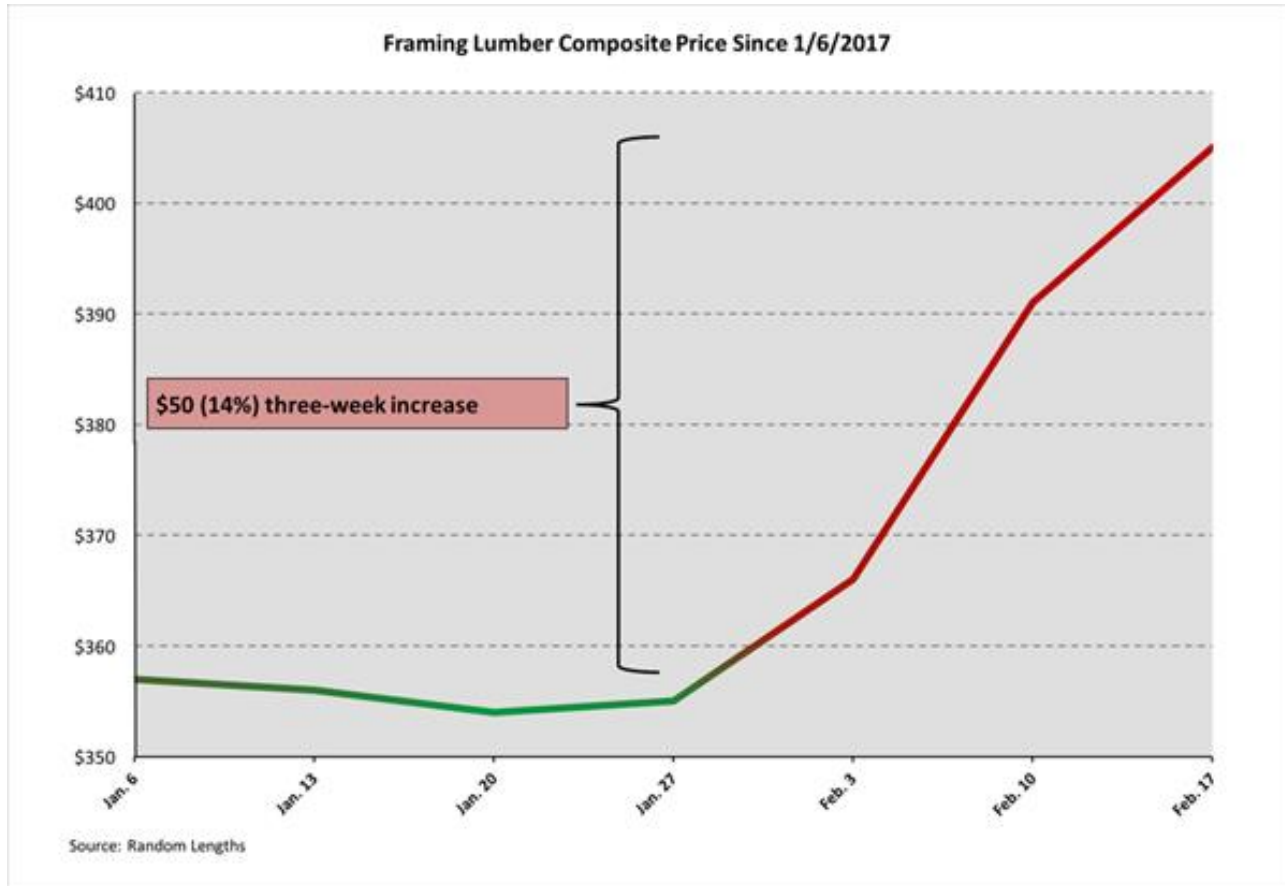


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NAHB Seeks Solutions as Lumber Prices Rise

Filed in [Home Building](#) on February 17, 2017 • [11 Comments](#)

Lumber prices are on the rise, and that's not good news for home builders and their clients.



Randy Strauss, owner of Strauss Construction in Amherst, Ohio, heard the news from his lumberyard: Lagging domestic supply and increasing tariffs on Canadian lumber mean that Strauss is looking at price increases this spring as high as 30% by April.

That's about when he'll start breaking ground on a home that his client signed a contract for last week – a large custom home that includes a \$60,000 lumber package. With an expected \$18,000 cost increase, “there goes my profit,” he said.

Negotiations on a new softwood lumber agreement between the United States and Canada ground to a halt at the end of 2016 and likely are stalled pending the results of an investigation into unfair import practices requested by the U.S. Lumber Coalition.



6 March 2018



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Any further negotiations on a resolution between the two countries are expected to be on hold until confirmations of a new Secretary of Commerce and a new U.S. Trade Representative.

That leaves home builders – and their customers – caught in the middle and probably looking at price hikes: The [Random Lengths](#) Framing Lumber Composite price jumped from \$366 on Feb. 3 to \$391 on Feb. 10, the greatest weekly gain since August 2003. By Feb. 17, it was up to \$405.

“Normally, our pricing lags a month or two behind these wholesale prices,” said Jonathan Sukonik, who builds homes in suburban Philadelphia. The lumber budget for a typical Sukonik Building Companies home is about \$18,000.

“If it jumps 10% or 20%, you can’t pass on the cost. You have to absorb it – and when lumber gets out of hand, it makes it more difficult to cover your costs.”

Anticipating this volatility, NAHB has been working on a number of fronts to keep supplies steady and prices more reasonable.

Last year, NAHB [formed a coalition](#) to encourage policies that promote free trade and a stable supply of lumber without the unpredictable price swings that raise the costs of building and make homeownership less affordable. “The voice of the home builder must be heard, because we are the drivers of the American economy,” said NAHB CEO Jerry Howard.

Meanwhile, NAHB is urging domestic lumber companies to increase production and make it available for U.S. home builders. At the same time, the association leadership is in contact with lumber producers in other countries in an effort to open up new sources of supply.

And the NAHB Construction Liability, Risk Management and Building Materials Committee sent Strauss a sample cost escalation clause contract addendum. It’s too late for this contract, Strauss said, but on Friday morning he sent a copy to his fellow Ohio HBA members so they can keep it in their back pockets.

Track lumber price changes on the NAHB [Construction Statistics](#) page. For additional information, contact [Felicia Watson](#) or [David Logan](#).

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