

### **Future Looks Bright for Timber but How long will it last?**

Signs are the timber market will remain strong throughout 2015 after a buoyant 2014, meaning that prices will remain firm for the grower. This is good news for British forestry in terms of jobs and GDP, and, environmentally, as more woodlands, once badly neglected for decades, are brought back into management. Importantly, there is an increasing confidence by UK end-users and processors in UK-grown timber as domestic timber quality, product-presentation and consistency of supply, continues to improve resulting in further investment in cutting-edge processing technology. UK-grown timber is now supplying approximately 40% of the nation's needs.



A brief review of 2014 saw a very strong and extended period for the fencing market after the intense winter storms in the early part of the year. This market has also been stimulated by the drive in the construction sector which has seen the stirrings of new-build activity. There was a great demand for mixed conifer logs for post and rails and slats for fencing panels. Demand for this seasonal market will traditionally pick-up again in the spring. The supply side, generally, has seen a great deal of activity right throughout the year. Compared with the very wet summer of 2012 and wet winter of 2013, harvesting operations have progressed apace due to the clement weather right throughout the summer and autumn months when ground conditions have been favourably dry for contractors to get in with their harvesters and forwarding equipment.

The domestic demand for small roundwood, incorporating the wood panel, fibreboard, biomass and fuelwood sectors has been so strong as to swallow up volumes that have been difficult to export due to the rise of the pound against the Euro and Swedish Kroner. The delivered-in market price for woodfuel for wood-burners as well as wood-boilers is now comparable with conifer sawlog and 2<sup>nd</sup> grade hardwood planking prices. Projections of future woodfuel demand look to be in excess of what the market can supply. New house-builds are also picking up now and are set to increase between 10-15% compared with 2014.

However, most of the timber now coming onto the market was planted in the 1960s and 70s and the conifer plantations supplying the timber are coming to the end of their rotations. The domestic timber market will fall into decline if we don't plant more trees soon. The area of new conifer plantations amounted to zero in 2014. The Forestry Commission's timber availability forecast predicts a shortfall of timber supply after 2031 so urgent action is needed now to encourage new planting of commercial conifers as well as broadleaves.

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