

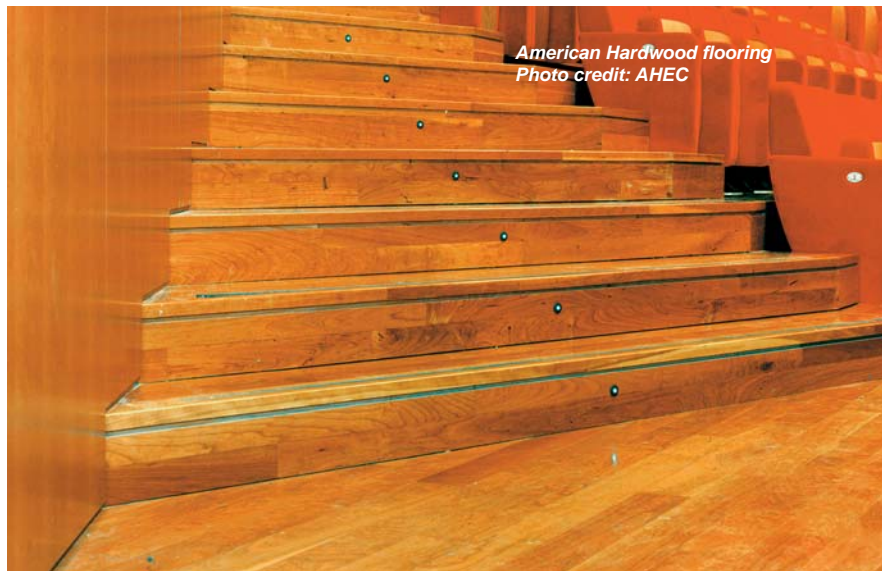
# Wooden flooring in Asia

By Dr. Jegatheswaran Ratnasingam, FIWSc. & Saied Reza Farrokhpayam

*The global wooden flooring market was valued at 550 million square meters in 2006, and the Asian region accounts for almost 60 per cent of it. According to the International Furniture Research Group (IFRG), the market size for wooden flooring in Asia was estimated to be in the range of 280 million square meters and there is evidence to suggest that the annual growth rate of 5 per cent will continue for many years to come. Fuelled by the construction sector boom in China, the Asian region has emerged as a large market for wooden flooring. According to the International Furniture Research Group (IFRG), the Asian region is more or less self sufficient in terms of wooden flooring, and in some countries, particularly China, the excess capacity has developed into a large export-oriented industry.*

The total production capacity of wooden flooring in Asia was estimated to be in the region of 350 million square meters per annum, with China being the largest producer with a capacity of almost 270 million m<sup>2</sup> per annum. Producers in Southeast Asia, Japan and India share the balance of the capacity. Solid wood flooring accounts for almost 65 per cent of the total production, while the balance 35 per cent is made up of laminated flooring. The fact that the wooden flooring industry has grown into a highly mechanized-process with almost 85 per cent automation, large manufacturers tend to have a competitive edge over their smaller counterparts. There are about 530 wooden flooring manufacturers throughout Asia, and the average capacity of a typical manufacturer in Asia would be in the range of 500,00 m<sup>2</sup> per annum. Further, the average value-addition per employee in the regional industry is in the range of USD31,000, clearly reflecting the status of the industry as being a medium range value-added product manufacturer. Comparatively, the wooden flooring manufacturers in Asia are smaller in production capacity compared to their counterparts in Europe. About 60 per cent of the wooden flooring demand in Asia is from the office and institutional flooring sector, while the balance is from the housing sector.

According to a International Furniture Research Group (IFRG) study, the market size of wooden flooring in Asia was estimated to be



American Hardwood flooring  
Photo credit: AHEC

280 million square meters per annum, with China consuming almost 210 million square meters per annum and Japan taking up almost 35 million m<sup>2</sup> per annum. Other major consumers of parquet flooring in Asia are India, South Korea, and the Southeast Asian nations, particularly Singapore and Malaysia. Demand for parquet flooring is primarily driven by the activities in the construction sector, and it is understandable that China commends the largest market in the Asian region due to the construction boom taking place in the country.

## Nature of wooden flooring

There are three major types of wooden flooring produced in the Asian region namely: multi-layered, solid/strip and mosaic. The relative proportion of the types produced is pointing towards a predominance of the solid and mosaic

types in Asia although the laminated parquet appears to be continuously increasing in market share, particularly, the export-oriented market. In fact since the early 2000s, the proportion of multi-layered wooden flooring production in Asia has increased by almost 30 per cent since the mid 1990's, and in the year 2006, it was reported that multi-layered wooden flooring accounted for almost 35 per cent of the total production in the region. The expansion in the production capacity of multi-layered wooden flooring in Asia is at the expense of the mosaic type, which appears to be less preferred and is slowly losing market share. On the other hand, the strip flooring market in the Asia has been able to retain its market share at 60 per cent despite increasing competition from the other types of parquet. The preference for solid/strip flooring in Asia is possible



Kempas flooring  
Photo credit: Ekowood

attributed to the prevailing taste for „single stock“ materials, which undermines the demand for multi-layered flooring, which is often perceived as being manufactured from „recycled wood stock“.

One of primary driving forces for the rapid expansion in the production of multi-layered wooden flooring in Asia is the increasing demand for such products from the large importing nations, particularly Germany. The German market for wooden flooring, the largest in Europe, was close to 25 million m<sup>2</sup> in 2006, and multi-layered flooring fulfilled almost 87 per cent of this demand. Green consumerism culture has a much stronger following in Europe compared to United States and other major flooring markets and hence, it is no surprise that flooring materials which inadvertently points toward conservation of wood resource is preferred. Further, multi-

layered flooring comes in a much wider variety and colors to provide customers with the widest possible array of choices of flooring materials. It has been estimated that the global demand for multi-layered wooden flooring is about 62 per cent of the total of 340 million m<sup>2</sup> per annum. Furthermore, with an expected annual growth rate of 1.5 per cent, the future demand for multi-layered flooring is definitely on the increase, and manufacturers of wooden flooring in Asia are expected to shift increasingly towards this type of wooden flooring.

In terms of product economics, the net price fetched by multi-layered flooring is lower than those for solid. In 2006, the average retail price of multi-layered flooring was in the range of USD 14.00 per m<sup>2</sup> compared to USD19.00 per m<sup>2</sup> for solid strip flooring. On the other hand, the mosaic flooring fetched the lowest retail price of



Offices: MALAYSIA \* INDONESIA \* THAILAND \* VIETNAM \* CHINA \* EUROPE \* AFRICA

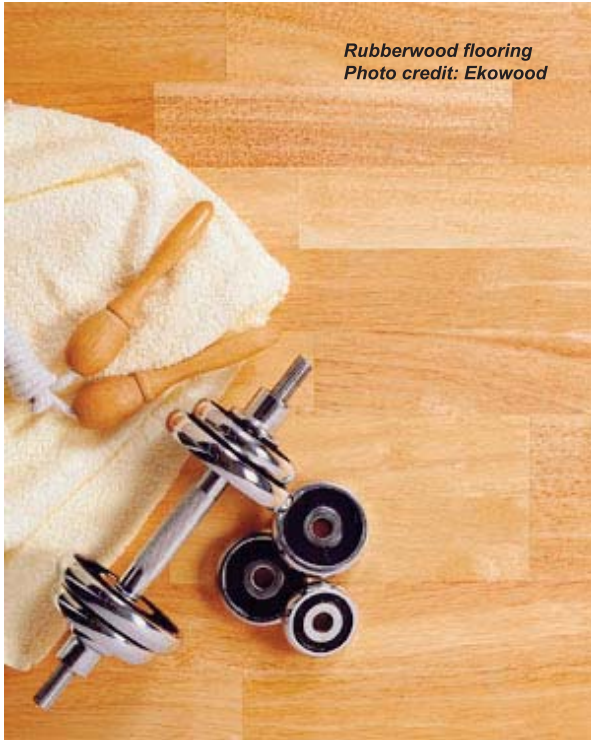


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S U P P L I E R S   O F   S O F T   &   H A R D W O O D S   S A W N   T I M B E R   &   V E N E E R S



*Rubberwood flooring  
Photo credit: Ekowood*

share expansion in the global marketplace, particularly at the expense of the European and North American manufacturers.

Among the most common wood species used in wooden flooring in Asia have been tropical hardwoods, such as Merbau, Kempas and Meranti. However, in recent years, as the export of wooden flooring from Asia has increased significantly, imported wood species such as Oak, Beech, Maple and Pine, coupled with a range of other exotic materials such as bamboo and

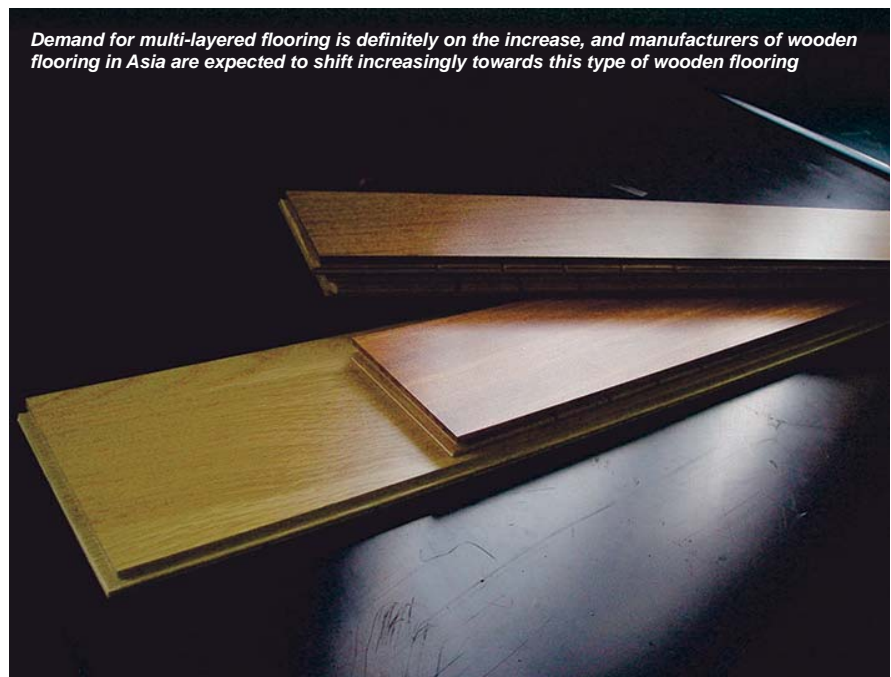
coconut wood are also increasingly used. One notable species of wood that is continuously increasing in market share is rubberwood, which by far is the single most predominant wood species in the Southeast Asian region.

## **The future of wooden flooring in Asia**

In the final analysis, the wooden flooring manufacturing industry in the Asian region will continue to enjoy a sustained growth, and the opportunity for exports from the region appears increasingly steadily. As most Asian economies strengthen their export portfolio of value-added wood products, the growing export of wooden flooring is inevitable. Nevertheless, exporters of wooden flooring from this region need to ensure that the wood stocks used are derived from sustainable sources, as green consumerism is rapidly gaining momentum in worldwide, particularly in Europe. In this context, the use of plantation wood resources, such as rubberwood, is necessary for exporting wooden flooring into Europe, while wood resources from the natural forests may be more acceptable in the United States. Perhaps, the manufacture of multi-layered flooring using a variety of stocks such as palm oil, coconut and teak will pave the way for greater market share capture by the Asian exporters in the future.

USD12.00 per m<sup>2</sup>, reflecting the poor demand for this type of wooden flooring in the global marketplace. Solid strip flooring, which necessarily demands a better foundation for lay-up and higher quality wood stock, is obviously the most expensive choice among the different types of wooden flooring. On the other hand, the easier lay-up (commonly referred to as glue-less and floating lay-up) of multi-layered flooring to a large extent contributes towards its lower cost.

Generally, the production cost of wooden flooring in Asia is much lower compared to that in Europe, and this difference is predominantly explained by the lower raw materials and labor cost. The fact that raw materials and labor are lower by about 20 per cent and 85 per cent, respectively, clearly reflects the cost competitiveness enjoyed by the wooden flooring manufacturers in the Asian region compared to their counterparts elsewhere in the world. In this context, it is no surprise that Asian manufacturers are envisaged to continue their market



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