



Joint statement on product availability from the BMF and CPA

Builders and builders' merchants alike are being adversely affected by limited availability in a number of important product groups. The continuing impact of Covid is one of several factors behind the shortages and price increases but the overall picture is more complex. The Builders Merchants Federation and the Construction Products Association – which together co-chair the CLC Product Availability Group - have put together this short summary.

Timber

Timber is a global commodity and there is an imbalance between global demand and supply that is not likely to be resolved in the near future. The UK must be prepared for higher prices to continue. European production was far lower in 2020 compared to 2019 (Swedish production down 7%, stocks down 27%; Finnish production down 15%). UK imports of softwood during the first nine months of 2020 were also down, by 20% in volume. Production shortages were exacerbated by extremely high demand from the USA – which will continue throughout 2021. The Chinese timber market, which was suppressed during Covid, is now rising with imports of softwood at their highest ever levels. Furthermore, both the US and China are prepared to pay far more for timber. In the US, the price of a benchmark 4x2 softwood product rose by 149% last year. European mills are back at full capacity, but the increased demand means that customers are on allocation, and the situation is likely to get worse in Q3 following holiday shutdowns in July and August.

Steel

Again, strong global demand is resulting in shortages, order backlogs and increased prices for most steel products including coiled, sheet, stainless steel and reinforced bar. China became a net importer for the first time in 11 years in Q3 2020, leading the price recovery elsewhere, including Europe. Supply and demand is likely to rebalance within the next few months, however global dynamics may continue to drive prices up. While there is a short term issue at UK borders, with the requirement for Covid-19 tests also causing delays and resulting in many European hauliers being reluctant to come to the UK, the situation has already improved and will continue to do so as teething issues are overcome. Steel safeguards relating to Brexit are **not** restricting supply. All EU origin quotas are still open and less than half the quota has been consumed across most product categories for Q1.

PIR/PUR Insulation

PIR/PUR producers are experiencing historically high prices for several raw materials which is having an impact on short term availability, but these conditions are expected to improve by Q3 2021. High international demand for raw materials and finished goods, together with

increased challenges as a result of Covid have also affected the cost of materials, resulting in price increases for the UK market. The UK market remains an important one with demand for high quality insulation products set to continue, especially with the 2050 net zero carbon target set in law.

Roofing

Reduced production stemming from the impact of Covid coupled with high domestic demand has led to extended lead times on most concrete tiles – averaging 19-20 weeks, with 36 weeks as a worst-case scenario. Some customers have switched to clay tiles, giving rise to lead times of 4-8 weeks on certain clay products. The situation is likely to improve in Q2 if current production levels are maintained as supply tends to outstrip demand between December and March and stocks can be built up. Lead times for BS timber battens are up to 12 weeks, for reasons given in Timber (above).

Container imports

The Covid crisis put immense pressure on the entire global logistics industry, impacting the movement of freight and leading to a surge in costs of building products shipped in containers especially from the Far East, including screws and fixings, tools, plumbing items and sanitaryware. With the continued bottlenecks of container equipment between the UK, the EU and Asia, carriers have reduced routes into the UK by up to 30%, and have increased freight rates massively, with prices per container rising by more than 650%, without space guarantee. Containers that cost \$2,100 at this time last year are now costing from \$15,000 to \$30,000. While importers are looking at alternative supply chain planning, industry analysts expect pressures to continue into 2021.

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