

AHEC JAPAN MARKET REPORT



**AMERICAN
HARDWOOD
EXPORT
COUNCIL**

January
&
February 2021

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2021

**AHEC members are
encouraged to
participate at overseas
activities**

News flash

New housing construction in 2020 down 9.9% to 815,340 units

Government statistics released at the end of January show that new housing starts in 2020 totaled 815,340 units, a decline of 9.9% from the previous year.

Breakdown figures indicate that just over 93,000 homes were built with 2x4 construction last year, but this was a drop of 15.2% from the previous year.

Single-unit tract homes were down 11.4% to 130,753 units.

The most recent trough for the housing industry was 2009, when annual new housing starts sank to the 780,000 level following the global financial crisis.

Housing starts recovered to a little over 813,000 units the following year, and 2020 was the first year since then that the figure fell short of the 820,000 mark.

As part of its stimulus package, the government announced that it will resume the tax break for housing loans in the next fiscal year, which begins in March. Many small businesses have been battered by the downturn in consumption, but 4.2 million SMEs

have received the equivalent of \$52 billion in emergency subsidies as of early February. AHEC Japan hopes that such measures will encourage demand as well as help keep contractors afloat.

In the meantime, continued concern over COVID-19 infections is providing a bit of a boost to renovation work. A survey of builders and other housing-related businesses found that more than 70% of respondents expected fiscal 2020 revenue to decline from the previous year, but homeowners spending more time at home are not just setting up workspaces, but also having work done to install insulation, soundproofing, ventilation, and even touchless faucets.

Industry News

Spotlight on hardwood resources in Japan

The climate in Japan is right for temperate hardwoods, and there once were commercially viable stands in Hokkaido and the Tohoku region. But hardwood resources in these regions were depleted during the years of rapid economic growth from the 1950s through the '70s. Since then, production has been too sporadic and the wood too expensive for most users in Japan.

From the mid-80s, users have been relying on imported American hardwoods instead. From 1989 to 1992, when an economic bubble drove consumption to crazy levels, Japan was the biggest user of American hardwood lumber, importing 300,000m³ annually.

Those days are long gone, but Japanese furniture makers continue to depend on American suppliers for most of their materials. Lately, a few companies in Japan have started to produce hardwood lumber again. Their production quantities are still small, but

the lumber is being used by makers of wood products who want to highlight their use of domestic hardwoods.

Asahikawa, a center of wood product manufacturing in Hokkaido, is focusing on the interrelation of forestlands, local culture and local wood- and design-related industries. Although AHEC Japan held “American Hardwood Chair Project in Hokkaido” in 2017 with them. AHEC Japan has collaborated with many users in the area, and will continue its efforts to expand the market for American hardwoods there.

Industry Opinion

Veneer makers forced to select U.S. logs remotely

Fancy plywood and other veneer-faced laminates have been manufactured in Japan for more than a hundred years now. The earliest products were assembled with animal and plant glues. Adhesives have evolved since then, and so have slice machine—the most advanced machinery now produces veneer with a thickness of 0.20mm.

Interior parts and fittings faced with natural wood are specified for luxury hotels, condominiums and other projects, helping to maintain demand.

Veneer manufacturers typically send their buyers to the U.S. between November and March to select logs for purchase, but the pandemic has prevented them from traveling. Instead, the manufacturers have been making their selections from photos sent by their regular suppliers.

A representative of one veneer producer tells AHEC Japan that it is difficult to determine the quality of a

log just from the photos sent by their supplier. We have offered to provide contact details for AHEC members who can export logs, but we have also counseled veneer manufacturers to broaden their quality specifications to some extent.

Coming up

American Hardwood Seminar for Architects in Shimane

date: June or July 2021

venue: Izumo Royal Hotel

outline: AHEC Japan had planned to host this seminar last December, but we have pushed the date to the latter half of June or first half of July 2021 due to the continuing uncertainty over the coronavirus, a decision supported by our local participants. There will be no change to the program: the presenters will be 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.

We look forward to gathering in Izumo, near one of Japan's oldest and most sacred shrines. The area

provides the backdrop for the country's origin myths and its oldest written histories.

American Hardwood Seminar for Architects in Kanazawa

date: June or July 2021

venue: ANA Crowne Plaza, Kanazawa

outline: As with our seminar in Shimane, this gathering has been rescheduled for the latter half of June or first half of July.

The city of Kanazawa is a key city of the Hokuriku region, rich in traditional arts and culture. There is no change to our seminar program: it will feature NHLA chief inspector Dana Spessert, acclaimed architect and designer Mitsuru Senda, and Ryoichi Nagasawa. Mitsuru Senda is a former chair of the Japan Institute of Architects.