

HIA predictions regarding kitchen installations

Caesarstone Classico – Shitake

The Housing Industry Association (HIA) publishes an annual report which examines the numbers of kitchens installed in the past, as well as future projections. This is of specific interest to the stone industry, as we witness the continued acceptance of engineered stone as a benchtop surface, and a gradual resurgence of interest in granite, marble, and other natural materials.

How many slabs will be required?

While the HIA reports that very few kitchen installations require a separate building approval, there are nevertheless a lot of building industry statistics, surveys and informed assumptions available to make estimates of the volume of work done annually.

In 2011, the HIA undertook a thorough review of the processes used to create their report, and declared that they are “satisfied with the integrity of the forecast methodology used in forecasting the kitchens and bathrooms work in new homes.”

However, the HIA no longer predicts actual numbers of renovations, due to a decline in the quality of the available information. This has been replaced by estimates of notional demand for kitchen renovations, which is based on what the HIA regards as reliable estimates of the useful lifespan of a kitchen. This is gauged by looking back at historic records of dwelling completions, and estimating the number of dwellings where kitchens and bathrooms are likely to be reaching an age where the home owners will consider significant upgrades.

While notional demand is largely based on what will happen in ideal circumstances, actual demand is affected by a variety of factors, such as house prices, interest rates, consumer confidence, and events like the forthcoming general election which may make developers, government bodies and consumers hesitant when it comes to spending.

The 9.6 per cent decline in kitchen installations in 2011/12 reflects the general inclination to save rather than spend. The general accuracy of the HIA's predictions is

reflected by their original forecasts for this period which tipped a 10.4 per cent decline.

The total number of new home kitchen installations was 142,300. There have only been four years in the last two decades when fewer installations were completed.

Why these figures matter

Poor figures were recorded in 2008/09 when the Global Financial Crisis loomed large, and in 2000/01 following the introduction of the GST.

During the current 2012/13 term, recorded figures indicate a modest 2.6 per cent increase in kitchen installations which will take the number to 145,900.

A fairly strong decline has been recorded in Victoria, but it is expected to come to a halt in 2013/14. The HIA expects broad-based improvements in new home building in 2014/15, which should produce a 4.9 per cent rise in the number of kitchens installed in new homes.

These figures matter for a variety of reasons. Importers, processors, retailers and installers of natural and engineered stone materials can estimate the number of benchtops they are likely to buy, sell or install.

Retailers of ceramic tiles and glass mosaics, products which are typically used on kitchen splashbacks, can also estimate their future sales of ceramic floor tiles and other hard surface finishes.

Figure 1 reveals how many new kitchens were installed from 1994/95 to 2011/12 and provides forecasts for the periods between 2012/13 and 2014/15.



 caesarstone®

Five new supernatural designs.
Surfaces for your home.



Frosty Carrina™



Dreamy Marfil™



London Grey™

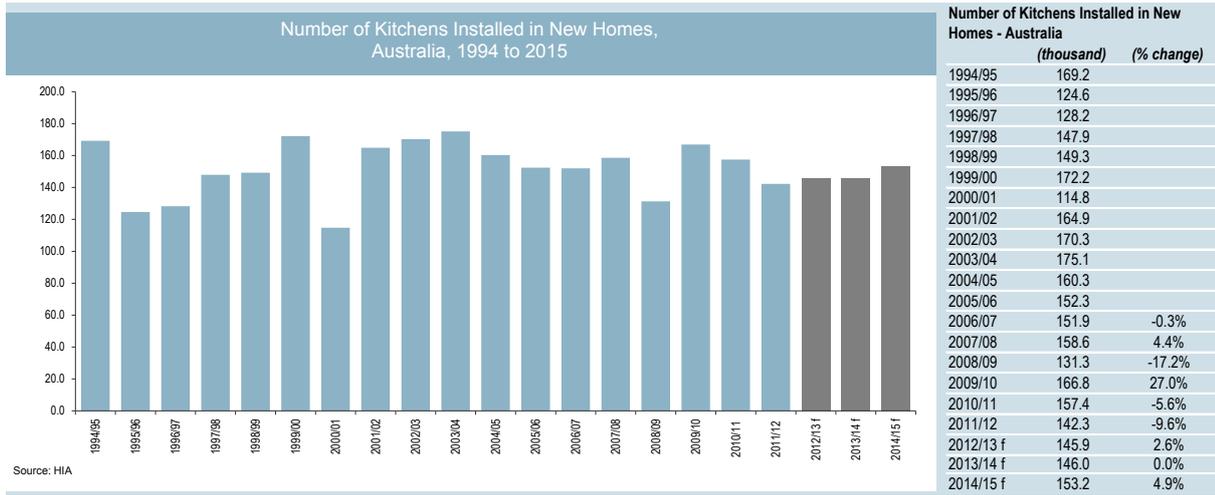


Emperadoro™



Piatra Grey™

Figure 1. Number of kitchens installed in new homes, Australia



If we look at each state we can see the following:

Figure 2. Number of kitchens installed

	NSW	VIC	QLD	NT	SA	WA	TAS	ACT
2009/10	32,000	54,700	34,200	1,200	12,000	25,100	3,100	4,400
2010/11	31,000	59,100	26,600	1,300	10,500	20,800	3,000	5,100
2011/12	29,800	50,300	27,400	1,300	8,800	17,700	2,200	4,700
2012/13 (F)	35,400	46,600	26,500	1,500	8,000	22,500	2,100	3,400
2013/14 (F)	35,900	40,500	30,100	1,600	9,000	23,500	2,100	3,200
2014/15 (F)	36,200	40,900	34,200	1,600	10,000	24,900	2,200	3,200

(F) = Forecast

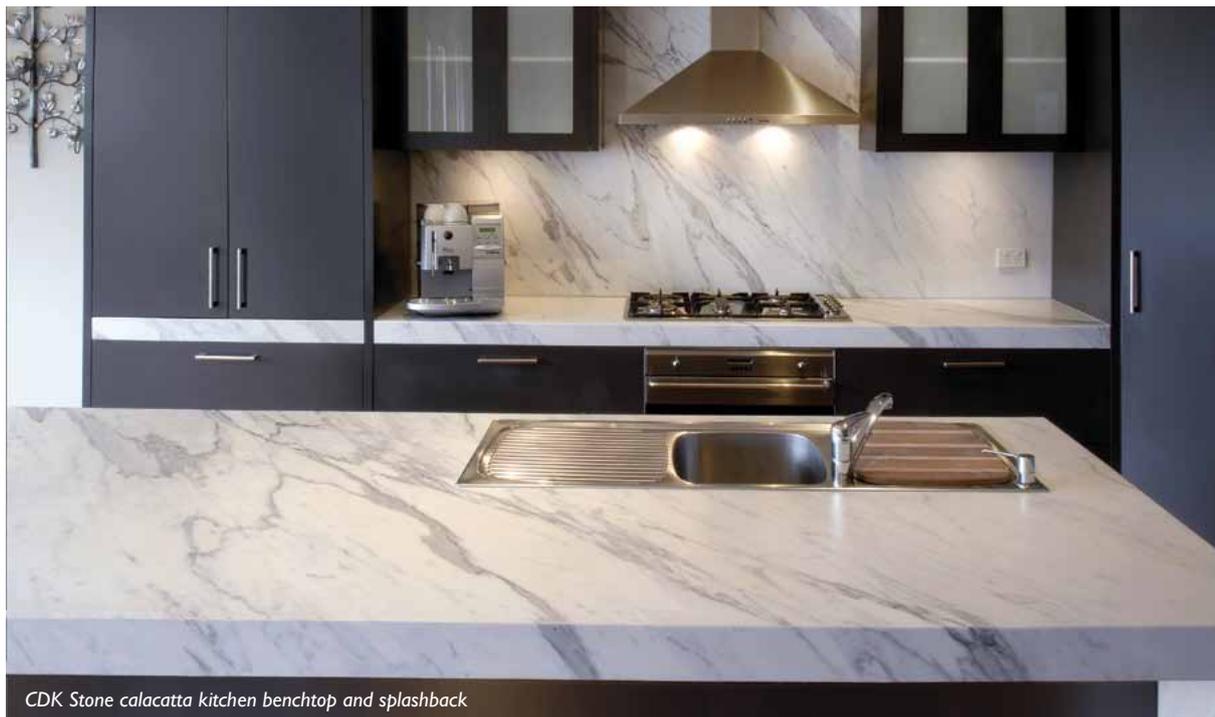
Notional and total demand

This figure is highlighted by Figure 2 which shows a fairly sharp recovery in 2013/14, which continues into 2014/15. The HIA anticipates that the number of kitchen renovations will be approximately 138,000.

If their forecast of 153,200 new kitchens installed in 2014/15 is correct and their notional estimate of 138,000 proves to be close to the mark we are looking at 291,200

kitchens being installed around Australia.

When we last reviewed the HIA's predictions for kitchen installations (*Discovering Stone*, Issue 8 – The Counter Revolutionaries) discussions with a variety of companies engaged in the supply of natural and engineered benchtop materials indicated that there were 2.7 slabs per kitchen. Since then it has become apparent that the number of



CDK Stone calacatta kitchen benchtop and splashback



SMG Stone pty ltd.

Importers of
Marble
Granite
Onyx
Travertine
Limestone



Direct importers & wholesale distributors of quality natural stone such as granite, marble, limestone, onyx, travertine and engineered stones in slab form

Huge collection of product range for bench tops, building facades, lobbies, vanities, staircases and for various interior and exterior applications

High quality at right price
As project suppliers, we are able to procure natural stone according to your specs

Aim to achieve 100% client satisfaction
by delivering an exclusive product.
Visit our website for more details.

www.smgstone.com.au

Sydney

70 Rosedale Avenue
Greenacre, NSW-2190
Ph: +61 2 9708 5566
Fax: +61 2 9708 5533

Melbourne

62-70 Export Drive
Brooklyn, VIC - 3012
Ph: +61 3 9314 7222
Fax: +61 3 9314 7200

Perth

Lot 12, Stockdale Road
Oconnor WA-6163
Ph: +61 8 9337 5044
Fax: +61 2 9708 5533



BRINGING NATURE TO HOMES

slabs installed in apartments is less than in new homes and general renovations.

This makes it difficult to accurately calculate the volume of benchtop space. However, according to the HIA report, respondents who were questioned about the size of the renovations they worked on reported as follows:

- 55 per cent enlarged the area of the kitchen
- 45 per cent worked within the existing footprint
- 0 per cent made the area smaller

So while new kitchens in apartments may be smaller, renovated kitchens in private homes appear to be either



Benchtop and splashback in Austral Juparana
(image courtesy Melocco Stone)

the same size or larger, which probably indicates more benchtop space.

To play safe we have used the figure of 2.5 slabs per installation. The question is what percentage of home owners select natural or engineered materials versus laminate, timber or alternative materials like ceramic tile.

In the aforementioned article in issue 8 we concluded that 65 per cent of benchtop installations were non-stone. We arrived at this figure following discussions with Andrew Dixon, the sales and marketing manager of CaesarStone, and acknowledged industry authorities at a variety of companies including CDK Stone.

Current perceptions indicate that the continued popularity of engineered stone, and a minor resurgence of interest in natural stone, has accounted for further erosion of the popularity of laminate materials. As a consequence we feel confident in assuming that at least 45 per cent of all kitchen benchtops feature natural or engineered stone.

If our estimate is correct we can calculate the following:

HIA prediction for new and renovated kitchens total benchtop space in 2014/15 = 291,200 x 2.5 slabs = 728,000 slabs or alternative surface finishes.

This begs the question, what proportion of this figure represents natural versus engineered stone? Discussions held with leading fabricators and suppliers of both products vary between 10 and 20 per cent. For the purpose of our calculations we will adopt the lower figure of 10 per cent. This results in the following figures, which are it must be stressed no more than a well-informed guess extrapolated from our research and the HIA figures.

If 45 per cent of the estimated 728,000 benchtops are

LT-55 THE REVOLUTION OF DIGITAL TEMPLATING IS HERE

- ▶ 10.5" Screen for faster and easier templating and editing
- ▶ Slab layout to streamline your fabrication
- ▶ Simple CAD functions designed for easy learning for countertop fabrication
- ▶ Battery life up to 5 hours
- ▶ Automatic updates so you are always running the most up to date versions
- ▶ Built in keyboard for easy jobsite data entry
- ▶ Micro-Adjust for the most accurate measurements
- ▶ Windows 7, faster processing & new features that increase productivity
- ▶ Built in scheduling software for faster template and installation dates
- ▶ Built in estimating features (compatible with microsoft excel)
- ▶ Upgrades from the LT-55 available with quick turnaround times
- ▶ CDK Stone customer service + support throughout Australia and New Zealand



EXCLUSIVELY DISTRIBUTED BY CDK STONE

Melbourne 03 8552 6000 Sydney 02 9822 5155 Gold Coast 07 5537 3222 Perth 08 9406 3100 Auckland 09 475 0495

cdk
CDK STONE
cdkstone.com.au

Silestone® Authentic Life

Kitchen and Bathroom Surfaces

Each element that surrounds us contributes to build our reality.
That's the authentic existence, the existence that defines who you are.

Silestone® lets you express character and emotion through your kitchen and bathroom. The only benchtop with bacteriostatic protection, and available in varied and exclusive textures.

Live the authentic life, live your life with Silestone®.



SILESTONE
by COSENTINO

THE ORIGINAL

"Every day I live the challenge to teach high-level cooking to my clients. It's a dialogue with them and the ingredients, with the cooking tools and with the kitchen itself. It's tension and satisfaction. That's Authentic Life."

Alain P. Guiard.
(Chef, Gold Trophy
International Catering Cup 2013)



Benchtop LYRA

www.silestone.com



Ask for an authentic Silestone® Benchtop. Activate your warranty on our website.



covered with engineered or natural stone, the total number of slabs required is 327,600.

If 10 per cent of that figure is natural stone the breakdown is as follows:

- Natural Stone: 32,760 slabs (*13,104 kitchens)
 - Engineered Stone: 294,840 slabs (*117,936 kitchens)
- *Based on 2.5 slabs per kitchen

These figures only relate to kitchens in private residences, they do not account for commercial kitchens, reception desks, bar-tops or other commercial locations where natural stone is still highly favoured.

Material trends

Digital inkjet printing processes are revolutionising the ceramic tile industry, by permitting manufacturers to accurately reproduce increasingly impressive replications of natural stone and hard surface finishes like timber. Leading producers of engineered stone are going down the same path. Adoption of similar technologies allows engineered stone producers to provide clients with slabs that have subtle differences in appearance, enhancing their appeal to end users who appreciate the variances which appear in natural stone.

This is new territory for engineered stone suppliers that previously promoted the product's consistent appearance as a key benefit to builders who were building multiple dwellings.

When visitors to Cersaie, Italy's major ceramic tile exhibition make their annual pilgrimage to Bologna, they

regularly report that the ceramic tile imitations of stone are utterly convincing, but when some of them journey on to the stone show, Marmomacc in Verona, they come away with a different point of view.

In reality it is impossible to accurately mimic the aesthetics of a totally natural product. For this reason alone engineered stone producers will largely stick to their core strengths.

Natural stone devotees will be encouraged by growing evidence that designers and consumers are using alternatives to granite, in particular marbles like Calacatta. The wide availability of effective sealers and maintenance products has reduced the risks of stained benchtop surfaces. Coating products which effectively protect against staining and etching in restaurants and bars are encouraging specifiers to use marble on bar tops in casinos and hotels.

While natural stone retains its status as the prestige benchtop hard surface, the fact is that engineered stone continues to surge ahead in the broad popularity stakes.

Major players like CaesarStone and Cosentino are probably going to raise the bar a notch by introducing a range of slim (thin) slab materials while manufacturers of thin ceramic panels and tiles are working on lightweight, impervious ceramic products that will colour match or contrast the chosen floor tile.

The battle for hearts and minds will intensify when the economy finally turns the corner. 



A CHIP OFF THE OLD BLOCK



The StoneLux Compact Kit allows for fast, high quality and durable repairs to natural and engineered stone.

**COST EFFECTIVE • FAST AND DURABLE
PERFECT OPTICAL INTEGRATION • NON-YELLOWING
INDOOR AND OUTDOOR USE**

invicon
chemical solutions

FOR MORE INFORMATION, OR TO ORDER VISIT CDKSTONE.COM.AU

Melbourne 03 8552 6000

Sydney 02 9822 5155

Gold Coast 07 5537 3222

Perth 08 9406 3100

Auckland 09 443 3932

cdk

CDK STONE
cdkstone.com.au

RHINOTM

ENGINEERED MACHINERY GROUP

COMPACT BRIDGE SAW

- Mitre cut capable of up to 45°
- Cutting head capable of 90° rotation
- Work table capable of 360° rotation
- Work table capable of 85° tilt



EDGING SQUARE POLISHING MACHINE MSQ8

- 8-polishing heads
- Polishes lengths up to 3.2 metres @ 30m/hr speed
- Mitre-cut (optional)



SELF CLEANING PURIFIER WORK BENCH

- Self-cleaning by pulse control
- Compact dust-collection solution adapting to any kind of work
- Suitable as a workbench for stone cutting, metal welding and as a workplace purifier
- Built-in double power outlets & air pressure point
- Specially designed large 30m² filters and 4.0 kilowatt outlet



TOOLS AND ACCESSORIES



INSTALLER TROLLEY WITH TOOL BOX

780mm (l) x 600mm (w) x 750mm (h)

Features:

- 1) with removable tool box
- 2) 360° rotation
- 3) Capable of climbing a few steps



WORKING BENCH

2300mm (l) x 560mm (w) x 970mm (h)

Features:

- 1) Top rubber lining
- 2) Movable crossing bars
- 3) Tool hanging rods
- 4) Cutting blade shelving
- 5) Heavy duty double-lock castors