

## Stronger Together

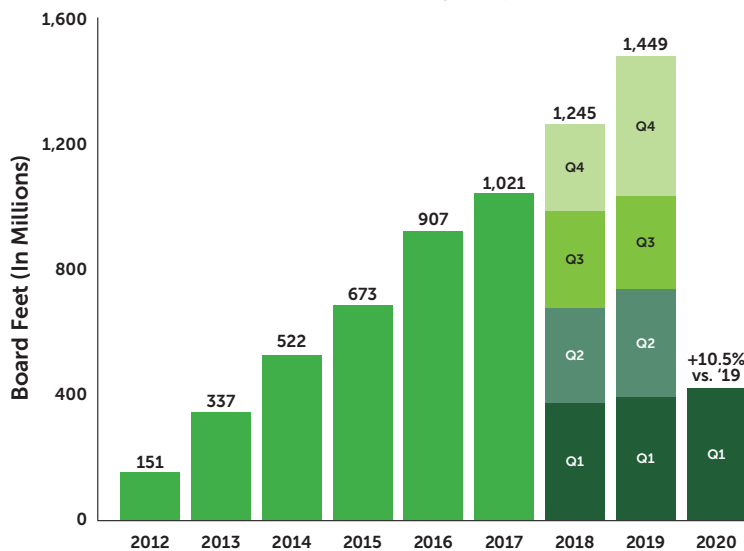
Dear Softwood Lumber Board Investors and Industry Partners,

The COVID-19 pandemic has created an unprecedented operating environment for us all and has changed business practices in ways none of us would have conceived of at the start of the year. It will take time to fully understand the medium- and long-term implications for our end-use markets; however, in the near term, we're fortunate that strong demand for lumber products in the R&R market and a downturn that was less severe than expected in housing has mitigated the impact for our industry overall.

Despite the emergence of the pandemic in early March, we are pleased to report that the SLB programs and initiatives generated 420 million board feet in incremental softwood lumber demand in Q1, a 10% increase year-over-year.

### Demand Generated by SLB-Funded Programs

Source: 2020 Prime Consulting ROI Report



Since inception, the SLB and funded programs have generated over 6.7 billion board feet of demand and have an average return on investment ratio of \$25 for each \$1 spent.

Demand for lumber-based mass timber products such as nail laminated timber and cross laminated timber continued to accelerate in the non-residential market, and more jurisdictions enabled its use through early adoption of the 2021 IBC mass timber code language.

COVID-19 has most certainly transformed how the SLB operates and executes its programs and initiatives. As the scope and scale of the pandemic became clear, the SLB and its funded-programs took swift action to adjust and adapt tactics in the short term and review overall strategies to ensure that they remained focused on the segments that offer the greatest market share growth opportunities for the lumber industry. At the same time, we need to be mindful of the importance to protect what we've gained. In recent months, the concrete industry has launched a newly invigorated program to recapture share lost to the softwood lumber industry. Our programs are well positioned and resourced to counter this effort.

Anticipating a significant reduction in lumber production and imports, the SLB has implemented budget cuts in communications, conversion, innovation, and research and realized savings in other areas, including administration. Certain initiatives, such as contractor training, which were scheduled to launch in 2020, have been put on hold, while others, such as the Think Wood Mobile Tour, have been postponed due to COVID-19 related restrictions. These changes will ensure the SLB and its funded-programs remain in a sound financial position and have the necessary resources to boost and expand activities as soon as it is deemed safe and prudent to do so.

In the interim, our team and programs have worked to quickly adapt and expand remote education offerings to meet the surge in demand; continue to progress on market research, data analysis, and lead nurturing; and provide high-quality, remote technical support to building professionals considering light-frame and mass timber systems, while continuing to seek new ways to position lumber-based building systems as the solution of choice.

Out of these challenging times, new opportunities for growth will emerge. The future for the lumber industry remains bright.

We are grateful for your continued support.

Sincerely,



Cees de Jager,  
President & CEO

## WHAT'S INSIDE?

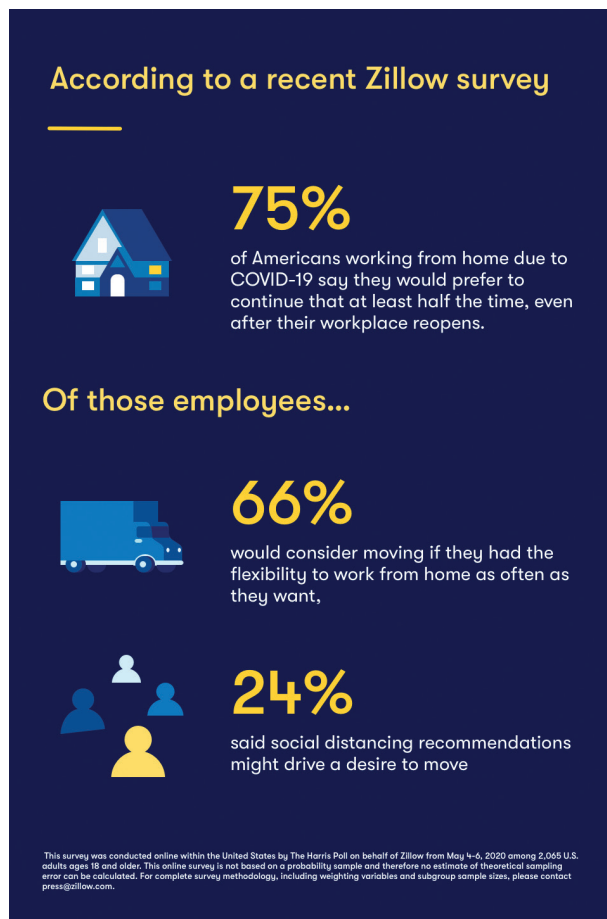
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# Market Update

## New Norms to Leave Lasting Effect on American Housing

The COVID-19 pandemic is likely to lead to new and lasting norms for how Americans work, spend, and choose their housing. This was among several trends and predications shared by Craig Webb, president of Webb Analytics and former editor in chief of ProSales and Remodeling Magazine, when speaking at a recent SLB board meeting on COVID-19's likely impacts on the softwood lumber industry.



*Analysis from Zillow indicates that the ability to work remotely frequently influences housing choices, including but not limited to location and investments in remodeling*

Webb expects that the shift to telework will continue and will prompt some city dwellers to move to the suburbs since they will no longer be encumbered by a longer commute. This shift will create added demand for suburban single-family housing in areas with reliable high-speed internet nationwide. Webb also expects that consumers will value healthy homes more than ever and will prioritize products and materials that are proven safe and environmentally friendly as well as include biophilic designs. Already, in the first two months of widespread stay-at-home guidance, demand for decking has surged as people look to extend their living space and

increase their connection with the outdoors while at home.

While Webb thinks the pace of construction will slow into 2021, he expects both custom and built-for-rent housing markets to show resiliency along with single-family homes. The multifamily segment appears to be most at risk, with sales of existing condos and co-ops currently declining at two times the rate of single-family homes. These shifts stand to have unfortunate impacts on the industry, as any big gains for the built-for-rent segment may translate into less board feet, while multifamily developers may prioritize low costs without regard to sustainability or innovation when specifying. Regardless of the segment, Webb believes that more builders will turn to component manufacturers, pre-cut timber, and custom framing to accelerate project timelines and accommodate concerns for workers' health on job sites.

Webb closed with a reminder that technology and innovation—such as mass timber—can quickly change the building landscape, and the wood industries' strong, ongoing investment in research and development may uncover another big innovation that will improve how America builds.

In late April, Building Industry Partners and Webb Analytics convened over 100 thought leaders from the U.S. building industry for a three-day online forum to discuss the impacts of the coronavirus pandemic, key challenges, and what lies ahead. Visit [covidsummit.buildingip.com](https://covidsummit.buildingip.com) to learn more.

## Concrete Industry Steps Up Marketing Presence

The competition does not sleep, even during times of pandemic. Under the banner of its Build with Strength campaign and more recently launched Shaped by Concrete campaign, the concrete industry is aggressively moving into advertising and sponsorship markets long known as valuable to the softwood lumber industry.

In recent months, Build with Strength has significantly increased its paid presence in residential and commercial audience publications, including designer-focused educational content in partnership with third-party publishers, and launched a new sponsored content series in Architect Magazine. In several instances, Build with Strength has occupied advertising and partnership slots recently vacated by Think Wood because of budget constraints and a shift toward lead generation and nurturing.

Meanwhile since its launch in mid-January, Shaped by Concrete has struck positive chords, touting concrete's strength, durability during disaster, and carbon-storage ability through print ads, online content, and sponsorships. Shaped by Concrete has quickly grown its online followers from a mere 12 Facebook followers to more than 5,000 in a matter of months.

## Next Wave of Mass Timber Innovation Taking Shape in Boston

Since its conception less than 30 years ago, mass timber has been synonymous with innovation, and its steady stream of new, high-performing, and code-compliant products have helped create growing acceptance among American architects, engineers, and developers. As John Klein, CEO of Boston-based architecture firm Generate, highlighted in a recent presentation to the SLB board, mass timber innovation can be just as much about systems disruption as it is about new product development.



Recently as a principal investigator with MIT and now at Generate, Klein and his associates are on the leading edge of developing digitalized and customizable mass timber solutions. With funding from a U.S. Forest Service/SLB Wood Innovations Grant in 2018, Klein led an MIT team to develop a catalog of mass timber building systems, exhaustively detailing the cost and carbon implications of each system's configurations and supply chains, comparing these with competing systems. One prototype from this catalog—a 20,000-square-foot cellular tower made entirely from cross laminated timber (CLT)—will break ground in South Boston this summer. The building will feature an array of factory-built sub-units assembled on-site; the modules will both keep down costs and optimize the building's energy efficiency. Once operational, the building will be net-zero carbon and will meet Passive House Standards by generating the majority of the building's energy through an integrated solar roof system.

The South Boston building is one of several projects Klein has in the works to showcase modular, carbon-friendly mass timber and hybrid systems, using support from the National Science Foundation and Binational Softwood Lumber Council. Klein hopes that his emerging portfolio will create valuable demonstration projects that support the large-scale deployment of mass timber systems. To further this goal, Klein is also active

in market development and regularly performs outreach to real estate developers and state and local authorities, including in partnership with WoodWorks. Klein believes that Boston has the potential to replicate Portland's scale and success in constructing with mass timber on the East Coast, bringing benefits to multiple layers of the supply chain.

## Demand for Education Swells as More Professionals Work from Home

Widespread work- and stay-at-home orders amid the COVID-19 pandemic have led to an uptick in the number of design and construction professionals accessing online education. The SLB's funded programs have long offered a robust selection of online offerings and were quick to shift as many resources as possible to online formats. WoodWorks, for example, saw the number of registrants and test takers of its courses rise by 40% year-over-year by mid-April, and it now offers diverse programs ranging from small group lunch-and-learns to 300-person symposiums in online formats.

*Even before the pandemic, WoodWorks was off to an impressive year in delivering remote education. WoodWorks averaged more than 1,635 participants at each of its six webinars in the first quarter, with 98% of participants rating the webinars as excellent or good.*

Remote education offerings will be strengthened even further with the pending launch of the learning management system (LMS) at woodinstitute.org in Q3. Spearheaded by Think Wood, the LMS will offer users a single platform in which to access specialized content from Think Wood, the AWC, and WoodWorks and to pursue learning tracks by profession, material, and application.

*In just one week, the AWC developed and presented a webinar, "Demobilizing Construction Sites Safely Using NFPA 241," to more than 800 construction professionals to support them in minimizing fire risk as they temporarily closed down construction sites because of the COVID-19 pandemic.*



# Q1 Program Highlights



Art House, Type V-A, four stories, 454,619 board feet.  
Courtesy: TLCD Architecture



University of Massachusetts, Design Building, Type IV, 869,604  
board feet (estimated equivalent). Courtesy: Albert Vecerka

## Code:

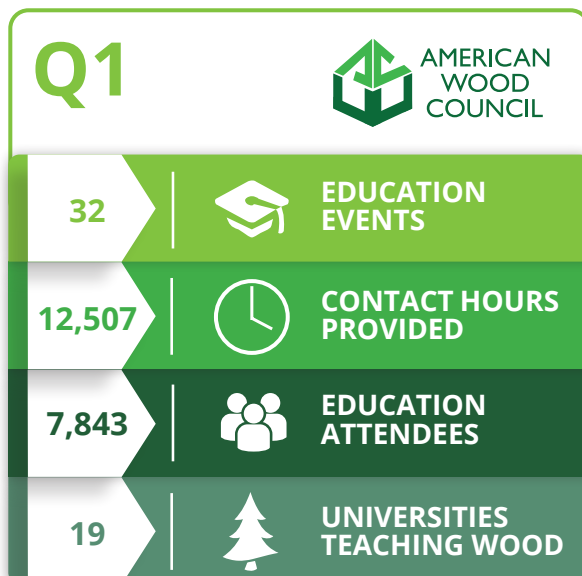
### American Wood Council

- Three members of the AWC's codes staff were appointed to International Code Council (ICC) Code Action Committees for fire; building; and sustainability, energy, and high-performance building codes, respectively, in preparation for the 2024 ICC code-development cycle. Each committee will develop proposed standards changes and recommend proposals for consideration by ICC membership.
- The final draft of *Mass Timber in the International Building Code* was completed and will be co-branded by the AWC and ICC. The AWC and ICC also teamed to present three webinars on mass timber in ICC building standards.
- The AWC released an updated *Maximum Span Calculator for Wood Joists and Rafters* app, and, in partnership with ICC, the *2015/2018 Structural Wood Design Examples* publication.

## Communications:

### Think Wood

- A strategic redesign of ThinkWood.com is underway to streamline user experience, provide education on all sectors of wood construction, and optimize lead generation.
- Think Wood-sponsored multimedia partnerships with Multifamily Executive Concept Community and Architectural Record generated nearly 700 contacts in the first quarter.
- Nearly 1,300 building professionals took 2,141 Think Wood AIA-accredited CEU tests in Q1, resulting in 513 new contacts.
- The Learning Management System (LMS) Steering Committee—composed of staff from Think Wood, the AWC, and WoodWorks, working with a consultant—selected the eThink Education global learning management system. Implementation planning is ongoing, and the LMS, now called The Wood Institute, at [woodinstitute.org](http://woodinstitute.org), is expected to launch by early July.





Think Wood Mobile Tour  
Courtesy: Think Wood



Prescott Regional Airport Terminal, Type V-A building with heavy timber roof, 163,081 board feet. Courtesy: DWL Architects + Planners

## Communications:

### Think Wood Mobile Tour

- The Think Wood Mobile Tour kicked off the year in high gear, making stops at the International Builders' Show in Las Vegas; the Oregon Logging Conference in Eugene; and the North American Wholesale Lumber Association Conference in Palm Desert, California, before suspending operations because of coronavirus restrictions. At these stops, the Mobile Tour hosted approximately 800 building professionals and generated 35 new leads, 11 of which requested WoodWorks' support. Feedback on the Mobile Tour's content and messaging, which promotes the benefits of wood buildings, continued to be overwhelmingly positive.
- As the scope and extent of coronavirus restrictions set in, the Mobile Tour team canceled stops until further notice, reduced its budget by one-third, and, where possible, deferred expenses to 2021. The Mobile Tour has two months of 2020 execution budget on hand, should it have the opportunity to resume operations this year.
- The Think Wood Mobile Tour is, by its very nature, a place for people to gather and experience the benefits of wood and wood products together. The tour looks forward to hitting the road again as soon as possible.



## Construction and Conversion:

### WoodWorks

- WoodWorks initiated more than 1,600 interactions, which resulted in 219 new influenced projects and 105 directly influenced projects in Q1, a 21% year-over-year increase. The projects will support an estimated 108 million board feet of consumption.
- WoodWorks logged 14,300 practitioner education hours delivered through 87 WoodWorks-hosted and third-party events; reached nearly 10,000 practitioners through six webinars; and acquired nearly 1,600 new contacts during the quarter. WoodWorks President and CEO Jennifer Cover testified before the U.S. Congress to raise the profile of wood products and elaborate connections between mass timber, forest health, and rural economies.
- WoodWorks met with the U.S. State Department to discuss leveraging CLT's acceptance in the military building code with other government organizations.





# Program News

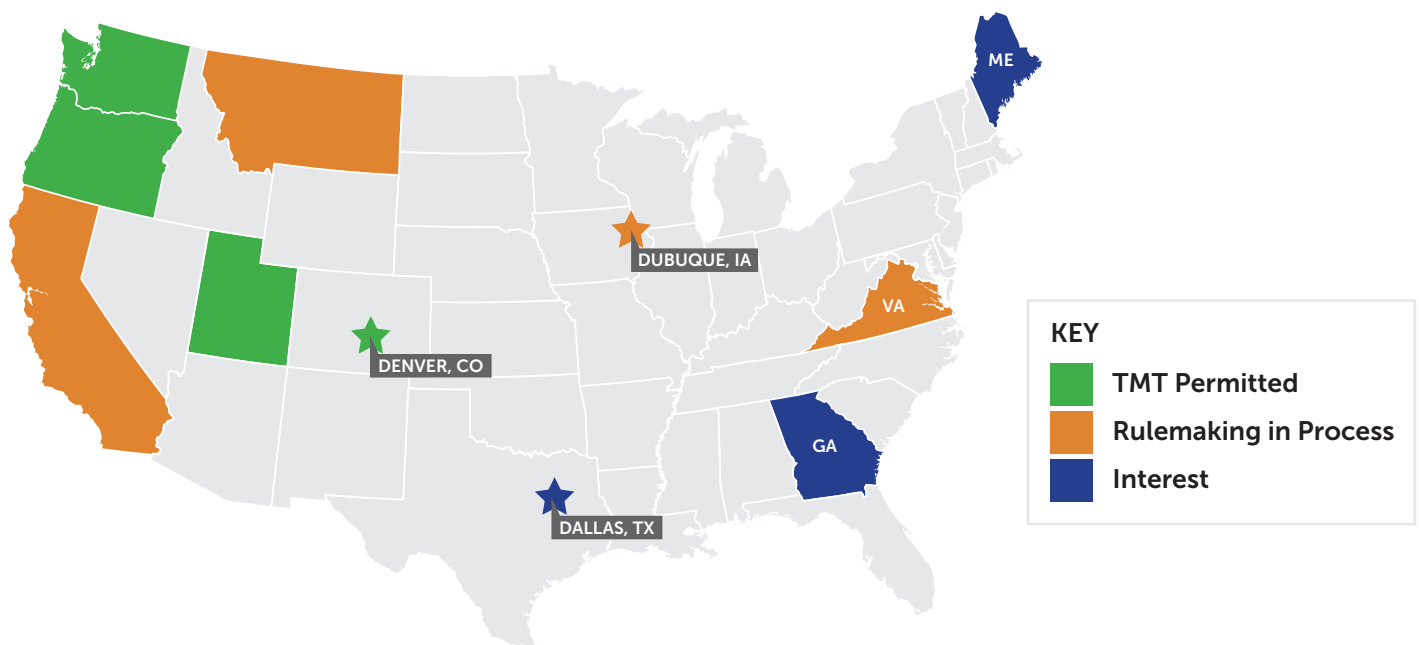
## More Jurisdictions Open Door to Mass Timber through Early Adoption

A growing number of U.S. jurisdictions are working to accelerate their adoption of the 2021 IBC mass timber code language changes to allow for taller and more diverse wood buildings. In March, the state of Utah approved early adoption, joining Oregon, Washington, and the city of Denver. California, Virginia, Montana, Georgia, Maine, and the cities of Dallas and Dubuque, Iowa, are either currently working toward or have expressed interest to the AWC in early adoption.

To support the construction and safety communities in these jurisdictions and nationwide, the AWC has teamed with the ICC to publish Mass Timber Buildings in the IBC® and to host education webinars aimed at building understanding of the code changes as well as capacity and confidence in applying them in tall mass timber building projects.

Early adoption offers the softwood lumber industry an important opportunity to increase acceptance and create a portfolio of constructed projects that demonstrate the impact and potential of building taller with wood. The shift to taller mass timber buildings creates an important growth opportunity for the industry, as taller buildings equate to a higher ratio of board feet per square foot. Consider that a light-frame multifamily building typically consumes 8 to 9 board feet per square foot on average, but an all-CLT midrise build consumes 30 to 45 board feet per square foot.

## 2021 Taller Mass Timber (TMT) Provisions - Adoptions



## Think Wood Promotes Brand, Messaging through Strategic Media Integration

Think Wood provided wood education and trend information to ArchDaily, the world's most visited architecture website, as part of its media integration strategy. During the quarter, two articles, "Timber Takes the Heat: What Every Architect Should Know About Wood Construction and Fire Protection" and "Timber Trends: 7 to Watch for 2020," performed well above benchmark averages, eliciting more than 105,000 page views. The "Timber Trends" article linked to a download, which resulted in 115 new contacts for Think Wood.

Think Wood teamed with *Architectural Record* for an exclusive editorial CEU sponsorship, written by the magazine's editors. The piece, "Time for Timber," spotlighted California's Billie Jean King Main Library, which was designed by long-time SLB collaborator



SOM and supported by a WoodWorks 2020 Wood Design Award. Think Wood's sponsorship included a full-page print ad and web banners next to the CEU course online. The CEU launched in March and has resulted in 365 new contacts.

As a part of Think Wood's overall communication strategy, the campaign continued its transformation to targeting lead acquisition and nurturing. During the quarter, Think Wood increased its database by 7% from the previous quarter; cultivated 3,455 new contacts from publications, paid media integrations, trade shows, and events; and sent 14 sales qualified leads to WoodWorks for further nurturing and one-on-one technical support. All contacts in the Think Wood database receive the four email Welcome series and continue to receive communications from Think Wood, highlighting self-serve resources, events, and project profiles.

## Tracking Think Wood Impact

Think Wood conducted an Intent to Specify Benchmark Survey in March to quantify the value of its lead-nurturing activities and set baselines against which to measure progress. The survey, which will be conducted biannually, compared responses between Prospects, who had little exposure to Think Wood, and marketing qualified leads (MQLs), who have been exposed to Think Wood and its resources over time.

While the survey revealed little difference in past history of building with wood or average intent to specify, 50% of MQLs rated their intent to specify at a 9 or 10 (the highest possible) compared to 40% of prospects. There was also a 7% increase in awareness of the AWC and WoodWorks's technical and code resources.

The survey also explored audience experience, barriers to wood construction, and desired tools. Key findings:

- 95% of MQLs said they learned something new about wood construction and design through Think Wood resources and indicated they will use their new knowledge on future projects; 58% expect to apply their new knowledge within the next six months.
- Top barriers to wood construction indicated by Prospects:
  - 27.6% said issues with code, including reviewers not being up to date.
  - 17.2% said lack of familiarity with wood among local building professionals.
  - 16.4% said cost relative to competing materials.
- Prospects indicated the following tools would be helpful in overcoming common challenges:
  - 39% said case studies and demonstration projects.
  - 34% said access to experts.
  - 30% said design guides/tools.

Think Wood will use these and future findings to shape its content development and activities, sharing the results with the AWC and WoodWorks to ensure a coordinated approach as it continues to act as the communications arm of the softwood lumber industry.

## PNW Middle and Elementary Schools Vancouver, Washington

### *New Schools Invoke the Outdoors by Using CLT*

Vancouver, Washington-based LSW Architects was keen to explore mass timber as a way of creating connections between its projects and the region's abundant forests and knew to turn to WoodWorks for support. LSW Architects have accessed WoodWorks education since 2014, attended two Mass Timber Conferences, and had benefited from WoodWorks' technical support on light-frame school and mid-rise multifamily projects.

Their latest project—the 200,003-square-foot, co-located McLoughlin Middle and Marshall Elementary schools in Vancouver, Washington—provided the perfect opportunity to try mass timber. WoodWorks helped the LSW team to develop specifications, work through technical and procurement issues, and ultimately settle on Type V-B structures composed of CLT floors and roofs supported by glulam beams and a combination of tilt-up concrete and wood-frame walls. The two schools, which together will house more than 1,300 students, are separated by a two-hour fire wall, with controlled connections between the media center, kitchen, and family resource room.

The project is nearing completion and is on pace to consume the equivalent of 3 million board feet of softwood lumber. At nearly 15 board feet per square foot, the project also iterates the importance of building system selection in increasing softwood lumber consumption.



### PROJECT DETAILS

<b>Description:</b>	Four Type V-B buildings, mass timber and light wood-frame
<b>Size:</b>	200,003 square feet
<b>Value of construction:</b>	\$80 million
<b>Value of wood products:</b>	\$4.8 million
<b>Volume of lumber:</b>	3 million board feet (equivalent)
<b>Status:</b>	In Progress

## Highlights From the SLB's 2019 Annual Report

The SLB recently published its 2019 annual report, *Generating Demand on Every Level*, which overviews how the SLB created demand for softwood lumber products through its investments in codes, communications, conversions, and innovation. Visit [softwoodlumberboard.org/annualreport](http://softwoodlumberboard.org/annualreport) to download a copy or the report or infographic poster in English or French.

### 2019 IMPACT



### 2012-2019 CUMULATIVE IMPACT

THE SLB CREATES MORE **DEMAND FOR LUMBER**



## Changes to Assessment Collection Imminent

Beginning July 1, the U.S. Customs and Border Protection will collect assessments on imported softwood lumber covered under the Softwood Lumber Checkoff. This is a change from past procedure wherein companies reported and paid assessments directly to the SLB.

Customs will collect from all importers of record, including those that ship less than 15 million board feet (mmbf) annually to the United States. The collection will be done through brokers. As in years past, only companies that ship  $\geq 15$  mmbf to or within the United States are obligated to pay annual assessments to the SLB under the checkoff, currently at a rate of \$0.35 per thousand board feet. Companies shipping less than 15 mmbf annually will be eligible to receive a refund from the SLB on their assessments collected by Customs.

The SLB is committed to creating benefits for the entire softwood lumber industry and therefore believes that all industry producers, whether domestic or international, should equitably contribute. The SLB is also committed to ensuring the highest levels of compliance. We look forward to working with U.S. Customs and producers to continue to track and improve compliance and, in turn, multiply the benefits accruing to our industry.

For more information, please contact Maureen Pello with the Softwood Lumber Board at 971-339-4934, or via email at [exempt@softwoodlumberboard.org](mailto:exempt@softwoodlumberboard.org).

#### About the SLB

The Softwood Lumber Board (SLB) is an industry-funded initiative established to promote the benefits and uses of softwood lumber products in outdoor, residential, and non-residential construction and to increase demand for appearance and softwood lumber products.

[www.softwoodlumberboard.org](http://www.softwoodlumberboard.org) | [info@softwoodlumberboard.org](mailto:info@softwoodlumberboard.org) | [@LumberBoard](https://twitter.com/LumberBoard)