

Disruption of Global Supply Chain and Housing Projects

Written by Stu Niebergall
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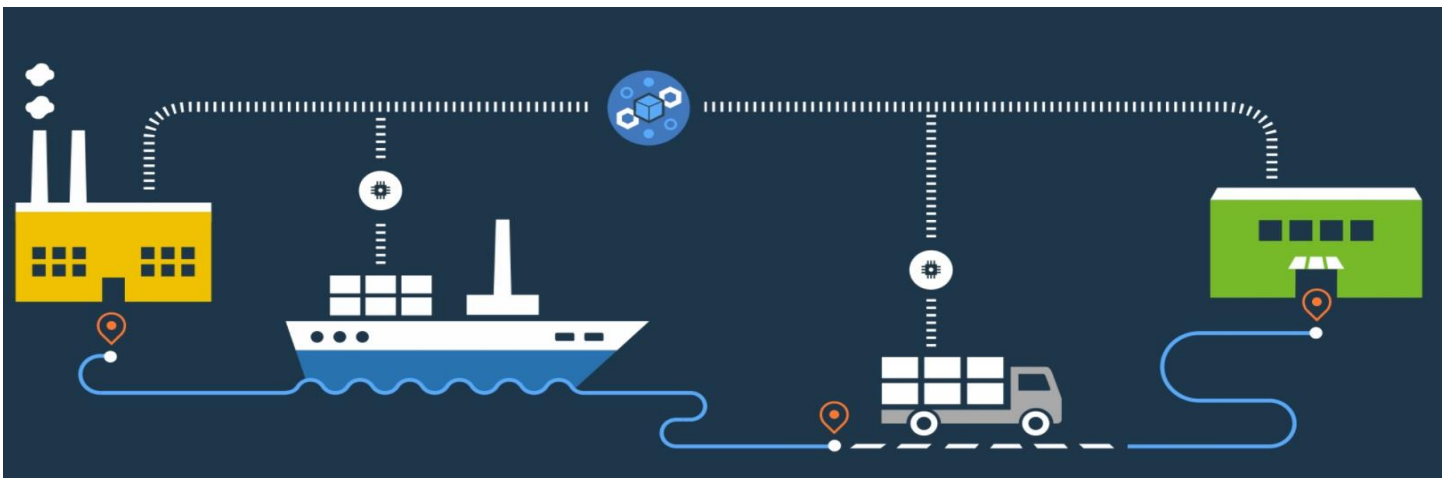
Thanks to the rollout of coronavirus vaccines, the global economy is slowly starting to emerge from the pandemic. However, Covid-19 has left one very destructive economic issue in its wake: disruption to global supply chains.

The rapid spread of the virus in 2020 prompted shutdowns of industries around the world and, while most of us were in lockdown, there was lower consumer demand and reduced industrial activity.

As lockdowns have lifted, demand has rocketed. Supply chains that were disrupted during the global health crisis are still facing huge challenges and are struggling to bounce back.

This has led to chaos for the manufacturers and distributors of goods who cannot produce or supply as much as they did pre-pandemic for a variety of reasons, including worker shortages and a lack of key components and raw materials.

At the same time, consumers are buying more items from abroad than ever, which is filling up ships and ports. This includes building supplies and materials. Ports and logistic firms (like trucking) are having great difficulties filling staffing vacancies to meet demand. It appears

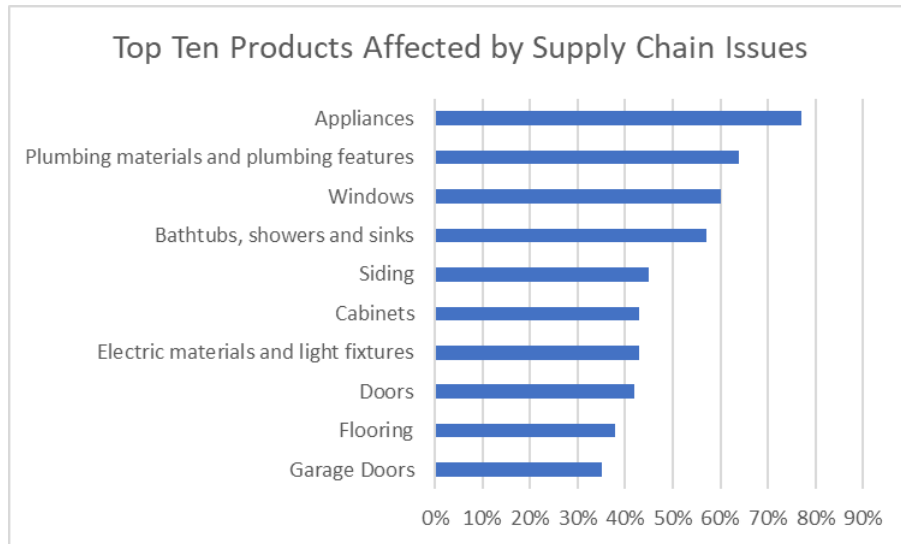


hardly anyone wants to drive a truck to pick products up at ports, let alone deliver them to the store or your door.

Impact on new home building and renovations.

The impact to building a new home or doing a major renovation has been significant. Recent research by the Canadian Home Builders' Association found across Canada 7 to 10 weeks of delay on average in the building process to complete new homes related directly to supply chain challenges.

The poll also identified the top products home builders were experience significant delays with.



The supply challenge has had a significant impact on prices for these materials and products.

Prices have also been impacted by these delays. For instance, steel prices have increased by 300%, softwood lumber is up 150% and Copper has reached an all-time high. While prices for materials and supplies have increased dramatically, there is anecdotal evidence the full increases do not seem to have fully been fully absorbed by the end customer, but shared across the supply chain by builders, contractors, and trade partners.

Many experts are suggesting that these disruptions are going to get worse before they get better. However, relief is insight and anticipated to begin in the summer of 2022.

While these uncertainties continue it is important to manage expectations, build extra contingency and keep communications lines as open as possible.