



The 'new normal' in the supply of softwood – a briefing note for TRA members and their customers

April 2021

Have you faced materials shortages over recent months? You are not alone.

Many trussed rafter manufacturers and others in the timber engineering sector have been struggling throughout the pandemic to obtain the sizes and specifications of structural wood they need. These shortages have meant unpredictable stock allocations, long lead times and upward pressure on prices.

Unfortunately, it is now becoming clear that this is no short-term supply hiccup.

The recent TTF softwood conference gave a very clear perspective on the supply and demand of softwood constructional timber. The presenters all spoke of constrained softwood supply, which is unable to match current demand, not only in the UK, but across the world.

Construction products and materials including timber, steel, insulation, and roofing are becoming harder to obtain and rising in price, a joint statement from the Construction Products Association and Builders Merchants Federation has warned.

They said there was an imbalance between global demand and supply of timber "that is not likely to be resolved in the near future". They warned the UK must be prepared for higher prices to continue. European production was "far lower" in 2020 compared to 2019, while UK imports of softwood during the first nine months of 2020 were also down, by 20% in volume. There has been "extremely high" demand from the USA, which is expected to continue through 2021. The Chinese market is also importing softwood at its highest-ever level. They said: "Both the US and China are prepared to pay far more for timber. In the US, the price of a benchmark 4x2 softwood product rose by 149% last year. European mills are back at full capacity, but the increased demand means that customers are on allocation, and the situation is likely to get worse in Q3 following holiday shutdowns in July and August."

[ConstructionManagerMagazine.com](https://www.constructionmanagermagazine.com) - 8 April 2021



The impact of Covid

Within the UK and Ireland, we are already acutely aware of the societal changes that have impacted on wood supplies – not least the huge increase in demand for timber for home repair, maintenance and improvement (RMI) and DIY work since the Covid lockdowns, boosted also by incentives for people to stay at home.

Add to this the strong private housing and infrastructure sectors, and we begin to see where our traditionally high stock levels disappeared to.

But this is only part of the picture.

During 2018 and 2019, two proposed Brexit dates came and went. Ahead of each, pretty much every part of the softwood supply chain stockpiled “just in case”. The UK and Ireland were able to access these stocks at reasonable prices – the global markets were subdued, and the central European log supply was strong (largely due to a bark beetle infestation which meant a lot of trees were felled sooner than expected in order to protect against spread).

This meant that, at the start of 2020, stocks of structural timber were very high and prices very low. Obviously this could not continue.

“Pre-Covid, timber buyers were used to there being plentiful landed stocks available to meet immediate demand. Suppliers were also used to having time over traditionally quiet periods in the trade to re-build stocks for the following season.

“This situation has now been turned on its head. It is understandable that many customers should be surprised by, and angry about, the new reality we are facing together. The reported price inflation has also made it difficult for some manufacturers to accurately price projects for customers...”

[Offsitehub.co.uk](https://www.offsitehub.co.uk) - 11 December 2020

Increased construction demands, and fewer suppliers

Around the globe, almost all Governments are pumping money into their economies to deal with the pandemic and to support business recovery. Construction and new housebuilding are frequently seen as the main pump primers.

Wood is highly prized for construction, particularly as its sustainability credentials make it an essential element in our fight against climate change and CO₂ reduction.

Consequently, we have never seen such a strong demand for structural wood across the world.

In theory, this should not make a massive difference to us, as most of our structural wood is sourced from Europe. We have strong supply partners who are continuing to put the same, if not greater, volumes of structural wood into the UK and Ireland.

But in such a tight supply situation, any wood pulled away from Europe will create problems. Arguably, our frustration should be targeted at those peripheral suppliers who have disappeared from the market, rather than those who are left allocating the available stock.

Prices are inevitably rising because demand is outstripping supply. Wood is a globally traded product and the European sawmills are having to pay increased log prices. This in turn leads to trussed rafter and timber frame companies being asked to commit to longer-term wood purchase contracts and frequently on a ‘price-to-be-advised’ basis.

“Imports of timber will be an issue for the foreseeable future. Not enough timber is being produced to meet world demand. Added to this, other countries are prepared to pay more to secure their supply, pushing the UK lower down the pecking order...”

[TheConstructionIndex.co.uk](https://www.theconstructionindex.co.uk) - 8 April 2021



The picture for the years ahead

In the short term, sadly there are few signs of relief from supply restrictions or upwards pressure on cost prices. These increases are significant and look set to continue at unprecedented levels throughout Q2 and Q3 of 2021.

The sustainable management of European forests means there are not significant sources of wood which can be felled to provide more raw material for structural uses. In fact, the beetle infestations in central Europe which helped give us cheaper wood in 2018/2019 mean that there will probably be less wood available in Europe than we would hope through to 2025.

This was a factor particularly highlighted during the TTF softwood conference.

“Limited access to supply chains and extended lead times are expected to have pushed up timber prices overall over the current fiscal year, presumably increasing somewhat exponentially in H2 (October-March) 2020-21 relative to the previous half year...”

IBISWorld.com - 3 February 2021

What might a new normal look like?

Well, in the short term we should expect even tighter supply of structural wood as Scandinavian sawmills head into summer shutdowns during July to allow for essential maintenance. Assuming the same demands for timber from construction and other markets continue throughout the summer, then Q3 can only bring more of the same.

As demand settles down, we may see more wood available for the markets in UK and Ireland, allowing stocks to rebuild to more traditional levels and helping to provide a buffer against future price shocks. However, this is very unlikely during 2021.

Of course, ours is not the only sector having to face such shortages and price increases. There are many other construction products in the same position. But all TRA members and their customers should be taking action now:

- Talk to customers and make them aware of the situation. Explain the factors which really do mean that, as the cliché goes, “we’re all in this together”. Stay updated at www.tra.org.uk and www.traireland.ie
- Work closely together to improve forward planning and security of supply. Collaboration in the supply chain is the only effective way to prioritise supplies, reduce unexpected shortages, balance supply and demand better, and save costs.

- Support initiatives such as Grown in Britain which encourages and supports active and sustainable management of our own forests and woodlands, reducing our dependency on imports, especially for other softwood uses.
- Help us to emphasise to the Irish government that the licence issue restricting log supply needs to be solved quickly, as it is making the supply situation in the construction sector much worse and adding to the material price inflation in the housing sector.
- Home builders and contractors should prioritise suppliers who adhere to the highest quality standards. This means less waste, better value gained from engineered timber products, and reduced risk of costly mistakes. Look for the TRA badge from any supplier of trussed rafters and other structural roofing products.

www.tra.org.uk
www.traireland.ie