



**PRESS RELEASE**



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## **Spotlight on the United States**

**MONTREAL, Québec, November 13, 2000** — Canada Mortgage and Housing Corporation (CMHC) and the Association de la construction du Québec (ACQ) revealed this morning the results of an exclusive study aimed at identifying the ten metropolitan areas in the United States with the greatest potential for high-rise construction and the ten most interesting areas in the Eastern United States in the commercial real estate sector. This study, conducted by economist Claire Piché-Cyr for both organizations, presents a complete picture of each area identified by targeted category: residential structures, office buildings, hotels and shopping centres.

The document, entitled **Penetration of the Multiple Housing Sector in the United States**, also examines the export barriers to the United States and the strategies to follow in order to overcome these barriers. "The U.S. market presents extraordinary potential for the export of construction services, both because of its size and its future growth, not to mention that it is right at our doorstep," pointed out Piché-Cyr. "It is also expected that the number of households will rise by 1.2 million per year over the next ten years and that more than a quarter of the American population will live in Florida, Texas and California," she added.

In the commercial sector, the growth is also very strong. "Last year, office space construction was sixteen times greater in the United States than in Canada," went on Piché-Cyr. The demand is generated by industry niches in new technology sectors. In this regard, Boston, northern Virginia, Washington and New Jersey in the suburbs of New York are posting significant expansion. Charlotte, Columbus and Raleigh are part of the group of new emerging cities that are capitalizing on new technologies.

### **Advice to exporters**

In addition to the identification of potential niches, the study looks at the export strategies that must be developed to break into these regional markets and face informal barriers, such as American chauvinism and the sometimes protectionist local business culture. "It is often necessary to establish relations with local partners to get used to the business practices and attitudes that vary from one area to another in the United States," advised Piché-Cyr. The study further recommends that builders make long-term commitments and assign human resources to the job sites that they undertake.

### **High-rise residential sector**

The residential sector is closely linked to demographic growth. For example, the population is rising at a rate of 1.5% per year in Florida. Rental housing projects seem profitable in Chicago, New Jersey and Boston. Likewise, Washington and the New York suburbs are posting a significant level of immigration of households without children.

In the Western U.S., Seattle requires the construction of high-quality multiple housing. Austin is also posting considerable immigration of households without children. To be successful, Canadian firms must choose a U.S. area or city where they feel comfortable and tackle it energetically and relentlessly. By focusing their energy on the

development of a distinctive quality offer, builders increase their chances of success tenfold.

### **Non-residential development**

The advent of new technologies and the redefinition of the job market have changed the data concerning the demand for construction in the commercial sector. According to the CMHC and ACQ document, the steady growth of the office building sector occurs close to skilled labour pools. Quality of life and a favourable business environment attract this labour. The demand is also influenced by the economic base and personality of the cities.

As well, the U.S. construction industry is not managing to achieve a sufficient level of development to meet the needs in several high-growth cities, including New York, Washington and Miami. New technologies are also causing a boom in smaller cities like Columbus, Charlotte and Raleigh, where the business opportunities are numerous.

### **ACQ and CMHC**

Both organizations intend to disseminate the study to their members and clients. To this end, ACQ has just undertaken a regional tour of Quebec in order to release the research results and advise its members on their strategy for expansion in the United States. CMHC, for its part, will lead a trade mission to Atlanta in February 2001. In addition, it has made the study available free of charge on its Internet site at [www.cmhc-schl.gc.ca](http://www.cmhc-schl.gc.ca) and will also be distributing it at its booth during Construct Canada, the largest construction fair in Canada, which will take place from November 29 to December 1 in Toronto.

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