

Wood Markets

From Lumber to Mass Timber and
Wood Construction in the Atlantic

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MLB AGM, Charlottetown

June 5, 2024

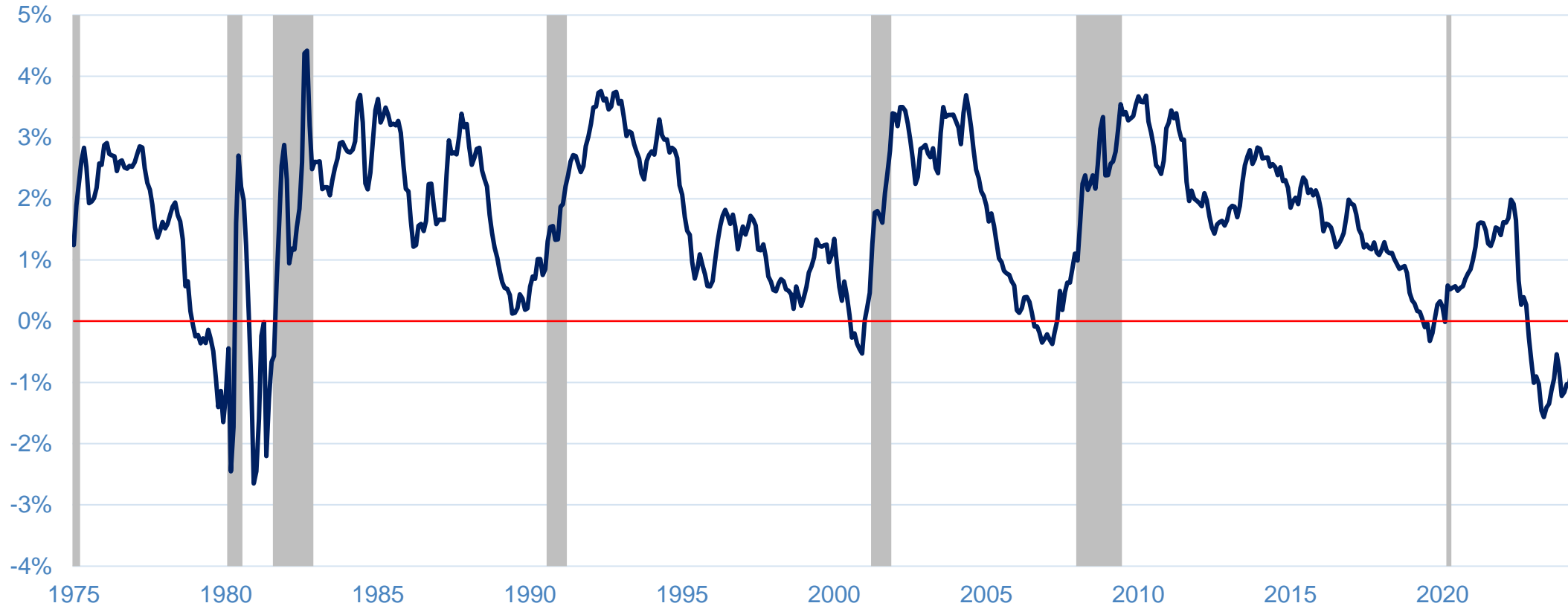


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Macroeconomy

The 10-Year/3 Month Yield Curve Has Been Inverted

Yield Spread: Ten-Year Treasury minus Three-Month Treasury Bill

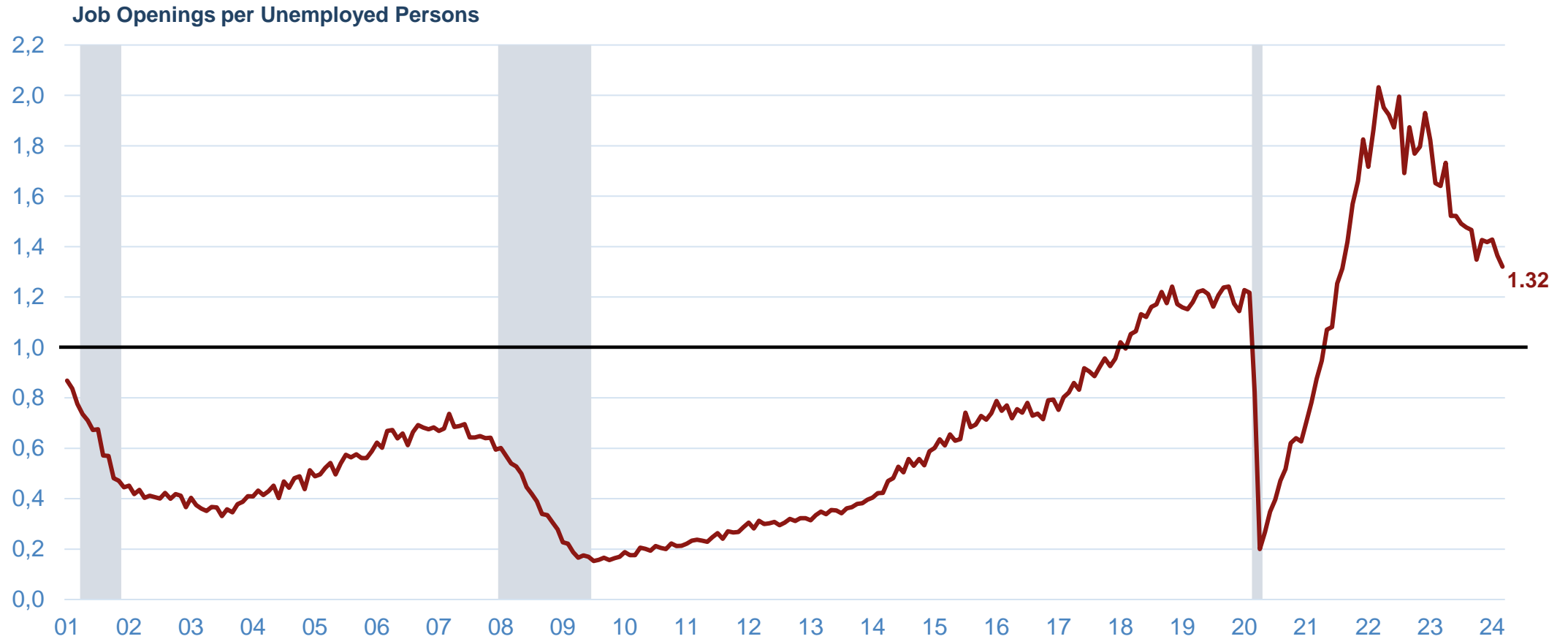


Source: Federal Reserve

Our Base Case Forecast No Longer Shows a Recession

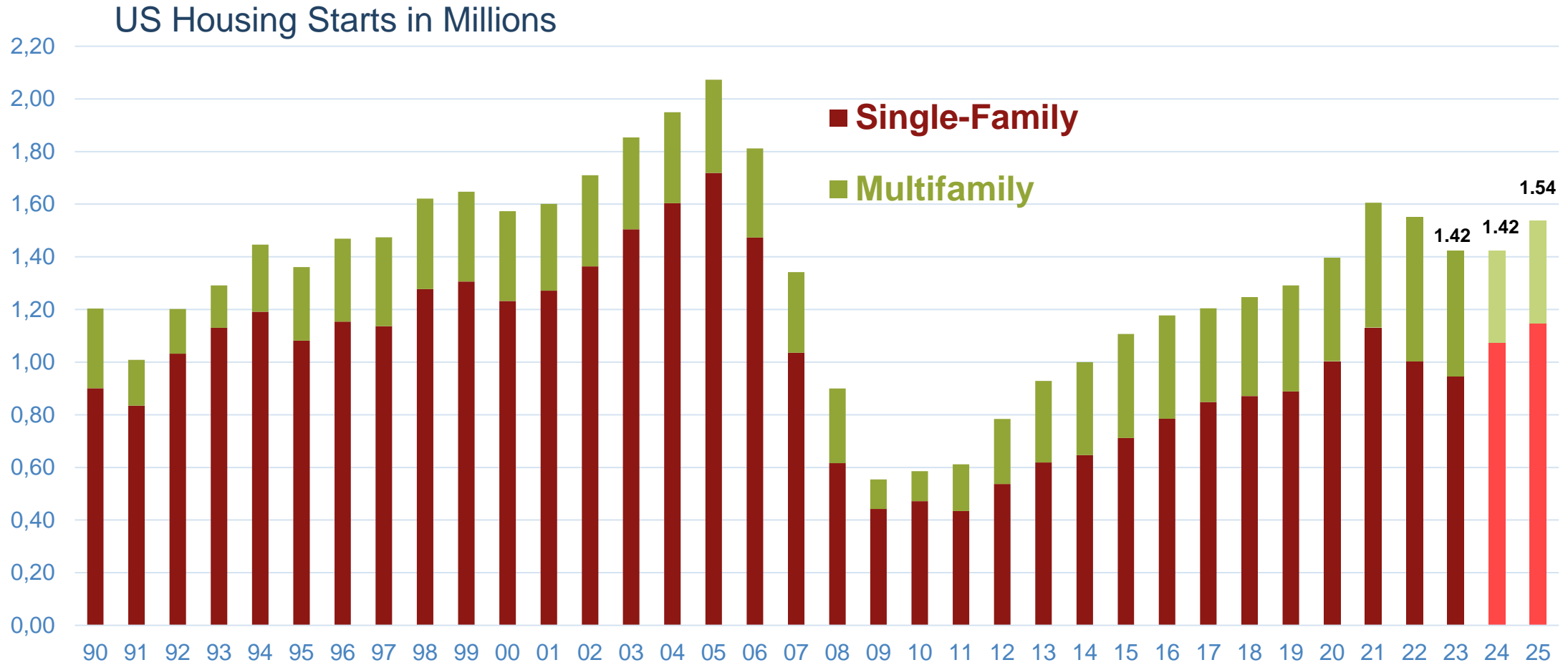


Labor Market Eased, but Remains Strong



Source: Bureau of Labor Statistics

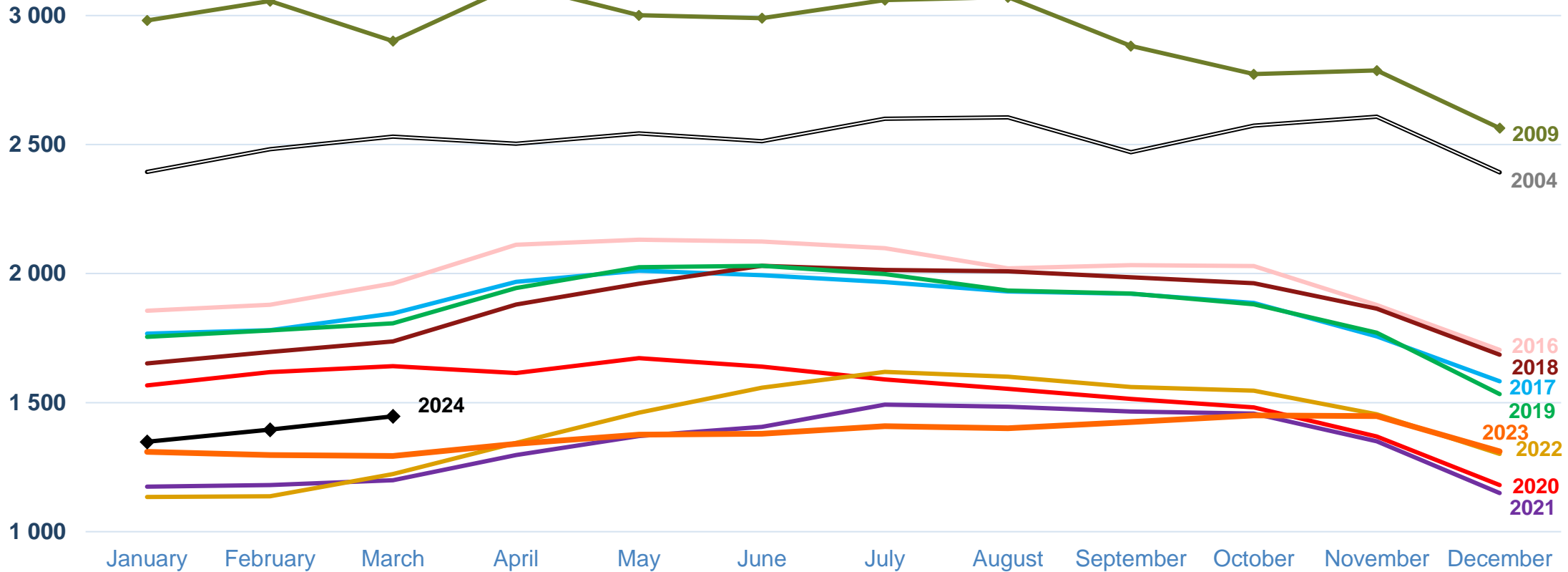
Housing Starts Declined by 9% in 2023 but Remain Flat in 2024



Source: Census Bureau, FEA Forecasts

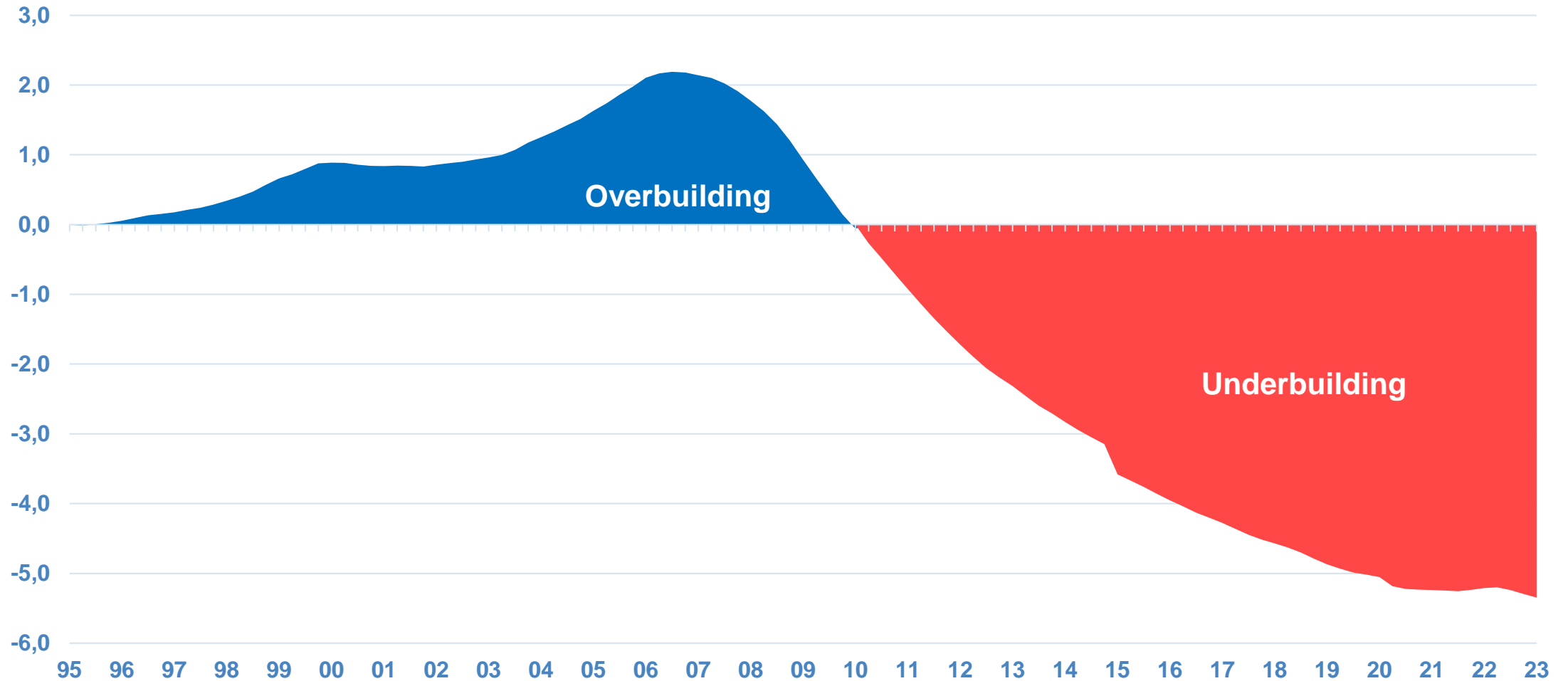
Home Inventories Rising from Rock Bottom Level

Existing plus New Single-Family Homes for Sale, Thousands

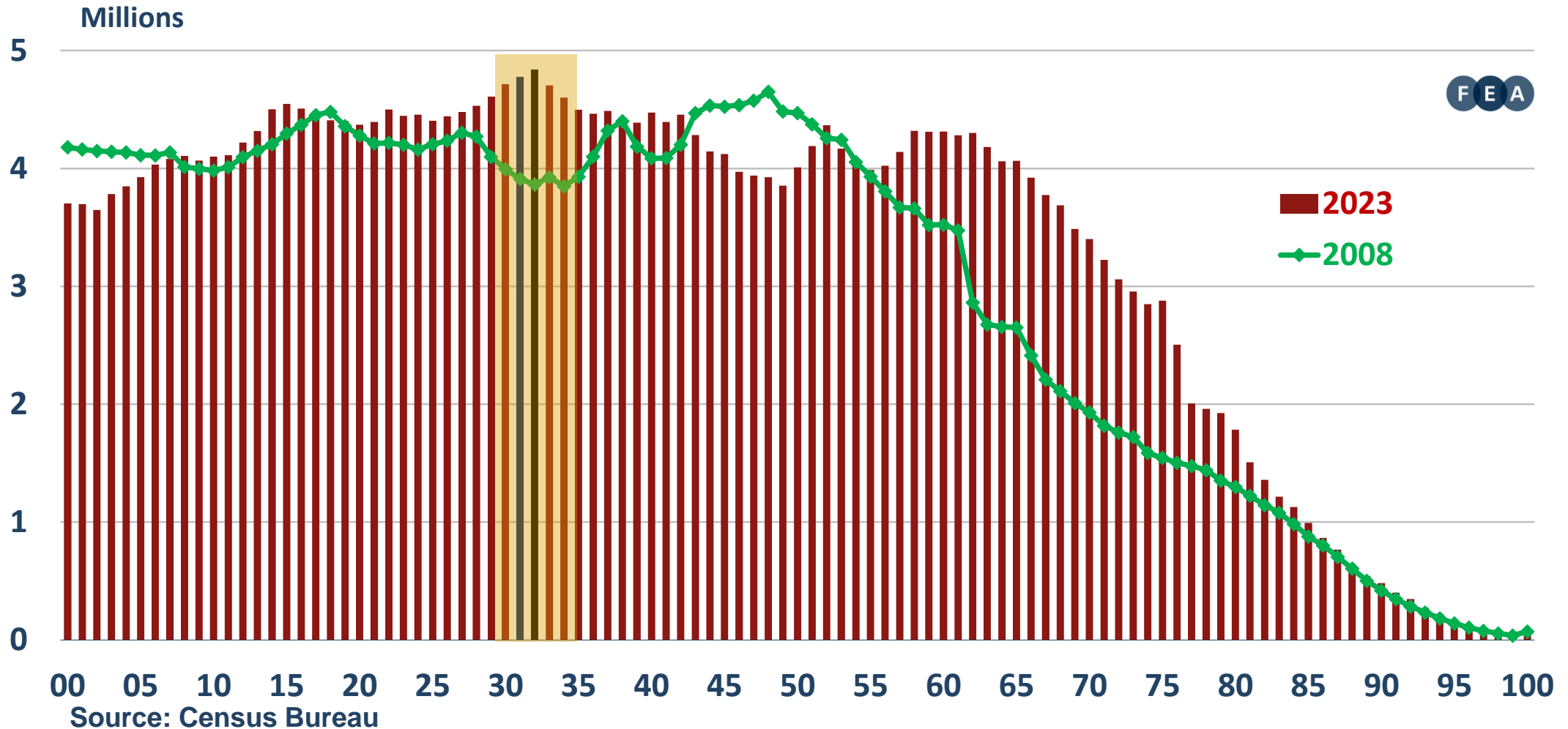


Source: Census Bureau and National Association of Realtors

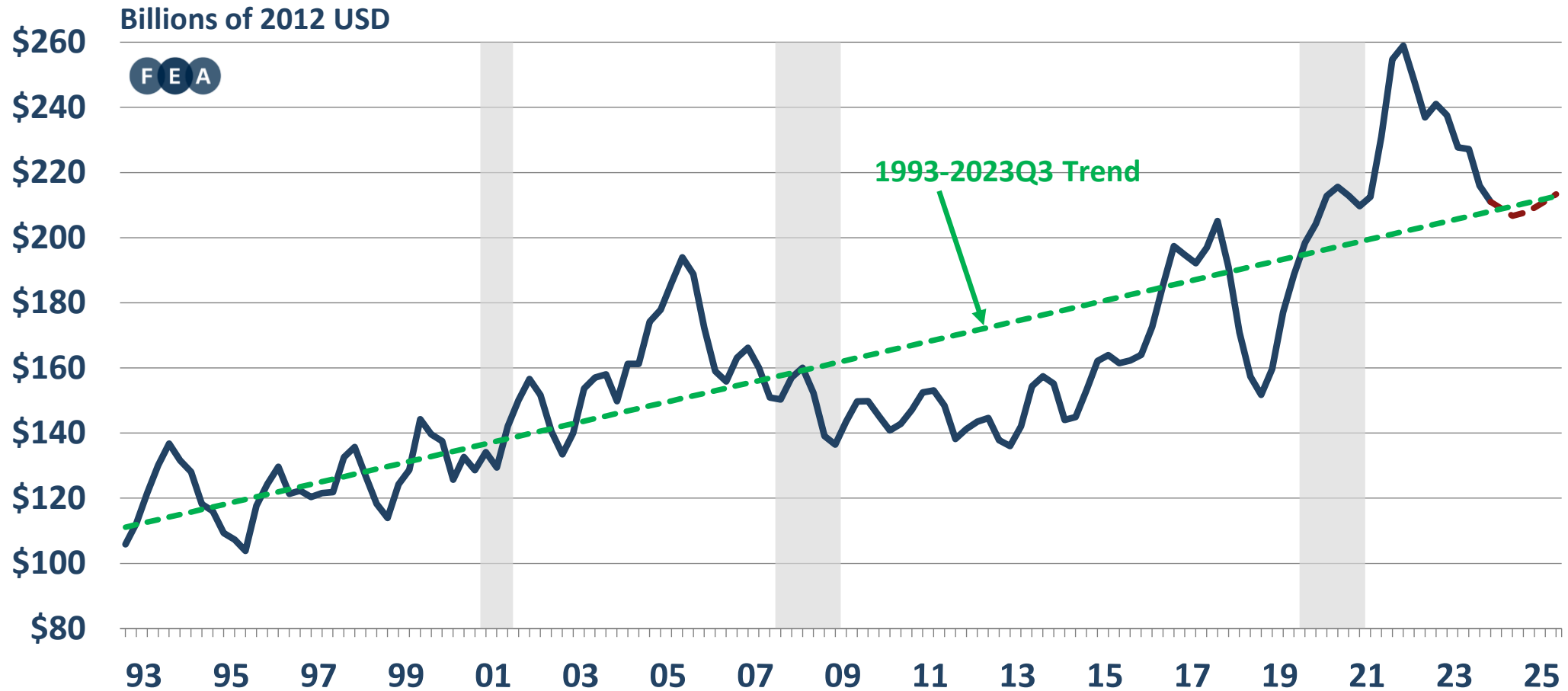
Cumulative Over-/Underbuilding of Conventional US Homes Near 5M Homes



2008 – Strong Demographic HEADWIND 2023 – Strong Demographic TAILWIND



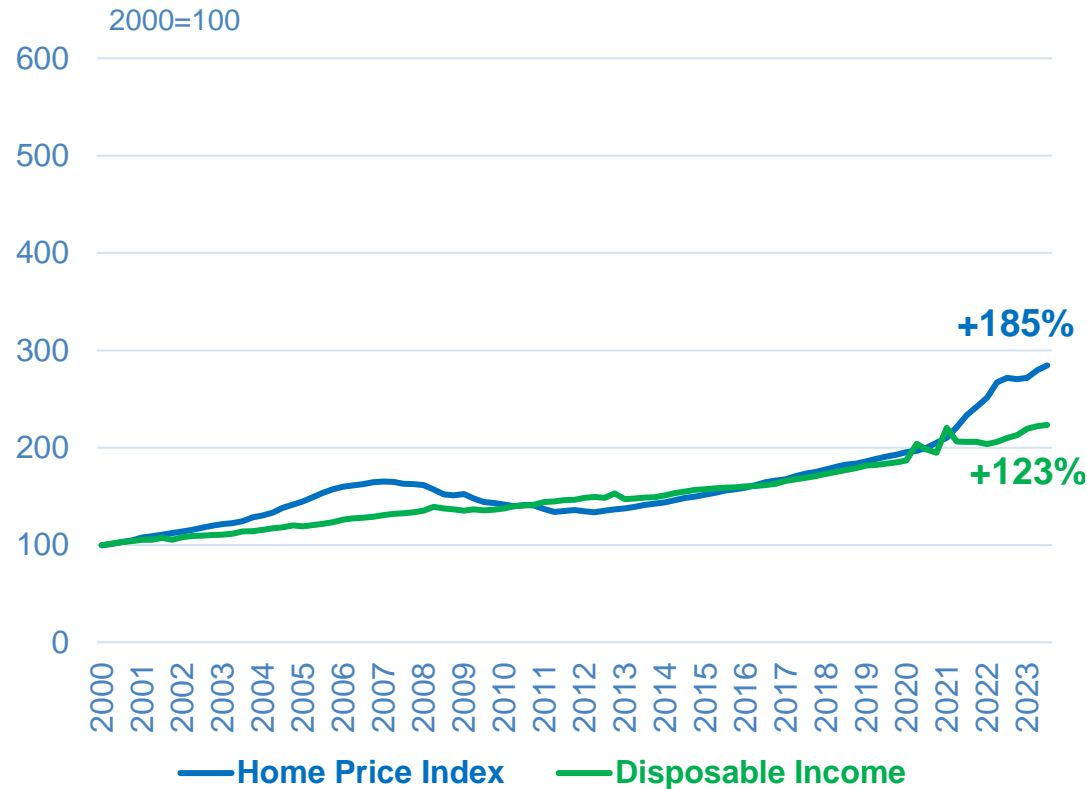
Improvement Expenditures Will Fall, But Remain Elevated Relative To History



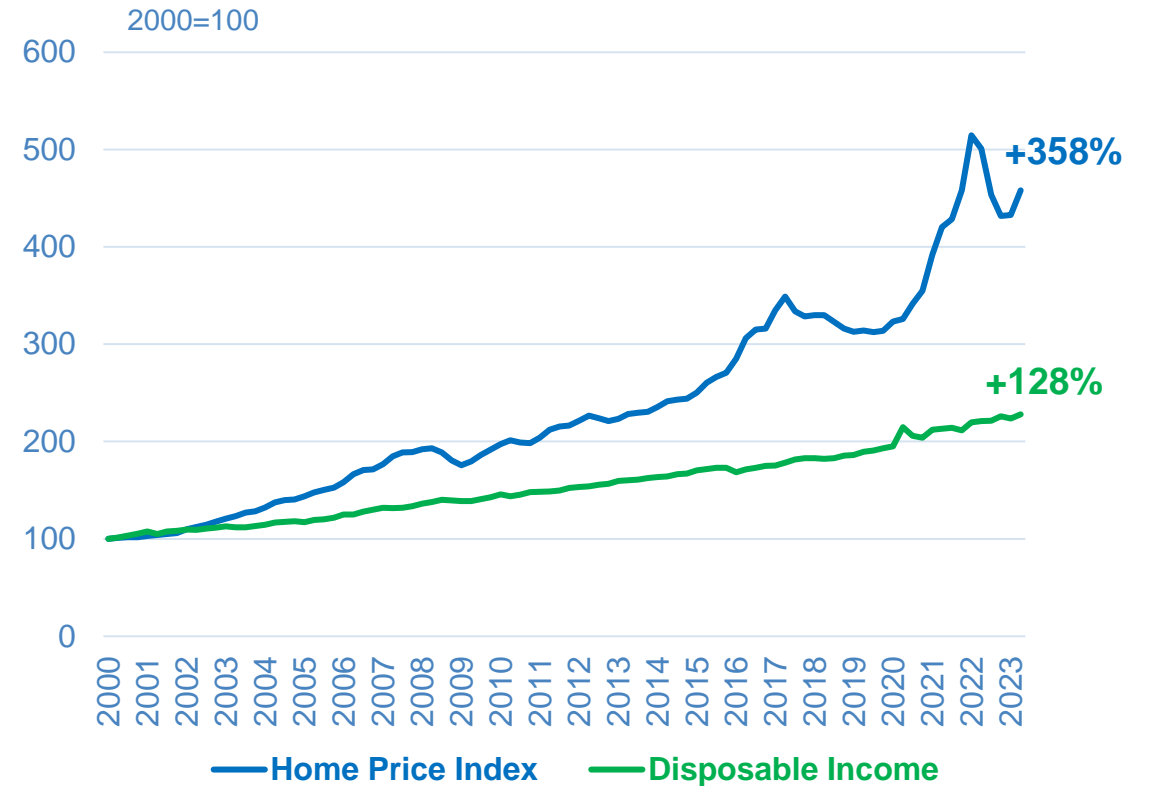
Source: Census Bureau, Bureau of Economic Analysis, FEA calculations

Canada Affordability Crisis Dwarfs That of US

United States



Canada



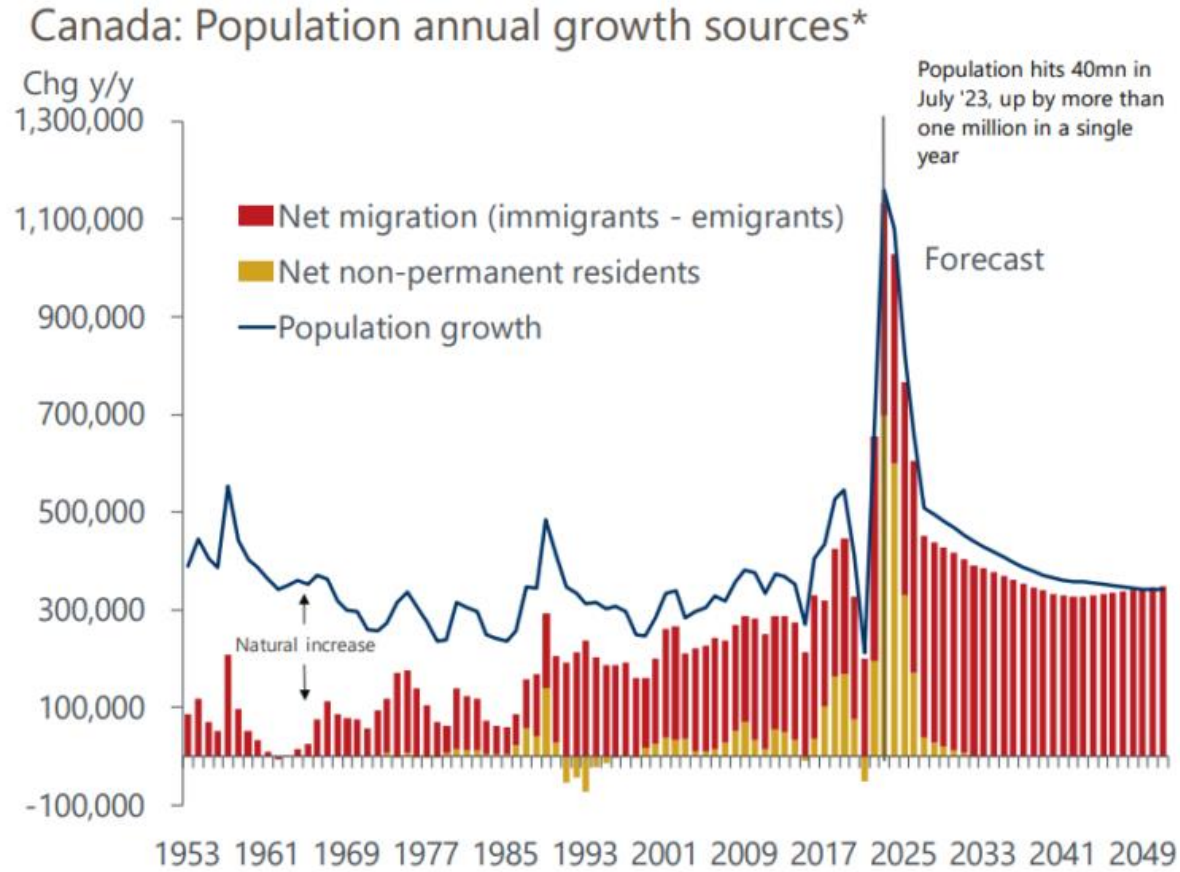
Source: OECD International House Price Database

Canada's Population Has Surged Lately

Canada: Year-over-Year Percent Change in Population



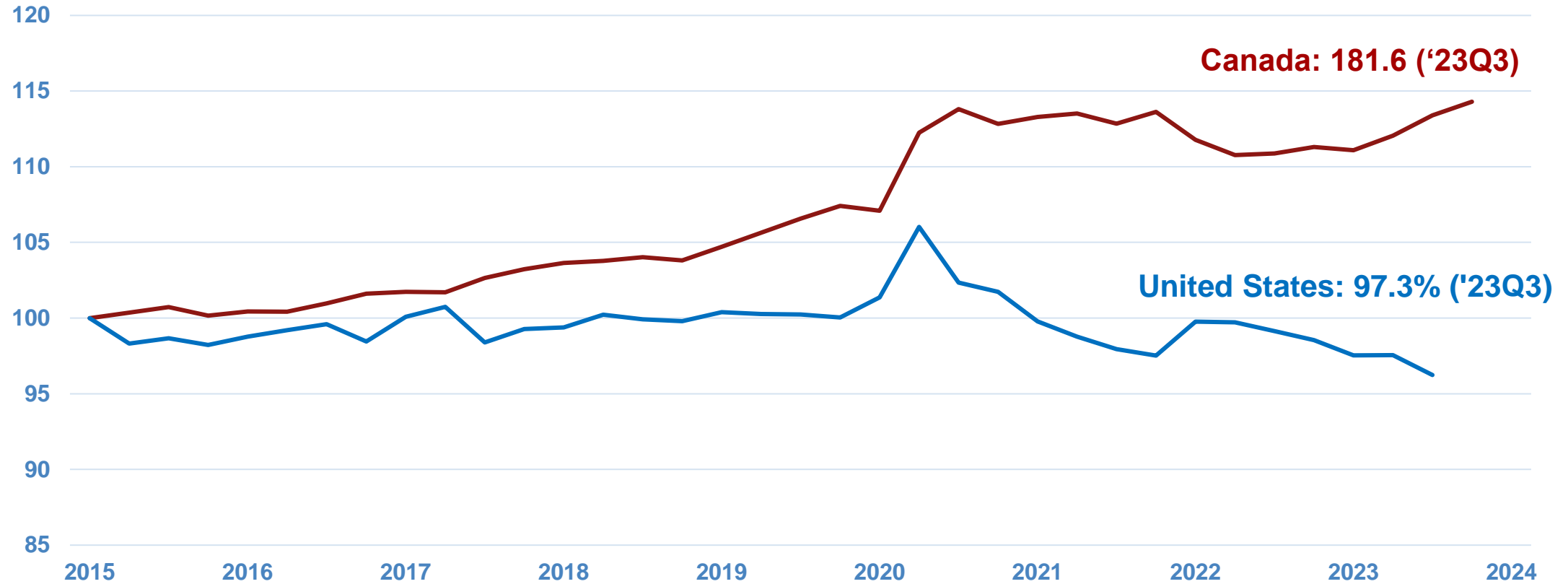
Long Term Demographics Call for More Housing



Source: Oxford Economics/Haver Analytics *Figures are as of July 1st each year.

Canadian Household Debt is in the Stratosphere

Household Debt as a Percent of Disposable Income



Source: Statistics Canada, Bureau of Economic Analysis, Federal Reserve

Projected Housing Supply and Deficit in Canada

Table 3: Projected supply gaps, 2022 and 2023 reports (in million units)

	Estimate of supply gap in 2030, CMHC (2022)	Baseline scenario estimate of supply gap in 2030, 2023 update
Ontario	1.85	1.48
Quebec	0.62	0.86
British Columbia	0.56	0.61
Alberta	0.02	0.13
Manitoba	0.26	0.17
Saskatchewan	0.10	0.06
Nova Scotia	0.05	0.07
New Brunswick	-	-
Newfoundland & Labrador	0.06	0.06
Prince Edward Island	-	-
Canada	3.52	3.45

Source: CMHC calculations.

Note: There is no supply gap in New Brunswick or Prince Edward Island under this methodology. Numbers may not add up because of rounding.

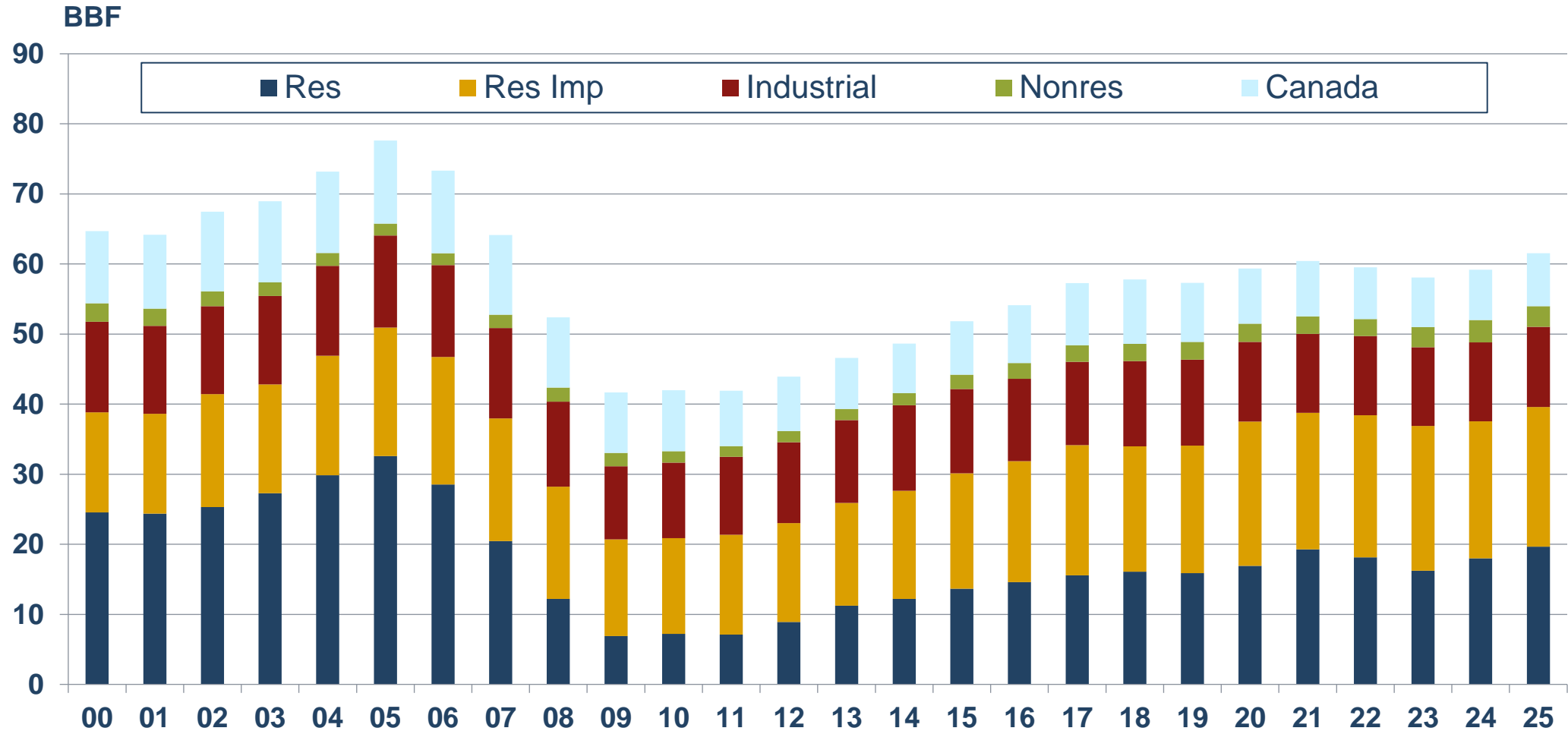
[Housing shortages in Canada - Updating how much housing we need by 2030 \(cmhc-schl.gc.ca\)](https://cmhc-schl.gc.ca)



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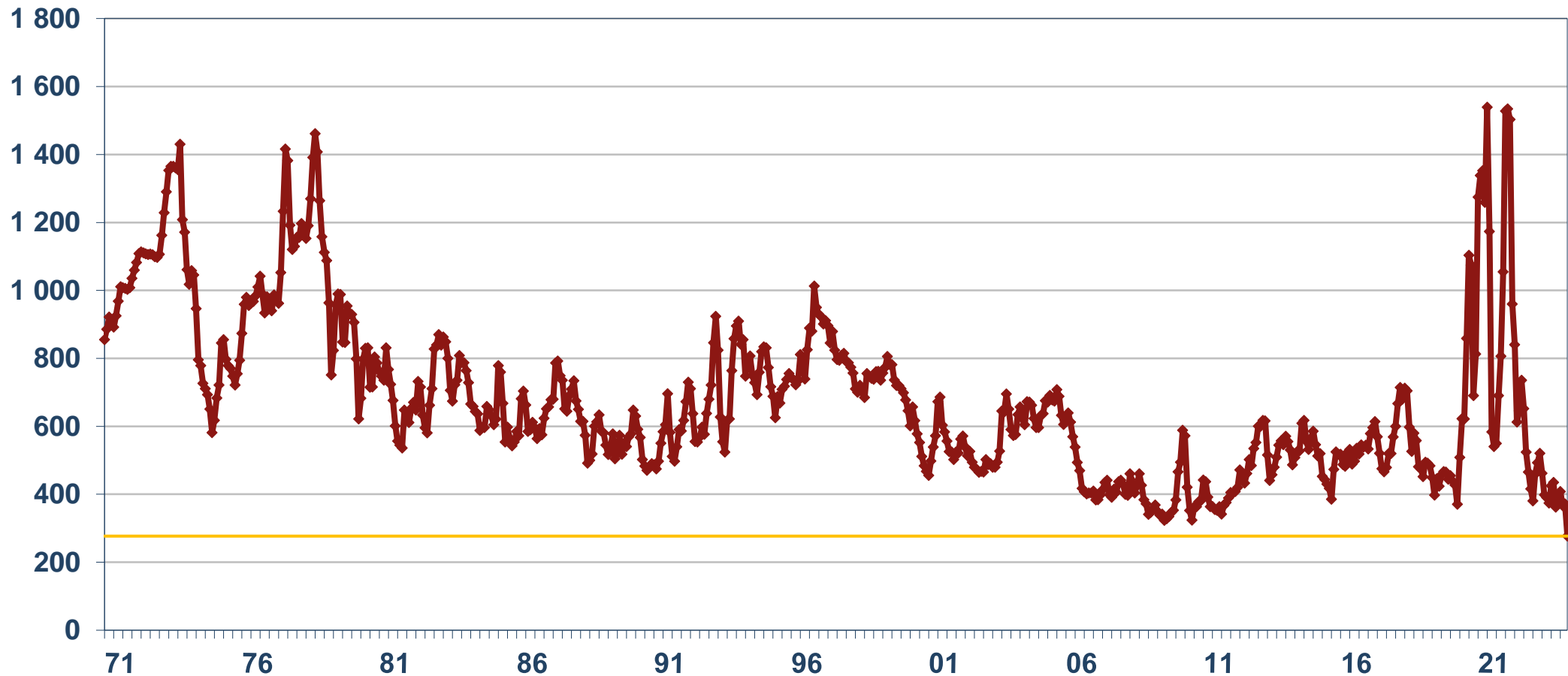
Lumber

Lumber Consumption Will See Slight Growth In 2024 And More Robust Growth In 2025

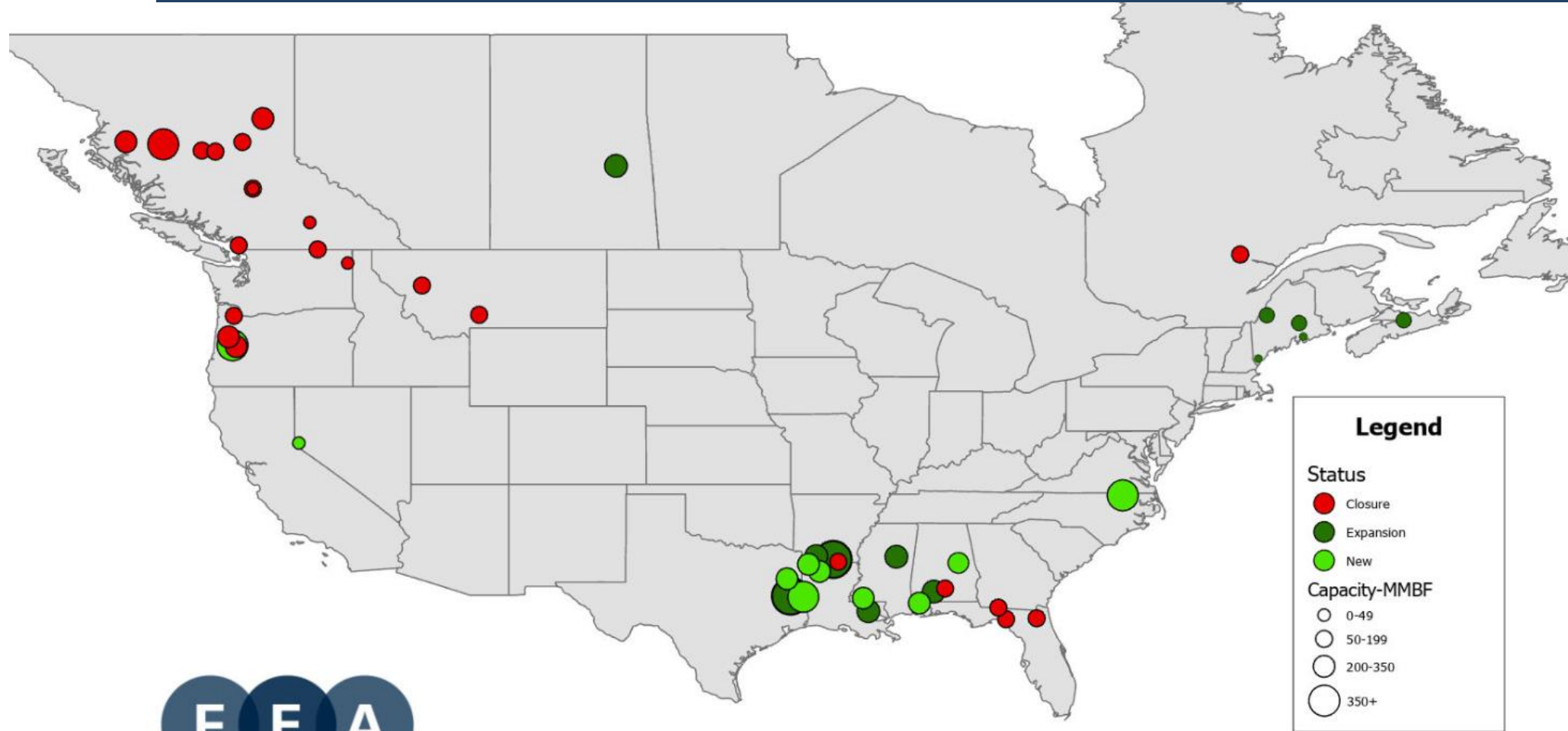


Inflation Adjusted Southern Yellow Pine Prices Are At The The Lowest Point The History Of The Series

SYP Westside 2x4, \$2023/MBF

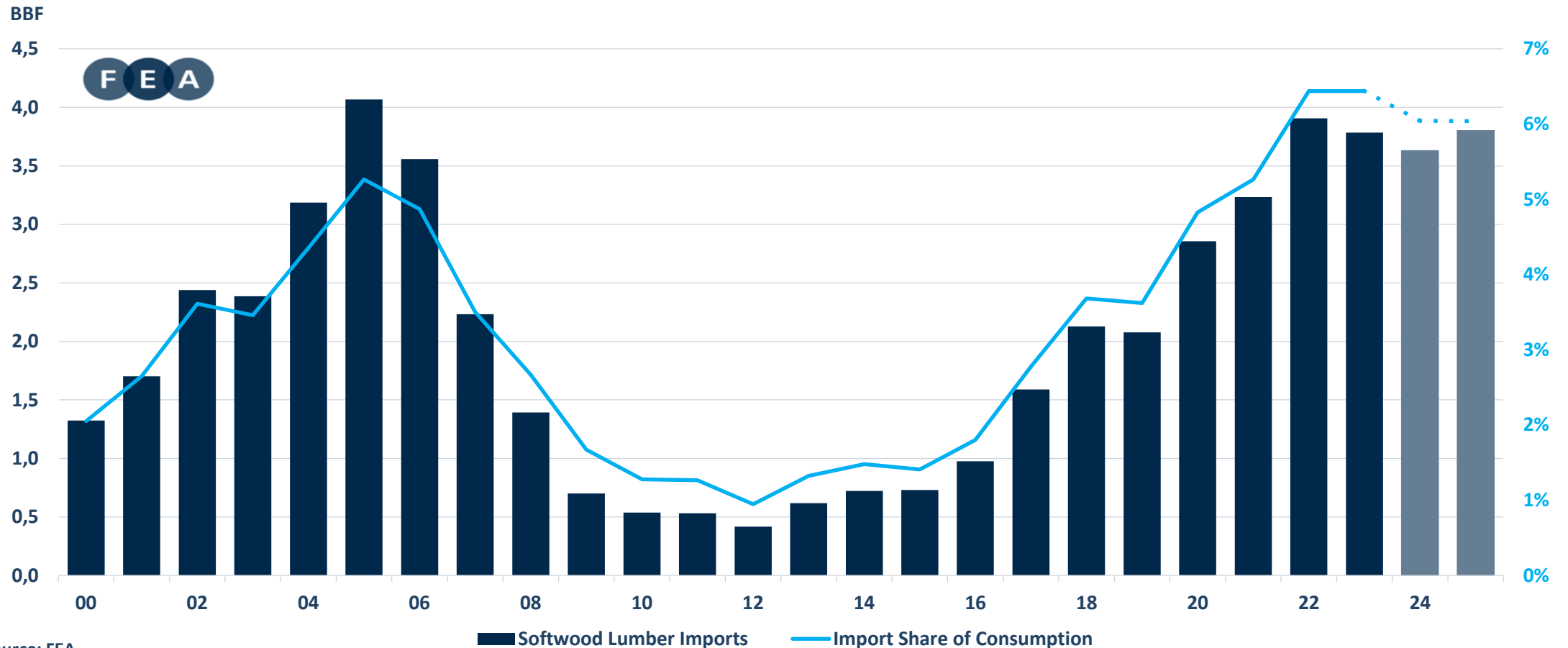


Announced Softwood Lumber Capacity Changes Since 2023



Softwood Lumber Imports Will Remain Elevated

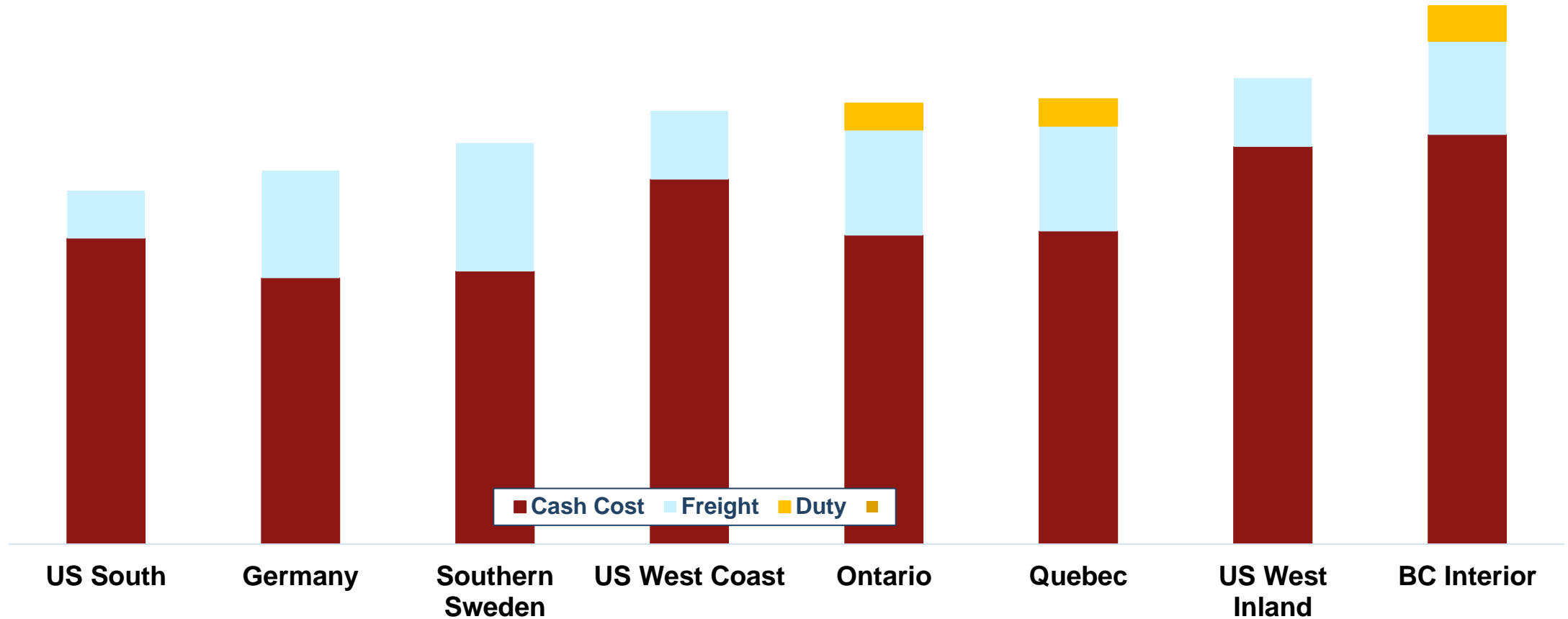
North American Offshore Softwood Lumber Imports



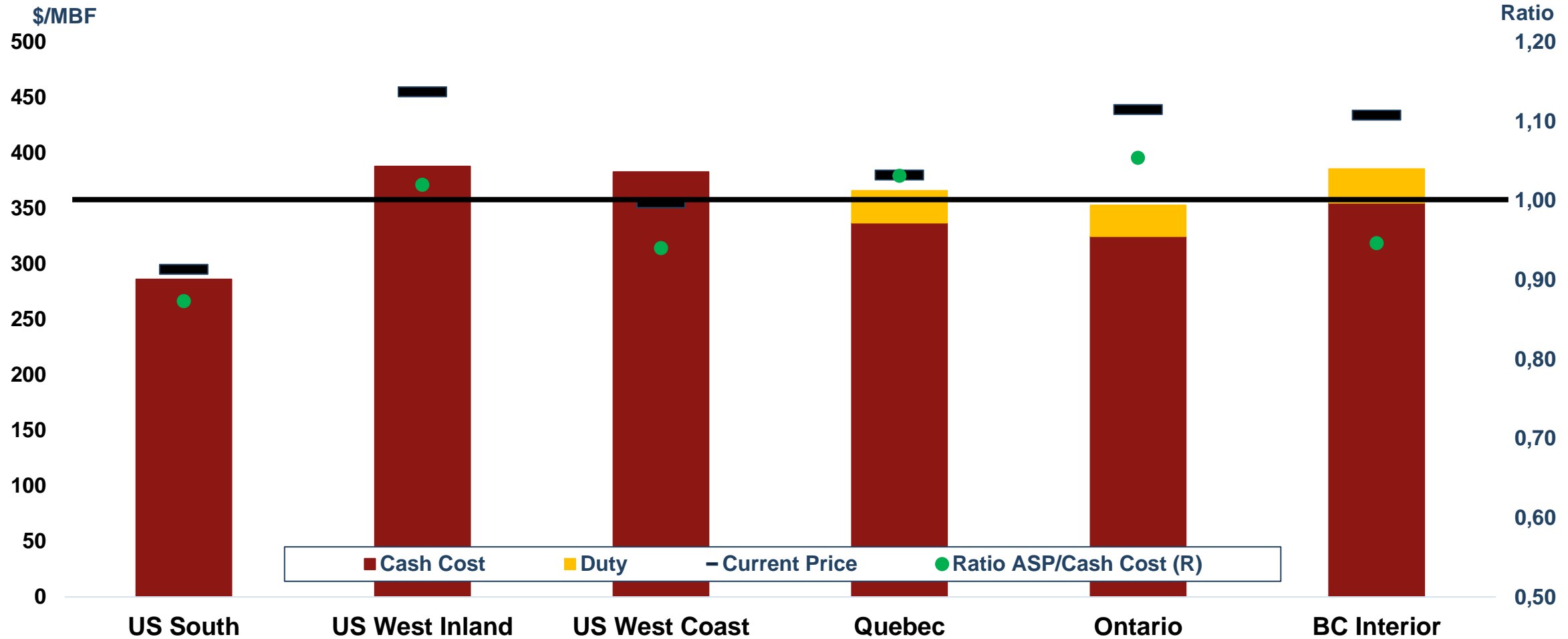
Source: FEA

European Producers Are At The Low End Of The Cost Curve

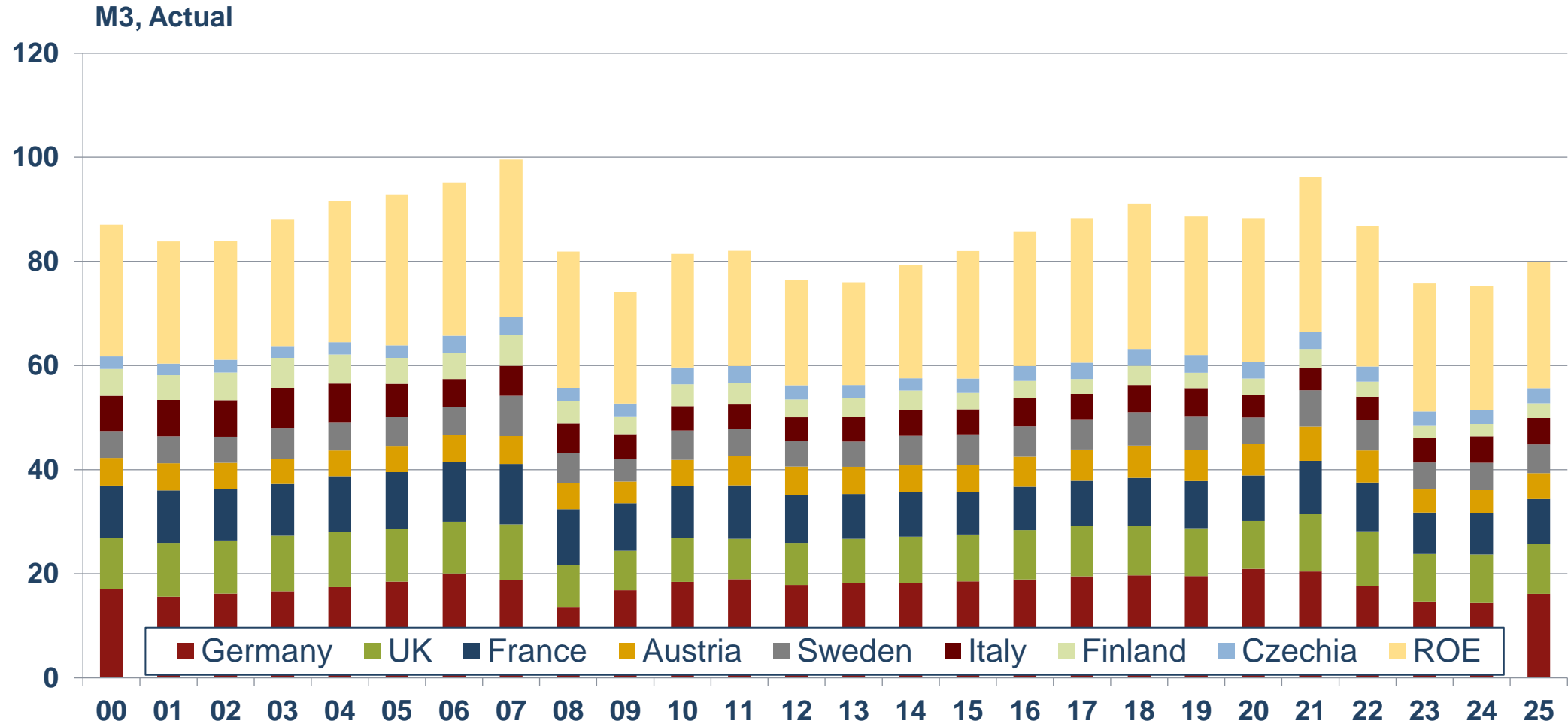
\$/MBF, Delivered Houston



Prices Are Likely to Rebound

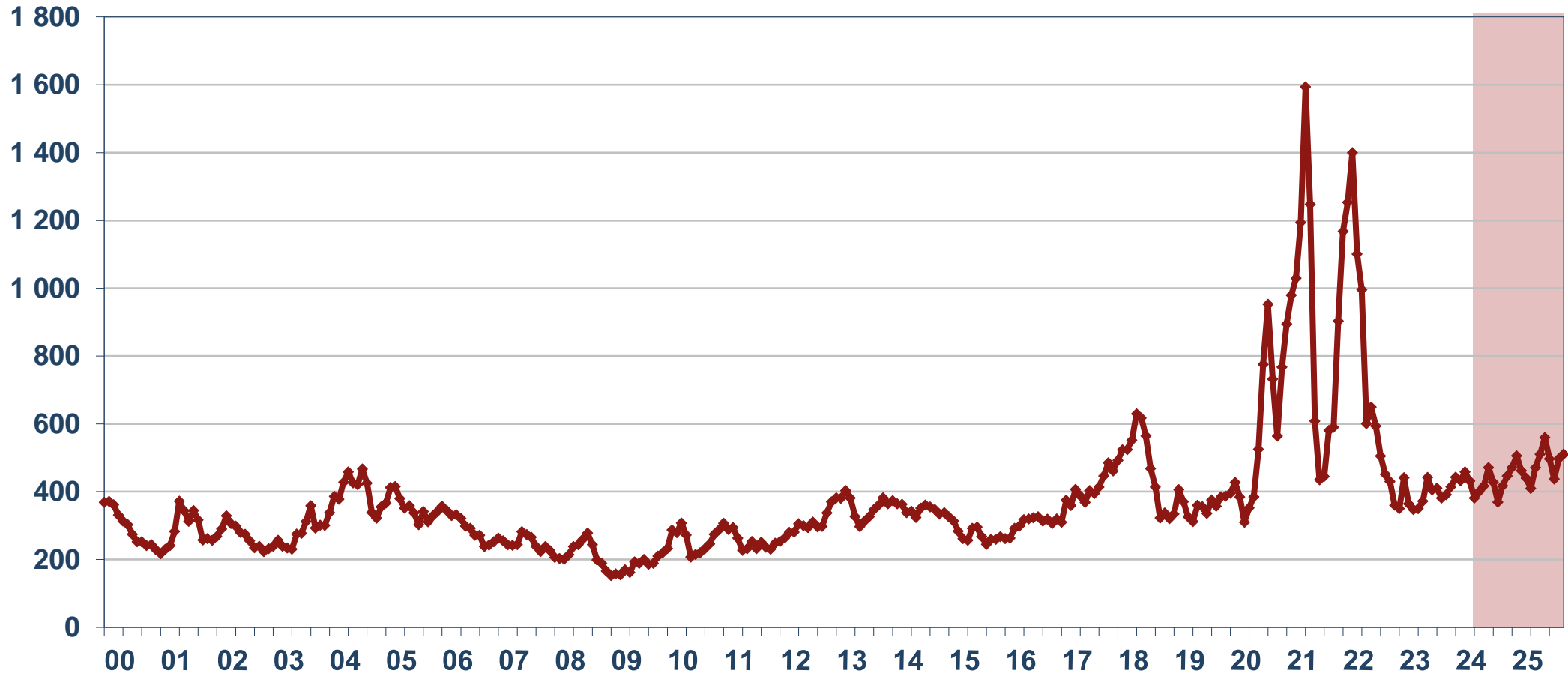


European Consumption Has Plunged

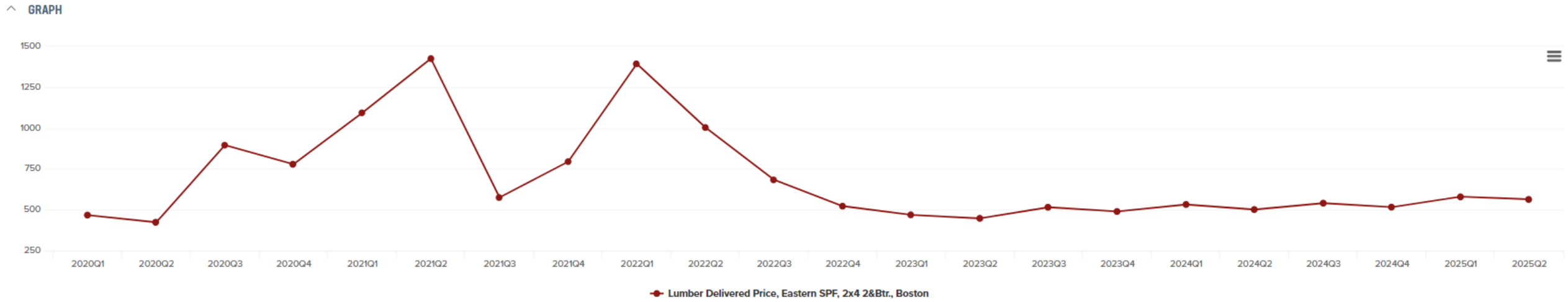


SPF Prices Will Not Fall As Much As SYP Prices

Western SPF 2x4, \$US/MBF



Eastern SPF, 2x4 Delivered Boston (2020-2025)



Source(s): FEA

Lumber Take Home Points

- Lumber markets will grow slowly over the next 12 months.
- Capacity is expanding rapidly, but achieving nameplate output is difficult.
- Exports will remain weak.
- Prices will be weak over the next several months, but we are near a bottom.

Wood Use in Nonresidential and Multifamily Construction in the Atlantic

A Project for Atlantic WoodWorks

Samuel Guy-Plourde, MSc.

Francois Robichaud, PhD.

June 2024

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Survey of Architects in the Atlantic (2024): 76 Respondents

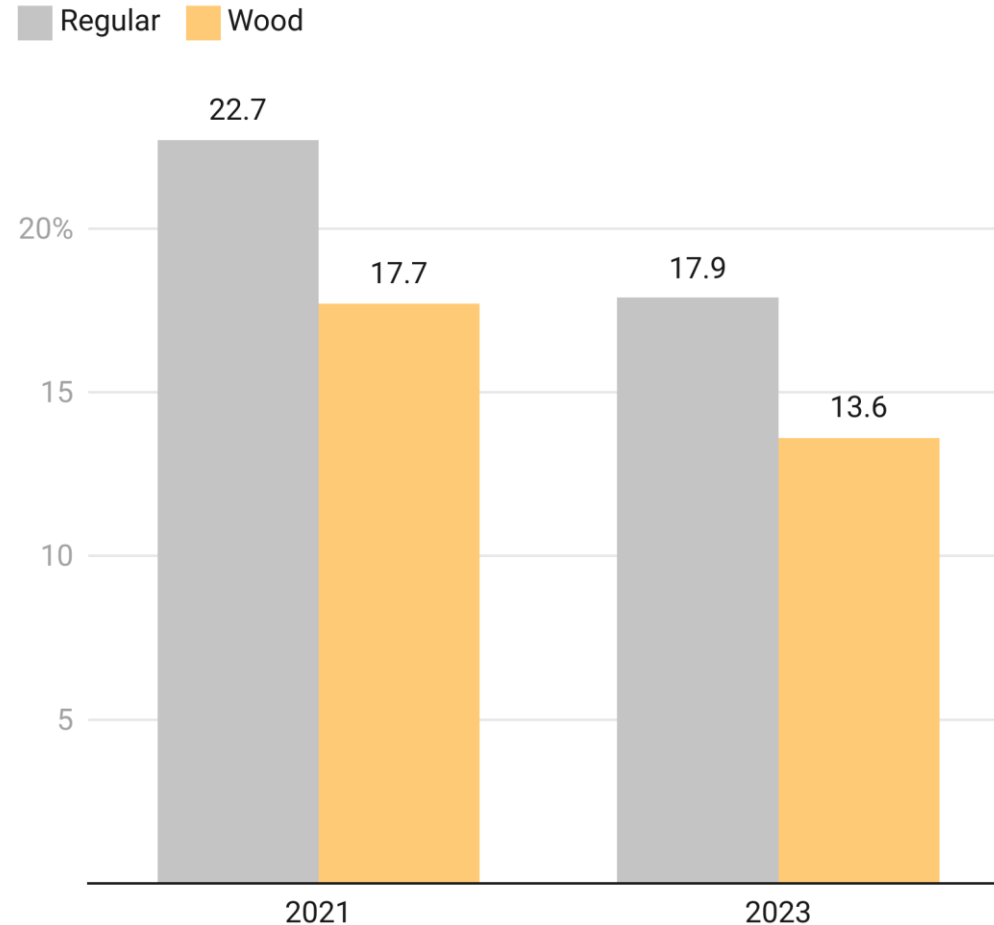
Geographical Distribution

Province	Respondants	Multifamily Buildings		Nonresidential Buildings	
		Survey	Permits	Survey	Permits
Nova Scotia	64%	56%	36%	47%	53%
New Brunswick	9%	5%	35%	12%	22%
PEI	13%	26%	14%	29%	13%
Newfoundland	13%	13%	15%	12%	12%

Source: XX

Experience in Construction

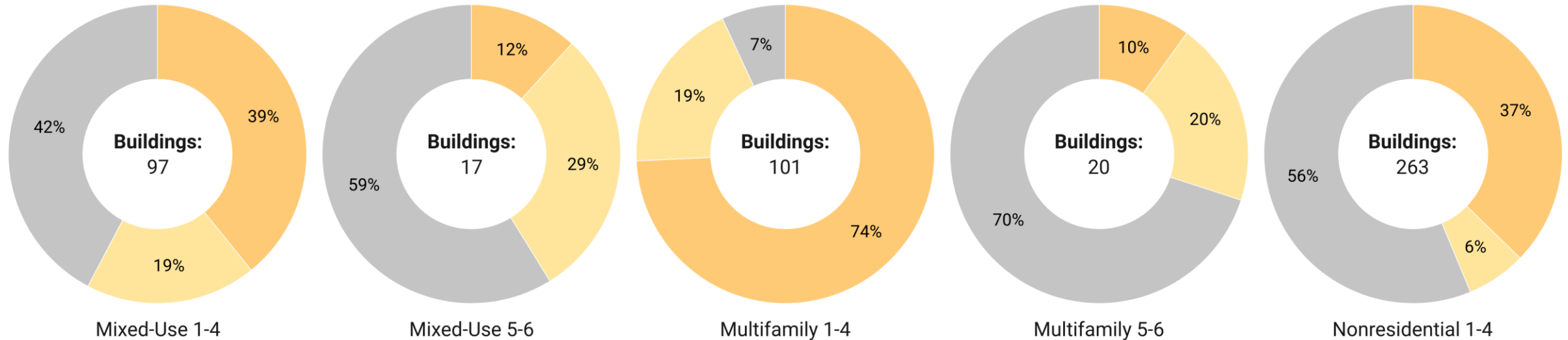
How many years of practice do you have in design and construction of nonresidential building in ...



Market Share Summary

Wood and Wood Hybrid Proportion of Buildings

Wood Wood Hybrid Others

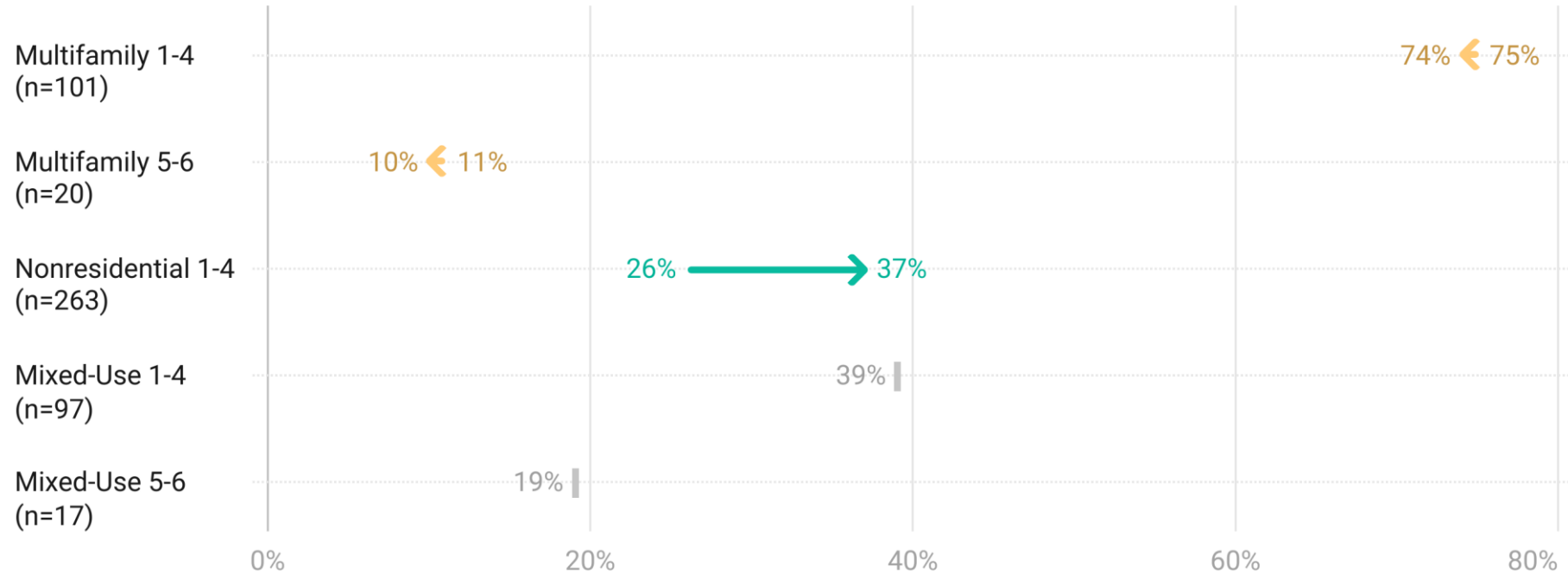


Wood Construction From 2021 to 2023

Wood and Wood Hybrid Building Proportion Compare to 2021 Survey

■ Negative (< 2%)
 ■ Stable (-1% to 1%)
 ■ Positive (> 2%)
 ■ New Measure

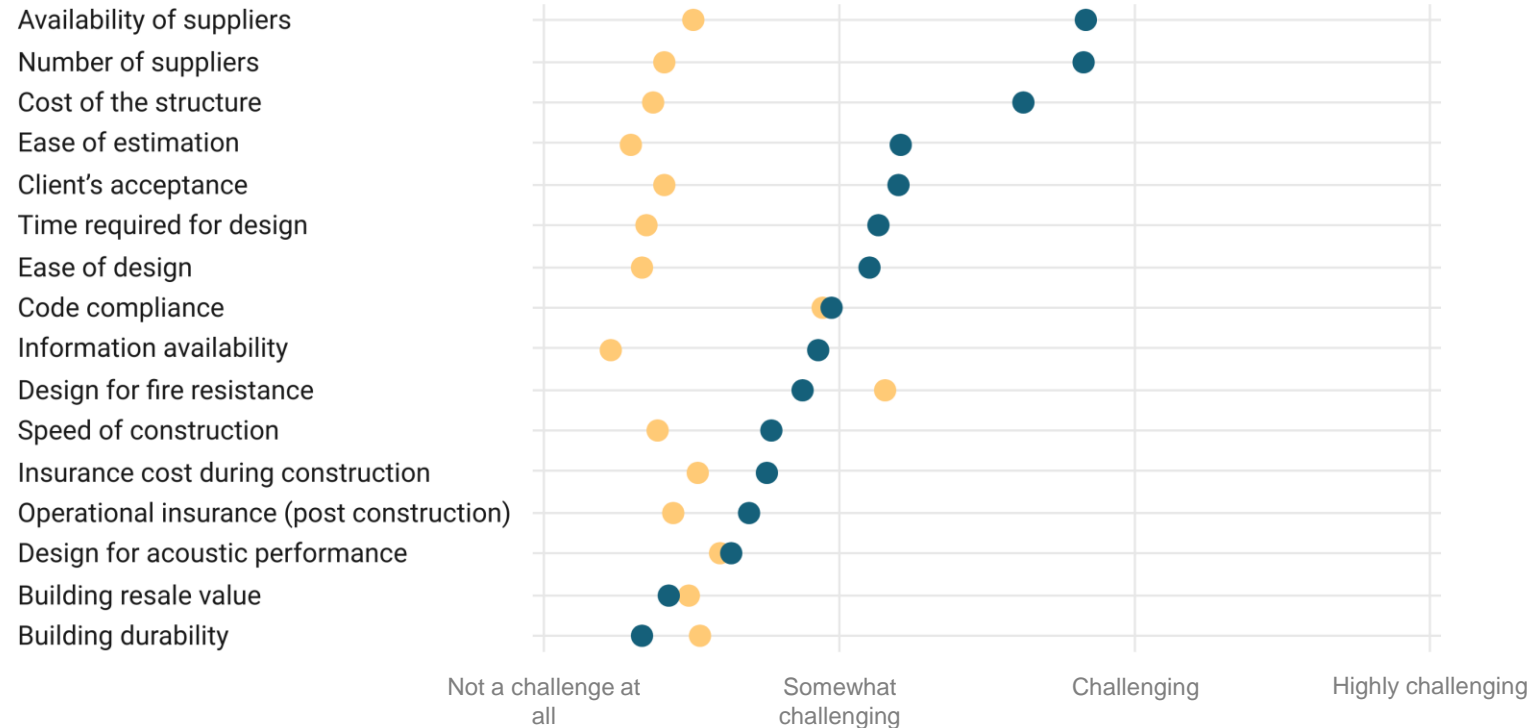
Wood



Wood Design and Construction Challenges

Please indicate whether the following attributes are barriers to the use of wood as a structural material.

● Light Frame ● Mass Timber



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