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Letters From Our Customers

To all At Bear Creek Lumber,
First of all I can't thank you enough
for the toy truck (*which was this
year's surprise gift for sending
product application pictures-ed. note*)
you sent me. I collect tractor trailer
models, and yours will get a promi-
nent place in my display.

Next is how much I enjoy
working with Bear Creek Lumber
for my special lumber needs. I know
from initial contact, until I receive
the product, that everything will run
smoothly and all questions will be
answered promptly. The material is
always packaged so there is no dam-
age, and shipping arrangements are
always on schedule. Shipping across
country with materials unseen is
never a concern.

I always look forward to
placing an order with Bear Creek
Lumber. I always enjoy TIMBER-
LINE and recommend to anyone that
the tour of Bear Creek Lumber and
the Methow Valley is well worth it.
Many Thanks,
Gary Krause



This job is five years old and the Western Red Cedar is still work-
ing great! Located in Knoxville TN. Thanks for the great lumber!
Photo and comment by Scott Taylor Ortonville MI

Spring News

After what was an exceptionally mild winter in the Methow, the valley
is growing green again. Its *Sound of Music* time as the white capped peaks
frame the wildflowers that creep up the mountain sides. Old timers say this is
the driest, mildest winter they have seen and records agree. Its not been this
dry since 1887. The dust was flying even before the last of the snow melted in
March.

Lumber sales have been off to another brisk start in 2004. Phones calls
and emails continue to come in from all over the world. There has been a great
deal of interest in our **Alaskan Yellow Cedar Products**, which are featured this
month in an insert. Most of the worldwide production of yellow cedar goes to
Asia, so we feel very lucky that we can provide a steady and consistent supply
of this product.

On the back of this insert is a list of everything currently in stock
listed by size and grade. We also have ready availability of more yellow cedar
materials, especially timbers, that may not be listed. We can custom cut our
cant materials into any pattern you need.

Douglas Fir Forest Products Available Again

Our timberlands are again open for harvest so its a great time to place
orders for green Douglas fir logs, available in diameters up to 18 inches. Hand
hewn fir and ponderosa pine logs are also available. These trees are cut from a
sustain ably harvested woodlot that has been selected cut since the early 1900's.
The mixed use forest is cut to preserve the older growth trees, while opening up
light for habitat, removing disease and thinning for fire protection. The forest
also is connector point me for a valleywide community ski trail.

For more information about any of our products, please visit our web-
site www.bearcreeklumber.com. It is updated regularly!



Recycled 1 x 6 cedar creates a well worn effect when it comes to this woody home, where it was used as both siding and interior paneling. Pictures by George Alotrico of Montana



Recycled Cedar Home

News From Mark Buck In Thailand

Salesman Mark Buck took a leave of absence from Bear Creek Lumber. He spent the first few months traveling, and was in Thailand until just days before the tsunami. He decided to return to Thailand in February to help with the relief effort. This is an email he sent recording his progress there.

Hello everyone, excuse the form letter, and mistakes, I want to try and get as much info to you as possible. There is so much that happens each day, that I will just touch the surface.

We are in the small town of Khura Buri near the Burma border on the Andaman sea. The entire coast here and the outer island were devastated by the Tsumami. Every town has refuge camps of 500 or more. Most of the non-coastal areas are normal, and the town we are staying in is very rural and not a tourist town. We are having to adapt to a local way of life, eating etc.

After one day here we met up with a Swiss organization called SDC, (Swiss Development for Cooperation). They are a 3 person coordination team with a lot of money backing from the Swiss government, and have Thai approval at the highest letter to rebuild 4 towns on the island of Ko Phra Thong. They are concentrating on the public facilities such as schools and clinics. They are very busy, and after our first meeting for 1 hour over coffee, were given the charge of the first village project as the project management team to begin the cleanup, demolition and coordination of contractor for reconstruction. We took our first trip to the Island (KO) via Long tail along with the brother of the head man of the village. We made an assessment, and returned to have one day to gather supplies and tools along with coordinating a crew of 20 Thai for a work crew. Today was our first on-site work day. We departed the dock at 7:30 this morning with 26 of us total on a Longtail. Within 5 minutes underway realized that the boat was taking on water quickly. Most of the Thai are scared of swimming, so we started bailing and plugged the hole as best we could. We made the crossing safely, and navigated a back slew into the interior of the island where we finally landed, and unloaded tools. We made a 2 Km hike to the school yard, and began setting up a different work crew. We repaired and got the outhouses working, built a tool storage area, and with the entire crew, took down a old meeting house that was badly damaged. We got a good start on cleaning the school house and school yard. We will be working on the cook house tomorrow, and working on the path and pier to facilitate bringing in supplies. There is a lot of work and we, with very little info, are in charge. Spending Swiss money like crazy for tools and supplies.

Let me tell you a little about Ko Phra Tong. The island is very flat and has 4 main villages. All were completely destroyed, as the wave washed over the island. People clung to trees and buildings to survive. It must have been very scary. All of the homes and most of the public building were destroyed, most with only a foundation remaining. Concrete piers were snapped like toothpicks. The only thing remaining were trees, and a lot of garbage. The village we are working at has people who are living in a camp on the mainland near the dock we start form every day. These people we are hiring to help with the work, and will be involved with the rebuilding. We are using their boats to get back and forth. They have a wonderfull attitude, and are very appreciative of our help. Much of the vegetation and fresh water on the island was salinated and damaged. We have inspected many wells to find them salty. We are hoping to get a pump in one of them for wash water and temporary water to the toilets .

It will be a big project, and the Swiss are working closely with the goverment to get all of the permission to begin reconstruction. We hope to continue at the village we have are on , but may also work in some of the others as needed. There are many wonderfull folks here from the US , Canada, Europe, involved as volunteers. There is much to be done, and we will tell you more as we proceed.

Love Mark (Buck)

Inventory News

U.S. construction spending climbed 0.7 percent in January, topping expectations, as both private and public construction hit record levels, a government report showed.

Led by a surge in the South, housing starts reached levels not seen in 20 years. Starts in the South rose to 1.139 million units, or 53% of the total 2.159 million units.

Construction put in place in January increased to a record \$1.047 trillion annual rate, compared with an upwardly revised \$1.040 trillion rate in December, the Commerce Department said.

Wall Street analysts had forecast a 0.4 percent increase in construction spending in January. December's reading was revised to a 1.2 percent increase from the originally reported 1.1 percent increase. Overall residential spending rose 0.5 percent in January.

New home sales tumbled 9.2 percent in January, the government reported Monday, coming in well below Wall Street forecasts, and economists expressed mixed opinions about what was next for the nation's housing market.

Some analysts said a slowdown was coming, in what could be a worrisome sign for housing as well as the broader economy. But others noted the January declines were exacerbated by bad weather and weren't as bad as they first appeared.

The strong housing market has been a mainstay of support for the broader economy in recent years.

Sales of new one-family homes fell to a seasonally adjusted annual rate of about 1.11 million in January from a revised December rate of 1.22 million, the Commerce Department said.

While sales of existing homes, the far larger part of the housing market, edged down 0.1 percent in January but still ran at the seventh highest pace on record, a real estate group said in March.

Are Home Sales Too Hot?

Talk about global warming. Home prices are too hot to handle for many home buyers. The rise in real estate prices reflects a greater interest in home ownership but other factors including speculative buying, is of great concern to government agencies such as the Federal Reserve. In some parts of the country, speculative buying represents 15% of the entire real estate market. Besides driving up housing prices and tax assessments, a flood of investor-owned houses can depress prices when a regional market loses its sizzle. If price-appreciation rates slow, or worse, decline, speculators have more freedom to cut their asking price, sell quickly and move on. Occupant homeowners, who need to realize a certain profit to be able to move, get left behind.

One of the worst markets is Las Vegas, Nevada, where 60 per cent of new home buyers are investor-speculators. The market is flooded with rentals, but few opportunities exist for affordable housing for fulltime residential buyers.

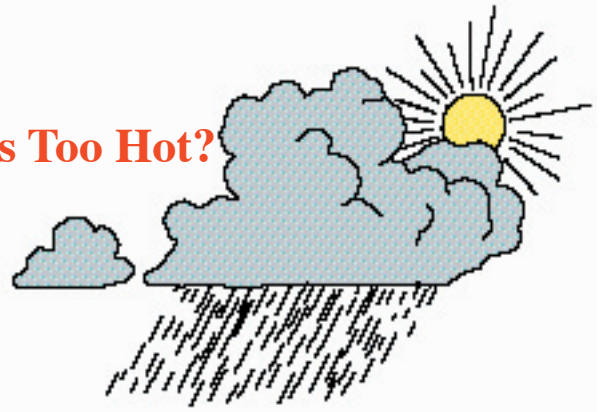
The actual description of the speculative buyer is a gray area. Some buy vacation homes, as both an investment and a place to live part of the year. Others buy condos for their college age children to live in while in school. Many are bought by landlords. And with interest rates still low enough, many are simply investing in houses instead of stocks and bonds. Some retirees are "flipping" homes, investing in a house and then selling after two years, only to buy another house and do it again. Said one buyer, this is a way to work their way up to their dream home, at which point they will stay put when the right one comes along.

Many buyers do not even wait for the home to be built. Developers are increasingly using fancy brochures, miniature mock-ups and sales seminars to sell housing months in advance, just to get buyers into what they perceive is a hot market. As buyers line up, many bidding against each other, prices climb out of reach for many middle income buyers.

Number of Luxury Homes Increase

While its the smallest portion of the home buying market, it is growing even faster than the rest of the industry. Baby boomers want it all and are willing to pay for the best. The average luxury home sold for \$1.7 million in 2004.

The number of multi-million dollar homes is also jumping. At least 28 homes in the \$10 million or more range sold in 2004 compared to 18 in 2003. Buyers have been pouncing on rare homes as they come up for sale. This reflects the increase in the number of billionaires who enjoy flaunting their status with trophy homes. It also reflects the number of aging millionaires ready to cash in on their investments while they simplify their lives.

The logo for Bear Creek Lumber is shaped like a house. The roofline is a simple brown outline. Inside the house, there are several dark green evergreen trees of varying heights. In the center of the roof, there is a stylized sun with a yellow circle and red rays. Below the house shape, the text "Bear Creek Lumber" is written in a serif font, and "TIMBERLINE" is written in a larger, bold, green, sans-serif font. Below the company name, the contact information is listed: "P.O. Box 669 Winthrop, WA 98862", "www.bearcreeklumber.com", "(800) 597-7191 fax (509) 997-2040". At the bottom, it says "Ela Bannick, Editor Joe Hammer, Sales Specials".

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