

MADISON'S LUMBER REPORTER



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News & Updates

BC Government Announcements

The British Columbia Ministry of Forests, Lands and Natural Resource Operations this week announced changes to BC forestry legislation intended to enhance the effectiveness of **BC Timber Sales**.

Proposed amendments to the Forest Act will enable holders of pulpwood agreements to sell or transfer their agreements. **CONT'D PAGE 7**

Oregon Timber Update

Aid to timber-dependent Oregon counties was revived this week by Republican and Democratic leaders in the US House of Representatives. **CONT'D PAGE 8**

US Home Sales, Prices

Builders in the US signed contracts on more homes last month than any time since early 2008, according to figures released by the Census Bureau and HUD. February seasonally adjusted annual new home sales topped out at a 539,000 annual pace, up 7.8 per cent from a healthy 500,000 rate in January. In percentage terms, sales increased the most in the Northeast, 153 per cent over the January rate, due to prior weather-related declines. Inventories dropped slightly to 210,000, which with the increased sales rate, lowered the months' supply measure to 4.7 months. Lower inventories suggests optimism about construction growth for the year ahead.

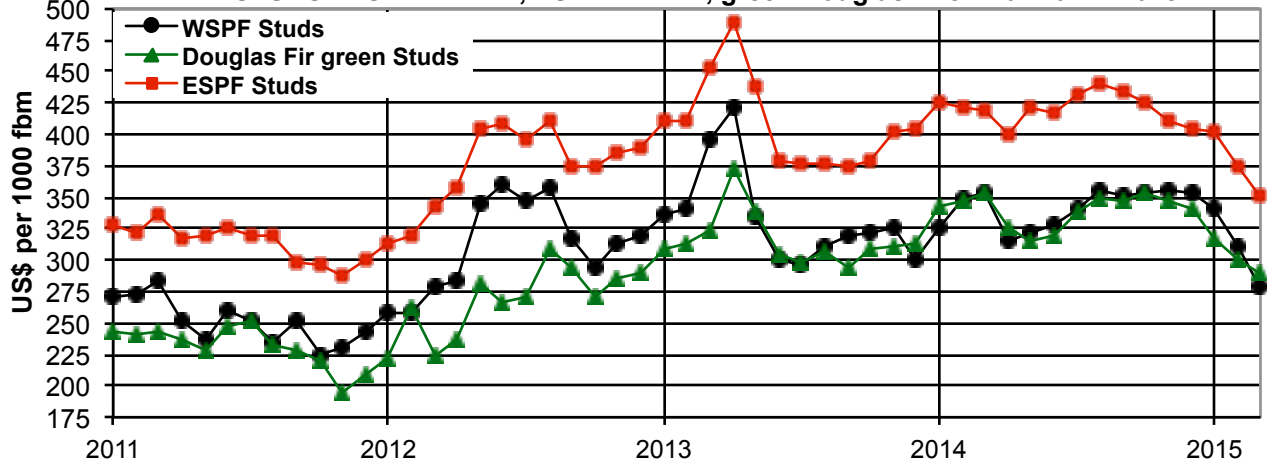
Although reporting smaller gains, existing home sales shook off winter-related declines in February as well. As reported by the National Association of Realtors, sales increased 1.2 per cent in February, up 4.7 per cent from a year earlier, and the share of sales for first-time buyers registered its first gain since last November. Supplies of existing homes for sale are also diminished, with the current inventory representing only a 4.6-month supply. **CONT'D PAGE 7**

Habitat Fragmentation: Global Forest Cover

A new study out of **North Carolina State University** gives a stark view of the dwindling size of forests globally. The analysis of global forest cover revealed that 70 per cent of remaining forest is within 1 kilometre of the forest's edge, subject to the degrading effects of fragmentation. A synthesis of fragmentation experiments spanning multiple biomes and scales, five continents, and 35 years demonstrates that habitat fragmentation reduces biodiversity by 13 to 75 per cent and impairs key ecosystem functions by decreasing biomass and altering nutrient cycles.

Effects are greatest in the smallest and most isolated fragments, and they magnify with the passage of time. These findings indicate an urgent need for conservation and restoration measures to improve landscape connectivity, which will reduce extinction rates and help maintain ecosystem services, the researchers say in their report. **CONT'D PAGE 9**

2X4 STUDS: WSPF KD PET, ESPF KD PET, green Douglas fir 8' Mar 2011 - 2015



US Existing Home Sales: February 2015

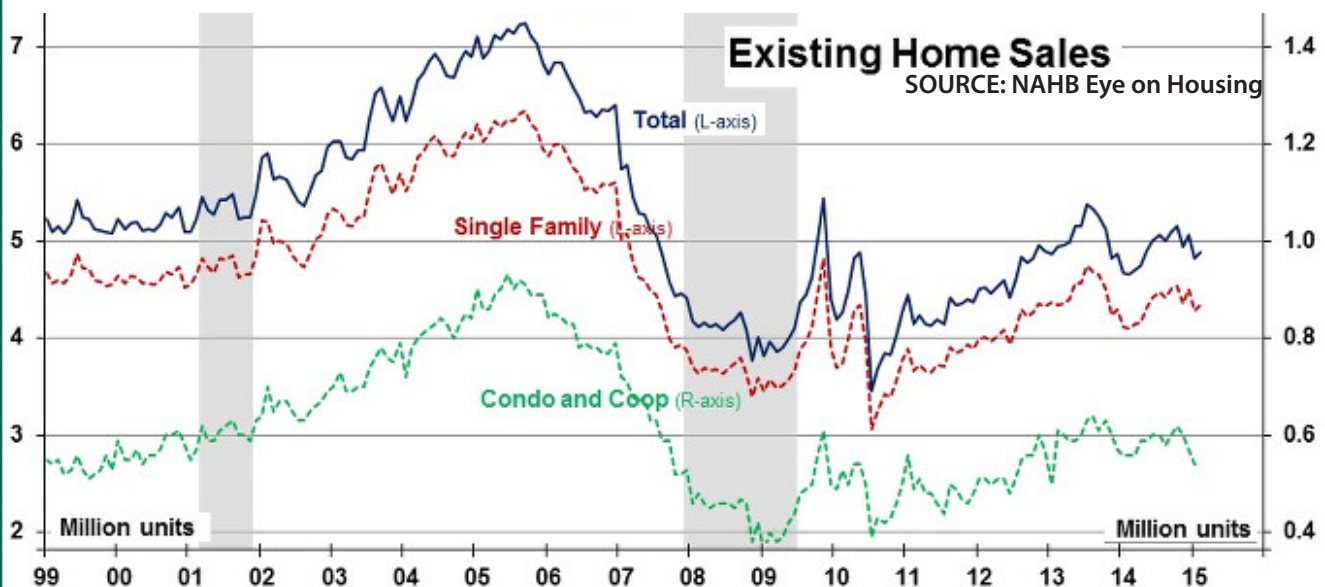
Existing home sales in the US increased 1.2 per cent in February, and the share of sales for first-time buyers registered its first gain since last November. The National Association of Realtors (NAR) reported February 2015 total existing home sales at a seasonally adjusted rate of 4.88 million units combined, up from 4.82 million units in January. February existing sales were up 4.7 per cent from the same period a year ago.

The first-time buyer share increased to 29 per cent in February, up from 28 per cent in January and very similar to February of 2014. A full recovery awaits first-time buyers to return to their typical 40 per cent share.

Total housing inventory increased 1.6 per cent in February to 1.89 million existing homes. At the current sales rate, the February represents a 4.6-month supply, unchanged from January. NAR reported that 34 per cent of homes sold in February were on the market less than a month, compared to 30 per cent of homes sold in January, 31 per cent in December and 32 per cent in November.

The distressed sales share in February remained unchanged at 11 per cent for the third consecutive month, and was down from 16 per cent during the same month a year ago.

The February median sales price of US\$202,600 was 7.5 per cent above the previous February, and represented the 36th consecutive month of year-over-year price increases. The median condominium/co-op price increased in February to US\$190,200, the first increase after six consecutive months of decreases, and was up 2.8 per cent from February 2014.



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Contact the CMSA office at **604-523-1288 (local 1) or 604-230-2661** or E-mail to sing@canserve.org to find out more and to obtain application forms.

Madison's Weekly Lumber Key Prices Table

www.madisonsreport.com



	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
Prices are in U.S. dollars per 1,000 fbm (net FOB mill)							
WSPF KD R/L 2x4	285	280	+5	305	-20	368	-83
WSPF KD R/L 2x6	285	285	0	308	-23	354	-69
WSPF KD R/L 2x8	294	290	+4	308	-14	338	-44
WSPF KD R/L 2x10	322	322	0	330	-8	400	-78
WSPF KD PET 2x4 Stud	280	275	+5	325	-45	350	-75
WSPF KD PET 2x6 Stud	290	285	+5	325	-35	305	-15
Douglas Fir Green R/L 2x4	305	305	0	310	-5	360	-35
Douglas Fir Green R/L 2x10	345	330	+15	355	-10	427	-60
ESPF KD 2x4 8ft Stud	350	345	+5	365	-15	400	-45
OSB Ontario 7/16" (CDN\$)	210	215	-5	230	-20	225	-20
CSplywood Toronto 3/8" (CDN\$)	410	428	-18	450	-40	370	+25

Madison's Weekly Lumber News

BC Timber Sales Changes

CONT'D FROM PG 2 Amendments to forestry legislation introduced Wednesday will enhance the effectiveness of BC Timber Sales and allow the transfer of pulpwood agreements to increase fibre supply to pulp mills, according to a BC government release.

Acting on recommendations from the BC Timber Sales effectiveness review, the amendments will encourage more accurate timber pricing, help BC Timber Sales generate more revenue, and improve overall business practices. Collectively, the changes could increase BC Timber Sales annual net revenue by as much as \$4 million.

As well, proposed amendments to the Forest Act will enable holders of pulpwood agreements to sell or transfer their agreements. Pulpwood agreements are non-replaceable volume-based timber tenures that provide a secure fibre supply to larger-scale pulp mills. The agreements provide pulp mills and particle board plants with access to a secondary source of lower-quality fibre when sufficient suitable, reasonably priced wood chips, sawdust or logs is not readily available.

For more details please [VISIT](#).

Home Sales, Prices, US

CONT'D FROM PG 2 The NAHB/Wells Housing Market Index (HMI) fell two points to 53 in March. The drop marked the third consecutive decrease in this measure of single-family builder confidence. However, the HMI has been above 50 since July of last year, suggesting that the outlook for construction growth is good, not great.

Sales of newly built single-family homes increased 7.8 per cent from a month earlier to a seasonally adjusted annual rate of 539,000, the US Commerce Department said Tuesday. That is the highest level since February 2008.

At David Weekley Homes, a closely held builder operating in 11 states, sales orders in February and March are up 5 to 10 per cent from the same period last year. Chief Executive John Johnson said, "There's evidence that buyers who had been forestalling or delaying their decision are now comfortable enough to buy. And there's some awareness that interest rates aren't going to stay down forever."

As well, the US Census Bureau said this week, "The median sales price of new houses sold in February 2015 was US\$275,500; the average sales price was US\$341,000."

Less than 5 per cent of homes sold were under US\$150,000 in February 2015. This is down from 30 per cent in 2002 -- and down from 20 per cent as recently as August 2011.

However there has been a pickup in homes sold in the US\$200,000 to US\$300,000 range, which increased to 37.8 per cent of homes in February 2015.

Central Newfoundland Timber Resources for Sale

The Government of Newfoundland said this week negotiations are still ongoing with a California-based company interested in timber resources in central Newfoundland, according to VOXM radio Wednesday.

Rentech is looking to produce wood

pellets in Canada; it already has access to wood resources in Ontario. Up for grabs is the 280,000 cubic metres of wood that once belonged to Abitibi-Bowater in Grand Falls-Windsor.

Negotiations with Rentech started last April but a deal hasn't yet been reached. In the Legislature yesterday, the Liberals looked for an update.

Minister Responsible for Forestry, Vaughn Granter noted the competitiveness of the industry. Granter says the province realizes the importance of such a deal to Central Newfoundland and is concerned about the industry on the Northern Peninsula. He says negotiations are getting down into the fine details. Granter says Rentech is interested in Newfoundland.

Calendar

April 2015

Council of Forest Industries Convention 2015

April 8-9, 2015 – Prince George, BC
<http://www.cofi.org/>

May 2015

Global Forest Products Leadership Summit 2015

May 3-7, 2015 – Vancouver, BC
<http://www.forestproductssummit.com>

PwC 28th Annual Global Forest & Paper Industry Conference

May 6, 2015 – Vancouver, BC
<http://www.pwc.com/>

International Pulp Week

May 3-6, 2015 – Vancouver, BC
<http://www.internationalpulpweek.com>

Oregon Timberlands. Timber Access, and Timber Revenue

Federal aid that has provided a financial lifeline for timber-dependent counties in Oregon may soon start flowing again after a key congressional deal was announced Tuesday.

House Republican and Democratic leaders agreed to include the timber aid - which will pump about US\$100 million a year into the economy in mostly rural parts of Oregon - in a must-pass bill to prevent deep cuts in Medicare reimbursements to doctors.

The deal to extend the aid for another two years appeared to end a political standoff that forced the program's expiration last year. And it raised the prospect that schools and county governments might start getting the checks in the next few months.

Restoration of the aid, intended to help counties hard-hit by declines in federal logging, has been a major priority of Oregon members of Congress, who jostled to claim the credit.

Rep. Greg Walden, the state's sole Republican in Congress and a member of the House GOP leadership, announced the agreement Tuesday morning.

"We need to change the forest policy" to allow more logging, Walden said Tuesday morning in a speech to the Public Lands Council, a group that represents ranchers.

"In the meantime, our rural schools, rural roads and emergency services need this funding," Walden added. "This is a big win for the rural part of the country and certainly the district that I represent."

Walden said he had help from Rep. Peter DeFazio, D-Ore., who put out his own statement explaining that he brought the Democratic leadership along. Both sides "came together to do what's right for our struggling, economically distressed rural communities," DeFazio said.

The timber payments initially approved by Congress in 2000 were seen as a way to help counties that had been hit hard by the steep decline of logging on federal lands - particularly in Western Oregon following the endangered species listing of the spotted owl in 1990.

Annual payments to Oregon counties and schools reached a high of more than US\$250 million but had dwindled to US\$107 million last year as the delegation repeatedly fought to keep the program alive.

Walden, DeFazio and Rep. Kurt Schrader, D-Ore., in the last Congress pushed legislation through the House aimed at boosting logging on federal forests in western Oregon managed by the BLM. The bill would have put 1.6 million acres into trust managed by the state under less-stringent environmental rules.

Wyden said that approach would never fly in the Senate - and he said the same is still the case with the Republicans in charge of the body.

"Setting aside environmental laws has always been a loser," he said, arguing that Republicans still don't have the votes they need in the Senate to do that. Wyden said he continues to work on his legislation that he believes could double harvests on O&C lands.

SOURCE: Oregon Live

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Habitat Fragmentation

Forest fragmentation has been a point of concern for decades, largely due to fears that lost habitat and increased accessibility to predators and parasites will drive some species to extinction. Still, some have called into question the value of habitat fragmentation, on the grounds that it doesn't capture important ecological interdependencies, or that the influence of fragmentation per se can be subsumed under the effects of habitat loss.

Centuries of forest fragmentation has been done in the name of agricultural clearing, urban development, and other human interference. As bad as that sounds, the consequences for biodiversity are perhaps even most distressing.

That controversy makes the experiments of an international team of 24 researchers all the more interesting. Led by Nick Haddad, a professor of biology at NCSU, researchers conducted two separate analyses to illustrate the significance of forest fragmentation on the environment. First, they used a recent, high-resolution global survey of forest cover to estimate just how fragmented the world's forests are. They found that the only exceptions were the Amazon and Congo river basins, where it's still possible to find deep forests.

The researchers found that destruction and degradation of natural ecosystems are the primary causes of declines in global biodiversity. Habitat destruction typically leads to fragmentation, the division of habitat into smaller and more isolated fragments separated by a matrix of human-transformed land cover. The loss of area, increase in isolation, and greater exposure to human land uses along fragment edges initiate long-term changes to the structure and function of the remaining fragments.

Global Forest Size

"Fragmentation experiments—some of the largest and longest-running experiments in ecology—provide clear evidence of strong and typically degrading impacts of habitat fragmentation on biodiversity and ecological processes," the team wrote March 20 in *Science Advances*. That includes some surprising effects, such as surges for some species and long periods of time before fragmentation's effects become detectable. The full report is available here: <http://advances.sciencemag.org/content/1/2/e1500052>.

"In light of these conclusions and ongoing debates, we suggest that frag-

mentation's consistency, pervasiveness, and long-term degrading effect on biodiversity and ecosystem function have not been fully appreciated," they write.

The research team included Andrew Gonzalez of McGill University's Department of Biology, and Canada Research Chair in Biodiversity Science at McGill.

The new, global analysis stemmed from a symposium of ecologists held in Minneapolis, MN, in 2013, which drew together scientists who had worked on many of the major fragmentation experiments around the world. "It was the first time everyone had been together in the same room, and there was lots of excitement over how much agreement these disparate experiments showed," recalls Gonzalez, who had worked on a long-running study of the fragmentation of moss-covered habitats in Canada and the UK.

The findings could help inform conservation efforts to mitigate the ecological effects of deforestation for resource development. In the case of Canada's boreal forest, for instance, setting aside large areas for protection will mitigate the impacts of development only if they are kept intact and free of the effects of forest fragmentation, Gonzalez notes.

The scientists also used the world's first high-resolution map of global tree

cover to measure the magnitude of forest fragmentation. They found that 70 per cent of the world's remaining forest is well within the range where human activities and non-forest species may influence and degrade forest ecosystems.

"Habitat fragmentation is an ongoing phenomenon, and our analysis shows that the scenario is worsening," says Gonzalez.

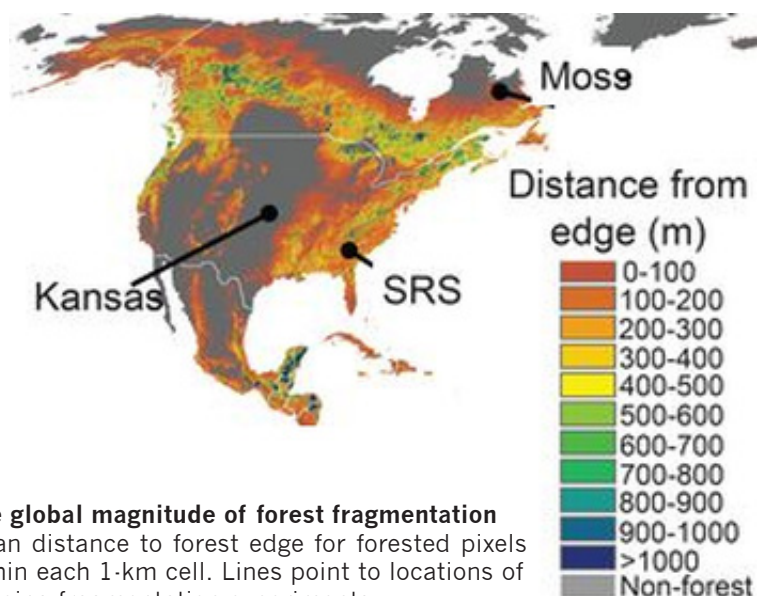
The capacity of surviving forests and other natural habitats to sustain biodiversity will hinge on the amount and quality of habitat left in fragments, the degree to which they are interconnected, and how they are affected by other human-induced influences such as climate change and invasive species, the authors note.

"Once a forest disappears, the resulting area is more exposed and experiences greater extremes of temperature, humidity, and wind – all of which negatively influence plants and animals in nearby forests", says Doug Levey, Program Officer with the National Science Foundation and co-author of the paper.

"It's never too late to preserve what we already have," he says, "People have known for a long time that fragmentation is bad and it's getting worse."

The world's ongoing fragmentation experiments

All experiments have been running continuously (with the exception of the moss fragmentation experiment, which represents a series of studies over nearly two decades).



The global magnitude of forest fragmentation

Mean distance to forest edge for forested pixels within each 1-km cell. Lines point to locations of ongoing fragmentation experiments.