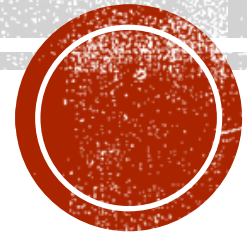


# **COVID-19 IMPACTS TO THE WOOD PRODUCTS INDUSTRY**

**Molly Pitts**

**Executive Director for the Colorado Timber Industry  
Association(CTIA) and Colorado Programs Manager for  
Intermountain Forest Association (IFA)**



# COLORADO ESSENTIAL BUSINESSES??

- Governor Polis Stay at Home order came down on March 25<sup>th</sup>
- Worked with Mike Lester – Colorado State Forester and Dan Gibbs – Director of Natural Resources to get logging and wood products manufacturing identified as “essential businesses.”
- Some businesses never shut down, while others only shut down for 1 day
- Exception was Blanca Forest Products – who shut down until September 1<sup>st</sup>
- All businesses implemented increased safety protocols (cleaning, mask wearing, etc.)



# A VOLATILE MARKET

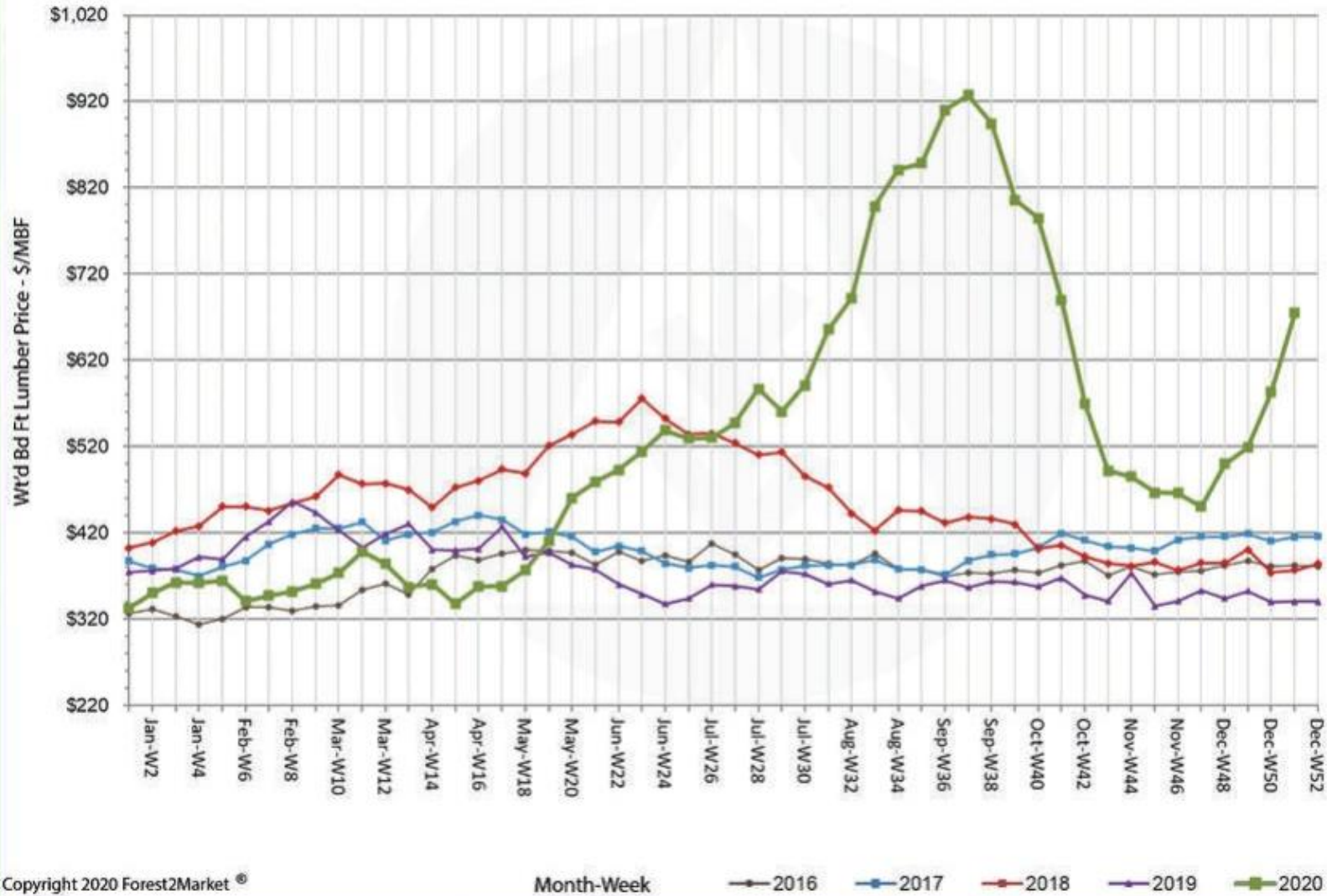
- The lumber market initially dropped significantly – causing the Forest Service to issue a SOPI (substantial overriding public interest) on April 10, 2020
  - Allows contracts awarded prior to April 1<sup>st</sup>, 2020 to be extended
- Markets stayed down in April and May
  - Housing starts dropped 30% (891,000 units vs an average of 1.5 million)
- June brought significant improvement – with some species going up 8-13 %
- Continued to rise in July, August and September (some species now up 17-24% in the last month and 36– 88% in the last 6 months)
- October – still going up (a couple species have now doubled in price in the past 6 months)
- November – mostly leveled out with some going back down in the past month.





FOREST2MARKET

### All SYP KD Lumber Volume Weighted MBF Lumber Price 2016 - YTD 2020



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# THE REASONS BEHIND THE \$\$

- While Colorado manufacturers didn't slow down much due to COVID – many large businesses in the Pacific Northwest shut down for extended periods or reduced production.
  - Canadian lumber shipments were also down 20%
- Housing starts rebounded – 1.53 million starts as of October (single-family starts in October was the highest production rate since the spring of 2007).
  - Low interest rates
  - Remote work – so why live in Denver?
- Toilet Paper – probably don't need to say much more...
- Amazon – and other online shopping that arrives in a cardboard box
- Home renovations
  - Remote work and home school – some houses simply weren't big enough
  - Folks were stuck at home – so why not get to those home projects?



# LOOKING FORWARD

- Prices are likely to stay up during the short-term
  - Housing starts are still growing
  - Availability of homes for sale is incredibly tight
- Production is still impacted by COVID
- Not necessarily sustainable long-term
  - New mills coming online
  - Increased production at existing facilities will create more supply

