

## EXECUTIVE SUMMARY

This study provides an overview of the New York State building components market, with a concentration on the new residential construction industry.

The Upstate New York region, though physically close, is somewhat different in trends and preferences from the Canadian market. Population is far less concentrated, and population growth has been modest for the past few decades in comparison with Southern Ontario and Montreal. Although new home construction is healthy and viable in a number of areas it is quite different from the large scale development common in Canadian urban centers. Most home builders active in Northern, Western and Central New York build to order, seldom with more than one or two models to show and almost never have any inventory of "spec" homes. An exporter also may incur styling differences and find certain designs and colours popular in Canada may have a smaller market share in the U.S.

It is strongly recommended that new exporters begin export test marketing in the closest geographic territory where control can be maintained and market intelligence can be collected firsthand. Although Upstate N.Y. is not a major new home construction market, there is a sizable aggregate market. Over 50% of the homes in Upstate N.Y. are over 40 years old, and a larger renovation market makes up for the smaller volume of new home construction. Upstate N.Y. is a relatively friendly environment, easy to do business in, and relatively free of tariff and non-tariff barriers.

Building codes and regulation should not present particular difficulty, since most Canadian components are built to standards equivalent or even more stringent than U.S. requirements. However, to eliminate resistance at the architect/builder level, membership and certification by the appropriate trade association is prudent.

It is apparent that success in this market will require a serious commitment to developing a network of established distributors starting in the key population centers nearest the Canadian base, (eg. Buffalo, Rochester, Syracuse, Erie, Cleveland etc.). Distribution is through either traditional three step distribution, (manufacturer-wholesaler-dealer-builder), or by two step, "direct distributors" (manufacturer-distributor-builder), where volume justifies. Direct sales from factory to builders are very rare, due to the lack of concentration of major markets for most building components. Alternatively, an established building products or lumber dealer with multiple outlets could function as a direct distributor, but they must be carefully selected. Most dealers are unsuited to making major commitments to marketing and are generally accustomed to relying on the factory rep and regional wholesaler, not only for inventory, but also sales help.