
INDUSTRY CANADA

❖ Windows and Doors Review ❖

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Shipments and Exports Both Higher for '97 Strong Canadian Housing Market Increases Domestic Shipments US Economy Continues to Grow

Based on Industry Canada analysis of the window and door industry, 1997 proved to be a year of growth for the Canadian industry. Shipments and exports both increased, thanks in large part to strong domestic new housing and renovation markets. The robust US economy pushed demand for Canadian windows and doors abroad up to record levels.

Shipments

While the pace of shipments growth actually slowed in 1997, the industry shipped an estimated \$2.83 Billion of windows and doors in 1997. Wood and metal continued to be the largest sectors, with combined shipments over \$2.4 Billion, an increase of 8.4 percent over 1996 levels. PVC shipments were estimated by Industry Canada to be approximately \$424.5 Million.

The fourth quarter of 1997 actually saw shipments slow down from the strong third quarter. In seasonally adjusted terms, both wood and metal saw fourth quarter shipments decline just under 1 percent from the third quarter, reflecting the relative stability of shipments throughout much of the year 1997. Fourth quarter shipments were down 12.7 percent on a year over year basis.



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International Trade

For the seventh consecutive year, Canadian window and door exports increased. Total exports surpassed \$544 Million in 1997, up 16.5 percent from 1996 levels. The wood sector led the industry, with \$239 Million worth of wood windows and doors exported. Metal window and door exports grew at a

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If you have any comments or suggestions or want to be added to the Industry Canada mailing list, call:

Murray Hardie at Tel: (613) 954-3037

Fax: (613) 952-8384

E-Mail: hardie.murray@ic.gc.ca

or

Tom Rosser at Tel: (613) 957-7803

Fax: (613) 941-8048

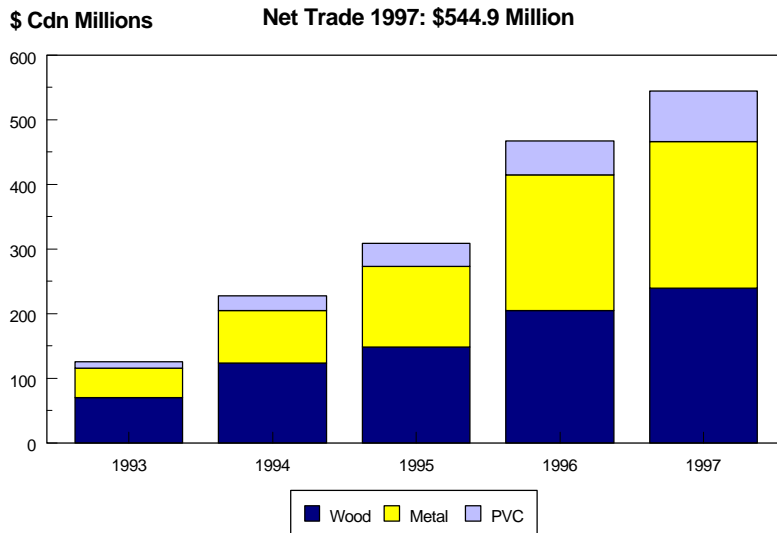
E-Mail: rosser.tom@ic.gc.ca

slower pace, to \$226 Million. While PVC exports only amounted to \$79 Million, this figure represents an increase of 50 percent from 1996 PVC export levels. PVC's share of total window and door exports have grown to 15 percent in 1997, up from 11.3 percent in the previous year.

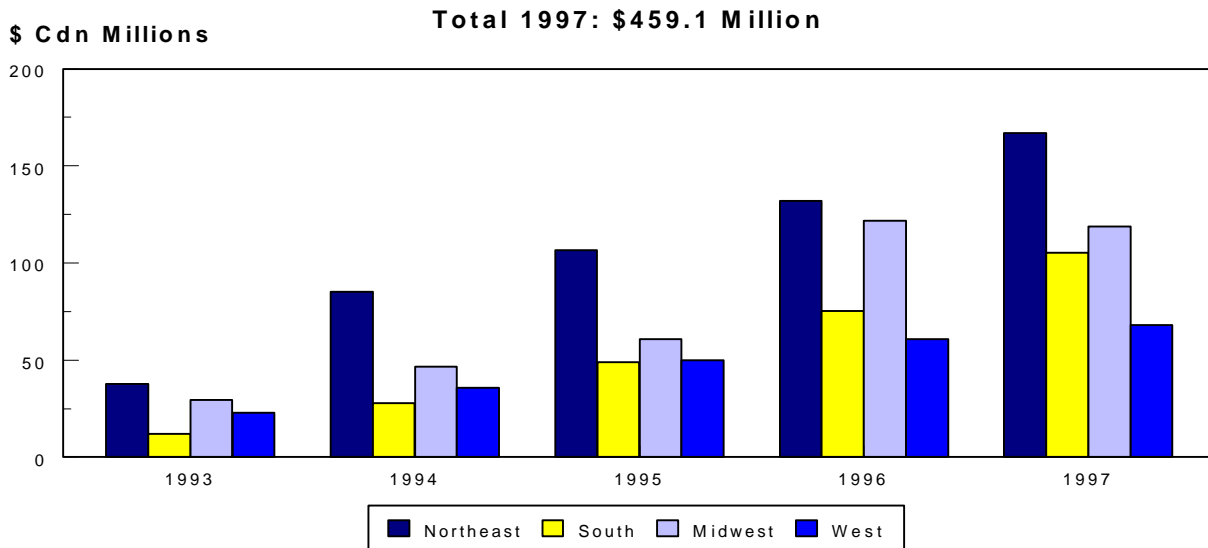
EXPORTS BY DESTINATION

Exports of windows and doors to the US continued to expand in 1997. The US accounted for 83 percent of total exports with a value

Window and Door Exports by Material 1993-1997



Window and Door Exports to the United States By Region 1993-1997



of \$459 Million. This represents an increase of 17.7 percent from \$389.9 Million in 1996.

Exports to the Northeast states led all US regions, and grew 27 percent to \$167 Million. This

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is largely due to exports to New York, which imported \$69 Million of Canadian windows and doors alone. The largest percentage increase in exports were to the Southern states, where exports surpassed \$105 Million, jumping 40 percent from 1996 levels. Canadian producers exported 12 percent more product to Western states, totalling more than \$68 Million. In the Midwest, exports to this region actually fell 2.4 percent to \$118 Million in 1997. This was due in large part to exports to Illinois, where exports fell from \$23.7 Million in 1996, to only \$12.9 Million in 1997.

OVERSEAS EXPORTS

Overall, exports to offshore destinations increased by \$7 Million from \$78 Million in 1996, to \$85 Million in 1997, an increase of 9 percent. The only negative news in 1997 were exports to Japan, which decreased 14.7 percent to \$23.6 Million. Meanwhile, shipments to the United Kingdom were \$10 Million, unchanged from 1996. Window and door exports to Russia, Korea, the United Arab Emirates, Hong Kong, China and Israel were all up over 1996 levels. With a moderation in growth expected in South East Asia, particularly Japan and Korea, 1998 exports to overseas destinations will most likely remain close to 1997 levels.

IMPORTS

The strong domestic housing and renovation markets increased demand for windows and doors.

EXPORTS TO THE TOP 10 US STATES , 1997

Destination	Value (in Millions)	%Ch 97/96
Total US	459.095	+17.7
New York	69.149	+32.9
Michigan	39.733	+20.3
Virginia	28.678	+77.9
Massachusetts	27.877	+48.1
Minnesota	22.678	+8.1
California	20.511	+227.2
Washington	20.321	-38.3
Florida	19.443	+42.2
Pennsylvania	18.338	-3.2
New Jersey	17.822	+15.7

Source: Statistics Canada 1997

Windows and Door Exports By Destination 1993-1997

Exports In Millions of Dollars

	United States	Japan	EU	Other	Total
1993	102.647	2.741	11.768	8.692	125.848
1994	195.627	8.995	12.335	10.897	227.854
1995	266.161	12.134	13.375	17.134	308.804
1996	389.903	27.661	14.433	35.829	467.826
1997	459.095	23.589	16.593	45.637	544.914

Source: Statistics Canada

Consequently imports were up 42 percent to \$215 Million in 1997. Of that total, the United States accounted for 96 percent of all imports or \$208 million in 1997. The State of Washington is by far the largest source of Canadian imports, accounting for 17 percent or \$37 Mil-

ion worth of ALL Canadian windows and doors imported. Other large exporting states are Oregon (\$20 M), Ohio (\$14 M), and Indiana (\$13 M). Less than 4% of 1997 Canadian imports came from Indonesia, Taiwan, Germany, Denmark, and Mexico combined.

Construction and Housing Review

Construction in Canada



In 1997, there were 148,600 housing starts in Canada, an increase of 18 percent from 1996. All regions, with the exception of the Atlantic, recorded increases in starts. Alberta, and Ontario led the country, with housing starts growing 42 percent and 25.6 percent respectively. 1997 was the strongest year in housing starts since 1990. Canadian housing starts are expected to be strong in 1998, exceeding 1997 levels.

Building permits were also up in 1997, rising 16 percent to 155,000. At the metropolitan level, Toronto, Vancouver and Calgary continued to lead the country. However, Vancouver saw the number of building permits issued fall by 14 percent. In contrast, Toronto and Calgary saw building permits increase by over 50 percent each for 1997. Montreal building permits were also strong, having increased 35 percent.

Construction in the United States



US housing starts totalled 1.474 Million in 1997, down less than 1 percent from 1996. The drop was a result of Midwest housing starts falling 5.5 percent. Regionally, the other

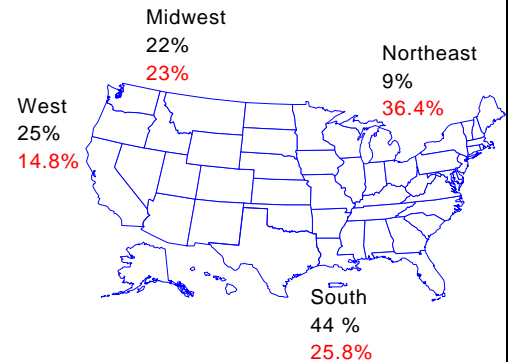
Canadian Building Permits - 1997

Rank	Metropolitan Area	Building Permits	% CH Y/Y
1	Canada	155709	16.09
2	Toronto	28674	50.58
3	Vancouver	15214	-14.23
4	Calgary	11700	53.58
5	Montreal	11299	35.07
6	Edmonton	5665	45.26
7	Hamilton	3784	43.99
8	Ottawa	3688	-0.03
9	Kitchener	2747	19.07
10	Quebec	2472	8.37
11	Windsor	2311	6.25
12	Oshawa	2129	32.15
13	Halifax	2098	-13.91
14	London	1833	27.65
15	St. Catharines	1760	47.40
16	Winnipeg	1558	29.40
17	Hull	1362	15.33
18	Victoria	1230	-2.61
19	Saskatoon	1155	-13.03
20	St. Johns	931	-19.53

Source: CMHC 1998

The US Housing Market: Regional Housing Starts 1997

- Housing market remained strong in 1997.
- 1.474 million housing starts
- Positive outlook for 1998.



Legend:
Region
% of US Housing Starts
% of Cdn Window and Door Exports

Source: U.S. Dept of Commerce, 1998

regions experienced modest increases in housing starts. The Northeast saw starts increase by 3.5 percent, while the South saw housing starts rise 1.25 percent from their 1996 levels. Housing starts in

the West increased only slightly.

The US South is the largest regional housing market accounting for 44 percent of total housing

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starts. On a city basis, Atlanta continued to lead all US metropolitan areas in the number of building permits issued. Metropolitan areas in the Midwest showed a significant decrease, with Chicago reporting a 7.9 percent drop in building permits issued. Southern cities such as Dallas and Houston saw significant increases.

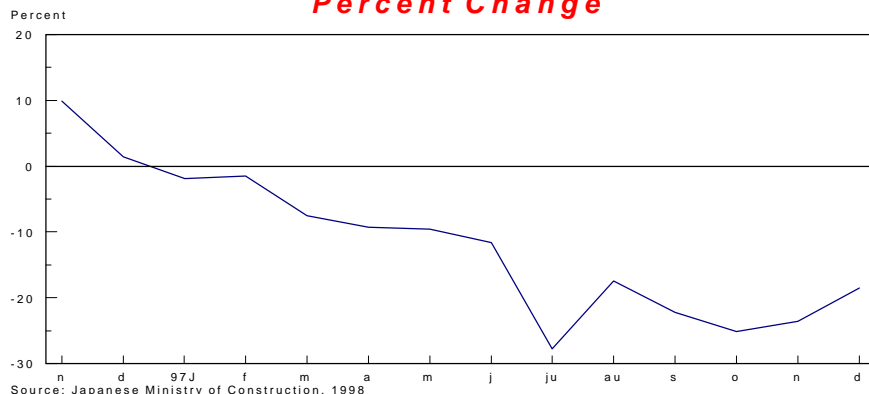
Housing starts in the US are expected to be down slightly for 1998.

Construction in Japan

The Asian economic slowdown and the April tax hike proved too much for the Japanese economy. Investment fell and consumer consumption remained relatively unchanged from 1996 levels. The housing construction market was particularly hard hit in 1997 as starts plunged to 1.39 Million in 1997, down from 1.64 Million in 1996. This represents a decrease of 15.2 percent. Housing starts ended the year on a low note, as December starts were down 19 percent from the same period in 1996.

The effects of the tax hike, discontinuation of income tax re-

Japanese Housing Starts / Year over Year Percent Change



bates and questions concerning job security will continue to keep housing starts well below their 1996 levels in 1998.

Industry News Win-door '98

The Canadian Window and Door Manufacturers Association will be holding the annual Win-door Trade Show at the Toronto Congress Centre November 18 to 20, 1998. Industry suppliers to window and door manufacturers from across North America exhibit new equipment, hardware, materials and technology at this major national fenestration show. Interested exhibitors can contact the CWDMA in Toronto at (416) 444-5225 or fax (416) 444-8268.



Special Feature: What's on the Web

Over the past few years, there has been an explosion in the volume of information available to Canadian manufacturers and exporters on the Internet. To help companies deal with this ever-growing volume of material, several public and private sector organizations have developed sites which are in-

tended to offer single window access to information on specific subjects. These include the federal government's recently launched ExportSource, the Canadian Building Products Directory and Trade-Data On-Line.

ExportSource:

<http://exportsource.gc.ca>

A federal partnership between Industry Canada, the Department of Foreign Affairs and other federal organizations, this web site is intended to bring the information

published by the federal government for exporters together in a single location. It provides information on market research, export financing, export regulations/logistics, trade statistics and export contacts, as well as trade shows and missions. By searching across various federal databases, ExportSource eliminates the run-around that can occur when dealing with many different sources of information.

Trade Data On-Line

http://strategis.ic.gc.ca/sc_mrkti/tdst/engdoc/tr_homep.html

Industry Canada's Trade Data On-Line allows you to do detailed searches of Canadian and US export and import trends by industry or product. To access up-to date trade data free of charge, simply follow the step by step directions offered at the site. Trade Data On-Line can be accessed directly at the address above or through Strategis or Ex-

portSource.

For Canadian trade data on Wood Windows and Doors, search under SIC Code 2543 and for Metal windows and doors, use SIC Code 3031

For more detailed data on either the Canadian or US industry, search using the HS code system. The relevant codes for the window and door industry are as follows:

HS Code	Commodity Grouping
441810	Windows, French Windows and their frames, of wood
441820	Doors and their frames and thresholds, of wood
73083010	Doors, windows and their frames and thresholds of stainless steel
73083090	Doors/windows/frames/thresholds for doors of iron or steel o/t stainless steel
76101010	Doors and their frames of aluminum
76101020	Windows and their frames of aluminum
76101030	Thresholds for doors of aluminum
392520	Doors, Windows and their frames and thresholds for doors, of plastics,

The Canadian Building Products Directory

<http://canadabuild.com>

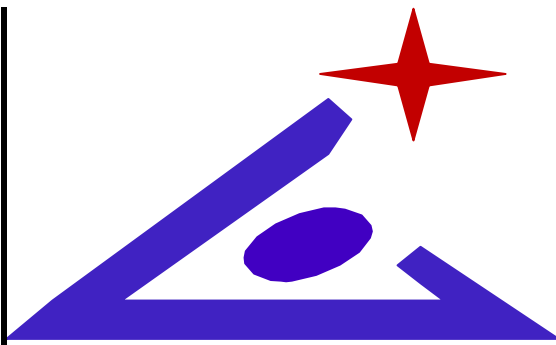
The new "Canadian Building Products Directory Web Site" allows companies to showcase their products to potential customers around the world. From millwork products to pre-fabricated houses, the Canadian Building Products Directory Website is where you'll find export-ready Canadian

companies and their products. The website database is designed to easily locate Canadian manufacturers and suppliers by company, product, and province.

All participants in the recently published Canadian Value Added Building Products Export Directory have already been included on this site. Please visit the site at the address above and see for yourself how this product

could improve your sales.

For more information about registering your company with Canada Build, please contact:
 Ken Montgomery
 Phone: (613) 954-3053
 Fax: (613) 952-8384
 E-mail: montgomery.ken@ic.gc.ca
 or visit the site to enquire directly



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