

This creates a market for building materials suitable for renovations. Supplies for do-it-yourself projects are in particular demand, and many of these products are imported. Mexican imports of building materials tripled between 1990 and 1993, from US \$273 million to \$850 million. Some foreign retailers are moving into Mexico to sell materials directly. The American firm Payless Cashway, for instance, has partnered with *Grupo Alfa*, a major Mexican industrial conglomerate, to open 25 retail establishments in the next five years under the name Total Home. Their product mix is split evenly between domestic and imported. Other foreign retailers in Mexico are Builder's Mart (associated with Grossman) and Home Mart.

## WOOD BUILDING MATERIALS

Industry observers believe that wood-frame construction will be slow to gain acceptance in Mexico. Those who can afford it prefer masonry construction, and government programs apply building codes that discriminate against wood. Nonetheless, some of those interviewed believe that middle-class buyers are ripe for acceptance of wood-frame houses, provided that they are cheaper than masonry alternatives. A number of middle-class families are now being forced to accept lower-class homes and they may well prefer wood houses to the alternatives.

There is also a market for many wood products used in home construction. Wood is used in upper-income homes for floors, window frames, cabinets and finishings. This market is generally well served by Mexican producers. Decorative panelling is becoming increasingly popular and this is considered a potential niche market for foreign suppliers. Mexico's wood production is about 80 percent pine, and other species can be difficult to get. In 1993, Mexico imported US \$165 million worth of coniferous sawn wood, as well as US \$20 million of non-coniferous wood and US \$73 million of plywood.

## VALUE-ADDED COMPONENTS

There is a small market for imported pre-fabricated housing components and other value-added products for middle- to upper-income customers. Products in demand include kitchen cabinets, doors and double-glazed windows. Since the devaluation, there have been efforts to replace these imports with Mexican products or at least use Mexican labour to manufacture foreign-designed products.