

10 CONCLUSIONS

The Changing Market Presents Opportunities

For the previous several years, the Japanese housing market has been changing in terms of the quality of the houses. Although still small compared with European and North American standards, Japanese houses are changing from basically being shelters to high-quality living places.

As a result, the characteristics sought by consumers in the components used in houses, such as doors and windows, are also changing.

Owners are looking for more than pure performance. They want components with a natural look, and they appreciate wooden components. Thus wooden doors and windows are increasingly demanded.

More and more potential home buyers are interested in the components used in the construction of their houses and are playing an important role in the purchasing decisions. This represents a significant change in the Japanese market where, in the past, buyers were not interested in specific components.

Another trend, which is a result of the increased use of air conditioning and central heating, is that new houses are being designed with air tightness and energy savings in mind.

Although under current fire regulation standards, wooden entrance doors and windows are largely prohibited, they have de facto acceptance because of enforcement practices. Also, standards are being revised to allow more general use of wooden windows and doors.

Opportunities from the Technology Gap

The technical know-how of Japan's wooden window industry is 15 to 20 years behind that of Europe and North America. Domestic supply cannot meet the demand and, as a result, opportunities are excellent provided that the designs meet Japanese tastes.

There is an excellent opportunity to license wooden window technology to Japanese manufacturers. This is because, despite the fact that Japan is many years behind in know-how, there are strong efforts being made to catch up, particularly in Hokkaido.

Numerous small "tateguya" are making custom windows, but the main opportunity is to provide the means for a manufacturer to go from custom fabrication to the level of mass production. This calls for licensing of design and manufacturing systems in addition to hardware sales.