

UK Timber Market Statement 2025

October 2025

Forest Research

Forest Research is the Research Agency of the Forestry Commission and is the leading UK organisation engaged in forestry and tree related research.

The Agency aims to support and enhance forestry and its role in sustainable development by providing innovative, high quality scientific research, data, technical support and consultancy services.

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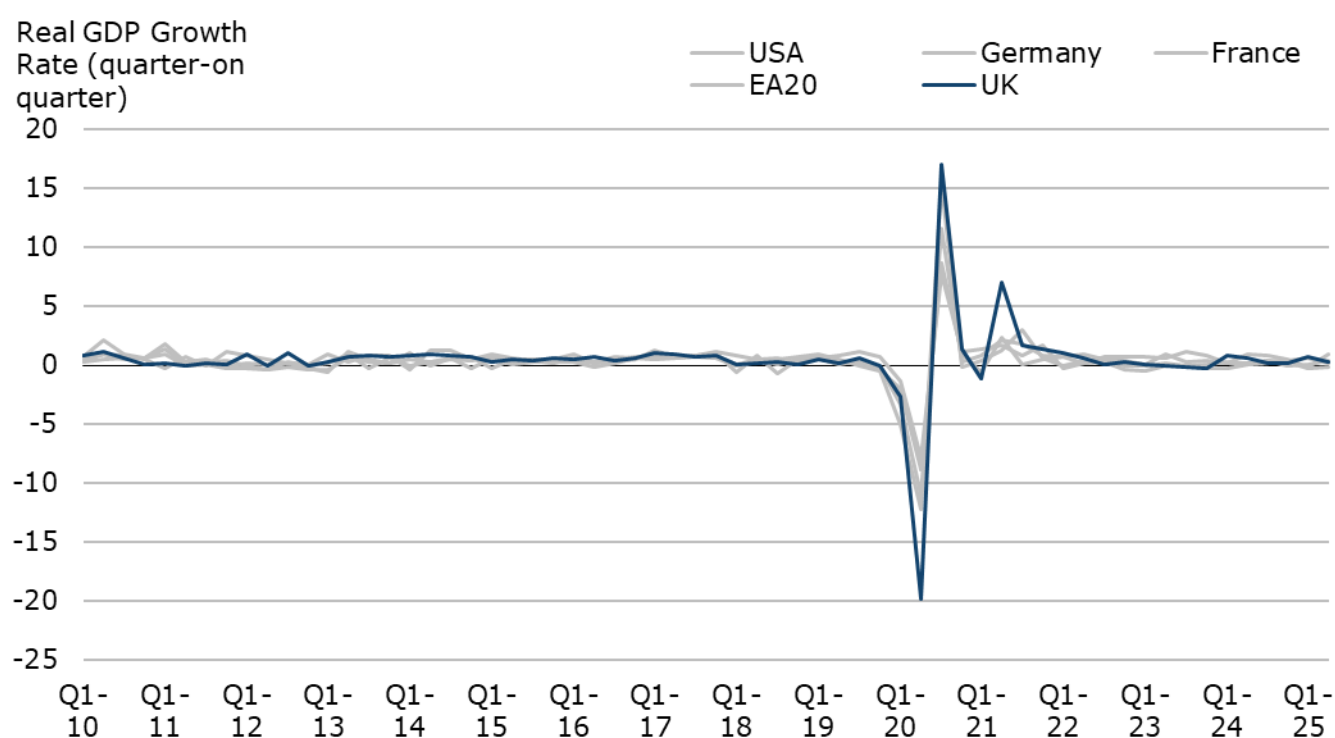
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1 General economic trends affecting forests and the forest industries sector

1.1 Overview

After a strong start to the year, the UK economy is in a challenging period. It has a weakening underlying fiscal outlook, weak productivity and subdued underlying GDP growth. Although GDP growth increased to 0.7% in Q1 this fell to a 0.3% increase in Q2 2025 (Figure 1.1), registering lower GDP growth than Q1 and Q2 of 2024, 0.8% and 0.6%, respectively.

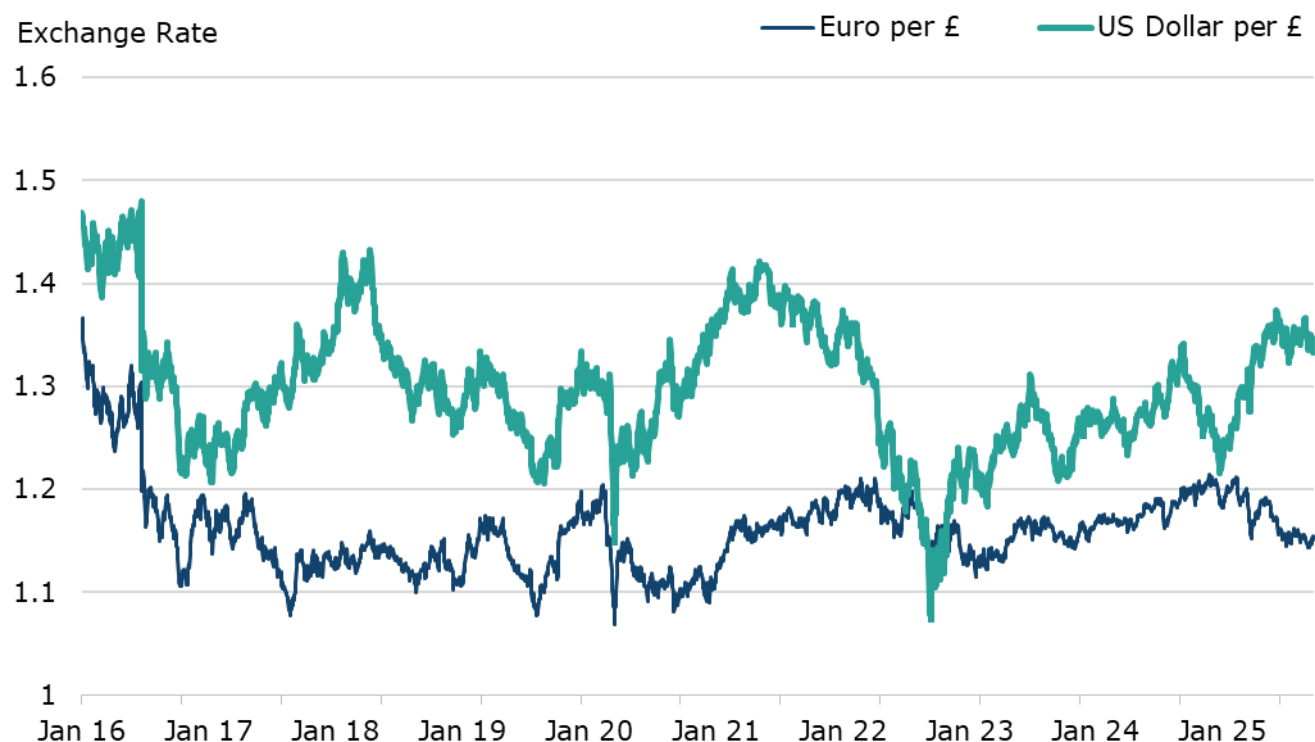
Figure 1.1 Real GDP Growth Rate 2010-2025, Selected Economies, percentage



Source: Organisation for Economic Co-operation and Development (OECD, 2025) "Quarterly GDP" (indicator), www.oecd-ilibrary.org/economics/quarterly-gdp/indicator/english_b86d1fc8-en. Office for National Statistics (ONS, September 2025), [GDP quarterly national accounts, UK](http://GDP-quarterly-national-accounts-UK).

In 2025, there was a continuation of the rise in the value of the Pound Sterling against the US dollar (Figure 1.2), due to more than dollar moderation through monetary policy than to the strength of UK economic performance. The Federal Reserve is easing its monetary policy in response to a contracting labour market and the impact of trade tariffs, putting downward pressure on the value of the dollar as it becomes less attractive to investors. The Pound Sterling's weakness against the Euro is due to a market perception of a Eurozone which is on a path to relative, albeit modest, economic health and stability. Eurozone growth forecasts of 0.9% to 1.3%, with loosening monetary policy from the European Central Bank, contrasts with the UK's significant headwinds and slowing growth.

Figure 1.2 Exchange Rate of £ against Euro and US Dollar, 2016 to 2025



Source: Bank of England Database (2025), Spot Exchange Rate (Euro into Sterling), Spot Exchange Rate (Dollar into Sterling).

1.2 Monetary Policy

The Bank of England's (BoE) Monetary Policy Committee (MPC) vote on whether to raise, lower or maintain the Bank of England's Base Rate, upon which many other interest rates are based. Setting 'the interest rate' is one of the key macroeconomic instruments in monetary policy that help to address the Bank of England's inflation target of 2% and stimulate economic growth.

Since the introduction of tighter monetary policy – with interest rates at a 16-year high of 5.3% in August 2023 - inflation has been on a downward path. The MPC voted to cut the Base Rate a further 0.3 % to 4% in August 2025. Since then, the inflation rate has risen to around 4% due to increases in energy, regulatory and food prices. The BoE expect inflation thereafter to gradually fall back to the 2% target in the medium-term. No further cut is expected in the short term.

The Household Saving Rate continues to be at an historic high in the UK. Higher interest rates increased the Household Saving Rate in 2024 – from 9.0% in the first quarter of 2024 to 11.7% in Q4 of 2024. The increased rate coincided with cost-of-living pressures and slower growth in household consumption. Over the first two quarters of 2025, this rate decreased to 10.7% in Q2 up from 10.5% in Q1 (Figure 1.3). The BoE's disinflationary monetary policy path may be exacting downward pressure on the savings ratio, as decreased saving implies increased consumer confidence and spending. Following a fall of 0.9% in Quarter 1 2025, real household disposable income (RHDI) per head increased in the latest quarter by 0.2%. UK economic growth is partly dependent on a decreased savings ratio.

Figure 1.3 Households' Savings Ratio, 2015-2025, percentage



Source: Office for National Statistics (2025), Households' saving ratio (percent):
Current price: £m.

1.3 GDP Growth

Change in Gross Domestic Product (GDP) is currently considered the main indicator of economic growth. It measures the market value of all 'final' goods and services produced over a period of time (i.e. monthly, quarterly, or annually) in monetary terms.

UK GDP is estimated to have increased by 0.3% in Q2 2025. This follows an increase of 0.7% in Q1, strong growth from the 0.2% growth in Q4 2024.

The latest quarter growth was driven by increases of 0.4% in services and 1.0% in construction, while the production sector fell by 0.8%.

Annual growth is expected to fall from an overall growth rate of 1.2% in 2025 to 1.1% in 2026.

1.4 Inflation

The Consumer Prices Index (CPI) shows the rate at which prices are rising, or falling, in the domestic economy (Figure 1.4). As stated above, The Bank of England's (BoE) target for inflation is 2% per year.

There was a sharp rise in inflation in 2022 due to COVID pandemic induced demand and supply shocks, rising to around 10% in October 2022. From this peak, the annual Consumer Prices Index including owner occupiers' housing costs (CPIH) inflation rate generally decreased to 3.4% in Q4 2024. However, it has risen to 4.1% in the latest 2025 estimates.

There were upward contributions from four sectors: restaurants, hotels (rising by 3.8% in the 12 months to August 2025), motor fuels and food (rising by 5.1% year in the same period). The largest downward contributions to the change in the annual rate came from transport services and housing services.

Figure 1.4 Consumer Prices Index including owner occupiers' housing costs (CPIH), 2011 to 2025, percentage

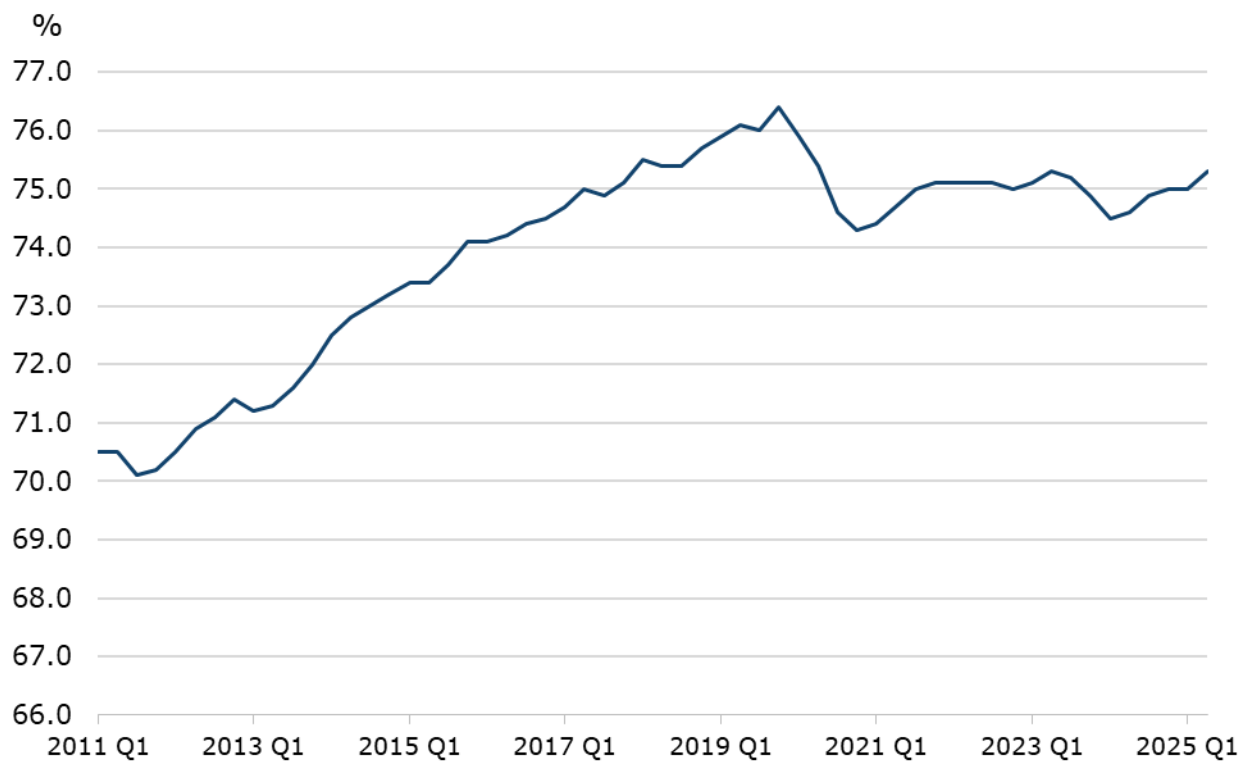


Source: Office for National Statistics (2025), CPIH Annual Rate 00: All Items 2015=100.

1.5 Employment

The employment rate for 16 to 64 year olds (seasonally adjusted) in the UK is 75%. Since mid-2023, there has been a modest increase, although it remains below the pre-COVID pandemic high – as seen in the latest quarter (Figure 1.5).

Figure 1.5 UK employment rate percentage (16 to 64 year olds, seasonally adjusted), 2011-2025



Source: Office for National Statistics (2025), Labour Market.

2 Policy measures

2.1 Forestry policy in the UK

Domestic forestry policy in the UK is a devolved matter. Devolution of forestry was completed in April 2019, but some cross-border collaboration remains for a number of functions as agreed by Ministers. Scotland, England and Wales are each delivering some of these functions (commissioning and monitoring of forestry research, management of the UK Forestry Standard and Woodland Carbon Code, Plant Health (forestry) and Forest Reproductive Material functions, provision of economist advice).

Both the UK Government and the devolved administrations are committed to sustainable forest management, as articulated in the Forest Europe Ministerial agreements. Sustainable forest management serves as an overarching concept and framework and the UK approach to delivery is set out in the UK Forestry Standard (fifth edition) published in 2023.

International forestry policy remains a reserved UK Government matter.

In March 2019 the UK Government announced ambitious woodland creation targets for the UK to help meet 'Net Zero' commitments made in May 2019 and to improve habitats and provide public benefits such as biodiversity, water regulation and benefits to human health. New planting rates rose to 20,660 hectares in 2023/24 but reduced to 15,580 hectares in 2024/25.

2.2 Government priorities

2.2.1 England

Priorities in England are set out in the 2023 Environmental Improvement Plan and include expanding and connecting the woodland resource; managing our woodlands for biodiversity, climate and sustainable forestry, mobilising green finance and the private sector, protecting and improving the woodland resource and connecting people with trees and woodland. The revised plan is due to be published in 2025. A statutory target was also legislated for in 2023 to increase tree canopy and woodland cover to 16.5% of England's land area.

The response to tree pests and diseases continues to be a priority. The Demarcated Area for the control of *Ips typographus* was extended in June 2024 to include parts of East Anglia to prevent potential spread of the pest. This is in line with eradication action being undertaken by the Forestry Commission to manage outbreaks.

2.2.2 Scotland

In Scotland, forestry is recognised as having an important role in contributing to emissions reduction targets through carbon sequestration which is a specific objective of woodland creation. The current Climate Change Plan (third report on policies and proposals), updated in December 2020, sets out how the Scottish Government will meet its greenhouse gas emission reduction targets for the period 2017-2032.

To support the delivery of the Climate Change Plan, the Forestry Grant Scheme offers financial support for the creation of new woodland and the sustainable management of existing woodland. All applications are assessed against the UK Forestry Standard and associated guidelines.

Scotland's Forestry Strategy 2019-2029 was published in February 2019 and presents the Scottish Government's 50-year vision for Scotland's forests and

woodlands and sets out a 10-year framework for action. It was developed in consultation with a broad range of stakeholders.

2.2.3 Wales

As part of the Welsh Government's plan to tackle the climate emergency it has committed to plant 43,000 hectares of new woodland by 2030, and 180,000 hectares by 2050, in line with the 'balanced pathway' set out by the Climate Change Committee.

Priorities in Wales continue to be guided by Woodlands for Wales, the Welsh Government's fifty-year strategy for trees and woodlands.

2.2.4 Northern Ireland

In Northern Ireland the Forest Service delivers forestry and plant health functions on behalf of the Department of Agriculture, Environment and Rural Affairs (DAERA).

The Forestry Act (Northern Ireland) 2010 requires the Department to promote afforestation and sustainable forestry, to encourage public enjoyment and recreational use of its forests. The Act defines forestry to include the production and supply of timber and other forest products, the maintenance of adequate reserves of growing trees and the management and development of forests to contribute to the protection of the environment, biodiversity and the mitigation of, or adaptation to, climate change.

Forest Service's work substantially supports the Department's vision of 'Sustainability at the heart of a living, working, active landscape valued by everyone' and the Strategic Outcomes in the DAERA business plan). Forest Service work streams are aligned to the Department's strategic objectives as set out in Sustainability for the Future – DAERA's Plan to 2050, its vision for 'Green Growth' and its contribution to Programme for Government Strategic Outcomes including 'We live and work sustainably – protecting the environment', for which DAERA has lead responsibility.

The 'Forests for Our Future' programme was launched in March 2020 and is aimed at helping achieve the UK's net-zero carbon target by 2050 as well as contributing to the enhancement of the landscape and biodiversity, and improving the health and well-being of those that enjoy this natural resource. Over this decade the Forests for Our Future programme aims to plant 18 million trees or 9,000 hectares of new woodland and is a foundation initiative of the Executive's Green Growth strategy which is being developed by DAERA. Forest Service will continue to actively engage in developing policies in agricultural and environmental land use to establish the role trees have within these policies in the pathway to net carbon zero.

The Northern Ireland Climate Action Plan under the Climate Change Act (Northern Ireland) 2022 will take forward DAERA's afforestation commitments in line with its legislative obligations for a balanced pathway to Net Zero carbon emissions by 2050.

2.3 Plant health

The Forestry Commission [website](#) outlines current restrictions and conditions for the import, export and internal movement of regulated wood, wood products and bark.

2.4 Carbon markets

In England, the government's Woodland Carbon Guarantee, giving landowners the option to sell their verified Woodland Carbon Units to government at a guaranteed price, has held eight auctions to date. The average price for verified Woodland Carbon Units in 2024 (Auction 8) was around £25 per tonne of carbon dioxide equivalent (tCO₂e); the scheme is currently closed.

The number of projects registered with the Woodland Carbon Code sits at 2,185 as of 30 June 2025¹. The predicted sequestration of registered projects has more than quadrupled since March 2020, increasing from 5.8 million tonnes of carbon dioxide equivalent at the end of March 2020 to 29.3 million tonnes of carbon dioxide equivalent by June 2025. In June 2025, 806 projects had been validated² to the Code.

The [Woodland Carbon Code website](#) provides a 'central point' for buyers and sellers to connect.

In May 2025, the UK Emissions Trading Scheme (ETS) Authority consulted on integrating greenhouse gas removals in the UK emissions trading scheme. The Government Response, published in August 2025 stated that *'the Authority has not yet made a decision on whether high-quality UK Woodland removals should be included in the UK ETS. This is because stakeholders have raised concerns on issues around permanence, cost and other wider impacts. The Authority has listened to these concerns and has assessed new evidence and explored additional*

¹ [Woodland Carbon Code Interim Statistics](#)

² Validated: is the initial evaluation of a project or group against the requirements of the Woodland Carbon Code. Upon completion a project/group will receive a 'Validation Opinion Statement'. The project/group will then be certified for a period of up to 5 years.

safeguards. Taken together, we believe the evidence suggests there is a strong case for integrating woodland.’.

3 Market drivers

3.1 Overview

Most UK forest product markets have shown a slight recovery in 2024 following a reduced demand in 2023.

Trade with Ireland is being affected by windblow in Ireland and plant health restrictions.

The [Timber in Construction Roadmap](#) (2025) sets out a number of commitments by Government and industry to increase the use of timber in construction. The actions set out in the roadmap are expected to lead to an increase in demand for c16 sawnwood in the next couple of years.

The forecast for the construction market remains poor. The fall in demand from construction had, at least partly, been driven by increasing prices and changes in exchange rates.

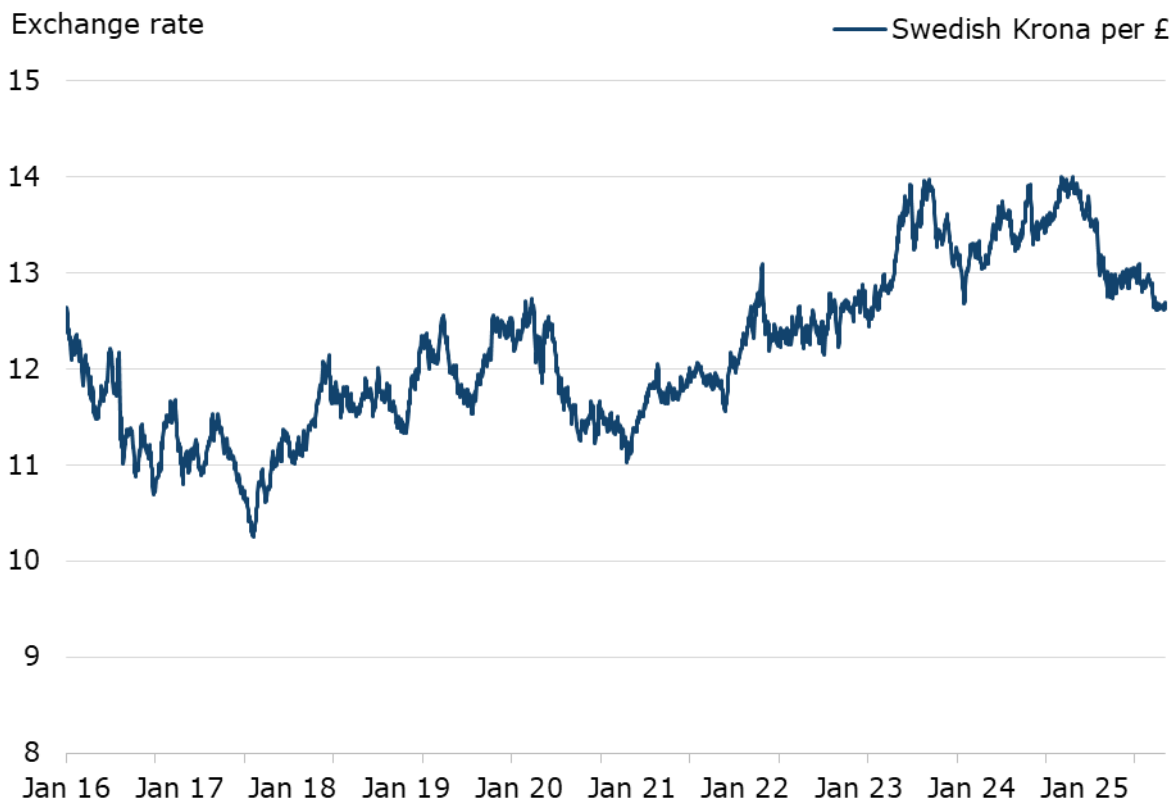
Sales within and exports from the EU may continue to be impacted by compliance with EU Deforestation Regulation (EUDR) requirements from 1 January 2025.

Closures of sawmills in Europe may also have an impact on the UK market.

3.2 Prices

Exchange rates are seen as a major influence on timber prices in the UK. As noted in the economic overview (Section 1.1), there has been a general increase in the value of the Pound Sterling which rose against the US dollar (Figure 1.2) in the first half of 2025. Following an increased period in late 2024, the value of Pound Sterling against the Swedish Krona declined from January 2025 onwards, reverting by April to the level last seen in 2023 (Figure 3.1).

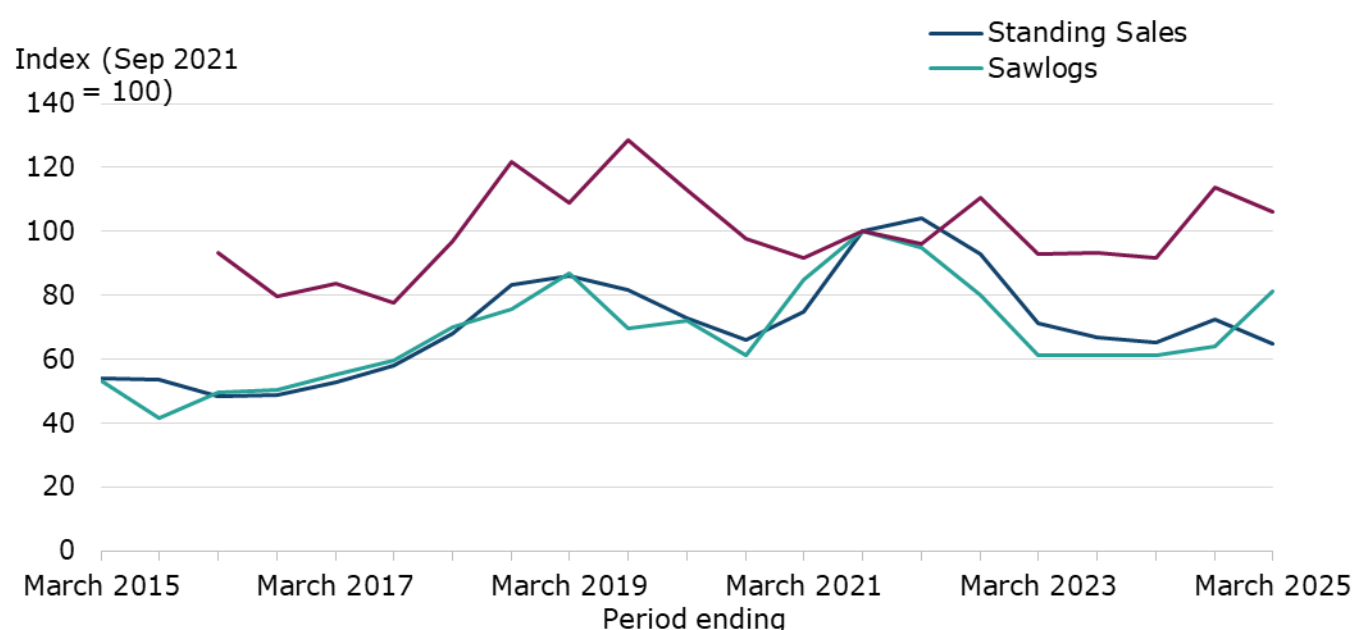
Figure 3.1 Exchange Rate of £ against Swedish Krona, 2016 to 2025



Source: Bank of England (2025), Spot Exchange Rate (Swedish Krona into Sterling).

Timber prices in the UK are monitored via three price indices and based on sales by Forestry England, Forestry and Land Scotland, and Natural Resource Wales (Figure 3.2). The Coniferous Standing Sales Price Index for Great Britain was 0.6% lower in real terms in the year to March 2025, compared with the previous year. The Softwood Sawlog Price Index was 32.7% higher in real terms in the six months to March 2025, compared with the corresponding period of the previous year. The Small Roundwood Price Index was 15.6% higher in real terms in the six months to March 2025, compared with the corresponding period of the previous year.

Figure 3.2: Coniferous standing sales, softwood sawlog and small roundwood price indices in real terms, Great Britain, 2015 to 2025



Source: Timber Price Indices: data to March 2025 (Forest Research, May 2025).

3.3 Construction, manufacturing, and distributive trades

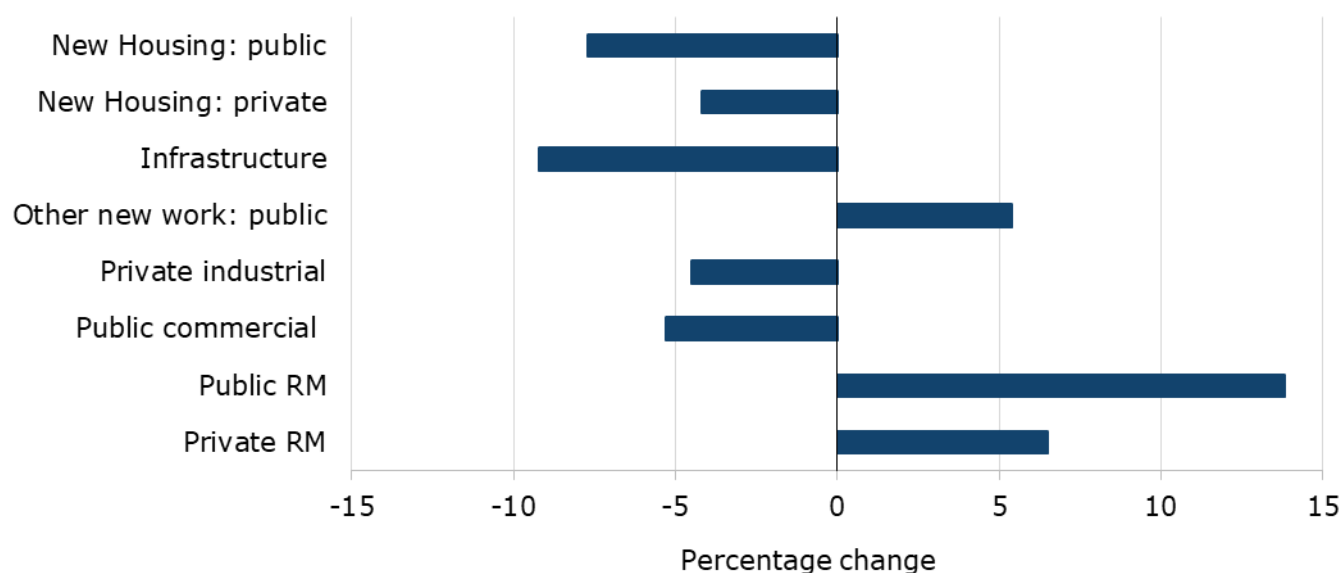
3.3.1 Construction

The value of UK manufacturer sales of builders' carpentry and joinery was £4.4 billion in 2024, a 14.5% decrease from the previous year.

The Construction Material Price index has shown a decrease of 1.4% for 'All Work' from 2023 to 2024 (Department for Business, and Trade, Monthly Statistics of Building Materials and Components statistics: September 2025).

Between 2023 and 2024, the construction industry output decreased across most of the sectors, apart from repair and maintenance, and public other new work, where a slight increase was recorded (Figure 3.3). Overall, the construction industry output index for all work increased by 0.5% between 2023 and 2024 (Figure 3.4).

Figure 3.3: Construction industry output, 2023 to 2024 percentage change

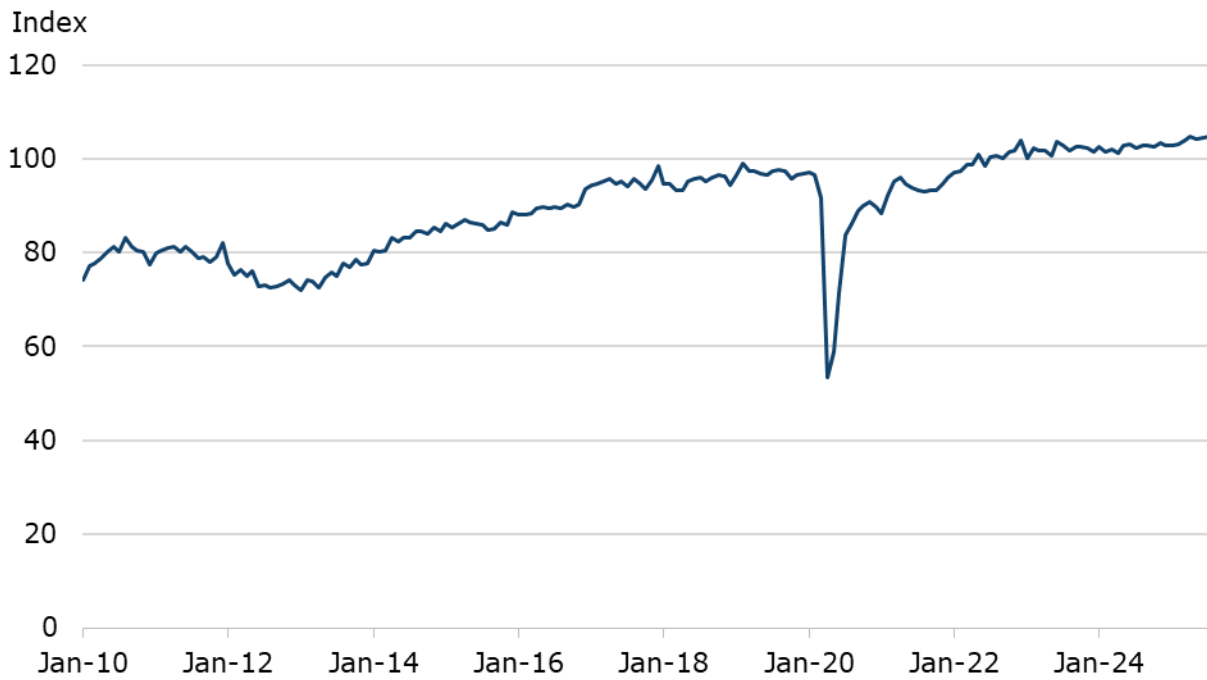


Note:

1. Volume seasonally adjusted data.
2. RM = repair and maintenance.

Source: Output in the Construction Industry (Office for National Statistics, September 2025).

Figure 3.4: Construction industry output, monthly all work index, 2010 to 2025

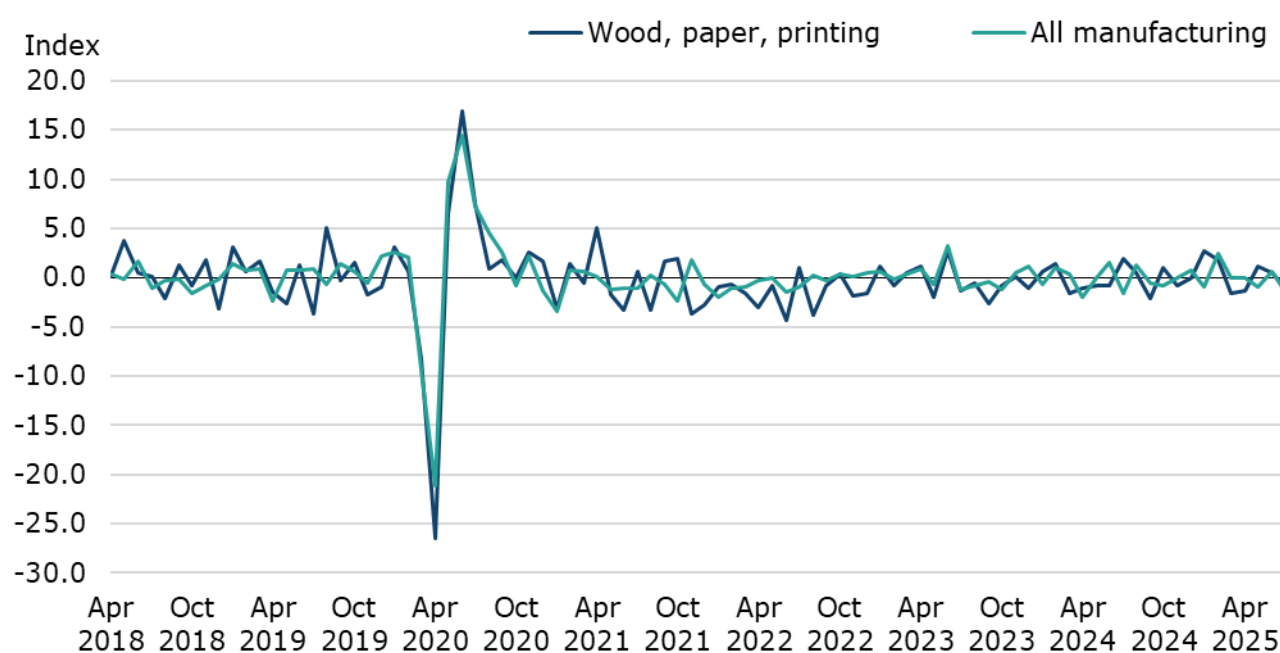


Source: Output in the Construction Industry (Office for National Statistics, September 2025).

3.3.2 Manufacturing and distributive trades

UK manufacturing output grew by 0.2% between July 2024 and July 2025. Over the same period, the UK index of production for the wood, paper products and printing sector, grew by 0.6%.

Figure 3.5: Manufacturing output – index, 2018 to 2025

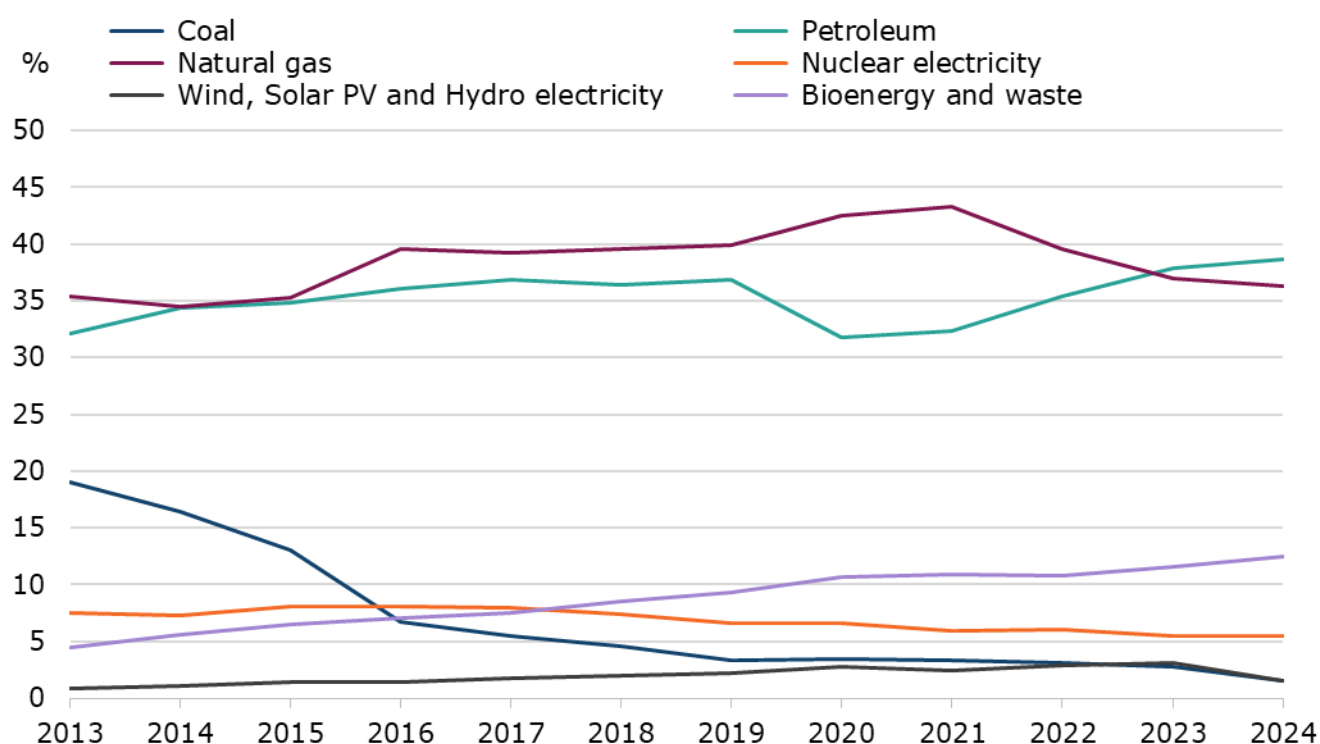


Source: Index of Production (Office for National Statistics, September 2025).

3.4 Energy

The share of UK energy produced by bioenergy and waste³ was 12.5% in 2024, 1.0 percentage point higher than in 2023 (11.5%). This follows a period of increasing market share since 2010.

Figure 3.6: Consumption of primary fuels, 2014 to 2024, percentage



Note:

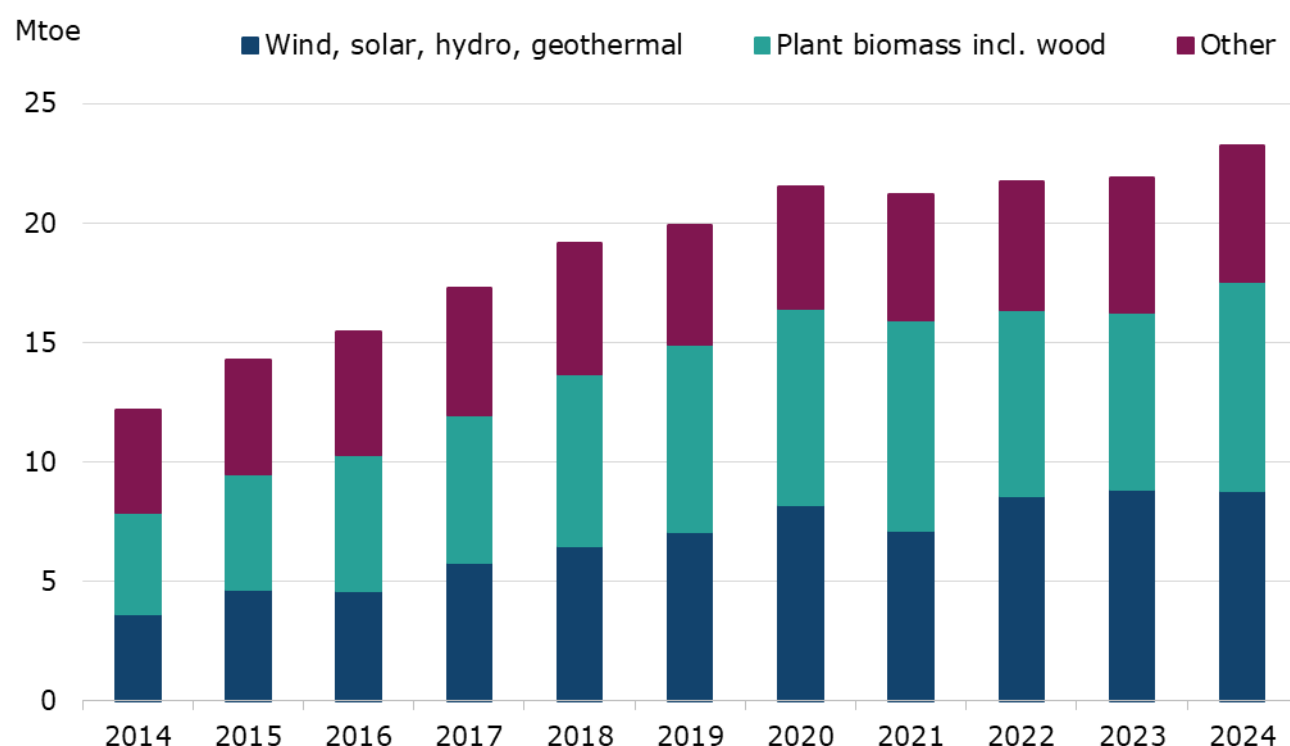
1. Excludes net electricity imports.

Source: Digest of UK Energy Statistics (DUKES Table 1.1.1c), Department for Energy, Security and Net Zero.

³ Including non-biodegradable waste, heat pumps, and solar and geo-thermal

The use of renewables to generate electricity and heat has increased from 7.0 million tonnes of oil equivalent (Mtoe) in 2010 to 23.4 Mtoe in 2024. In addition to heat and electricity, renewables are also consumed in the transport sector as liquid biofuels and also biogases are injected into the gas grid. These uses totalled 1.2 Mtoe in 2010, increasing to 3.4 Mtoe in 2024. Plant biomass (including wood) accounted for 38% of renewables used for heat and electricity generation (i.e. excluding those used in transport and biogas injected into the gas grid) in 2024.

Figure 3.7: Renewable sources used to generate electricity and heat, 2014 to 2024



Note:

1. toe = tonnes of oil equivalent.
2. Other includes biogases, animal biomass, biodegradable energy from waste, and heat pumps.
3. Excludes liquid biofuels in transport and biogases injected into the grid.

Source: [DUKES Table 6.4](#) (2025).

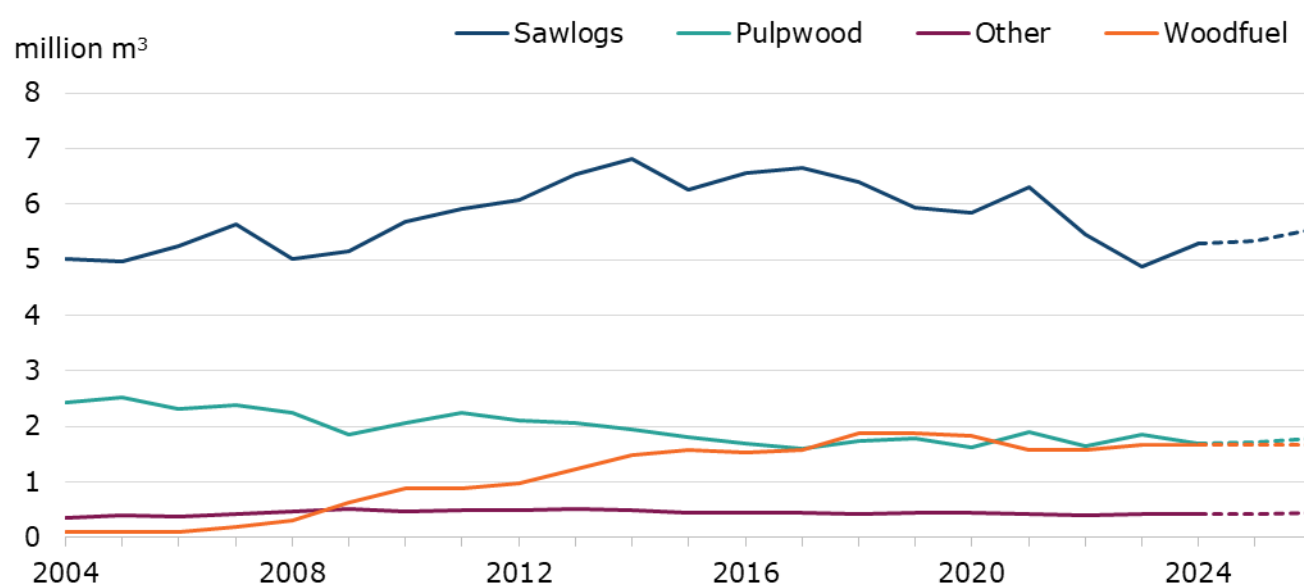
4 Developments in forests and forest products markets sector

4.1 Wood raw materials

UK coniferous roundwood production increased from 8.8 million cubic metres underbark in 2023 to 9.1 million cubic metres underbark in 2024, an increase of 3%. Production is expected to remain at 9.1 million cubic metres underbark for 2025 and increase to 9.4 million cubic metres for 2026.

Non-coniferous roundwood production has remained stable at around 0.7 million cubic metres between 2023 and 2024. Production is expected to remain at 2024 levels in 2025 and 2026.

Figure 4.1: Coniferous roundwood production, 2004 to 2026



Note:

1. Dotted lines indicate estimates for 2025 and forecasts for 2026.

Source: Forest Research (2025).

4.2 Wood energy

Wood energy in the UK is produced from a range of wood products, including roundwood, sawmill products, wood pellets and recovered wood.

The use of recovered wood for woodfuel has stabilised in recent years, with an estimated 2.9 million tonnes used in 2024.

The majority of wood pellets consumed in the UK are imported. In 2024, imports of wood pellets totalled 9.3 million tonnes, with around 80% of this quantity imported from North America. A further 0.3 million tonnes of wood pellets were produced in the UK.

4.3 Certified forest products

There were 1.44 million hectares of woodland (44% of the total UK woodland area) certified in March 2025 under Forest Stewardship Council (FSC) scheme or the Programme for the Endorsement of Forest Certification (PEFC) scheme.

The proportion of certified roundwood produced from UK woodlands has largely stabilised over the last 10 years. In 2024, an estimated 79% of all coniferous roundwood produced in the UK came from certified woodlands.

Figures reported by sawmills suggest that around 85% of sawlogs were certified in 2024.

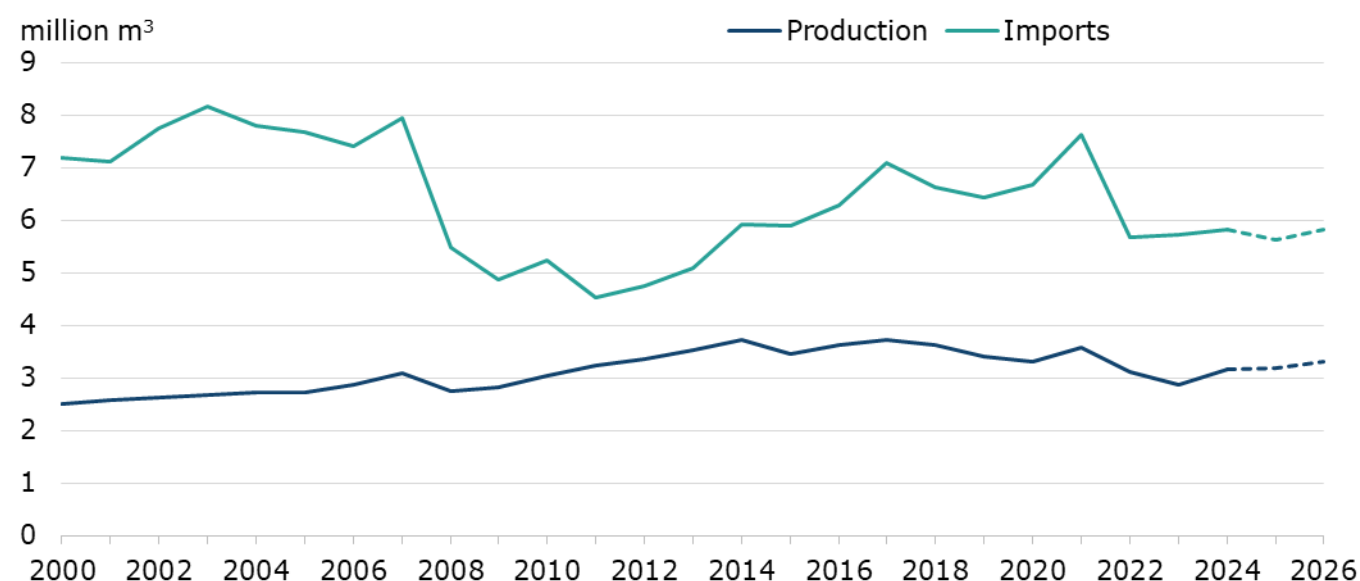
4.4 Sawnwood

Coniferous sawnwood production increased by 10% in 2024 to 3.2 million cubic metres. Production is expected to remain roughly the same in 2025 and increase to 3.3 million cubic metres in 2026.

Imports of coniferous sawnwood increased by 2% to 5.8 million cubic metres in 2024. Estimates for 2025 suggest a slight decline to around 5.6 million cubic metres, followed by an increase in 2026 to 5.8 million cubic metres.

Imports accounted for 97% of apparent consumption of non-coniferous sawnwood in the UK and totalled 0.5 million cubic metres in 2024.

Figure 4.2: Coniferous sawnwood production and imports, 2000 to 2026



Note:

1. Dotted lines indicate estimates for 2025 and forecasts for 2026.

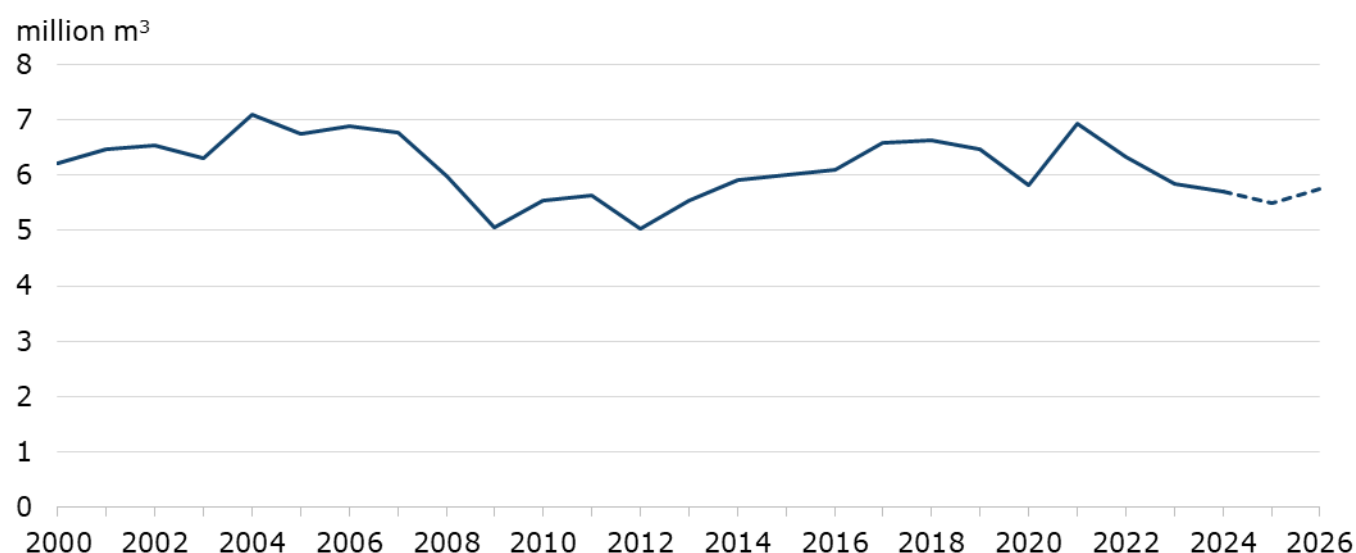
Source: Forest Research (2025).

4.5 Wood-based panels

Particleboard (including oriented strand board (OSB)) and medium density fibreboard (MDF) consumed in the UK are both produced domestically and imported, while plywood and other hardboards consumed in the UK are imported.

The UK consumed around 5.7 million cubic metres of wood-based panels (plywood, particleboard and fibreboard) in 2024, a 3% decrease from 2023. This is expected fall to 5.5 million cubic metres in 2025 and increase to 5.8 million cubic metres in 2026.

Figure 4.3: UK consumption of wood-based panels, 2000 to 2026



Note:

1. Dotted lines indicate estimates for 2025 and forecasts for 2026.

Source: Forest Research (2025).

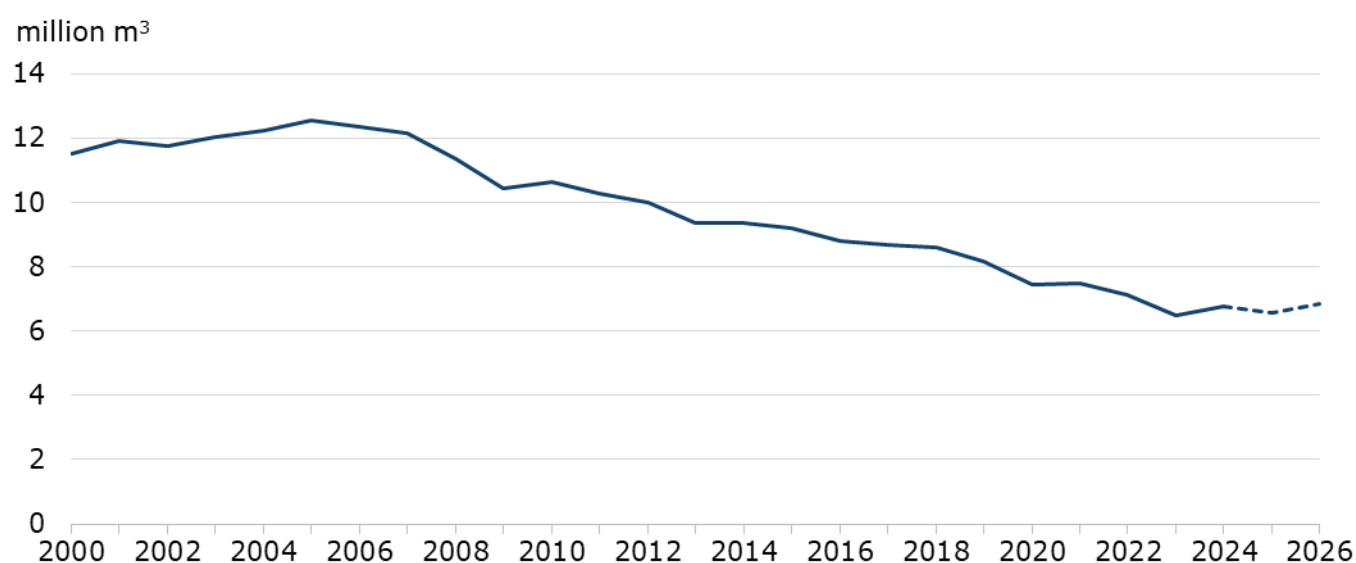
Production of particleboard (including OSB) totalled 2.3 million cubic metres in 2024, a 2% decrease from the previous year.

The UK produced 0.6 million cubic metres of MDF in 2024, down 5% from 2023.

4.6 Pulp and paper

Paper and paperboard consumption in the UK increased by 5% in 2024 to 6.8 million tonnes, following the previous year. It is estimated that consumption will increase to around 6.6 million tonnes in 2025 and then to 6.9 million tonnes in 2026.

Figure 4.4: UK consumption of paper and paperboard, 2000 to 2026



Note:

1. Dotted lines indicate estimates for 2025 and forecasts for 2026.

Source: Forest Research (2025).

5 Gender and Human Rights Issues in the Forest Products' Sector

The [Equality Act 2010](#) legally protects people in the UK from discrimination in the workplace and in wider society. It covers the following 'protected characteristics':

- age
- gender reassignment
- being married or in a civil partnership
- being pregnant or on maternity leave
- disability
- race including colour, nationality, ethnic or national origin
- religion or belief
- sex
- sexual orientation

Other protections also exist for workers, such as the [Gangmasters \(Licensing\) Act 2004](#). An [Employment Rights Bill](#) is due to become law later in 2025.

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