

# News Release

## Lumber Prices to Spike, but Not Until 2011

### Previous Housing Cycles Suggest Soaring Prices at over US\$400/Mbf

For Immediate Release

May 15, 2008

**Vancouver, BC** — If history can be used as a guideline to simulate the next housing “up-cycle,” then the prospects for huge price increases look very exciting! Since every U.S. housing market slump has been accompanied by a spike in lumber prices in response to supply that is unable to keep up with demand, International WOOD MARKETS Group’s May issue of *WOOD MARKETS Monthly* is forecasting a similar lumber price spike to occur around 2011 (or earlier), at which time annual prices will soar and weekly prices will become highly volatile.

“The housing cycle slumps of 1987–91 and 2005–08 are somewhat similar in that both corrections were long,” said Gerry Van Leeuwen, Vice President, “but this current one will have 3.5 times the single family housing start declines (-1,076,000 versus -306,000). The up-cycle in 1991–94 involved a gain of 358,000 single family housing units, while IWMG is predicting a gain of about 400,000 units over a similar three-year period between 2009 and 2012.”

With similarities between these two housing cycles, if the 1991–94 total increase in prices of US\$155/Mbf is applied to the expected U.S. housing recovery period of 2009–12, then annual average prices of about US\$400/Mbf can be predicted (and this may be conservative)!

“The North American structural lumber and panel business is also in the midst of a significant structural change, rather than just another housing cycle,” said Russell Taylor, President, “and the current housing downturn will create a template for potentially unprecedented lumber-price increases as we get closer to 2011! Developments occurring in other global regions are also expected to impact timber and lumber supply, creating more upward momentum on lumber prices. As a result, soaring lumber prices are expected once the housing recovery kicks in during 2010 where lumber prices could eventually spike up to US\$500/Mbf – but not until 2011.”

International Wood Markets Group has over 15 years of experience in forestry and wood products consulting and is recognized internationally as one of the leading publishers of ground-breaking global wood products analysis, research and forecasts.

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