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Timber Utilisation Statistics 2012

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 October 2013 update contains tables and charts for the whole of 2012 and before. It should be noted that before 2002, information on main markets is estimated.

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

Summary of 2012

The year 2012 witnessed an improvement in the volume of softwood consumed by its main end-user markets. Even the beleagured construction market utilised more softwood in 2012 compared to 2011, but this was entirely due to greater usage in repair, maintenance and improvement (RMI) sectors. The new home building sector in the UK continued to be depressed with less softwood consumed in 2012, but this reduction was insufficient to stop an increase in usage in construction overall.

Import volume increased by 5.1% in 2012 and UK production increased by 4.2%. With a reduction in export volume in 2012 of around 12% compared to 2011, UK produced consumption ended the year 4.8% higher than in 2011.

Construction remained the single largest main market for sawn softwood, accounting for nearly 63% of volume, although this remains below the 66% share of consumption that the construction market held before the recession of 2008.

Softwood consumption has experienced a degree of volatility over the past four years with improvement one year followed by a reduction the next. This can be clearly seen in chart 1, below.

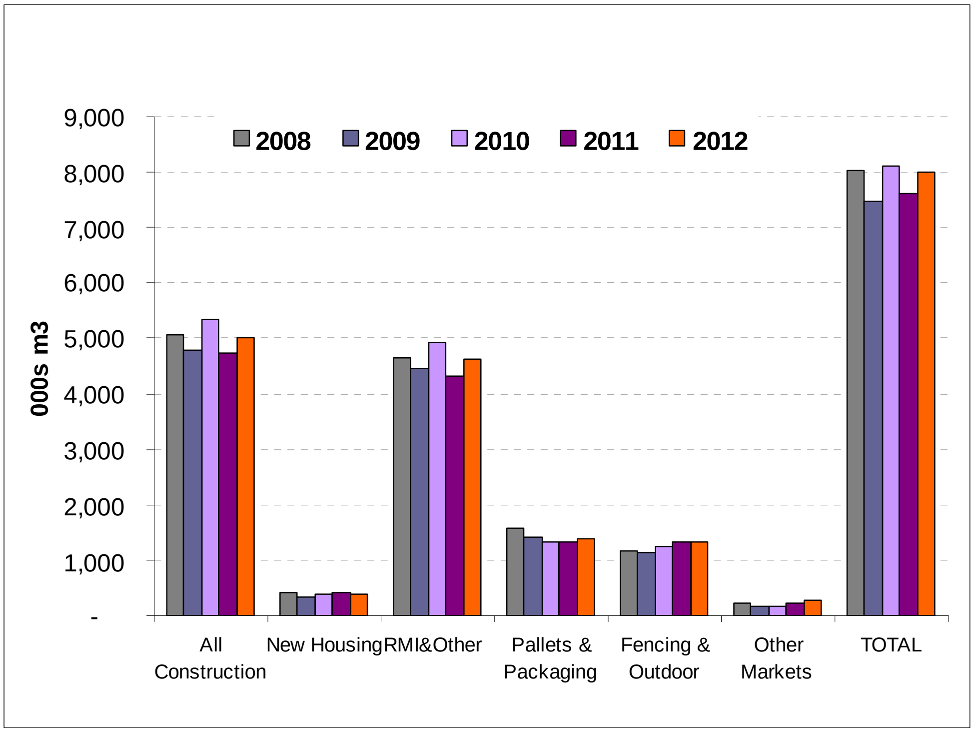
As the largest softwood consuming market, construction has been largely responsible for this volatility, while other markets have developed in a more orderly fashion.

The pallets and packaging market has consistently consumed less softwood since 2008, although it is estimated that this changed recently with some growth in consumption in 2012, the first time for five years. Changes in the mix of products demanded by pallet users have been reflected in lower softwood usage. Many pallet users have been purchasing and using refurbished pallets rather than newly manufactured pallets and this has lowered the average softwood usage per pallet over this period. The small increase in 2012 has been as a result of an increase in economic activity in the UK and the inevitable need to replace unserviceable units with new after this four year hiatus in the market.

The fencing and outdoor market has also experienced a more consistent development over the last three years. Since 2009, this market has consumed more softwood each year. One of the factors behind this performance has been the requirement of many households to 'improve' rather than 'move'. This has resulted in an increase in demand for fencing and garden products. Changing living styles, particularly smoking bans in public premises has also led to an increase in commercial demand for decking and similar outdoor products, many of which are timber based.

Tables and Charts

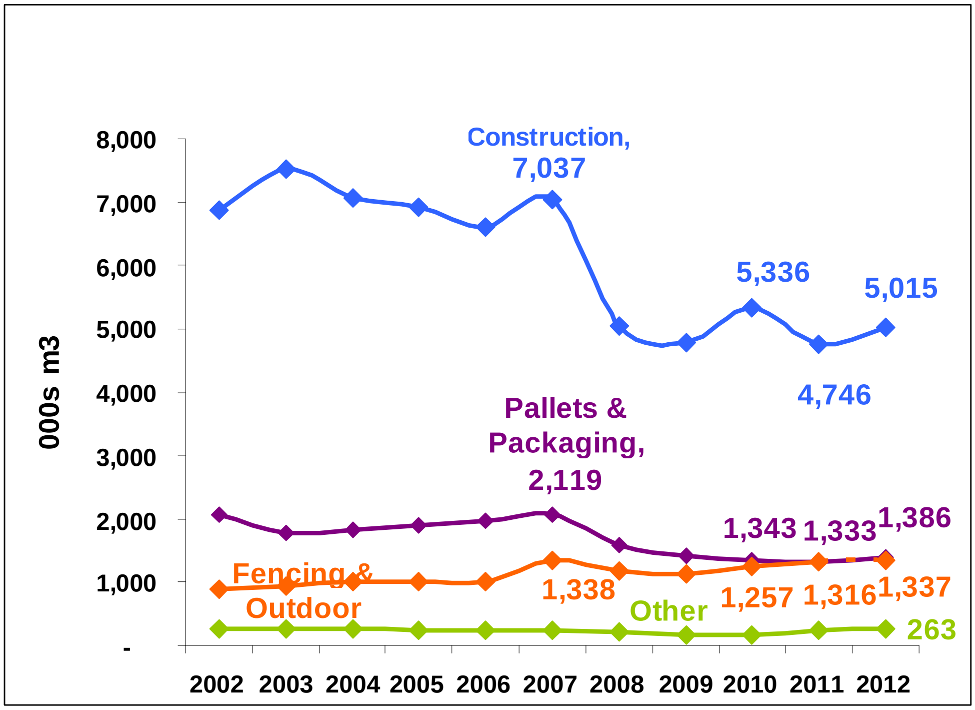
Chart 1: Sawn Softwood Utilisation in Main Markets in the UK, 2008-2012



Source: Forestry Commission Forestry Statistics 2013; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources

Key Change: In total, no real growth in consumption of softwood has occurred over the five year period to 2012. Modest growth has taken place in the fencing and outdoor uses market from 2009, while volatility has been a feature of the construction market and a gradual decline in usage in the pallets and packaging market.

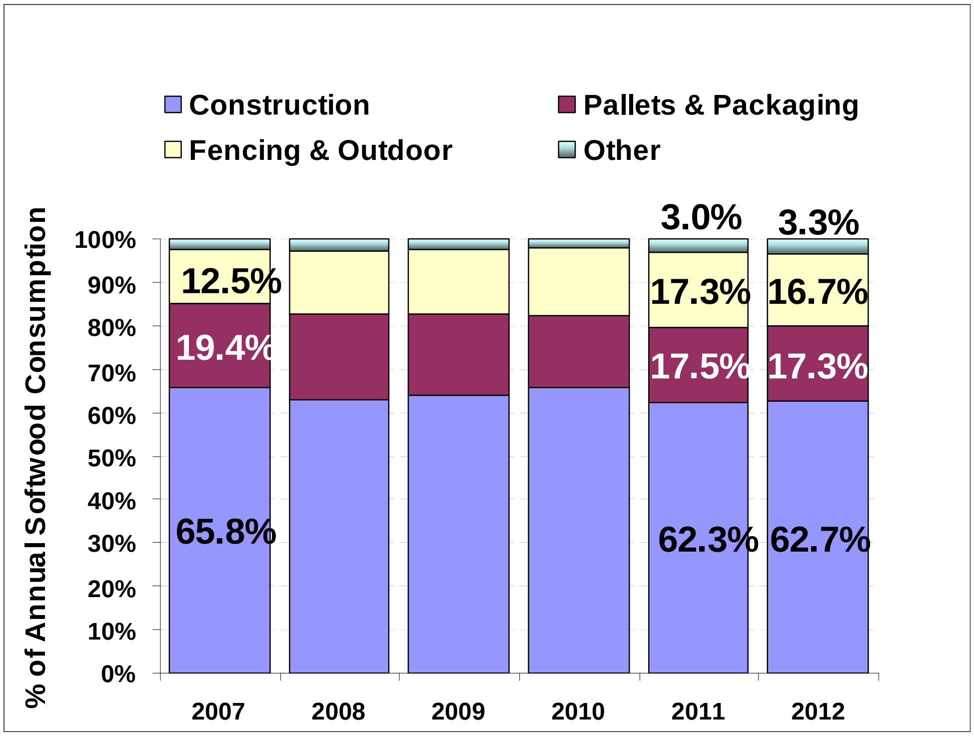
Chart 2: Sawn Softwood Utilisation Trends in Main Markets in the UK, 2002-2012



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. Construction usage was already in decline before the recession which began in 2007/2008 and plummeted thereafter. By the end of 2012, softwood usage in construction remained nearly 30% below 2007 levels. Recession also affected all other markets, with volume falling in 2008, but since that time, volume has continued to (mostly) fall in the pallets and packaging market, but has risen since 2009 in the fencing and outdoor markets.

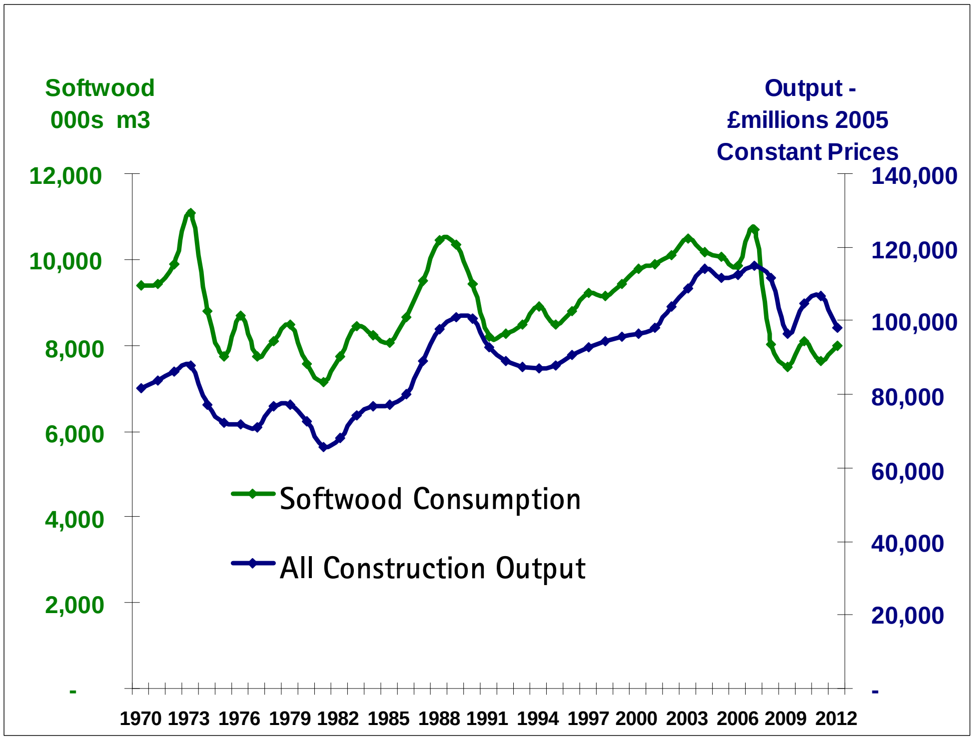
Chart 3: Share of Softwood Consumption by Main Market, 2007-2012



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

Key Change: The changes in volume described previously in chart 2 are reflected in the changes in the share of consumption held by main market over the period. The most significant changes have been the increase in the relative importance of the fencing and outdoor market and the reduction in share held by construction.

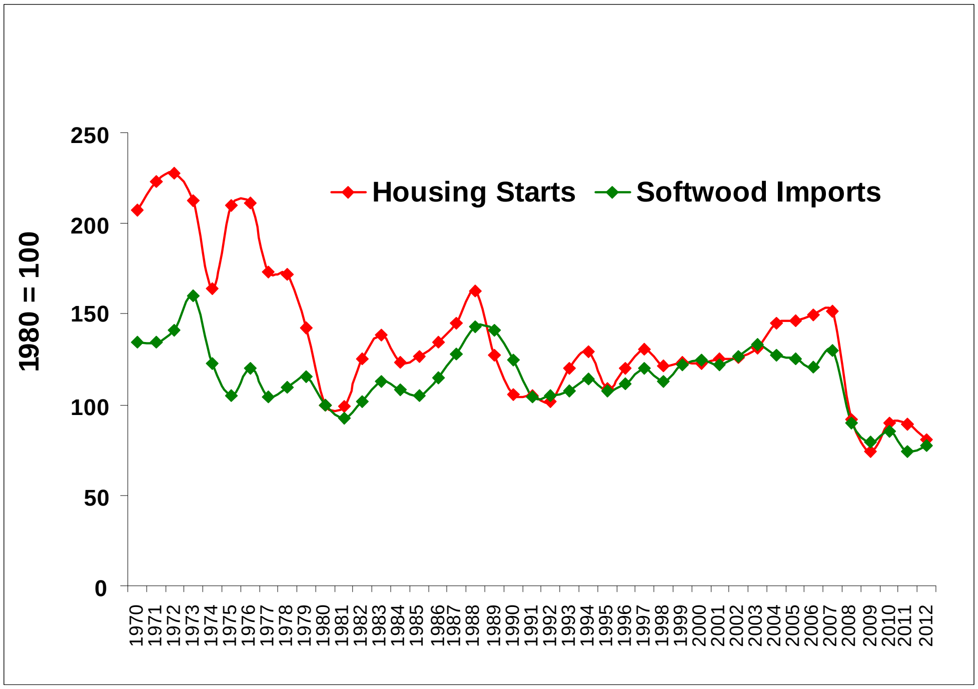
Chart 4: Total Sawn Softwood Consumption and All Construction Output, 1970-2012



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 softwood which is consumed by all markets, while construction output is the measure of all construction activity. A good correlation has existed between the two over the last forty years, although there have been occasions when the two have not moved in unison. Such an occasion was in 2012 where softwood consumption rose and construction output declined. As shown previously in chart 3, construction accounts for nearly 63% of all sawn softwood consumed and although 37% of consumption is accounted for by other markets, the statistical correlation between sawn softwood consumption (in all markets) and construction output remains good (co-efficient of correlation = 0.55). This relationship has nonetheless weakened over the last three years as the share of softwood in construction has declined since the recession of 2008.

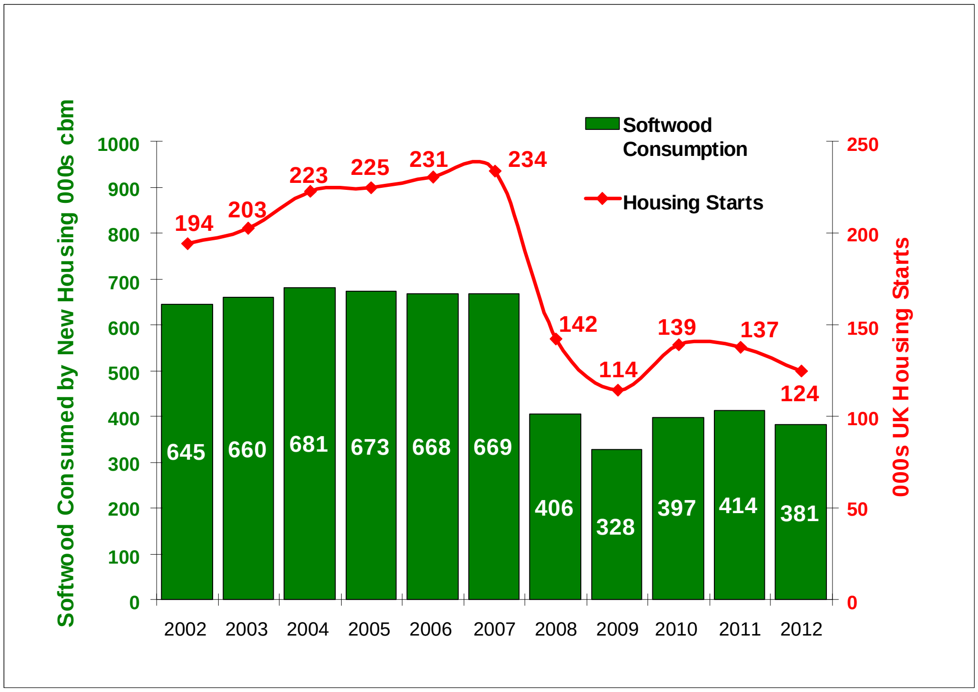
Chart 5: Index of Sawn Softwood Imports & UK Housing Starts, 1970-2012



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

Key Change: Housing starts in 2012 declined by 9.5%; sawn softwood <u>imports</u> (to all markets) rose by 5.1%. There is a good correlation between housing starts and softwood imports over the period described in chart 5, this despite new housing accounting for only around 6% of softwood imports.

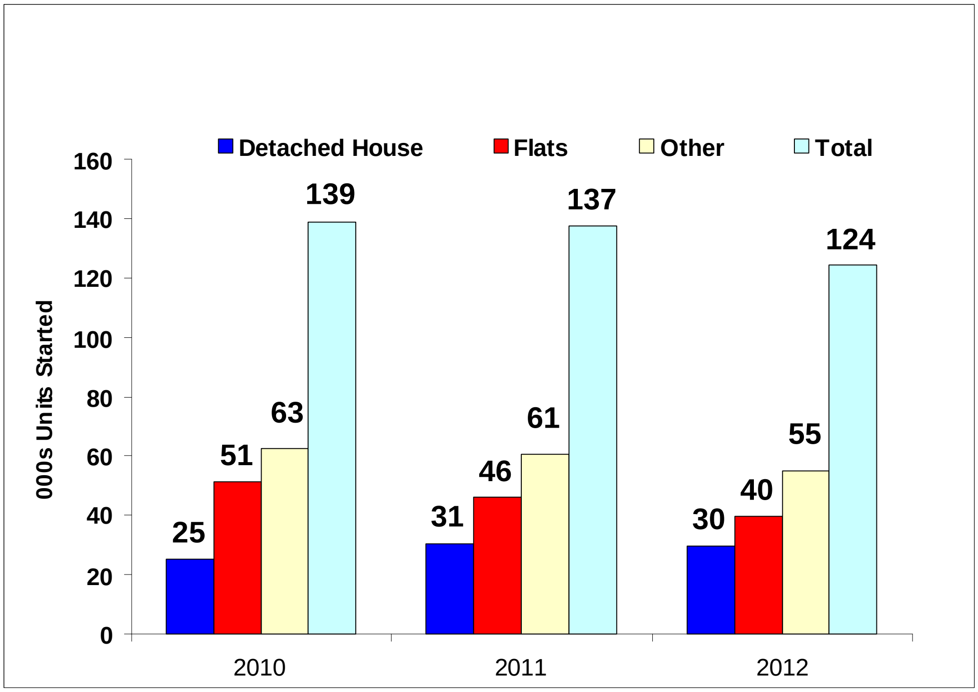
Chart 6: Sawn Softwood Consumption in New Housing Starts, 2002-2012



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

Key Change: Sawn softwood consumed in new housing fell by 7.9% in 2012; housing starts declined by 9.5%.

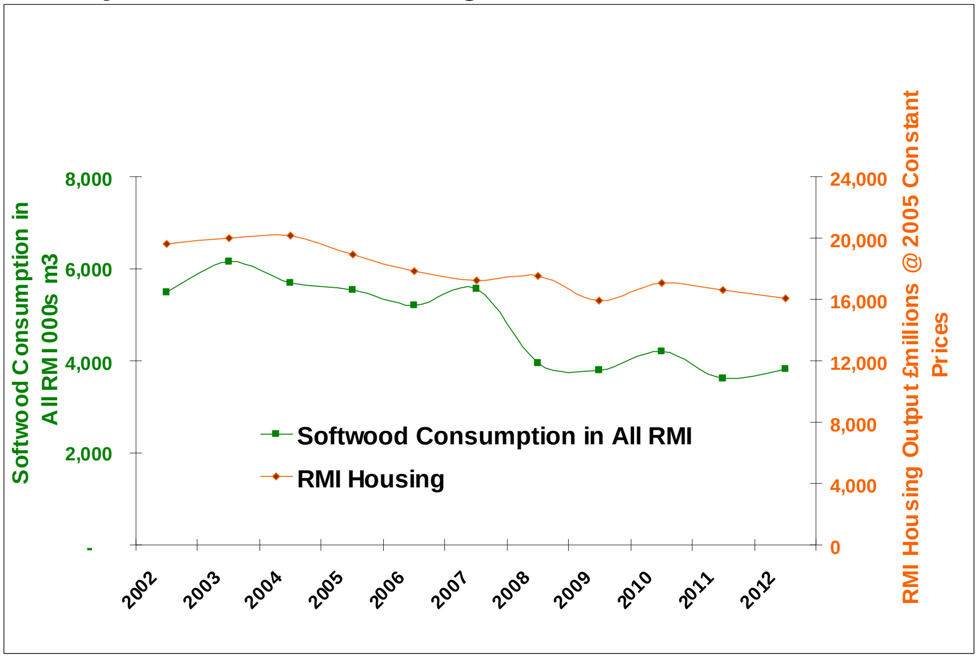
Chart 7: The Changing Mix of Dwelling Types Built in the UK New Housing Market, 2010-2012



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

Key Change: The decline of flatted developments in the UK home building market since the recession in 2008 has continued whilst more detached dwellings were built in 2011 and 2012, during a period of overall falling housing starts between 2010 and 2012.

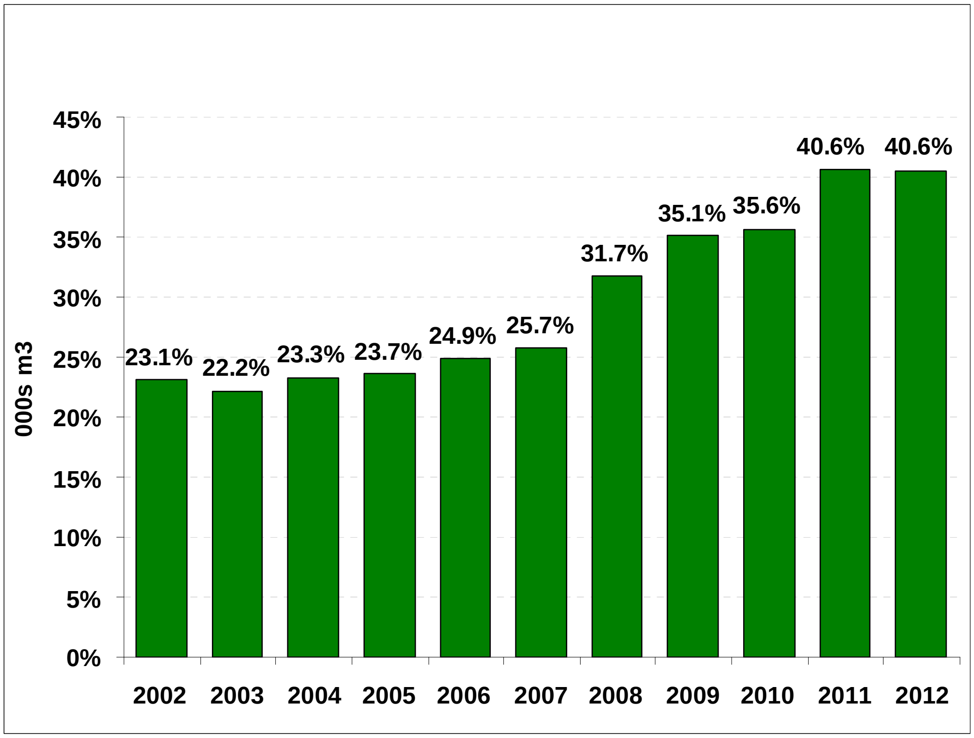
Chart 8: Estimated Sawn Softwood Consumption in the All RMI Activity & Volume of Housing RMI, 2002-2012



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

Key Change: RMI housing activity has fallen between 2002 and 2012 by 18% compared to a 30% drop in softwood consumed in this construction market sector.

Chart 9: UK Domestic Producers' Share of UK Sawn Softwood Consumption 2002-2012



Key Change: The share of softwood consumed in the UK by UK production has risen steadily over the last ten years to stand at around 40% in 2012.

Table 1: Sawn Softwood Utilisation by Main Market by Source of Supply, 2011 & 2012

000s m3	UK Producers		Imports		Total	
	2011	2012	2011	2012	2011	2012
Construction	819	899	3,927	4,116	4,746	5,015
Pallets & Packaging	1,008	1,036	325	350	1,333	1,386
Fencing & Outdoor	1,181	1,187	135	150	1,316	1,337
Other Markets	89	123	140	140	229	263
TOTAL	3,096	3,246	4,526	4,756	7,623	8,002

Source: Forestry Commission Forestry Statistics 2013; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources.

Key Change: Total sawn softwood consumption in the UK increased by 5.0% in 2012 to a total of 8 million m^3.

Table 2: Sawn Softwood Utilisation by Main Market and Construction Sector by Source of Supply, 2011 & 2012

000s m3	UK Producers		Imports		Total	
	2011	2012	2011	2012	2011	2012
Construction	819	899	3,927	4,116	4,746	5,015
New Housing	106	96	308	285	414	381
RMI & Other	713	803	3,619	3,831	4,332	4,634
Pallets & Packaging	1,008	1,036	325	350	1,333	1,386
Fencing & Outdoor	1,181	1,187	135	150	1,316	1,337
Other Markets	89	123	140	140	229	263
TOTAL	3,096	3,246	4,526	4,756	7,623	8,002

Source: Forestry Commission Forestry Statistics 2013; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources

Key Change: Total sawn softwood consumption in new housing falls by nearly 8% while 7% more softwood was consumed in repair, maintenance and improvement (RMI) and other construction markets in 2012. Overall, softwood consumed by construction rose by 6%.

Table 3: Share of Sawn Softwood Utilisation within each Main Market for each Source of Supply, 2011 & 2012

Share of Volume	UK Producers		Imports		Total	
	2011	2012	2011	2012	2011	2012
Construction	26.4%	27.7%	86.8%	86.5%	62.3%	62.7%
Pallets & Packaging	32.6%	31.9%	7.2%	7.4%	17.5%	17.3%
Fencing & Outdoor	38.1%	36.6%	3.0%	3.2%	17.3%	16.7%
Other Markets	2.9%	3.8%	3.1%	2.9%	3.0%	3.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Forestry Commission Forestry Statistics 2013; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources.

Key Change: Growth in the volume of softwood consumed by RMI and Other construction markets in 2012 raised slightly the share of volume held by construction overall. The small decline in the share of imported softwood consumed by construction is mainly due to the lower levels of new housing built in 2012.

Table 4: Share of Sawn Softwood Utilisation of each Main Market by Source of Supply, 2011 & 2012

Share of Volume	UK Producers		Imports		Total	
	2011	2012	2011	2012	2011	2010
Construction	17.3%	17.9%	82.7%	82.1%	100.0%	100.0%
Pallets & Packaging	75.6%	74.7%	24.4%	25.3%	100.0%	100.0%
Fencing & Outdoor	89.7%	88.8%	10.3%	11.2%	100.0%	100.0%
Other Markets	38.8%	46.9%	61.2%	53.1%	100.0%	100.0%
TOTAL	40.6%	40.6%	59.4%	59.4%	100.0%	100.0%

Source: Forestry Commission Forestry Statistics 2013; 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 around 40% in 2012.

Table 5: Share of Sawn Softwood Utilisation of each Main Market and Construction Sector by Source of Supply, 2011 & 2012

Share of Volume	UK Producers		Imports	
	2011	2012	2011	2012
Construction	17.3%	17.9%	82.7%	82.1%
New Housing	25.6%	25.3%	74.4%	74.7%
RMI & Other	16.5%	17.3%	83.5%	82.7%
Pallets & Packaging	75.6%	74.7%	24.4%	25.3%
Fencing & Outdoor	89.7%	88.8%	10.3%	11.2%
Other Markets	38.8%	46.9%	61.2%	53.1%

Source: Forestry Commission Forestry Statistics 2013; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources.

Key Change: The further breakdown of construction in table 5 reveals little change in the share of volume to each market by each source of supply. Imports continue to supply around 75% of the volume consumed by new housing and 83% of the volume consumed by the RMI and Other sectors. UK produced softwood supplies around 75% of the volume consumed by pallets and packaging and approaching 90% of supply to the fencing and outdoor markets.