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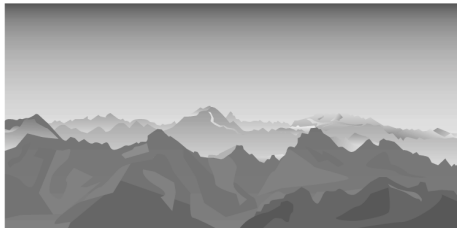
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Changes in Forestry/Ecosystem Land Management

From the ashes of the 1980's forestry practices, a new style of forest management is emerging. Based increasingly on ecosystem values, the health of the forest is now increasingly a higher priority than the value of the timber in it.

Machinery which was used for logging in the past often was rated for its efficiency in getting the most products to market. In the new forestry, machinery is used that creates the least disturbance to soils and other factors in post-logging forest recovery.

Before logging is started, assessments of impacts are made and



the most low impact methods are given preference. Instead of wide horizon logging, smaller parcels are used so ground disturbance is limited and naturalized.

New forestry techniques are revolutionizing an industry that is open to change because only through change will it survive. The timber industry values sustainable harvests as much as consumers do.

A Revolution In America: Land Management 2000

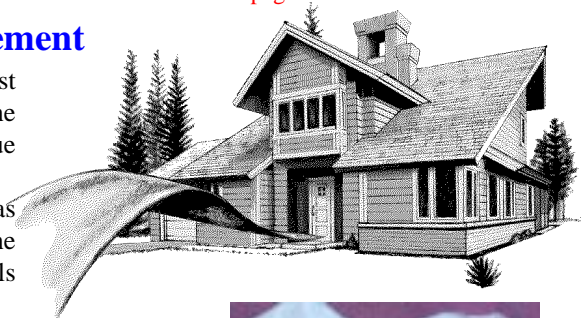
How Americans Are Building For A Greener Future

A quiet green revolution is spreading across America. Like any socio-economic change, it involves people throughout the country. It is partially driven by environmental law, but also by changes in demand in the marketplace.

Building green can be cost effective if properly done. The key to sustainable land planning practices is using the latest tools and innovations to get more out of developable property. Instead of homogenous size lots over an entire tract, with maximum paving and deep right-of-ways, new design values call for varying lot sizes, more trees and greenbelts, with common hiking trails and other "natural amenities". Developers find the marketplace is ripe for neighborhoods where nature is part of the neighborhood.

Topography, vegetative cover, timber types, hydrology, cultural features, rock outcroppings and other existing points of interest are given greater consideration with green planning. By minimizing excavation and refraining from tearing out natural features most developers actually save money. Planning for surface water by retaining greenbelts to catch overflows makes the neighborhood more livable. Giving new residents alternatives to recreational experiences within the community also makes lots more attractive and valuable. Less paving means more natural cooling, especially if native

Continue Please see page 2 Revolution in America



A New Generation at Bear Creek Lumber:
Welcome to Natalie Rose Witkowski
Born June 1, 2000 8.8lbs

Remodeling Outlook

The year 2000 could be a record year for the remodeling industry which expects an increase of \$5 billion in work orders through this year. Some industry watchers think the total volume could be as high as \$150 billion total, which would be 33% more than 1993 when it broke the \$100 billion mark.

Remodeling is one of America's favorite pastimes, with more than 25 million people remodeling their homes every year. A combination of aging homes, a healthy economy, the increase in home ownership and the shift in population demographics all point to a bright future for remodelers.

Many remodelers are finding themselves booked months in advance, so even a moderate slowdown in the economy shouldn't tarnish the glow. Often it is a year or more after an economic slowdown before it affects the remodeling sector. Its actually the shortage of labor that is the biggest threat to the industry, rather than the demand for services.

Best Projects for the \$\$\$ Minor kitchen facelift

Considered one of the best improvements money can buy, this type of project has an average estimated cost of \$7,041 nationally with 81% return.

Bathroom remodeling

A 5' x 9' remodeled bath room gets a 71-84% return on an investment of typically \$ 6,440 and is often done in lieu of adding a new bathroom, which costs closer to \$10,000.

Revolution in America continued

vegetation can be retained.

Another part of the revolution is designing homes that use less energy while also giving the homeowners more choices in quality building materials. Many of today's buyers are looking for long term value and want a quality that will last. A home builder who can combine a better neighborhood landscape with a quality, energy efficient house can actualize more of a profit than one can from conventional cookie cutter development.

The federal government is encouraging this trend with programs designed to create easier financing for these new types of homebuilding. Fannies Mae, working with the state of Colorado, has a program called Built Green Mortgage which allows 100% financing to improve a home's energy, water and resource efficiency, subject to loan-to-value limitations. The program allows sample ratings of similarly built homes to be used, which is less expensive than rating homes individually.

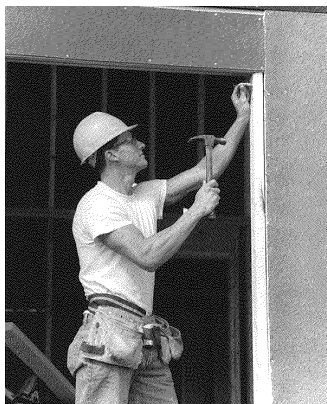
In New Mexico, the DREEM mortgage program combines a first loan for up to 90% of the purchase prices with secondary funding from the City of Albuquerque for buyers whose income is less than \$38,000 per year. The green mortgage program recognizes that buyers savings from increased energy efficiency, water conservation and durability offsets other factors, giving the green homes a greater appraised value within a district.



Cedar As A Solar Heat Shield

In southern climates, where temperatures zoom during summer months and air conditioning is used in many homes, the effectiveness of roofing materials in warding off the sun's rays can be significant. The University of Texas at Arlington conducted tests comparing attic temperatures, using a small structure built in a laboratory as a controlled environment to see how cedar shingle roofing compared with asphalt roofing products.

The test results found that the western red cedar roofed attic space was 30 degrees cooler than the asphalt covered roof's attic area. Tests included both ventilated air spaces and unventilated. In both tests, cedar was at least 27 degrees cooler.



Letters

To Bear Creek folks:

Wanted to clarify some information you had in the May 2000 Industry News. It was written, hearings were held "in locations far from the dam removal's impact area, including a meeting held in southeast Alaska, 2,500 miles away."

The reason these hearings were held in SE AK is we harvest chinook salmon which go up the Snake River (we also harvest salmon who go past the Wells Dam, up the Methow). Some of the options on the table were for my fishery trolling for salmon to take hits (some major hits are proposed) to help in the rebuilding efforts. We do harvest Snake River chinook but a very small (less than 1% of the returning adults) We are the smallest interest in the whole matter, you know how that goes, the small guy takes hits first and sometimes they are felt the deepest.

I just wanted to point out we are all part of the picture even though we are 2,500 miles away

Sincerely,
John Murray,
Sitka AK



Bear Creek Lumber Attn: Mark Buck

Mark, thank you so much for your time and assistance on our visit there last Friday. We truly appreciate the care and professional advise, showing us so many options with your great products there. We would like to do business with Bear Creek Lumber and would appreciate a bid on the attached material list.

Thank you again,
Gary and Gloria Blankenbaker
Bremerton WA

INDUSTRY NEWS

Are interest rate hikes slowing down the overall economy? Unemployment is still low and housing starts were still going strong as of April. "The adjustable rate is acting as a shock absorber," said one economist. Adjustable rates represent 30% of all mortgages, up from 8% in 1998. However in 1984, fully 68% of all mortgages were adjustable rate, when interest rates were 14%.

Western lumber producers reacted with more mill closings when the current administration announced the removal of 43 millions of acres of national forest from potential harvest. "People who work for our company keep asking what they have done to desire this. I don't know what to tell them. So far we have done everything the government has told us to do", said Glenn Duysen, founder of a California forest products firm which is directly effected by the shutdown in the Sequoia National Forest.. Since 1984 less than 1/2 of 1% of the 191 million acres of the National Forest System was logged.

Overall lumber production is up, with 4.7 billion board feet having been cut through the first quarter. Order levels to western mills are up 8.5% over last year.

Alaskan Forests

The state of Alaska has 129 million acres of timberlands, the largest block of forestlands in the USA. Very little is harvested commercially however, as the timber industry in Alaska is now one third the size it was 10 ten years ago. 90% of the timberlands are state or federally owned. Native corporations own the remainder. 58 million acres are wilderness. Southeast Alaska remains the main exporter of timber, with the vast majority of raw logs shipped overseas.



Housing and the Single Woman

Women have always been homeowners but increasingly single women are starting to become a greater percentage of the market (only one percent behind single men). The national trend is especially prevalent in Boston, Seattle and Tucson, AZ. Up-scale townhouses and condos are especially popular with professional women in the 30-40 yr. old bracket. Many of these women are directly or indirectly involved in the high tech industry.

Home sizes for this market range in the 1,100 to 2,100 sq. foot range with prices from the high \$90,000's to \$300,000. Two bedrooms units are the norm. Security, both from a neighborhood and a design standpoint, is the primary selling point for housing for this sector of the market.

Multi-Cultural Housing Challenges

The nearly one million immigrants entering the U.S. annually are helping fuel the current housing boom. Builders who are working in the parts of the country where immigration has the biggest impact are finding that it is wise to get to know their customers in this sector of the housing market. Many are learning

small things such as straight lines, colors and numbers can be deciding factors in who will buy their homes. Asian practitioners of Feng Shui favor a specific room layout, for instance and prefer slightly curved walkways.

Vietnamese buyers like big fans in their kitchens because they do a lot of cooking with pungent food groups, which they want vented outside.

In the Hispanic communities, buyers like homes with a large number of bedrooms for the extended families that often visit or share homes.

Different cultures have color preferences as well: Green is sacred in the Middle East; red is considered good luck in many Asian communities. White is a symbol of bad luck for that same group. Planning everything from carpet color to paint can make or break a sale.

Numbers assigned to homes can also be tricky. The number four is considered unlucky in Korean, Japanese and some Chinese groups.



Canadian Forest Agreement

Six of the major Canadian timber firms are reportedly close to an agreement with environmental groups in a deal to prevent future logging in pristine coastal forests for the next 18 months. The agreement prohibits the groups from actively campaigning against the forest companies and their products. The company spokesmen have indicated they are concerned at the restrictions to market access, such as the agreement that Home Depot made with these groups last fall, restricting the kinds of forest products they would stock.

TIMBERLINE

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