

MADISON'S LUMBER REPORTER

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News & Updates

Cedar Mill Fire: Electrical

The August 26 fire which destroyed the production shop of the Waldun Forest Products shake and shingle mill in Maple Ridge, BC, was not the result of human error. A main electrical box, which was not due for inspection until October, has been deemed the cause of the fire, according to the mill's vice-president Kirk Nagy.

"This piece of electrical equipment gets X-rayed annually, and wasn't due again until October. Everyone tries to do everything right, so it was a relief to hear that it wasn't human error," he said.

Some of the 60 displaced employees will return to work at a nearby mill that the company has leased.

"The plan is to lease a small mill and hopefully that will start up in the second or third week of September," Nagy said.

Cleanup will begin next week and the company is currently pursuing cleanup and rebuilding quotes.

US House Price Index Rises

CoreLogic announced Tuesday that US home prices nationwide, including distressed sales, increased on a year-over-year basis by 3.8 per cent in July 2012 compared to July 2011. This was the biggest year-over-year increase since August 2006.

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Millar Western to Build Biogas Power Generator

The biggest private forestry company in Alberta will spend \$42 million to build a biogas power generation facility onto the effluent processing stream of its pulp mill in Whitecourt.

The one-year provincial permitting process complete, construction of the anaerobic effluent processing plant at Millar Western's pulp mill will begin in September. When it is finished in late 2013, it will provide 5.2 megawatts of power to the combined pulp and saw mill, reducing the compound's power consumption by almost seven per cent.

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Industrial Index Canada, Purchasing Managers' Index US

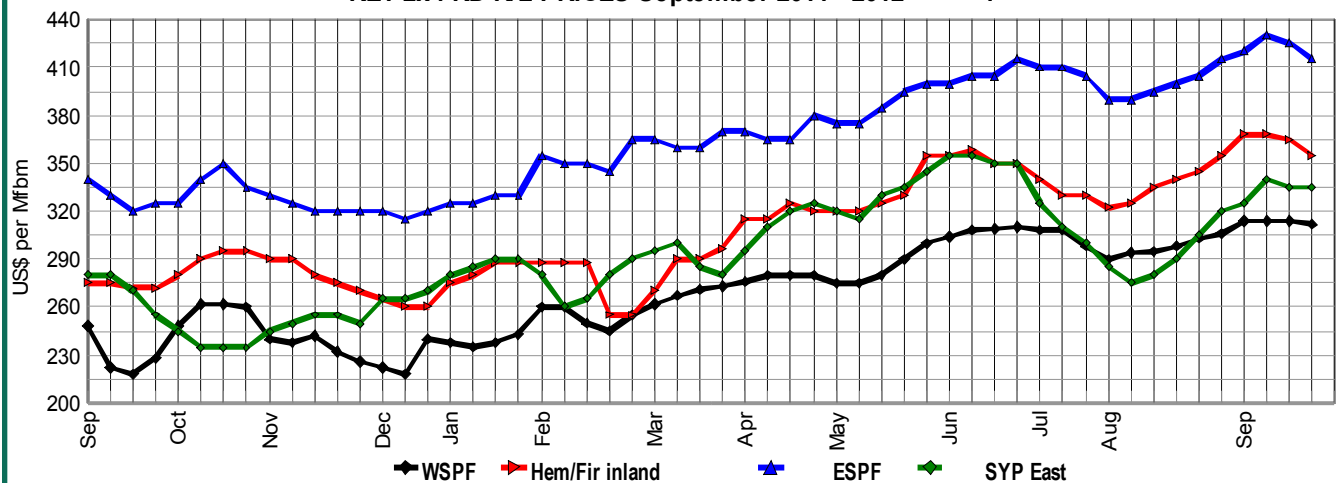
Canada's Industrial Product Price Index was down 0.5 per cent in July compared with June, said Statistics Canada Wednesday. The decline was mainly attributable to chemical products and motor vehicles. The Raw Materials Price Index rose 0.9 per cent, largely due to higher prices for mineral fuels and vegetable products.

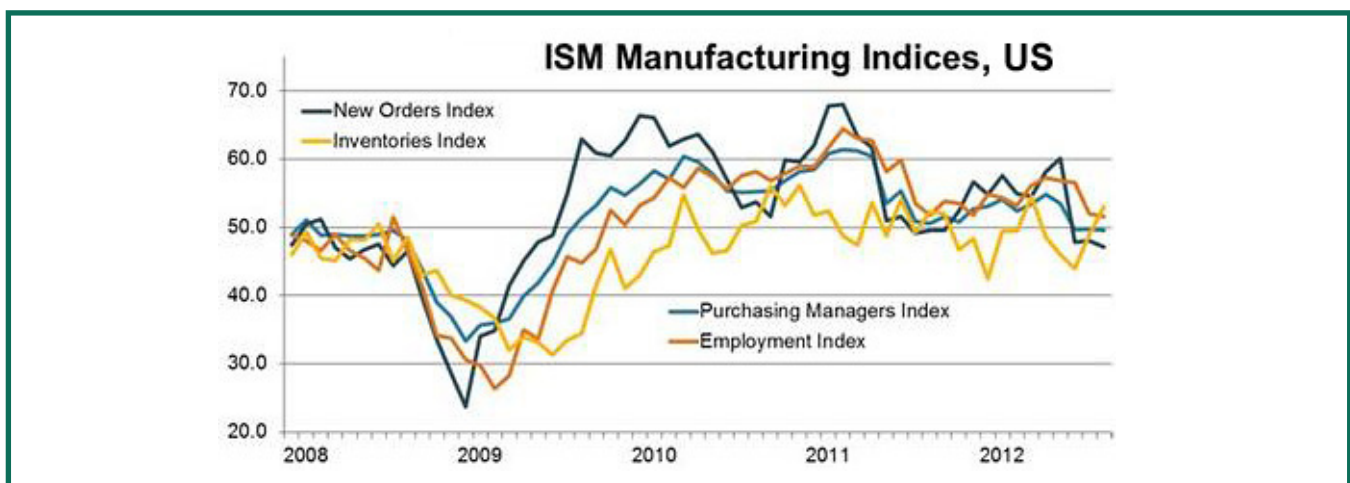
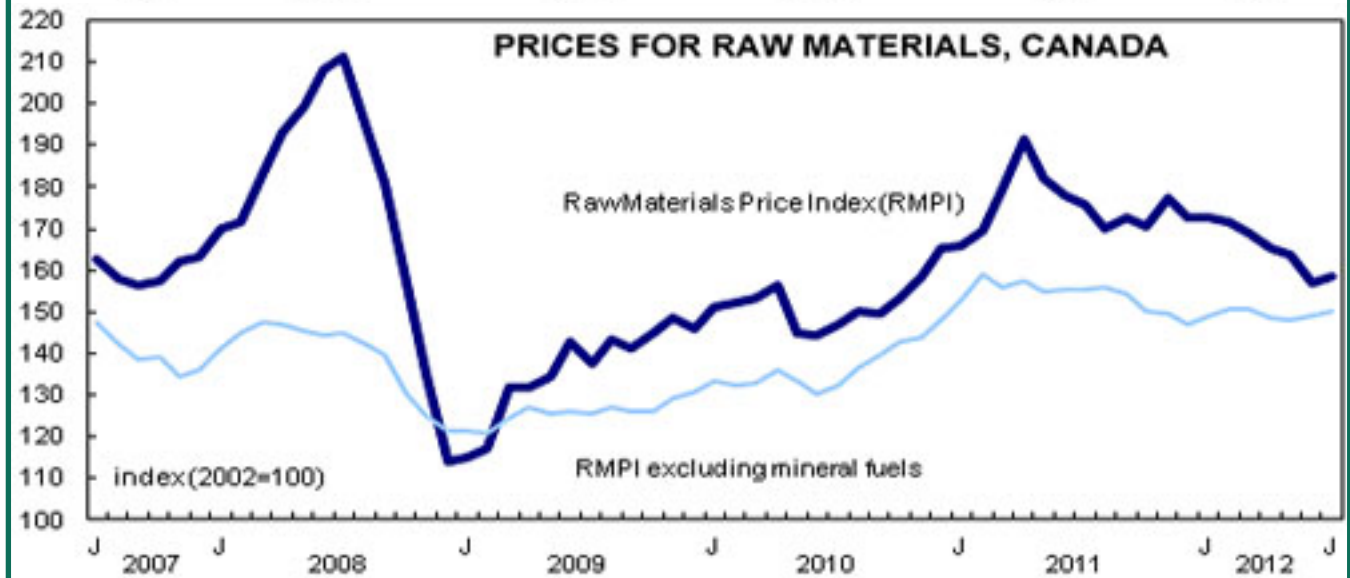
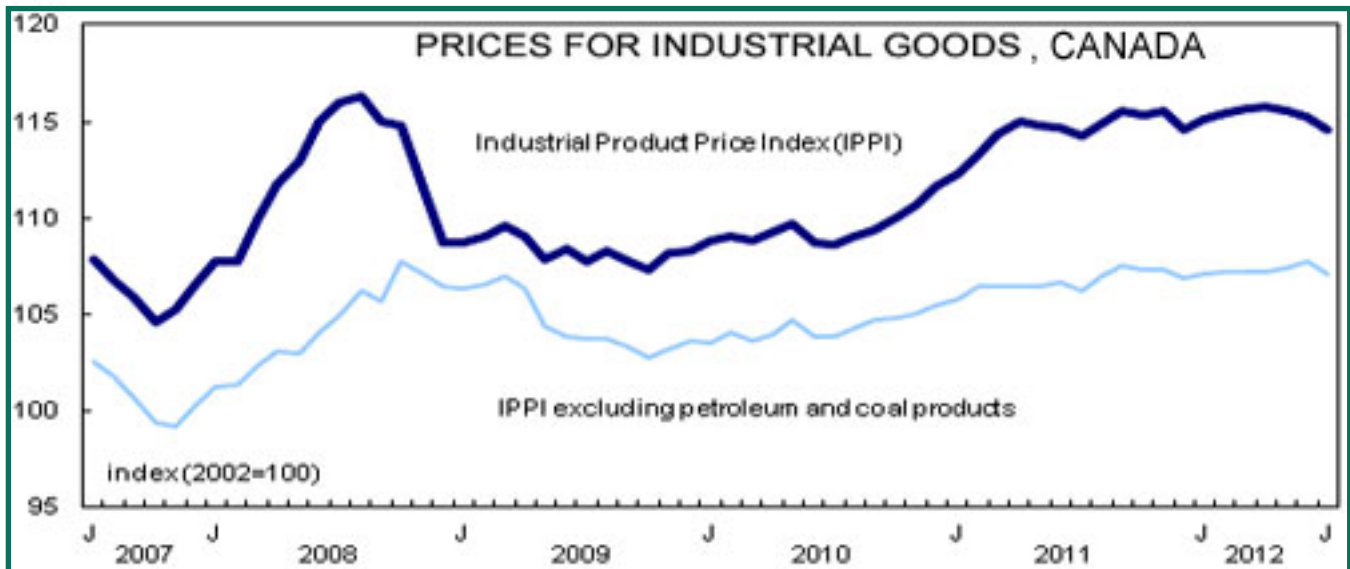
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Taller Wood-Framed Buildings

Increased use of cross-laminated timber and laminated veneer lumber are bringing yet higher wooden buildings as architects, engineers, and builders become accustomed to building codes allowing for taller buildings made of wood. [READ MORE](#)

KEY 2x4 KD R/L PRICES September 2011 - 2012





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Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	312	314	-2	306	+6	262	+50
WSPF KD R/L 2x6	324	324	0	310	+14	272	+52
WSPF KD R/L 2x8	308	308	0	308	0	285	+23
WSPF KD R/L 2x10	360	360	0	360	0	285	+75
WSPF KD PET 2x4 Stud	325	340	-15	375	-50	260	+65
WSPF KD PET 2x6 Stud	340	350	-10	375	-35	260	+80
Douglas Fir Green R/L 2x4	300	320	-20	315	-15	252	+48
Douglas Fir Green R/L 2x10	300	305	-5	305	-5	285	+15
ESPF KD 2x4 8ft Stud	400	410	-10	410	-10	320	+80
OSB Ontario 7/16" (CDN\$)	347	340	+7	310	+37	210	+137
CSplywood Toronto 3/8" (CDN\$)	441	450	-9	446	-5	325	+116

Weekly News

Home Prices, US

CONTINUED On a month-over-month basis, including distressed sales, home prices increased by 1.3 per cent in July 2012 compared to June 2012. The July 2012 figures mark the fifth consecutive increase in home prices nationally on both a year-over-year and month-over-month basis.

Excluding distressed sales, home prices nationwide increased on a year-over-year basis by 4.3 per cent in July 2012 compared to July 2011. On a month-over-month basis excluding distressed sales, home prices increased 1.7 per cent in July 2012 compared to June 2012, also the fifth consecutive month-over-month increase.

The CoreLogic Pending HPI indicates that August home prices, including distressed sales, will rise by 4.6 per cent on a year-over-year basis from August 2011 and at least 0.6 per cent on a month-over-month basis from July 2012. Excluding distressed sales, August house prices are also poised to rise 6.0 per cent year-over-year from August 2011 and by 1.3 per cent month-over-month from July 2012.

Millar Western Bioenergy

CONTINUED Installation of the generator will not disrupt business at the mill, which makes 315,000 tonnes of dried pulp a year and exports most of it to Asia and Europe. The generator will add about 5,000 tonnes of additional output to the mill.

The existing effluent processing process will also go undisturbed during construction, which will be done by Florida-based environmental services firm UEM Group. Currently, the mill's effluent gets separated into solid waste and water. The latter gets treated and

shunted into the Athabasca River, while Millar Western distributes the former to farmers around Whitecourt to use in conditioning their soil.

The new generator will eliminate about 65 per cent of that organic matter, and cut the amount of conditioner sent to farmers in half.

Canada, US Manufacturing and Production

CONTINUED Canada's Industrial Product Price Index (IPPI) posted a third consecutive decrease in July, following declines of 0.3 per cent in June and 0.2 per cent in May. Of the 21 major commodity groups, 3 were up while 14 were down.

Chemical products made the largest contribution to the decline in the IPPI, mostly as a result of lower prices for industrial chemical products, down 2.5 per cent, and fertilizers, down 13.5 per cent.

The motor vehicles and other transportation equipment group was pushed down by motor vehicles, which fell by 1.3 per cent. The increase in the value of the Canadian dollar against the US dollar in July was partly responsible for the decline.

The Raw Materials Price Index (RMPI) rose 0.9 per cent in July, which marks a change in the trend observed over the last five months. Of the seven major commodity groups, three were down.

The increase in the RMPI was mainly a result of mineral fuels, up 1.1 per cent. The RMPI excluding mineral fuels was up 0.8 per cent in July.

Also Wednesday, The Institute for Supply Management (ISM) said that the US manufacturing sector contracted in

August for the third consecutive month. The purchasing managers' index (PMI) was 49.6 in August, mostly unchanged from the previous two months. It had been 49.7 and 49.8 in June and July, respectively.

A PMI in excess of 42.6 per cent, over a period of time, generally indicates an expansion of the overall economy. This means economic activity in the manufacturing sector contracted in August for the third time since July 2009; however, the overall economy grew for the 39th consecutive month.

However the data also indicates contraction in the manufacturing sector for the third time since July 2009, when the PMI registered 49.2 per cent.

ISM's New Orders Index registered 47.1 per cent in August, which is a decrease of 0.9 percentage point when compared to the July reading of 48 per cent. This represents a contraction in new orders for the third time since April 2009, when the New Orders Index registered 46.8 percent.

FPAC Announces

The Forest Products Association of Canada (FPAC) Tuesday welcomed new leadership as David Lindsay assumed the role of President and CEO at a time of great transformation in the Canadian forestry sector.

"We are delighted to welcome someone of David's caliber and experience," said the Chair of the FPAC Board of Directors, Jim Lopez, the President and CEO of Tembec.

Lindsay was most recently a senior Deputy Minister in the Government of Ontario serving in the portfolios of Energy and Infrastructure, Northern Development, Mines and Forestry, Natural Resources, Tourism and Culture.

Wooden Skyscrapers

Canada, Europe, Australia

Tall wood-framed buildings are fast becoming the most fashionable thing in the construction industry. Sexy even, if you will. This reality is only further confirmed by an August 30 piece in *The Economist*.

Last spring, Vancouver, BC, architect Michael Green unveiled a scheme for a 30-storey tower held aloft by a timber frame. Green is convinced that putting up a safe, sturdy large building of this kind in Vancouver is now possible, given recent advances in the fabrication of very strong wooden structural members.

Over the next several months, the three principals in the Toronto-based office of William Chong Architects will be travelling in Europe and Asia to scout out what leading-edge researchers, manufacturers and designers abroad are doing with wood.

Taking advantage of six storey height allowance for wood buildings in British Columbia, Surrey's largest-ever residential and commercial development completed its third mid-rise building on August 15, 2012. It has the distinction of setting a new construction standard in the Lower Mainland of BC for being the first six-storey wood frame structure.

The multi-phase development is located on 12 acres of property. The project made news headlines in 2007 when its first phase of 140 modestly-priced homes sold out in four hours. A month later, its second building, with 116 homes sold out in 67 minutes.

Modern high-rise materials are incredibly energy-intensive; the manufacture and transport of concrete alone emits more carbon dioxide than the entire airline industry. There are a number of benefits to building with wood including lower costs and increased environmental sustainability.

Please refer to the June 8, 2011 issue of your *Madison's Lumber Reporter* and the September 1, 2011 issue of *Madison's Timber Preview* for details

on cross-laminated timber (CLT) and tall wood building construction.

An engineered wood product, CLT is made by gluing and pressing together successive layers of spruce, pine or fir 2x4s or 2x6s to form large solid blocks or sheets that can be precision-trimmed for specific purposes. CLT manufactured products can be used as walls, floors and roof panels in building construction. CLT construction is now being widely used in Europe, and is increasingly seen in taller wooden structures in the United States and in British Columbia.

For its part, laminated veneer lumber (LVL) is built up from thin peeled veneers giving a more powerful averaging effect, and therefore higher strengths, than the thicker boards used for glulam.

Very large timber performs fairly well in fires with this insulation, and the beams actually might be safer than steel. Whereas wood will char on the outside, steel melts much more quickly.

An eight-storey CLT office building is almost completed in Austria, and a 10-storey CLT apartment building in Australia is set to be finished this October. In England there is the three-year-old Graphite Apartments building, originally called Stadthaus, a nine-storey structure made of prefabricated CLT members bolted together on site.

Waugh Thistleton, the architectural firm that designed the Graphite, has a four-storey mixed-use building under construction nearby, and an eight-storey apartment building underway within walking distance of the first two. They, and other architects, are talking about CLT buildings of 10, 15, even 30 storeys — although those very tall buildings would likely be hybrids, with a concrete core.

An Ontario government investment of \$350,000 through the Centre for Research and Innovation in the Bio-Economy (CRIBE) will help to fund the incorporation of CLT in the construction of Laurentian University's School of Architecture. The CRIBE grant will allow Laurentian Architecture to showcase the first significant use of cross-laminated timber in a public building in Ontario.

Current schematic designs by Levitt Goodman Architects show the West Wing of the new structure, comprising the Classroom, Lecture Hall and Library, built with CLT. Much of the 12,000-square-foot structure would be exposed to view, with clear curtain glazing. The result will be "a beautiful use of wood, creating a warm and acoustically tempered environment," according to the architects.

Wood is currently undergoing a renaissance in the building industry and it is worth exploring the reasons why to understand whether it has potential in other fields of engineering, according to Andrew Lawrence, leading timber specialist at the UK's Arup Advanced Technology and Research, in a September 5 article for *The Engineer*. First is the ease of forming and machining, enabling increasingly complex forms, epitomised by structures such as the Timber Wave at last year's London Design Festival made from American red oak. In no other material would it have been possible to form 1000 pieces, each with a different geometry, within the tight budget. Second is the lightweight nature of the material which lends itself to prefabrication and rapid construction. The eight storey Stadthaus in London, in which all the floors and walls are built from solid CLT panels of European spruce, is currently the tallest timber building in the world and demonstrates wood's ability to compete in a market previously dominated by steel and concrete. Wood's final benefit is its sustainability credentials, not just as the only renewable construction material, but also as a material which grows using solar energy and which ultimately at the end of life can be turned into biomass. As the energy price increases so wood is becoming increasingly competitive compared with its more industrially produced competitors. Furthermore, despite the increasing use of softwood in construction, the forests in Northern Europe and America where it is sourced are still increasing in area, said Lawrence.

Saudi Arabia will have a 1,000 meter high wood-based tower in the next few years.