



Binational Softwood Lumber Council

MAXIMIZING THE SOFTWOOD LUMBER INDUSTRY'S POTENTIAL

VISION

Building on the leadership, strategy, and discipline established by the Binational Softwood Lumber Council (BSLC) and delivered through the Softwood Lumber Board (SLB) and its funded initiatives in the U.S., an expanded vision for lumber building solutions adoption could ultimately deliver **11.6 billion board feet (BBF) of incremental volume in Canada and the U.S. by 2035**. This represents more than a 25% increase in consumption over 2024 levels, resulting in increased domestic investment, innovation, and job creation—particularly in rural communities often overlooked by other sectors.

OPPORTUNITIES

Building systems continue to build momentum due to the inherent economic and environmental value propositions that are attractive to design practitioners, clients, and occupants. Lumber building solutions can maximize market share when the full value propositions are articulated and amplified beyond early adopters and scaled to reach a broader construction and design community.

DELIVERING ATTAINABLE AND AFFORDABLE HOUSING

Lumber building solutions offer the most cost-effective and timely solutions for communities and developers to solve the housing crisis, specifically in the attainable and affordable housing sectors.

Expanding lumber building solutions that address both the physical requirements of housing, and an economic development narrative tied to construction and manufacturing, touch all corners of the U.S.

The housing shortage has affected both urban and rural areas across the U.S.

Forest Economic Advisors (FEA) estimates the existing housing gap to be 3.9 million units, 32% in the multifamily (MF) segment and 68% in the single-family (SF) home segment. Even when factoring in a 20% increase in the MF share, the U.S. requires 42.8 BBF of lumber. Canada is projected to have a 3.4-million-unit housing gap by 2030, 73% in MF and 27% in SF. To meet the housing needs in Canada, an incremental 28.1 BBF of lumber is needed.



The “Missing Middle” refers to an emerging category of high demand housing solutions, ranging from SF homes to high-density MF developments, including apartments, duplexes, triplexes, and town homes. These housing options often provide more affordable and attainable choices for middle-income families. Cities are adopting zoning reforms to encourage the rapid development of higher-density projects on land traditionally reserved for SF homes. This emerging segment aligns well with the value propositions of lumber building solutions.

Like traditional SF construction, the “Missing Middle” is well-suited for lumber building solutions. Today, lumber holds 77% of the market share in the one- to four-story segment. In contrast, in the five- to six-story segment, lumber represents 60% of the market, offering significant room for growth. In the MF five- to eight-story segment, lumber building solutions are on the rise, averaging 57% growth over the last three years—and the construction area is expanding as well. Hybrid construction systems and prefabricated modular approaches can achieve 2.5 times the average amount of lumber used in traditional projects.

The attainable segment was a bright spot for the slow market for apartment starts in 2024, with traditional attainable units accounting for a higher percentage of starts. The sector represents a significant opportunity to increase demand for lumber products and building systems, with estimates of the housing shortage ranging from 1.5 million units, according to the National Association of Home Builders (NAHB), to 7.3 million homes, according to the National Low Income Housing Coalition (NLIHC).

Lumber building solutions solve cost and speed to market challenges for affordable housing developers and practitioners. A recent report by Dovetail Partners and Spiritos Properties LLC cites the benefits of wood construction to further improve the delivery of light-frame (LF) buildings up to six stories through off-site construction. Urban construction applications (infill, vertical extensions, cores, i-joists, and taller requirements) present an opportunity for a mix of both LF and mass timber (MT) at under six and between seven and 12 stories. The application of both LF and hybrid construction with both LF and MT allows for reduced construction timelines, leading to interest expense savings and speed to rental revenue, increasing the net operating income for developers.

Conservative growth projections across multifamily 1-4 story, 5-8 story and 9+ story buildings yield **3.0 BBF of incremental annual demand.**

MARKET TRANSFORMATION - NICHE TO MAINSTREAM

Today, softwood lumber building solutions hold less than 10% of the market share in the nonresidential segment. However, the value proposition and success of lumber products and building systems in other market segments are transferable to repeatable and scalable nonresidential building types, such as education, commercial, and notably, warehouse and data center segments. These outpace the growth of other nonresidential building segments.

Warehouses and data centers, a subset of offices and banks, are by far the dominant nonresidential building type by area, with 53% of the construction surface in 2023 (excluding manufacturing buildings). Market share for wood in warehouses is the lowest of the entire nonresidential space—creating a compelling growth opportunity. This market segment has traditionally favored competitive material solutions; however, transformation is underway—particularly when utilizing a steel-timber hybrid system. A 5% market share in warehouses would represent 178 million board feet (MM BF) annually and the stretch target of 80% share could result in 3.15 BBF. Limits to building warehouses with wood include the development of standardized and cost competitive solutions.

Construction in the education segment offers unique growth potential for lumber building solutions. Educational buildings accounted for nearly half of the construction surface (49%) in nonresidential construction in 2023 (excluding warehouses and industrial buildings). In the same year, market share for lumber building solutions in the education segment was low (5%), leaving ample room for wood. At 15% market share, the segment would consume 203 MM BF and the stretch target of 81% share would result in 1.5 BBF annually. A limiting factor to wood use in educational buildings could stem from the slow speed of change in procurement practices. Implementing environmentally based procurement policies in public buildings takes time. The ability to convince specifiers and decision-makers to convert to wood requires sound economic analysis for wood buildings and demonstration of short building cycles.

Opportunities to shift the use of lumber products and systems in the nonresidential space from niche to mainstream represent significant potential demand for the U.S. lumber industry. Beyond these segment-specific opportunities, additional growth prospects related to vertical extensions, cores, and bridges exist—all propelling the opportunity to reestablish the dominance of the U.S. lumber industry.

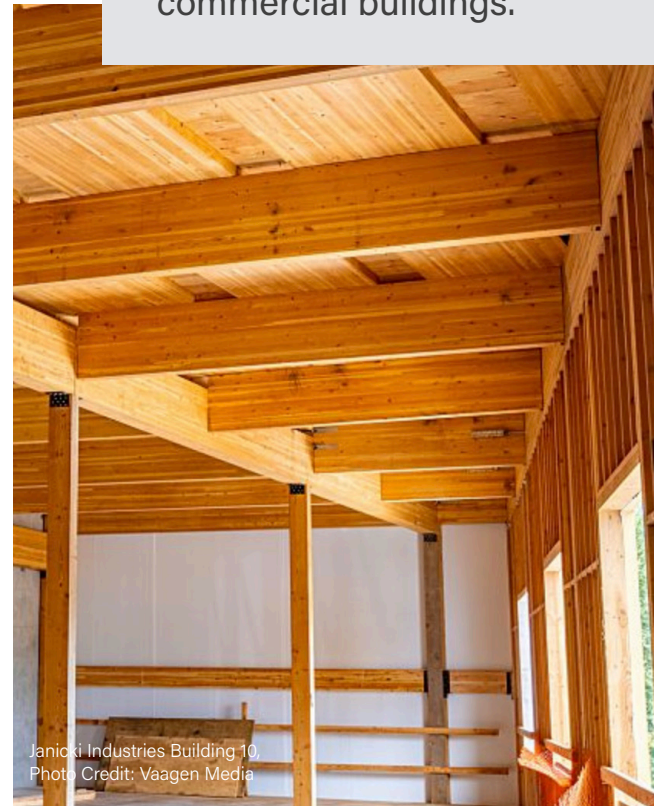
ACCELERATING INNOVATION

Innovative and emerging lumber-based products, such as MT, hold the promise of revitalizing the softwood lumber industry by promoting a compelling value proposition that creates new markets and drives innovation in construction and forestry practices. While Canada and the U.S. have been expanding MT production—particularly in the last decade—North America still lags Europe's established dominance.

To accelerate North American production of MT, funding and incentives are essential to support capital investments by softwood lumber producers into facilities that can compete in scale, efficiency, and quality with importers.

Through the Wood Innovation Grants program, the U.S. Forest Service stimulates, expands, and supports wood products markets and infrastructure. From funding for advanced computer numerical control systems that can produce state-of-the-art prefabricated MT building materials to renewable energy systems that run on wood chips, Wood Innovation Grants are already making a difference across the U.S. In Canada, the Green Construction through Wood (GCWood) program as well as provincial programs encourage the use of innovative wood-based building technologies in construction projects. These programs fund the demonstration of

Total incremental annual softwood lumber consumption achievable in **the nonresidential segment is 8.7 BBF by 2035**, led by warehouses, educational facilities, and commercial buildings.



Janicki Industries Building 10,
Photo Credit: Vaagen Media

Expanded public-private partnerships offer an opportunity for industry to **leverage government funding to expand operations and market growth.**

schematic designs, innovative building systems for wood construction, and the use of advanced wood products in buildings that have low environmental footprint and are highly replicable.

Collaborating with these government agencies will accelerate the North American industry to match and eventually eliminate the need for European imports to meet the growing demand for MT products in the U.S. and Canada.

EXPANDED COLLABORATION AND MARKET EXPANSION

Pursuing collaboration between the U.S., Canada, and beyond while supporting a global shift toward wood construction is a logical complement to the attainable/affordable housing, nonresidential, and innovation efforts in the U.S. market.

Competing industries have established organizations like World Steel, World Cement Association, and the Global Cement and Concrete Association. These organizations are mandated to facilitate collaboration, leverage innovations, minimize duplicative efforts, and grow broad-based demand. Establishing a similar North American-based entity (i.e. World Timber) focused on facilitating global collaboration would capitalize on wood's economic and environmental value proposition to build better buildings. Equally important, such an organization would establish a unified voice on topics germane to all markets including regulations and competitive threats while providing access to expanded research and promotion efforts in a more efficient and effective manner than when done independently.

Diversification and expansion of markets outside the U.S. will benefit all producers of softwood lumber, particularly those in the U.S., in three distinct ways:

1. Increasing offshore demand for U.S. lumber, particularly from the U.S. South, has the potential to reduce reliance on domestic SF housing, a market under threat due to demographic shifts.
2. Stronger markets outside the U.S. will reduce the attractiveness of the U.S. market to foreign suppliers, tending over time to decrease imports into the U.S. market.
3. Increasing and diversifying demand creates market stability and strengthens returns.



Willard Street Apartments
Photo Credit: Sterling E Stevens Design Photo



BARRIERS TO GROWTH

A vortex of market uncertainties faces all corners of the globe today. While the soft market creates opportunities to diversify building construction and material selection in favor of wood, strong headwinds currently challenge the construction industry. The primary barriers are related to the viability of projects due to the higher cost of capital, labor, and building materials, resulting in fewer projects with smaller budgets. These factors create scrutiny at all stages of the specification journey from both advocates and adversaries of lumber building solutions. Higher material cost and low supply, lack of experience and familiarity in construction, and building code obstacles are often cited by professionals as rationale for not choosing wood. These perceptions often present as reality and remain the leading challenges the industry must overcome.

The industry also continues to face aggressive dispositioning by materials competitors in the commercial and residential markets. Competition for market share with steel and concrete is fierce and intensity is only expected to rise. The World Steel Association and the International Federation of Concrete deploy hundreds of millions of dollars annually toward promotional and advocacy efforts. With innovative solutions for exterior applications, modular housing, and innovative product composition entering the market consistently, the target on the lumber industry continues to grow.

A STRATEGIC PATH FORWARD

The lumber industry, a foundation of the North American economy, operates in an interconnected world where domestic and international challenges are shared. Divided advocacy across borders weakens the industry's influence. Aligning stakeholders without a physical border under one voice would provide the industry with an opportunity to amplify impact and drive meaningful change.

Today the industry is restricted from sharing the full value proposition of wood. A strategy rooted in "One Voice" would remove boundaries, create economies of scale in all activities from advocacy to deployment of best practices and innovation, and offer an opportunity to truly convey the value lumber offers the built environment.

ADVOCACY

The challenges facing the industry transcend borders. Collaboration across the U.S. and Canada creates a cohesive narrative highlighting the indispensable role of lumber building solutions in housing, infrastructure, innovation—and ultimately, economic growth. A fragmented approach dilutes authority and efficiency, whereas a unified voice signals strength and cohesion, enabling effective advocacy with policymakers while addressing shared concerns like trade policy and public perception. The industry's competitors are heavily invested and aligned against wood. Steel and concrete are outspending and outmaneuvering the lumber industry, directly impacting and hindering conversions from competitive materials in buildings across the country.

Current industry efforts, while well intentioned, lack the scale to have a meaningful impact on policies that drive the shift in demand for wood construction from niche to mainstream. Pursuing a well-funded government relations effort at scale is an essential driver of medium to long-term success.

Validation and articulation of the issues facing the industry are essential. Successful scenarios require socializing input, engagement, and buy-in with a broad audience of stakeholders. Partnership will help define the net opportunity in the U.S. and beyond and will help outline the gaps, action plan, and budget required to close the gaps. Together, these efforts will foster resilience and tackle global challenges more effectively than siloed efforts ever could, inspiring confidence in the North American industry.

CODE, COMMUNICATIONS, CONVERSION, AND EDUCATION

The SLB has achieved success through strategic and purposeful investments in code, communications, conversion, and education. A reimagined future will build on previous successes, leveraging the foundation for growth and creating opportunities to increase the velocity of wood construction. To enable and catalyze growth in demand, communication and educational outreach efforts will be closely aligned to code adoption and conversion activities. Today, a decentralized approach to brand strategy and go-to-market leaves room for optimization. A more centralized approach would result in an intentional, cohesive experience, greater accountability and responsiveness, more reliable and actionable data at multiple layers, and many other outcomes necessary to drive exponential incremental growth for the industry.

The engagement strategy would follow an individual from formidable years through their career—the entire journey from higher education to the construction industry. The highly sophisticated, data driven effort will target all code, communication, conversion, and education professionals along their entire "customer" journey with a unified voice.

Priorities will include:

- Solving barriers related to code adoption to increase efficiency and development of LF, MT, and hybrid construction projects.
- Promoting business cases to overcome cost vs. value perceptions (such as biophilic benefits, higher resale value/net operating income, etc.).
- Standardizing and promoting intelligent designs that are cost-effective to construct.
- Partnering with trades and construction professionals to close knowledge gaps during the specification and estimation stages.
- Engaging with students earlier and expanding outreach efforts to administration and accreditors to rapidly accelerate wood construction exposure, education, and training.
- Educating current audiences on forestry principles and best practices.
- Streamlining brand and operations investments to increase demand, lead conversion, and return on investment (ROI).

INSURANCE

While construction industry professionals' comfort in building with mass and tall timber continues to grow, developers are faced with challenges in securing financially feasible insurance. Many carriers are overly cautious in assessing risk, resulting in impractical premiums, or in some cases no access to insurance at all. Confidence is growing among developers and construction professionals with demonstrated experience. To scale at a greater velocity, the industry requires more historical claims data available for traditional insurance underwriters to analyze.

Exploring the opportunity to establish industry-led solutions such as captive insurance or reinsurance funds could help reduce developers' risk and stimulate growth. The SLB continues to evaluate best practices of European insurers with more experience and encourage those insurers to consider underwriting projects in the U.S. Continuing these efforts is critical to greater MT adoption.

FINANCE

Exploring financial tools and mechanisms to reduce barriers and rapidly accelerate projects requires creative thinking. Private developers play a pivotal role driving market transformation. Driven by net operating income, the cost of materials, transportation and logistics, and gap financing collectively plague their bottom lines, and therefore the advancement of MT. Providing access to capital for a portion of the financing stack, at rates at or slightly lower than market rates, helps reduce risk and could create a tipping point in the market for wood buildings.

Fortune 100 company-led efforts, such as Microsoft's \$1 billion Climate Innovation Fund and J.P. Morgan Asset Management's \$1.5 billion Forest & Climate Solutions Fund II, have recognized the power of deploying capital to incentivize sustainable building and development practices. Highlighting regional and state policy successes such as density bonuses also presents an opportunity to attract developer investments and further lumber's role in the built environment.

Assembling strategic thinkers who can identify and construct mission-driven programs, such as a revolving loan fund or equity fund, is achievable. Development of these types of efforts offers a win-win, helping stimulate more wood construction while generating a return on capital for investors.

Potential partners for these types of initiatives may include investment from entities such as Sumitomo Forestry's \$500 million fund, Hubert Rhomberg's \$1 billion fund, Bain Capital Double Impact Fund, Green Banks, or other private, public, or philanthropic investors. Aligning these debt and equity financial tools create additional narratives for community development stakeholders—and further demonstrating innovative advancements with lumber building solutions while helping communities meet housing, workforce shortage, and job creation concerns.

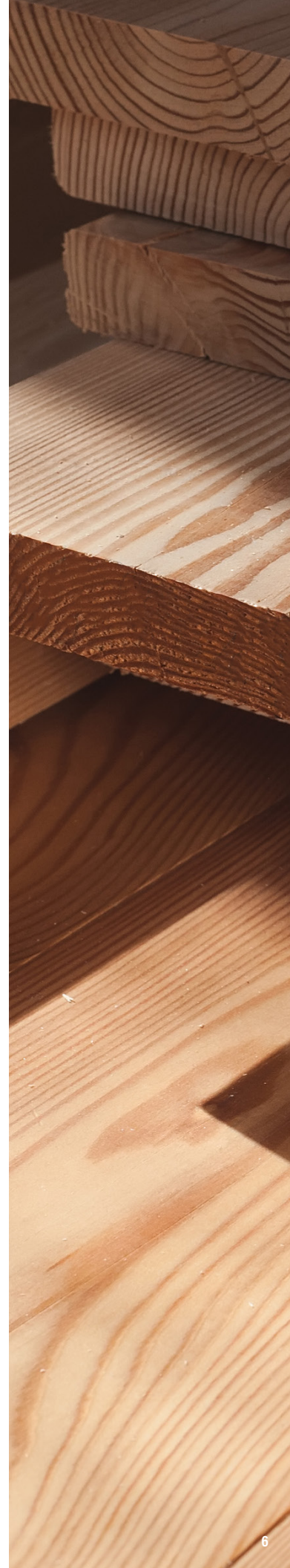
STRUCTURE

The launch of the SLB in 2012 marked a significant shift in how the lumber industry approached domestic market development and promotion. For the first time, the industry coalesced around a unified vision to increase demand for softwood lumber. The SLB has overcome the deficiencies of past programs and is the most equitable and effective way to raise sufficient sustainable funding for meaningful market growth.

The SLB has achieved significantly greater results than what many originally envisioned. The portfolio of the program's investments generated over 1.55 BBF of demand in 2024 and more than 15.5 BBF of new softwood lumber demand since 2012, delivering an ROI of \$43.89 for each industry dollar invested.

The SLB model of aligning efforts on code, communication, conversion, and education have delivered measurable and meaningful results. These programs, along with addressing potential product or building performance, are at the core of what is required to realize the aforementioned market opportunities. Further, aligning or merging U.S. and Canadian efforts will eliminate duplication and add scale to the initiatives.

While success has been significant, an enhanced organization structure and delivery model is necessary to fully realize the market potential available to the lumber industry. An unconstrained, non-governmental model, designed to leverage the experience, operational construct, and execution of the SLB, yet replace its current governance structure and obligations to the USDA Agriculture Marketing Service (AMS), will reduce administrative costs, improve industry centric governance, and expand the scope of activities (i.e. remove impediments on lobbying).



SUMMARY

Accelerated adoption of lumber building solutions is more than a strategy—**it transforms the industry, as well as the economy.** With a shared vision, challenges become opportunities and pave the way for a responsible—and profitable—future.

The inception, implementation, and track record of the SLB demonstrates that when an industry dares to embrace big thinking, it unlocks innovation, drives transformation, and propels progress beyond traditional boundaries. An aligned vision, coupled with emerging technology and a sophisticated operations structure, creates an environment well-suited for transformational growth.

It solves short and long-term challenges related to housing, regional job growth, responsible industrial development, and more. It transforms challenges into opportunities and revitalizes the North American lumber industry and the U.S. market economy in an impactful and sustainable way.