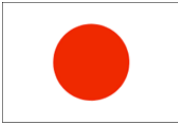


# Market update Japan



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Fredrik Westling,  
CEO Forssell Timber



# Japan



- Decreasing population
- Lack of workforce
- Record weak Yen
- Nominal wages increased 10% from 1991 – 2020, last few years we seen a change
- Inflation rate just over 2,5%, coming down from 4%. Forecast 2026/27, 1,5-2%
- Declining purchasing power
- GDP growth 2024 -0,2%, 2025 – 2027 1,0 – 1,3%
- Interest rate from Bank of Japan is 0,5%, BOJ forecast 1% 2026
- Floating rate on housing loans is 0,6-0,9%



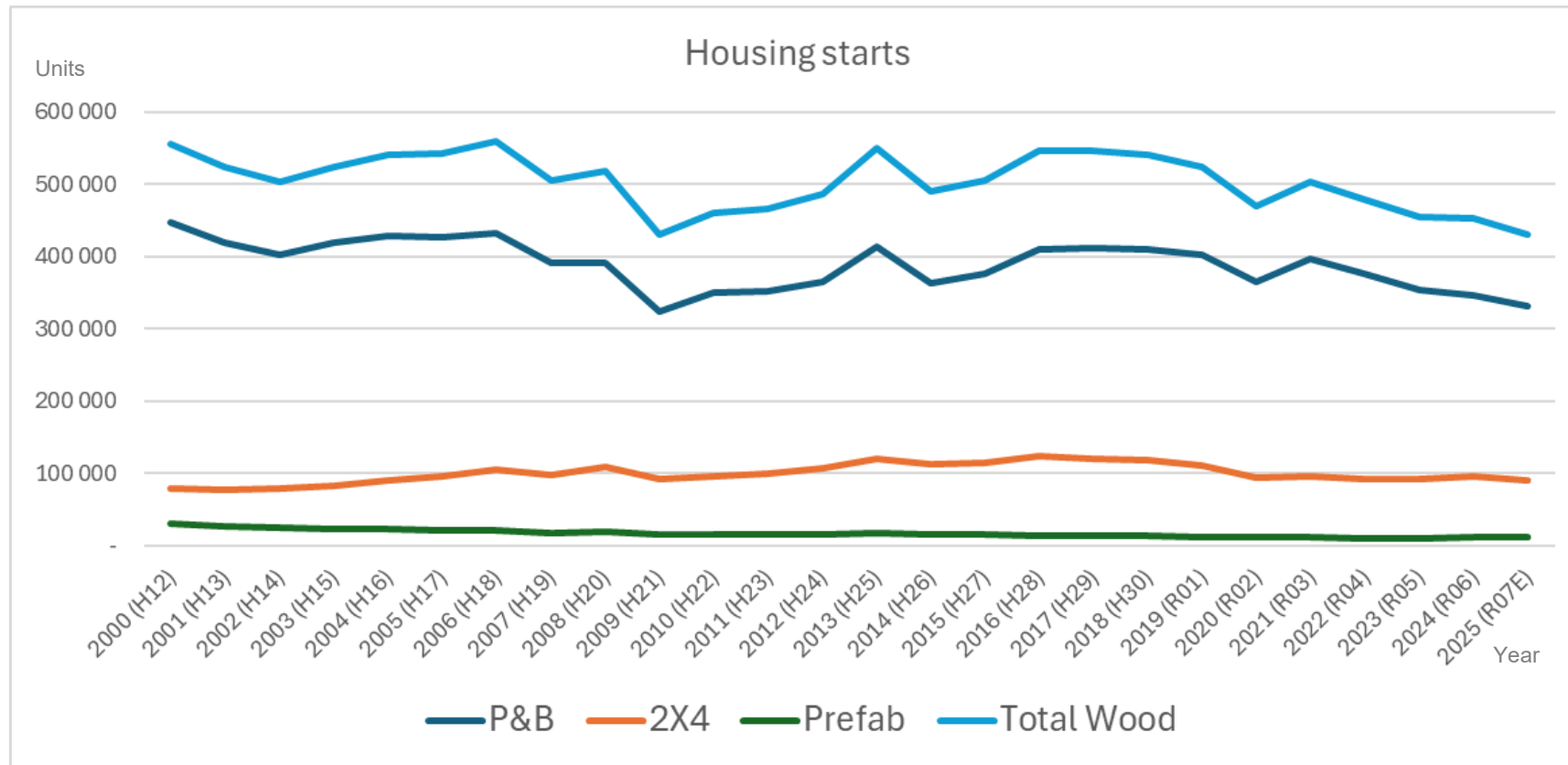
# Softwood Market in Japan

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- Main usage is as building material in residential buildings, non visual usage
  - Two main value chains for residential wooden houses
    - Traditional Post & Beam
    - 2x4 constructions
  - Non residential
    - Below 10% of m2 are wooden buildings.
    - Market expected to grow
    - GOJ has a goal to increaase wood share to over 15% year 2030
-

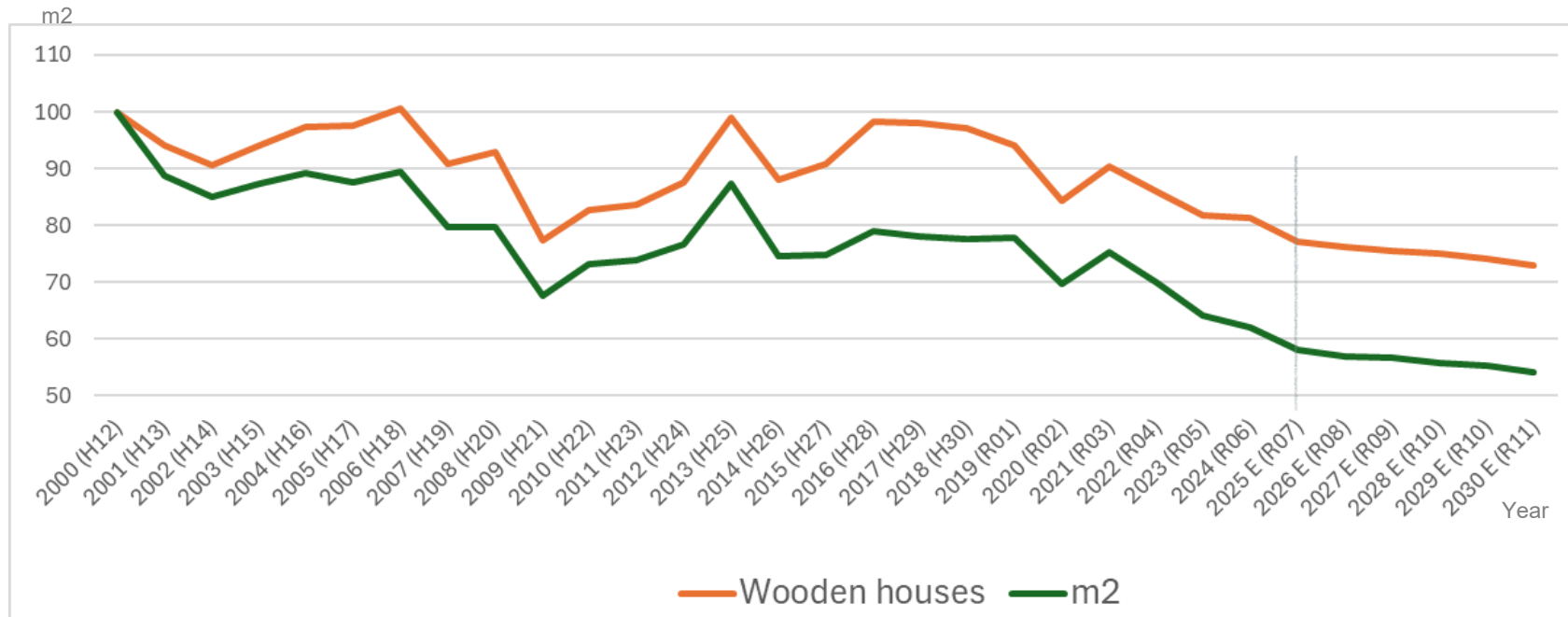
# Wooden residential houses – Slightly downward trend



# ... Less m2 built



Wooden houses and m2, as index, year 2000 = 100



m2/unit decreased with more than 20% since year 2000 but share of wooden buildings increase

# Domestic supply of softwood

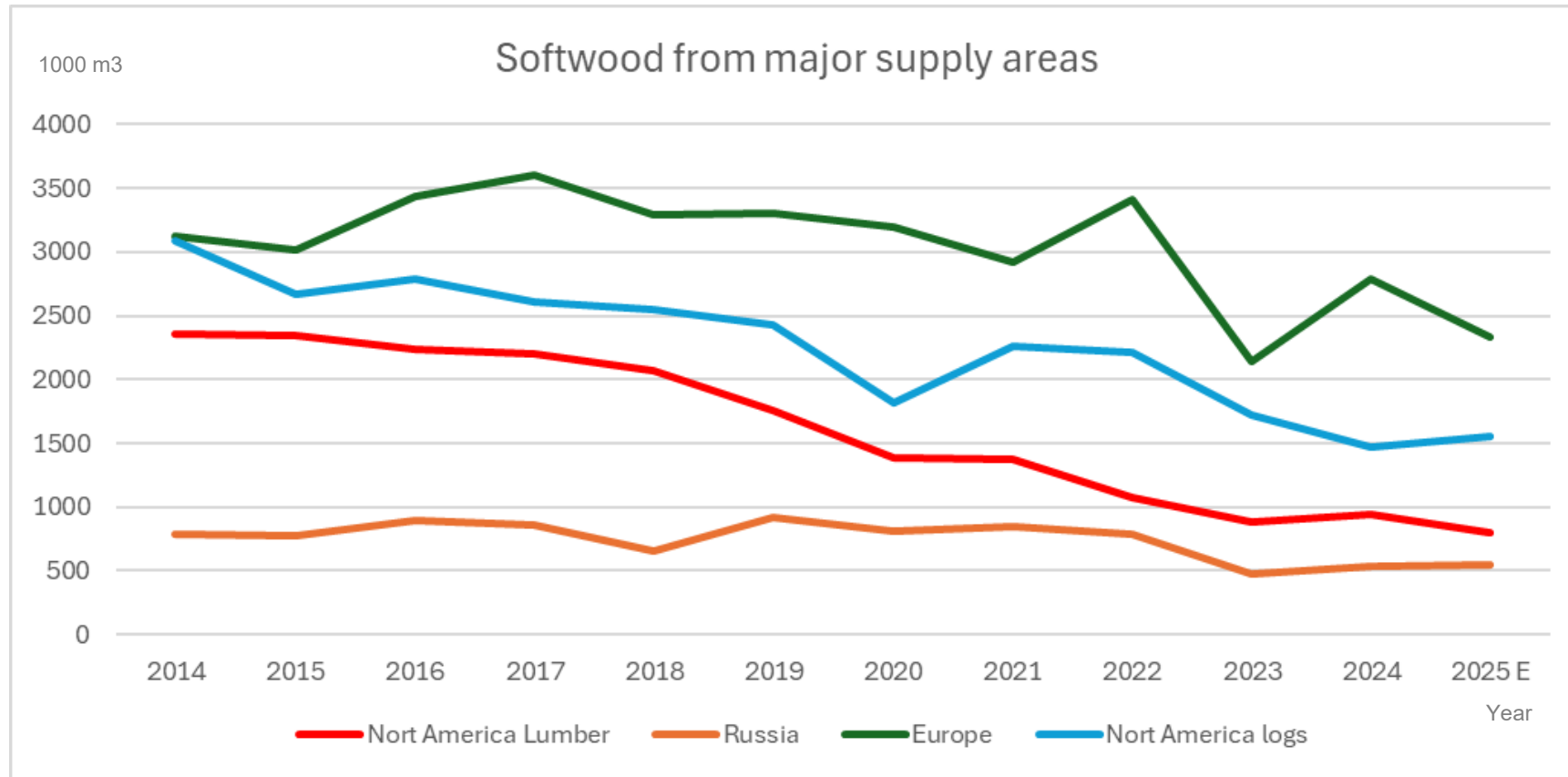


- Sawmill based on domestic logs, 80% Sugi (Cedar) and Hinoki (Cypress)
  - Abt 3700 sawmills
  - Total log volume abt 12 million m3
    - GOJ ambition to increase sawmills capacity to 17 milj
  - Focus on domestic market, very low export volumes but growing
  - Without subsidies most would not survive

## New production capacity

- 2024/2025: New mill in Akita, Focus on Post production
- 2026: New mill north of Tokyo, Focus on 2x4 products
- 2027: Rebuild of DF mill north of Tokyo, Focus on Beam production

# Supply of Imported Softwood



All are losing market shares and domestic species increase

# Japanese wood market – Today, forecast & trends

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- Weak Yen makes imported products expensive
  - Change in building permits slowed down activities from April
  - Number of residential building starts will continue to decrease
  - Increased share of one storey houses
  - Increased wood usage in Non-residential buildings
  - Government will continue to support domestic production to increase
  - How will lack of workforce and increased competition of logs influence the market
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# Japanese wood market - Now



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# Thank you!

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