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**WWPA: demand returning to pre-recession levels**

U.S. demand for lumber and output at the nation’s sawmills are both expected to increase as new-home construction, repair and remodeling, and other key market sectors increase consumption over the next few years. Demand is forecast to peak in 2015 at 46.461 billion board feet, according to Kevin Binam, president and chief economist of the Western Wood Products Association. That figure is up from this year’s projected demand of 41.868 bbf, and 2013’s 39.451 bbf.

Binam’s cautious but upbeat forecast was a highlight of the WWPA’s annual meeting March 2-3 in Portland, Ore. The theme of his presentation was “Getting Back to Normal.” The repair and remodeling sector is expected to remain ahead of new-home construction as the largest single consuming sector of lumber through 2016. Binam projected that demand for lumber would peak in 2015 and taper in 2016. trend, peaking in 2015 at 33.538 bbf before easing in 2016. The South will lead the way in U.S. production throughout the forecast period because of more readily available timber and lower log prices.

In the West, log prices and availability will be a continuing source of concern through 2016, squeezing manufacturers’ margins despite higher lumber prices. Those higher prices are also expected to attract more lumber from Canada and from off shore suppliers.

Binam’s forecast for higher demand and production were predicated on expectations that the broader U.S. economy will continue to strengthen. He forecast gains in real gross domestic product at 2.7% in 2014 and 3.9% in 2015, up from 1.9% in 2013. Bank balance sheets are strengthening, unemployment is
slowly dropping, and the Fed’s efforts to keep inflation under control have worked — although those efforts have also had a dampening effect on growth.

The WWPA forecasts new-home construction at 1.080 million units this year and 1.317 million units in 2015.