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Timber Market Survey

March quarter 2022



About the Timber Market Survey

The quarterly Timber Market Survey (TMS) report presents Australian timber price movement data collected through the quarterly surveying of a representative range of timber product traders in eastern Australia. The TMS collects data on the movement in buying price of a wide range of domestic and imported timber products purchased and stocked by survey participants. Participants' quarterly product volume data is not collected by the TMS. Individual survey results are assigned an overall weighting based on participant business size, and aggregated state level results are weighted based on TMS State Weightings. Price movement data are presented in nominal terms unless otherwise stated. All TMS reports contain price trend results for softwood timber, panels and engineered wood products. In addition, the June and December quarter reports contain price trend information for a range of hardwood products. Note: Price changes in this report are based solely on TMS survey data; individuals may experience different price movements in their own markets.

Further information on the TMS can be found on the TMS website:
<https://induforgroup.com/news-media/timber-market-survey/>

Key messages

Quarterly price movements

- » Upward price movements for untreated structural MGP10 and MGP12 products ranged between 4.0% and 4.5%.
- » Upward price movements for treated outdoor products ranged between 4.6% and 5.3%.
- » Upward price movements for plywood and MDF panel products ranged between 3.7% and 7.5%, while particleboard products saw more moderate upward price movements.
- » Upward price movements for LVL and I-joist/I-beam products ranged between 5.1% and 8.2%.

COVID-19 Pandemic - update

The recent boom in residential construction has seen record levels of demand for softwood timber products and building materials more broadly, with elevated levels of demand reportedly continuing in the first quarter of 2022. Timber shortages, frequent price rises and delivery delays have become the norm according to some TMS participants, who also reported that delivery delays are being further compounded by recent flooding events along the eastern seaboard.

With pandemic-related restrictions continuing to ease across Australia, around two thirds of TMS participants reported only minimal or no direct COVID-19 related impacts on their businesses in the March quarter 2022. Of those that did report an impact, it was mainly positive, with sales volumes around 10% higher on average. Reports of negative impacts related mainly to staff shortages and delivery delays, as the number of infections due to the Omicron variant of the virus approached peak levels in late March. The majority of TMS participants (around 70%) expected minimal direct COVID-19 impacts on their sales volumes in the coming June quarter 2022.

With housing construction activity set to remain high for some time, supported by a backlog of building projects largely stemming from the HomeBuilder grant scheme, demand for timber products is expected to remain at elevated levels into the next quarter and beyond. The TMS will continue to monitor COVID 19 impacts on TMS price trends throughout the duration of the pandemic.

Softwood price changes – March quarter 2022

Structural softwood timber

The latest TMS results show prices for structural timber products continued to rise in the first quarter of 2022 (Table 1). Price movements for untreated MGP10 and MGP12 timber products ranged between 4.0% and 4.5% higher over the March quarter, while prices for treated F7 products ranged between 5.3% and 6.4% higher.

Table 1: Structural softwood timber - nominal price changes to March quarter 2022

Product	Dimension (mm*)	12 months to Mar-22	3 months to Mar-22
MGP 10	70 x 35 x 4.8m	↑ 35.14%	↑ 3.95%
MGP 10	90 x 35 x 4.8m	↑ 39.28%	↑ 4.51%
MGP 12	70 x 35 x 4.8m	↑ 34.56%	↑ 4.41%
MGP 12	90 x 35 x 4.8m	↑ 36.80%	↑ 4.26%
F7 - H3 treated	70 x 35 x 4.8m	↑ 43.45%	↑ 6.44%
F7 - H3 treated	90 x 45 x 4.8m	↑ 40.75%	↑ 5.25%

Source: Timber Market Survey
* unless otherwise stated

Softwood price changes – March quarter 2022 *continued*

At the end of the March quarter, prices for untreated MGP structural timber were between 34.6% and 39.3% higher (in nominal terms) than 12 months ago. Price movements for treated F7 products ranged between 40.8% and 43.5% higher compared to the previous 12 months.

Outdoor softwood timber

Treated outdoor timber products have also seen strong price increases in the three months to the end of March (Table 2). Treated sleeper prices increased by 4.6%, while treated decking prices increased by 5.3%. Prices for outdoor timber products shown in Table 2 were between 29.2% and 32.4% higher (in nominal terms) than 12 months ago.

Table 2: Outdoor softwood timber - nominal price changes to March quarter 2022

Product	Dimension (mm*)	12 months to Mar-22	3 months to Mar-22
Treated decking	90 x 20	↑ 32.44%	↑ 5.30%
Treated sleepers	200 x 75 x 2.4m	↑ 29.21%	↑ 4.56%

Source: Timber Market Survey
* unless otherwise stated

Historic structural and outdoor timber product indices

The recent sharp upward trend in TMS structural and outdoor timber price indices reflects a consecutive series of strong quarterly price increases, particularly over the 2021 calendar year (Figure 1). Elevated demand for building materials following government stimulus measures aimed at the residential construction sector (e.g. the HomeBuilder grant), specifically in response to the COVID-19

pandemic, has placed unprecedented upward price pressure on many timber product lines, with this trend appearing to continue in the first quarter of 2022.

Over the 18 months to the end of March 2022, the TMS price index for MGP10 structural timber increased by 58 index points, while the MGP12 index increased by 53.5 index points, to reach new peak levels of 187 and 180 index points respectively (where the index base was 100 in 2004). Price movements for treated F7 products have followed suit, increasing by over 59 index points over the same period to reach 177 index points in total.

The TMS has observed similar levels of price growth in treated decking and sleeper products over the 18 months to the end of the March quarter 2022. The treated decking index increased by 66.5 index points and the treated sleeper index increased by 50 index points.

The treated decking index remains significantly higher than other TMS indices shown in Figure 1, having previously undergone a period of rapid growth from late 2017 through to the end of 2018, when timber supply shortages more broadly were impacting prices for treated decking products in Australia. The latest period of strong upward pressure on timber prices has seen TMS indices for treated outdoor products reach new peak levels, of 220 index points in the case of decking products, and 186 index points in the case of sleeper products.

Panel products

The March quarter TMS has shown strong price increases across the panel products range (Table 3). Plywood price increases ranged between 3.7% and 4.5%, while prices for MDF products were up to 7.5% higher. Price movements for particleboard products were moderate in comparison, ranging between 1.4% and 2.3% higher over the quarter.

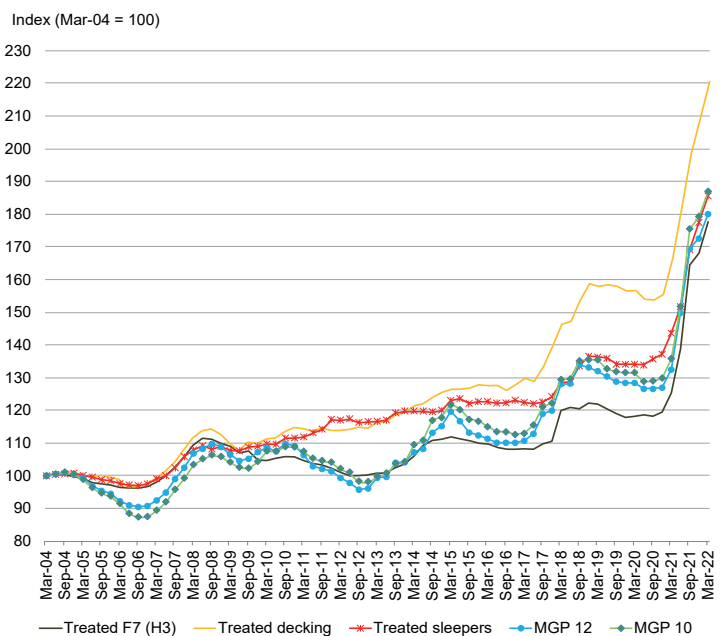
Nominal prices for all panel products shown in Table 3 were higher than 12 months ago, with particleboard products showing the least price growth over this time.

Table 3: Panel products - nominal price changes to March quarter 2022

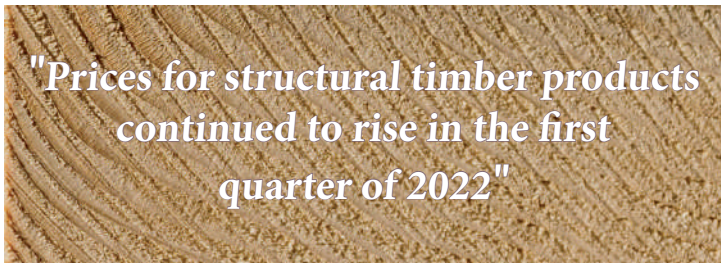
Product	Dimension (mm)	12 months to Mar-22	3 months to Mar-22
Plywood C/D Grade	2400 x 1200 x 12	↑ 31.64%	↑ 4.52%
Plywood C/D Grade	2400 x 1200 x 17	↑ 20.22%	↑ 3.66%
Particleboard T&G	3600 x 900 x 19	↑ 6.97%	↑ 1.35%
Particleboard T&G	3600 x 900 x 22	↑ 4.71%	↑ 2.32%
MDF	2400 x 1200 x 16	↑ 16.19%	↑ 4.32%
MDF	2400 x 1200 x 18	↑ 18.18%	↑ 7.48%

Source: Timber Market Survey
Multi-state price movements may comprise all three or only two surveyed state results

Figure 1. Quarterly nominal TMS indices for key softwood timber products



The reported price movements are based on weighted average price changes across Victoria, New South Wales and Queensland using TMS State Weightings of 41%, 32% and 27% respectively. Multi-state price movements may comprise all three or only two surveyed state results. Note: MGP10, MGP12 and treated F7 indices are derived by combining price movements from two similar product dimensions. Each product index is weighted as follows: 40% applied to 70mm x 35mm x 4.8m products and 60% applied to 90mm x 35mm x 4.8m products.



Softwood price changes – March quarter 2022 *continued*

Engineered wood products

The March quarter 2022 marks the fifth consecutive quarter of exceptionally strong price increases for products in the selected range of engineered wood products (Table 4). Prices for I-joist/I-beam products were up to 5.6% higher over the quarter, while prices for LVL products were up to 8.2% higher. Nominal prices for all engineered wood products shown in Table 4 were between 57.0% and 85.1% higher than 12 months ago.

Table 4: Engineered wood products - nominal price changes to March quarter 2022

Product	Dimension (mm)	12 months to Mar-22	3 months to Mar-22
I-joist/I-beam	240 x 47	↑ 71.41%	↑ 5.13%
I-joist/I-beam	300 x 63	↑ 85.06%	↑ 5.59%
LVL	200 x 36	↑ 56.50%	↑ 7.07%
LVL	300 x 45	↑ 60.08%	↑ 8.19%

Source: Timber Market Survey
Multi-state price movements may comprise all three or only two surveyed state results

Historic panel and engineered wood product indices

TMS price indices for all panel and engineered wood products shown in Figure 2 were at their respective peak levels at the end of the March quarter 2022.

Heightened demand for building materials and labour, since 2021, has placed upward pressure on demand for wood-based panel products and other engineered wood products alike. Products for which supply is in large part dependent on imports (e.g. plywood) have been more significantly impacted, compared to products where most of the traded volume is produced domestically (e.g. particleboard).

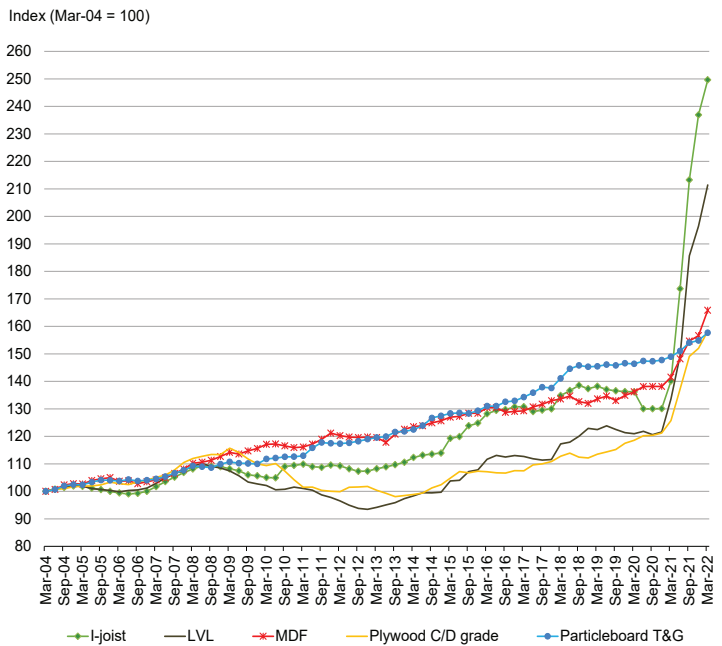
The MDF index increased by 28 index points over the 18 months to the March quarter 2022 to reach a total index level of 166 points (where the index base was 100 in 2004). The plywood (C/D) grade index increased by 38 index points over the same period to reach 158 points in total. This places the plywood index on par with that of the particleboard (T&G) index, which prior to the pandemic had the highest index

value of all the panel product and engineered wood product indices shown in Figure 2.

Prices for engineered LVL and I-joist/I-beam products have been particularly impacted by supply and demand pressures seen across global markets since the onset of the pandemic. This has resulted in unprecedented increases in the cost of supply of these products to Australia. TMS participants have also noted that prices for domestically manufactured engineered wood products have largely moved in alignment with import pricing.

In the 18 months to the end of March 2022, the TMS index for LVL products increased by 91 index points - representing a 75% increase - to reach a total index level of 211 index points (where the index base was 100 in 2004). The I joist index increased by 107 index points over the same time - an increase of 92% - to reach a total index level of 250 index points.

Figure 2. Quarterly nominal TMS indices for key panel products and engineered wood products



Source: Timber Market Survey. The reported price movements are based on weighted average price changes across Victoria, New South Wales and Queensland using TMS State Weightings of 41%, 32% and 27% respectively. Multi-state price movements may comprise all three or only two surveyed state results. Each product index is calculated using a simple average of two sampled product dimensions.





The Timber Market Survey is prepared by Indufor.

For more information about the Timber Market Survey please visit

<https://induforgroup.com/news-media/timber-market-survey/>

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