

## Building Products Sector Profile<sup>[1]</sup> - Minneapolis, USA

### 1. Sector Overview

The Upper Midwest region is home to approximately 11.5 million people. The five-state territory, covered by the Consulate General of Canada in Minneapolis comprises the states of Minnesota, Iowa, Nebraska, North Dakota and South Dakota. The region includes four large metropolitan areas: Minneapolis/St. Paul, Minnesota (population 2.7 million); Omaha, Nebraska (630,000) and Des Moines, Iowa (380,000).

The housing market in this region, as in the United States in general, has experienced a significant correction since mid-2005 with housing starts continuing to be down. In the Minneapolis-St. Paul market, the median home price was approximately USD\$150,000 in 2000. As of late 2007, the median home price is close to USD\$230,000, an increase which certainly was not mirrored in income gains, creating a glut of existing and new homes with no buyers to be found. Housing prices need to level back into an affordable zone before the market returns to a healthy level. Observers anticipate a slow but steady upward turn.

### State Statistics

	Population (thousands) 2006	Housing units 2005	% Home- ownership rate	% multi- unit
<b>Minnesota</b>	5,167	2,250,000	75	22
<b>North Dakota</b>	636	304,450	67	25
<b>South Dakota</b>	782	348,000	68	19
<b>Iowa</b>	2,982	1,307,000	72.3	18
<b>Nebraska</b>	1,768	767,000	67	20

As the chart highlights, Minnesota has the highest population base in this area as well as the highest home ownership rate.

### New Privately Owned Housing Units Authorized

	<b>Total '05</b>	<b>Total '06</b>	<b>Total Jan - Aug 07</b>
<b>Minnesota</b>	35,877	27,038	12,906
<b>North Dakota</b>	3,835	3,209	2,026
<b>South Dakota</b>	5,790	5,899	3,762
<b>Iowa</b>	16,733	12,995	7,471
<b>Nebraska</b>	10,922	8,764	5,072
<b>Total this region</b>	73,157	57,905	31,237

Construction is one of the nation's largest industries, with 8.3 million workers. In the Upper Midwest region, Minnesota is on the high end with 140,000 employed in the construction industry, followed by Iowa with 75,000. North and South Dakota and Nebraska range between 15,000 and 22,000. This region is also home to several large building products manufacturers, including Andersen Windows (with a manufacturing sub in Ontario) and Marvin Windows, both from Minnesota and Pella Windows in Iowa, Cretex in Minnesota and Cold Spring Granite in Minnesota (which also has quarries in Ontario). There are also many large lumber / building products distributors which employ a large number of people. (See contacts at the end of this report).

In this region's building products industry, Minneapolis is the main hub, due to the larger population base and the important logistical role that includes a major international airport hub (anchored by Northwest Airlines), several major rail carriers, interstate highway connections, the port of Duluth/Superior and the Mississippi river. Many Minnesota-based sales representatives and distributors commonly cover the states of Minnesota, Iowa, western Wisconsin, North Dakota and South Dakota. In particular, there are many large regional lumber yards and building products distributors, as well as reload centers for the entire central United States. The larger firms have a sophisticated knowledge of Canadian resources, supply and price conditions, and travel to Canada frequently. They are longstanding and regular buyers of Canadian lumber, cedar products, structural wood products, and so on. (See chart below) There is a generally high opinion of Canadian products and a well established network of contacts throughout the supply chain.

**Imports and Exports of Forestry Products- 2006**  
Excluding paper, newsprint, and other paper products

State	Imports from Canada (in USD millions)	Exports to Canada (in USD millions)
Minnesota	546	39
North Dakota	29	0
South Dakota	48	0
Iowa	104	0
Nebraska	55	0

Canada stands as the chief foreign exporter of most building products to the region, particularly lumber, but competition is much higher for value-added products.

## 2. Market and Sector Challenges (Strengths and Weaknesses)

As discussed earlier, Minnesota has felt the effects of the American housing slump. Many building products manufacturers, wholesalers and builders have been forced to downsize. Fortunately, commercial construction has somewhat offset this decline. The Minneapolis-St. Paul area in particular continues to add a vast amount of new retail space year over year. Industrial real estate continues to grow, and office space construction is also performing well. These improvements have helped sustain construction employment in general. Also, in light of the disastrous collapse of Minneapolis's Interstate 35W bridge in August 2007, significant public funds will be spent on its reconstruction of this major 8 lane bridge, accompanied by comprehensive inspection of most bridges, particularly the older ones.

Building codes and standards, and product and systems certification can be challenging market-entry non-tariff barriers for Canadian companies. On the other hand, Canadian exporters who have paid careful attention to marking, labelling, certification programs and issues will find more promising opportunities to pursue. General information for Canadian exporters on U.S. building codes is available through CMHC on their website: <http://www.cmhc-schl.gc.ca>. The contact list at the end of this report also provides access to further information.

Success in gaining a foothold in the region depends on specialization, a good market-entry strategy and the establishment of a solid network of contacts. Depending on the product or service involved, entry strategies might focus on regional distributors, wholesalers and large contractors. For larger commercial and/or institutional projects, architects, project managers and engineers need to understand your product, its benefits and availability in order to specify their use in their projects. The Upper Midwest is a sensible market for first time or newer Canadian exporters for a variety of reasons: 1) similar geography, climate, values and business practices; 2) relatively close proximity and lower logistics costs; 3) absence of tariffs in most cases; and 4) solid reputation and familiarity with Canadian building products. The Upper Midwest is also culturally attuned to Canada and is generally very welcoming to the people and products of Canada.

## 3. Sub-Sector Identification

## The Green Building Sub-sector in the Upper Midwest:

Green building and sustainable design, a growing standard in the commercial, institutional and residential construction industries, is gaining momentum in both the public and private sectors in the Upper Midwest and is a bright spot of opportunity. While data on the growing green building market is not yet available, there is a flood of non-profit and government initiatives, conferences, new organizations and associations, training, media coverage, and discussions taking place throughout this region. Clearly, this will be a high growth sector for the foreseeable future.

State, municipal and institutional organizations are in the forefront of the green building movement. These organizations set the bar for construction of publicly funded buildings and are increasingly requiring 'green' elements and/or adherence to a specific set of green standards. For example, Minnesota created the Minnesota Sustainable Building Guidelines ([www.sustainabledesignguide.umn.edu](http://www.sustainabledesignguide.umn.edu)). These guidelines were mandated by the state legislature to develop sustainable building design guidelines for all publicly funded buildings. The guidelines focus on exceeding the current energy code by 30%, lowering material and lifetime operational costs, improving air quality and ensuring a healthy, productive environment. It was developed to be compatible with Leadership in Energy and Environmental Design (LEED) standards, but takes into consideration regional issues and priorities. On the municipal side, the St. Paul City Council unanimously passed a resolution in 2007 requiring all new and renovated city owned buildings to improve environmental performance by following either the MN Sustainable Building Guidelines or LEED. For the architectural community, LEED certification on a building carries prestige. Many architectural firms take great pride in advertising the number or percentage of their associates who are LEED certified / trained.

In the Upper Midwest, in particular, given the cold climate and increasingly high cost of energy, the initial motivation for greener building is often energy savings. In Minnesota, energy consumption for building operations represents approximately one third of the total energy use. Thus, heat and power conservation is at the forefront of Minnesota's building industry. The interest in green building for public, institutional and commercial building has already shown the 'trickle down' effect, with consumers reading and learning more about the long term benefits of residential green building and specific types of high performance green building products. While new certified 'green homes' are still a small portion of new home construction, builders are incorporating increasingly more green products/systems. Likewise, the remodel/renovation market provides great opportunities for green products. More consumers are aware, for example, of the Energy Star label, and are comparing and purchasing products specifically marketed or certified for their 'green' features. They are also willing to spend more money for the longer term benefits as well as the 'feel good' benefit.

Green building is gaining momentum, but there have been a few bumps in the road - most notably regarding standards and certifications. While there are many green building programs, the most well known is LEED, developed by the US Green Building Council. LEED recognizes high building performance standards for commercial buildings. They are also involved in a pilot program to develop LEED for Homes (LEED-H). Many industry insiders worry about legislation that might limit the choices of architects, builders and suppliers with respect to allowable certification programs. Home builders, led by the National Association of Home Builders, in particular are becoming more vocal about keeping certification programs voluntary and expanding, rather than limiting, the number of acceptable certification programs. They are also sponsoring their own green guidelines called the National Green Building Standard, which is slated to be released in 2008. A related issue with green building in the residential market is that while many experts estimate the additional cost of building a green home to be 5-10%, it has been difficult to establish intelligently appraised values for green homes. This too will evolve over time.

Presently, Canadian firms are having success in this market with high-end, value-added products such as certified lumber and structural systems (trusses, joists, etc.), ICFs, high performance spray insulation, windows and doors, and more. Given that winters can be harsh in Minnesota and the surrounding Upper Midwestern states, Canadian products that promote heat and energy savings are always of interest. For example, more buildings and homes are being better insulated for energy conservation and air-tightness, which also means that more attention is being spent on indoor air quality, so these are specific opportunities in the new and remodel markets.

There is a strong consensus in the building products industry that green building is not a fad, but will be a continuing and sharpening focus of this industry for years to come.

### **Canadian Government Contacts**

#### **Consulate General of Canada in Minneapolis**

E-mail: [pam.olson-lally@international.gc.ca](mailto:pam.olson-lally@international.gc.ca)

Internet: <http://www.minneapolis.gc.ca>

#### **Canada Green Building Council**

E-mail: [info@cagbc.org](mailto:info@cagbc.org)

Internet: [www.cagbc.org](http://www.cagbc.org)

#### **CMCH**

E-mail: [international@cmhc.ca](mailto:international@cmhc.ca)

Internet: [www.cmhc.ca/international](http://www.cmhc.ca/international)

#### **Foreign Affairs and International Trade Canada**

125 Sussex Dr.

Ottawa, ON K1A 0G2

Internet: <http://www.infoexport.gc.ca>

#### **Industry Canada**

E-mail: [smith.lorne@ic.gc.ca](mailto:smith.lorne@ic.gc.ca)

Internet: [www.strategis.gc.ca/environment](http://www.strategis.gc.ca/environment)

### **Useful Contacts and Internet Sites**

#### **Periodicals / Magazines**

- Green Builder Magazine, a national magazine affiliated with the National Association of Home Builders - [www.greenbuildermag.com](http://www.greenbuildermag.com)
- Building Products Connection, a regional magazine affiliated with the Northwestern Lumber Association - <http://www.nlassn.org/CONNECTIONSCENE.htm>
- The Builder's Journal of the Twin Cities, <http://www.buildersjournal.citymaker.com>
- Architecture Minnesota, a publication of AIA Minnesota - [http://www.aia-mn.org/am\\_magazine/am\\_magazine.cfm](http://www.aia-mn.org/am_magazine/am_magazine.cfm)

#### **Minnesota**

##### **Trade Associations**

- AIA Minnesota - <http://www.aia-mn.org/>
- US Green Building Council - MN Chapter - <http://chapters.usgbc.org/usgbc/mn/>
- Construction Specifications Institute - [www.csi-msp.org](http://www.csi-msp.org)
- Builders Association Minnesota - [www.bamn.org](http://www.bamn.org)
- Builders Association of the Twin Cities - [www.batconline.org](http://www.batconline.org)

- Northwestern Lumber Association - [www.nlassn.org](http://www.nlassn.org)
- Energy and Environmental Building Assn (EEBA) - [www.eeba.org](http://www.eeba.org)
- Green Institute in Minneapolis - [www.greeninstitute.org](http://www.greeninstitute.org)
- Center for Sustainable Building Research - [www.csbr.umn.edu](http://www.csbr.umn.edu)
- Minnesota Sustainable Design Guide - [www.sustainabledesignguide.umn.edu](http://www.sustainabledesignguide.umn.edu)

### **State Government Contacts**

- Minnesota Dept of Admin, Building Codes & Standards Div  
[www.buildingcodes.admin.state.mn.us](http://www.buildingcodes.admin.state.mn.us)

### **Prominent Building Products Distributors in Minnesota**

- JB Omeara - [www.jbomeara.com](http://www.jbomeara.com)
- Lampert Yards - [www.Lampertyards.com](http://www.Lampertyards.com)
- Lyman Lumber - [www.lymanlumber.com](http://www.lymanlumber.com)
- Scherer Brothers - [www.schererbros.com](http://www.schererbros.com)
- Stock Building Supply - [www.Stocksupply.com](http://www.Stocksupply.com)
- Weekes Forest Products - [www.weekesforest.com](http://www.weekesforest.com)
- Guyers Builder Supply - [www.guyers.com](http://www.guyers.com)

## **Iowa**

### **Trade Associations**

- AIA Iowa - [www.aiaiowa.org](http://www.aiaiowa.org)
- US Green Building Council, Iowa Chapter - <http://chapters.usgbc.org/iowa/>
- Construction Specifications Institute - <http://www.csicentraliowa.org/chapternews.html>
- Home Builders Assn of Iowa - <http://www.hbaiowa.org/index.html>

### **State Government Contacts**

- [http://www.energycodes.gov/implement/state\\_library/reports.stm](http://www.energycodes.gov/implement/state_library/reports.stm)

### **Prominent Building Products Distributors in Iowa**

- Hawkeye Distribution, Sioux City, IA, - [www.hawkeyedistributioninc.com](http://www.hawkeyedistributioninc.com)
- Roberts & Dybdahl, Des Moines, IA - [www.robertsdybdahl.com](http://www.robertsdybdahl.com)
- Seiffert Lumber, Davenport, IA - [www.seiffertlumber.com](http://www.seiffertlumber.com)
- Mid America Building Supply, Mt. Pleasant, IA - [www.midambuilding.com](http://www.midambuilding.com)
- Green Building Supply, Fairfield, IA - [www.greenbuildingsupply.com](http://www.greenbuildingsupply.com)

## **North Dakota**

### **Trade Associations**

- AIA North Dakota, Bismarck, ND - <http://www.aianorthdakota.org>
- US Green Building Council, North Dakota - <http://chapters.usgbc.org/iowa/>
- North Dakota Association of Builders - <http://www.ndbuild.com/>

### **State Government Contacts**

- North Dakota Building Codes: <http://www.nd.gov/dcs/assistance/docs/04bcode.pdf>

## Prominent Building Products Distributors in North Dakota

- Lavelle Company - [www.lavellecompany.com](http://www.lavellecompany.com)
- D&M Industries - [www.weselldoors.com](http://www.weselldoors.com)
- Fargo Glass & Paint Co. -
- Jordan Millwork Company -
- Northeast Dimensional Millwork -

## South Dakota

### Trade Associations

- AIA South Dakota - <http://www.iasouthdakota.com>
- US Green Building Council, Nebraska - <http://chapters.usgbc.org/flatwater/>
- South Dakota Home Builders Assn - [http://www.sdhomebuilders.com/Related\\_Links.html](http://www.sdhomebuilders.com/Related_Links.html)

## Prominent Building Products Distributors in South Dakota

- Forest Products Distributors - [www.forpd.com](http://www.forpd.com)
- Sprenger Midwest - [www.sprengermidwest.com](http://www.sprengermidwest.com)
- Building Products Inc. - [www.buildingproductsinc.com](http://www.buildingproductsinc.com)
- Homestead Building Supplies - <http://homestead.doitbest.com/home.aspx>

## Nebraska

### Trade Associations

- AIA Nebraska - [www.aiane.org](http://www.aiane.org)
- US Green Building Council, Nebraska - <http://chapters.usgbc.org/flatwater/>
- Nebraska State Home Builders Assn - <http://nshba.org/>
- Construction Specifications Institute, NE - <http://www.csinebraska.org/membership.html>

## Prominent Building Products Distributors in Nebraska

- Central Lumber Sales - [www.centrallumber.com](http://www.centrallumber.com)
- Millard Lumber - [www.millardlumber.com](http://www.millardlumber.com)
- Carhart Lumber - <http://www.carhartlumber.com>

\*\* For additional contacts within these states, please contact Pam Olson, Consulate General of Canada, Minneapolis - [pam.olson-lally@international.gc.ca](mailto:pam.olson-lally@international.gc.ca)

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<sup>[1]</sup> The Government of Canada has prepared this report based on primary and secondary sources of information. Readers should take note that the Government of Canada does not guarantee the accuracy of any of the information contained in this report, nor does it necessarily endorse the organizations listed herein. Readers should independently verify the accuracy and reliability of the information.