

# **The Market for Canadian Building Products in the Greater Chicagoland Area 2003**



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## Understanding the Greater Chicagoland Area

The greater Chicagoland area is defined by 9 counties with a population of around 8.2 million people. These counties are: Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Will. Kankakee county is also only 1 hour south of Chicago and can be considered to be part of the areas as well as Lake County, Indiana in the NW corner of that state and Kenosha County in the SE corner of Wisconsin. (see Appendix for population and housing starts)

Chicago is bordered by Lake Michigan on the east, thus Greater Chicagoland basically extends north, south and west of the city of Chicago. In the past ten years alone, the population of this area has increased by some 850,000, with 300,000 new housing units of all types being added. There is no reason to expect that this growth will not continue over the next ten years.

The greater Chicagoland area is an ethnically diverse area as well as an area of diverse industries, thus not dependent upon only one industry for its employment opportunities. This has not kept it from being affected by the current U.S. recession with approximately 57,000 jobs being lost in recent past. But since mortgage rates have remained low in the U.S., the housing and real estate market remains strong. Homes are seen as a safe investment not affected by the ups and downs of the stock market. Mortgage rates remain low.

A survey was performed in 1999 and published in 2001 called *The American Housing Survey for the Chicago Metropolitan Area* by the U.S. Department of Housing and Urban Development and the U.S. department of Commerce. It is published on the web at <http://www.census.gov/prod/2001pubs/h170-99-22.pdf>

The six county Chicago region (minus DeKalb, Grundy and Kendall counties) produced nearly 40,000 new single and multi-family housing units in 2001, a 20-year high. Between 1995 and 2001, multi-family development increased by 57%. This growth, however, was uneven across the region with 67% of it concentrated in Cook County. In the same period, single-family construction increased by 13%. Will County led the region with 24% of the region's single-family construction. A study called *Chicago Metropolis 2020* outlines plans for the greater Chicagoland's projected growth at <http://www.chicagometropolis2020.org>.

One factor that makes homes more affordable in the Greater Chicagoland area besides the low mortgage rates is the fact that banks will give fixed rate mortgages for 15 or 30 years. Home equity loans are also available for renovations at low interest rates.

## Chicago

Chicago, the largest city in the Illinois with 2.9 million people is located in Cook County. It covers 227 square miles and stretches 33 miles along the coastline of Lake Michigan. It has an aging housing stock. Often the homes are of brick or wood siding and on narrow lots 25 feet wide. Rehabilitation of these homes is a constant. Certain areas of the city have vacant lots ripe for development of single and multi-family developments. The Chicago Housing Authority, the City of Chicago's public, or social housing agency, has adopted an aggressive program of demolishing its stock of post WW2 high rise projects and replacing them with units that are more of the scale of surrounding neighborhoods and have direct grade access, such as stacked row housing. To speed the pace of this program, the Habitat Corporation was appointed by a federal court to provide privately

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built, 'scattered site' developments consisting of no more than ten housing units, scattered throughout the city and built as part of existing neighborhoods.

Regentrification is occurring in some of the industrial parts of the city. Old factory buildings and warehouses are being converted to loft condominiums. New condominium buildings are being built near the lakefront and the downtown area. Chicago is very proud of its architecture and historical districts are created that require encouraging saving certain facades that are incorporated into the design of the rehabbed or new projects.

In 2001, the Chicago Department of Housing (DOH) is promoted three City programs that have helped more than 8000 people become homeowners over the last 12 years:

- ❖ New Homes for Chicago, which offers new single-family homes for under \$145,000 and two-flats including a rental unit for about \$180,000.
- ❖ City Mortgage, which provides grants of up to \$7000 dollars to help cover the down payment and closing costs and works with local banks to help people get loans.
- ❖ Historic Bungalow Initiative, which helps people buy or restore classic Chicago bungalows throughout the city.

In 2001, over a dozen New Homes for Chicago developments were underway in neighborhoods throughout the city offering affordable homes to potential home buyers. In 2002, DOH made \$100 million dollars in City Mortgage money available.

Mayor Richard M. Daley said that home buying programs are just one part of a larger effort to keep Chicago neighborhoods affordable, an effort that also includes:

- ❖ Creating or preserving over 37,000 units of rental housing in the last 12 years.
- ❖ Helping more than 24,000 homeowners repair their properties and make them more energy efficient B which also makes them more affordable by lowering utility bills.
- ❖ Direct rent subsidies for thousands of very low-income families. The plan is to transform isolated CHA developments into mixed-income communities.

Chicago's *New Homes for Chicago* program's goal is to create affordable housing for the City of Chicago. The application for this program can be found at:

<http://www.ci.chi.il.us/Housing/pdf/NewHomesAP.pdf>. A marketing analysis for the City of Chicago can be found at: <http://www.ci.chi.il.us/Budget/budget/consolidateplan/Section3F.html>.

Building codes are quite strict and are written more like a law. They are not organized like other US building codes. The codes tend to promote very traditional building methods, like sheet metal supply ducts, metal conduit piping throughout and copper piping rather than PVC piping. There are very minimal seismic loading provisions. Compared to the National Building Code of Canada and its variants, the Chicago code is more restrictive towards combustible (light wood frame) construction and cladding, and addresses structural issues for small building through formulas, not tables.

Unions are strong and opportunities for businesses with ethnic minorities and woman are built into Chicago building projects that have a publicly financed component. In the past ten years alone, the population of this area has increased by some 850,000, with 300,000 new housing units of all types being added. There is no reason to expect that this growth will not continue over the next ten years.

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## The Rest of Cook County

The population of the remainder of Cook county is approximately 2.5 million. Other larger cities within Cook county are: Cicero, Schaumburg, Arlington Heights and Evanston. Cicero is an older working class city with many brick single family homes, two, 3 and 6 flats and apartment complexes. The lots are usually narrow 25-35 feet wide. It has a large industrial complex also. Its eastern boundary is shared with the city of Chicago.

Evanston is another older suburb bordered by the east by Lake Michigan. It is the home of Northwestern University and has quite a mix of home values. In the year July 1, 2001-June 30, 2002 the *Chicago Magazine* reports that the average home in Evanston sold for \$411,107.

Arlington Heights and Schaumburg are Northwest of the city of Chicago and are considered truly suburban. They have typical housing developments, shopping malls and suburban subdivisions with larger lots and newer homes. According to *Chicago Magazine* the average home in Arlington Heights sold for \$306,758 and in Schaumburg, \$262,741.

Building codes within unincorporated areas of suburban Cook County and some municipalities follow the Cook County Building Code. This code is similar in style, format and content to the Chicago Building Code, but it is less restrictive towards combustible construction and cladding.

In general, the farther out you go from Chicago the newer the housing stock.

## DuPage County

DuPage County is the first county west of Cook County. It also has the highest median income of the counties in the greater Chicagoland area and in the year 2000 the median housing price was reported as \$195,000. The second largest city in Illinois, Naperville, is located mainly in DuPage County with some overlap into Will County. DuPage County is one of the more affluent counties in greater Chicagoland with many families and suburban tract housing. Subdivision homes in Naperville often have lots that are 70-75 feet wide. According to *Chicago Magazine* the average home in Naperville sold for \$349,240.

## Lake County

Lake County, Illinois is due north of the city of Chicago. It contains many high priced homes close to the city. As a rule, farther north and northwest you go away from the city, the less expensive the housing stock. The largest city in Lake County is Waukegan. Lake County has the second largest median income in the Greater Chicagoland with the second highest median home price. In the year 1999 the median household income was \$66,973 US and the median housing price was \$198,200 US. *Chicago Magazine* lists the average home in Waukegan selling for \$132,172 while Barrington homes average \$560,415

## Kane, McHenry and Will Counties

These counties are developing counties with the next largest populations and median housing prices. McHenry leads the way with median income of \$64,825 and median housing in 1999 of \$168,100, followed by Will county, then Kane county with median income of \$59,351 and median housing in 1999 of \$160,400 and Will County with \$62,238 and average housing price in 1999 of \$154,900.

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## DeKalb, Grundy, Kendall Counties

DeKalb, Grundy and Kendall counties are the most rural of the Greater Chicagoland counties. Suburban Chicago is beginning to spread to these areas with housing developments beginning to take away from their rural flavor.

## Building Codes in Suburban Greater Chicagoland

### BOCA (Building Officials and Code Administrators, International)

Geography: Illinois Suburbs

This code is updated regularly in annual editions, yet jurisdictions who administer it do not all use the same edition and most have local amendments. Compared to the National Building Code of Canada, it, like the codes in Chicago is more restrictive towards light wood frame construction and addresses structure through formulas, though it references another building code, CABO, for small buildings. There are some Canadian authors who contribute to this code and other Canadian Code Officials who contribute their efforts to the organization that produce this code.

### CABO (Council of American Building Officials)

Geography: Illinois Suburbs

The scope of this code is limited to one and two family dwellings. Like the National Building Code of Canada, it addresses some structure through load tables, though the architect or engineer must calculate an 'extreme fiber stress in bending'. Also, it is less precise in its language and descriptions than the NBCC.

### International Building Code

Geography: Some Illinois Suburbs

This code may be thought of as a newer version of BOCA, renamed. Jurisdictions that have administered BOCA are looking to update it with the International Code. The International Code is promoting itself as a replacement for BOCA, CABO and even UBC. Jurisdictions are being slow to adopt this. The first edition was issued in 2000. Oak Park, which is in Cook County just west of Chicago, is one of the few jurisdictions that have gotten around to adopting the IBC 2000 with amendments issued by the IBC's authors. Since its initial printing: the adoption process takes so much time that the Village may simply adopt IBC 2003.

Constitutionally, there is much discussion, between the Canadian vs. US Constitutions, in terms of what powers become the responsibilities of which jurisdictions. In the US, building code issues are the responsibility of the individual states. In Illinois, building code issues are the responsibilities of individual municipalities. Thus, it is very common to see municipalities laboring over the adoption of a new building code, and then to issue amendments to that code that are specific to that municipality. Likewise, because the authors of building codes update them regularly yet the administrative procedures to adopt may take time, not every municipality that administers 'BOCA', for example, will administer the same year edition of BOCA. In sharp contrast, Indiana, has opted to adopt and administer one building code throughout the entire state.

## Building Codes Used In Indiana

### UBC (Uniform Building Code)

Geography: Indiana Suburbs

This is unique in that the UBC is a building code used primarily in western rather than the Midwestern states, The administration of building codes in Indiana is a state rather than a municipal

responsibility. Even in terms of the building permit plan review process, all building permit documents are reviewed in Indianapolis, municipalities are not involved beyond zoning issues. Unlike Illinois which has a confusing 'patchwork quilt' of codes being enforced, Indiana uniformly administers the same building code statewide. Because the Uniform Building Code is basically a 'western' code, it is generally comparable to the National Building Code of Canada when it comes to light wood frame construction.

## More Comments on Building Codes

Building codes are published by agencies that regularly review and update their codes. While it is a generality to say that a municipality may have adopted BOCA, more precisely, they have adopted BOCA 1998 or UBC 1989. They may have added various municipal amendments as well. Building codes can have an enormous degree of variety.

The City of Chicago was devastated by an enormous disaster, The Great Fire of 1871. This continues to influence building code issues throughout the US Midwest. It may be said that the closer one gets to the city of Chicago, the more restrictive building codes become towards issues of fire safety. In Chicago, combustible construction is not permitted, though wood frame construction is permitted if sheathed with 'Firecode' (Type X) Gypsum Board as an example. Virtually any other issue that would promote fire safety and lessen the spread of fire is required in Chicago.

Labor unions are very strong in this region. In the construction trades, steelworkers and mason unions are probably strongest, carpenters unions are probably weakest. This is also a factor in determining which construction type may be favored / disfavored in a municipality. For example, Tinley Park is a working class suburb in Cook County with many masons living there. That town's building code prohibits siding and strongly encourages brick, even if used only as a veneer.

Several labor unions, such as the International Brotherhood of Masons and Bricklayers, operate in the United States and Canada. There may be possibilities for joint efforts to promote Canadian products and building systems by this network.

## Building Trends and Their Associated Products

Certain trends in the U.S. are leading to opportunities for specific building products. These issues include accessibility, environmental toxins, energy efficiency, fire resistance, large size timber and luxury accoutrements.

Accessibility is a very strong issue in the United States. The Americans with Disabilities Act has made the public more aware of accessibility issues, leading to legislation requiring it in public places. Also the "baby boomers", one of the largest population segments in the U.S. are aging. These factors are bringing about a new growth market. Potential products in this area are: wheelchair lifts, residential elevators, and a universal design of kitchen, bathroom and plumbing fixtures.

Environmental issues are also of big concern in the U.S. This includes toxins, concern for indoor air quality and "architectural" environmental issues. The impact of asbestos and lead products have brought about a major market for abatement and replacement products such as vinyl floor tile, plastic laminate, vinyl cove base, etc. Lawsuits surrounding the use of EIFS (Exterior Insulated

Finish Systems) have brought about acute public awareness of indoor air quality. While the Canadian R-2000 system is not popularly known in the US, parts of the R-2000 system – like super insulation and air & moisture barriers - are well known and used. The consumer public generally does not know of the ventilation and air exchange systems necessary to maintain this system. Off gassing issues from products like carpeting and wallboards are recognized by consumers. Potential product opportunities are: vinyl products for flooring and base trim, air exchange and ventilation systems - especially those that address a warmer climate, air and moisture barrier systems, and products that use environmentally friendly glues. Bear in mind that many environmentally friendly glues use latex bases, and that violent latex allergies are prevalent in health care environments.

Energy efficiency, within a reasonable payback period, is a popular consumer theme. While commercial markets recognize the value of recycled materials in construction products, this is still a relatively exotic theme for residential consumers. Some potential product concepts are: energy efficient windows and doors, energy efficient home heating and air conditioning systems, and energy efficient appliances. In describing energy efficiency in this region, bear in mind that cooling and air conditioning may be seen to be as important as heating.

The use of fire resistant materials is built into many building codes. Potential products in this category are: fire resistant treated wood products for sheathing, fire resistant siding systems and solid core wood doors (not hollow core).

Large sized lumber and alternatives are another trend in this housing market. Homes are being built with large spatial dimensions or long span openings that require beams for frames. There is a perception of scarcity in the wood industry, particularly in the large dimensioned lumber products. Some potential products are: manufactured lumber, like 'glulam', 'microlam' or 'paralam', as well as alternatives to wood, like steel.

Luxury items, 'little' indulgences and cocooning are trends that lead to the appreciation of finer building products. Also, fast appreciating property values have left homeowners in the Chicagoland region sitting on 'mountains' of equity. Homeowners are using this equity and low interest rates to renovate their houses with luxury items. Some potential products in this category are: fine cabinetry for kitchens and bathrooms using sturdy plywood construction, dovetail jointing and drawers on heavy duty glides; marbles and granites for countertops and flooring; in home entertainment, such as audio / visual equipment, exercise equipment; and computer ethernet networking; in home spaces that encourage informal entertaining and family gathering, such as prefabricated metal fireplace inserts; and luxury kitchens in 'great room' settings. Rooms and houses are sized larger in area than previously. Other products in this category are decorative, 'high design' lighting and plumbing fixtures, and tiles; raised wood paneling; and replacement windows, doors, roofing and siding.

## SWOT Analysis for Canadian Building Products in the Greater Chicagoland Area

### **Strengths**

- ❖ The currency exchange rates create an atmosphere of value pricing for Canadian products.
- ❖ The Canadian production system allows for innovative research and development of new products.

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- ❖ Canadian trade missions provide aggressive marketing and support for Canadian manufacturers, a network that local manufacturers do not have.
- ❖ Canadian products are seen as quality, durable and dependable.
- ❖ Canadian products aren't necessarily seen as 'foreign', but may carry an acceptable level of 'exoticism'.

## Weaknesses

- ❖ Since the US and Canada are the closest countries in culture there is a potential to misinterpret US markets tastes, selling products made for the Canadian Market in the US without proper consumer research.
- ❖ Transportation networks to the US Midwest tend to focus on a specific Canadian region. Other Canadian regions are difficult or lengthy to access.
- ❖ This area has a multiplicity of building codes and regulations. Canadian manufacturers' can have difficulty understanding the local political environments that lead to this multiplicity of building codes and regulations and focused procurement policies.
- ❖ Canadian products can suffer from a lack of brand name recognition in a market highly dependant on branding.
- ❖ Canadian manufacturers need to develop local service networks for maintenance and warranties, which is a costly start up expense.

## Opportunities

- ❖ In the housing market, US suppliers are at capacity. More production capacity is needed.
- ❖ Leadership in Energy Efficient Design Standards (LEEDS) is a grading program that ranks sustainable design projects. Using recycled materials gets points, using non endangered wood species gets more, the amount of land covered by a building gets a ranking, etc. To acquire 'points' in the LEEDS Sustainable Design grading system, many building products need to be produced within 250 or 500 miles of the construction site; many Canadian producers are within this distance to a multitude of US markets.
- ❖ Canadians are leaders in building envelope technology. This is an exportable product.
- ❖ More Canadian produced media is finding its way onto US cable TV networks. Use this as a way to sway consumer tastes (example: Lynette Jennings' home decorating programs, HGTV Canada feeding programming to HGTV in the US, etc).
- ❖ Canada can find opportunities in alternate building systems like: load bearing masonry, light gauge steel framing and even adaptations of poured in place concrete.
- ❖ Many Canadian companies in non manufacturing sectors have substantial presence in the US Market (BMO, Trizec, etc). Canadian companies can use this as marketing leverage.

## Threats

- ❖ 'Canadian' wood frame construction is continually seen as using a scarcer and scarcer commodity. Building codes in tight urban areas can be restrictive against wood. Other unions have more political sway than do carpenters. Alternative building systems are gaining more acceptance.
- ❖ The value of Canadian currency will inhibit promotional budgets of Canadian manufacturers in the US.

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- ❖ Many publicly funded projects have 'Buy American' guidelines for procurements of materials. A 'pro American' sentiment may gain momentum.
- ❖ Distribution of Canadian products to US markets are dependent on free and open borders in an era of increased security and checkpoints.
- ❖ Future differences between Canadian and US economic systems that are noted and result in tariffs.
- ❖ In terms of fixtures, name brands sell. A Canadian manufacturer has the responsibility to increase brand awareness associating their product with the quality needed.
- ❖ Large "big box" retailers demand certain volumes of sales to justify stocking products on their shelves. This can discourage smaller manufacturers from exposure to the retail markets.

## Wood, Steel, Masonry and Concrete Construction Today

In this area, wood framing is still the norm in new housing construction, especially by the larger homebuilders. Although energy conservation is talked about, new homes are more often chosen on location, size and layout of the home and cost to purchase.

Steel frame construction is used by selected companies, but usually smaller companies. As a construction technique it requires precise planning and special training of the carpenters. It costs about \$3000 to train a tradesman to do steel framing properly. Although labor costs can be a little higher, there is little waste in materials and less problems like nails popping and wood warping afterwards. Also insects like termites have no attraction to the materials.

Another construction technique that is used by selected smaller construction companies is the Insulated Concrete Foam (ICF) Technique. There is a company that developed the TF Insulated Concrete Building System ([www.tfsystem.com](http://www.tfsystem.com)). It is a vertical ICF that has eliminated problems like bowing with traditional ICF systems. Developed in Southern Wisconsin, training sessions on its use are available in Sturgeon Bay, Wisconsin or calling 800-360-4634. It has advantages of being energy efficient, having excellent fire ratings, providing an excellent sound barrier and saving on insurance costs.

Many housing units – particularly in the City of Chicago – are still being built of load bearing masonry construction. Brick homes are seen by the consumer as very desirable. It is a construction material that is quite prevalent in older homes in the city and older suburbs and in upscale newer homes. Besides being perceived as more esthetically pleasing, the advantages of a brick home are perceived safety with respect to fire codes and perceived durability. The Masonry Advisory Council web site (<http://www.maconline.org>) has information on masonry construction.

## Ways to Enter the Greater Chicagoland Market

The market is large and quite competitive. It is important a Canadian company be prepared to be consistent in their approach to the market and have enough production capacity to supply the larger builders or retail outlets. Since the market is competitive, Canadian companies must stay in continual touch with their customers, providing appropriate technical and other background support. Shipping from Canada should be invisible to the U.S. Buyer.

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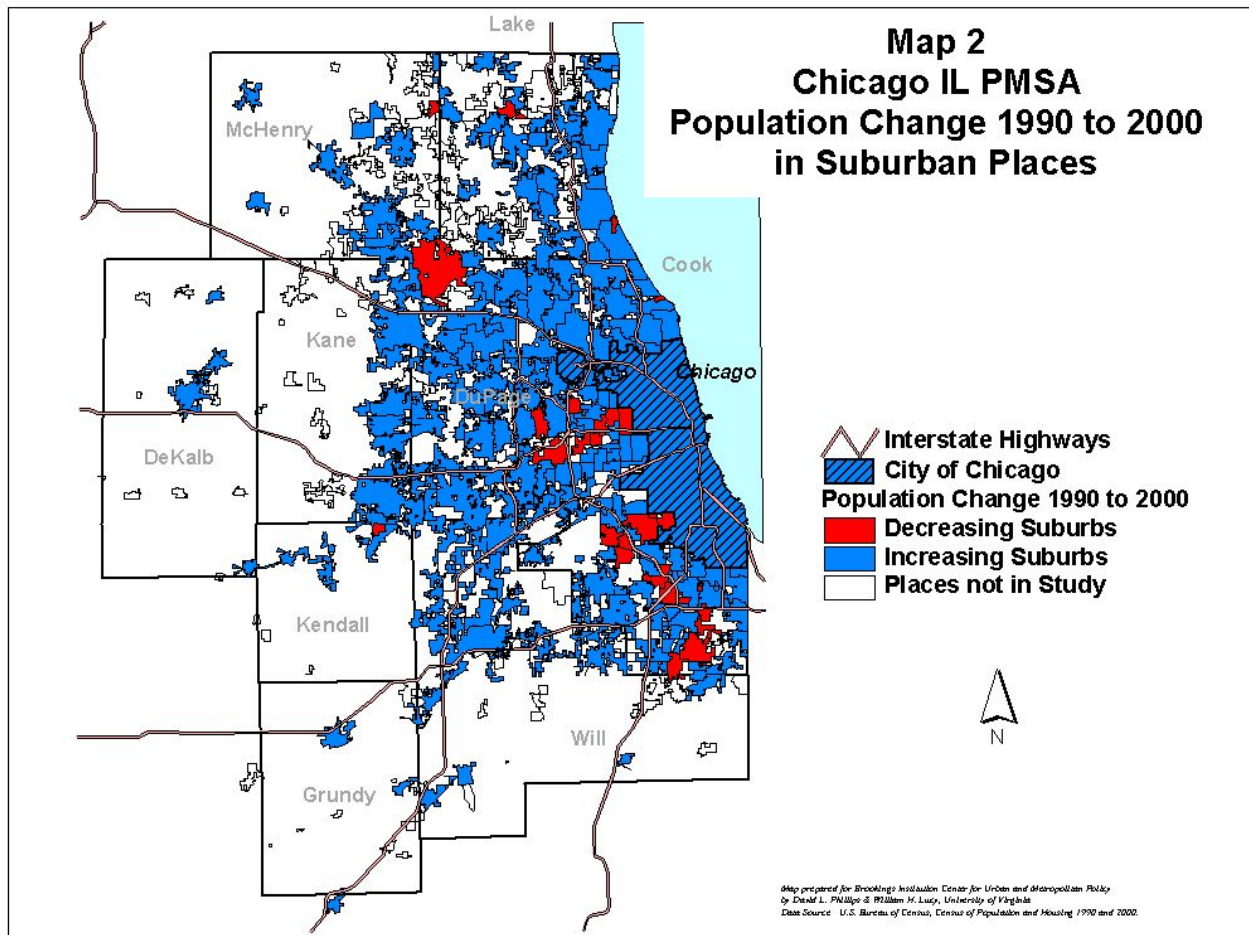
Manufacturers Representatives are one way to enter the housing market. MANA, the Manufacturers' Agent National Association is an excellent resource for finding manufacturer's representatives. The Canadian Consulate General in Chicago can often provide lists of manufacturers' representatives to Canadian manufacturers. Manufacturer's representatives will know the market for your product. They do not take ownership of your product, but make money when they sell it to the buyer. They are your representative in this area. They know the market and the potential customers.

There are also distributors of the product large box stores that carry a complete line of building products and smaller stores that specialize in certain products like kitchen, tile, etc. The four main big box retail stores in Greater Chicagoland are Expo (an upscale division of Home Depot), Home Depot, Lowes and Menards. Big box retailers are difficult for small manufacturers to penetrate. Smaller local building supply retailers might be easier to approach and more suitable for smaller manufacturers entering this market.

It is possible to sell directly to the homebuilder. When the construction company is smaller, the president of the company is the prime contact. The larger homebuilders like Lakewood Homes have their own purchasing departments who screen new products and techniques for use in their subdivision building processes.

Homebuilder trade shows are another way to get exposure to the Greater Chicagoland Market. A brand new show this year was the Midwest Builders Show. The Canadian Consulate General in Chicago sponsored a Canadian products booth in this show. Other shows in this area are: the American Institute of Architects in 2004, the National Hardware Show and the Restoration and Renovation Fall Show in 2003.

APPENDIX - Background Information



Metropolitan Statistical Areas	Total Population	Average Family Size	Total Households	Family Households
Bloomington--Normal, IL MSA	150433	3.03	56746	35470
Champaign--Urbana, IL MSA	179669	2.96	70597	39308
Chicago--Gary--Kenosha, IL--IN--WI CMSA (IL part)	8376601	3.35	3009872	2041623
Davenport--Moline--Rock Island, IA--IL MSA (IL part)	200394	2.98	80768	53471
Decatur, IL MSA	114706	2.93	46561	30960
Peoria--Pekin, IL MSA	347387	3	135857	92799
Rockford, IL MSA	371236	3.09	141855	99094
St. Louis, MO--IL MSA	599845	3.07	229888	160260
Springfield, IL MSA	201437	2.97	83595	53448
Chicago, IL PMSA	8272768	3.36	2971690	2014864
Kankakee, IL PMSA	103833	3.12	38182	26759

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Metropolitan Statistical Areas	INCOME IN 1999:	INCOME IN 1999:
	Households	Households
	Median household income ( US dollars)	Mean earnings ( US dollars)
Bloomington--Normal, IL MSA	47021	56472
Champaign--Urbana, IL MSA	37780	45787
Chicago--Gary--Kenosha, IL--IN--WI CMSA (IL part)	51560	68903
Chicago, IL PMSA	51680	69118
Kankakee, IL PMSA	41532	51345
Davenport--Moline--Rock Island, IA--IL MSA (IL part)	38954	47721
Decatur, IL MSA	37859	49153
Peoria--Pekin, IL MSA	42986	52329
Rockford, IL MSA	44988	54702
St. Louis, MO--IL MSA	41298	51107
Springfield, IL MSA	43180	53747

## Counties in Greater Chicagoland (US Census 2000)

Area Name	Total Population	Median Household Income	Median housing value ( US dollars)	% Housing value>\$200,000
Illinois	12,419,293	\$46,590	130,800	23.3
Cook County	5,376,741	\$45,922	157,700	31.4
DeKalb County	88,969	\$45,828	135,900	14.1
DuPage County	904,161	\$67,887	195,000	47.3
Grundy County	37,535	\$51,719	128,600	14.8
Kane County	404,119	\$59,351	160,400	32.6
Kankakee County	103,833	\$41,532	99,200	6.8
Kendall County	54,544	\$64,625	154,900	24.4
Lake County	644,356	\$66,973	198,200	49.4
McHenry County	260,077	\$64,826	168,100	32.9
Will County	502,266	\$62,238	154,300	27.8

## Counties and the Largest Cities in the Chicago Market Area (US Census)

County	Cities over 70,000 population in 2000	
	Name of City	Population
Cook	Chicago	2,896,014
	Cicero	85,616
	Arlington Heights	76,031
	Schaumburg	75,386
	Evanston	74,239
DeKalb	no large cities	
DuPage	Naperville (also partly in Will County)	128,358
Grundy	no large cities	
Kane	Aurora (also partly in DuPage, Kendall and Will Counties)	142,990
	Elgin (also partly in Cook County)	94,487
Kendall	no large cities	
Lake	Waukegan	87,901
McHenry	no large cities	
Will	Joliet (also partly in Kendall County)	106,221

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**Building Permits in 2002 (US Census)** (This provides construction statistics by county on new privately-owned residential housing units authorized by building permits.)

<b>County</b>	<b>Actual Building Permits in 2002</b>	
<b>In Illinois</b>	<b>Single Family</b>	<b>Total Reported</b>
<b>Cook</b>	5086	5787
<b>DeKalb</b>	502	513
<b>DuPage</b>	2632	2668
<b>Grundy</b>	222	277
<b>Kane</b>	4461	4473
<b>Kankakee</b>	368	388
<b>Kendall</b>	721	746
<b>Lake</b>	3217	3254
<b>McHenry</b>	3168	3212
<b>Will</b>	7452	7479
<b>Lake County, IN</b>	1487	1682
<b>Kenosha County, WI</b>	776	823

## Online Resources

Brick Industry of America (BIA)	<a href="http://www.bia.org/html/homeowners.html">www.bia.org/html/homeowners.html</a>
Energy & Environmental Building Association (EEBA)	<a href="http://www.eeba.org">www.eeba.org</a>
Home Builders Association of Greater Chicago (HBAGC)	<a href="http://www.hbagc.com">www.hbagc.com</a>
Home Energy Magazine Online	<a href="http://www.homeenergy.org">www.homeenergy.org</a>
Illinois Department of Commerce & Community Affairs (DCCA)	<a href="http://www.illinoisbiz.biz">www.illinoisbiz.biz</a>
INEST to find Home Builders	<a href="http://www.internest.com/index.asp?source=google&amp;g=1&amp;t=newhomes">http://www.internest.com/index.asp?source=google&amp;g=1&amp;t=newhomes</a>
Insulated Concrete Form Association	<a href="http://www.forms.org">www.forms.org</a>
International Masonry Institute	<a href="http://www.imiweb.org/imihome.htm">http://www.imiweb.org/imihome.htm</a> local resource, Scott Conwell - 312-347-2500
Manufacturers Agents National Association (MANA)	<a href="http://www.manaonline.com">www.manaonline.com</a>
Masonry Advisory Council	<a href="http://www.maconline.org/">http://www.maconline.org/</a>
National Association of Realtors	<a href="http://www.nsbar.com">www.nsbar.com</a>
National Hardware Show	<a href="http://www.NationalHardwareShow">www.NationalHardwareShow</a> and <a href="http://www.ahma.org">www.ahma.org</a>
Precast/Prestressed Concrete Institute	<a href="http://www.pci.org">www.pci.org</a>
Remodeling Online	<a href="http://www.remodeling.hw.net/pages/remodelingonline/index.nsp?">http://www.remodeling.hw.net/pages/remodelingonline/index.nsp?</a>
Restoration and Renovation Show	<a href="http://www.restorationandrenovation.com">www.restorationandrenovation.com</a>
Steel Stud Manufacturers Association	<a href="http://Ashleysteelmicronpcweb.com">Ashleysteelmicronpcweb.com</a>
The Blue Book	<a href="http://www.thebluebook.com">www.thebluebook.com</a>
The Journal Light Construction	<a href="http://www.jlconline.com">www.jlconline.com</a>
US Census	<a href="http://www.census.gov">www.census.gov</a>

# The Market for Canadian Building Products in the Greater Chicagoland Area

These Builders can be found at: <http://openhouse.chicagotribune.com/>

- |  |   |
|--|---|
| <a href="#">American Colony Homes, Inc</a>                 | <a href="#">Micon Construction Custom Builder</a>         |
| <a href="#">American Invsco</a>                            | <a href="#">Moran Associates Real Estate Co.</a>          |
| <a href="#">Austin Highland, Inc</a>                       | <a href="#">MR Properties, LLC</a>                        |
| <a href="#">Bigelow Homes</a>                              | <a href="#">Neumann Homes</a>                             |
| <a href="#">Burnside Homes</a>                             | <a href="#">Norwood Builders</a>                          |
| <a href="#">Cambridge Homes</a>                            | <a href="#">Oak Builders</a>                              |
| <a href="#">Centex Homes</a>                               | <a href="#">Optima</a>                                    |
| <a href="#">Centrum Properties</a>                         | <a href="#">Orren Pickell Designers &amp; Builders</a>    |
| <a href="#">Concord Homes</a>                              | <a href="#">Par Development</a>                           |
| <a href="#">Dartmoor Homes</a>                             | <a href="#">Phoenix Developers</a>                        |
| <a href="#">De Maria Properties, LLC</a>                   | <a href="#">Property Consultants</a>                      |
| <a href="#">Diamondschreiber Builders</a>                  | <a href="#">R. Franczak</a>                               |
| <a href="#">Dubin Residential Communities</a>              | <a href="#">Realen Homes</a>                              |
| <a href="#">Gladstone Builders</a>                         | <a href="#">Remington Homes</a>                           |
| <a href="#">Grand Pointe Homes</a>                         | <a href="#">Residential Development Group</a>             |
| <a href="#">Hartz</a>                                      | <a href="#">Rezmar Development Group</a>                  |
| <a href="#">Homewerks Development</a>                      | <a href="#">Ryland Homes</a>                              |
| <a href="#">Inland Real Estate - Fields of Farm Colony</a> | <a href="#">Sevvonco Inc.</a>                             |
| <a href="#">Insignia Homes</a>                             | <a href="#">Sho-Deen Inc.</a>                             |
| <a href="#">Insignia Homes, LLC (Builder/Developer)</a>    | <a href="#">Shorebank Development Corporation</a>         |
| <a href="#">J.P. Stellas Properties, Inc</a>               | <a href="#">Silvermoon Properties/FC Pilgrim</a>          |
| <a href="#">John Hall Homes</a>                            | <a href="#">Smykal Homes</a>                              |
| <a href="#">Joseph Freed Homes</a>                         | <a href="#">Sullivan Builders</a>                         |
| <a href="#">Kenar, LLC</a>                                 | <a href="#">Summit Homes</a>                              |
| <a href="#">Kirk Homes</a>                                 | <a href="#">Sutherland Pearsall Development Corp.</a>     |
| <a href="#">KLM Builders, Inc.</a>                         | <a href="#">The Habitat Company</a>                       |
| <a href="#">Krughoff Company</a>                           | <a href="#">The Shaw Company</a>                          |
| <a href="#">LDC Custom Homes</a>                           | <a href="#">The Thrush Companies</a>                      |
| <a href="#">Lakewood Homes</a>                             | <a href="#">Toll Brothers, Inc.</a>                       |
| <a href="#">Landmark Homes</a>                             | <a href="#">Town &amp; Country Homes</a>                  |
| <a href="#">Landmark Homes (Custom)</a>                    | <a href="#">U.S. Shelter Group</a>                        |
| <a href="#">Legacy Development Group</a>                   | <a href="#">Waterford Homes</a>                           |
| <a href="#">Macnon Builders</a>                            | <a href="#">West Point Builders &amp; Developers Inc.</a> |
| <a href="#">Marquette Companies</a>                        | <a href="#">Wyndham Deerpoint</a>                         |
| <a href="#">MCL Companies</a>                              | <a href="#">William Ryan Homes</a>                        |
| <a href="#">Meadowview Development</a>                     | <a href="#">Winthrop Properties</a>                       |
| <a href="#">MGM Construction Company, Inc.</a>             | <a href="#">Wiseman Hughes</a>                            |
| <a href="#">Micon Construction</a>                         | <a href="#">Zale Homes</a>                                |

## Ways to Get Visibility

### Major Retail in Greater Chicagoland

Home Depot & Expo	<a href="http://www.homedepot.com">www.homedepot.com</a>
Lowe's	<a href="http://www.lowes.com">www.lowes.com</a>
Menards	<a href="http://www.menards.com">www.menards.com</a>

### Other Building Materials Suppliers

Builders Express.com	350 W. Erie, Chicago	312-482-9740
EE Bailey Building Materials & Supplies	11520 Halsted, Chicago	773-264-9425
Edward Hines Lumber Co.	Loves Park, IL	815-877-7424
Renovation Source Inc.	3512 N. Southport, Chicago	773-327-1250
Seigles Home and Building Centers	977 W.Cermak Rd, Chicago	322-666-9100

## Manufacturer's Representatives

**Manufacturers' Agent National Association (MANA)** Go to [www.manaonline.org](http://www.manaonline.org)

(The following is taken directly from the MANAonline web page)

### Advantages of Using Manufacturers' Agents

#### ● **What is a Multi-Line Field Sales Company (manufacturers' sales agency/rep)?**

Manufacturers' representatives are called by many names, but the best way to define one of these firms is to think of it as an outsourced provider of field sales services to multiple manufacturers of complementary products.

When a manufacturer, distributor or service company determines that an important element of its marketing plan is contacting its customers face-to-face on the customer's turf, it has three options:

1. Conduct the field sales process with non-sales company executives and managers who sell part-time.
2. Hire direct sales employees whose full-time job is to contact customers and service them.
3. Appoint professional, multiple-line field sales firms as strategic partners.

These field sales companies may be known as reps, agents, manufacturers' agents or representatives, sales agencies or even brokers. They work primarily on commission and pay their own expenses in return for a contractual agreement to be the exclusive "agent" of the manufacturers they represent in a given territory, market or for specific accounts. They profit by leveraging their time so that sales for multiple manufacturers can be made with the same customer, often on the same call.

#### ● **Why sell through professional Multi-Line Field Sales Companies?**

1. ***Predictable Sales Costs That Go Up And Down With Sales*** — The manufacturer and sales agency agree in advance on a set rate of commission and the agency pays all selling expenses.
2. ***Lower Sales Costs*** — It is estimated that today's average industrial factory direct salesperson costs \$150,000 per year. Producing \$2,000,000 in new sales each year, the cost of sales would be 7.5%. A field sales agency producing the same volume at a 5% commission rate would cost only \$100,000.
3. ***Increased Sales*** — The average factory-direct salesperson is in a territory for two years or less before he or she is promoted, transferred or defects to a competitor for more money. The multi-line sales agency has a lifetime commitment to the territory, thus holding better relationships with the customers.
4. ***Immediate Access To The Market*** — Sales agencies are an experienced sales team already in the territory. They are familiar with the area and have good prospects ready to consider the new line. Many agencies have multiple sales personnel and provide much deeper coverage than a single direct sales employee. Small, single-person agencies can provide excellent coverage in many niche markets.
5. ***Free consulting services*** — Most independent sales agents have 15-20 years of successful corporate experience under their belts. Many have held positions in large corporations prior to becoming agents.

6. ***Cost of Training And Turnover In Sales Personnel Is Eliminated*** — A new agent has only to learn your company's products, culture and systems, and many agents won't even need product training. All are well-versed in selling skills so you won't have to train them how to sell. The average agency has been in business in the same territory over 20 years, whereas the average employee only stays in the same place two years or less.
7. ***Highly Experienced, More Aggressive Sales Force*** — Today's multi-line field sales agent is highly educated and trained. Since there is no base salary to rely on, they must sell to live.
8. ***Sales Forecasting Is Equal Or Superior To A Direct Sales Force*** — The volume of future sales is no less predictable with agents, but it may be better since so many of today's agents use sales analysis and forecasting methods which are often more sophisticated than those of the manufacturers they represent.
9. ***Broader Sales Context For Your Product*** — Because agents sell several compatible items, they call on a wider variety of prospects and customers, often finding applications for products denied the single-line salesperson. The easiest person to sell something to is the customer who is already buying from the salesperson!
10. ***Provides Marketing Flexibility At Less Cost*** — Sales agents can increase your volume by selling outside your present marketing territory. Agents can also sell a new line without conflicting with your present sales organization.
11. ***Creates A Systems Approach To Selling*** — Most customers today will agree to see and buy from only those salespeople who take problems off their desks and bring opportunities to their attention. The multi-line, complementary package of products tends to make sales reps systems oriented rather than a single product oriented. Customers welcome these consultative sellers.
12. ***Every Call Is A Relationship Call For Your Company*** — Even when the agent doesn't present your product, he or she is cementing the customer relationship which will benefit your company in the future.
13. ***Multi-faceted, Multi-skilled Sales Team*** — Many multi-line field sales agents also have multi-industry experience, some holding professional certifications in a variety of industries.
14. ***Better Market Intelligence*** — Since they carry a mix of products, multi-line agencies have a greater diversity of customers, and often can get wind of industry trends long before a factory direct salesperson.
15. ***Vested Partner In Manufacturer's Success*** — Since, as we mentioned previously, an agency must sell to live, your agency is interdependent with your firm. Your success is their success

## Information on Steel Frame Structure

### **Builder:**

**Duane Seib, Residential Steel Construction Service**

9627 Kennedy Avenue

Highland, IN 46322

219-924-0491 or contact us by email at [www.residentialsteel.com](http://www.residentialsteel.com)

### **SSMA (Steel Stud Manufacturers Assoc)**

Headquarters Office

8 S. Michigan Avenue

Chicago, IL 60603

(312) 456-5590 - Fax (312) 580-0165

<http://www.ssma.com/>

Based in Chicago. Has a member list on site, but not too many IL contractors listed.

### **North American Steel Framing Alliance (NASFA)**

1726 M St. NW, Suite 601

Washington, DC 20036-4523

Tel: (202)785-2022

Fax: (202)785-3856

Web site: [www.steelframingalliance.com](http://www.steelframingalliance.com)

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**The Following is an article from *Home Energy Magazine Online* July/August 2001**

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### Steel Framing: How Green?

**Q: Is the use of steel framing for residential construction turning into a trend that we must now take seriously? Isn't energy efficiency very tricky when using steel? When should an energy-efficient custom builder like me decide to use steel framing?**

**--Stumped by Steel**

**A:** Steel framing is made of light-gauge, cold-formed steel. All its structural components--including exterior studs, tracks, columns, rafters, beams, purlins, and fasteners--are manufactured to exacting specifications designed to make steel frame construction a viable alternative to wood frame residential construction.

This construction method is gaining popularity, as is shown by the fact that a growing number of homes use steel construction. In 1995, an estimated 55,000 homes were built with steel framing; by 1999, this figure had jumped to 87,000. Light-gauge steel shipments for residential construction increased 41% from 1998 to 1999. By 2003, the Steel Recycling Institute estimates that 25% of all new homes built in the United States will be totally or partially steel framed. This is a new construction method that cannot be ignored.

In manufacturing, sheet steel made at steel mills is roll-formed into the proper shape for framing members. The resulting pieces are galvanized with zinc to prevent rust and corrosion. In cross section, studs are typically C-shaped and the upper and lower tracks in which they are held are U-shaped, with standard dimensions similar to wood framing. These framing members are made to thicknesses of 0.018-0.097 inches (18-97 mils).

**Steel framing won't warp, splinter, or crack. Steel is also pest resistant and will not rot.**



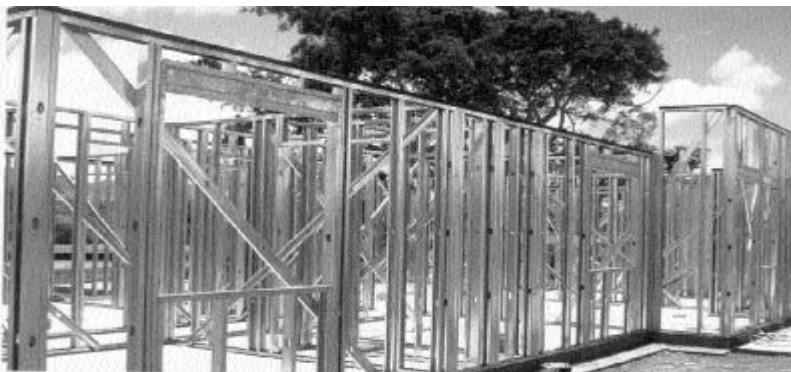
### Advantages of Steel

Steel has many advantages over wood. It won't warp, splinter, or crack. Steel is also pest resistant and will not rot. When installed properly, steel framing effectively resists hurricanes and other types of extreme weather. Steel framing is engineered to strict standards, reducing construction and trim waste, as well as losses from poor lumber pieces. These factors also reduce site cleanup and waste hauling time (and costs).

Steel framing will not burn, so homes that are made with it have a lower fire risk than homes that are not. In at least three states (Indiana, Texas, and Hawaii), some insurance companies offer lower homeowner insurance premiums on steel-framed homes for this reason. And steel framing has also attained the highest earthquake shock standard.

Although it is currently more expensive, one of the big benefits of steel framing is that the price of steel is more stable than that of lumber. Contractors need not plan purchases and delivery of framing members nearly so carefully as they do with wood. Longer price guarantees are available to builders, and project budgeting should be easier.

Steel has the highest strength-to-weight ratio of any common building material. For design, the span strength of steel allows for the option of larger interior spaces for occupants. And contrary to what one might think, steel-framed homes do not exhibit any additional difficulties with respect to television and radio reception.



"While wood framing for one house requires up to 1 acre of mature trees, steel framing for the same house uses just four to six junked cars."

**When installed properly, steel framing effectively resists hurricanes and other types of extreme weather.**

### Installation

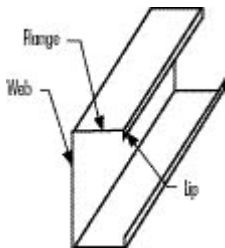
When used in residential construction, steel framing members are typically substituted for wood on a one-for-one basis for both load-bearing and nonload-bearing applications. There is one difference to begin with, and that is that steel studs, joists, and rafters fit into top and bottom U-shaped tracks. Additional skill is needed when installing steel framing, as the top track is not capable of transferring vertical loads; the other framing members must be aligned vertically to transfer vertical loads. This n-line framing, as it is called, requires more precision than typical wood construction.

Although basic tools can be used in constructing steel framing, additional experience is useful when cutting members with chop saws, aviation snips, or electric shears. Fastening is more labor intensive than using wood nailers, as the fundamental fasteners for steel framing are screws. (Using a screw gun is very different from using a nail gun.) Fastening steel members requires first clamping the assembly and then driving the screw. New fastening systems using pneumatics (as well as crimping and welding) are under development; these methods will speed the construction process.

One of the benefits, however, of using steel in this way is that the framing members are available with prepunched holes that can be used for relatively quick installation of electrical wiring and plumbing. (This is typically done in interior walls, where air sealing isn't a problem.) In addition, drywall installation is easier once drywallers are trained. Steel studs are identical to one another, without defects. The dimensional stability of the studs eliminates nail pops in the drywall from the drying and warping of typical house framing materials. This also ensures straight walls and square corners, so that drywall can hang straight and will not bulge from bowed framing members. Contraction and expansion from temperature changes are too small to result in interior drywall cracking.

### Current Limitations

Steel framing is not yet standardized, so it's impossible to use products or systems interchangeably. The most important design variables in framing members include the web, the flange, the lip, the bend radius, the thickness, and the yield strength, along with the size, shape, and location of web cutouts (see [Figure 1](#)). These can vary by manufacturer, and even a small variation can be important.



**Figure 1. Some steel framing members come with features such as a lip and web cutouts.**



**Additional skill is needed when installing steel framing, as the top track is not capable of transferring vertical loads; the other framing members must be aligned vertically to transfer vertical loads.**

the most recyclable material--it is even more recyclable than aluminum. Every ton of steel recycled saves 2,500 lb of iron ore, 1,400 lb of coal, and 120 lb of limestone from being mined.

As I mentioned earlier, engineered standards for steel framing help to reduce construction waste. Framing members are available cut to length; this reduces on-site waste.

Steel framing weighs up to two-thirds less than wood. While wood framing for one house requires up to 1 acre of mature trees, steel framing for the same house uses an equivalent of just four to six junked cars.

**Energy impact.** A significant portion of manufactured steel is recycled steel. The total amount of steel recycled annually saves enough energy to supply electric power to approximately 18 million homes for one year.

Steel conducts heat extremely well--approximately 400 times better than wood does. This results in a process called thermal bridging, whereby heat tends to choose the most conductive path. This phenomenon lowers the effectiveness of cavity insulation. It can also sometimes cause black stains on interior house surfaces, at points where there are cold spots in the walls (see "[Staining Patterns and Physical Forces.](#)" *HE* Nov/Dec '98, p. 20).

Several methods can be used to attempt to counteract the thermal bridging effect of steel-framed walls; each works by interrupting the path along which heat flows. For cold climates, installation of rigid exterior insulation, such as sheathing, is recommended in order to provide a thermal break. Another way to meet the R-value requirements of the Model Energy Code (MEC) is to increase the amount of cavity insulation. Additional attention is needed where steel walls rest on concrete foundations, where roof truss members transfer attic heat to the interior, and at bottom floor joists located over unheated spaces. The North American Steel Framing Alliance (NASFA) publishes thermal guidelines that address these issues.

In addition, studs can be spaced farther apart than standard practices allow without affecting the integrity of the structure, thereby reducing the possible conductive paths of heat in the structure. Finally, punching large holes in the web without affecting the structural integrity of the stud can reduce thermal paths and thus thermal bridging. Thus structural redesign is needed because of the unique properties of steel. (See "[Steel Stud Walls: Breaking the Thermal Bridge.](#)")

What about total embodied energy, of which recycling contributes only a portion? A public/private partnership called the Consortium for Advanced Residential Buildings did research on similar 1,448 ft<sup>2</sup> town houses made from different materials, and concluded that the embodied energy for all materials was insignificant compared to the operational energy required to run the building.

Steel framing is incorporated into all major building codes; however, not all local code officials and inspectors are familiar with the use of steel in residential construction. This can lead to complications with code officials, which--along with the extra cost--may discourage builders from using residential steel framing.

### Green Steel

Building with steel has green pluses and minuses. These are revealed by examining steel as a material, its energy impact, its safety, its disposal, and its cost.

**Materials use.** Steel is the most widely recycled material in the United States--about 65% of domestic steel is recycled. This includes *all* steel, from that used in automobiles, appliances, and industry to that used in food cans. Because of the recycling infrastructure, steel is also

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**Safety.** Unlike wood, steel does not have to be treated with toxic compounds to be protected from pests and decay. Thus, using steel as a structural element can prevent the use of chemically treated lumber. It must be kept in mind, however, that steel manufacture depends strongly on the use of coal--both as a fuel source and as coke in the blast furnace. Coal is one of the most polluting energy sources that is currently used, as it contains a variety of harmful chemicals. Combustion products include sulfur oxides, nitrogen oxides, particulate matter in the form of ash, and radioactive elements such as uranium and thorium.

**Disposal.** Because steel is recycled at significant rates, waste from framing construction, as well as old framing demolition, is recycled rather than landfilled. On-site waste is minimal, typically about 2%, and the energy saved by significant recycling is substantial. In many ways, the disposal factor leans strongly in the favor of steel.

**Costs.** Steel framing is currently priced, on a nationwide average, slightly higher than wood framing (estimated at about a 5% differential in 1998 in a study supported by the U.S. Forest Service). This is due to the labor costs of fastening and adding insulation to reduce thermal bridging. The National Association of Home Builders (NAHB) estimates that steel framing costs are in the range of \$400-\$450/1,000 board ft equivalent. As long as lumber prices do not exceed this range, wood has the cost advantage.

Over time, the price differential enjoyed by wood will probably reverse if additional pressure is put on forest reserves and both economies of scale in, and labor experience with, steel framing production are realized. Ultimately, consumer demand is likely to determine whether steel framing will become a widespread alternative to wood. (This article is from: *Home Energy Magazine* Online July/August 2001)

## Insulated Concrete Form Construction (vertical)

**Insulated Concrete Form Association**

**[www.forms.org](http://www.forms.org)**

One Company That Uses This System

United Concrete

3313 W. Newport

Chicago, IL 60618

Contact: Phil Livingston

773-983-9550 mobile 773-539-7300 Office number in Spring, Summer & Fall

The following is from theTFSystem.com website.



"The Vertical ICF"

### THE TF INSULATED CONCRETE BUILDING SYSTEM

#### "The Vertical ICF"



The TF System™ ( insulated concrete forms ) is shown to the left. The wall panels slide up and down, exposing construction armature, electrical wiring, plumbing -- or even tools which might have dropped during building construction. Everything can be easily accessed.

Now, architects, homeowners and building contractors can design, build, and insulate without limitations of finishings or design.

Flexibility and energy efficient economic benefits make the TF System™ suitable for any residential, commercial or industrial building project.



A typical TF foundation set up, braced and ready for pouring.



An important feature of the TF System™ is the ability to raise & lower panels



The outstanding compressive strength of TF walls allow for the installation of floor systems before pouring.