

MADISON'S LUMBER REPORTER

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News & Updates

Seasons Greetings

In keeping with more than 60 years of tradition, started with the very first issue of your *Madison's Lumber Reporter* on September 15, 1951, *Madison's* is taking our annual break.

This is the last edition for 2012, we will resume publishing, full of vim and vigour as usual, on January 4, 2013.

We wish all our readers and subscribers a joyous Happy Holiday and the best of health in the New Year!

Canadian Housing Starts

Canadian housing starts fell in November for both single- and multifamily homes, particularly in Ontario and British Columbia, Canada Mortgage and Housing Corp said Monday.

The seasonally adjusted annualized rate of housing starts was 196,125 units in November, down from 203,487 in October and well below the high above 250,000 hit early in the year. It was the weakest reading since November, 2011. [READ MORE](#)

Housing Starts, Japan

Japan's Ministry of Land, Infrastructure, Transport and Tourism reports housing starts in October 2012 were 84,251 units, a 25.2 per cent improvement from the same month in a year earlier, and a double-digit increase for the second straight month, according to the *Japan Lumber Journal*. The seasonally-adjusted annual rate was 978,000 units, which exceeded the 900,000 unit mark for the first time in five months. [READ MORE](#)

UN State of the World's Forests 2012

On November 20 the Food and Agricultural Organization of the United Nations released its *State of the World's Forests* reports on the status of forests, recent major policy and institutional developments and key issues concerning the forest sector. The report makes current, reliable and policy-relevant information widely available with regard to the world's forests. [READ MORE](#)

Interface Zone Fuel Management

On November 26 the US Forest Service has awarded US\$13.4 million to two Colorado companies to aid in forest fuel reduction. Confluence Energy of Kremmling and West Range Reclamation of Hotchkiss, CO, will clear mountain pine beetle-killed trees from the White River and Medicine Bow-Routt national forests. The two contracts are expected to treat at least 20,000 acres in the two national forests. US\$8.66 million will be used to remove trees susceptible to insect and disease infestations, such as the lodgepole pine, subalpine fir, Douglas fir, Engelmann spruce, aspen, and ponderosa pine. Eagle Valley Clean Energy will provide fuel to its planned 11.5 megawatt woody biomass-fueled power plant in Gypsum, CO. The electricity generated from the plant will be supplied to Holy Cross Energy, which services 8,000 to 10,000 homes. US\$4.75 million of the funding will be used to remove beetle-killed trees in the Medicine Bow-Routt National Forest. [READ MORE](#)

JAPANESE HOUSING STARTS

Month	TOTAL	Non-Wood	Wood	%Wood
Oct-12	84,251	37,883	46,368	55
Sep-12	74,176	31,159	43,017	58
Aug-12	77,500	34,485	43,015	56
Jul-12	75,421	32,883	42,538	56
Jun-12	72,566	31,654	40,912	56
May-12	69,638	31,439	38,199	55
Apr-12	73,647	36,535	37,112	50
Mar-12	66,597	30,985	35,612	53
Feb-12	66,928	31,363	35,565	53
Jan-12	65,984	30,867	35,117	53
Dec-11	69,069	28,531	40,538	59
Nov-11	72,635	32,507	40,128	55

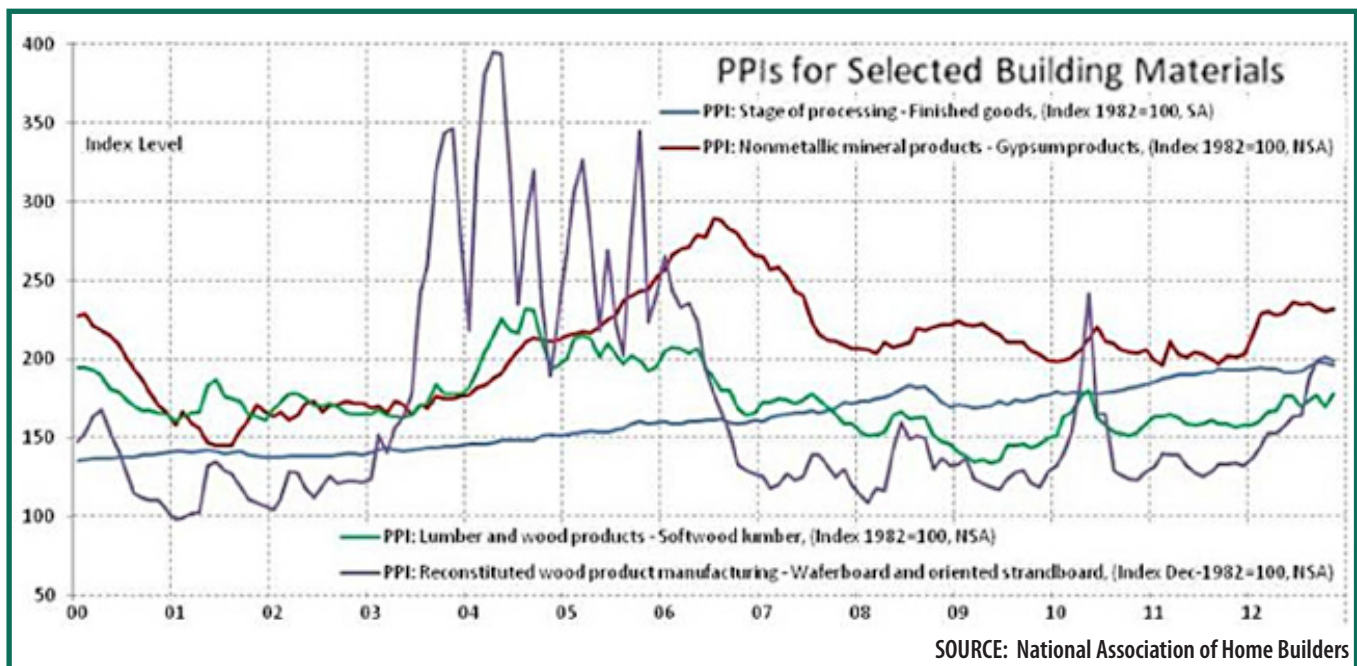
Source: Japan Wood-Products Information and Research Center

CANADIAN HOUSING STARTS

Actual and Seasonally Adjusted Annual Rates

	November 2012		October 2012	
	Actual	SAAR	Actual	SAAR
Canada, all areas	17,646	196,125	17,507	203,487
singles, urban centres	6,293	58,606	5,387	61,943
rural areas	1,888	21,802	1,895	21,973
multiples	10,428	115,717	1,895	119,571
Atlantic urban centres		6,732		12,378
Quebec urban centres		40,134		34,782
Ontario urban centres		55,778		65,098
Prairie urban centres		49,379		42,549
BC urban centres		22,300		26,706

Source: Canada Mortgage and Housing Corporation





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January 28 - 30, 2013 | New York, NY

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Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	362	358	+4	332	+30	243	+119
WSPF KD R/L 2x6	386	368	+18	324	+62	255	+131
WSPF KD R/L 2x8	362	355	+7	315	+47	251	+111
WSPF KD R/L 2x10	368	364	+4	350	+18	261	+107
WSPF KD PET 2x4 Stud	325	320	+5	310	+15	245	+80
WSPF KD PET 2x6 Stud	305	300	+5	300	+5	260	+45
Douglas Fir Green R/L 2x4	300	300	0	285	+15	220	+80
Douglas Fir Green R/L 2x10	328	325	+3	335	-7	320	+8
ESPF KD 2x4 8ft Stud	390	390	0	380	+10	290	+100
OSB Ontario 7/16" (CDN\$)	335	335	0	342	-7	195	+140
CSplywood Toronto 3/8" (CDN\$)	410	402	+8	366	+44	305	+105

Weekly News

Canada Home Building

CONTINUED The seasonally adjusted annual rate of urban starts fell 4.0 per cent to 174,323 units in November. Urban single starts declined 5.4 per cent to 58,606 units, while urban multiple starts fell by 3.2 percent to 115,717 units.

Urban starts fell 14.3 per cent in Ontario, 16.5 per cent in British Columbia and 45.6 per cent in Atlantic Canada, while rising 15.4 per cent in Quebec and 16.1 per cent in the prairies.

Home Building, Japan

CONTINUED Building of new owner-occupied houses, built-for-sale houses, and rental houses all marked double-digit increase, says the *Japan Lumber Journal*. Among them, rental houses jumped remarkably.

Including October results, total housing starts during January-October 2012 amounted to 726,708 units, up 5 per cent over the same time period one year ago. At this rate, this year's total housing starts are expected to exceed the result of the previous year, with about 880,000 units.

Looking at the results according to application, housing starts of owner-occupied houses rose 13 per cent to 28,894 units, those of rental houses increased by 48.2 per cent to 33,939 units, and built-for-sale houses were improved by 14.2 per cent to 21,064 units.

All of them increased for the second straight month. Of built-for-sale houses, condominiums and single-family houses both increased for the second consecutive month with 10,334 units, up 17.8 per cent and 10,656 units, up 11.8 per cent respectively.

According to building method, housing starts of prefabricated houses were 12,546 units, up 21.3 per cent and those of

2 x 4 houses were 11,157 units, up 44.4%. Total housing starts during January - October 2012 are 107,798 units, up 2.4 per cent year-on-year, with prefabricated houses, and 85,728 units, up 6.9 per cent with 2x4 houses.

By area, those in the Tokyo metropolitan area were up 25.1 per cent, the Chubu area were up 24.2 per cent, the Kinki area were up 12.2 per cent, and other areas were up 31.3 per cent, says the *Journal*.

State of the World's Forests

CONTINUED Chapter three of the UN report, "Forests, forestry and forest products for a sustainable future", describes a world where economic output has more than doubled in the 20 years since the Rio Earth Summit; but this growth has been achieved at the expense of natural resources, including forests.

The world now needs to change its thinking about "progress" and develop new approaches for future economic success, says the report.

If wood products are produced from non-sustainable sources, the result will be deforestation or forest degradation, impeding sustainable development. In addition, not all forest products are positive in themselves. The forest practices that are collectively known as "sustainable forest management" must be used throughout the world for the global economy to become greener. At the core of sustainable forest management is the simple idea that as trees are used, they are replaced by new trees. To the extent that "good wood" is used in the manufacture of higher percentages of buildings, infrastructure and other consumer products, the economy will become greener and more sustainable.

IP Sells

International Paper announced Thursday it is selling its building products unit to Georgia-Pacific for US\$750 million cash, a move designed to sharpen focus on its massive packaging business.

The sale had been expected since IP acquired the unit, which sells lumber and particle board for home construction, as part of its US\$3.7 billion buyout of smaller rival Temple-Inland earlier this year.

IP is the largest North American producer of corrugated packaging, commonly used to make shipping boxes.

The sale gives IP more cash to invest in the packaging business.

Georgia-Pacific will get the unit's 16 manufacturing facilities located primarily in southeastern and eastern United States, regions that are expected to see new home construction when the economy recovers.

IP expects the deal to close in 1Q 2013.

Separately, IP said it will change the way it reports its pension expenses by reporting operating earnings that don't include the charges.

Calendar

Jan 2013

Truck Loggers Association Annual General Meeting

Jan 18 - 18 - Victoria, BC

<http://www.tla.ca/events/convention>

IQPC 11th Timberland Investment Summit

Jan 28 - 30 - New York, NY

<http://www.timberlandworldsummit.com/Event.aspx?id=828974>

Wildfire Interface Zones

Fuel Load

In British Columbia, the extreme fire danger in the wake of the pine beetle infestation is well known, so much so that many municipalities and communities have taken interface zone fuel management into their own hands. According to the BC Forest Service website, “the wildland/urban interface is the geographical point where the diverse values of the wilderness and urban development meet.

by Kéta Kosman

In the interface, structures and vegetation are sufficiently close that a wildfire may spread to structures or a structural fire may ignite trees and vegetation.”

To find more information on community fire treatments, please click

<http://www.newsroom.gov.bc.ca/2012/12/wildfire-protection-funding-change-helps-communities.html>

The City of Kamloops Community Wildfire Protection website explains that, “extremely effective fire suppression over past century has allowed for forest ingrowth and dead vegetative material to accumulate increasing the fuel load in our natural forests. With each passing year as fuels continue to accumulate (a ponderosa pine typically loses 30-50 per cent of its needles each year).”

In BC, interface committees have been established in the Coast and in Kamloops and Kootenay areas to address unified command and other organizational issues, says the BC Forest Service website. Other parts of the province work on a department-by-department basis.

In a new program which connects the above two ideas, the Green Heat Initiative, Community Energy Association and UBC have combined to release an exciting new tool which will help communities and municipalities to identify and implement green heat opportunities. The idea is to both remove existing fuel loads which are dangerously close to population areas and to use the biomass removed to make green energy. The tool allows a region to calculate the cost-benefit analysis to determine savings available through green heat installations, while keeping an eye on the potential long-term ecological effects on the forests of such activity.

Dave Dubois, Project Coordinator for the Green Heat Initiative, unveiled the new tool at the recent Canadian Bioenergy Association conference, in Vancouver, BC. Please refer to the November 30, 2012 issue of your *Madison's Lumber Reporter* for coverage of that conference.

PRELIMINARY RESULTS			
BIOENERGY	Yr 1-10	Yr 11-50	
AVAILABLE			
Biomass from fire management	207,229	2,046	t/yr
Biomass available for heating	145,061	1,432	t/yr
Bioenergy available	1,620,327	15,894	GJ/yr
Fossil energy heating use	35,000	40,649	GJ/yr
Available bioenergy as % of community fossil heating	4630%	39%	%
Bioenergy considerations			
Annual export revenue (if no local bioenergy consumed)	\$10,879,548	\$107,392	\$/yr
Maximum bioenergy systems size, based on yrs 11-50			
Overview			
Proposed bioenergy consumption as % of available	0.93%	100.00%	GJ/yr
Max sustainable thermal output by bioenergy systems	13,595		GJ/yr
Thermal output for corresponding peaking systems	1,511		GJ/yr
Total thermal output, inc. efficiency losses	13,329		GJ/yr
Max thermal rated capacity of bioenergy systems	900		kW
Capital Cost - energy systems	\$1,540,000		\$
Jobs from energy systems construction phase	10		FTE's
Jobs at energy systems, from energy systems operation	0.2		FTE's
\$ spent on biomass by bioenergy systems	\$107,392		\$/yr
Max commercial m ² heatable by biomass, yrs 11-50	18,559		m ² /yr

“Our Fire Interface Rural Screening Tool for Heating is a model created using ecological models, forest inventories, and GIS tools to estimate the ongoing, sustainable biomass fuel supply available in a specific area,” explained Dubois in his presentation to CanBio. “The model quantifies fibre available for the first cut, going after sawlogs and pulp logs, for up to ten years. Then for years 11 to 50, the model estimates the residual fibre available with a 25 km radius.”

Madison's spoke to Dubois this week for more details.

“A user will input several parameters of the forest type around their community,” explained Dubois to *Madison's* in a phone interview Monday, “including: age; what the forest is being managed to; the level of fire prescription; area in hectares; the approximate cost, or value of the biomass; and, the length of district heating for that community. On the last point, if it is a single building that length is zero.

The model was based on data from Burns Lake, Sicamous, and Invermere, BC.

“Enderby has a small district heating system [fired by residual biomass fuel] using 800 tonnes per year,” continued Dubois. “The 540 kW system, including boiler, piping and building, was installed for \$1.2 million. These figures were reproduced by our system. In Burns Lake, which is looking at putting in a district heating system, an engineer's report came back saying it would cost over \$8,000,000. Using the input data, our tool came up with a much lower number.

“However,” cautioned Dubois, “our model is not designed to be an engineering tool. It is used for proof of concept. A layperson could use it to make an analysis to determine the viability of a project.”

When asked exactly how many municipalities in BC would do well to take advantage of this tool, Dubois said, “If you are not using natural gas, or are off the natural gas grid, you should definitely take a look.

“There are significant parts of BC which are paying 50 per cent more for their natural gas than the south of the province does. For example, on the Highway 16 corridor out to Prince Rupert. These areas may find it economic to put in district heating using readily-available biomass.”

When asked about concern of the length of time fibre will be available, Dubois explained, “At the moment BC uses millions of tonnes of biomass annually for cogeneration, and large scale projects. The Green Heat Initiative is the exact opposite, it is for small-scale projects. A community will usually start with their community centre, pool or mall, then the district heating infrastructure can move beyond that. In Europe, once a town puts in an installation, it tends to grow until the various projects actually meet up.

“The tool helps determine the secure, environmentally sustainable, long-term fibre supply. The tool uses biomass from wildfire mitigation but it can also come from the existing community forest.”

Details on the Green Heat Initiative are available here <http://www.communityenergy.bc.ca/resources-introduction/first-heat>

People will be able download the tool, which works in Microsoft Excel, when the new website is unveiled in January, or contact Dubois to have it emailed earlier.