

Industry Update



September 2021

Roofing in British Columbia is facing unprecedented shortages in materials that directly impact all projects delivered by RCABC Member companies. This Industry Update bulletin is issued to help our Members and their customers understand the reasons for shortages, and to adapt to the ever-changing landscape of supply and demand.

The issue of material supply is not unique to Canada. Roofing contractors in the United States and elsewhere are also scrambling to source specified materials or devise substitute assemblies, to meet their obligations and customer expectations. Some of the material shortage issues are driven by a higher demand for certain materials, such as rigid panel insulation; the push to build thicker insulation assemblies is largely a result of changes to the British Columbia Building Code which now emphasizes an air-tight, thermally efficient building enclosure (envelope). But those shortages, like others, eventually find their roots in a global supply issue for resins, steel, fibreglass, polymers, and other basic ingredients that most roofing materials are either fabricated from or incorporate as a key component in the final product.

In 2020, hints of an impending material shortage drove up certain costs, such as lumber. The COVID-19 virus pandemic lay at the root of shortages, in part because mills closed in response to public health orders, or because employees became ill. At the same time, a sudden rise in consumer interest in home renovations drove up demand for nearly every building material as homeowners with time on their hands turned to home improvements and expansion. Further public sector projects, tendered to take advantage of available stimulus spending by governments, taxed the inventory of construction materials, including roofing products.

While the flurry of homeowner-driven renovations has cooled substantially, the depletion of inventory has not recovered in step, and this slow recovery has been exacerbated by several climatic events beyond Canada's borders. First, there was the winter storm in February 2021, which disabled nearly the entire electrical power grid in Texas and severely interrupted the manufacturing of key roofing materials like polyethylene, polypropylene, PVC, and MDI (*methylene diphenyl diisocyanate*), an isomeric compound used in the production of rigid foam plastic insulation, spray polyurethane foams, and some adhesives. While some manufacturing plants had their own on-site natural gas-powered generators, natural gas supplies in Texas were also affected by the prolonged freeze (The Wall Street Journal, *Texas Freeze Triggers Global Plastics Shortage*: March 17, 2021 (www.wsj.com)).

Then came the recent string of hurricanes over the summer months, exacerbating supply issues and

diverting some materials toward recovery efforts in affected states. In the past, hurricanes have led to short-duration disruptions in materials manufacturing, but the Texas blackouts of February have slowed production well beyond normal expectations, and this is adversely affecting insulation and roofing manufacturers in Canada.

Steel and other metals are also in shorter supply, thanks to the global COVID pandemic. Certainly, this has impacted the larger construction industry with higher material prices, but it has also meant that key roofing components such as screw fasteners, used to construct Building Code-compliant roof systems, are in short supply. Other industries, like the automotive industry in North America, are also feeling the pinch in metal supplies.

According to the National Roofing Contractors Association (NRCA) in the USA, some of the current shortage is the result of slower than normal off-season production, driven in part by uncertainty in the U.S. economy and a general reluctance in the roofing industry to place large orders. Production at the start of the 2021 roofing season has been slow to recover, and slowness has been compounded by limited availability of constituent compounds and materials, such as fibreglass (used to reinforce asphalt shingles and some membranes). Some of the late winter slowness in the U.S. economy may be affecting the Canadian and British Columbia industry as shortages across the border impact the supply of made-for-Canada imports.

Finally, shortages have been exacerbated by stalled transportation sectors. The port of Vancouver experienced a backlog from the late summer wildfires, which shut down rail transportation through BC's interior (*The Maritime Executive, Port of Vancouver Reports Congestion Delays as Rail Service Resumes*; July 8, 2021 (www.maritime-executive.com)). The backlog continues because of container capacity at Canadian ports, according to the Financial Post (*Financial Post, Container crunch could add to price pressures, Port of Vancouver warns*: September 24, 2021 (<https://financialpost.com>)). Similar backlogs are slowing down the re-supply of goods across the United States, partially driven by too few port workers, but also by limited hours of operation (*Wall Street Journal, Cargo Piles Up as California Ports Jostle Over How to Resolve Delays*: September 26, 2021 (www.wsj.com)).

The impact on roofing cannot be understated. While steel shortages may slow down the construction of steel-framed buildings, roofing materials shortages may interrupt the projected schedules of every project; beyond the construction of a building framework, most other work (electrical, plumbing, mechanical, finishing, to name a few) cannot begin until a waterproofed roof assembly has been constructed.

No economic forecasts appear to agree on a timeline for these shortages, and they may continue beyond the end of 2021. The RCABC, together with its Members, is committed to working with designers to achieve creative solutions to the shortages. For more on how your roofing project might be affected and what you can expect, talk to your RCABC roofing contractor. We're all in this together.