Residential Countertops Demand Snapshot **June** 2022

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RESIDENTIAL COUNTERTOPS DEMAND SNAPSHOT **JUNE 2022**

This snapshot discusses recent developments in United States residential Countertops demand and forecast through 2024. Principia monitors and tracks Countertops for recent trends, market developments, and any material share shifts using both primary and secondary research. Market discussions with industry participants complement and refine Principia's demand analysis.

This snapshot contains U.S. residential demand data for 2020–2024 with 2021 as the base year for forecasting through 2024.

Detailed descriptions of methodology, product definitions, and geographic regions and divisions are included at the end of this review.

The scope includes countertops used in U.S. residential kitchen and bathroom applications classified into four material groups. Accessories are excluded. Countertops are measured in square feet.

COUNTERTOP PRODUCTS			
STONE	TILE	WOOD	OTHER
Granite Marble Natural Stone Quartz	Tile	Wood	Laminate Solid Surface Other

RESIDENTIAL COUNTERTOPS DEMAND SNAPSHOT **JUNE 2022**

Limitations and Assumptions

The numerical data presented in this report is based on opinions, market conditions, and other circumstances prevailing at the time the research was performed. Demand current and forecast numerical data is based on data collected January through May 2022 and estimates in this report reflect market conditions at that time. Such opinions, market conditions, and circumstances are prone to change. Therefore, the reader should be aware that matters arising from changed circumstances will affect the accuracy or relevancy of this report.

Accuracy is best in applications which are established. Actual and projected volumes in emerging and developmental applications are estimated through discussion with industry participants with informed industry insights. Overall, we estimate that demand data developed for this report is within 10% of the actual value.

Market pricing is shown for each material and product based on an average at the net manufacturer revenue level (NMR), which is gross revenue less adjustments for rebates and incentives. Totals in summary figures may not add due to rounding. Compound annual growth rate (CAGR) is calculated on a three-year basis in the historical and forecast periods unless otherwise stated.

Further, Principia tracks market size by installed volume working from its database of existing residential inventory, repair and remodeling (R&R) rates in various regions, new construction, and forecasted construction activity.

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1. Residential Countertops Overview

Market Conditions

Current Demand

Figure 1-1: U.S. Residential Countertops Demand by Volume, 2021

2020 Volume	x
2021 Volume	x
2020 Value	$x
2021 Value	$x
2020-2021 Growth by Value	x%
2020-2021 Growth by Volume	x%

Construction type Share	
New	x%
R&R	x%

Material Shares	
Stone	x%
Tile	x%
Wood	x%
Other	x%

Unit Type Shares	
Single Family	x%
Multifamily Low Rise	x%
Multifamily High Rise	x%

Region Growth by Volume 2020-2021	
Southeast	x%
Southwest	x%
West	x%
Midwest	x%
Northeast	x%

Forecast Demand

Figure 1-2: Key Drivers in the U.S. Residential Countertops Market, 2021

Key Factors
Underlying Market
Remodeling
Supply and Pricing
Product Factors

Potential Headwinds through 2024

2. Residential Countertops Demand 2021

Current Demand 2020–2021

Product

Figure 2-1: U.S. Residential Countertops Demand by Product, 2020–2021

Product Group	Product	Volume (MM)		Net Manufacturer Revenue ($ MM)		% of Total (Units MM)		% of Total ($ MM)		ASP		2020-2021 Growth by Volume
		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	
Wood	Wood	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
	Total	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
Natural Stone	Granite	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
	Quartz	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
	Natural Stone	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
	Marble	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
	Total	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
Other	Laminate	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
	Solid Surface	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
	Other	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
	Total	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
Tile	Tile	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
	Total	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
Total	**Total**	**x**	**x**	**$x**	**$x**	**x%**	**x%**	**x%**	**x%**	**$x**	**$x**	**x%**

Product Share Shifts

Application Type

Figure 2-2: U.S. Residential Countertops Demand by Application Type, 2020–2021

Application Type	Volume (MM)		Net Manufacturer Revenue ($ MM)		% of Total (Units MM)		% of Total ($ MM)		ASP		2020-2021 Growth by Volume
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	
Kitchen	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
Bathroom	x	x	$x	$x	x%	x%	x%	x%	$x	$x	x%
Total	**x**	**x**	**$x**	**$x**	**x%**	**x%**	**x%**	**x%**	**$x**	**$x**	**x%**

Construction Type and Unit Type

Construction Type

Figure 2-3: U.S. Residential Countertops Demand by Unit & Construction Type, 2021

	New	R&R
Single Family	x, x%	x, x%
Multifamily Low Rise	x, x%	x, x%
Multifamily High Rise	x, x%	x, x%

Unit Type

Figure 2-4: Monthly Residential Permit Trends, 2019–2022YTD

	Multifamily Permits (Units K)				Single Family Permits (Units K)			
	2019	2020	2021	2022	2019	2020	2021	2022
January	x	x	x	x	x	x	x	x
February	x	x	x	x	x	x	x	x
March	x	x	x		x	x	x	
April	x	x	x		x	x	x	
May	x	x	x		x	x	x	
June	x	x	x		x	x	x	
July	x	x	x		x	x	x	
August	x	x	x		x	x	x	
September	x	x	x		x	x	x	
October	x	x	x		x	x	x	
November	x	x	x		x	x	x	
December	x	x	x		x	x	x	

Region

Figure 2-5: U.S. Residential Countertops Demand by Region, 2021

	2021 Volume	2020-2021 Growth by Volume
West	x	x%
Southwest	x	x%
Midwest	x	x%
Southeast	x	x%
Northeast	x	x%

Product Group Share by Volume

	Natural Stone	Other	Wood	Tile	Total
West	x%	x%	x%	x%	100%
Southwest	x%	x%	x%	x%	100%
Midwest	x%	x%	x%	x%	100%
Southeast	x%	x%	x%	x%	100%
Northeast	x%	x%	x%	x%	100%

Figure 2-6: U.S. Residential Single Family Housing, 2021

State	Total Single Family Units	Single Family Unit Growth
AL	x	x%
AR	x	x%
AZ	x	x%
CA	x	x%
CO	x	x%
CT	x	x%
DE	x	x%
FL	x	x%
GA	x	x%
IA	x	x%
ID	x	x%
IL	x	x%
IN	x	x%
KS	x	x%
KY	x	x%
LA	x	x%
MA	x	x%
MD	x	x%
ME	x	x%
MI	x	x%
MN	x	x%
MO	x	x%
MS	x	x%
MT	x	x%
NC	x	x%
ND	x	x%
NE	x	x%
NH	x	x%
NJ	x	x%
NM	x	x%
NV	x	x%
NY	x	x%
OH	x	x%
OK	x	x%
OR	x	x%
PA	x	x%
RI	x	x%
SC	x	x%
SD	x	x%
TN	x	x%
TX	x	x%
UT	x	x%
VA	x	x%
VT	x	x%
WA	x	x%
WI	x	x%
WV	x	x%
WY	x	x%

Pricing

Figure 2-7: U.S. Residential Countertops Average Selling Price, 2021

Product	Avg Sales Price	Net Manufacturer Revenue ($ MM)	Volume (MM)
Marble	$x	$x	x
Other	$x	$x	x
Natural Stone	$x	$x	x
Solid Surface	$x	$x	x
Wood	$x	$x	x
Tile	$x	$x	x
Laminate	$x	$x	x
Quartz	$x	$x	x
Granite	$x	$x	x

Distribution

Wholesale

Retail

Figure 2-8: U.S. Residential Countertops Distribution Flow, 2021

Total Net Manufacturer Revenue ($ MM): $x

Wholesale	Channel	Net Manufacturer Revenue ($ MM)
Two-Step	Specialty One-Step	$x
	Big Box	$x
	Lumberyard	$x
	Specialty Retailer	$x
	Fabricator	$x
	Direct to Builder/Contractor	$x
Direct	Specialty One-Step	$x
	Big Box	$x
	Lumberyard	$x
	Specialty Retailer	$x
	Fabricator	$x
	Direct to Builder/Contractor	$x

Margin Analysis

Figure 2-9: U.S. Residential Countertops Channel Margin Waterfall, 2021

Channel Margin	Revenue ($ MM)	Share
Net Manufacturer Revenue	$x	x%
Two-Step Margin	$x	x%
Dealer Margin	$x	x%
Channel Revenue	$x	x%

Figure 2-10: U.S. Residential Countertops Margin Pools by Channel, 2021

	Dealer Margin ($ MM)	Two-Step Margin ($ MM)
Fabricator	x, x%	x, x%
Lumberyard	x, x%	x, x%
Specialty One-Step	x, x%	x, x%
Big Box	x, x%	x, x%
Specialty Retailer	x, x%	x, x%

3. Residential Countertops Forecast

Market Outlook

Figure 3-1: Principia Residential Construction Index, 2018–2024

	Principia Residental Construction Index						
	2018	2019	2020	2021	2022	2023	2024
R&R	x	x	x	x	x	x	x
New	x	x	x	x	x	x	x
Overall	x	x	x	x	x	x	x

New Construction Outlook

Figure 3-2: Housing Unit Forecast, 2021–2024

	Millions of Housing Starts	
	Single Family	Multifamily
2005	x	x
2006	x	x
2007	x	x
2008	x	x
2009	x	x
2010	x	x
2011	x	x
2012	x	x
2013	x	x
2014	x	x
2015	x	x
2016	x	x
2017	x	x
2018	x	x
2019	x	x
2020	x	x
2021	x	x
2022	x	x
2023	x	x
2024	x	x

	Single Family	Multifamily	Total
2015-2020 CAGR	x%	x%	x%
2020-2021 Growth	x%	x%	x%
2021-2024 CAGR	x%	x%	x%

Remodeling Spending

Figure 3-3: U.S. Residential Improvements Spending and Repair Activity, 2005–2022

	Private Residential Improvements Spending	Homeowner Improvement and Repair Activity
2005	x$	x$
2006	x$	x$
2007	x$	x$
2008	x$	x$
2009	x$	x$
2010	x$	x$
2011	x$	x$
2012	x$	x$
2013	x$	x$
2014	x$	x$
2015	x$	x$
2016	x$	x$
2017	x$	x$
2018	x$	x$
2019	x$	x$
2020	x$	x$
2021	x$	x$
2022	x$	x$

Forecast Countertops Demand 2021–2024

Figure 3-4: U.S. Residential Countertops Forecast, Year-Over-Year, 2021–2024

YOY Growth	Flooring Overall
2020-2021	x%
2021-2022	x%
2022-2023	x%
2023-2024	x%

YOY Growth	Single Family	Multifamily Low-Rise	Multifamily-High Rise
2020-2021	x%	x%	x%
2021-2022	x%	x%	x%
2022-2023	x%	x%	x%
2023-2024	x%	x%	x%

YOY Growth	New	R&R
2020-2021	x%	x%
2021-2022	x%	x%
2022-2023	x%	x%
2023-2024	x%	x%

Product

Figure 3-5: U.S. Residential Countertops Forecast by Product, 2021–2024

	Net Manufacturer Revenue ($ MM)								
	Granite	Quartz	Laminate	Solid Surface	Wood	Natural Stone	Marble	Tile	Other
2021	$x	$x	$x	$x	$x	$x	$x	$x	$x
2022	$x	$x	$x	$x	$x	$x	$x	$x	$x
2023	$x	$x	$x	$x	$x	$x	$x	$x	$x
2024	$x	$x	$x	$x	$x	$x	$x	$x	$x

	Natural Stone	Wood	Other	Tile
2021 Share	x%	x%	x%	x%

	Granite	Quartz	Laminate	Solid Surface	Wood	Natural Stone	Marble	Tile	Other
2021-2024 CAGR by Value	x%	x%	x%	x%	x%	x%	x%	x%	x%

Application Type

Figure 3-6: U.S. Residential Countertops Forecast by Application Type, 2021–2024

	Volume (MM)	Net Manufacturer Revenue ($ MM)
Kitchen	x%	$x
Bathroom	x%	$x

	2020-2021 CAGR by Volume	2021-2024 CAGR by Value
Kitchen	x%	$x
Bathroom	x%	$x

Unit Type

Figure 3-7: U.S. Residential Countertops Forecast by Unit Type, 2021–2024

Units (MM)			
	Single Family	Multifamily Low Rise	Multifamily High Rise
2021	x	x	x
2022	x	x	x
2023	x	x	x
2024	x	x	x

% of Total (Units MM)			
	Single Family	Multifamily Low Rise	Multifamily High Rise
2021	x%	x%	x%
2022	x%	x%	x%
2023	x%	x%	x%
2024	x%	x%	x%

YOY Growth by Volume			
	Single Family	Multifamily Low Rise	Multifamily High Rise
2021-2022 Growth	x%	x%	x%
2022-2023 Growth	x%	x%	x%
2023-2024 Growth	x%	x%	x%

	Single Family	Multifamily Low Rise	Multifamily High Rise
2021-2024 CAGR by Volume	x%	x%	x%

Construction Type

Figure 3-8: Residential Countertops Forecast by Construction Type, 2021–2024

Units (MM)		
	New	R&R
2021	x	x
2022	x	x
2023	x	x
2024	x	x

% of Total (Units MM)		
	New	R&R
2021	x%	x%
2022	x%	x%
2023	x%	x%
2024	x%	x%

YOY Growth by Volume		
	New	R&R
2021-2022 Growth	x%	x%
2022-2023 Growth	x%	x%
2023-2024 Growth	x%	x%

	New	R&R
2021-2024 CAGR by Volume	x%	x%

Region

Figure 3-9: U.S. Residential Countertops Forecast by Region, 2021–2024

Net Manufacturer Revenue ($ MM)					
Year	Northeast	Southwest	Midwest	West	Southeast
2021	$x	$x	$x	$x	$x
2022	$x	$x	$x	$x	$x
2023	$x	$x	$x	$x	$x
2024	$x	$x	$x	$x	$x

Units (MM)					
	Northeast	Southwest	Midwest	West	Southeast
2021	x	x	x	x	x
2022	x	x	x	x	x
2023	x	x	x	x	x
2024	x	x	x	x	x

% of Total ($ MM)					
	Northeast	Southwest	Midwest	West	Southeast
2021	x%	x%	x%	x%	x%
2022	x%	x%	x%	x%	x%
2023	x%	x%	x%	x%	x%
2024	x%	x%	x%	x%	x%

% of Total (Units MM)					
	Northeast	Southwest	Midwest	West	Southeast
2021	x%	x%	x%	x%	x%
2022	x%	x%	x%	x%	x%
2023	x%	x%	x%	x%	x%
2024	x%	x%	x%	x%	x%

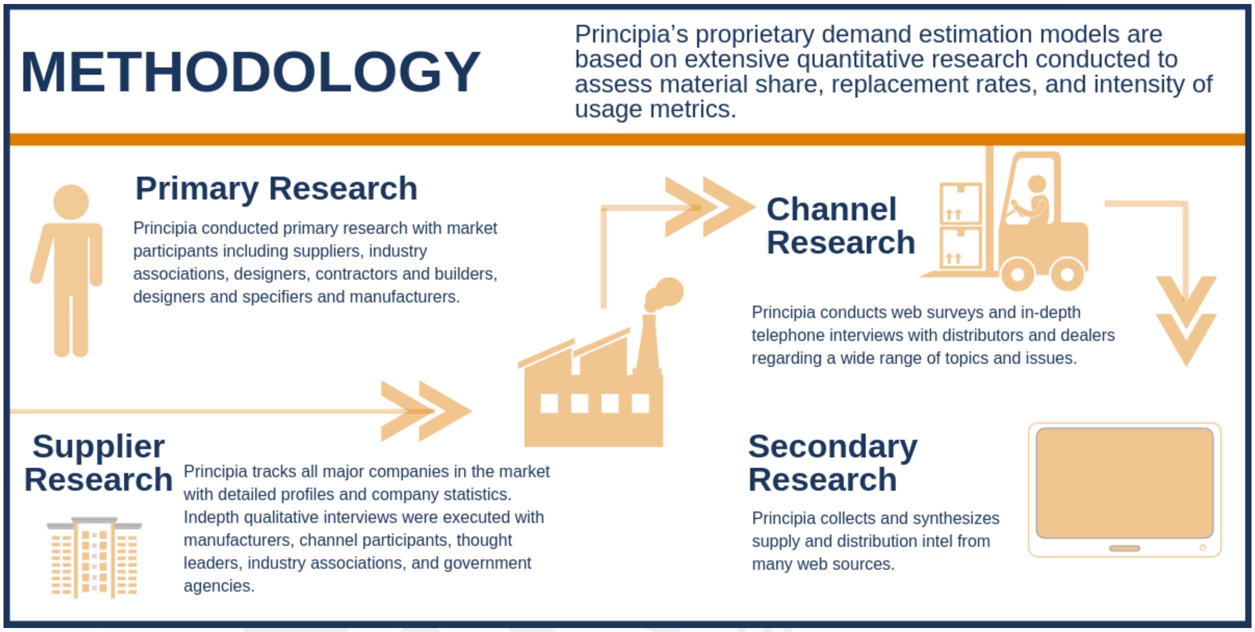
	Northeast	Southwest	Midwest	West	Southeast
2021-2024 CAGR by Volume	x%	x%	x%	x%	x%
2021-2024 CAGR by Value	x%	x%	x%	x%	x%

4. Appendix

Residential Countertops Demand Snapshot Methodology

The methodology used to develop and update *Residential Countertops Demand Snapshot June 2022* is shown in Figure 4-1. Principia delivers full demand and growth estimates twice annually: preliminary in the fall and final mid-year the following year. Preliminary estimates are finalized when the U.S. Census Bureau releases final housing data in the second quarter of each year. In alternating quarters, updates to the underlying housing database keep the model current with any changes in permit activity.

Figure 4-1: Principia Research Methodology



Principia's proprietary demand estimation models are based on extensive quantitative research conducted to assess material share, replacement rates, and intensity of usage metrics. In addition, Principia monitors the building materials market on an ongoing basis with qualitative and secondary research regarding product trends, material share, usage and trends, and regionality. Housing market data and indicators are utilized as well.

Proprietary Construction Industry Model	Principia maintains a database of the U.S. housing stock. The database is based on a proprietary database of existing dwellings constructed from publicly available and third-party sources which is augmented each year by new construction permits at the local level as compiled by the U.S. Census Bureau.
Construction Materials Algorithms	Based on underlying housing units (both new and existing dwellings) and economic growth projections, Principia's demand and growth models are driven by key variables such as repair and replacement rates, intensity of use, material share, and material growth expectations. These inputs are varied according to internal market intelligence and data sources and by several model splits including: • New construction versus repair, remodel & replacement • Single family versus multi-family (low-rise and high-rise) • Geographic region down to the MSA, county, and zip code levels
Third-Party Triangulation	Principia validates housing stock characteristics and usage metrics using a variety of third-party resources. Remodeling activity is triangulated using sources such as LIRA (Joint Center for Housing Studies), NAHB, and FMI. Growth projections are supported by data from the Federal Reserve Bank, U.S. Census, Mortgage Bankers Association, FMI, NAHB, and the Weldon Cooper Center for Public Service at the University of Virginia.
Primary Research	Principia conducts thousands of construction market touchpoints each year including both quantitative surveying and qualitative in-depth interviewing of participants throughout the value chain. Survey respondents include homeowners, contractors, builders, architects as well as dealers and distributors. In addition, in-depth qualitative interviews are executed with manufacturers, channel participants, thought leaders, industry associations, and government agencies. Interviews and surveys assess a range of topics including: • Replacement rates, age, useful life • Project parameters: usage, size, material • Share shifts for products and applications • Dealer, contractor, builder material growth expectations • Regional analysis to detect trends and changes • Insights related to code compliance • Trends by type of building and construction market • Update on structural shifts and industry consolidation • Implications of price changes and inventory levels
Secondary Research	Principia also conducts extensive secondary research regarding housing characteristics, product trends and usage, pricing, and regional differences in building materials.

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Countertops Product Definitions

The countertop products included in Principia's *Residential Countertops Demand Snapshot* are for residential applications in the United States. At the highest level, Principia separates countertops into stone, wood, tile, and other. Countertop materials are available in various sizes given the variability in slabs and fabricated products across product types. Product definitions are listed in Figure 4-2.

Figure 4-2: Countertops Product Definitions

Category	Material	Description
Stone	**Granite**	Granite is a purely natural stone that comes directly from stone quarries and is then cut into thin slabs, polished, and fabricated. This stone is commonly used in residential countertops and demonstrates a distinct appearance and texture. Granite is considered to be a more luxurious countertop material that is very strong and durable.
	Quartz	Quartz is an engineered stone product that consists of ground quartz (a natural hard mineral) combined with resins, polymers, and pigments. The appearance of quartz depends on how the quartz is ground, as coarsely ground quartz produces a flecked appearance and finely ground quartz produces a smoother look. Quartz is considered a more adaptable and better-performing alternative to granite and marble.
	Marble	Marble is a type of metamorphic rock that comes directly from stone quarries and is then cut into slabs, polished, and fabricated. This stone is known for its beauty and high price. It offers a unique color quality that shows dramatic contrast between the overall color and the veins of an alternate color.
	Natural Stone	Other natural stone materials refer to a variety of natural mineral substances that stand in contrast to any synthetic of manufactured stone products. Typically, a stone that has been quarried and cut, but not crushed into chips or reconstituted into cast stone. These materials include soapstone (natural look and rustic feel), quartzite (begins as sandstone and is formed into quartzite through the use of quartz crystals, heat, and pressure), limestone (sophisticated and luxurious-looking material), and travertine (naturally porous stone with cavities and pits in its structure).
Wood	**Wood**	Wood or butcher block countertops are manufactured from straight cuts of wood glued together into thick slabs that provide a particularly sturdy and stable surface. These countertops offer a warm look and have the ability to serve as food preparation and cutting surfaces. Wood countertops are made from a variety of species, but hardwoods such as maple and oak are used most frequently.
Tile	**Tile**	Tile countertops generally consist of a mixture of water, sand, and clay. The spaces between the tiles, known as grout, are filled with a separate mixture of water, sand, and cement-like material. Porcelain tile will typically receive a surface glazing treatment while most forms of ceramic tile are left unglazed. Porcelain tile is also more impervious than ceramic tile and thus subject to less water infiltration.

Category	Material	Description
Other	**Solid Surface**	Solid surface countertops are a man-made material usually composed of a combination of alumina trihydrate, acrylic, epoxy or polyester resins and pigments. Solid surface is now considered as somewhat of a mid-tier countertop material but demonstrates a variety of colors and patterns.
	Laminate	Laminate countertops consist of laminate sheets fused with kraft paper or particleboard with the intent of creating a look that is evocative of higher-end materials, but at a cheaper price point. Laminate countertops can be purchased as pre-formed segments or custom fabricated to specifications.
	Other	Other countertop products refer to materials that are used in kitchen and bathroom applications, but to a lesser extent in comparison to more common materials like stone, wood, and tile. These materials include concrete, stainless steel, paper composite, glass, porcelain, and slate. Material benefits and price ranges vary across these materials as they serve a smaller niche in the residential segment.

Channel Definitions

Principia tracks roughly 49,000 distribution locations for residential building products. Principia classifies distribution outlets according to the criteria shown in Figure 4-3.

Figure 4-3: Channel Classifications

	Two-Step Distributor	Specialty One-Step Distributor	Lumberyard	Big Box Retailer	Specialty Retailer	Other Retailer	Direct to Builder/ Contractor
Alt. Names	Wholesale Distributor, Master Distributor	Short Line Distributor	Pro Dealer, Pro Channel, Pro Yard, Building Supply	Home Improvement Store, Home Center	Deck Store, Door Shop, Window Shop	Home Center, Hardware Store, Mercantile	Direct to contractor, Direct to builder, Direct to consumer
Key Sources of Supply	Supplier/ Manufacturer	Supplier/ Manufacturer, Two-Step Distributor	Supplier/ Manufacturer, Two-Step Distributor	Supplier/ Manufacturer, Two-Step Distributor	Supplier/ Manufacturer, Two-Step Distributor	Supplier/ Manufacturer, Two-Step Distributor	Supplier/ Manufacturer
Key Custo-ners	Lumberyard/ Dealer, Specialty 1-step Distributor, Big Box Retailer, Buying Group	Contractor, Lumberyard/ Dealer, Homebuilder	Contractor, Homebuilder, DIY	Contractor, DIY	Contractor, DIY	Contractor	Contractor, Homebuilder
Select Partici-pants	Amerhart, BlueLinx, Boise Cascade, Capital Lumber, Coastal Forest Products, Great Southern Wood Preserving, Cameron Ashley Building Products, Huttig, OrePac, Palmer-Donavin, Parksite, UFP Industries, US Lumber, Wausau Supply, Weekes	ABC Supply, Beacon, SRS, Foundation Building Materials, Gulfeagle Supply, Interstate Building Materials	Builders FirstSource, Lezzer Lumber, US LBM (Lampert Lumber, Ridout Lumber, Hines Supply, etc.), McCoy's, Parr	The Home Depot, Lowe's, Menards	The Deck Store, Kitchen & Bath Design Works, Perryville Doors & More, DecksDirect, The Deck Store, Window World, Cosentino, Renewal by Andersen, Pella	True Value, Do It Best, Ace Hardware, Sutherlands	Installed Building Products, TruTeam, National Insulation Contractors' Exchange (NICE), Insulate America, Job-site roll-formers, Manufacturers selling direct to consumer
Footpr-int	National, Regional, Local	National, Regional, Local	National, Regional, Local	National, Regional, Local	Regional, Local	Regional, Local	National, Regional, Local

Detailed Channel Descriptions

Two-Step Distributors	Wholesale distributors receive product from a manufacturer, carry inventory and deliver to dealers only. Two-step distributors may alternately be known as master distributor or wholesale distributor. Wood product manufacturers like Weyerhaeuser and Boise Cascade transport their own product as well as product made by other manufacturers. Two-step distributors support dealer customers by maintaining adequate inventory levels so that dealers can buy job-lot/JIT (just in time) product delivered to the dealership or the jobsite. They may also engage in value-added services like priming/painting. Their geographic footprint may be national or regional. • National examples include BlueLinx, Boise Cascade, Huttig, PrimeSource • Regional examples include Cameron Ashley Building Products, Wausau, Palmer-Donavin, Coastal Forest Products, US Lumber
Specialty One-Step	These dealers receive product from a manufacturer or two-stepper and sell predominantly to contractors and builders. One-step distributors typically have showrooms, salespersons and product inventory for a specialized product or group of products. Their geographic footprint may be national, regional, or local. • National examples include ABC Supply, Beacon, Foundation Building Materials (FBM) • Principia includes specialty insulation distributors is this category as well. Examples include IDI Distributors, General Insulation Supply, RIS Insulation Supply (FBM), Service Partners® (TopBuild), Appalachian Insulation Supply
Lumberyards	These distribution outlets are lumber retailers serving pro/contractor, builder, and DIY customers. Because a lumberyard that carries building materials beyond lumber is also known as a “pro dealer,” a lumberyard may alternatively be called pro dealer, pro channel, pro yard, building supply company, or building materials center. While lumberyards may be affiliated with a large national entity or completely independent, yards typically serve a regional or local area. Lumberyards receive product direct from manufacturers or two-step distributors. • National examples include Builders FirstSource, 84 Lumber, US LBM • Regional/local examples include Meek’s, Lezzer Lumber, Marjam Supply, Carter Lumber, Parr Lumber
Big Box	This channel includes warehouse building materials retailers, which may also be known as home improvement centers. Big box receives product direct from manufacturers or two-step distributors, and sells to pro/contractor, builder, and DIY customers. The big box category includes The Home Depot, Lowe's, and Menards. Big box retailers have a national footprint and engage in significant private label activity.
Other Retailers	These are retailers that serve a regional or local pro and DIY population. They may also be known as home centers, hardware stores, or mercantile. Other retailers receive product direct from manufacturers, two-step distributors, or buying groups like Orgill. These retailers may be affiliated with a national company like Ace, True Value, Do-It-Best, Sutherlands, and Modern Building Supply, or are completely independent.

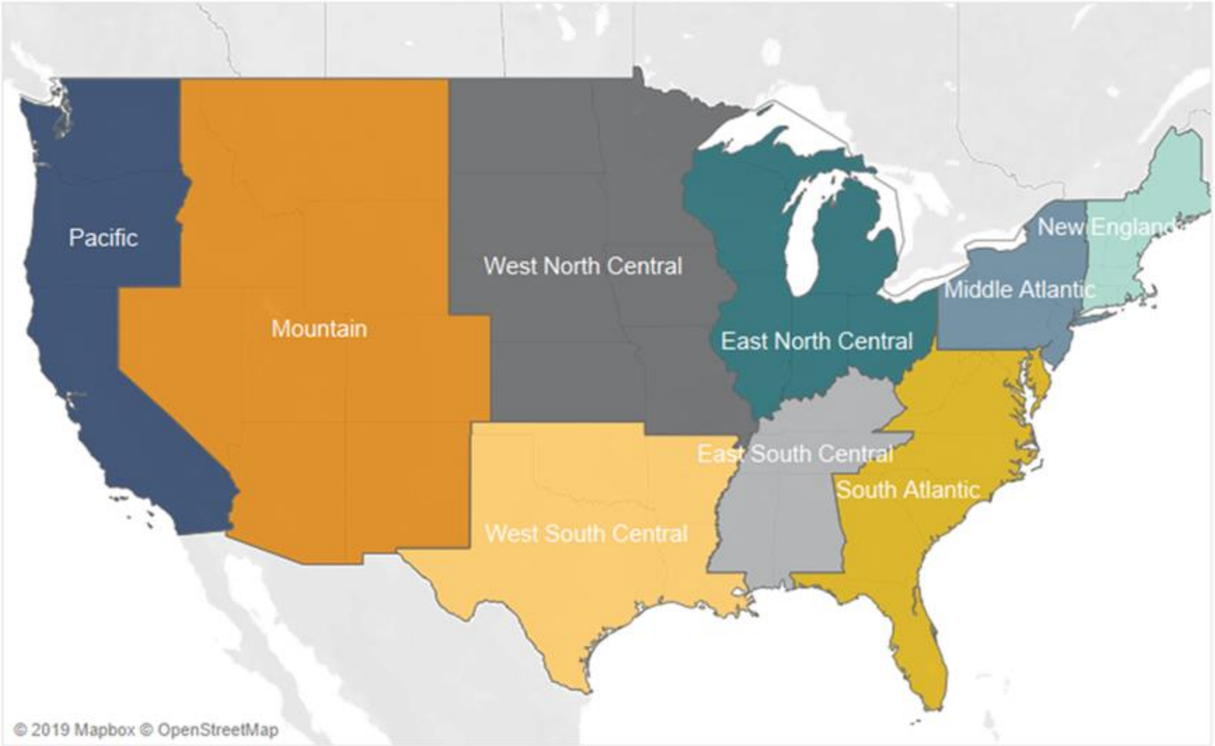
Specialty Retailers	Specialty retailers have a segment focus such as doors, windows, kitchen and bath, decking and railing. Specialty retailers receive product from manufacturers or two-step distributors and sell to pro/contractor, builder, and DIY customers. Specialty retailers typically have a more limited (regional or local) geographic footprint. • Examples of specialty retailers include The Deck Store, Kitchen & Bath Design Works, Perryville Doors & More, Window World.
Masonry Yards	This channel is comprised of concrete, stone, and brick-specific retailers, including company-owned outlets such as those operated by Boral, Acme, and other brick companies. They specialize in construction materials and decking products. They typically serve specialty trade contractors such as masons as well as other contractors and builders. Material is often shipped directly to them from the manufacturer, bypassing two-step distribution.
Millwork	These dealers or “shops” receive inventory from lumber mills to supply building product retailers and construction professionals with standard and custom wood building material products. Most millwork shops offer a suite of fabrication and finishing services to contractors and dealers and may also operate like two-step distributors. Millwork shops may also be fabrication businesses of parent company two-step millwork distributors, such as Waudena Millwork’s relationship with Wausau Supply. Their geographic footprint is typically regional or local. • Examples include Reeb, Bayer Built Woodworks, Central Woodwork, Waudena Millwork
Direct to Builder/ Contractor	This channel is comprised primarily of sales from the manufacturer directly to the builder or contractor. Variations across product categories include multifamily high-rise railing, job-site roll-formers in metal roofing, installers and co-ops in insulation, and direct from manufacturer to consumer in windows. • Examples include Installed Building Products, TruTeam, Champion Windows, C.R. Laurence, Insulate America, Advantage Lumber, and FloorUS

Geographic Scope

In Principia's products, demand and supply are broken out according to the following U.S. Census Bureau regions and divisions as shown in Figure 4-4. The South region is proportionately larger than other regions, so Principia further segments the South region by Census division into Southeast and Southwest regions.

Figure 4-4: Geographic Regions and Divisions

Regions	Divisions	States/Provinces
Northeast	New England	CT, MA, ME, NH, RI, VT
	Middle Atlantic	NJ, NY, PA
Midwest	East North Central	WI, MI, IL, IN, OH
	West North Central	ND, SD, NE, KS, MN, IA, MO
Southeast	South Atlantic	DE, MD, DC, VA, WV, NC, SC, GA, FL
	East South Central	TN, MS, AL, KY
Southwest	West South Central	OK, AR, TX, LA
West	Mountain	ID, WY, NV, UT, CO, AZ, NM, MT
	Pacific	CA, OR, WA, AK, HI



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