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US industry forecasts to 2009 & 2014

Asphalt

Study # 1986 | **October 2005** | **$4200**

US asphalt market to top $12 billion in 2009

Demand for asphalt products is forecast to advance 1.2 percent annually to 38.8 million tons in 2009, valued at over $12 billion. This will generate demand for 215 million barrels of primary asphalt, the vast majority of which is refinery asphalt. Gains will derive from expanding demand for asphalt paving products, which will benefit from new highway and road spending; and growth in demand for asphalt roofing products, which will benefit from recovery in nonresidential building activity. Advances will be moderated by declining new residential building activity, in particular a sharp decline in single family housing starts.

Paving product volume to improve on '99–'04 period

Demand in the dominant paving products sector is forecast to increase 1.3 percent annually to 33.5 million tons in 2009, an improvement over the 1999 to 2004 period when paving asphalt demand declined slightly. Increased federal and state spending on highway and road construction will help drive gains, particularly in view of the passage of the Safe, Accountable, Flexible and Efficient Transportation Equity Act -- A Legacy for Users (SAFETEA-LU), federal legislation which authorizes spending through 2009.

Among the different types of asphalt paving products, demand for emulsified asphalt will benefit from the use of in-place recycling, microsurfacing and chip seal technologies. Asphalt cement will continue as the dominant asphalt paving product. Continuing adoption of performance-based specifications for road projects will generate demand for polymer-modified asphalts.

Roofing asphalt to remain dominant in market value

Consumption of asphalt roofing products is projected to expand less than one percent annually to nearly five million tons in 2009. Gains will derive primarily from renewed growth in nonresidential building. The construction of office, commercial and industrial buildings dwindled during the 1999-2004 period, negatively affecting demand for roofing products. As nonresidential building posts resurgent growth, consumption of built-up, modified bitumen and roll roofing will benefit. Gains will be moderated, however, by slower growth in the larger residential roofing market, as a sharp decline in single family housing starts negatively impacts demand.

Although asphalt paving products account for the bulk of demand in volume terms, higher value asphalt roofing products account for over half of the value. Modified bitumen and built-up roofing will pace gains, while asphalt shingles (the primary product used in steep slope applications) will record below average advances. This reflects gains in nonresidential building construction (which utilizes primarily flat roofing), and slowing construction of new homes (which primarily utilize shingles).

Study coverage

This 302-page Freedonia industry study, ***Asphalt***, is available for $4200. It provides historical US demand data (1994, 1999, 2004) and forecasts to 2009 and 2014 by asphalt product, market and region. The study also considers market environment trends, evaluates market share and profiles 40 leading competitors.

Contents/Tables/Charts

historical data through 2004
plus forecasts to 2009 and 2014

#1986 - "Asphalt"

TABLE VII-6

ASPHALT DEMAND BY REGION & TYPE
(thousand tons)

Item	1994	1999	2004	2009	2014
Construction Expend (bil 2000$)	662	805	874	970	1065
tons asphalt/mil $ expend	48.8	45.6	41.7	40.0	38.4
Asphalt Demand					
By Region:					
Northeast					
Midwest					
South					
West					
By Type:					
Paving					
Roofing & Other					
tons paving/highway mile					
Total Highway Mileage (000 miles)					

SAMPLE TABLE
Demand data also included for four regions and sub-regions of the US

COMPANY PROFILES
Presented for 40 producers of primary asphalt, asphalt paving products and asphalt roofing products in the US

ASPHALT PRODUCTS BY MARKET

Nonresidential Building Construction

Through 2009, demand for asphalt employed in construction of nonresidential buildings is forecast to expand ... Growth will exceed the overall average ... of office, commercial and industrial bu... particularly large contractions during t... tunities for asphalt products in both pa... recovery in the office, commercial and... sion in institutional construction expenditures, asphalt demand in new building construction applications will offer better prospects over the forecast period.

SAMPLE PAGE

Compared to residential building markets, asphalt paving products generate a larger weight of asphalt demand in nonresidential building markets. Asphalt paving materials are used extensively in parking areas and walkways associated with nonresidential building construction. In particular, demand is dominated by parking lots built adjacent to shopping malls, office buildings and other industrial, commercial and institutional structures. In general, although concrete dominates demand for multilevel parking structures, asphalt is the primary surfacing material used in ground level lots. Demand for asphalt in paving materials for the nonresidential c... percent per year through 2009 to...

Consumption of asphalt in... dential construction markets is fo... million tons in 2009. Among asp... more substantial role than in residential building. Asphalt built-up roofing is the nonresidential building leader in terms of roof area covered and use of asphalt by weight. In use for most of the 20th century, built-up roofing has the advantage of familiarity, although its market position has been eroded by the development of flexible membrane roofing, including modified bitumen roofing. Over the forecast period, built-up roofing growth prospects will continue to be below-average, as it will suffer from competition with flexible membrane roofing, both asphaltic

Explanations to support each table's forecasts and projections

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TABLE V-2

PAVING PRODUCTS -- ASPHALT DEMAND BY TYPE
(thousand tons)

Item	1994	1999	2004	2009	2014
Highway Spending (bil 2000$)					
tons asphalt/mil $ expend					
Asphalt Demand in Paving Products*					
Asphalt Cement					
Asphalt Emulsions					
Cutback Asphalt					
Other Asphalt Paving Products					
bbls/ton asphalt					
Primary Paving Asphalt (mil bbls)					
$/ton					
Primary Paving Asphalt Demand (mil $)					
% paving					
Asphalt Products Demand (000 tons)					

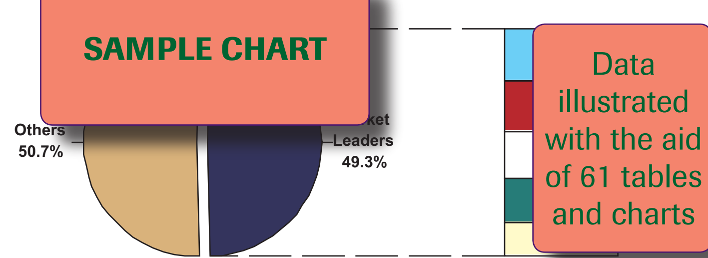
* asphalt content only

Source: The Freedonia Group, Inc.

SAMPLE TABLE
Historical data for 1994, 1999 and 2004, as well as Freedonia forecasts through the years 2009 and 2014

CHART VIII-1

US PRIMARY ASPHALT CAPACITY BY PRODUCER, 2004
... barrels)



SAMPLE CHART

Data illustrated with the aid of 61 tables and charts

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