

MADISON'S LUMBER REPORTER



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News & Updates

Madison's Softwood Heating Pellet Report: September 2017

By now *Madison's Lumber Reporter* subscribers have received their email with the special one-year anniversary issue of the wildly-popular monthly North America residential heating softwood pellet price report.

We will continue to make the exciting changes we have started, so next month's issue — for October 2017 — will be still expanded and improved.

Don't miss out on this vital and timely information of the burgeoning market for sawmill and timber harvest residuals in the Canadian and US forest products' manufacturing sector!

Use the order form on Page 5 of the sample *Madison's Wood Pellet Report* received in your inbox earlier today, or simply contact our office to start your subscription.

Mass Timber and Highrise Wood Building in the US

Although lagging behind other jurisdictions in developing and promoting the use of modern mass timber and engineered wood products for use in inexpensive and resource-efficient multi-storey building, the US has just leapt forward past almost all other global adopters.

The **US Department of Agriculture's Forest Service** announced Wednesday it is taking grant applications for projects that expand wood products and wood energy markets, especially in areas with high wildfire risk. Applications may be submitted through January 22, 2018.

Grants provided through the agency's Wood Innovations program not only help reduce hazardous fuels and improve forest health, but also create jobs to promote economic vitality in our communities.

In 2018, the program will invest up to US\$7 million in projects designed to have a long-term impact on lands managed by the agency and other forest lands by leveraging the market for low-value wood.

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US Housing Starts: September 2017

The **US Commerce Department** revealed Wednesday in the latest data, that housing starts in the US decreased 4.7 per cent to a seasonally adjusted annual rate of 1.127 million units in August.

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Japan Housing Starts: August 2017

According to **Japan's Ministry of Land, Infrastructure, Transport and Tourism**, Japan housing starts for August were 80,562 units (down 2 per cent from the same month in the previous year), falling below the previous year's results for two consecutive months, said *Japan Lumber Journal* Monday.

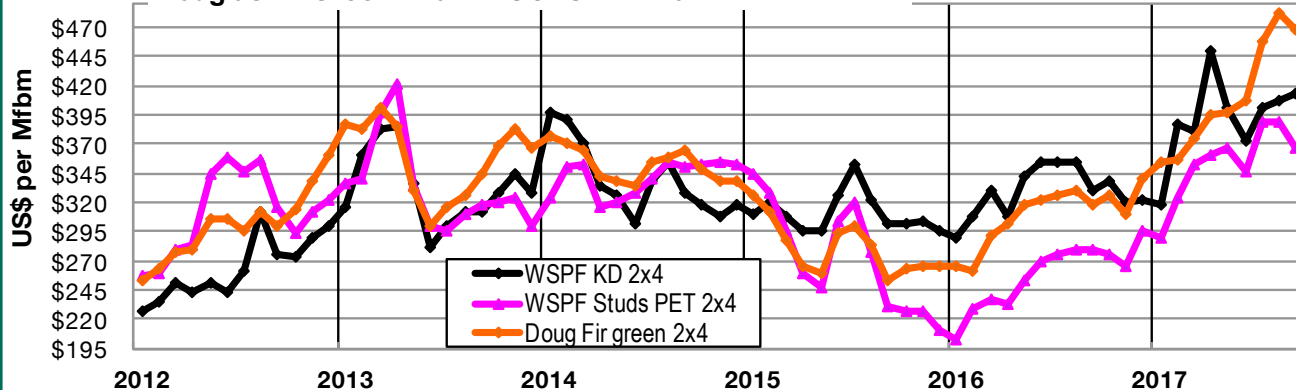
[CONT'D PAGE 7](#)

US Wildfires Destroyed over 7,000 Homes

Approximately 100,000 people in California have been evacuated from wildfire zones, and some 7,000 houses and buildings have been destroyed, said the *New York Times*, also Monday.

[CONT'D PAGE 9&10](#)

2x4 Prices : WSPF KD R/L #2&Btr, WSPF KD PET Studs,
Douglas fir Green - 2012 - OCTOBER 2017



US Federal Funding for Mass Timber and Wood Highrise Building

[CONT'D FROM PAGE 2](#)

Since 2005, almost 280 grants have been awarded to small businesses, non-profits, institutions of higher education, tribes, states, and local governments to improve forest health while creating jobs, renewable energy and healthy communities, said the **USDA Forest Service** Wednesday. Since 2013, this funding has also helped establish 22 Statewide Wood Energy Teams and eight Statewide Wood Utilization Teams that collectively expand and support wood energy and wood products markets.

The mission of the **US Forest Service**, an agency of the **US**

Department of Agriculture, is to sustain the health, diversity and productivity of the nation's forests and grasslands to meet the needs of present and future generations. The agency manages 193 million acres of public land, provides assistance to state and private landowners, and maintains world-renowned forestry research and wildland fire management organizations. National forests and grasslands contribute more than US\$30 billion to the American economy annually and support nearly 360,000 jobs. These lands also provide 30 per cent of the nation's surface drinking water to cities and rural communities; approximately 60 million Americans rely on drinking water that originated from the National Forest System.

US NORTHEAST INVESTMENT IN WOOD INNOVATION

The **Northern Forest Center**, a nonprofit organization with offices in **Maine and New Hampshire**, has been helping Maine wood product companies to introduce innovations that make them more competitive and profitable, according to *Bangor Daily News* Thursday.

"Strong wood products companies are a lynchpin in the region's forest economy," said Rob Riley, president of the Center. "They create demand for wood, which in turn helps forestland owners keep forests as forests, and they support good jobs on both sides of the process—for mill workers, manufacturing staff, loggers, foresters and truckers."

The core principle of lean manufacturing is to eliminate all waste in the manufacturing process, and "waste" is anything that does not add to the value of the product from the customer's perspective. Lean projects often improve layout, speed production, eliminate wasted steps, and smooth the work flow throughout a plant. Wayne Messer, senior project manager at the Androscoggin Valley Council of Governments (AVCOG) and the Maine Manufacturing Extension Partnership (Maine MEP), is providing the lean manufacturing expertise to the KBS Builders project, and the Center has covered

almost half the cost.

Already capitalizing on the opportunity are:

- KBS Builders, which employs 146 people at its plants in South Paris and Waterford, ME.
- Stratton Lumber mill yard, in the village of Stratton, at the southwestern tip of Flagstaff Lake also in Maine. This site processes millions of board feet of softwood construction lumber annually. And,
- Katahdin Cedar Log Homes, with 82 employees, in Oakfield, ME, which is the second largest employer in southern Aroostook County.

The Center has assisted several other companies in Maine, said the *Bangor Daily News*, including Duratherm Window Corporation, where lean manufacturing improvements and strategic planning that helped position the company for sale to Pella Windows; Maine Wood Concepts, where organizational development work helped the company expand through acquisition of a line of gourmet kitchen products; and Thos. Moser, where a lean manufacturing project increased efficiency at the manufacturing facility in Auburn.



Madison's Weekly Lumber and Forestry Data Table

www.madisonreport.com

	Year to Date (THIS MONTH)	Previous YTD (MONTH AGO)	Change %	Trend	Full Year (YEAR AGO) 2016	Change % (YEAR AGO)	Trend
Five Key 2x4 Lumber Prices: Aggregate US\$/mfbm	470	460	+4.1%	▲	376	+27.2%	▲
Benchmark Panel Prices: Aggregate C\$/msf	538	572	-5.9%	▼	391	+37.6%	▲
VOLUMES							
Canada Lumber Production: softwood, million m3	22.78	22.41	+1.6%	▲	66.9	-65.9%	▼
VALUES							
Canada Sawmill Manufacturing Sales: million C\$	4,271	4,188	+1.9%	▲	11,284	-63.5%	▼
US Total Sawmill Products Imports: million US\$	2,235	1,858	+20.3%	▲	6,128	-63.5%	▼
US Total Sawmill Products Exports: million US\$	433	414	+4.6%	▲	1,021	-57.6%	▼
Canada Sawmill Exports to USA: million C\$	4,467	3,420	+31%	▲	4,237	+5.4%	▼

SOURCE: Madison's Lumber Reporter

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Madison's Weekly Softwood Lumber Key Prices Table

www.madisonsreport.com



	This Week	Last Week	Change	% Change	Trend	Month Ago			Year Ago				
						Change	% Change	Trend	Change	% Change	Trend		
WSPF KD R/L 2x4	446	438	+8	+1.8%	▲	422	+24	+5.7%	▲	326	+120	+37%	▲
WSPF KD R/L 2x6	468	464	+4	+0.9%	▲	446	+22	+4.9%	▲	286	+182	+64%	▲
SYP KD R/L East Side 2x4	435	445	-10	-2.2%	▼	410	+25	+6.1%	▲	435	0	0%	-
SYP KD R/L East Side 2x6	420	430	-10	-2.3%	▼	385	+35	+9.1%	▲	375	+45	+12%	▲
ESPF KD R/L 2x4	555	555	0	0.0%	-	520	+35	+6.7%	▲	415	+140	+34%	▲
WSPF KD PET 2x4 Stud	360	366	-6	-1.6%	▼	375	-15	-4.0%	▼	280	+80	+29%	▲
WSPF KD PET 2x6 Stud	395	410	-15	-3.7%	▼	425	-30	-7.1%	▼	220	+175	+80%	▲
Douglas Fir Green R/L 2x4	465	470	-5	-1.1%	▼	470	-5	-1.1%	▼	333	+132	+40%	▲
Douglas Fir Green R/L 2x10	505	515	-10	-1.9%	▼	530	-25	-4.7%	▼	325	+180	+55%	▲
ESPF KD 2x4 8ft Stud	455	455	0	0.0%	-	455	0	0.0%	-	365	+90	+25%	▲
OSB Ontario 7/16" (CDN\$/msf)	595	606	-11	-1.8%	▼	540	+55	+10.2%	▲	360	+235	+65%	▲
CS Plywood Toronto 3/8" (CDN\$/msf)	481	514	-33	-6.4%	▼	604	-123	-20.4%	▼	422	+59	+14%	▲

Madison's Weekly Softwood Lumber News

US Housing Starts

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The US Commerce Department said Thursday that the drop in September data was the lowest level since September 2016 and marked the third monthly decline in starts.

Groundbreaking for new home construction tumbled 9.3 per cent in the South to the lowest level since October 2015, with single-family homebuilding in the region plunging 15.3 percent to more than a one-year low. The South, which was pummeled by Harvey and Irma, accounts for almost half of the nation's homebuilding.

Building permits fell 4.5 percent to a rate of 1.215 million units in September. Permits in the South dropped 5.6 percent. The Commerce Department said the areas in Texas and Florida impacted by the storms accounted for about 13 percent of U.S. building permits in 2016.

Permits for building a new single-family home rose 2.4 per cent. Permits for the construction of multi-family homes dropped 16.1 per cent. Despite the drop, permits continued to outpace starts, a positive sign for future multi-family construction.

Japan Housing Starts

[CONT'D FROM PG 2](#)

The seasonally-adjusted annual rate for housing starts in Japan for August was 942,000 units, down 3.2 per cent from the previous month, and falling below 950,000 units for the first time in six months, said the *Japan Lumber Journal* Monday.

By structure, housing starts of wooden houses decreased by 3.7 per cent to 46,912 units due to a decrease in owner-occupied houses, and falling below the previous year's results. The ratio of wooden houses by the number of units increased to 58.2 per cent,

which is up 0.9 points from the previous month.

Roseburg Sells, Solifor Buys...

Roseburg Resources, out of Springfield, OR, is selling 170,000 acres of timberland in Siskiyou and Shasta counties an Australia management firm, according to the *Mail Tribune* Thursday. Roseburg has operations in three Northwest states, including a medium density fiberboard plant in Medford, and four Southeast states. The buyer is New Forests, a US\$3 billion firm based in Sydney, Australia, with offices in San Francisco, Singapore and New Zealand. It manages more than 2 million acres of land and forests globally.

Last July, Roseburg announced it was building an engineered wood plant planned for Chester, S.C., then in September it closed on a deal to secure 158,000 acres of timberland in Virginia and North Carolina.

Roseburg acquired the former Sierra Pine medium density fiberboard plant off North

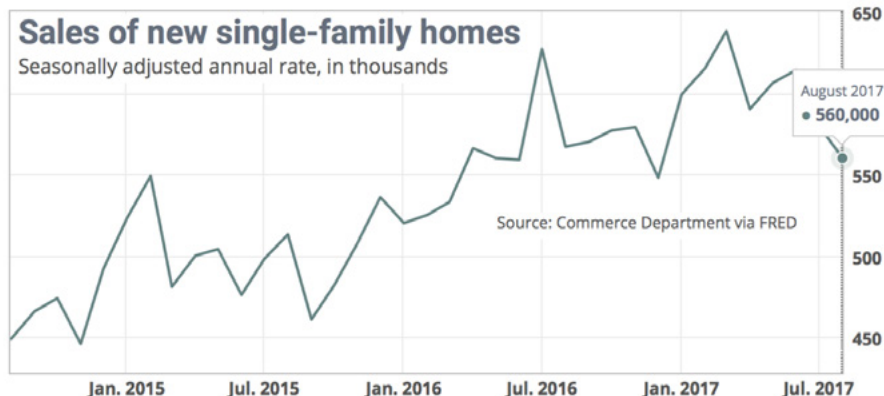
Pacific Highway for \$60 million in September 2015. Medium density fiberboard is produced with scraps and byproducts from Roseburg and other wood products operations here and throughout Southern Oregon, spokesperson Rebecca Taylor said.

Elsewhere, Québec City's Solifor, which harvests and manages forests on both sides of the border, announced Wednesday it bought its second property in Maine, the Ste-Aurelie Timberlands in Somerset County, for US\$30 million. The deal is for the nearly 62,000 acres, or 96 square miles, of forest, which is half the size of the island of Montréal. The former Maine owner's name was not disclosed.

Solifor last May paid \$25 million for 69,000 acres of forest slightly north of the recently purchased land, which abuts the Canadian border, Solifor spokesman Patrick McQuilken said. There are no immediate plans to acquire more forest land in Maine, he said.

US New Single-Family Home Sales: September 2017

SOURCE: US Commerce Dept via FRED



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Open House

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October 18, 2017

Fink Machine is proud to be hosting an Open House on October 18th in celebration of the 5th Annual National Bioenergy Day. People are invited join us and tour our state of the art facility and woodchip fired District Energy System. The system supplies heat to the Enderby Swimming Pool, Splatwin First Nation and a variety of commercial buildings in Enderby.

Time: 11 am – 2:30 pm
Date: October 18, 2017
Location: Fink Machine, 124 Old Vernon St, Enderby, BC

For more information contact David 250-838-0077 or david@finkmachine.com

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The first complete cross-laminated timber building in New York state officially opens tomorrow. Find out why [Blue Energy Works Timberframers](#) sees CLT as the "wave of the future."

GRAND OPENING
First Complete CLT Building in New York State

CLT Building, Farmington, New York
New Energy Works Timberframers
Photo: New Energy Works Timberframers

Grand Opening: First Complete CLT Building in New York State
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NORTH AMERICA WILDFIRE DAMAGE UPDATE: OCTOBER 2017

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Approximately 100,000 people in California have been evacuated from wildfire zones, and some 7,000 houses and buildings have been destroyed, said the *New York Times*, Monday.

In the five-year period ending in 2014, California added 544,000 households, but only 467,000 housing units, accord-

ing to the **McKinsey Global Institute**, and the deficit is only expected to grow over the next decade. Napa and Sonoma Counties, where the fires did some of the most extensive damage, are among the furthest behind, building less than half the number of units in recent years that the state reckons were needed to keep up with the population.

California Wildfire Map Update – Mid-October 2017

Active wildfires in California



CNN Source: CALFire as of 10:09pm ET, October 12, Maps4news.com/©HERE

California Wildfires Still Burning

Though progress has been made on the big fires, much more work is ahead.

The 48,000-plus acre Atlas fire in Napa and Solano counties was 45 per cent contained October 13 — up from 3 per cent the day earlier, said *CNN*. The 44,000-acre Nuns fire in Sonoma County — an amalgamation of three recently merged fires north and west of Glen Ellen — was 5 per cent contained.

The 34,000-acre Tubbs fire in Napa and Sonoma counties was 44 per cent under control. The 34,000-acre Redwood and Potter fires in Mendocino County were 10 per cent contained. Details on that:

- More than 2,800 residences in Santa Rosa were destroyed by wildfires, Mayor Chris Coursey said October 12. The number

of destroyed structures in the state went up the next day by 2,200 to 5,700, Cal Fire said.

- Wildfires have burned more than 221,000 acres throughout California; 17 wildfires remained Friday, Cal Fire said.

- About 34,000 utility customers were without electricity service — and natural gas service to 47,000 customers has been shut off — mostly in Sonoma and Napa counties, the Pacific Gas and Electric Co. said that Friday.

A total of 235 people were reported missing in Sonoma County alone, where a fire wiped out many homes in Santa Rosa, a city of about 175,000 people some 50 miles northwest of San Francisco

POWER LINE COLLAPSE

Current Conditions as of Wednesday:

- Recent reports have cited PG&E's power lines as a possible cause of some of the current wildfires in the state's wine country.
- PG&E responded Wednesday by saying it won't speculate on the causes of the fires but "will cooperate with the reviews

by any relevant regulator or agency."

PG&E's parent company acknowledged in a regulatory filing Friday with the SEC that the causes of the fires are being investigated by Cal Fire, adding that the probe includes "the possible role of power lines and other facilities" of its utility subsidiary.

FOLKS RETURNING HOME

Cal Fire incident commander Bret Gouvea told reporters at a news conference Wednesday afternoon that within the last 24 hours authorities were able to repopulate more than 6,100 people in Sonoma County to areas they were previously

evacuated, according to *CNBC*.

More than 220,000 acres have burned in 13 major fires and destroyed 6,700 homes and other structures, including wineries.

REBUILDING BUT SLOWLY

Meantime, the rebuilding process also could be complicated due to insurance claims issues as well as regulations and a shortage of contractors. There's also a worry the loss of so many homes could worsen the state's housing supply crunch and the affordability crisis in Northern California.

"They just saw their housing stock drop by 3 percent because of this disaster," said Christopher Thornberg of **Beacon Economics** in Los Angeles. "This is a huge issue. California's biggest problem now is a lack of housing."

LOSSES CALCULATED SO FAR

As of Tuesday night, Cal Fire reported that the Nuns fire and Tubbs fire—the two remaining blazes nearest to Santa Rosa—were both 91 per cent contained, said *Curbed San Francisco*.

While that progress is encouraging, the Sonoma County city has already seen neighbourhoods destroyed, which, on top of the immediate humanitarian crisis, will exacerbate the city's existing housing shortage.

The *Sacramento Bee* projects that fires destroyed roughly 6,700 homes and businesses in Santa Rosa alone.

The US Census estimated in 2016 that Santa Rosa had a population of 175,155 people. In 2010 the city's housing stock measured at only 67,396 units. More recent census surveys haven't updated this figure.

The Department of Housing and Urban Development (HUD) said — before the fires — Santa Rosa has an unmet rental demand of more than 1,700 units over the next three years, but has only 200 new rental homes under construction.

"The average sales price of a home in Santa Rosa for 2015 was \$504,125," according to the city's 2017 profile report, having risen every year since 2011.

The city previously hoped to add nearly 3,000 new units in the near term but approved fewer than 300 in 2016, according to Santa Rosa's Planning and Economic Development team.

Meanwhile, the city's population grew by over 1,000 annually during the last seven years, according to *Curbed San Francisco*.