

# MADISON'S LUMBER REPORTER

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## News & Updates

### BC's Coastal Mayors Re-Examine Log Export Policy

From the BC Truck Loggers Association Thursday:

"Over the evening, discussions around community involvement ranged from how the forest industry could better communicate its successes, to the direction of TLA's efforts to foster First Nations relationships as well as Mayors' interest in either developing or strengthening community forest tenures on the coast.

The TLA asked civic leaders to spread the understanding the log exports actually help their local communities and to shout out their support for the working forest when it comes up in community discussion. The TLA's 450 member companies operate in BC's 110 coastal communities creating well paid, local jobs."

Link: 2015 UBCM Resolutions ([www.ubcm.ca/assets/Resolutions~and~Policy/Resolutions/2015-ResolutionsBook-for-web\\_lowres.pdf](http://www.ubcm.ca/assets/Resolutions~and~Policy/Resolutions/2015-ResolutionsBook-for-web_lowres.pdf))

The TLA Website: [www.tla.ca](http://www.tla.ca)

### US Existing Home Sales, Prices: August 2015

Existing home sales tumbled 4.8 per cent in August to a 5.31 million seasonally adjusted annual rate, the National Association of Realtors said Monday, the steepest month-to-month decline since January, when they fell 4.9 per cent.

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### US New Home Sales, Prices: August 2015

Sales of newly built homes reached the highest level since early 2008 in August, evidence that demand for housing is strengthening heading into autumn.

Sales of new, single-family homes rose by 5.7 per cent to a seasonally adjusted annual rate of 552,000, the Commerce Department said Thursday.

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### Canada Wholesale Trade: July 2015

Wholesale sales in Canada were unchanged at \$55.4 billion in July, said Statistics Canada Monday. Higher sales in three subsectors, representing 52 per cent of wholesale sales, were offset by lower sales in other subsectors.

In volume terms, wholesale sales decreased 0.4 per cent in July.

### North America Infrastructure Development

A \$70 million commercial wharf being billed as a gateway for goods and products in and out of northern BC, the Yukon, and northern Alberta was officially opened September 17, according to the [Terrace Standard](#).

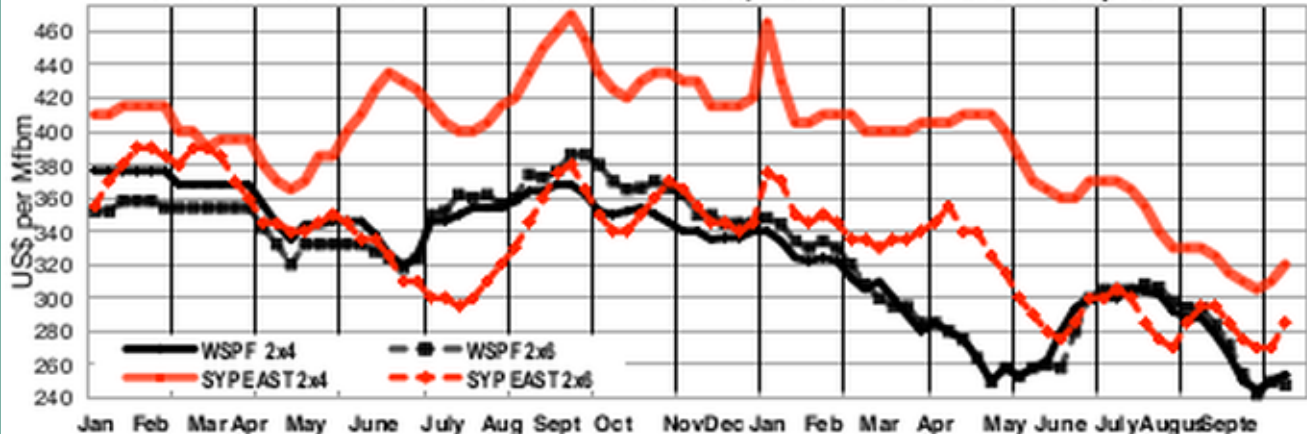
Located in Stewart, BC, the Stewart World Port offers shippers a day and a half closer shipping time to and from Asia than can be had by using southern port facilities, said company official Brad Moffat to the Standard.

It is the most northerly port in BC that can unload break bulk cargo, goods that must be loaded individually, and not in intermodal containers, nor in bulk with oil or grain. The Stewart World Port handles goods and material that aren't normally shipped in containers and are not shipped in bulk such as grain.

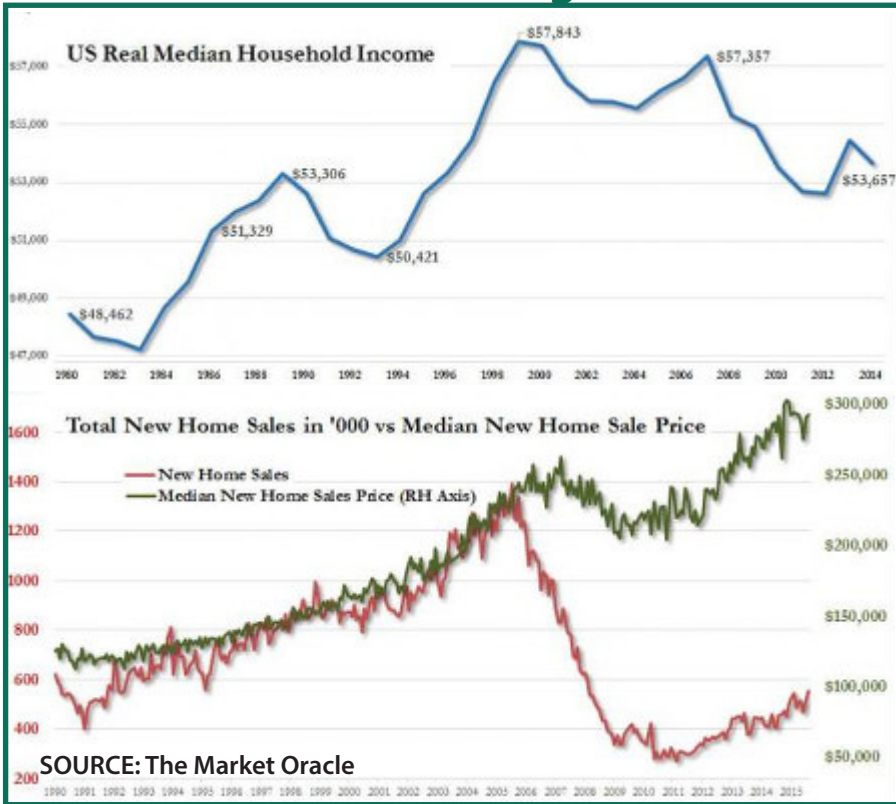
Stewart World Port, which held its grand opening on Wednesday, is located at the end of the Portland Canal in one of the most mineral rich areas of North America called the Golden Triangle, said [Alaska Highway News](#) Tuesday.

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Western SPF and Southern Yellow Pine KD R/L 2x4 and 2x6: 2014 to Sept 2015



# US Housing Market: Latest Updates



## US Housing Market Two Outs in The Bottom of The Ninth

There is a good reason people with credit scores below 620 are classified as sub-prime. Scores this low result from missing multiple payments on credit cards and loans, having multiple collection items or judgments and potentially having a very recent bankruptcy or foreclosure. They have low paying jobs or no job at all. Giving them a loan to purchase a US\$250,000 home or a US\$30,000 automobile will not improve their lives. Heads they win, tails the dupe gets kicked out of that nice house onto the street and has those nice wheels repossessed in the middle of the night."

### US House Prices

"The median price for a new home far exceeds the bubble highs of 2005. A critical thinking individual might wonder how new home sales could be down 60 per cent from 2005, while home prices are 15 per cent higher than they were in 2005. Don't the laws of supply and demand work anymore? The identical trend can be seen in the existing homes sales market. The median price for existing home sales of US\$228,700 is an all-time high, exceeding the 2005 bubble levels. Again, sales are down 30 per cent since 2005. I wonder who is responsible for this warped chain of events?"

--James Quinn, [The Market Oracle](#) Sept 25.

### US Rentals

"For American renters 2013 marked another year with a record-high number of cost burdened households - those paying more than 30 percent of income for housing. In the United States, 20.7 million renter households (49.0 per cent) were cost burdened in 2013. A whopping 11.2 million, or more than a quarter of all renter households, had "severe cost burdens, paying more than half of income for housing." The median US renter household earned US\$32,700 in 2013 and spent US\$900 per month on housing costs. Renter housing costs are gross rents, which include contract rents and utilities."

--Center for Housing Studies at Harvard, "[State of the Nation's Housing](#)" report, Sept 25.



## 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	254	250	+4	266	-12	352	-98
WSPF KD R/L 2x6	248	250	-2	272	-24	370	-122
WSPF KD R/L 2x8	290	283	+7	300	-10	370	-80
WSPF KD R/L 2x10	320	325	-5	332	-12	378	-58
WSPF KD PET 2x4 Stud	230	230	0	245	-15	340	-110
WSPF KD PET 2x6 Stud	250	250	0	260	-10	335	-85
Douglas Fir Green R/L 2x4	300	300	0	310	-10	325	-25
Douglas Fir Green R/L 2x10	395	385	+10	415	-20	395	0
ESPF KD 2x4 8ft Stud	300	305	-5	315	-15	420	-120
OSB Ontario 7/16" (CDN\$/msf)	270	270	0	260	+10	210	+60
CSplywood Toronto 3/8" (CDN\$/msf)	385	416	-31	447	-62	457	-72

## Madison's Weekly Lumber News

### Existing Home Sales, US

CONT'D FROM PAGE 2 Behind the decline in existing home sales were particularly big drops in the West and the South, two areas where prices have risen particularly sharply. In the South, where the median home price is up 6 per cent over a year ago, month-to-month sales fell 6.6 per cent. And in the West, where the median price rose 7.1 per cent over the year, sales were down 7.8 per cent.

Nationwide, the median existing home price hit US\$228,700 in August, a 4.7 per cent increase over a year ago."

Sales of single-family homes were down 5.3 per cent in August while sales of condominiums and co-ops dropped 1.6 per cent.

Sales for July were revised down slightly to a seasonally adjusted annual rate of 5.58 million from 5.59 million.

### US New Home Sales

CONT'D FROM PAGE 2 New-home sales account for about 10 per cent of the US home purchase market, with existing homes making up the rest. Month-to-month data can be volatile; August's increase had a margin of error of plus or minus 16.2 percentage points.

From a year earlier, new home sales were up 21.6 per cent in August.

Home builders raised new-home prices aggressively last year, likely weighing on sales, which totalled just 414,000 in 2014. That was little changed from sales in 2013. But builders have reined

in price increases this year, fuelling more buyer traffic and purchases.

Thursday's report showed August's median sales price of new homes was \$US292,700, a 0.3 per cent rise from a year earlier. Sales increased most strongly in the Northeast, up 24.1 per cent from July, but declined 9.1 per cent in the Midwest, the only region to see a drop-off.

Right now, however, potential buyers are facing fewer choices than would normally be the case. There were just 216,000 new homes for sale at the end of August, enough to last 4.7 months at the current pace of sales. That's below the six months that is more common historically.

There is also a limited supply of existing homes, equivalent to just 5.2 months of sales. That has pushed up existing home prices 4.7 per cent in the past year to US\$228,700.

### US House Prices

US home prices climbed 0.6 per cent on a seasonally adjusted basis from June, the Federal Housing Finance Agency said in a report from Washington Tuesday. The gain was 5.8 percent from a year earlier.

The FHFA's index is 1.1 percent below its March 2007 peak and about the same as the November 2006 level.

The annual price increase was bigger than in July 2014, when prices rose 4.8 percent on a year-over-year basis. Gains accelerated in every region, other than New England.

Prices climbed 9.4 percent from a year earlier in the Mountain region, which includes Colorado, Arizona and Nevada, and 8.1 percent in the Pacific, with states such as California, Oregon and Washington. The New England area -- which includes Connecticut, New Hampshire and Massachusetts -- had the smallest increase, at 2.1 percent.

The gauge measures transactions for single-family properties financed with mortgages owned or securitized by Fannie Mae and Freddie Mac. It doesn't provide specific prices. The median price of an existing single-family home was \$235,500 in July, up 5.8 percent from a year earlier, according to the National Association of Realtors.

### Canada Investment in Residential Construction

Spending on new housing construction was \$4.2 billion in July, up 0.5 per cent from the same month a year earlier, according to [Statistics Canada](#) Tuesday.

Nationally, the gain came from higher investment in apartment and apartment-condominium building construction, which increased 17.5 per cent to \$1.4 billion and also, to a lesser extent, in row house construction, which rose 6.3 per cent to \$395 million.

At the provincial level, increases were recorded in three provinces, led by British Columbia, followed by Ontario and Nova Scotia.

The largest decreases were recorded in Quebec, Saskatchewan and Alberta.



# North America Infrastructure Building

A \$70 million commercial wharf being billed as a gateway for goods and products in and out of northern BC, the Yukon, and northern Alberta was officially opened September 17, according to the [Terrace Standard](#).

Port customers include mining, forestry, oil and gas, and project cargoes. Outbound cargoes, equally as important as those coming in, include bulk mineral concentrates, wood chips, wood pellets and logs, LNG, and coal.

It's a deep sea port. The shallowest place in this channel is in the Portland Canal, in excess of 300 feet deep, and the narrowest point in the channel is a kilometre-and-a-half wide. One minor drawback is the fact that no rail line exists nearby, with the closest being 220 kilometres away.

by Kéta Kosman

## Stewart World Port

Stewart World Port is privately owned by Ted Pickell of Fort St. John who also owns Arctic Construction, the company that built the facility.

The first two phases of construction, completed by Arctic Construction, represent a \$70-million investment. The third construction phase, which costs an extra \$60-million, is designed by CWA Engineers. This phase includes concentrate sheds, conveying systems, and a bulk shiploader.

The port is located on land leased from the District of Stewart. Pickell said the port has received no funding from any level of government and the project is debt-free. The company has a "working relationship" with the Nisga'a First Nation.

Stewart World Port officially secured its first customer, Air Liquide, which will begin shipping materials for use in the Alberta oilsands starting in January, according to [Business in Vancouver](#) September 18. Australian junior miner Atrium Coal also plans to use the port for a new anthracite coal mine it is developing.

Due to the high shipping volumes, exporters prefer to ship concentrate ore in bulk (poured directly into the hold of a ship) rather than in containers.

Potential port customers say that although the location has some drawbacks, the plan is realistic because shippers have few choices in northern BC, especially for concentrate ore.

Prince Rupert's port handles only containers.

Stewart sits at the head of Portland Inlet on the border between BC and Alaska. The inlet is deep enough to accommodate Panamax-sized ships and is a day and a half closer to Asia than Port Metro Vancouver, Pickell said to BIV.

But the lack of competition from other northern ports for bulk and break-bulk cargo means Stewart World Port could grab business from customers who want to ship products like lumber, pulp and ore.

## Prince Rupert Port

The Port of Prince Rupert's Fairview container terminal has been ranked in the top 10 in the Journal of Commerce's (JoC) recently released survey of global port productivity.

In March, Fairview's operator announced plans for a \$200 million expansion of the seven-year-old facility to increase Prince Rupert's container-cargo-handling capacity by approximately 60 per cent.

According to the JoC, Prince Rupert, with 13.8 per cent year-over-year growth, was North America's fastest-growing port in 2014.

In seven years of operation, traffic through the Fairview Container Terminal has grown at the fastest pace of any container terminal in North America. In 2014, container volume was up 15 per cent over 2013 volumes.

Fairview Container Terminal has a current capacity of 850,000 TEUs annually, and a recently-announced second phase expansion that will bring capacity to 1.35 million TEUs. The ongoing expansion project is expected to be finished by mid-2017, said [Canadian Shipper](#) September 2.

## Volumes

The terminal shipped 75,460 twenty foot equivalent units (TEUs) last month, an increase of 17 per cent compared to last month and the highest single volume recorded since the terminal opened in 2007, detailed the [Northern Review](#) September 10. Fairview, which was recently purchased by DP World, imported 41,965 TEUs compared to 36,762 last August. While exports were up 22 per cent to sit at 33,496 TEUs, the number of loaded containers being exported actually dropped 25 per cent, to 11,520 TEUs this August.

This year the terminal remains well on target to shatter its record tonnage, having moved 527,037 TEUs during the first eight months of 2015 compared to 409,683 TEUs in the same time period of 2014, an increase of 29 per cent. Imports are up 21 per cent to sit at 295,346 TEUs and exports are up 39 per cent to sit at 231,879 TEUs.

Last August the terminal moved 56,580 tonnes of cargo compared to just 6,721 tonnes last year, an increase of 742 per cent. So far this year, tonnage through the harbour is up 30 per cent, climbing from 233,217 tonnes during the first eight months of 2014 to 3012,219 tonnes at the end of this August.

While pellet shipments through Westview Terminal dropped 34 per cent year-over-year in August, the terminal has seen its year-to-date exports increase 48 per cent, from 313,702 tonnes in 2014 to 464,576 tonnes in 2015.

