

MADISON'S LUMBER REPORTER

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News & Updates

Canada/US Softwood Lumber Trade

Russ Cameron, president of the Independent Wood Processors Association of BC, told *The Working Forest* on April 17 that BC's value added wood processors are being "decimated" by big lumber.

In an email to *Madison's* Thursday, Cameron provided context, saying: there is no more growth for commodity wood products but lots of opportunity for value added wood products. Unfortunately we have lost half of BC's value added wood processors due to consolidation of the non-competitive harvest into the hands of a few mega companies and a Canadian imposed tax for employing British Columbians to add value to BC grown wood in BC.

"It's ironic that after the Canadian companies received \$5-billion in softwood lumber refunds in 2006 they began their US buying spree," says Cameron to the *The Working Forest*. "There's no more growth for commodity wood products in the Interior, and acquisition seems to be the only solution for these big producers."

Lumber Production, Shipments, Stock: March 2015

Statistics Canada released Monday the latest data on provincial lumber production and manufacturing sales.

As well, the Western Wood Products Association's monthly Lumber Track, out Friday, contains the latest data on US and Canadian sawmill capacity utilization.

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US Construction Spending: April 2015

NAHB analysis of Census construction spending data released Monday finds that the pace of residential construction spending improved on both a monthly and year-over-year basis for April.

For the month, the seasonally adjusted annual rate of single-family construction spending was US\$206 billion, up 1.6 per cent from March. The April rate of multifamily construction spending was US\$51 billion, 3.1 per cent higher than March.

On a year-over-year basis, the pace of single-family construction spending was up more than 9 per cent from April 2014, while multifamily spending was almost 25 per cent higher.

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US Home Price Index: March 2015

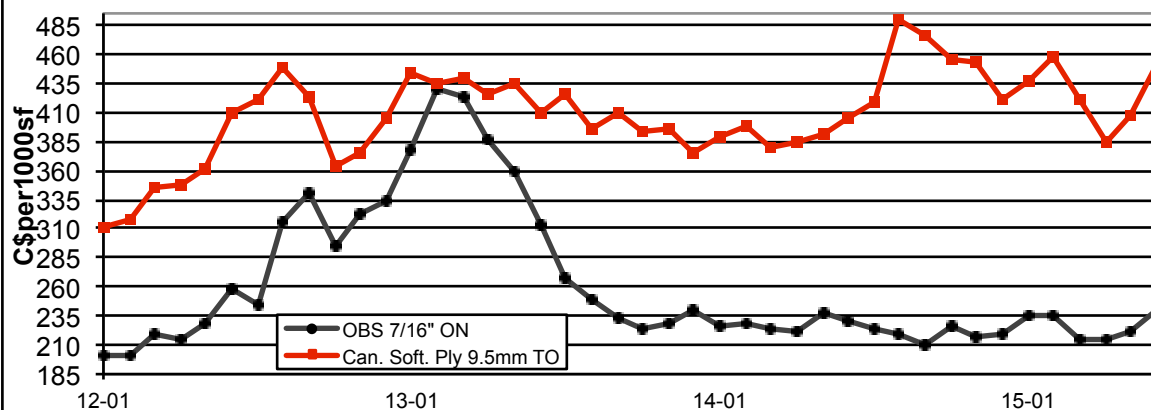
The Federal Housing Finance Agency and the Standard and Poor's/Case-Shiller recently released Monday the Home Price Index for March. CONT'D PAGE 6

Tall Wood Building

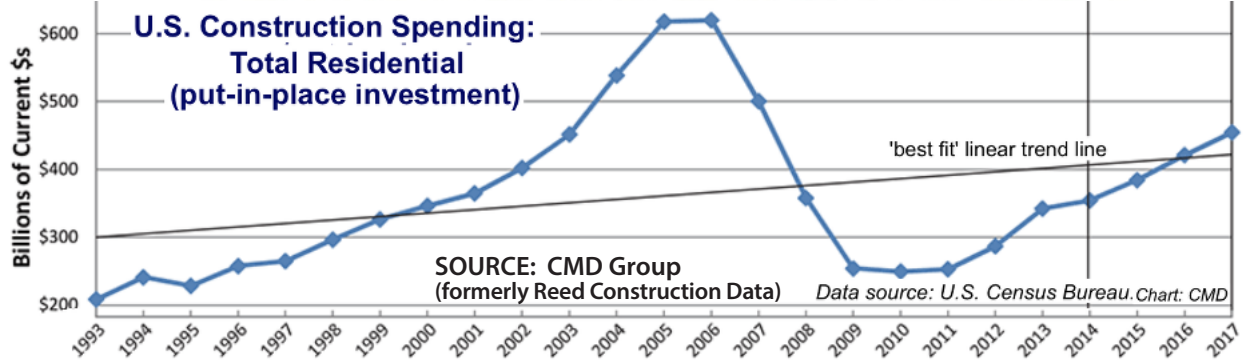
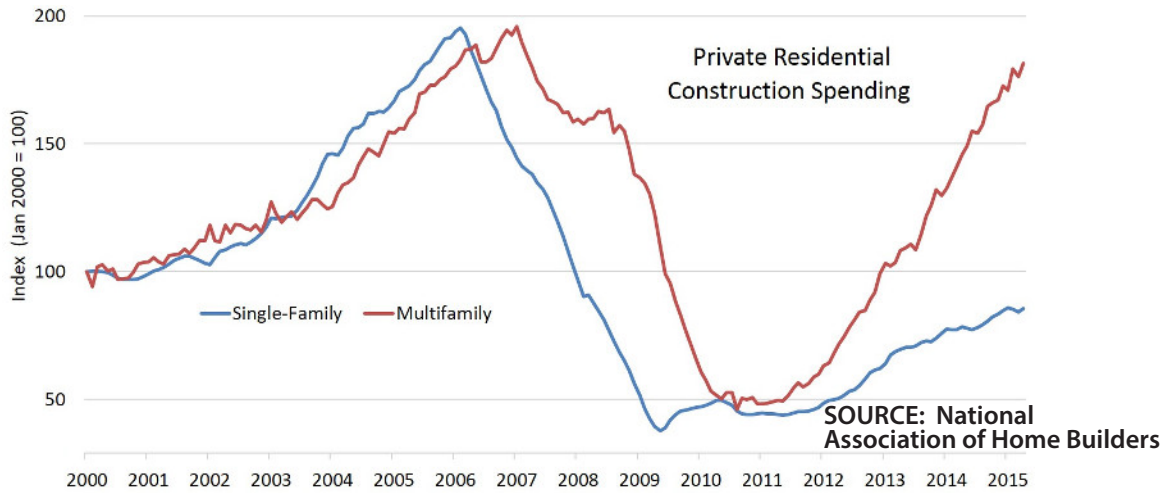
Some new announcements for funding around CLT (cross laminated timber) came out of a couple jurisdictions recently, also this week a Vancouver architecture firm has submitted a design proposal for a 35 storey wooden tower to be built in Paris.

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OSB Ontario 7/16" vs Can. Softwood Plywood 9.5mm Toronto 2012 - JUNE 2015



US Residential Construction Spending: April 2015

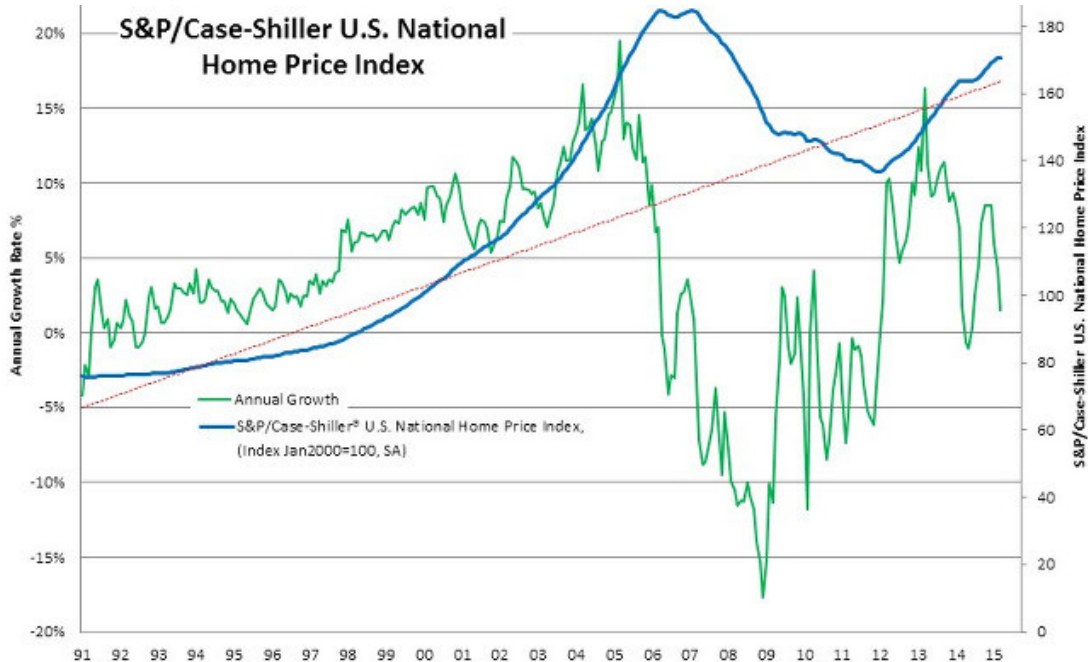


US Home Price Index: March 2015

The price index reported by the Federal Housing Finance Agency (FHFA) decelerated in March, slowing to an annualized growth rate of 4.2 per cent, from 7.8 per cent in February. Monthly growth rates have been volatile but have trended down since the recent peak in 2013. The level of the index remains below the housing boom peak but has recovered to a level consistent with trend growth prior to the boom and bust extremes.

House prices reported by the Standard and Poor's/Case-Shiller show the same dynamics as the FHFA index, sharply rising prices during the boom followed by steep declines and finally recovery beginning in 2012. The Case-Shiller index also shows volatile monthly growth rates and a deceleration in price growth since 2013.

SOURCE: National Association of Home Builders



Madison's Weekly Lumber Key Prices Table

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	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	280	262	+18	253	+27	326	-46
WSPF KD R/L 2x6	280	258	+22	253	+27	324	-44
WSPF KD R/L 2x8	290	278	+12	255	+35	342	-52
WSPF KD R/L 2x10	340	332	+8	314	+26	380	-40
WSPF KD PET 2x4 Stud	280	265	+15	235	+45	320	-40
WSPF KD PET 2x6 Stud	270	255	+5	250	+20	305	-35
Douglas Fir Green R/L 2x4	310	305	+5	290	+20	330	-20
Douglas Fir Green R/L 2x10	355	355	0	340	+15	335	+20
ESPF KD 2x4 8ft Stud	360	350	+10	325	+35	415	-55
OSB Ontario 7/16" (CDN\$)	240	235	+5	210	+30	235	+5
CSplywood Toronto 3/8" (CDN\$)	455	448	+7	400	+55	407	+48

Madison's Weekly Lumber News

US Architecture Firm Billings: April 2015

After a soft 1Q resulting largely from severe weather across parts of the Northeast and Midwest, expectations were that design billings at architecture firms would rebound in 2Q, said the American Institute of Architects May 20. At 48.8, the April ABI national score reflected a steeper re-trenchment than any of the first three months of the year.

However, the April report does hold out hope that business conditions at architecture firms will recover nicely as the year progresses. The new project inquiry score came in at 60.1 for the month, the strongest reading in six months, while the new design contract index score was 53.1, signifying the strongest growth for new work coming into firms since last November.

Regionally, firms in the Northeast reported another month of steep declines, with an ABI reading for April of 43.2, the eighth straight month that scores have been below 50 in this region. Firms in the Midwest reported essentially flat business conditions, just as they have each month so far this year. Firms in the South are seeing very healthy conditions, while those in the West have seen steady gains over the past two months, after reporting weakness in January and February.

Weak business conditions in April, coming on top of a generally disappointing 1Q for the year, have not diminished firms' expansion plans for the year. Just over half of firms surveyed this month indicate that they plan to add one or more architectural

positions over the coming year. Of the firms planning on adding positions, 78 per cent are planning to increase full-time staff, 20 per cent plan to add part-time staff, and 24 per cent plan to add contract or temporary staff.

Lumber Company Mergers, Acquisitions

Lumber company Stock Building Supply Holdings announced Wednesday it agreed to combine with privately held Building Materials Holding, in a deal that positions the combined company to take advantage of demand for building supplies in the recovering housing market.

The two lumber companies, once bankrupt, had combined revenue of US\$2.7 billion in 2014. Stock Building Supply went public again about two years ago, and shares closed Tuesday at US\$18.10, giving it a market value of about US\$474 million. The stock is up 18 per cent this year.

As well, Big C Lumber, out of Granger, IN, announced Thursday it has acquired its 16th lumberyard, expanding its presence in a growing Michigan market. The company is acquiring Stevenson Lumber, located in Adrian, MI, in its second acquisition in three years.

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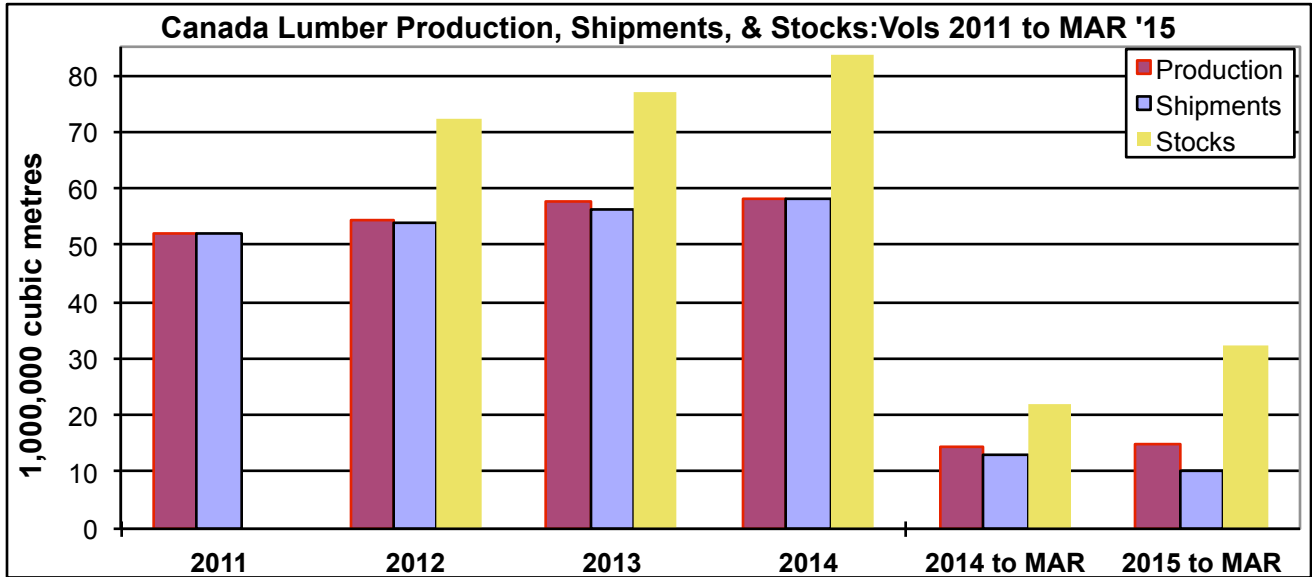
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Immediately reach executives, decision makers, and managers in the natural resources sector, specifically related to timber products.

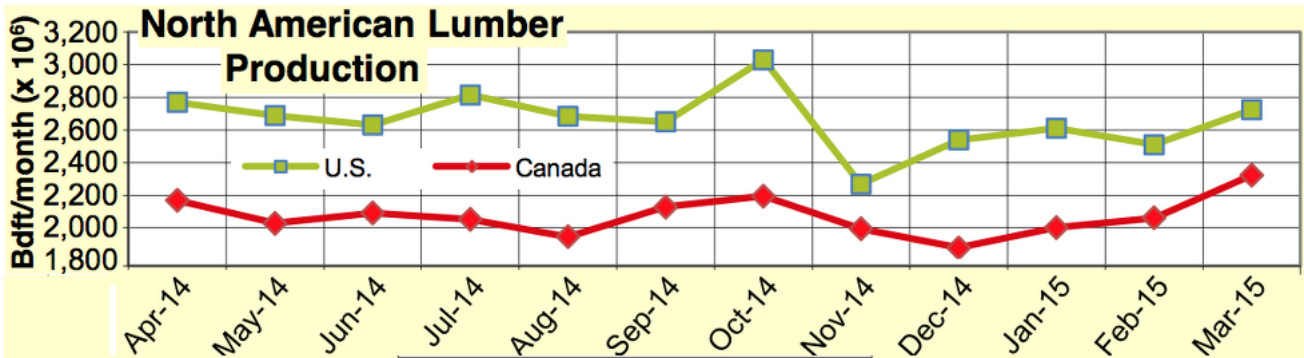
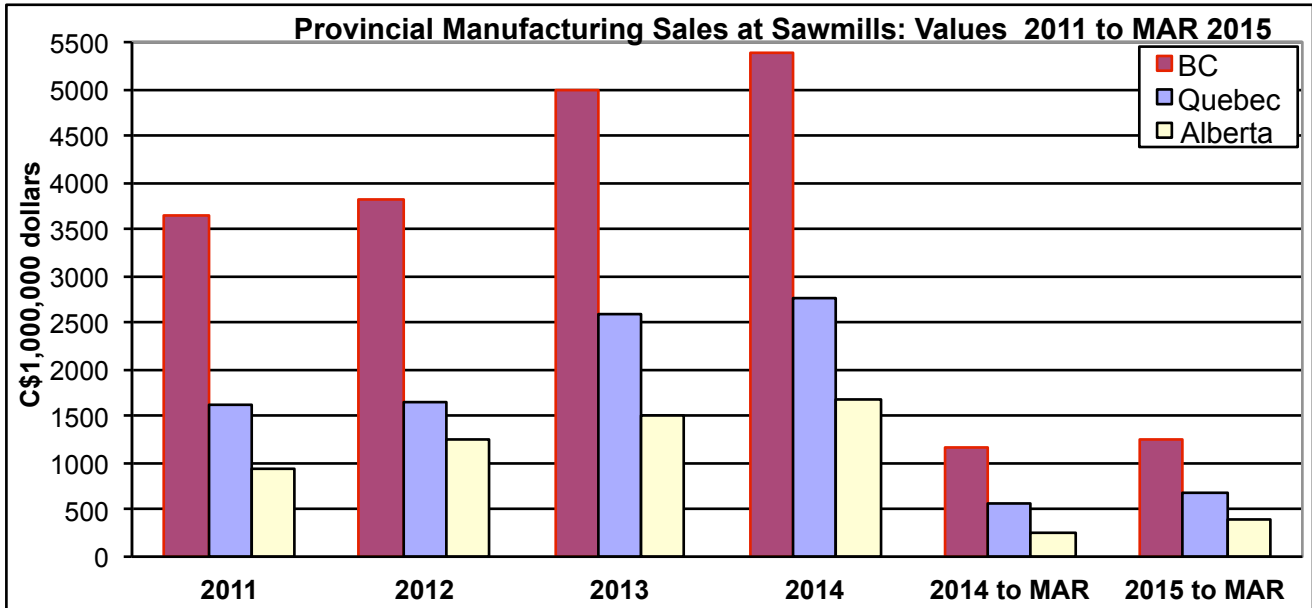
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Canada Lumber Production, Shipment & Stocks Volumes: March 2015



Canada Provincial Manufacturing Sales at Sawmills: March 2015



Source: Southern Forest Products Association, U.S. Census Bureau, Council of Forest Industries-CAN, WWPA

Cross Laminated Timber

To promote the adoption of innovative wood building technologies, the US Department of Agriculture (USDA) sponsored May 20 the “US Tall Wood Building Prize Competition” in partnership with the Softwood Lumber Board and the Binational Softwood Lumber Council. This competition showcases the architectural and commercial viability of advanced wood products in tall-building construction, growing this emerging market and ultimately supporting employment opportunities in rural communities, maintaining the health and resiliency of US forests, and advancing sustainability in the built environment, according to a department press release.

Additionally, the USDA is working to stimulate demand for forest products and expand the use of wood in building through research into innovative ways to use wood and fibre. The US Forest Service Forest Products Laboratory (FPL), based in Madison, WI, has been

by **Kéta Kosman**

an integral part of developing safe and sustainable

products, including different applications for engineered wood products like CLT. Part of Forest Service Research & Development, the FPL has invested over US\$2 million in research and technical support for the use of wood as a green building material for housing developments and other building projects.

As well, on May 7 Oregon State University offered a grant, as part of a USDA award of over US\$1.5 million to Oregon and Washington intended to expand and accelerate wood energy and other wood product markets. The University was awarded US\$249,888 to study “Utilization of Low-Value Lumber from Small Diameter Logs Harvested in Pacific Northwest Forest Restoration Programs in Hybrid CLT Core Layers”, according to a USDA press release.

Elsewhere, in another boost for timber high rise construction in North America, the American Wood Council (AWC) was awarded May 27 a US\$250,000 grant to research fire performance of mass timber buildings.

This funding has been awarded by the USDA, and underlines the American government’s increasing interest in tall timber as a future low carbon, high density construction solution. This latest development follows its announcement last October of a US\$2 million tall wood building prize to encourage architects, designers and engineers to come up with new construction concepts that showcase

the “architectural and commercial viability of advanced wood-based structural materials and solutions”.

In the new project, AWC partners with the US National Fire Protection Association’s (NFPA) Fire Protection Research Foundation and the Property Insurance Research Group. Its proposition is to promote the potential of taller wood buildings by demonstrating the fire safety of engineered or mass wood products. The Property Insurance Research Group, a consortium of insurance companies, is putting US\$175,000 toward the project, which will be managed by the NFPA Fire Protection Research Foundation. The research is expected to last two years.

Mass Timber Building

The USDA estimates that using cross laminated timber for seven to 15-storey buildings in America could be the carbon saving equivalent of taking two million cars off the road. Greater use of mass or engineered wood products, like glulam and CLT, in large-scale construction could also be a major boost for US forestry and timber industries, and consequently rural employment. Another estimate is that if mass timber can take five to 15 per cent of the US non-residential market, it would mean another 0.8 to 2.4 billion board feet of timber production from US mills, and 35 jobs are created per extra million board feet.

Over in the UK, A Scottish construction firm is investing £4.2m in a massive timber production plant following university research, said an Edinburgh Napier University press release Tuesday.

Lanarkshire-based construction firm CCG has bought a new 122,000 sq. ft. plant to make CLT. More commonly known as massive timber, it is an exceptionally strong building material which can be used in commercial and residential structures. The bold move came on the back of research undertaken by the university’s Institute for Sustainable Construction, which looked at the feasibility of the plant, assessed market demand and conducted timber engineering research for CCG.

Famed CLT advocate and architect, Vancouver, BC’s, Michael Green announced this week that his firm, MGA, was invited to take part in the bid for the Reinventer Paris competition on a team with French architects DVVD Paris and developer REI France. The Reinventer Paris competition is a bold effort by local authorities to search for innovations in urban design and sustainability capable of revitalizing Parisian architecture.

The team chose to compete for a spot on Boulevard Pershing, with a cluster of mass-timber wood buildings, in a development, dubbed Baobab, which would revitalize what is now the surface parking lot for a bus depot with a mix of market and social housing, a student hotel, and urban agriculture.

At 35 stories, the wooden tower Green’s team is proposing would have to be approved as an exception to Paris’s existing height limits for wood structures, but he hopes winning the bid could be the “Eiffel-Tower moment” for the acceptance of tall timber buildings he has been advocating for close to a decade, said the Vancouver Sun Wednesday.

Still in Canada, Quebec City’s Pointe-aux-Lièvres eco-district is getting a 13 storey tower constructed of mostly CLT, 12 storeys of apartments on top of a concrete podium. Designed by Yvan Blouin, the building is a condominium being marketed as the Origine. It is being built by Nordic Structures, which described the project as, “A long time in the making, the project has drawn on input from federal and provincial officials as well as research institutes, and will help pave the way for the development of a North American market for solid wood building products made in Quebec.”

In New Zealand, work has begun on Rotorua’s first inner city building to support Lakes Council’s new Wood First policy, by use of innovative new wood products. Local developer Ray Cook, of R & B Consultants, is taking the lead with the Wood First concept through a new design build and lease back of premises for tenants ACC, on a site R & B owns in Pukaki Street.

Cook said to Scoop.nz he had been exploring the use of CLT panels and laminated veneer lumber (LVL) on the project due to the site’s geotechnical issues — so the timing was perfect for him.

Rotorua deputy mayor and Economic Growth Portfolio lead, Dave Donaldson, congratulated Cook on his use of wood and his company’s support for the timber and wood processing industry. Work on the new ACC building on Pukaki Street is expected to be complete in November.

And finally in the US — which has been slow to adopt engineered wood like CLT and LVL into building codes — a new four story hotel being built in Alabama is the first in the US to be built with cross laminated timber. The new Candlewood Suites is being built in the place of the former troop barracks area on Redstone Arsenal.

This new way of framing has vastly reduced the number of workers needed on the job site, which turns into a big cost savings. The hotel will be 58,000 square feet with 92 rooms including studios and suites. Construction is ahead of schedule, and it is expected to be open for visitors by this coming autumn.