

MADISON'S LUMBER REPORTER



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News & Updates

Sawmill Fires

Kansas City, MI, firefighters responded to a two-alarm fire at an old lumber company Thursday evening. The fire broke out in the 1300 block of East 31st Street in an area filled with old pallets. Firefighters said they called for an additional alarm because the pallets had the potential of becoming a much bigger fire, but crews got it under control fairly quickly. There were no reports of injuries.

The company was still in business, but no one was at the site when the fire started. Investigators have not said what caused it.

Elsewhere, firefighters worked quickly to keep a fire in an 18-wheeler in Hearne, TX, lumber yard from spreading to a nearby building.

The fire is believed to have broken out Tuesday morning at the yard on 6th Street.

The flames were put out before they could spread to the building the semi was parked near. No word on a cause of the fire.

Japan Housing Starts

Total housing starts in Japan for April were 75,286 units, a 3.3 per cent drop from one year ago, and representing two months' decline, according to Japan Lumber Reports.

This is a slight improvement over March starts of 69,111, and brings seasonally-adjusted annual starts to 906,000. CONT'D PAGE 7

Apartment Absorption Rates, US

Absorption rates for new rental and for-sale multifamily homes in America were roughly unchanged at the start of 2014, according to National Association of Home Builders (NAHB) analysis of data Monday. Completions of privately financed, unsubsidized, unfurnished rental apartments in buildings with five or more units were up during 2013. A total of 132,600 such apartments were completed for these four quarters, compared to 104,500 a year earlier.

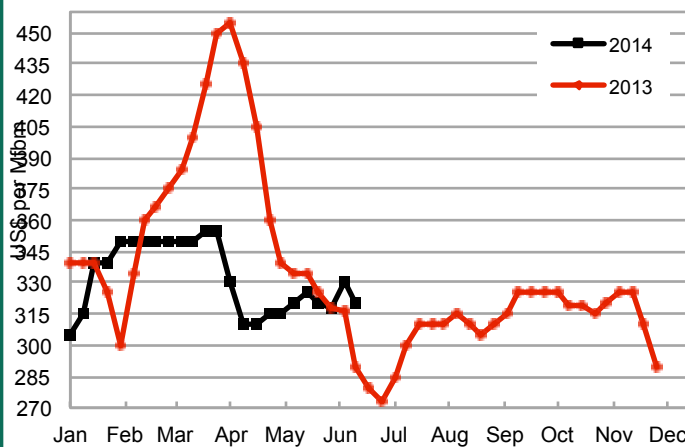
Non-seasonally adjusted three-month absorption rates (units rented after construction of the property is complete) for 4Q 2013 completions (rented during the first quarter of 2014) were effectively unchanged at 60 per cent, compared to 58 per cent a year earlier. Absorption rates for rental apartments rose coming out of the recession but established a more stable range since 2011, said the NAHB.

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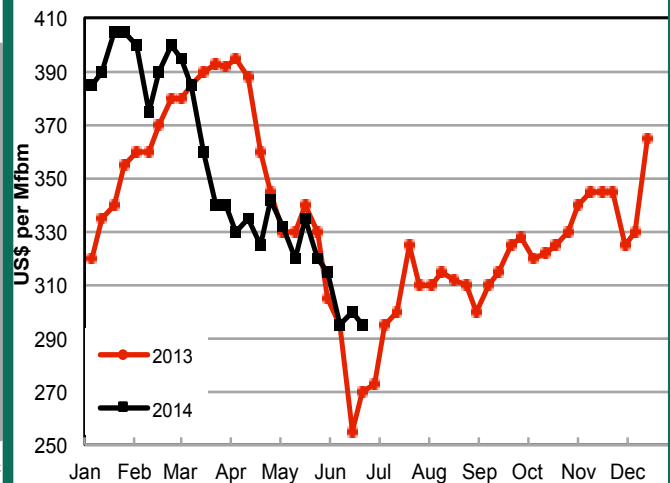
Urban Tree Value

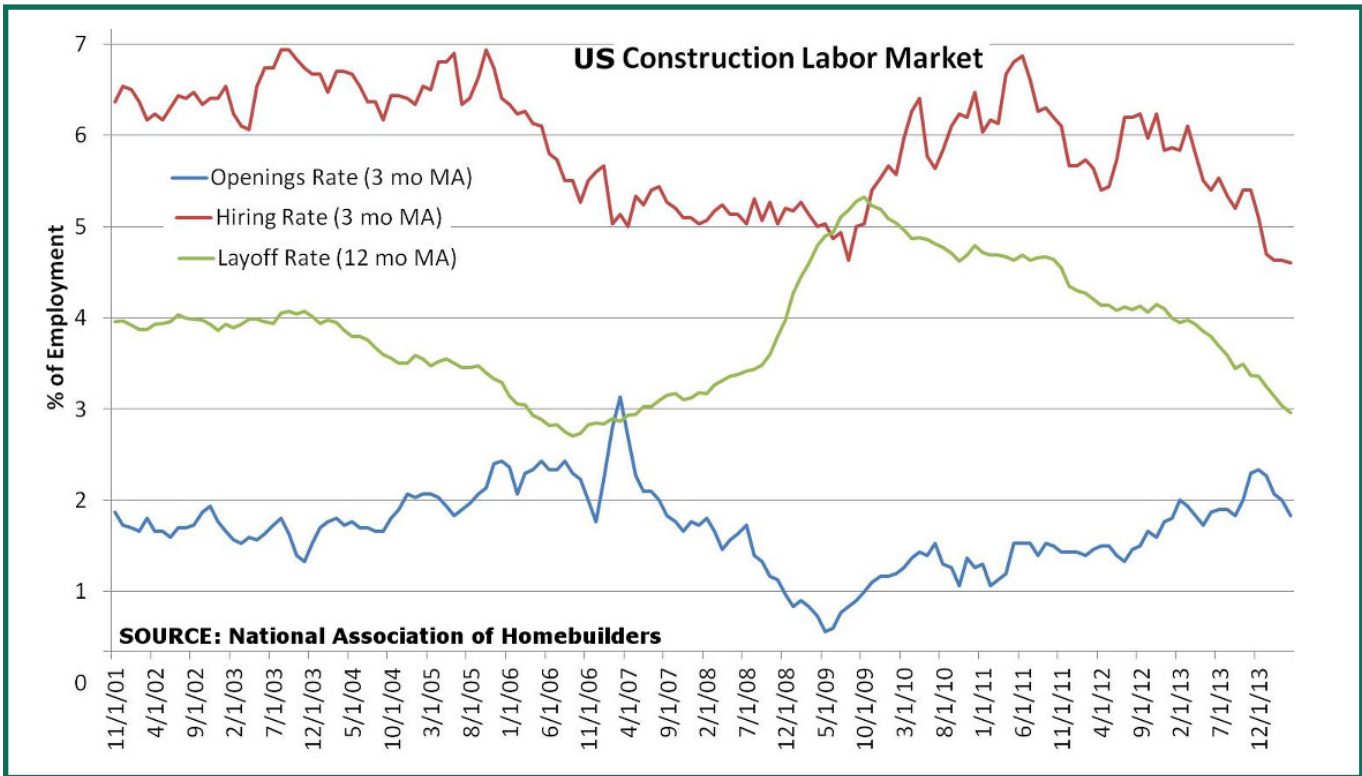
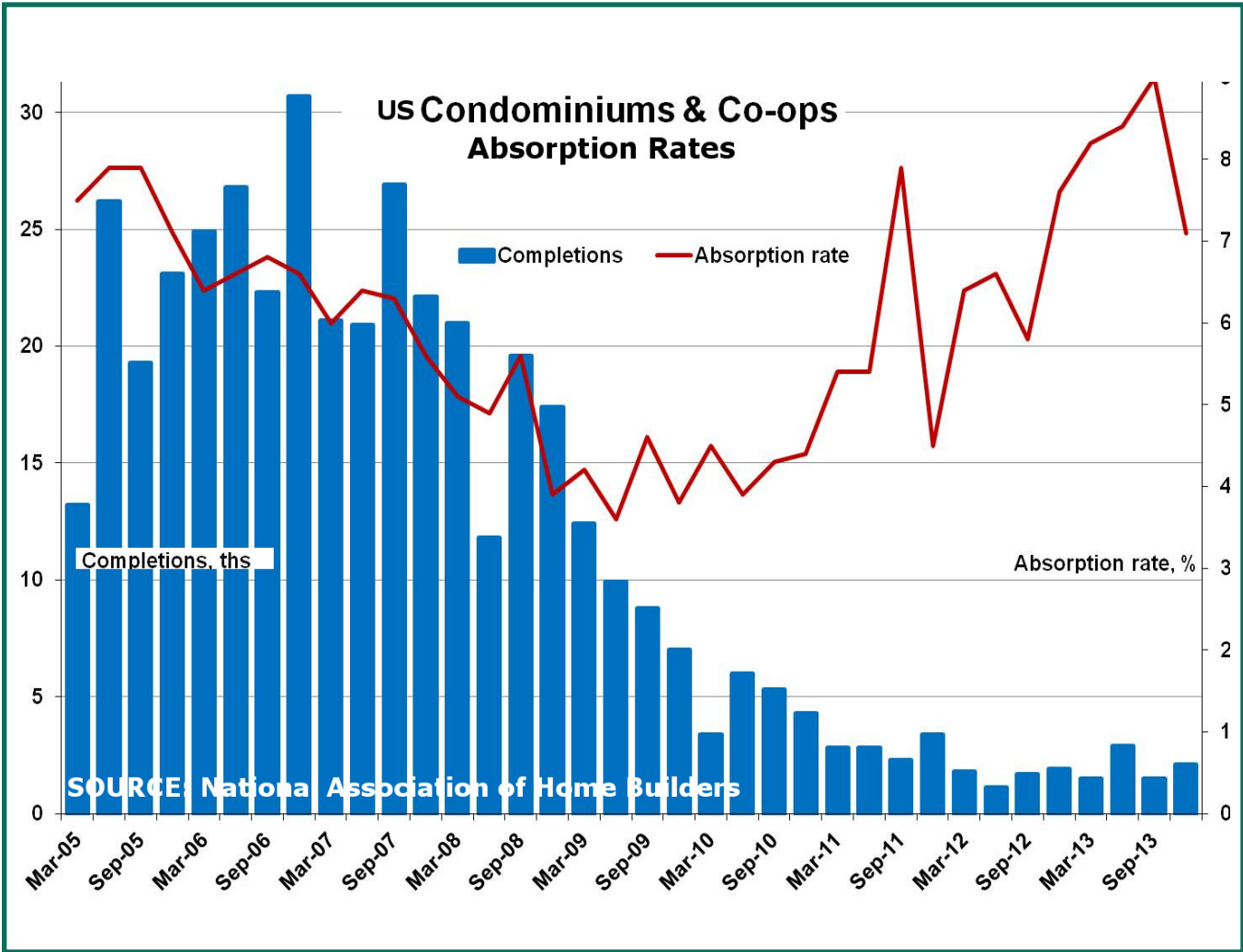
A report out this week by TD Bank valuing the trees in the City of Toronto, in Ontario, at \$7 billion adds an interesting perspective to the business of assessing timber stand value. For wood products manufacturers, it has traditionally been the logs — so naturally the trees — most conducive to making dimension lumber products that are of the highest value. CONT'D PAGE 9

WSPF KD 2x4 PET Studs



Douglas Fir Green Std&Btr 2x4





Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	320	326	-6	346	-26	302	+18
WSPF KD R/L 2x6	318	324	-6	332	-14	294	+24
WSPF KD R/L 2x8	336	342	-6	342	-6	300	+36
WSPF KD R/L 2x10	374	380	-6	380	-6	320	+54
WSPF KD PET 2x4 Stud	320	320	0	320	0	316	+4
WSPF KD PET 2x6 Stud	295	305	-10	295	0	315	-20
Douglas Fir Green R/L 2x4	295	330	-35	335	-40	255	+40
Douglas Fir Green R/L 2x10	335	325	0	380	-45	365	-30
ESPF KD 2x4 8ft Stud	400	415	-15	420	-20	380	+20
OSB Ontario 7/16" (CDN\$)	230	235	-5	240	-10	295	-65
CSplywood Toronto 3/8" (CDN\$)	398	407	-9	406	-8	326	+72

Weekly News

US Apartment Absorptions

CONT'D FROM PG 2 Condo-minium and co-op completions remain at historically low levels, with 2,100 for-sale multifamily homes completed during 4Q 2013, said NAHB Monday. The 3-month absorption rate for for-sale multifamily dipped for condos completed at the end of 2013 and sold during 1Q 2014, falling to 71 per cent.

Housing Starts, Japan

CONT'D FROM PG 2 New construction of owners' units in Japan for April were 23,799, a 16.1 per cent decrease over April 2013, said Japan Lumber Reports. This is a 5.4 per cent improvement over March.

Units built for sale dropped another 7.8 per cent, a third consecutive month of declines, to 19,710.

US Treasury Budget Deficit

The Treasury May Monthly Treasury Statement released Wednesday reported a US\$130 billion deficit in May 2014, down from US\$138 billion in May 2013. For fiscal year 2014 through May, the deficit was US\$436 billion, compared to US\$626 billion for the same period in fiscal 2013.

The Congressional Budget Office released their Updated Budget Projections: 2014 to 2024, released in April, reduced the projected budget deficits for each of the next ten years, and the projected deficit for 2014 was revised down from 3 per cent to 2.8 per cent.

Sierra Pacific WA Sawmill Announcement

Sierra Pacific Industries, the second-largest lumber producer in America, is assembling a site at Frederickson in southern Pierce County, WA, to build a major new sawmill that could employ as many as 200 workers.

The company is in the "due diligence phase" of this project, and is investigating the potential benefits and detriments of the site they've picked to determine whether building there will be economically feasible.

The potential sawmill site sits near existing Ikea and Whirlpool distribution warehouses at the intersection of 38th Avenue East and 200th Street East.

The site eventually could be as large as 270 acres.

The timber company, through a related company, Frederickson Industrial Park LLC, has been taking options and buying parcels of land in the area with contingencies relating to environmental and other issues at the site.

Under the terms of that sale, approved by the Port of Tacoma Commission at its Thursday meeting, the development company would pay the port nearly US\$3.2 million for the property. The company offer included US\$50,000 in earnest money for the two parcels.

Former Skeena Pulp Mill Site Fined

The City of Prince Rupert has been fined \$50,000 by Environment Canada for the illegal discharge of chemicals into the ocean from the old Skeena Cellulose pulp mill.

The city pleaded guilty last week to violating the Fisheries Act.

More than three years ago a toxic product from the pulp-making process was spilled from the Watson Island pulp mill site into Porpoise Harbour.

An Environment Canada investigation found that the substance called weak black liquor is toxic to rainbow trout and charges were laid last December.

The agency says most of the penalty — \$45,000 — is to be used to remove chemicals left in tanks or piping at the defunct mill site.

The Skeena Cellulose pulp mill was shuttered more than a decade ago, and the city ended up with the site in 2009 after it was seized from a Chinese-backed company for failing to pay municipal taxes.



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Urban Timber Valuation

City Tree Canopy

CONT'D FROM PAGE 2 Professional foresters, of course, take all kinds of variables into account when measuring timber stands. Apart from the actual trees, foresters examine water, viewscapes, wildlife corridors, and many other values in the forest.

Bank economist Connor McDonald co-authored the report. The TD urban

forests report is part of a larger bank initiative. On its site (link: <http://www.td.com/corporate-responsibility/tdforests.jsp>), the bank has mapped out urban forests across North America.

Carol Walker, manager of forestry policy and planning with the City of Toronto, said she was glad to see a bank validate the importance of the urban canopy.

Urban forests are more than just pretty scenery. The bank's report said trees are an important aspect of human health and quality of life.

Trees help ease the burden on towns and cities of managing snow and rain and also remove about 25 per cent of all emissions expelled by various industries in a given municipality.

York's trees soak up the pollution created by millions of vehicles and help manage temperature, both by blocking cold winds in winter, but also keeping communities cooler in summer.

The report looks at Toronto's urban forest of 10-million trees from an economic perspective, calculating the value each tree provides by saving energy, keeping rain and snow off the streets and absorbing pollution, and lays out a number of ways in which the city's trees are paying dividends to residents.

"Urban forests represent an important investment in environmental condition, human health and the overall quality of life," the bank's chief economist Craig Alexander said in the report.

Although it's not intuitive to think of a city of almost three million people being anything like a forest, Alexander notes that there are more than 10 million trees of at least 116 different species crammed inside the city limits. A bird's eye view of the city shows as much as 30 per cent of Toronto's space — more than 190 square kilometres — is covered by trees or shrubbery.

There are about 16,000 trees in the city limits for every square kilometre of space, or about four trees for every person. And all that greenery is worth a lot of green, Alexander said.

"It's easy to forget that trees have a monetary value," he said. The replacement value of the city's tree cover is about \$7 billion, or \$700 per tree.

The report's authors found the trees provide more than \$80-million of savings and environmental benefits every year, working out to about \$125 in annual savings for the average single-family household.

Alexander came up with that number by adding up both what it would cost to physically replace each of Toronto's trees, but also by factoring in the economic benefits those trees are quietly performing behind the scenes.

Trees help ease the burden of managing snow and rain, the reports notes. Every year, Toronto's tree cover intercepts about 25 million cubic metres of precipitation. If they weren't there to do that, that's an extra \$53 million the city would have to pay out to perform the same task.

"When it rains the water is going to go into the ground, but the trees help the ground absorb the water and it actually takes pressure off the foundations of homes," Alexander said.

They also remove about 25 per cent of all emissions expelled by the city's various industries — that's about 19 million tons of air pollution a year. For context, that means Toronto's trees soak up the pollution created by one million cars, or 100,000 homes, per year.

It's also well known that trees help manage temperature, both by blocking cold winds in winter, but also keeping the city cool in summer. Alexander said the net cooling effect on the city of a young, healthy tree is equivalent to 10 room-sized air conditioners, running 20 hours a day.

The total amount of carbon currently stored in Toronto's urban forest is estimated at 1.1 million tonnes — roughly the amount emitted by 700,000 cars a year.

"Every year, the City of Toronto's urban forest sequesters over 46,000 tonnes of carbon, which is equivalent to the annual carbon emissions from 31,000 automobiles or 16,000 single-family homes," Alexander said.

Large, healthy trees absorb 10 times more air pollutants, 90 times more carbon, and add 100 times more leaf area to the city's canopy.

Toronto benefits from a particularly lush tree canopy, with about one-third of the city covered by trees. In comparison, about one-fifth of Vancouver, BC, Ottawa, ON, and Montreal, QC, falls under tree canopy, according to municipal estimates.

The report didn't include benefits that are difficult to assign a dollar value, such as beautification, green space for recreation and importance to the community.

"What value is there to a family being able to take their kids to the park in order to play and sit in the shade in the summer? How do you put a dollar value on that? The answer is you can't," Alexander said. "We are probably deeply underestimating the value."

The full report is available here: <http://www.td.com/document/PDF/economics/special/UrbanForests.pdf>

