AHEC JAPAN
MARKET REPORT

HIGHLIGHTS

May & June 2020

www.ahec-japan.org

Upcoming events

2020

AHEC members are encouraged to participate at overseas activities

News flash
p2

Industry news
p3 – p6

Coming up
p7 – p8
News flash

New housing construction in April, May down by 12%

Government data released at the end of May and June show that new housing starts in April and May were 69,162 and 63,682 units, respectively, representing declines of 12.9% and 12.3% from the same months last year.

Pre-built single unit homes, a category that was growing earlier this spring, declined by 8.1% and 12.8% in these two months to mark 11,665 units in April and 10,381 units in May. A breakdown shows that single-unit homes employing 2x4 construction were down 14.4% and 17.5%, respectively, with total units in the 7,700 and 6,700-unit range.

The slump in construction of rental units has now continued for seven consecutive quarters, falling by 15.4% to just under 25,000 units in April and by 8.1% to just over 24,000 units in May.

The Japanese government will be following the figures for June onward to determine the impact of the COVID-19 pandemic on this sector.
Industry News

Furniture imports in 2019 largely steady at 605 billion yen

Japan’s furniture imports in 2019 (January through December) declined just 0.5% from the previous year to 605.1 billion yen (roughly $5.6 billion at current rates). Wood furniture imports increased by 1.7%, however, to mark a third consecutive year of growth. The total for this segment was 256.2 billion yen.

The same ten countries (shown in the table below) have been the top ten exporters of wood furniture to Japan since 2016. Unlike previous years, the list for 2019 is even in the same order as the prior year, except for Indonesia overtaking Thailand. And unlike 2018, when half the countries recorded year-on-year declines and y-o-y fluctuations ran in the double digits, all saw moderate growth or only slight declines last year. For the Philippines, its 3.7% increase marked a sharp downturn from three
consecutive years of double-digit growth. Overall, Japan’s imports from the People’s Republic of China fell in 2019 for the first time in three years. But the PRC remains Japan’s single most important trading partner and the top source of furniture for its retail market. There is growing concern over supply chain risks and sustainability, however. Southeast Asian countries such as Vietnam are expected to be increasingly important to Japan’s supply network.
Top ten countries exporting wood furniture in Japan (Jan.–Dec. 2019) (in millions of yen)

<table>
<thead>
<tr>
<th>country</th>
<th>value</th>
<th>change from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>People’s Republic of China</td>
<td>122,133</td>
<td>1.0%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>59,876</td>
<td>6.7%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>15,477</td>
<td>2.2%</td>
</tr>
<tr>
<td>Philippines</td>
<td>13,017</td>
<td>3.7%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>11,159</td>
<td>2.7%</td>
</tr>
<tr>
<td>Thailand</td>
<td>10,517</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Italy</td>
<td>5,402</td>
<td>-2.7%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>5,031</td>
<td>2.7%</td>
</tr>
<tr>
<td>Denmark</td>
<td>2,095</td>
<td>4.0%</td>
</tr>
<tr>
<td>Germany</td>
<td>1,889</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

(Ministry of Finance, customs statistics)
Japanese manufacturers of wood furniture are continuing their efforts to sell in high-end markets overseas. Customs statistics show that exports in 2019 declined slightly (by 1.7% from the previous year) to 4.34 billion yen. Further declines, in both imports and exports, may be anticipated for 2020 due to the economic impacts of the COVID-19 pandemic.
Coming up

American Hardwood Discussion Meeting in Osaka

date: July 21, 2020
venue: ANA Crowne Plaza Osaka
outline: Representatives of eight wood-related companies (lumber wholesalers and manufacturers of veneer and building materials) with headquarters or offices in Osaka will meet to discuss the market for hardwoods and possible business initiatives when the coronavirus epidemic is brought under control.

American Hardwood Seminar for Architects in Shimane

date: December 1, 2020
venue: Izumo Royal Hotel
outline: The city of Izumo, on the northern coast of Shimane Prefecture, is home to one of Japan’s oldest and most sacred shrines, and figures in the legends about the country’s spiritual origins. AHEC
Japan will host a seminar there, inviting Dana Spessert, chief inspector at the National Hardwood Lumber Association, and Mikio Koshihara, a renowned architect who is currently with the Institute of Industrial Science at the University of Tokyo. The third presenter will be Ryoichi Nagasawa, an expert on finishes for wood products.

**American Hardwood Seminar for Architects in Kanazawa**

date: December 3, 2020  
venue: ANA Crowne Plaza, Kanazawa  
outline: The city of Kanazawa is a key city of the Hokuriku region and rich in traditional arts and culture. AHEC Japan will host a seminar there with NHLA chief inspector Dana Spessert, acclaimed architect and designer Mitsuru Senda, and Ryoichi Nagasawa as the main speakers. Mitsuru Senda is a former chair of the Japan Institute of Architects.