INDUSTRY CANADA Wood Kitchen Cabinets Review

Volume 4 Issue 1 Spring 1998

Strong Domestic Housing Market Boosts Shipments to Record Levels Exports Reach New High US Economy Continues to Grow

Shipments

anadian kitchen cabinet shipments reached a new record in 1997. As forecast in the Fall 97 Quarterly Review, final year end shipments increased 14.5 percent in 1997 to \$1.192 Billion, up from \$1.04 Billion in 1996. A very strong domestic housing market drove kitchen cabinet shipments throughout the year. Increased demand for Canadian kitchen cabinets from the US also helped to push shipments and exports to their record levels.

ver the third and fourth quarters, shipments remained relatively unchanged but well ahead of the corresponding period in 1996. In the fourth quarter, shipments on a seasonally adjusted basis were up 9 percent over the same period in 1996 but virtually unchanged from the seasonally adjusted annualized rate of \$1.205 Billion in the third quarter.

The domestic market for kitchen cabinets was very strong in 1997. Canadian industry shipments to the domestic market ended the year at \$824.2 Million in 1997, more than 9



percent higher than the \$754.1 Million in 1996. The strong Canadian housing market spurred an increase in imports. In 1997, imports of kitchen cabinets and bathroom vanities soared 66.5 percent to \$36 Million. Even though imports increased

Also in this Issue

Construction and Housing Review

Special Feature:

What's On the Web

\$

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: <u>hardie.murray@ic.gc.ca</u>

or

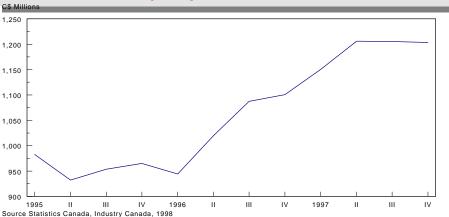
Tom Rosser at Tel: (613)

957-7803

Fax: (613) 941-8048

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

Canadian Kitchen Cabinet Shipments Seasonally Adjusted and Annualized



xports to the Southern ✓ states, the largest US market for Canadian kitchen cabinets, grew 26 percent to \$111.1 Million in 1997 and accounted for 31% of exports to the US. The growth of Canadian shipments to this region were the result of strong demand from Florida and Georgia. The US Northeast was the fastest growing region in 1997, soaring 39 percent to \$102 Million, up from \$73.9 Million in 1996. This was due in large part to New York which has now

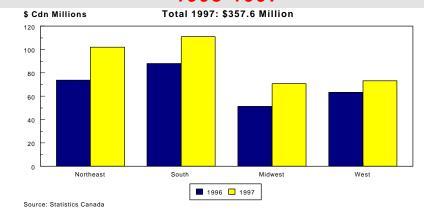
in 1997, shipments by domestic manufacturers represented 96 percent of the \$860 Million Canadian kitchen cabinet market.

International Trade

n the fourth quarter, exports of wood kitchen cabinets continued to be strong. Total industry exports increased 28.5 percent to \$368.8 Million in 1997. Exports accounted for 31 percent of total shipments in 1997, up from 27.5 percent in 1996.

he robust US economy pushed demand for Canadian kitchen cabinets higher in 1997. Exports to the US increased 29 percent to \$357.6 Million, up from \$276.9 Million in 1996. The US market represented 97% of total Canadian kitchen cabinet exports.

Kitchen Cabinet Exports to the United States By Region 1993-1997



overtaken California and Florida to become, on the state level, the largest market for Canadian kitchen cabinets in the US. Canadian shipments to the Midwest increased 38 percent to \$70.9 Million in 1997. The US West was the only region to record less than average growth, with exports rising only 15 percent to \$73.3 Million. Overall, the balance of trade (exports versus imports) is strongly in Canada's favour.

Overseas Exports

Japan totalled \$5.9 Million in 1997, finishing 10.5 percent higher than in 1997. Shipments to Japan began to slow in the third quarter due to the introduction of the Japanese consumption tax. Despite the continuing weak Japanese economy, strong fourth quarter results helped push demand for Canadian kitchen cabinets higher. While 1997 ended on a positive note for kitchen cabinet exports, the Japanese housing market is expected to remain very weak in 1998.

Canadian kitchen cabinets exports to the European Union were pushed up because of in-

Canadian Exports of Kitchen Cabinets to the United States

Region	1997 % To- tal	Total for 1997 in '000	Percent Change
Total US	100	357 606	+29.1
Northeast	28.5	102 050	+39.6
South	19.8	111 080	+26.1
Midwest	31.1	70 900	+38
West	20.5	73 347	+15

creased demand from Spain, France, Denmark and Sweden. Exports to the EU totalled \$2.1 Million in 1997, an increase of 45 percent of over \$1.4 Million in 1996.

Kitchen Cabinet Exports By Destination - 1997 In Millions of Dollars

1	US (Total)	357.606
2	New York	33.748
3	California	31.629
4	Florida	30.029
5	Georgia	20.977
6	Illinois	20.484
7	Massachusetts	17.432
8	North Carolina	14.582
9	Texas	13.598
10	Michigan	12.783
11	Colorado	12.739
12	Vermont	12.662
13	Virginia	11.759
14	Wisconsin	11.538
15	Pennsylvania	11.305
16	Washington	10.858
17	New Jersey	10.551
18	Ohio	8.813
19	New Hampshire	6.777
20	Japan	5.911
21	Missouri	5.683
22	Connecticut	5.104
23	Arizona	4.852
24	Nevada	4.810
25	Alabama	4.447

Olla	Ollais				
26	South Carolina	3.965			
27	Maryland	3.962			
28	Maine	3.898			
29	Indiana	3.685			
30	Minnesota	3.323			
31	Tennessee	2.273			
32	Oregon	2.134			
33	Montana	1.750			
34	Utah	1.632			
35	lowa	1.455			
36	Hawaii	1.405			
37	Kentucky	1.377			
38	Louisiana	1.217			
39	New Mexico	1.149			
40	Kansas	1.083			
41	North Dakota	1.023			
42	West Virginia	.917			
43	Nebraska	.837			
44	District of Columbia	.731			
45	United Kingdom	.693			
46	Rhode Island	.569			
47	Arkansas	.540			
48	Venezuela	.430			
49	Bermuda	.419			
50	Idaho	.342			

Construction and Housing Review

Construction in Canada

n 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.

uilding 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.

Canadian Building Permits - 1997

- There were 155 709 building permits issued 1997.
- Cities in Alberta, Ontario and Quebec experienced strong increases.
- Canadian housing starts were up 18%, to 147 000 in 1997.

	Kank	Area	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. Catherines	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

Construction in the United States

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

he US South is the largest regional housing market accounting for 44 percent of total housing 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 per-

This publication may be reproduced or referred to, provided that the Forest Industries and Building Products Branch of Industry Canada is quoted as the source.

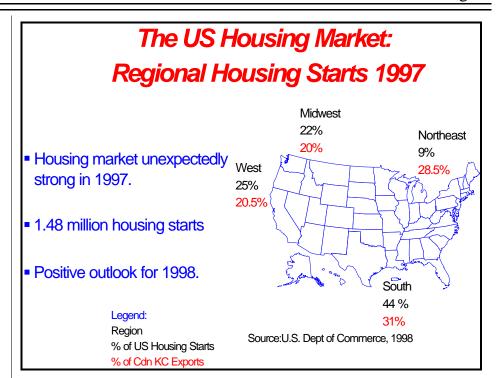
mits issued. Southern cities such as Dallas and Houston saw significant increases.

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

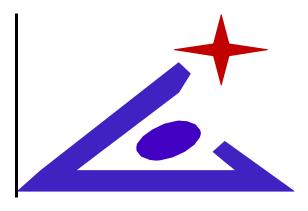
Construction in Japan

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







Secteur de l'industrie Direction générale des industries forestières et des matériaux de construction

Industry Sector Forest Industries & Building Products Branch



ver 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 evergrowing volume of material, several public and private sector organizations have developed sites which are intended to offer single window access to information on specific subjects. These include the federal government's recently launched ExportSource and the Canadian Wood Council's Canada Forest Network. Other sites of interest include 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

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 ExportSource.

or trade data on the Canadian kitchen cabinet and bathroom vanity industry's exports and imports, search under SIC code 2542

The Canadian Building Products Directory

http://canadabuild.com

he new "Canadian Building Products Directory Web Site" allows companies to showcase their products to potential customers around the world. From lumber 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.

Il 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.

or 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