

Canada "Builds" on Japan's Housing Markets

With more than 1.4 million housing starts in 1993, Japan offers an unprecedented market opportunity for Canadian manufacturers of value-added building products.

For more than a century, Canada has supplied logs and lumber to the Japanese market and, since 1973, has been instrumental in introducing 2x4 housing to Japan. This technique is now used in over 50,000 housing units annually; the remainder are either steel/concrete or traditional wooden structures.

Increasing "westernization" of housing trends has led to greater demand for both two-storey single houses and three-storey wooden apartments, fitted out with the latest in western-style fixtures, either manufactured in Japan or imported.

One of the fastest-growing segments of the Japanese housing sector is that of pre-cut, pre-engineered manufactured homes. Japan is desperately short of skilled tradesmen, such as carpenters, and this has fuelled the growing trend towards "imported housing" which can include various components from wall panels through complete housing kits. Use of such components can reduce the construction time for individual units

from 18-24 months down to less than 6 months.

The strong demand for imported housing and components has motivated Japanese builders and importers to "shop the world" for products which are cost-competitive — yet comparable in design and quality to those produced in Japan.

The timing could not be better for export-ready Canadian companies with high-quality products to offer.

While a number of technical barriers exist in Japan, these are not insurmountable.

Steady progress is being made with respect to changes in the Japanese building codes, fire regulations, product labelling, acceptance of Canadian product standards and other market-opening measures.

Concurrent with the surging demand for manufactured housing, Japanese importers and builders are looking also to import all types of building components and fixtures, including pre-finished hardwood flooring, interior and exterior doors, all types of windows, concrete forming materials, decorative mouldings, hardwood staircases and most of the other products which comprise western-style housing.

Groups of Japanese buyers visit Canada on a regular basis to see what Canadian companies can offer. Usually, they visit national home shows to see the latest in new products and to speak directly to manufacturers' representatives. This often leads to on-the-spot sales.

Companies seriously interested in the Japanese market should not expect short-term success. They should have previous export experience and sufficient financial and personnel resources to commit themselves to a multi-year marketing effort.

AAB Building Systems, Coburg, Ontario, has signed a new \$12 million annually licensing/export agreement in Japan for its innovative styrofoam concrete form block system. The agreement could quickly climb to \$40 million to \$50 million as the system becomes more widely known in the Japanese industry.

A Japanese agent, or a number of agent/distributors spread throughout Japan, can be extremely useful in handling enquiries, facilitating sales and providing after-sales service. Company and product literature should be available in Japanese.

Canadian building product manufacturers willing to commit themselves to serving the Japanese market will find the rewards can be very substantial.

For more information on potential markets in the Japanese housing industry, contact Wayne House, Japan Trade Development Division, Foreign Affairs and International Trade, 125 Sussex Drive, Ottawa K1A 0G2. Tel.: (613) 995-1678. Fax: (613) 943-8286.

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