



Forestry Innovation
Investment®

MARKET DEVELOPMENT SUMMARY

SOUTH KOREA

*Nowon-gu Library | Photo: KICT (Korea Institute of Civil Engineering and Building Technology) (top)
Hammer Sound | Photo: Park YoungChae (bottom)*

Why South Korea?

- **Relies on B.C. and other suppliers for softwood lumber products**
- **No import tariffs on Canadian wood products**
- **Wealthy economy with progressive policies on green building**
- **Strong Canadian wood brand and use of advanced wood building systems**

Importance of foreign markets to B.C.

Strong export markets are key to jobs and growth in the B.C. forest economy. With 87 percent of production shipped outside the province, the health of the forest economy continues to be based on maintaining and diversifying foreign markets, like in South Korea.

A more sustainable future

By embracing wood construction and sustainable forestry practices, B.C. is contributing to a more sustainable future and mitigating the effects of climate change. Forestry exports support these efforts by supplying wood construction in foreign markets and offsetting both higher carbon construction practices and non-sustainable forestry harvests.

Building a market for B.C. wood products in South Korea

Through brand names like Samsung and Hyundai to K-Pop and the Squid Game, South Korea is strengthening its economic and cultural ties with Canada and other developed countries. And, with income levels comparable to Spain, consumers can now afford a higher standard of living.

Combined, these factors are increasing demand for more upscale housing with western influences, such as single-family housing. And, with a strong cultural attraction to wood products, this creates opportunities for both wood construction and value-added wood products from B.C.



KWCA's 5-star inspectors at the site of Gaho-dong Annex Building | Photo: Korea Wood Construction Association

Korea imports
93%
of softwood supply



KWCA's 5-star inspectors at the site of Nowon District Library, one of the certified public building projects | Photo: Korea Wood Construction Association

B.C. market entry

Trade liberalization in the 1990s opened the South Korea marketplace to foreign suppliers, including for wood products. At the same time, rising consumer affluence created a new demand for recreational housing. Local firms could not meet this demand, either for lumber or home design and construction. The B.C. forest industry, through the Canada Wood trade association, moved to fill this gap—in both lumber supply and wood building skills—by opening a market development office in 2006 in Seoul, with support from FII.



Nowon-gu Library | Photo: KICT (Korea Institute of Civil Engineering and Building Technology)

Export development creates new market for B.C. lumber and building systems

The market entry program in South Korea was an immediate success. From 2006 to 2016, softwood lumber sales more than doubled, in part due to steady growth in new housing demand. A subsequent market correction has softened overall housing construction, with projections for new home construction entering a period of relative stability.

Along with boosting sales of B.C. lumber, Canada Wood developed strong ties with the construction and design sectors, and regulators. Training was provided to increase the capacity for wood frame construction, including housing, institutional (such as long-term care facilities for seniors) and mixed-use (residential/commercial) sectors. As South Korea joined Canada and other countries in mitigating climate change, Canada Wood broadened training programs to include advanced wood building systems to improve energy efficiency and enhance prefabrication in building construction. The program also worked with regulators to incorporate wood frame construction into green building guidelines.

This highly integrated approach has developed a strong Canadian Wood brand. It has positioned South Korea as an important secondary market for B.C. wood. It also has made inroads into the South Korean market for B.C.'s value-added and biomass (wood pellet) manufacturing sectors.

10,000+
wood building starts annually
(Avg. since 2015)

Market development initiatives

FII supports an integrated market development program to expand opportunities for B.C. wood products in South Korea. The strategic goals of the program are to maintain a strong brand, increase market share, and boost sales volume and value.

Initially focused on introducing wood frame construction to the single-family residential sector, market development efforts are now leveraging new opportunities, including green building (energy efficiency), multi-family construction, and industrialized construction. Opportunities for mass timber, B.C. value-added products, and B.C. wood pellets are also being pursued. These activities reflect evolving market conditions and are updated to reflect future shifts in market priorities and conditions.

Toward these ends, FII works with industry partners, including in-market activity by Canada Wood, in the delivery of the program. Current activities focus on strengthening relationships with key stakeholders in South Korea, identifying and responding to any barriers to the use of B.C. wood products or building systems, growing demand in new segments, pursuing opportunities growing out of South Korea's carbon reduction policies, and targeting opportunities in value-added and biomass (wood pellet) sectors.



Hammer Sound | Photo: Park YoungChae



*Chuncheon's Local Food Market
| Photo: Wan Soon Park*

Priority: Promoting wood use in multi-family residential construction

Unplugging regulatory bottlenecks is a cost-effective way of opening new markets for B.C. wood products. The South Korean multi-family residential sector is a case in point.

Due to concerns about sound passing between units, regulations used to require thick concrete floors in multi-family residential construction. This put wood frame construction at a serious disadvantage to other building systems. Industry professionals thought the regulation went too far, and looked to Canada Wood to build a case for change with the Korean Wood Construction Association and technical input from the National Institute of Forest Science.

Regulators responded by eliminating the concrete floor requirement and introducing a new approach for measuring sound impact. This approach will further boost opportunities for wood use, allowing Canada Wood to now promote wood construction in the multi-family sector that makes up 80 percent of all new home construction.



Photos: Canada Wood



Hammer Sound | Photo: Park YoungChae

Priority: Leveraging opportunities in energy efficiency

South Korea has an ambitious plan to achieve a carbon neutral economy by 2050 and is making major investments and regulatory changes to achieve this goal. Seeing an opportunity to boost B.C.'s certified wood products and Canada's leading technology on energy efficient construction, Canada Wood partnered with the Korea Wood Construction Association to introduce Canadian approaches to energy-efficient home construction under the Super E® brand. Building on this success, the program has now shifted to net-zero construction.

Recognizing that green building requires new skills, Canada Wood also developed training seminars for

architects, engineers and builders, beginning in 2021. This approach has made B.C. lumber and Canadian building systems market leaders in green building.

With South Korea moving towards a net zero energy requirement for all new building from 2025, B.C.'s certified wood products are well positioned for future promotion by Canada Wood. Continued support for industry training, such as the Five Star certification program – a voluntary quality certification program on energy efficiency, air tightness and others factors – will further enhance the competitiveness of B.C. wood products in South Korea.



Photo: Canada Wood

Priority: Targeting the emerging industrialized construction sector

Historically, most wood-frame buildings in South Korea have been built on-site. Many developers are now looking to boost the use of prefabrication to improve quality, reduce cost, cut waste, and deal with a shortage of certified carpenters and other trades. Also driving demand for more industrialized construction is that it is seen as a way to reduce the carbon impact of a building.

This trend includes modular homes where the building is completed in a factory and then shipped, in whole, to its final location and pre-fabrication of building components, such as wood infill walls and wall panels.

Canada Wood is helping the industry make this transition, including technical support and sourcing high quality B.C. lumber and building products. The strong industry connections made through this program help to position B.C. as a leader in this transformation of the construction industry.

Tiny size, big potential

Tiny homes are an emerging trend in Canada and other markets as a response to high house prices. By offering a condo-sized house at a reasonable price, but with quality construction and finishings, tiny homes appeal both to the consumer's pocketbook and sensibilities.

Namuro Homes is leading this push in South Korea with its TORY (meaning small, but robust) line of modular homes. Developed with input from Canada Wood, the homes feature B.C. lumber and coastal species, including red cedar. The result is a modular home that cuts costs, not quality, and opens up the large middle class to single family home construction.



Photo: Younglim



NLT demo project, Jinju City | Photo: Canada Wood

Focus: Mass timber

Mass timber construction is quickly gaining momentum in South Korea, with an increasing number of large-scale projects either in the planning stages or under construction. This growth is largely fueled by the government's commitment to carbon neutrality and sustainable building practices.

South Korea, however, lacks manufacturing capacity for mass timber, creating opportunities for B.C. suppliers and building expertise. Canada Wood is helping to close this gap by introducing nail-laminated timber, built from B.C. lumber. The first project in Jinju City won a national Korea Wood Design Award. Municipal officials were so impressed with the building approach that 40 percent of all new public buildings in Jinju are now being built from wood.

Canada Wood is leveraging this positive profile to promote the use of B.C. lumber in other public sector construction projects.

A big market for mass timber

The Chuncheon Local Food Market is a prime example of the transformative power of mass timber. Originally planned as a utilitarian, concrete building by city officials, the contractor proposed a mass timber alternative offering consumers an iconic, “go to” shopping experience, winning the design competition over more traditional submissions.

The contractor was inspired to use mass timber through Canada Wood training seminars and technical support. A winner of the Excellence Award at the Korea Wood Design Awards, the project showcases B.C. lumber and the visual appeal of mass timber construction.



Chuncheon Local Food Market | Photo: Wan Soon Park

Focus: Value-added

Efforts to boost sales of B.C.'s value-added wood products in South Korea target niche markets with high potential. This includes targeting high-end construction in the resort sector, such as on the East Coast and Jeju Island, where developers are modelling development after places like Whistler and Banff. This creates opportunities for house packages, coastal species for Hanok housing and other remanufactured wood for landscaping applications, finishing materials and cabinetry.

An in-market presence and showroom provide potential clients with a hands-on introduction to B.C. products. Relationships – and sales – are strengthened by inviting buyers to the annual Global Buyers Mission (GBM) in Whistler, B.C, a large trade event hosted by BC Wood. Here, they experience the world-class resort while connecting with dozens of B.C. wood product manufacturers.

As an example of the value of this approach, The Stay Healing Park, is a wellness and cultural resort complex that focuses on holistic wellness, relaxation, and cultural experiences through immersion in nature. The design integrates architecture with the surrounding forested, riverine environment. The project developers participated in the GBM, and as a result, many of the buildings used B.C. structural lumber and panelling, including kiln dried and other premium products. As the resort continues to develop, another 65 high-end homes are underway using complete Canadian timber frame packages.



*The Stay Healing Park (development rendering)
| Photo: Heta Architects*

Biomass (wood pellets) is a relatively new, but growing player in B.C.'s value-added wood products sector. Opportunities do exist for B.C. suppliers in South Korea, but the open bid process tends to preclude the long-term contracts that are typically the basis for marketing efforts, as in neighbouring Japan (the largest market for B.C. wood pellets). Ongoing monitoring of market conditions, however, is warranted given the potential growth opportunities in South Korea.

\$71 million
market for B.C. wood pellets

Key funders

Market development efforts in South Korea are delivered by industry (through Canada Wood and the BC Wood Specialties Group) with support from the Province of B.C. (through Forestry Innovation Investment). Other trade associations, including the Wood Pellet Association of Canada, actively monitor market conditions. Leveraging resources by working with partners ensures that South Korea remains an important market for the B.C. wood sector.

