



Soaring Lumber Costs Have Added \$16,000 to the Price of a New Home

Two state strategies concerning agriculture and rural affairs championed by the National Association of Home Builders (NAHB) will help:

1. Spur agriculture sector jobs by calling for/incentivizing increased lumber production; and
2. Improve rural housing affordability by implementing the first step and by asking the Trump Administration to prioritize a softwood lumber agreement with Canada that will end tariffs averaging more than 20% on Canadian lumber shipments into the U.S.

Forestry and logging are part of the agriculture sector. The price of lumber dramatically impacts the affordability of all homes, including homes in rural areas. A slowdown in timber production in the agricultural sector has led to a staggering increase in the price of lumber – significantly increasing housing costs.

Lumber prices have soared more than 170% since mid-April, according to Random Lengths. **This surge has boosted typical new single-family home prices and apartment prices by more than \$16,000 and \$6,000**, respectively.

The Wall Street Journal reported in August that the lumber shortage was impacting demand and costs for homes, fences, decks, cabinets and more. According to the Journal, several factors led to the price jump:

- When the pandemic hit, many lumber mills projected that housing would be adversely affected and therefore reduced production in anticipation of a large drop in demand.
- Due in part to low mortgage rates, residential construction and remodeling weathered the storm much better than was predicted and demand for lumber accelerated, far surpassing lumber mills' projections.
- Producers also did not anticipate the massive uptick in demand from do-it-yourselfers and big box retailers during the pandemic.

While NAHB recognizes there are limits to what the government can do, it does ask state leaders to be aware and keep in mind these price increases when considering regulations that raise housing costs. Having state leaders voice their support to increase domestic lumber production and to urge the Administration to move swiftly on a new softwood lumber agreement with Canada will help in the fight to ease the nation's housing affordability woes, including in our agriculture and rural communities.

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