



1 May 2018



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## Where Will the Wood Come From?

By: AJOT | Apr 30 2018 at 11:43 AM | [International Trade](#)

A new study forecasts that softwood lumber consumption in the US will reach all-time highs by 2030. As a consequence, there are likely to be increased investments in production capacity in the US, changes in Canadian lumber trade flows, a rise in overseas supply, and upward pressure on sawlog prices. Detailed analyses of different demand and supply forecast scenarios can be found in the newly released comprehensive report: “Future Suppliers of Softwood Lumber to the US Market – Supply and Demand Outlook 2017- 2030”.

US softwood lumber demand is expected to continue its upward trajectory from the lows of the global financial crisis of 2008-2009, reaching an all-time high by mid 2020s, according to a newly released US Lumber Outlook Study by ForestEdge LLC and Wood Resources International LLC (USLOS2018). In the study’s base case scenario, lumber consumption in the end-use category “Non-Residential Construction” is forecasted to grow the fastest and increase its share of softwood lumber consumption from 11% in 2016 to 14% by 2030. However, the biggest end-use market will continue to be the residential housing sector, including repair and remodeling, at a total share of about 70% of the total lumber consumption by 2030.

It is expected that supply sources will shift to meet future increase in lumber demand. Factors influencing these shifts include changes in availability of timber supply, prices of sawlogs, competitiveness of lumber producers, exchange rates and developments in alternative markets for lumber producers in Canada and overseas. The USLOS2018 study closely examines how reductions in harvest levels in British Columbia will impact lumber exports from the province and opportunities for lumber producers in Eastern Canada to increase shipments. It also looks at which overseas countries are forecasted to be supplying the US in the coming 15 years.

Overseas shipments have been, on average, 4.8 percent of total imports over the past decade. This share is likely to increase in the coming decades to reach a projected 6.5% by 2030 in the base demand scenario and possibly as high as 35% of total imports in the high demand scenario.

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