

**Ministry of Northern
Development, Mines,
Natural Resources and
Forestry**

Office of the Deputy Minister

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**Ministère du
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naturelles et des Forêts**

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Chris Murray
City Manager
City of Toronto
chris.murray@toronto.ca

Dear Mr. Murray:

Thank you for copying me on your letter to Giles Gherson, Deputy Minister of Economic Development, Job Creation and Trade, regarding the increased costs for building supplies, particularly lumber. Mr. Gherson has asked me to respond.

Lumber and wood panels prices saw their highest level and set new records in 2021. Like other commodities, the price of lumber and wood products can change very quickly in response to the forces of supply and demand.

Like other sawmills across North America, many Ontario mills curtailed production in Spring 2020 to keep workers safe and prepare for an economic slow down in the USA and Canada. As it turned out, housing construction markets did not dip as deeply as expected and there was an unexpected increase in demand from do-it-yourself home renovation projects.

Mills across North America were initially unable to ramp up production fast enough for supply to match demand. Several mills faced challenges to ramp up production due to evolving COVID-19 related safety measures.

The supply shortage in North American markets is also exacerbated by production curtailments in British Columbia, which are due in part to the impacts of COVID-19 and to the long-term wood supply shortages across that province. Furthermore, frigid weather and related power outages in the southern US - which accounts for 30 per cent of the lumber production in North America - took a toll on lumber production in January and February 2021.

With economies reopening, lumber supply has started to improve. However, forest fires in British Columbia may impact lumber supply in North American markets and add further uncertainty to an already volatile situation.

Despite recent price decreases, lumber prices are expected to remain strong and volatile (compared to historical standards) for the remainder of the year.

I appreciate Council's concerns for the rise in costs for building materials.

Thank you again for writing.

Sincerely,



Monique Rolf von den Baumen-Clark
Deputy Minister

- c: Giles Gherson, Deputy Minister of Economic Development, Job Creation and Trade
- Kate Manson-Smith, Deputy Minister of Municipal Affairs and Housing
- Renu Kulendran, Deputy Minister of Government and Consumer Services
- Maureen Lang, CAO-Clerk-Treasurer, Municipality of Powassan
- Giovanni Cautillo, President, Ontario General Contractors Association