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Timber Utilisation Statistics 2013

Consumption of Sawn Softwood in Main End-User Markets in the United Kingdom

A Series of Tables & Charts,
Updated from the Timber Utilisation Database

for the Forestry Commission

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Introduction

The following tables and charts are part of the programme of work aimed at quantifying the volume of sawn softwood consumed by the main end-use markets in the UK. A full report on timber utilisation is produced every few years and for intervening years, these tables and charts and now, additionally, a brief commentary, are supplied to provide updated information from the previous report or previous tables and charts.

This update contains tables and charts for the whole of 2013 and before.

NB: Data referring to utilisation or consumption for UK producers are calculated by deducting exports from production.

Summary of 2013

The volume of sawn and planed softwood consumed in 2013 was the highest, at nearly 8.5 million m^3, since the most recent high point of 2007.

Sawn and planed softwood consumption in the UK increased by just over 6% in 2013 with import volume higher by around 7% and UK production rising by a little over 5%. Export volumes rose steeply in 2013, up by 26% which resulted in growth of UK produced consumption of 5% for 2013.

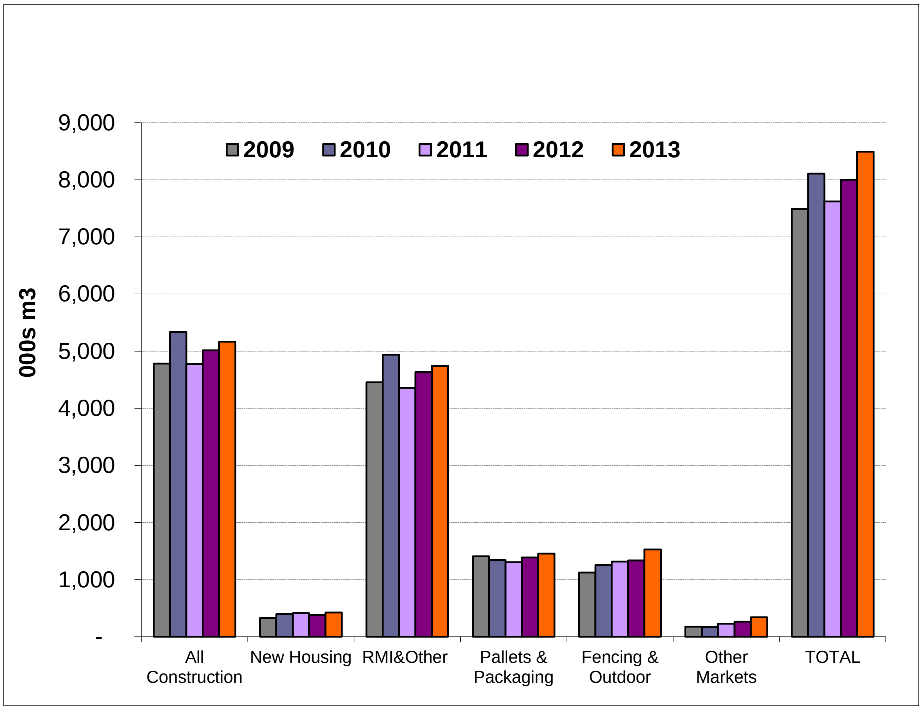
Construction is the largest main market for sawn and planed softwood but has not grown as consistently or as strongly as other markets over the last few years. The share of sawn and planed softwood consumption held by construction in 2013 fell to just over 60% by volume which compares with the 66% share of consumption that the construction market held before the recession of 2008.

Usage of sawn softwood in the pallets and packaging market has increased over the last two years, in 2012 and 2013. Marginally more new pallets have been manufactured over the last two years, replacing many multi-trip repaired and re-used pallets which required scrapping. This has halted the trend of lower pallet production since the recession of 2008 which saw lower demand for pallets and an increase in the use of refurbished pallets, in an effort by pallet users to keep costs down. The increase in newly manufactured pallets in 2012 and 2013 has also been a response to improvement in the general UK economy.

Demand for fencing and outdoor products, especially for decking and in the garden, grew strongly in 2013 with the resultant effect of higher volumes of sawn softwood consumed. This market benefitted from the triple-effect of higher numbers of housing starts and greater mobility in the housing market; from adverse weather conditions in the early part of 2013 and increased home improvement activity. In turn, these factors generated increased demand for sawn softwood and as shown later in this series of tables and charts, resulted in the fencing and outdoor market maintaining its position as the largest market for UK produced sawn softwood, accounting for just over 36% of all UK production. Demand for fencing products was at such a level that higher volumes of softwood were imported to help meet this demand. Sawn softwood consumption in the fencing and outdoor market increased in 2013 to overtake the pallets and packaging market to become the second largest market behind construction.

Tables and Charts

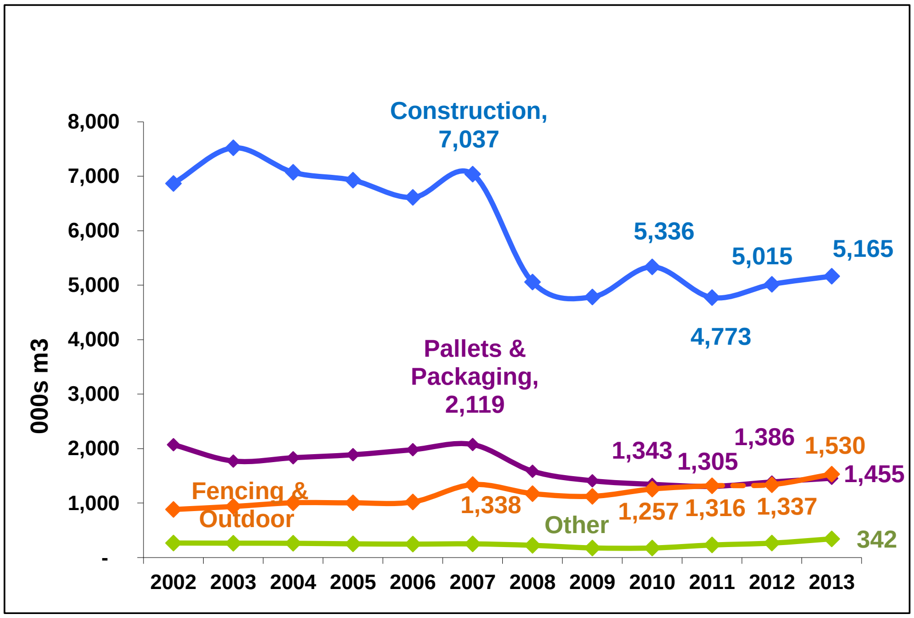
Chart 1: Sawn Softwood Utilisation in Main Markets in the UK, 2009-2013



Source: Forestry Commission Forestry Statistics 2014; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources

Key Change: Softwood consumption in the UK grew by 6.1% in 2013 with each of the main markets sharing in this growth.

Chart 2: Sawn Softwood Utilisation Trends in Main Markets in the UK, 2002-2013

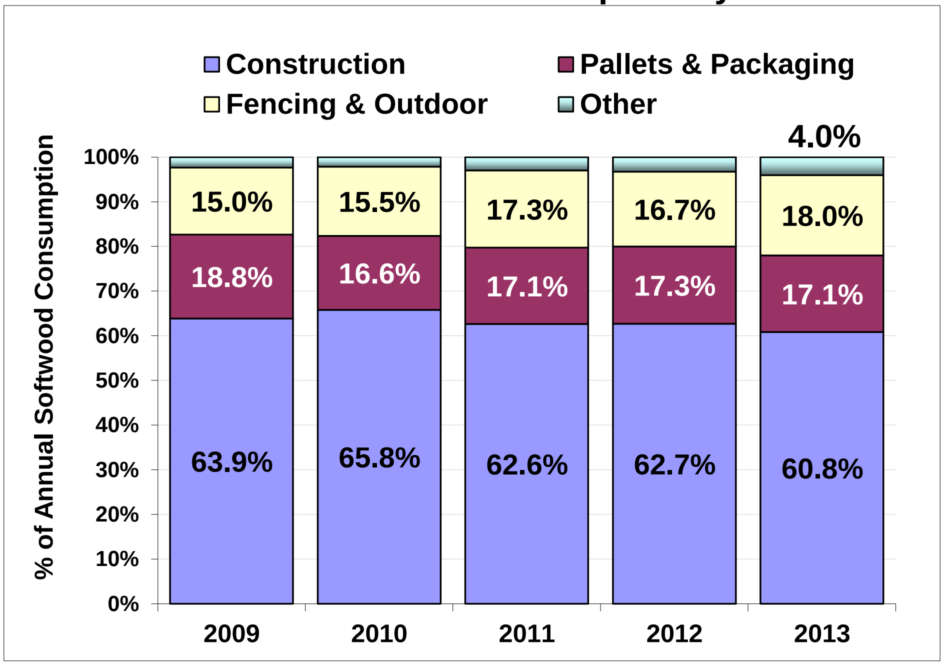


Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.

Key Change: The volume development of the main markets since 2002 has been mixed. Softwood consumed in construction was in decline before the recession which began in 2007/2008 and plummeted thereafter. The improved level of construction activity in the UK in 2010 and 2011 proved to be simply a 'bounce-back' from two years of severely reduced building in 2008 and 2009. Construction output fell again in 2012 and despite a small increase in output in 2013, remains below the levels of 2010 and 2011. Softwood consumption has followed a similar path and despite improved consumption in 2013, usage remains below the levels of 2010.

In contrast, growth in softwood utilisation in other markets has been more consistent and has improved each year since 2009 in most markets.

Chart 3: Share of Softwood Consumption by Main Market, 2009-2013



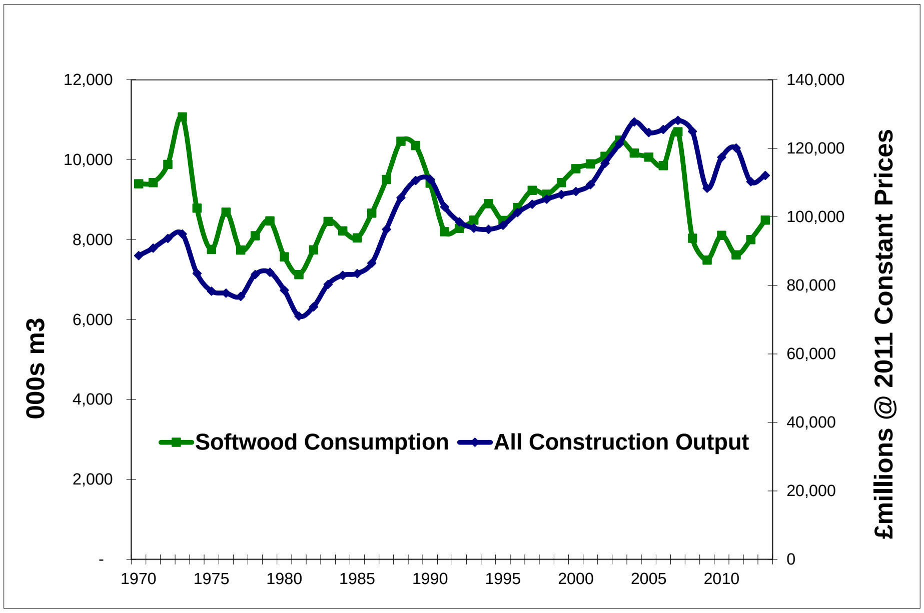
Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.

Key Change: The changes in volume described previously for chart 2 are reflected in the changes in the share of consumption held by main market over the period. The share of softwood consumption in construction reached a recent peak in 2010, as previously described, and because of the relative weakness in construction output and the more consistent growth in other markets, the share of softwood consumption in construction in 2013 was five percentage points lower than in 2010.

The share of softwood consumption in the pallets and packaging market has been fairly static over the last three years as volume growth has been at a similar level to the overall average of all softwood consumption.

Growth in the fencing and outdoor markets was particularly strong in 2013 resulting in a sharp rise in the share of softwood consumption. More softwood is now consumed in the fencing and outdoor market than the pallets and packaging market.

Chart 4: Total Sawn Softwood Consumption and All Construction Output, 1970-2013

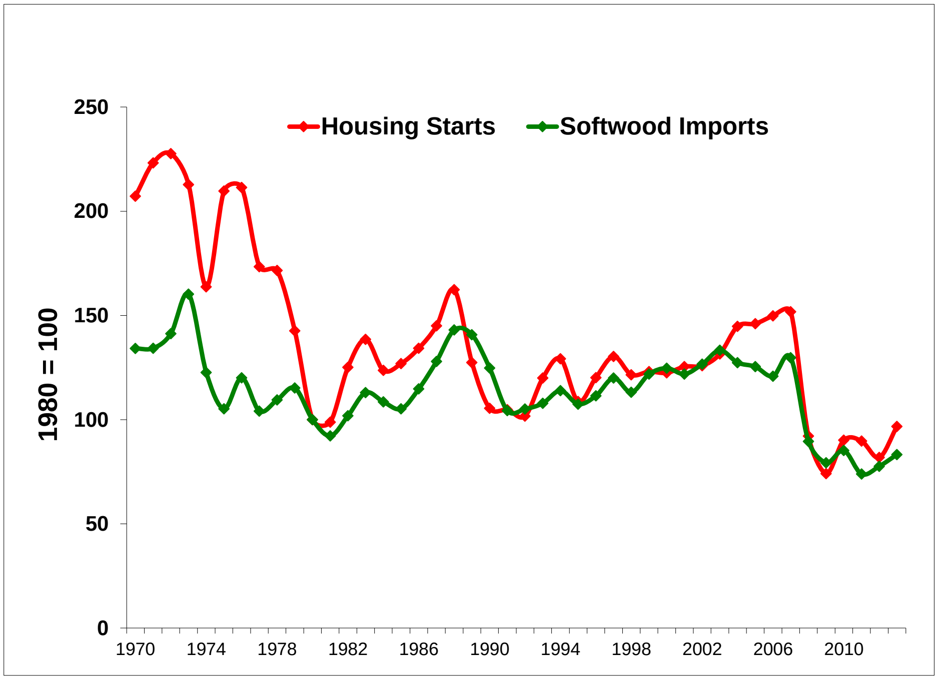


Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.

Key Change: Sawn softwood consumption in chart 4 is represented by all sawn and planed softwood which is consumed by all markets (construction, fencing, packaging etc), while construction output is the measure of all construction activity. A good correlation has existed between the two over the last forty years, however, a weakening of this relationship has been observed since 2007. Over the forty three years shown in chart 4, there have been occasions when the softwood consumption and construction output have not moved in unison, hence there is not a perfect correlation[1] between the two, nevertheless a coefficient of correlation of +0.78 between 1970 and 2007 represents strong statistical evidence of the close relationship between construction and softwood consumption. Between 2008 and 2013, the statistical relationship has weakened with the coefficient of correlation between 1970 and 2013 falling to just +0.50. Empirical evidence supports this finding as product and application substitution of softwood continues to take place in the construction industry. Examples of product substitution include the greater use of composite materials such as laminated timbers and modified wood products and application substitution includes the growing use of engineered joists (although often using softwood) and some of the newer, lightweight masonry products used in housebuilding.

[1] The nearer the coefficient of correlation is to +1 or -1 indicates a close relationship between two variables. A coefficient of correlation of close to zero suggests that there is little or no relationship between the variables.

Chart 5: Index of Sawn Softwood Imports & UK Housing Starts, 1970-2013

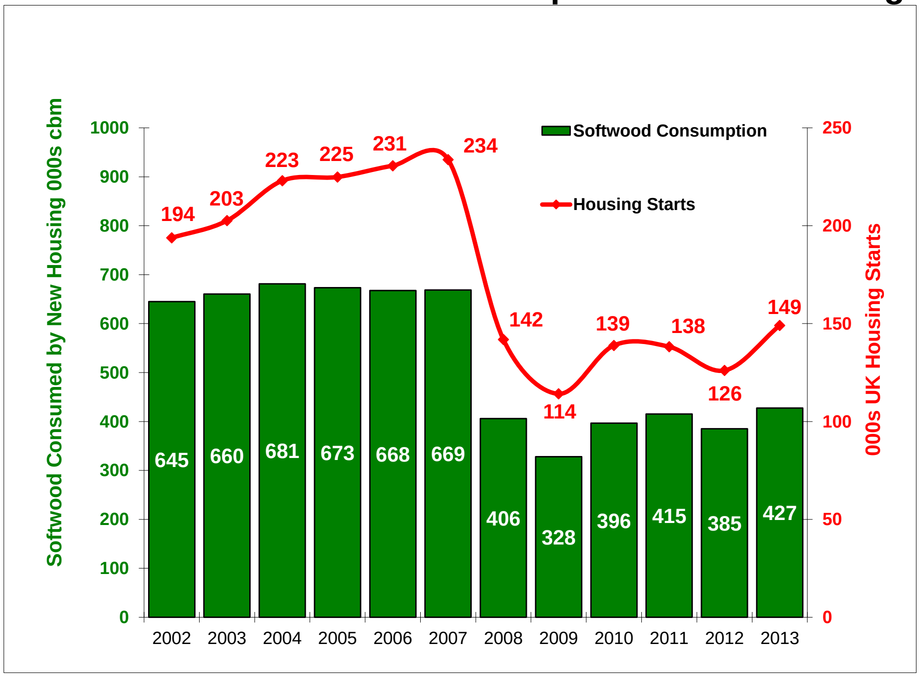


Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.

Key Change: The trend in UK housing starts has been one of decline over the last forty three years. Large falls in activity occurred during the recession of the late 1970s, during the recession of the late 1980s/early 1990s and again in 2008 and 2009.

Imported sawn and planed softwood consumed in housing follows a similar path, as shown in chart 5. The correlation between new housing and softwood imports has been very strong since the end of the previous recession in 1993 to 2013 (+0.92).

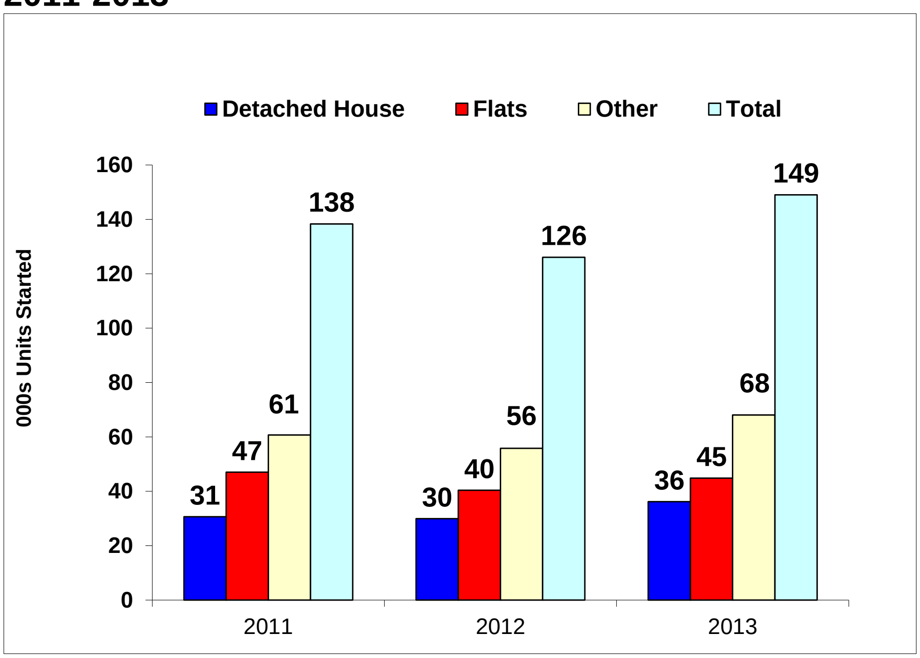
Chart 6: Sawn Softwood Consumption in New Housing Starts, 2002-2013



Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.

Key Change: Sawn and planed softwood (imported and domestically produced) consumed in new housing rose by 11% in 2013; housing starts increased by 18%.

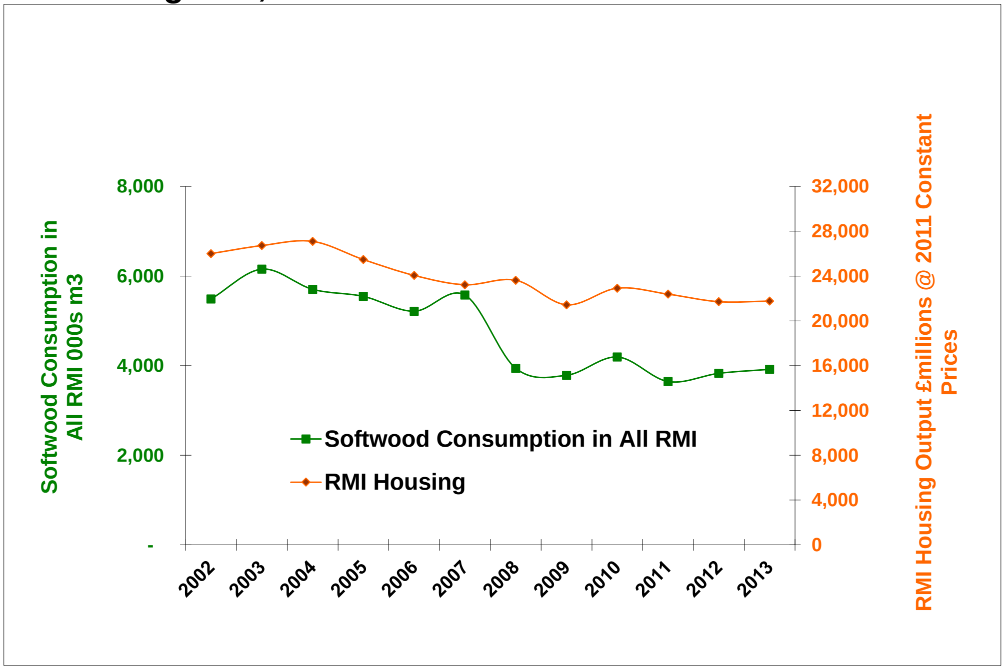
Chart 7: The Changing Mix of Dwelling Types Built in the UK New Housing Market, 2011-2013



Source: Office for National Statistics; NHBC; Industry Sources.

Key Change: The strong growth in housing starts in 2013 was shared by all types of dwelling with detached properties rising by 20%.

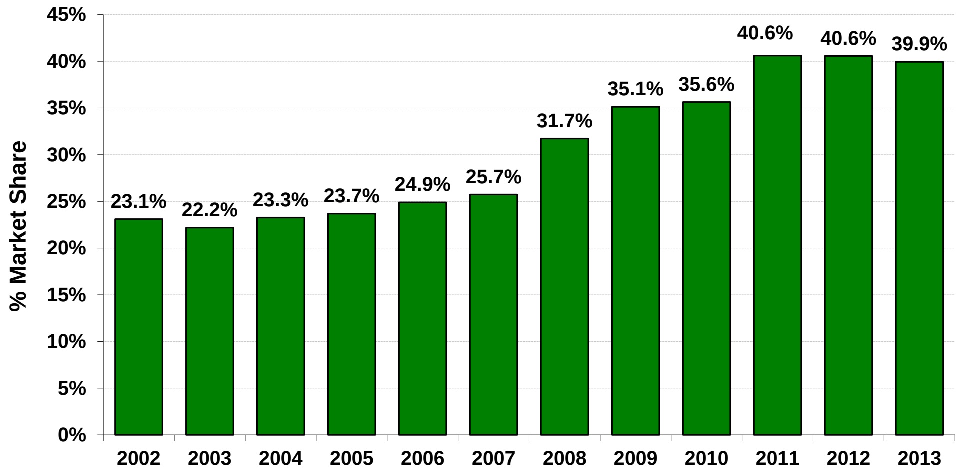
Chart 8: Estimated Sawn Softwood Consumption in the All RMI Activity & Volume of Housing RMI, 2002-2013



Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.6

Key Change: RMI housing activity has fallen between 2002 and 2013 by 18% compared to a 29% drop in softwood consumed in this construction market sector. The larger fall in softwood consumption was almost entirely due to the rapid decline in the recessionary year 2008.

Chart 9: UK Domestic Producers' Share of UK Sawn Softwood Consumption 2002-2013



Key Change: The share of sawn and planed softwood consumed in the UK by UK production has risen from 23% in 2002 to around 40% in 2013. The strong rise in share of consumption in 2008 was due to a smaller downturn in UK production (-11%) compared to a 31% fall in UK softwood imports.

Table 1: Sawn Softwood Utilisation by Main Market by Source of Supply, 2012 & 2013

000s m3	UK Producers		Imports		Total	
	2012	2013	2012	2013	2012	2013
Construction	899	928	4,116	4,237	5,015	5,165
Pallets & Packaging	1,036	1,069	350	386	1,386	1,455
Fencing & Outdoor	1,187	1,226	150	303	1,337	1,530
Other Markets	123	167	140	174	263	342
TOTAL	3,246	3,390	4,756	5,101	8,002	8,491

Source: Forestry Commission Forestry Statistics 2014; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources.

Key Change: Sawn softwood consumption in the UK increased by 6.1% in 2013 to a total of 8.5 million m^3.

Table 2: Sawn Softwood Utilisation by Main Market and Construction Sector by Source of Supply, 2012 & 2013

000s m3	UK Producers		Imports		Total	
	2012	2013	2012	2013	2012	2013
Construction	899	928	4,116	4,237	5,015	5,165
New Housing	98	109	287	319	385	427
RMI & Other	801	819	3,829	3,918	4,630	4,738
Pallets & Packaging	1,036	1,069	350	386	1,386	1,455
Fencing & Outdoor	1,187	1,226	150	303	1,337	1,530
Other Markets	123	167	140	174	263	342
TOTAL	3,246	3,390	4,756	5,101	8,002	8,491

Source: Forestry Commission Forestry Statistics 2014; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources

Key Change: Sawn and planed softwood consumption in new housing rose by nearly 11% while just over 2% more softwood was consumed in repair, maintenance and improvement (RMI) and other construction markets in 2013. Higher percentage increases in consumption were attained by 'other' markets, but of the main markets, the largest growth was in the fencing and outdoor markets which was estimated to have consumed 14% more softwood in 2013.

Table 3: Share of Sawn Softwood Utilisation within each Main Market for each Source of Supply, 2012 & 2013

Share of Volume	UK Producers		Imports		Total	
	2012	2013	2012	2013	2012	2013
Construction	27.7%	27.4%	86.5%	83.1%	62.7%	60.8%
Pallets & Packaging	31.9%	31.5%	7.4%	7.6%	17.3%	17.1%
Fencing & Outdoor	36.6%	36.2%	3.2%	5.9%	16.7%	18.0%
Other Markets	3.8%	4.9%	2.9%	3.4%	3.3%	4.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Forestry Commission Forestry Statistics 2014; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources.

Key Change: The relatively lower growth (2.3%) of the largest consumer of sawn and planed softwood - the non-new housing sectors of construction, which includes housing RMI - resulted in a lowering of the overall share of sawn and planed softwood held by construction in 2013. The 14% growth in the fencing and outdoor market raised the share of this market to 18% in 2013. Demand for fencing was strong in 2013 and to help meet this demand, increased volumes of imported sawn softwood raised the share of imported sawn softwood in this market to nearly 6% of all imported sawn and planed softwood in 2013.

Table 4: Share of Sawn Softwood Utilisation of each Main Market by Source of Supply, 2012 & 2013

Share of Volume	UK Producers		Imports		Total	
	2012	2013	2012	2013	2012	2013
Construction	17.9%	18.0%	82.1%	82.0%	100.0%	100.0%
Pallets & Packaging	74.7%	73.5%	25.3%	26.5%	100.0%	100.0%
Fencing & Outdoor	88.8%	80.2%	11.2%	19.8%	100.0%	100.0%
Other Markets	46.9%	48.9%	53.1%	51.1%	100.0%	100.0%
TOTAL	40.6%	39.9%	59.4%	60.1%	100.0%	100.0%

Source: Forestry Commission Forestry Statistics 2014; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources.

Key Change: The UK share of softwood consumption remained at about the 40% level in 2013.