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TORONTO, CANADA: THE PLACE TO LAUNCH NORTH AMERICA

CANADA AND THE CETA AGREEMENT

Canada is a country with a worldwide reputation for quality of life and with one of the healthiest economies in the western countries. Its cities, in particular Toronto, Montreal and Vancouver rank always at the top in any international index related to the best places to live.

According to Forbes Magazine, Canada is a high-tech industrial society and is one of the top ten countries to do business in the world. It has a relatively low cost of living, highly skilled labour force, and steady GDP growth.

Canada and the EU just signed the Comprehensive Trade and Economic Agreement (CETA), a freshly negotiated EU-Canada treaty. Once applied, it will offer EU companies more and better business opportunities in Canada.

CETA will tackle a whole range of issues to make business with Canada easier. It will remove customs duties, end limitations in access to public contracts, open-up services markets, offer stable conditions for investors and, last but not least, help prevent illegal copying of EU innovative products and technologies.

TORONTO, 2ND NORTH AMERICAN CITIES OF THE FUTURE

Toronto is Canada's financial and business capital and the fourth largest city in



Start of work day, 7.20am

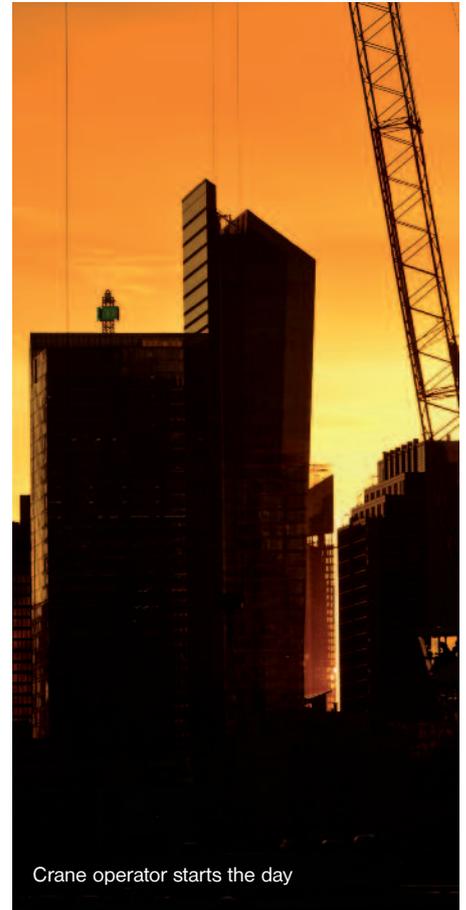
North America. It has been rated as one of the top four global cities with economic clout in the Cities of Opportunities Report, PwC, 2014, and topped the North American Cities of the Future, behind only New York. The Toronto region accounts for 19% of the nation's GDP and ranks among the top 10 financial centres globally. The city's financial services sector is the fastest growing in North America and the World Economic

Forum has ranked Canada as the soundest financial system in the world seven years in a row. Toronto is a growing city of 2.8 million people, the Greater Toronto Area (GTA) is close to 6 million and more than one in six of the whole country's population of 35 million lives there. The Canadian population is close to one tenth of the USA's 320 million and with almost the same GDP per capita.



GREAT OPPORTUNITIES TO DO BUSINESS

The opportunity for European furniture companies interested in all of North America, is to establish a foothold in a well organized and attractive country like Canada, in a prosperous region like Toronto. This allows companies to first test-drive and expand in the Toronto market and then launch in North America where it will be easier to develop through the NAFTA (USA, Canada, Mexico) market rather than going directly to the USA from Europe. The economy of the United States is recovering after years of stagnation and weakness, as Jerry W. Epperson wrote in his article "U.S. furniture is back" in the March issue of World Furniture. This encouraging news combined with the fact that Euro looks to be headed towards parity with the U.S. dollar means not only that American manufacturers are again profitable, but also that the world's biggest market is again very attractive for all European manufacturers.

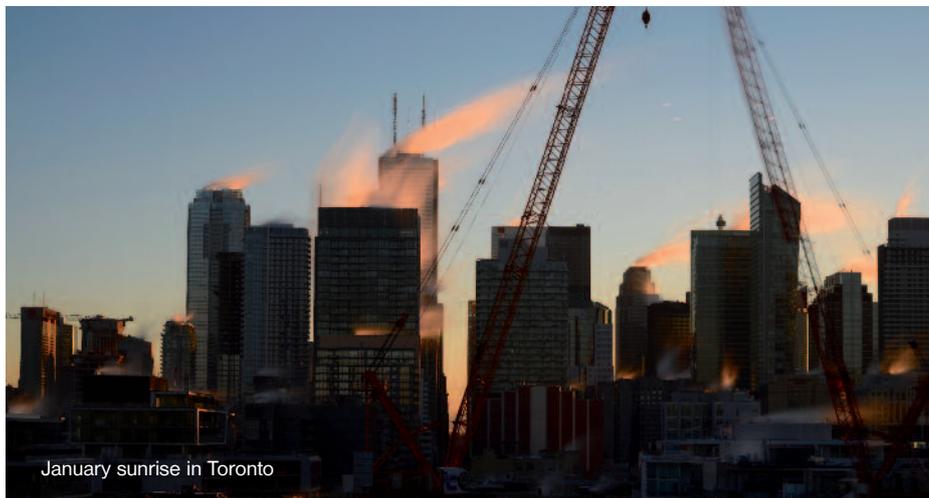


Crane operator starts the day

The Toronto region itself is a great opportunity to do business. Ontario is gaining from the oil-induced depreciation of the Canadian dollar, with stronger exports and higher employment. The pace of job creation will quicken as employment growth in the region is forecast at 1.5% in 2015 and 1.7% in 2016. Housing sales and prices in the region are forecast to continue rising through 2016. The average sale price is forecast to rise approximately five percent per year. Population growth will continue to lead the province, as the region adds another 187,000 residents over the next two years.

THE TORONTO 2030 DISTRICTS PROJECT

Toronto city planners realized the difficulty in sustaining low intensity urban development and started to develop high rise towers, especially residential condos. "Toronto Is Drowning in a Sea of High Rises. [...] Few cities in North America rival the sheer amount of high-rises that are currently under construction in Toronto. According to Emporis, a website that tracks skyscraper construc-



January sunrise in Toronto

tion, Toronto has nearly 50% more high-rises under construction than New York City.” writes Jonathan Naymark at the Huffington Post, Canada.

Toronto recently joined the 2030 Districts® project, as the first in Canada and the first outside the continental US. The Toronto 2030 District is a cross-sector public-private collaborative working group to create a groundbreaking high-performance building district in downtown Toronto, the economic heart of Canada’s largest city.

The change from houses and town houses to 60 floor residential skyscrapers, combined with the aim to build better and “green”, is having a definite impact on interiors.

The market has been pushed to make furniture suitable for small spaces in modern and highly priced condos downtown rather than large suburban houses. These changes, alongside the many structural modifications that the global furniture market is undergoing, including on-line sales and the difficulties of the traditional retail structure, are opening

exciting opportunities for new international companies in the Toronto region.

A DRIVE FOR THE OFFICE FURNITURE INDUSTRY

Many of the most important Italian and European high-end furniture manufacturers are now present in Canada, and some of them are doing great business, but the market for quality-oriented medium priced design furniture from European companies is growing. The investment to enter in such a competitive marketplace requires years of hard work, but once established, business opportunities are endless.

In the commercial sector, the CBRE Canadian Market Outlook says, “An historic amount of capital is propelling Canadian commercial real estate into new territory. The commercial real estate investment market is experiencing simultaneous maturation and expansion.”

“Employee recruitment and retention are at the heart of office real estate decisions in the Greater Toronto Area. “Any

discussion about the need for future office space – both downtown and in the suburban market – must address accessibility, congestion and infrastructure,” says John O’Toole, CBRE Limited’s Executive Vice President and Executive Managing Director, Toronto. With the average commute time in the GTA now over an hour long, tenants and owners alike are increasingly focused on access to amenities and adaptability.” This is an opening opportunity for the office furniture industry, struggling in the European market and seeing decreasing volumes in the last few years.

“Over 5.8 million sq.ft. of downtown office space is being built as part of the 2013-2017 construction cycle. Nearly half of that new space will be delivered by early 2015. O’Toole says 58.0% of the new buildings have been leased to date, [...]”

A HUB FOR DESIGN

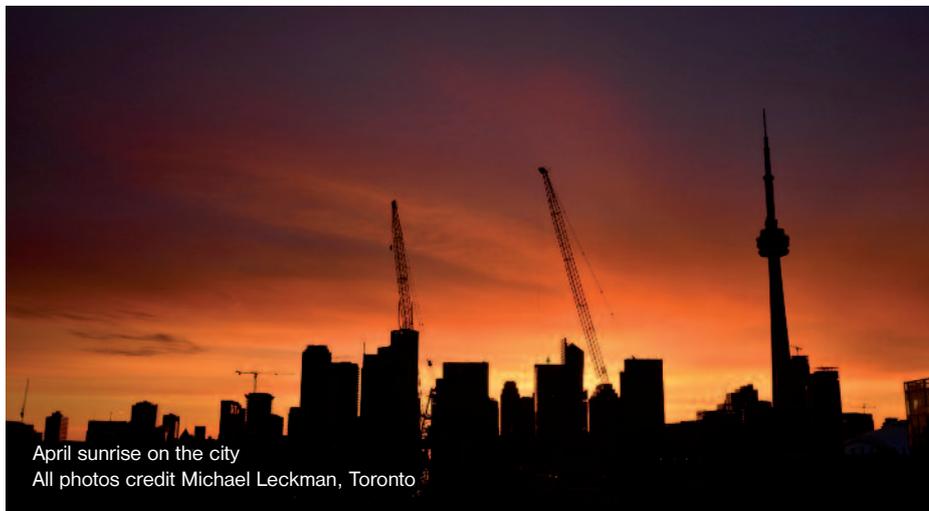
“Toronto is a hub for design with one of the largest design forces in North America. Being also the financial capital of Canada, makes it a strategic location for international companies that want to expand in the continent. Toronto is booming and the sophisticated design community is always looking for new products to use for local or international projects” says Mrs. Tracy Bowie, VP IIDEXCanada, the international Interior Design and Architecture exhibition and conference held yearly in early December in Toronto.

The opportunities for being specified by Canadian designers is for both local and international projects.

“Canada has a number of great boutique Interior Design firms and some of the largest international design Firms. Canadian interior designers from their offices in Canada have projects all around the world” says Susan Wiggins, CEO of Interior Designers of Canada (IDC). “They are sought after, not only for their design talent but for their work ethic and educational qualifications”.

Speaking from the European perspective, the storm on the Russian Ruble, the Ukrainian war and the depreciation of crude oil has had a strong impact on export to volatile markets like the North East and the Middle East areas of the world.

Now is the time to consider a strategic western expansion to the Canadian and US markets.



April sunrise on the city
All photos credit Michael Leckman, Toronto