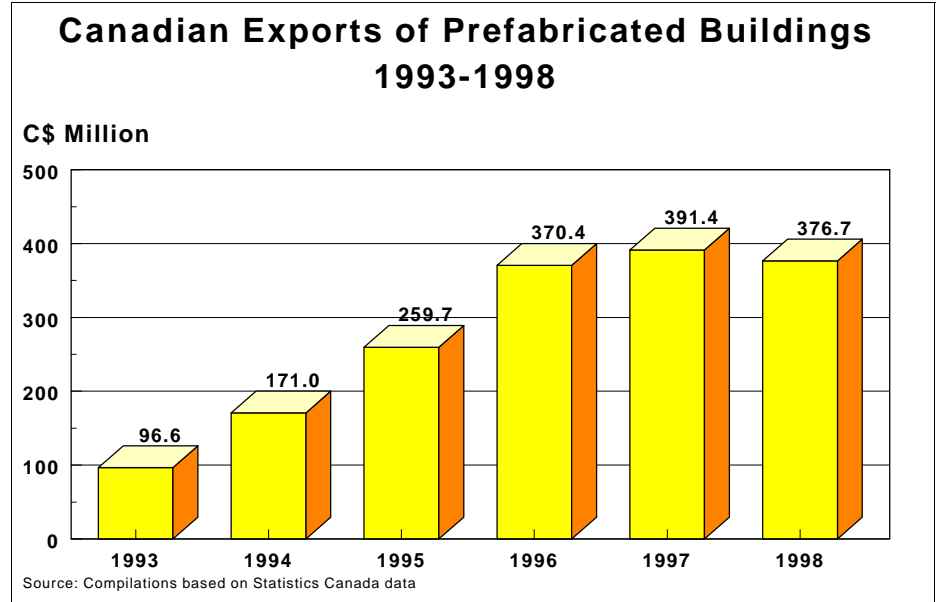


producers shipped \$88.8 million worth of prefabricated buildings to Japan in 1998, down 51.1 percent from \$181.6 million in 1997. A similar trend was posted for other Asia Pacific markets where Canadian exports fell drastically, reaching \$9.5 million in 1998, down 56.1 percent from \$21.8 million in 1997. The prefabricated building industry's export performance may continue to slide further this year if the downward economic trend persists in Japan and the Asia Pacific region.

For the last six consecutive quarters, exports to the U.S. were higher than exports to Japan, placing the United States as the largest export market for the Canadian prefabricated building industry. Exports to all US regions were up in 1998. Canadian shipments to Midwest states recorded the strongest rate of growth, up 134.1 percent to \$57.6 million, while exports to the states in the South climbed 78.7 percent to \$42.4 million. Exports to Northeast



states rose 69.8 percent to \$64.2 million and exports to the US West amounted to \$56.5 million, an increase of 15.4 percent.

Seventy-one percent of total Canadian exports of prefabricated buildings originated from Ontario and British Columbia. Prefabricated building exports from Ontario

reached \$159 million in 1998. The province shipped 75 percent of its exports to the United States, mainly in New York, Florida, Michigan and Texas. Ontario's most important off-shore markets were South Korea and Germany with exports reaching \$13.5 million and \$7.1 million respectively. British Columbia's exports of prefabricated buildings to Japan accounted for 61 percent of total exports in 1998 and reached \$65.1 million. The United States, mainly the states of Washington, California, Arkansas and Colorado, Germany and China were also important market destinations of prefabricated building exports from British Columbia. For most of the other provinces, United-States remained the largest market destination of Canadian exports of prefabricated buildings and this trend is expected to continue in the upcoming year.

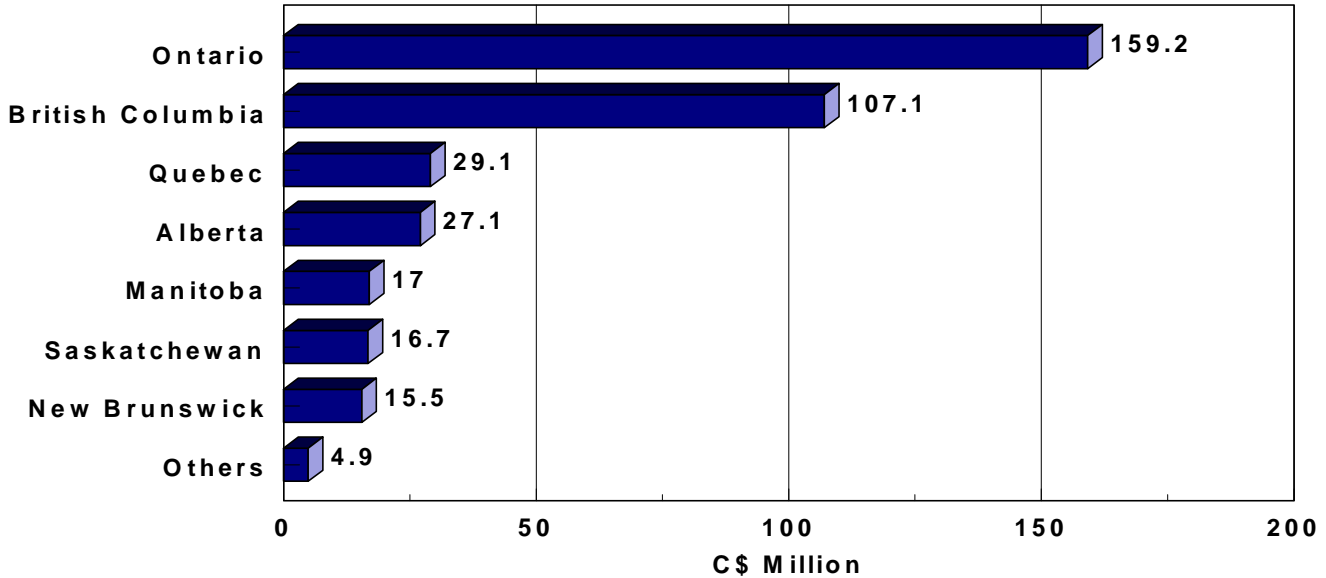
Prefabricated Building Exports by Destination, 1998

Destination	Value of Exports (\$ '000 Cdn) 1998	Value of Exports (\$ '000 Cdn) 1997	Percentage Change 1998/97
United States	220,976	135,328	63.3
Japan	88,802	181,672	-51.1
European Union	26,265	27,925	-5.9
Asia Pacific	9,575	21,817	-56.1
Latin America	11,302	8,412	34.4
Eastern Europe	10,384	10,559	-1.6
Others	9,347	5,692	64.2
Total	376,651	391,405	-3.8

IMPORTS

While reliable domestic shipment data is unavailable, imports are a good indicator of the strength of the Canadian market for prefabricated buildings. In 1998, imports were up 2.8

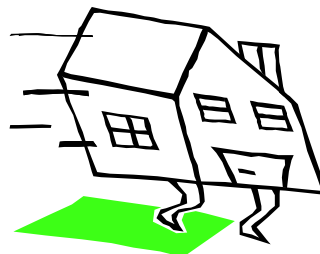
**Figure 2
Prefabricated Building Exports
by Province of Origin, 1998**



Source: Compilations based on Statistics Canada data

percent from 1997 to \$111.4 million. A strong demand for industrial buildings can explain the slight increase although building permits for residential construction were down in 1998. 93 percent of total Canadian imports of prefabricated building came primarily from the US. States, Illinois, Pennsylvania, Wisconsin and California exported mainly to Ontario, British Columbia, Manitoba and Saskatchewan where imports in those provinces were respectively \$45.9 million, \$24.7 million, \$ 14.2 million and \$12.1 million in 1998.

third quarter, indicating shipments may continue to grow in the first part of 1999. Exports of the Canadian mobile home industry reached \$7.9 million, up 18 percent from \$6.7 million in 1997. Major markets for Canadian exports were the states of Florida, Michigan and Maine with exports valued at \$1.1 million, \$0.8 million and \$0.6 million respectively in 1998.



Industry News

MHAC Annual Meeting
The Manufactured Housing Association of Canada will be holding their annual meeting in Niagara Falls, Ontario on April 16-17, 1999. For more information, please contact Henry Staro at 613-747-7083 or by fax at 613-747-6264.

Mobile Homes

Mobile home shipments ended 1998 on a positive note reaching \$248.6 million, up 5.3 percent from \$235.9 million in 1997. Shipments of mobile homes throughout the year were up from the 1997 levels. Seasonally adjusted fourth quarter results were up marginally from the

 ★ **ALSO AVAILABLE ON THE INTERNET** ★
 ★ Internet Address: <http://strategis.ic.gc.ca/foreind> ★
 ★ **STRATEGIS** ★
 ★ **Forest Industries and Building Products** ★
 ★ **Bookmark us!** ★
 ★*****

Top 50 Markets Canadian Prefabricated Building Exports

Rank	Country/States	Exports 1998	Exports 1997
1	United States	220.976	135.328
2	Japan	88.802	181.671
3	New York	22.892	11.253
4	Maine	17.291	12.125
5	Washington	16.055	13.009
6	Germany	15.500	17.536
7	North Dakota	10.209	5.531
8	California	9.787	8.129
9	Minnesota	9.071	1.876
10	Florida	8.996	5.393
11	Texas	8.546	3.322
12	Arkansas	8.427	0.277
13	Michigan	8.319	4.946
14	Montana	6.790	1.876
15	Massachusetts	6.783	3.765
16	Illinois	6.641	3.770
17	Ohio	6.597	2.939
18	Virginia	6.128	2.991
19	North Carolina	5.832	2.780
20	Wisconsin	5.443	2.779
21	Georgia	5.033	2.795
22	Pennsylvania	4.867	1.601
23	China	4.852	5.463
24	Indiana	4.833	0.419
25	Oregon	4.739	2.199

Rank	Country/States	Exports 1998	Exports 1997
26	Poland	4.639	2.374
27	Colorado	4.481	3.617
28	New Hampshire	4.075	2.067
29	New Jersey	3.984	5.683
30	Iowa	3.546	0.715
31	United Kingdom	2.918	2.719
32	Vermont	2.603	1.128
33	Russia	2.515	4.491
34	Arizona	2.316	4.491
35	France	2.242	2.729
36	Peru	2.231	0.402
37	Chile	1.998	2.535
38	Cuba	1.987	1.754
39	Spain	1.925	1.888
40	Algeria	1.679	1.264
41	Connecticut	1.565	0.170
42	Argentina	1.403	0.616
43	Saudi Arabia	1.328	n/a
44	Louisiana	1.296	0.746
45	Switzerland	1.289	1.593
46	Tennessee	1.248	2.168
47	South Korea	1.246	10.880
48	Maryland	1.240	0.584
49	Netherlands	1.124	0.712
50	Idaho	1.074	0.715

Top 50 Markets

The United States has become the most important market for Canadian producers of prefabricated buildings. More than 30 of the top 50 export destinations are individual US states. Markets such as New York (\$22.9 M), Maine (\$17.3 M) and Washington (\$16.1 M) are larger importers of Cana-

dian prefabricated buildings than countries such as Germany (\$15.5 M), China (\$4.8 M) and Poland (\$4.6 M). In fact, 22 of the top 25 largest export destinations were US states. Canadian exports to the EU decreased 5.9 percent, to end the year at \$26.3 million. Germany, the most important market in the EU ranked 6th, down from the third position last year. Countries like South Korea and Argentina which finished in the top 10 markets last year,

ranked 42th and 47th in 1998. Shipments to individual US states are now as important, if not more so, to Canadian producers of prefabricated buildings, as overseas markets.



Please note

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. (Aussi disponible en français)

Construction and Housing Review

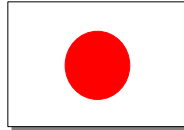
Construction in Canada



The Canadian economy finished 1998 on a mixed note. While the overall economy managed to grow by 3 percent, most of this was due to a stronger than expected fourth quarter where GDP increased 4.6 percent. Housing starts in 1998 were 137 400, down 6.5 percent from 147 000 in 1997. Weak starts were observed in almost every region, in particular British Columbia where housing starts fell 32.1 percent to 19 900. Construction activity through most of the Atlantic region was weak, with the exception of PEI. Ontario, the largest housing market in the country, was down marginally, at 53 800 starts. Housing starts in Quebec fell 10.7 percent to 23 100 starts. The Prairie provinces, led by strong growth in Alberta, was the only region to see significant growth. Starts in Alberta, were up 14.6 percent to 27 100 starts. Most analysts expect housing starts to remain unchanged from 1998 levels and GDP to grow by about 2.1 percent this year.



Construction in Japan



The Japanese economy hit a low point in 1998 as GDP shrank by an estimated 2.9 percent. This compares to the modest growth of 1.7 percent experienced in 1997. Most economic indicators, such as industrial production, consumer spending and housing starts, pointed towards a continuation of the Japanese recession. Government efforts to stimulate the economy, aside from adding to the government's large debt, have done little to encourage domestic demand. There were 1.198 million housing starts in 1998, down 10.7 percent from 1997. In the last two years, housing starts have fallen 26 percent. By construction type, prefabricated housing starts were down 8.8 percent, while 2X4 construction homes were 10.4 percent off their 1997 pace. Most analysts are forecasting Japanese housing starts to under perform in 1999 with approximately 1.15 to 1.2 million starts.

Construction in the United States



The US economy experienced strong growth in 1998. Demand, as measured by US gross domestic product, increased 3.9 percent. The continued strength of the economy extended itself in US demand for new housing. Housing starts were 1.62 million in 1998, up 9.67 percent from 1997 levels. All regions observed healthy increases, with the booming US South leading all regions. Housing starts in Southern states, which account for 46 percent of the US national total, were 740 300, up 10.4 percent from 1997. Housing starts in the Midwestern states grew 9.4 percent to 332 000, while West Coast states managed an 8.8 percent increase to 394 800 housing starts for the year. The Northeast, the smallest construction market in the US, grew at 8.6 percent to 148 500 starts. For 1999, most analysts are predicting the US economy will continue to grow, albeit at a more modest pace of 3 percent. Housing starts are expected to be moderately weaker than 1998, but nonetheless strong, at approximately 1.55 million units.

Industry Notes

Ontario Building Products Exporters' Association

On March 11, 1999, the OBPEA held its first general meeting in Toronto. At the well attended meeting members were given presentations on shows and initiatives in Japan, USA, Germany and India and a copy of the first newsletter. It is anticipated that the Association will become a major force for concentrating the international marketing efforts of Ontario based companies. For more information on the general meeting, contact Lisa Ikavalko at (613) 735-6849.

US Building Permits by Metropolitan Area

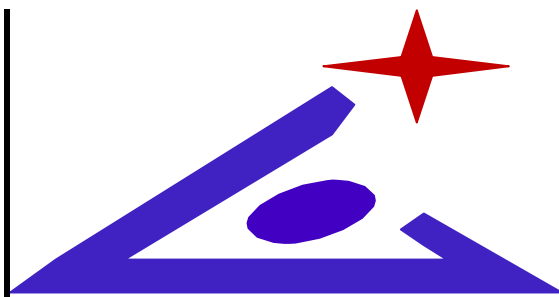
Rank	Metropolitan Area	1998	1997	%Ch Y/Y
-	Total US (millions)	1,604	1,441	11.3%
1	Atlanta GA	57,481	49,774	15.5%
2	Dallas-Fort Worth TX	54,278	44,289	22.6%
3	New York-Northern NJ, NY-NJ	51,350	44,529	15.3%
4	Washington-Baltimore DC-MD-VA	49,661	42,082	18.0%
5	Phoenix-Mesa AZ	47,884	43,224	10.8%
6	Houston-Galveston-Brazoria TX	47,210	32,333	46.0%
7	Los Angeles CA	42,423	39,614	7.1%
8	Dallas TX	39,540	33,479	18.1%
9	Chicago-Gary-Kenosha IL-IN-WI	38,233	35,378	8.1%
10	Las Vegas NV-AZ	32,173	30,876	4.2%
11	Seattle-Tacoma-Bremerton WA	30,432	25,347	20.1%
12	Denver-Boulder-Greeley CO	30,246	24,774	22.1%
13	San Francisco-Oakland-San Jose CA	29,424	26,528	10.9%
14	Detroit-Ann Arbor-Flint MI	28,638	24,883	15.1%
15	Orlando FL	25,733	21,391	20.3%

Source: US Department of Commerce, 1999

Canadian Building Permits

Rank	Metropolitan Area	1998	1997	% Ch
-	Canada	148,593	155,720	-4.6%
1	Toronto	28,563	28,674	-0.4%
2	Calgary	12,914	11,700	10.4%
3	Montreal	11,715	11,299	3.7%
4	Vancouver	11,103	15,214	-27.0%
5	Edmonton	6,100	5,665	7.7%
6	Ottawa	3,787	3,688	2.7%
7	Hamilton	3,708	3,784	-2.0%
8	Kitchener	2,422	2,747	-11.8%
9	London	2,256	1,833	23.1%
10	Quebec	2,231	2,472	-9.7%
11	Windsor	2,110	2,311	-8.7%
12	Halifax	1,930	2,098	-8.0%
13	Winnipeg	1,858	1,558	19.3%
14	Oshawa	1,834	2,129	-13.9%
15	Hull	1,393	1,362	2.3%

Source: Statistics Canada 1999



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

Industry Sector
Forest Industries &
Building Products Branch



Special Features

Links to Useful Websites

Link directly to these websites by visiting the Spring 1999 Quarterly Reviews under the [WHAT'S NEW!](http://strategis.ic.gc.ca/foreind) heading on our website at <http://strategis.ic.gc.ca/foreind>

The Canadian Building Products Directory

canadabuild.com

Canadabuild has been online for just under a year and has proven itself as an invaluable promotional tool. It is an online building products directory which allows companies to showcase their potential to customers around the globe. Current product groups include windows, doors, kitchen cabinets, flooring, millwork, and manufactured buildings. New product groups, such as lumber, will be added in time. The website database is designed to easily locate Canadian manufacturers by company, product and province.

For more information on [Canadabuild.com](http://canadabuild.com), contact Ken Montgomery at (613) 954-3053 or by email at montgomery.ken@ic.gc.ca

Standards Council of Canada

<http://www.scc.ca>

The Standards Council of Canada promotes efficient and effective standardization. Through their website, you can access information on international standards. One of the features of the SCC site

is [Export Alert!](#), which allows Canadian companies to stay a step ahead of changing foreign government requirements, standards and regulations in 41 separate fields including construction materials and buildings.

Guide to Canadian Industries

http://strategis.ic.gc.ca/sc_indps/gci/engdoc/homepage.html

The Guide to Canadian Industries (GCI) provides a useful, one stop link to information on Canadian manufacturing sectors. Broken down along Standard Industrial Classification codes, the GCI connects you to company and product directories, contacts, statistical data, analyses, trade shows and much more.

For the GCI for the [Canadian Kitchen Cabinets and Bathroom Vanity Industry](#), search under SIC 2542.

For the GCI for the [Canadian Wood Windows and Doors Industry](#), search under SIC 2543. For the [Canadian Metal Windows and Doors Industry](#), search under SIC 3031.

For the GCI for the [Canadian Prefabricated Wooden Buildings Industry](#), search under SIC 2541. For the [Canadian Pre-engineered Metal Buildings Industry](#), search under SIC 3023.

SOS 2000

<http://strategis.ic.gc.ca/sos2000>

The SOS2000 site is one of the federal government's main vehicles used to deliver information and solutions to the fast approaching Millenium Bug. On the site, you can find updates on the status of Year 2000 readiness in Canada, publications, links to programs and a list of service providers who can help solve Year 2000 computer problems.

Upcoming Events

NOVA SCOTIA IDEAL HOME SHOW -April 8-11, 1999
HALIFAX, NOVA SCOTIA
 Features building products, home improvement, financial and investment consultants.
 For more information phone 902-468-4999.

NATIONAL HOME SHOW -April 9-18, 1999
TORONTO, ONTARIO
 Features building materials, plumbing and heating supplies, roofing, insulation, floor coverings, hardware, home renovation products & services, etc.
 For more information phone 416-385-1880.