

Australia Adhesives & Sealants Market By Resin Type (Polyurethane Adhesives, Vinyl Adhesives, Acrylic Adhesives, Rubber Based Adhesives, Epoxy Adhesives, Others), By Application (Furniture, Construction, Packaging, Transportation, Others), By Region, Competition, Forecast & Opportunities, 2019-2029F

<https://marketpublishers.com/r/AF852F99B766EN.html>

Date: December 2024

Pages: 85

Price: US\$ 3,500.00 (Single User License)

ID: AF852F99B766EN

Abstracts

Australia Adhesives & Sealants Market was valued at USD 1.67 Billion in 2023 and is anticipated to reach USD 2.03 Billion in the forecast period with a CAGR of 3.54% through 2029. Two primary factors are propelling the expansion of the adhesives and sealants sector in Australia. The booming construction industry has led to a substantial increase in demand for these products. Adhesives and sealants find widespread application in various construction tasks such as flooring, insulation, paneling, and roofing. With the construction sector experiencing robust growth, there is a heightened need for high-quality adhesives and sealants to meet the escalating demand. The automotive sector is also contributing to the market's upward trajectory. Adhesives and sealants play a vital role in vehicle assembly, enhancing performance, safety, and comfort. As the automotive industry evolves and innovates, the demand for advanced adhesives and sealants is anticipated to grow steadily.

Technological advancements have been instrumental in shaping the landscape of the adhesives and sealants market in Australia. The introduction of new adhesive formulations with enhanced performance characteristics such as superior bond strength, heat resistance, and durability has expanded their range of applications. The advent of eco-friendly adhesives and sealants, in line with the global trend towards sustainability, has created new opportunities in the market.

Key Market Drivers

Growing Demand of Adhesives and Sealants in Automotive Industry

Adhesives and sealants play a pivotal role in automotive manufacturing, serving various crucial applications such as body construction, paint shop operations, powertrain assembly, and general vehicle assembly. Technological advancements in adhesive formulations have resulted in the development of high-performance adhesives capable of bonding diverse materials like metals, plastics, and composites. This innovation has facilitated the creation of lighter and stronger vehicle designs, leading to improved fuel efficiency and safety standards. The flexibility offered by adhesives enables the bonding of dissimilar materials, fostering innovation and complexity in automotive design, particularly evident in the production of electric vehicles (EVs) where lightweight construction is paramount for optimizing battery performance.

Sealants also play a vital role in ensuring vehicle safety by sealing joints and gaps to prevent the infiltration of water, dust, and gases, which can cause corrosion and damage to vehicle components. Utilizing high-quality sealants ensures a secure and long-lasting seal, enhancing the durability and resilience of the vehicle overall. In 2022, Australia's new vehicle sales reached a total of 1,081,429 units. SUVs represented the largest segment, accounting for 53.1% of the market, followed by light commercial vehicles at 23.7%, passenger cars at 18.8%, and heavy commercial vehicles at 4.4%. Toyota led the market with the highest share of 21.4%, followed by Mazda at 8.9%, Kia at 7.2%, Mitsubishi at 7.1%, and Hyundai at 6.8%.

The increasing demand for adhesives and sealants within the automotive industry has positively impacted Australia's market. With ongoing advancements and a growing emphasis on electric and hybrid vehicles, the need for high-performance adhesives and sealants is projected to escalate. This trend is primarily driven by the imperative for lightweight construction, enhanced fuel efficiency, and elevated safety standards in contemporary vehicles.

The expanding demand for adhesives and sealants in automotive applications represents a significant growth driver for Australia's adhesives & sealants market. As the automotive sector continues to progress and innovate, this trend is anticipated to persist, presenting abundant opportunities for businesses operating within the adhesives and sealants sector.

Growing Demand of Adhesives and Sealants in Construction Industry

Adhesives play a crucial role in uniting various construction materials, forging robust connections that enhance structural integrity and resilience against diverse weather conditions and loads. This durability contributes significantly to the longevity of the structure, ensuring its prolonged endurance. The Australian building and construction sector generates over USD 162 billion annually and represents approximately 10% of the nation's GDP, making it the fifth-largest sector in the economy (Master Builders Australia). To bolster Australia's USD 90 billion infrastructure pipeline, the 2023-24 Federal Budget outlines a robust agenda for urban development, with a focus on enhancing cities and suburbs. The current government plans to introduce a comprehensive National Urban Policy to address critical challenges faced by Australia's major cities, including equitable access to employment, housing, and services, as well as climate change and decarbonization. This initiative will be supported by two new programs: Thriving Suburbs (with a budget of USD 140 million) and Urban Precincts and Partnerships (with a budget of approximately USD 90 million).

Sealants are utilized to seal gaps and joints, establishing an impermeable barrier against air, water, and other environmental elements. This feature is pivotal for energy efficiency, as it prevents air leakage and maintains consistent indoor temperatures. By reducing the reliance on heating and cooling systems, sealants facilitate lower energy consumption and promote sustainability. The Bostik Seal 'N' Flex range represents cutting-edge sealant technology, widely recognized and specified in the industry. Bostik polyurethane (PU) sealants are among the most robust in the market, offering exceptional strength and flexibility. These sealants are particularly well-suited for glazing and construction joints, providing superior resistance to weathering, UV exposure, and pollution.

The versatility of adhesives and sealants in bonding different material types has revolutionized construction practices and design methodologies. For instance, they have enabled the adoption of lightweight and energy-efficient materials such as insulated concrete forms (ICFs) and structural insulated panels (SIPs), which are increasingly favored in eco-friendly building initiatives. SabreSeal MS25 Building & Industrial Hybrid Sealant, a premium offering within the MS Sealants portfolio, is a one-component, non-sagging, durable elastic sealant designed for high-movement joints ($\pm 50\%$) in the building construction and manufacturing sectors. Formulated with MS Polymer, this versatile and high-performance Silyl Modified Polymer (MS) sealant is ideal for sealing joints in a variety of materials, including concrete, panel joints, rainscreens, cool stores, roof seals, and around windows and skylights. Additionally, it is

compatible with most water-based paints, making it an excellent choice for a wide range of applications.

The escalating demand for adhesives and sealants in the construction sector is particularly pronounced in the Australian market. With the construction industry's continual expansion and a growing emphasis on sustainable and energy-efficient construction practices, the requirement for high-performance adhesives and sealants is anticipated to surge further.

Key Market Challenges

Volatility in Price of Raw Materials

Price volatility refers to the rapid fluctuation in the price of an asset over a specified period, typically reflecting the variation in returns. In the realm of raw materials, it denotes the degree of variability observed in the prices of commodities such as petroleum, natural gas, and minerals, all of which are fundamental inputs in the manufacturing of adhesives and sealants.

The volatility in raw material prices exerts various impacts on the adhesives and sealants market. It directly influences production costs. When raw material prices experience a surge, manufacturers are confronted with the dilemma of either absorbing the additional expenses, which can diminish profit margins, or passing them on to consumers, potentially compromising competitiveness. This dynamic can instigate a chain reaction, influencing the overarching pricing strategies adopted for these products.

Price volatility engenders uncertainty, complicating cost forecasting and future planning endeavors for businesses. In an environment characterized by pronounced fluctuations, companies encounter challenges in accurately projecting raw material expenditures, thereby impeding financial forecasts and strategic planning initiatives. This uncertainty extends to investment decisions, potentially stifling the industry's growth prospects.

Fluctuations in raw material prices can disrupt the supply chain dynamics. For instance, a substantial increase in the cost of a specific raw material may prompt manufacturers to explore alternative, more cost-effective options. This substitution process necessitates adjustments in the production processes, potentially impacting product quality and performance. Alterations in the supply chain configuration can disrupt supplier-manufacturer relationships, leading to operational complexities and possible

delays.

Key Market Trends

Increasing Demand for Adhesives and Sealants in Packaging Industry

The packaging sector in Australia is witnessing a significant trend characterized by a growing need for adhesives and sealants. These essential components are fundamental in packaging, offering critical functions such as bonding, sealing, and safeguarding packaged products. The upsurge in demand can be attributed to various factors propelling the growth of the adhesives and sealants market in Australia.

One primary driver of this trend is the increasing consumer preference for packaged goods. With evolving lifestyles and a growing emphasis on convenience, packaged products have become essential in contemporary society. Adhesives and sealants play a crucial role in ensuring the integrity and safety of these packaged items, providing secure seals and strong bonding to protect the contents during storage, transit, and presentation.

The expansion of e-commerce and online retail has further fueled the demand for adhesives and sealants in the packaging sector. As more consumers opt for online shopping for their everyday necessities, there is a heightened need for durable and dependable packaging materials capable of withstanding the challenges of shipping and handling.

Segmental Insights

Resin Type Insights

Based on the category of resin type, the acrylic adhesives emerged as the fastest growing segment in the Australian market for adhesives & sealants in 2023. Acrylic adhesives have become indispensable in the electronics and electrical sectors, where precision and reliability are paramount. These adhesives are extensively employed for bonding various components within electronic devices, ensuring secure connections and optimal performance. They play a crucial role in encapsulating delicate circuits, providing protection against environmental factors such as moisture, dust, and chemicals.

One of the standout features of acrylic adhesives is their exceptional electrical insulation

properties. They effectively prevent the flow of electricity between conductive materials, minimizing the risk of short circuits and electrical malfunctions. This insulation capability is essential for maintaining the integrity and safety of electronic assemblies, especially in high-voltage applications where electrical leakage can have serious consequences.

Application Insights

Based on Application, packaging segment is projected to experience rapid growth during the forecast period. In light of technological progress in packaging, the sector has seen the emergence of inventive and eco-conscious packaging solutions. These advancements demand the use of robust adhesives and sealants capable of withstanding various environmental conditions, including temperature and moisture fluctuations.

An example of this application is seen in the incorporation of smart packaging technologies, which rely on adhesives and sealants to uphold product integrity, safety, and quality. The increasing focus on sustainable packaging has spurred the adoption of water-based or bio-adhesives, further driving the growth of the adhesives and sealants market.

Regional Insights

Based on Region, Australia Capital Territory & New South Wales emerged as the dominant region in the Australia Adhesives & Sealants Market in 2023, holding the largest market share in terms of value. ACT and NSW, situated in Australia, host a diverse array of industries that heavily rely on adhesives and sealants for their daily operations. These sectors encompass construction, automotive, packaging, and more. The robust presence of these thriving industries in ACT and NSW fuels a significant demand for adhesives and sealants, establishing these regions as key players in the market.

In the construction domain, both ACT and NSW have witnessed substantial growth in recent times. This upsurge in construction activities can be attributed to factors like population expansion and increased investments in infrastructure. With more individuals migrating to these areas and infrastructure projects being initiated, the need for adhesives and sealants has surged. This heightened demand further cements the market dominance of ACT and NSW in the adhesives and sealants industry.

Key Market Players

Bostik Australia Pty. Ltd.

DuluxGroup (Australia) Pty Limited

Sika Australia Pty Ltd

Henkel Australia Pty. Ltd.

AkzoNobel Pty Ltd

Report Scope:

In this report, the Australia Adhesives & Sealants Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Australia Adhesives & Sealants Market, By Resin Type:

- o Polyurethane Adhesives
- o Vinyl Adhesives
- o Acrylic Adhesives
- o Rubber Based Adhesives
- o Epoxy Adhesives
- o Others

Australia Adhesives & Sealants Market, By Application:

- o Furniture
- o Construction

- o Packaging
- o Transportation
- o Others

Australia Adhesives & Sealants Market, By Region:

- o Victoria & Tasmania
- o Queensland
- o Western Australia
- o Northern Territory & Southern Australia
- o Australia Capital Territory & New South Wales

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Australia Adhesives & Sealants Market.

Available Customizations:

Australia Adhesives & Sealants Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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