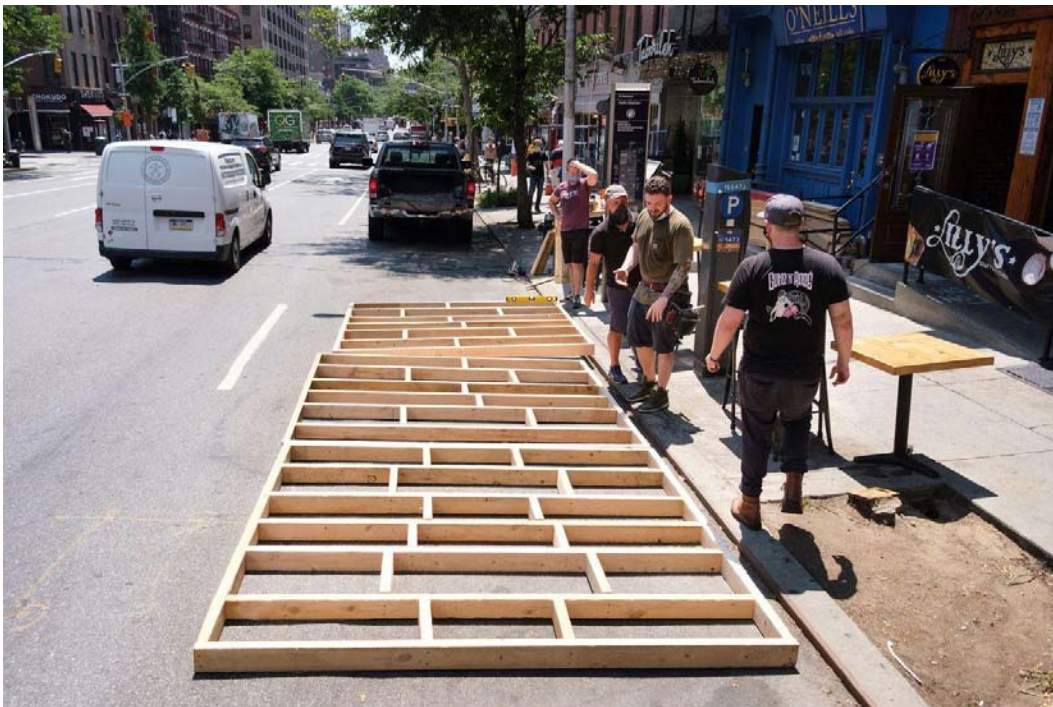


Lumber Futures Price Climbs to Record as Covid-19 Sets Off Building Boom

Demand is supported by do-it-yourself remodeling and resurgent home builders



Restaurants and bars have scrambled to build outdoor seating areas in efforts to stay in business during the Covid-19 pandemic.

Photo: Justin Lane/EPA/Shutterstock

Lumber futures ended Thursday at a record high, propelled by a do-it-yourself remodeling boom and resurgent home builders.

Lumber for September delivery gained 3.1%, or \$19, to settle at \$641.60 per thousand board feet. That tops \$639, the old high mark for the most actively traded lumber contract, reached during a [short-lived climb in 2018](#), when railroad delays, tariffs on Canadian lumber, wood-boring beetles and forest fires crimped supply during the building season.

This time prices have been sent soaring by saw mills that failed to anticipate the coronavirus pandemic setting off a building boom.

Builders, who were in the midst of the [hottest home-construction market since 2006](#) when lockdowns began in March, have been racing to catch up with demand fueled by the [lowest mortgage rates on record](#).

Restaurants and bars in cities across the country have [scrambled to build outdoor seating areas](#) in efforts to stay in business.

And some Americans, stuck at home for months, have taken on remodeling projects and have been building decks.

[Saw mills didn't see this coming](#). Lumber prices tumbled in late February as the U.S. economy began to shut down to slow the spread of the deadly Covid-19. An estimated 40% of North American lumber production was curtailed in March and April as millions of people lost their jobs. Futures hit a four-year low April 1.

They have been rising ever since. By July, prices had returned to their pre-pandemic level and have subsequently added another 47%.

Mill owners said it is unlikely they will be able to add much more wood to the market given the time lost when many mills were shut down in March and April and the challenges of operating mills in the midst of the pandemic.



“We’re pretty close to our maximum at this stage,” [Canfor Corp. CFPZF 0.22%](#) Chief Executive Officer Don Kayne told investors recently. The Vancouver,

British Columbia, company owns more than a dozen lumber mills in the U.S. South as well as several in Canada.

Challenges for mill owners have included staffing and adding shifts [in the South's pinelands](#) because of rising local infection rates as well as predicting how long the strong demand will last.

“We, as an industry, haven’t been able to keep up with demand,” [Weyerhaeuser Co. WY -2.40%](#) CEO Devin Stockfish said July 31. “At some point, is the high unemployment level going to start impacting new-home sales?”

There has been no sign of slowing demand, said Stinson Dean, managing partner of Deacon Lumber Co., a lumber-trading firm. He said buyers are so desperate for lumber that they are paying much more than the futures price—in some cases hundreds of dollars more—for prompt delivery.

“The marketplace is starved for supply, so much so that it will pay whatever it takes,” Mr. Dean said. “It doesn’t matter that you can buy it cheaper in two months. Everyone needs it now.”

Write to Ryan Dezember at ryan.dezember@wsj.com