



## December 2024

Back in October, many of us showed great concern regarding potentially rising lumber and panel prices. This was due to back-to-back hurricanes that caused significant damage in the southeast along with a strike by the longshoremen that shut down ports along the east coast and the Gulf of Mexico. Costs did tick up on lumber (5-10%) and even more so on OSB (15%) but not to the degree that was feared. Currently markets are reversing course as national demand is OK at best and the normal slowdown of winter has begun to take its toll. The new concern regarding price volatility has to do with tariff increases announced by the incoming administration. The U.S.'s sole two neighbors, Canada and Mexico, have both been threatened with up to 20% additional tariffs on incoming goods while China is also in the cross hairs. Whether these measures will actually be implemented and what effects they will have on costs remains to be seen. Back in August the Department of Commerce raised existing tariffs on Canadian lumber coming into the U.S. from 8% to 14.5%. This did have a mild effect on the markets but nothing to note. The clash between Canada and the U.S. over softwood lumber dates back to 1982. Our government has long accused Canada of engaging in unfair trade practices, asserting their products are subsidized by their government allowing Canadian mills to sell at less than fair market value. Ultimately the end consumer is the one who pays the price for higher costs, via the prices themselves or higher taxes. We'll have to wait to see how this plays out as the debate over the effectiveness of tariffs continues and whether they do in fact achieve their goals. Predictions for 2025 home building remain optimistic but it's projected the houses built will be smaller in size.

Roofing continues to be a struggle on the supply side as manufacturers just cannot keep up with demand. This is a head scratcher as overall demand is dropping as we head into winter, but no additional product is seemingly available. Both the insulation and gypsum companies have announced price increases for the beginning of 2025. A person (me for one) may theorize that these increases are their way of avoiding market deterioration. They announce an increase, it gets postponed(indefinitely), but they achieve their goal of prices not going down. Have seen it way too many times.

Do It Best, now the largest member owned cooperative in the galaxy, has completed their purchase of True Value and has installed a new leadership team to turn the failed company around. True Value announced bankruptcy in October and avoided liquidation with DIB's agreement to purchase them. This means the True Value name will carry on along with some of their proprietary brands, for now anyway. The big boxes continue to take their toll on the independently owned lumberyards and hardware stores. True Value's demise accelerated after being purchased by a private equity firm and losing the ideals and what they stood for. They ended up being over a half billion dollars in debt at the end, which resulted in many independent owners losing shares and rebates that they counted on for survival. It's a sad story that has been told way too many times.