%	12.4%
Mexico	121,768,846	124,262,080	-2.0%	2.5%
Italy	80,477,194	65,493,099	22.9%	2.7%
Spain	38,506,759	24,821,513	55.1%	16.9%
Turkey	20,670,174	16,086,201	28.5%	-8.0%



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Italy remained the largest exporter to the U.S. on a dollar basis (1Q 2016), comprising 32.5% of U.S. imports. China was second with a 26.7% share, and Mexico was third with a 14.5% share.

The five countries from which the most tiles were imported in 1Q 2016 based on total U.S. \$ value (including duty, freight, and insurance) were:

Country	Total Val 1Q 2016 YTD (in \$)	Total Val 1Q 2015 YTD (in \$)	2016/2015 % Change	2015/2014 % Change
Italy	157,571,105	139,438,316	13.0%	7.4%
China	129,805,504	134,843,326	-3.7%	19.8%
Mexico	70,603,216	72,400,875	-2.5%	1.8%
Spain	52,964,224	37,767,530	40.2%	17.0%
Turkey	23,966,062	17,667,848	35.6%	-3.3%
All Countries	485,269,362	444,270,706	9.2%	10.8%

The average values of tile³ (including duty, freight, and insurance) from the five countries (based on sq. ft.) from which the most tiles were imported in 1Q 2016 were:

Country	Sq. Ft. 1Q 2016	Tot Val 1Q 2016 (in \$)	Val/Sq. Ft. 1Q 2016	Val/Sq. Ft. 1Q 2015	Val/Sq. Ft. 1Q 2014
China	139,859,987	129,805,504	\$0.93	\$0.96	\$0.90
Mexico	121,768,846	70,603,216	\$0.58	\$0.58	\$0.59
Italy	80,477,194	157,571,105	\$1.96	\$2.13	\$2.04
Spain	38,506,759	52,964,224	\$1.38	\$1.52	\$1.52
Turkey	20,670,174	23,966,062	\$1.16	\$1.10	\$1.05
All Countries	464,789,548	485,269,362	\$1.04	\$1.05	\$1.02

U.S. Shipments:

U.S. shipments (less exports) in 1Q 2016 rose 8.4% in sq. ft. and 9.3% in \$ value vs. 1Q 2015.

The \$ value/sq. ft. of U.S. shipments (less exports) in 1Q 2016 was \$1.48, up from \$1.46 in 1Q 2015.

³ The average value is significantly affected by the mix of tiles imported, with different types of tiles impacting the average value, in addition to differences in pricing for the same types of tile.

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U.S. produced tile comprised 32.0% of the U.S. ceramic tile market (in sq. ft.) and 39.9% by \$ value, by far the largest in both categories.⁴

Exports:

U.S. ceramic tile exports in 1Q 2016 were 8.8 million sq. ft., down 14.6% from 1Q 2015. The vast majority of these exports (in sq. ft.) were to Canada (74.7%) and Mexico (9.6%).⁵

Economic Highlights:

- The government's revised 1Q 2016 estimate of the change in real GDP was 1.1%, a decrease of 0.3 percentage points from the change seen in 4Q 2015.⁶
- May 2016 new home starts were at a seasonally-adjusted annual rate of 1,164,000 units, a 9.5% increase from May 2015.⁷
- May 2016 new one-family home sales were at a seasonally-adjusted annual rate of 551,000 units, an 8.7% increase from May 2015.⁸
- May 2016 existing single family home sales were at a seasonally-adjusted annual rate of 4.90 million units, up 4.7% from May 2015.⁹
- There were 101,000 foreclosure filings on U.S. properties in May 2016, down 20.5% from May 2015.¹⁰
- The 30-year fixed mortgage rate in May 2016 was 3.60%, down from 3.84% in May 2015.¹¹
- The U.S. unemployment rate was 4.7% in May 2016, down from 5.5% one year ago (May 2015).¹²

⁴ Tile Council of North America

⁵ U.S. Dept. of Commerce

⁶ Bureau of Economic Analysis

⁷ U.S. Census Bureau

⁸ U.S. Census Bureau

⁹ National Association of Realtors

¹⁰ RealtyTrac

¹¹ Freddie Mac

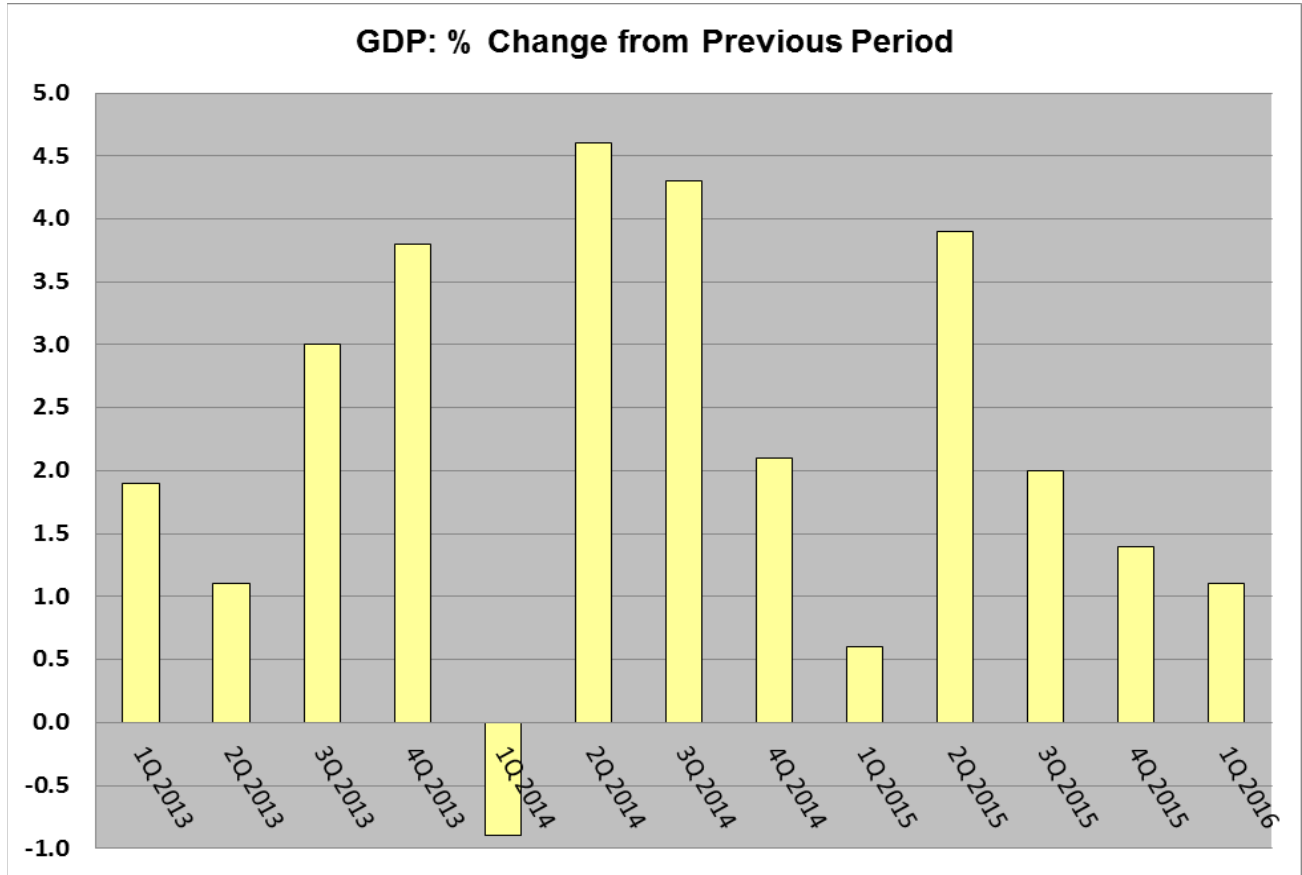
¹² Bureau of Labor Statistics

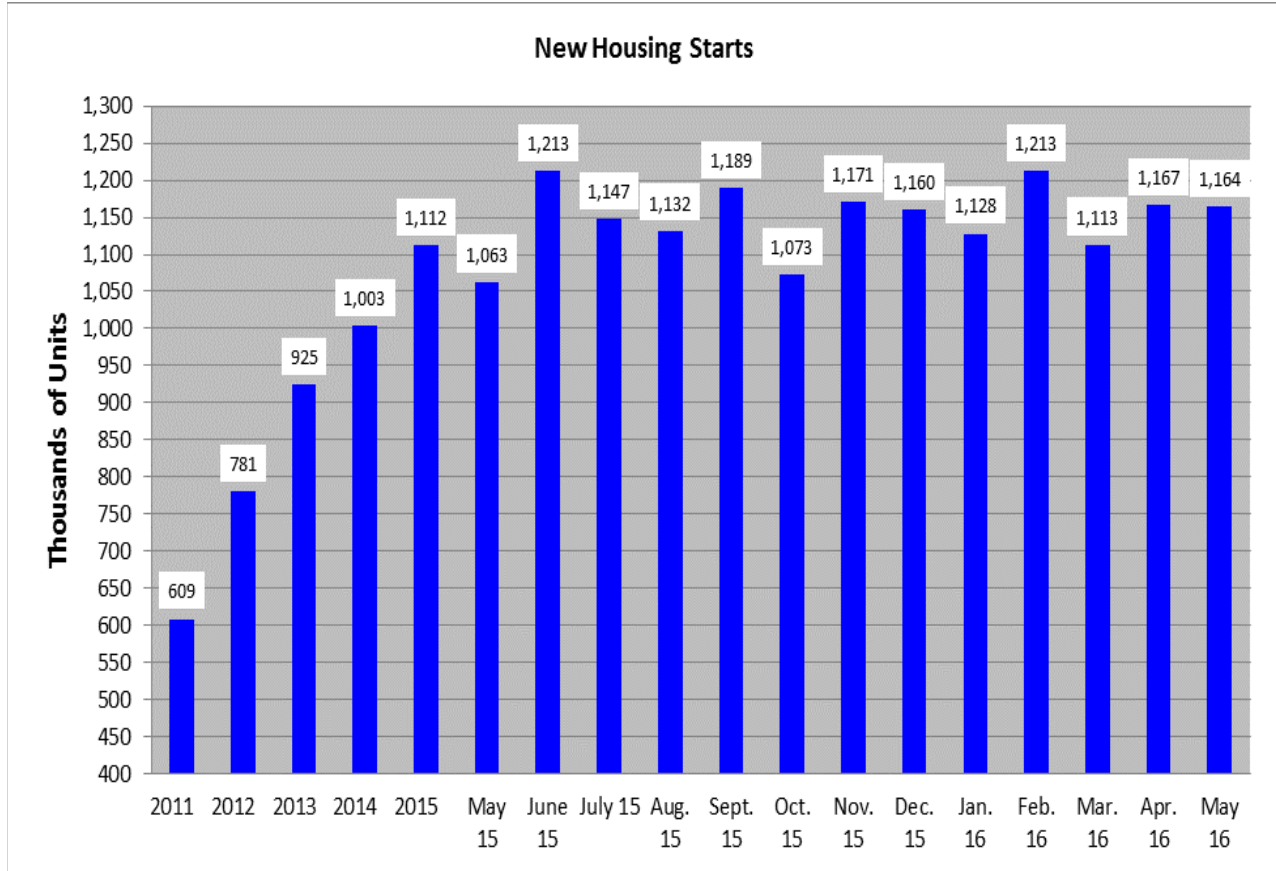
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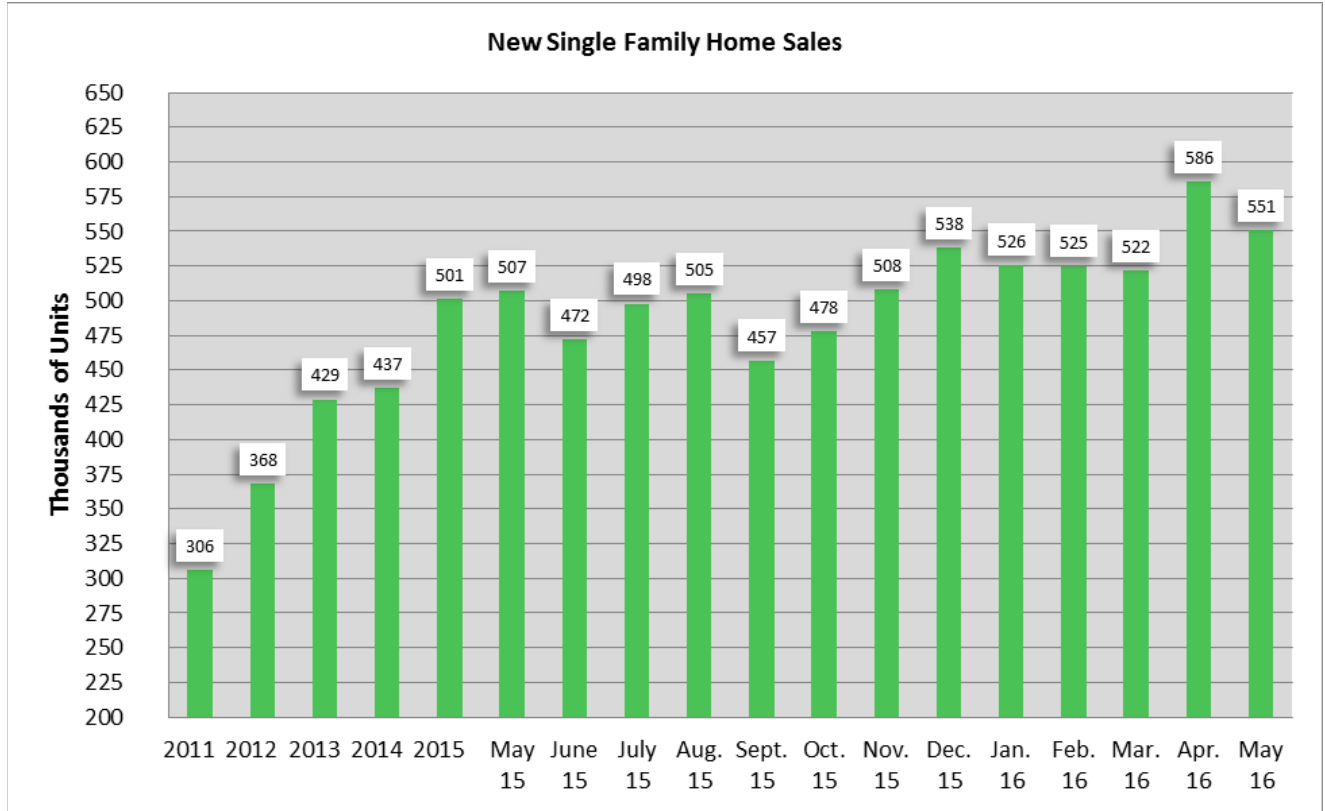




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