Report Global Softwood Log and Lumber Conference.

Instead of you having to read what I have to say this month I would like to provide a report on the recent Global Softwood Log and Lumber Conference held in Vancouver at the beginning of June.

Navigating the changing landscape

Key takeaways from the 2023 Global Softwood Log and Lumber Conference
July 17, 2023 By Sarah Stotler

The sold-out 2023 Global Softwood Log and Lumber Conference, hosted by Forest Economic Advisors (FEA), made its in-person return on June 7-8 in Vancouver, B.C. The conference provided attendees with valuable insights from over 20 industry experts. These experts delivered comprehensive market analyses and presented global industry outlooks, equipping attendees with the knowledge to navigate the uncertain and ever-evolving landscape of the softwood log and lumber sector.

Brendan Lowney, principal of macroeconomics at FEA kicked off the conference with an overview of the current macroeconomic landscape specific to the wood products industry. Lowney highlighted key industry drivers such as population growth, urbanization, and infrastructure development. According to Lowney, “The Big Kahuna, as far as wood demand, is the residential construction market. Between new construction and renovations and restorations spending, it’s over 70 per cent of wood demand in the U.S.” He explained that as the global population grows, the corresponding demand for wood products such as construction materials and home furnishings also rises. Expanding infrastructure further fuels the demand for wood products like lumber, plywood, and engineered wood. Additionally, more and more consumers are prioritizing eco-friendly and sustainable materials, making wood a favourite choice.

In the post-COVID economic landscape, Lowney emphasized the importance of recovery and resilience. Work-from-home policies, stimulus packages, tax incentives, and low-interest rates implemented during the pandemic continue to shape economic trends. He stressed the need to reconfigure supply chains as the vulnerabilities exposed during the COVID-19 pandemic highlighted risks associated with reliance on single sources.

Next, Paul Jannke, principal of lumber at FEA, took the stage to discuss the lumber industry. Although the industry had anticipated a downturn, Jannke revealed that it was taken by surprise by a more significant decline in prices than initially predicted. Despite the concerns raised by the drop in lumber prices over the past year, Jannke provided

reassurance that prices are expected to remain elevated in comparison to historical levels. The residential construction sector, which is a key driver of lumber consumption, is expected to experience a modest recovery in North America. However, uncertainties regarding the global economic outlook and potential trade disputes continue to pose challenges to the lumber industry's growth.

Rocky Goodnow, vice-president of timber at FEA, covered global log market trends and outlooks in his presentation. He emphasized that the current outlook aligned with expectations, with weakened markets and decreased demand for softwood logs. According to Goodnow, the drop in log demand is primarily due to the anticipated decline in China. He explained that the strong pricing of wood products and logs over the past few years "drove the Chinese industry to utilize more of their domestic resources and we think that is going to continue to be a moderate impact in addition to the weaker outlook consumption in China."

On the supply side, Goodnow highlighted the standing inventory of hardwood in North America. Advancements in genetics and cultivation techniques have led to higher log production capacity. Eastern Canada has the potential to increase log production, but is hindered by the lack of robust markets and significant distances between mills and log supply. The Canadian interior region also faces challenges, as their logs supply has been impacted by wildfires, disease outbreaks, and the effort to protect mountain caribou habitat.

Moving south, Goodnow was pessimistic when it came to the U.S. West Coast's ability to increase log output. He noted Western Washington and Oregon have been affected by higher prices, losses of timberland due to wildfires, and stricter regulations on logging practices.

Next, Bill Parson delivered the keynote presentation on WoodWorks – Project Conversion, Education, and Mass Timber. Woodworks' mission is to grow demand for wood construction in North America by removing barriers and providing resources and education to architects, engineers, contractors, and developers.

Parson utilized a case study in Northern California to demonstrate the multi-year process of engagement and education. The story began with an architect reaching out to WoodWorks for a lunch and learn session. Over the course of five years, the architect's interest grew, leading to the design and construction of several wood buildings, including a 17-storey tallwood building and a six-storey overbuilding project. Parson emphasized that project conversion requires time, engagement, and collaboration among architects, developers, contractors, and engineers, but is well worth the effort.

The first day of the conference wrapped up with a panel session on North American lumber trends. Representatives from Boscus Canada, Interfor, Centurion Lumber Manufacturing, and Christensen Lumber discussed key developments, challenges, and opportunities in the lumber market. Echoing earlier presentations, panelists noted that the North American market is off to a slow start in 2023 but is showing signs of improvement.

The panelists agreed that the industry is expected to experience significant growth in the next decade. A key factor driving this growth is the need for new housing, especially starter homes, combined with the repair and remodeling market, which is gaining momentum as homeowners invest in upgrades and renovations.

However, challenges remain in meeting the demand for lumber materials, especially with the potential rise of cross-laminated timber (CLT). While CLT has gained popularity in Europe, its acceptance has been slower in North America. The panelists agreed that if the industry wants to push the use of CLT it must embrace standard sizing for ease of use and cost-effectiveness.

The second day of the conference started with a panel discussion focusing on potential supply issues surrounding timber supply. The panelists underscored the importance of evaluating supply trends, adapting to industry changes, and addressing regional and global challenges to ensure a sustainable and resilient future for the forest industry.

Diego Benedetti, economic and policy advisor for the European Organisation of the Sawmill Industry, discussed the raw material supply situation in Europe. He highlighted concerns related to the aftermath of the bark beetle crisis, evolving timber policies, and the changing composition of forests in the European Union. He showcased data reflecting an overall upward trend in log supply over the past 22 years in Europe while cautioning about the potential impact of legislative measures on the industry’s competitiveness and log supply.

David Halm, senior forest economist at Campbell Global, emphasized the importance of considering macroeconomic factors, log prices, housing market conditions, and both foreign and domestic timber supply outlooks in developing log and lumber price forecasts for timberland investments.

Ross Lennox, vice-president of Woodlands Canada at Canfor, focused on log supply issues specific to B.C. He acknowledged the influence of natural disturbances such as the mountain pine beetle infestation and wildfires on timber supply in the B.C. Interior. Lennox stressed the importance of adaptive responses and considering these factors in the overall timber supply perspective.

The discussion also covered the challenges faced by the forest industry in eastern Canada, particularly in Ontario and Quebec. Issues highlighted included undercapitalization of mills, under-harvesting compared to declared cuts, labour shortages, an aging workforce, limited markets for certain wood products, and transportation costs. The panelists emphasized the need for capital investment, innovation, collaboration between industry and government, and addressing environmental and societal concerns to ensure industry sustainability in the region.

The panelists agreed that as the forest sector navigates potential supply issues, collaboration, innovation, and proactive measures will be crucial in maintaining a balance between sustainability goals and the dynamic nature of the industry. By addressing these challenges collectively, stakeholders can pave the way for a thriving forest sector that meets the needs of both present and future generations.

The two-day conference provided attendees with valuable insights into the current and future outlook of the industry. Macroeconomic drivers, market trends, and supply challenges provide both opportunities and risks. As the demand for wood products continues to grow, stakeholders must remain vigilant, adapt to changing circumstances, and embrace innovative approaches to ensure a sustainable future for the softwood log and lumber industry. “The team at FEA was very pleased to be back in person and with the turnout,” said Lowney, adding that they “look forward to bigger and better next year.”

If you have an idea for a commentary or would like to submit your own commentary for a future newsletter please let me know at dave@wwta.ab.ca

Economic Update

In Alberta, urban housing starts totaled 2368 in June 2023, a year-over-year decrease of 29.21%. Canadian housing starts decreased by less than 1% over the same period. Edmonton was down 13.3% compared to last June, and Calgary was down by 34%. Total starts in Alberta were down from 3141in the previous month of May.

Single detached homes actually saw an increase of 9.7% over the previous month, while Row/Semi-Detached and Multi-Unit/Apartments saw declines of 8% and 61.1% respectively.

The total monthly starts were 11.6% below the ten-year average.

Housing Starts Alberta						
	Jun-23	Jun-22	% Change	YTD 2023	YTD 2022	% Change
Alberta	2368	3345	-29.21%	14014	17002	-17.57%
Edmonton	960	1107	-13.28%	5072	7186	-29.42%
Calgary	1239	1883	-34.20%	8106	8125	-0.23%
Red Deer	7	28	-75.00%	95	76	25.00%
Grande Prairie	9	31	-70.97%	41	104	-60.58%
Lethbridge	28	39	-28.21%	79	429	-81.59%
Wood Buffalo	4	14	-71.43%	13	64	-79.69%
Whitehorse*	64	59	8.47%	106	172	-38.37%
Canada	23519	23612	-0.39%	103153	112455	-8.27%
*Whitehorse Starts are for the quarter, statistics are not available monthly.						

Housing construction moderated in the first half of 2023

Alberta's home building momentum pulled back in June after a spike in May.

Housing starts* fell from a 7-month high of 36,415 units (seasonally adjusted at an annual rate or SAAR) in May to a 17-month low of 26,299 units (SAAR) in June.

Averaging at 29,196 units (SAAR) over the first six months of the year, housing starts in Alberta were down by 18.3% from the same period in 2022 and about 3.9% lower than 2021 levels.

The year-to-date (YTD) story was similar nationally with activity down in six other provinces, led by Quebec (-41.9% YTD), relative to last year.

There are a lot of factors at play when assessing the impacts on new home construction both in Alberta and Canada. The construction sector continues to be plagued by labour shortages with job vacancies on the rise since the end of 2020 and holding close to a multi-year peak at the first quarter of 2023.

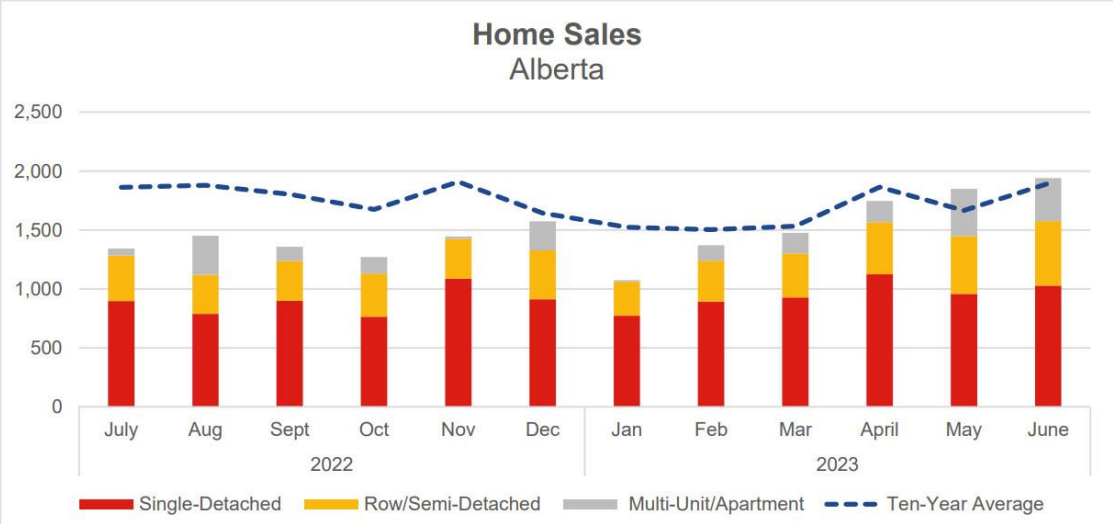
In addition, rising interest rates have clearly been weighing on residential construction intentions across the country but Alberta's surging population levels are expected to cushion some of that weakness in the coming months.

Housing starts in Alberta are expected to average 31,900 units this year in ATB's latest economic outlook report, moderating from the seven-year peak reached last year before improving to 37,100 units next year.

Alberta Home Sales

Alberta home sales were up 5% in June and 31.3% year over year. YTD home sales are up 10.4%

Home Sales					
	June 2023 Actual	Month to Month (%)	Year over Year (%)	Year-to-Date (%)	Ten-Year Average (%)
Total New Homes	1,941	5.0%	31.3%	10.4%	2.5%
Single-Detached	1,029	7.3%	19.0%	18.3%	4.3%
Row/Semi-Detached	547	11.4%	45.1%	-4.9%	-0.2%
Multi-Unit/Apartment	365	-8.3%	54.7%	11.7%	1.5%



Can the weakness in Alberta's residential construction sector last? Probably not, even if the latest interest rate increase delays the recovery. Population growth is running at a four-decade high, driving up rates of household formation far beyond the current pace of construction. The housing market is tightening, with the inventory of homes falling to 2.7 months of supply in June (the 10-year average is 5.4 months of supply). Residential sales bottomed out in February, but have risen for four straight months since then.

The rebound is showing up in prices as well. Alberta housing prices (measured by the MLS composite price index) edged up in the spring and in June surpassed their previous peak reached in April 2022, with especially large gains in Calgary. Albertans seem convinced that the market will improve further, though expectations for housing price increases over the next 12 months are moderate: 4.1% compared to 4.3% nationally.

GUNTER: Food for thought on Trudeau Liberals buoying inflation | Toronto Sun

US Housing Starts

Housing starts in the US declined by 8% month-over-month to a seasonally adjusted annualized rate of 1.434 million in June 2023, below market expectations of 1.48 million. Single-family housing starts, which account for the bulk of homebuilding, dropped by 7% to 935 thousand and starts in buildings with five units or more went down by 11.6% to 482 thousand. Starts fell in the Northeast (-2.1% to 95 thousand), in the Midwest (-33.1 % to 162 thousand), in the South (-4.4 % to 838 thousand) and in the West (-1.2 % to 339 thousand). Data for May 2023 was revised lower to 1.559 million from 1.631 million. source: U.S. Census

Lumber

Lumber futures fell more than 5% to below $500 per thousand feet, amid concerns about a setback in the US housing market recovery, despite a decrease in supply. Housing starts tumbled 8% month-over-month in June reaching a seasonally adjusted annualized rate of 1.434 million, following a downwardly revised 15.7% jump in the previous month. The scarcity of existing homes in many markets has contributed to the growing demand for new construction, even in the face of higher interest rates. Still, shipments from Canada, the US's biggest supplier, are expected to decline after wildfires have led to a record-breaking 9.2 million hectares of forest burned so far this season. This comes on the back of production cutbacks in British Columbia and a slowdown in European wood shipments.

Wildfires a growing threat to Canadian forestry sector – QBE | Insurance Business Canada (insurancebusinessmag.com)

Quality Control

Shop Drawings

Quite often the term shop drawing is misused, sometimes building designers ask for shop drawings when they really mean design drawings or installation drawings.

In our industry design drawings are translated into shop drawings for the production of the trusses. They provide fabricators with the information necessary to manufacture and fabricate the components.

All component manufacturers should take a close look at their shop drawings to ensure that they are conveying all the necessary information to the fabricators and only the information required.

With new technology where information is communicated directly to the production equipment and with new processes in place at plants perhaps your shop drawings should be cleaned up.

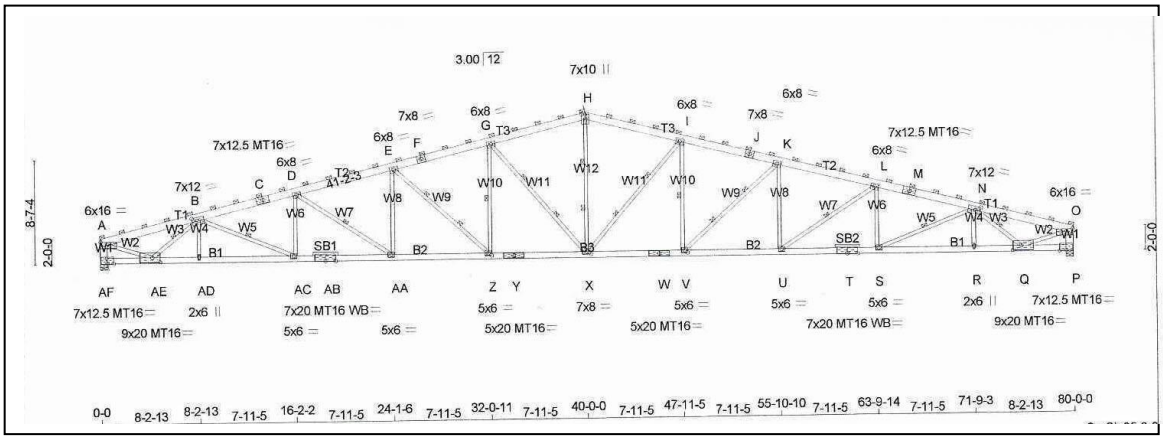
When I do Q.C. inspections quite often I see shop drawings with a lot of information that is not required by the fabricators at the table cluttering the shop drawing. Yet vital information is not available like joint details.

Do you really need both a description of the lumber and the diagrams of each component? Perhaps your system does but think about it.

Do you really need the plate offset X-Y co-ordinates of the plate placement if your builders are not using it or even understand it. Providing the joint details is a far better method of ensuring that the plates are placed properly, even if you only provide them for the non-symmetrical joints.

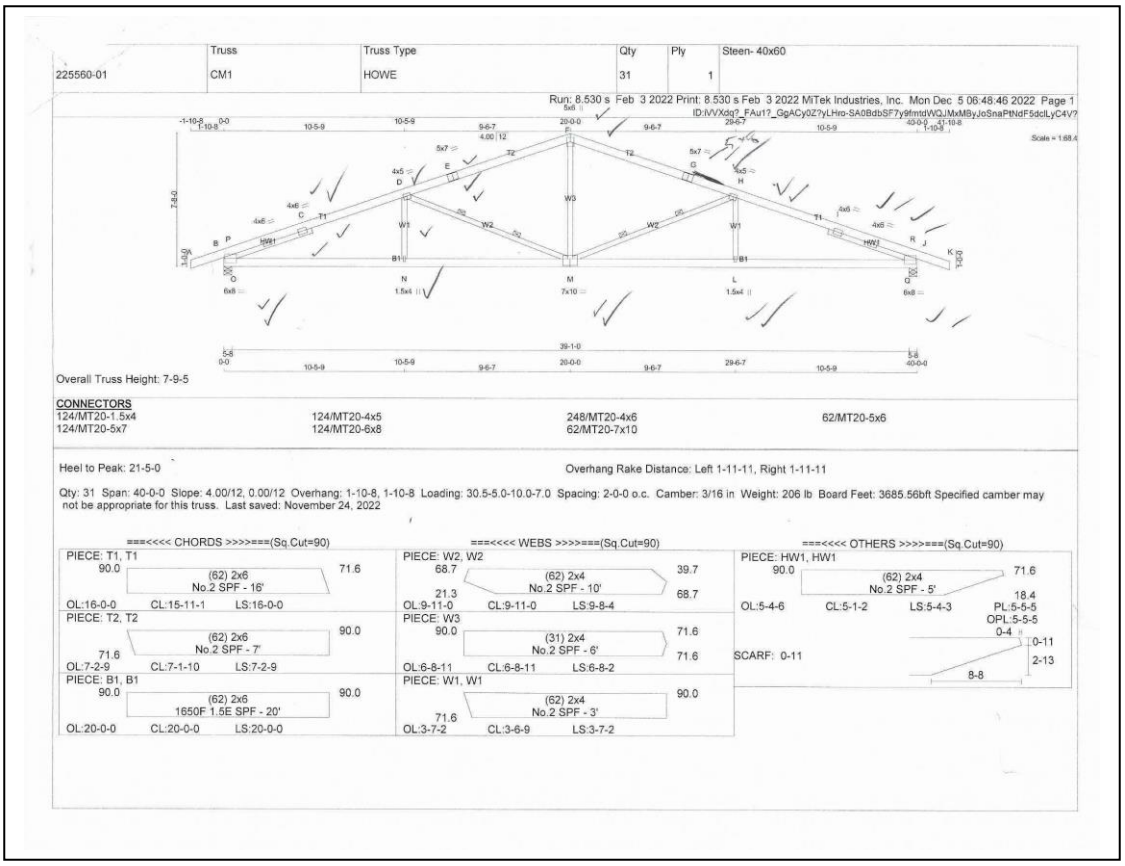
The larger the truss is, the smaller the diagram of it is on the shop drawing. Quite often I see a long span complicated truss and the diagram can be almost illegible because the joints are so small and the writing is all overlapping each other. When there are joints close to each other like at the heel they are hard to read

In the drawing below can you really expect the fabricators to place the plates correctly if they are solely relying on the truss diagram. How is the plate at Joint A placed? Are the dimensions legible or do they need a magnifying glass?



Portrait or Landscape?

I am seeing more and more plants printing the shop drawing in landscape orientation. The main advantage is that if it is a long truss the diagram is bigger. You can see even on this 40'-0" truss how much clearer and easy to read the diagram is. You can actually see the plate locations relative to the lumber.



If you are printing your shop drawings portrait you may want to experiment with landscape mode.

Health and Safety Toolbox

Emergency Response Plans- Not Just Fires

A strong, well-rehearsed emergency response plan can help minimize the stress related to making critical decisions on the spot. It provides an element of control in potentially chaotic circumstances. In developing an emergency response plan, an employer and affected workers identify all emergency situations that could reasonably occur at the worksite and figure out how to respond to each. The plan documents the response procedures; the designated emergency responders and the training they need; and equipment, supply, and facility requirements.

Even within the same organization, there is no one-size-fits-all formula to emergency response planning. Different kinds of emergencies require different responses.

Not too long ago I dropped off an unmarked box of installation guides at the front door of a truss plant when it was closed on the weekend. Later that night, it crossed my mind that when someone came to work on Monday, they may not know what this was and consider it a suspicious package. Did someone get fired on Friday and have a grudge with the company? I called the owner and informed him that it was my package, but what if the company had no idea what it was? Would you have an emergency response plan for an instance like this? It is probably not something you think about too often but should be included along with your other emergency response plans.

It would be a good topic for a safety meeting if you are having troubles coming up with topics. You could even do a practice drill on this instead of the annual fire drill. Perhaps even talk with your local law enforcement on what to do and get their suggestions.

An emergency response plan for a suspicious package is a set of procedures and protocols designed to handle the discovery of a potentially dangerous or suspicious package in a safe and controlled manner. The primary goal of this plan is to protect the safety of

individuals and property while minimizing the risk of harm. Here's a general outline of the key elements to include in such a plan:

1. Training and Awareness:
    - Provide training to all employees on how to recognize and report suspicious packages.
    - Educate staff on the importance of not handling or disturbing any package they find suspicious.
2. Reporting and Notification:
    - Establish a clear reporting process for employees who encounter a suspicious package.
    - Designate specific individuals or positions responsible for receiving and acting on reports.
3. Isolation and Evacuation:
    - Instruct employees to immediately clear the area around the suspicious package.
    - Activate evacuation procedures to move employees and visitors to a safe distance from the package.
4. Communication with Authorities:
    - Contact local law enforcement and emergency services immediately to report the suspicious package.
    - Provide authorities with essential information, such as the package's location, description, and any relevant observations.
5. Establish a Safe Perimeter:
    - Define a safe perimeter around the suspicious package to prevent unauthorized access and potential harm.
    - Keep employees and bystanders away from the area until authorities arrive and assess the situation.
6. Additional Measures:
    - Consider implementing additional safety measures, such as closing nearby roads or diverting traffic away from the area.
    - If necessary, inform neighboring businesses or facilities about the situation and advise them to take precautions.
7. Response Team:
    - Establish a response team responsible for coordinating the actions related to the suspicious package.
    - Ensure the team is properly trained in handling hazardous materials or suspicious objects.
8. Contingency Plans:
    - Develop contingency plans for different scenarios, such as the package being confirmed as dangerous or a false alarm.
    - Outline steps for each scenario, including the continuation of normal operations once the situation is resolved.
9. Document and Review:
    - Document all actions taken during the response to the suspicious package.

- Conduct a thorough review of the response to identify any areas for improvement.

10. Public Communication:
    - Coordinate with local authorities on issuing public statements if the situation impacts the surrounding community.
    - Keep employees, customers, and the public informed about the situation and any necessary precautions.

Remember that dealing with a suspicious package can be hazardous, and it is crucial to rely on trained professionals and follow their instructions. Your emergency response plan should be regularly reviewed, tested through drills, and updated as needed to ensure its effectiveness in handling potential threats. Additionally, adhere to any local laws, regulations, or guidelines related to handling suspicious packages.

For more information on emergency response planning check out the OHS toolkit

Emergency response planning OHS tool kit - June 2023 (alberta.ca)

The Alberta Government has a new format OHS eNews you can subscribe to with all kinds of good material at: https://ohs-pubstore.labour.alberta.ca/

News and Events

TPIC Technical Committee Meeting
May 4 & 5, 2023

Notes as recorded by the WWTA-AB representative David Klassen P.Eng. (Unofficial)

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1. Regional Association Reports
    a. Primary focus is preparing for QC program and informing plants of requirements.
    b. ON association noted that affordable housing targets could swamp plant capacity.
2. Codes and Standards & Industry Reports
    a. CSA is reviewing built up post nailing.

i. Allowance for gun nails but at reduced capacity (0.45 vs 0.60).
ii. Allowance for screws, expecting to fall between nails and bolts.

b. Deflection limits being reviewed to accommodate creep.
c. Threshold for high wind load areas may be reduced from 0.8kPa to 0.6kPa.
d. Reviewing proposal to increase wind load duration factor from 1.15 to 1.25.

3. Ongoing task group work, notable highlights are:
   a. Splicing
      i. Our current formula treats joint as rigid OR pinned. Semi rigid models vary amongst software packages. We plan to standardize.
      ii. Comparing TPI formulas with TPIC, they seem to deviate on deeper sections.
   b. Web Bracing
      i. Planning to expand bracing options in TPIC 2024
      ii. Discussed a minimum web length for which braces can be used.
      iii. Considering built-up column formulas as an alternative method of bracing.
   c. Vibration
      i. Researching background information on current attic truss vibration criteria (L<22d).
      ii. Requesting CSAO86 to review Appendix A for contribution of strongback on WWFT.
   d. Plating Sliders to eliminate CLB
      i. Discussion on limiting depth to 2x8, will research further and finalize for TPIC2024.
      ii. Plan to make retroactive for previous building codes including 1995 Farm.
   e. Compression perp to grain at joints
      i. Continuing to review TPI research to incorporate in TPIC 2024.
   f. Design responsibilities
      i. Compiling guidelines from provincial engineering associations and TPI to create a guideline for TPIC that encompasses all associations.
      ii. Currently our industry is not well understood by professionals and building officials, we see a need to clarify what we do and don't do.
      iii. Expanding the current section on roles and responsibilities as well as definitions.
      iv. Will create a technical bulletin describing the truss industry standard practices.
      v. Target completion for TPIC 2024.
   g. Design Considerations for Long Cantilevers
      i. Working on a technical bulletin to provide guidance and additional consideration for unusually large cantilever trusses.
      ii. Discussed defining what should be considered a large cantilever and mandating wind analysis for part 9 structures with those conditions.
      iii. Reaching out to Western University to see if they have any research on the topic.

h. Interior bearing requirements for trusses over 40’
    i. Discussed trusses that are longer than 40' BUT have an interior bearing point or cantilever that has a HIGHER reaction that what a 41' simple span truss would have.
    ii. Part 9 lintel tables are limited to 32’ roof spans.
    iii. Will reach out the part 9 building code committee to clarify intent of 40’ limit.
    iv. Will propose wording to be added to TPIC to require bearings to be triangulated.
i. Fastener Holes in Truss Plates
    i. Concern was raised of reduced cross section when hanger nails penetrate truss plates.
    ii. There is no practical way to account for hanger locations in a generic design manual.
    iii. Plate suppliers will discuss with US counterparts to see if there has been and research or discussion on the topic.
j. Top Chord Bearing Floor Truss Details
    i. Planning to add 2 additional configurations to the manual after plate suppliers compare their independent testing.
k. End Grain Bearing Block Splitting
    i. Plates ending at center of vertical blocks tends to split the block when 24" or shorter.
    ii. Would be eliminated if plate extended 3/4 length of block.
    iii. Created a task group to propose minimum plate size and coverage of block.
l. Double Pass Roller - Floor Trusses
    i. Executive committee requested a cost proposal for testing of single pass gantries.

4. Quality Control
    a. Progress is being made across the country; most are focusing their programs on S349.
    b. Discussed how inspectors would be able to know a plant is certified.
    c. Sealing engineers should be aware of plant status and only seal for certified plants.
    d. Consideration should be given for trusses shipped across provincial borders and when designed by one plant but built by another.
5. CSA S347 and NFBCC 1995
    a. Discussed what plate values should be used for NFBCC 1995 as it references S347-99 which is no longer used by plate suppliers.
    b. It was suggested that we create an update bulletin to provide direction on how to accommodate older building codes.
6. New Business
    a. Spray-Foam on Truss Plates
        i. Question was raised if there is any concern of spray-foam insulation on truss plates.

   ii. Moisture is more of a concern than chemical interactions with truss plates.
   iii. The group discussed and agreed it would be up to builders or project engineers to ensure design conditions (i.e. dry service) as intended are met.

b. Sealing Truss Placement Diagrams
   i. Has been a growing issue in Alberta.
   ii. It was noted that if you seal layouts in BC, you are required to provide site inspections. Those site inspections can be avoided when plants have a QC-program in place.
   iii. Plan to clarify definitions and responsibilities in TPIC 2024
   iv. Voted to update wording in Appendix G.2 from "truss layout" to "truss profile".
   v. Voted to revise section title from "Truss Shop Drawing" to "Truss Fabrication Drawing"
   vi. Revised wording noted above throughout the document.
   vii. TPIC is responsible for component design, the placement plan is outside the scope / mandate of this group. CWTA is a more appropriate body to address this topic.

c. Wind loads on large overhangs and canopies.
   i. Now that wind loads are required for Part 9 trusses in high wind areas (>0.8 kPa), questions arise for roof configurations that amplify wind (canopies & large overhangs).
   ii. We will need to clarify intent of part 9 high wind zones with NBCC committee.

Thanks to David for his dedication to represent us at TPIC, as you can see there is a lot of work and discussions going on that effect our day-to-day business.

If you have a question for TPIC or would like some clarification on an issue, please e-mail it to Dave Pasolli to forward for their next meeting.

It is also important to note that truss plants are not members of TPIC, only the regional associations like the Western Wood Truss Association of Alberta and the Canadian plate manufacturers are members that have the benefits of the work that TPIC does including providing direction for our industry. The WWTA Alberta supports TPIC through annual membership dues and participation.

STANDATA Update

There is no new news on the STANDATA update, but the working group is expected to give their recommendations to the Builders Sub-council by fall 2023. I would expect that we will not see any new STANDATA until the beginning of 2024, so for now business as usual.