

Rigidply Rafters Inc.
Construction Materials Crisis Update
July 28, 2020

History:

The Covid 19 impact on construction has created a significant building material availability and pricing problem.

Shutdowns earlier in the year resulted in production being cut in half or worse during the month of March. However, this quickly reversed to where demand for building materials and anything else related to the home climbed to 300% and more above May/June/July last year.

The manufacturing response to this has been significant and impressive, but not nearly enough. Shortages originally were somewhat limited, and treated lumber remains the most visible material shortage. But, almost all items related to the home are now extremely difficult to find – from refrigerators to anything lumber.

As all involved have attempted to keep up, costs have skyrocketed due to overtime and other inefficiencies caused by operating above normal capacity levels.

No one would have predicted that as people ceased traveling, cancelled vacations, stopped eating out, etc., they would pump such massive amounts of money into their homes. Home centers look like it was Black Friday yesterday – every day of the week.

Current Rigidply Status:

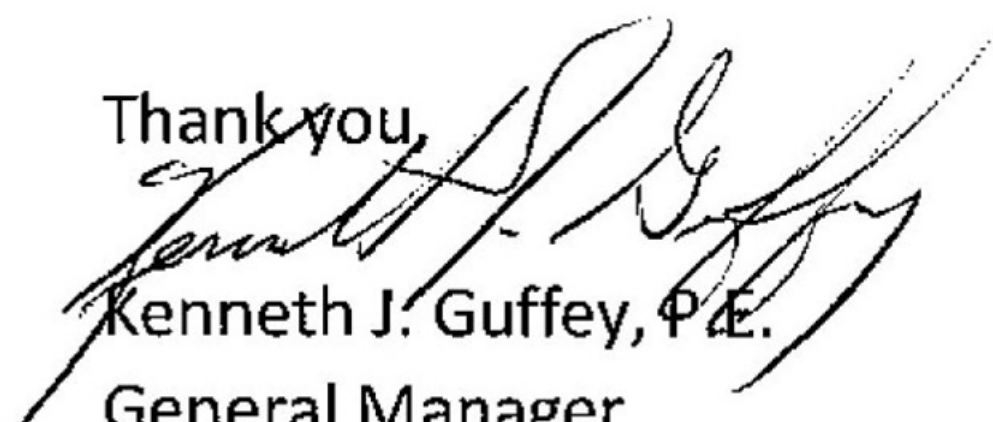
1. Rigidply so far has been extremely fortunate. Relationships spanning many years with suppliers have, for the most part, preserved our supply chains.
2. Rigidply is protecting our existing customer base, and is not currently accepting new customer situations.
3. Rigidply has experienced some delayed incoming shipments of treated lumber, untreated lumber, OSB, Sakrete, and a few other items. Customer deliveries have not been complete on a few occasions.
4. Lumber Quality: With the current shortage situation in lumber, note that premium quality products are often not being sorted and separated – mills are not taking the time to do this. Particularly with treated lumber, this mixture of all quality levels on the same order is occasionally an issue. Rigidply continues to push for premium quality product whenever possible.
5. IMPORTANT: The building material supply crisis has resulted in a pricing emergency. Many items are no longer being quoted – price at time of shipment (PTS) has been put in place, and this trend is growing rapidly.

Going Forward:

1. Rigidply is still offering quotes. However, these quotes are based on current Rigidply inventory value. Realistically, with inventory leaving Rigidply at the current unprecedented pace, quotes are valid for 7 to 10 days at most.
2. Rigidply is committed to managing this situation to the best of our ability, and to maintaining our position of honesty and fairness. Rigidply will not take advantage of any customer or project.
3. This emergency will end. Most mention Labor Day as the turning point, with a return to more normal supply and pricing by mid-October.
4. Rigidply will have material at market prices as we work through the next 2 months +/- . Please plan ahead as much as possible, as lead times are expected to continue deteriorating over the next few weeks. We all recognize that some projects will go forward, but also that some may delay in order to wait for a return to more favorable supply/price conditions this fall. Rigidply is available to help work through your best case scenario.

Rigidply greatly appreciates the relationships we have developed over our 60+ year history. We are depending on these relationships. Please contact us with any questions or concerns. We will keep you posted as this year continues to wear on toward 2021.

Thank you,


Kenneth J. Guffey, P.E.

General Manager

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