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Timber Merchants Market Report – UK 2011-2015 Analysis

New AMA report reviews the UK timber merchants market

“Following a 4 year period of growth up to 2008, the timber merchants market went into decline and, in 2010, **the timber merchants market is estimated to be worth around £1,230m.** Prospects for 2012-2015 remain muted, but steady recovery in the housebuilding sector and the strong sustainability credentials in some markets will help contribute to slow but steady growth in the medium term.”

A brief summary of the report is included on the following page.

Priced at £665, the report is currently available from AMA Research Ltd,
Telephone 01242 235724 or e-mail at sales@amaresearch.co.uk.

Editors Note:

Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

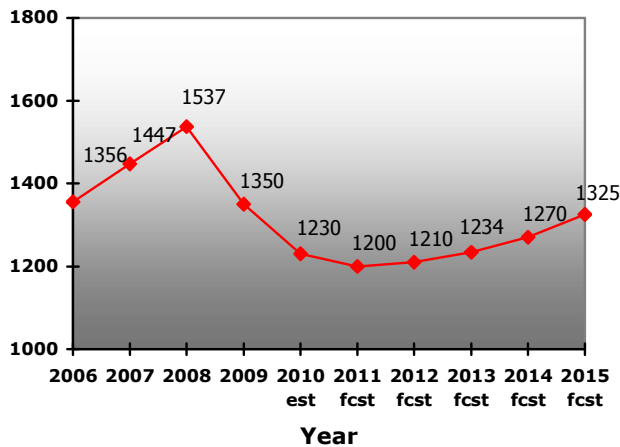
If you would like to receive an editorial review copy or would like to speak to the author of this report, please contact Andrew Hartley or Chris Moore on (01242) 235724.

Please include our web address and telephone number on any review printed; it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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Timber Merchants Market and Forecasts
2006 – 2012 (£m)



The Timber Merchants market relies heavily on the performance of the housing and general construction market in the UK, with most sectors relatively subdued over the 2009-2011 period.

Following a 4 year period of growth up to 2008, the Timber Merchants market went into decline and, in 2010, **is estimated to be worth around £1,230m** - a fall of 9% on the previous year. There were strong annual increases up to 2007/08, before a combination of the housing recession, together with the start of a decline in non domestic construction output, impacted severely on the sector.

In 2010, although UK new housing starts increased to 141,000, a 32% increase compared to the previous year, this was still much lower than the 2007 level of 232,000. There were some indications of a slight recovery in early 2011, but my mid-year output had levelled out and it is difficult to forecast whether any growth will be sustained for 2012.

The volume of flats constructed in the UK rose considerably from 2003 - 07 and by the end of 2009 the share of flats to total housing was 50%. However, in 2010/11 traditional housing completions were back up to around 60% of total housing, with flats at a reduced figure of 40%. This decline in flats and return to more traditional housing should have a positive effect on the sector with the need to supply increasing volumes of timber such as roof trusses, doors and windows, fencing, gates etc.

In addition to new housebuilding, sales of timber also rely heavily on the replacement market for a wide range of products – windows, doors, sawn/planed timber etc – and these sector have been under pressure in the last 2-3 years.

In overall terms, manufactured timber products and sawn/planed wood each account for around 35% of timber merchant sales, with boards/sheeting accounting for around 20% of sector demand.

In the 5 years to 2010, production of sawn softwood the UK has been largely static - though total consumption has declined by around 20%. As a result, UK sawn softwood market share has grown as imports have declined from 35% to 27% of consumption. Woodbased panel production in the UK (Particleboard and Fibreboard) saw decline in the 4 years to 2009 by 13%, about the same decline as exports, however imports of the product declined much more significantly by 37% in the period. However, as the housing market started to show some signs of recovery in 2010 consumption of woodbased panels recovered by around 9%.

In terms of structure, the timber merchants market is highly fragmented with a mix of national suppliers with an estimated share of around 40% competing with regional and local independents. However, supply is made more complex in that timber merchants are not only competing directly with other merchants, but also a mix of general builders merchants, DIY, timber windows/door manufacturers, importers etc.

In the short term, it is unlikely that the timber merchants market will experience anything other than marginal growth at best, and this may not occur until 2012. The housing market, on which the sector depends, shows little sign of full recovery and it may well be several years before housebuilding volumes reach levels equivalent to the peak years before the housing recession.

Much will depend on RMI in the housing sector and there will need to be a return of consumer confidence and readily available mortgage finance before growth rates will achieve a robust level. House prices still show no sign of sustained growth in mid-late 2011 and mortgage approvals have not improved for some time, while global financial uncertainty will add to market volatility in 2012-15.

“**Timber Merchants Market Report – UK 2011 – 2015 Analysis**” is available in hard copy or electronic format for £665 and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.