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**The J Yard's Jake Marshall**  
photo by Ela Bannick

**The J Yard/ Bear Creek's Bargain Basement**

Jake Marshall and Joe Hammer are creating the J Yard, a new offering at Bear Creek Lumber. J Yard products are the part of our inventory that we don't normally advertise because they do not represent our regular product line of high grade materials. The J Yard materials are falldown products (that may have stain, knots, and other defects/damage) that work great for specified uses such as fencing, corrals, and outbuildings such as chicken coops and tool sheds. These products are not recommended for residential use unless its for a backwoods cabin. J Yard products are sold by the unit only and are not exchangable or refundable. They are sold "as is" at discounted prices. As the materials develop in the yard, we will be holding an online auction for these products. Meanwhile, we will be offering them one product at a time with our monthly specials. These products are subject to sale and may not be available by the time the newseltter is published. See our website for regular updates of these products. All pricing F.O.B. Winthrop. **Featured this month:**

**JY Hem Fir 2 x 8 #2 and Better Rough Cut \$400 MBF /2 units**  
**3,327 BF total available. Random lengths 8-20 ft. Pictured below. Delivery available.**

**New Look for Our Website**

Bear Creek Lumber has a new webmaster, Hector Bianchi, who is reworking much of our website. We hope to make the website, like the rest of our company, responsive to our customers needs so let us know if there is anything you would like to see added or changed.

We hope the new website will be easier to navigate, and with it, we will better able to speed your quote request through our system and track how our products are selling worldwide.

We are always looking for more pictures to show how our different products have worked. Please send your pictures to [hector@bearcreeklumber.com](mailto:hector@bearcreeklumber.com). We will send you back a beautiful Bear Creek Lumber hat or portfolio to show our appreciation!



Photo by Jake Marshall.

# Economic Changes Ahead

In 1990, there were five workers for every retiree. By 2030, Federal forecasters expect 2.5 workers for every retiree.

If a new Federal Reserve report is correct, the lost labor of the 77 million boomers will be so hard to replace that over the next decade the national economy will grow at a significantly slower pace than it has in the past 10 years. How much slower? The lost growth, by one estimate, will come to \$1,322 per person by 2015 -- or \$13 billion.

The Fed economists presented their findings a few weeks ago at a venue where their conclusions would be sure to draw widespread attention -- the

Brookings Institution, a prestigious Washington think tank. Alan Blinder, a Princeton economist and former vice chairman of the Federal Reserve, said that most likely Fed officials already have begun to take into account the report's forecast of tighter labor markets ahead. "All other things being equal, it leads to higher interest rates," Blinder said of the gradual passing of the boomer generation from the work force.

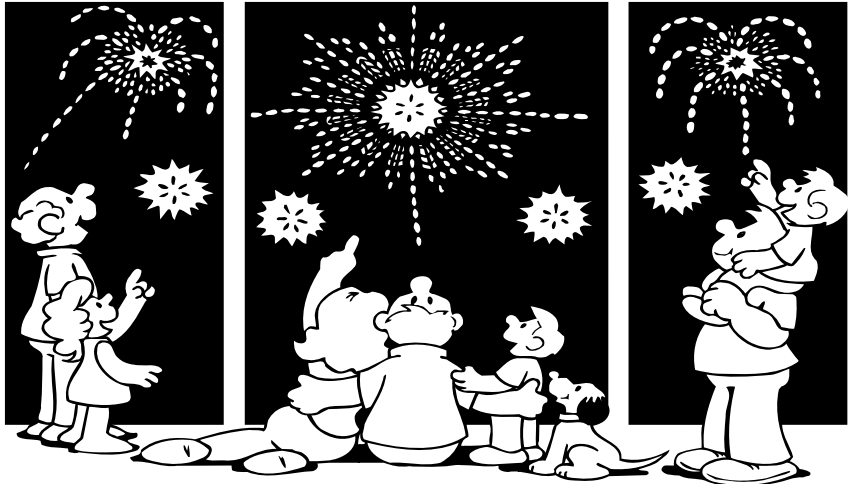
For a half-century, worker participation rates rose until they peaked at 67.3 percent in early 2000. Since then, the participation rate has fallen. At last count, 66 percent of the working-age population had jobs or were looking for work. By 2015, the Fed economists project, it could be less than 64 percent.

While a 3 percentage point decline seems tame, that much of a decline in labor force participation "is nearly unprecedented in the post-war economic experience," the Fed study noted. "This continued downtrend, coupled with slower projected population growth and an apparent downtrend in the average workweek, suggests that trend growth of aggregate hours will slow further in coming years," the report concludes.

In most of the past 30 years, women streamed into the work force in increasing numbers -- a trend that appears to have flattened. Meanwhile, teenagers and twentysomethings are staying in school longer before pounding the pavement.

Older workers may offset those forces only if they linger in their jobs longer than expected or start new careers after retiring. However, the Fed economists don't expect retirement-age boomers to remain on payrolls in large enough numbers to counterbalance a labor force growing no faster than the nation's population.

Slower labor-market growth will make economic growth rates falter unless productivity unexpectedly soars, said Allen Sinai, a leading economic forecaster. Add to that a related problem: The workers left behind will be taxed to support an unprecedented number of retirees just as economic growth rates are receding. When the growth rate is high, the pie is bigger and everybody gains," said Sinai, chief global economist at Decision Economics in Boston. "If the pie grows more slowly, everybody loses."



## Jonathan Walker, Woodcarver

Jonathan Walker a longtime client of Bear Creek Lumber, offered to make a commemorative plaque for the company. The young wood carver also produces other carved items for sale out of the shop at the Florence Arizona Correctional Center.

Using Alaska Yellow cedar provided by Bear Creek, Jonathan designed, carved, and painted this 24 inch diameter wall plaque, which hangs above the main office entry stairway.



# Industry News



The U.S. economy appears to be shifting into a lower gear, with residential construction falling sharply and manufacturing activity slowing. The big question: Will the slowdown come in time to keep inflation from heating up? The economy expanded at a rapid clip in the first quarter of 2006, though more recent data -- including April's existing home sales -- suggest the pace of growth is slowing, according to reports Thursday.

The National Association of Realtors said existing home sales, the bulk of the housing market, fell 2% in April from the previous month and were nearly 6% below year-ago levels. Home prices rose, but at a much more moderate pace than the frenzied increases of recent years. The national median home price was \$223,000 in April, up 4.2% from a year ago.

For April, total construction spending fell to a seasonally adjusted annual rate of \$1.195 trillion. The 1.1 percent drop in residential building was offset some by a 2.5 percent rise in nonresidential activity, reflecting solid gains in office, hotel and shopping center activity. Public construction spending dropped by 0.2 percent. State and local activity fell by 0.3 percent while spending on federal projects surged by 0.6 percent to a record high of \$20 billion at an annual rate.

**Nationwide, renters are only months away from the ascending prices** that are squeezing paychecks throughout California and much of the Western United States. Nationally, rising rents are already considered a key driver alongside higher gasoline prices for a sharp 0.6 percent jump in April's consumer price index.

"You haven't had the strong rent growth yet. It is coming," said Greg Willett, vice president for analysis and research at M/PF YieldStar, a Texas-based apartment industry consultant.

A significant factor for demand gaining on supply: mortgage rates. They're at four-year highs amid lofty home prices, and freezing out scores of would-be buyers. Likewise, a mounting standoff between buyers who want dramatically lower prices and sellers not ready to offer them is bottling up even more people in rental units.

A home is the most significant asset that many people own, and remodeling can considerably affect its resale value. To prevent homeowners from accidentally destroying value, the National Association of Realtors has queried its vast network of realty agents to find out what remodeling projects add the most value to homes. And which don't.

**Remodeling Magazine** crunched the data and in May released its annual "Cost versus Value Report." Even if you have no immediate plans to move, the report provides valuable insights into how remodeling might alter the resale value of your home. The report covers 58 regional markets and discusses various improvements from kitchen remodeling to deck additions. (The web link is <http://www.remodeling.hw.net/content/CvsV/CostvsValue>)

"Our members' experience and familiarity with the communities in which they work make them valuable resources," says NAR president Thomas Stevens. "They understand what makes a good investment, whether their clients are buying, selling or remodeling."

Stevens hopes the report will help homeowners choose the projects that increase home value while avoiding those that lose money. In West Coast states, for example, kitchen upgrades return an average of 112% of costs when homeowners sell their home. By contrast, kitchen projects typically recoup only 85% of their costs in the Midwest. For their part, Midwesterners place a premium on exterior siding.

Even within regions, important distinctions in value emerge. "The desirability of certain home features varies by neighborhood and is heavily influenced by buyers' expectations in a given area," said Stevens.

For example, if homes in a neighborhood typically have two bathrooms, then adding a second to a one-bathroom home does little to distinguish that home. Instead, a wiser choice might be converting an attic into a bedroom. The one consistent trend across regions is that home offices do little to increase value. (Yet another reason not to work from home).

## What's In A Name?

An example of the influence of the growing Hispanic population in the U.S. is the fact that a DataQuick Information Analysis of deed and county assessment data has found that the surnames Rodriguez and Garcia have joined the top five surnames for homebuyers. Four Hispanic names are in the top ten, compared with two in the year 2000.

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