



# Hilco Appraisal Services, LLC

## Lumber Products Industry Perspective

FOURTH QUARTER 2011

### PRIMARY RECOVERY FACTORS

>> Seasonally adjusted housing starts in the U.S. reached 685,000 units in November 2011, the highest level since the beginning of 2010.

>> The Canadian dollar has eased versus the U.S. dollar over the last few months, helping Canadian producers as most lumber sales are quoted in U.S. dollars

### RECENT APPRAISAL EXPERIENCE

- BlueLinx Corp.
- Tembec Inc.
- Eacom Timber Corp.
- Western Forest Products
- Northwest Hardwoods
- Hood Industries
- Flakeboard Company
- Resolute Forest Products Inc.
- Confifex Timber Inc.
- JT Shannon Lumber Co.

## Lumber Prices Flat

By Jesse Marzouk

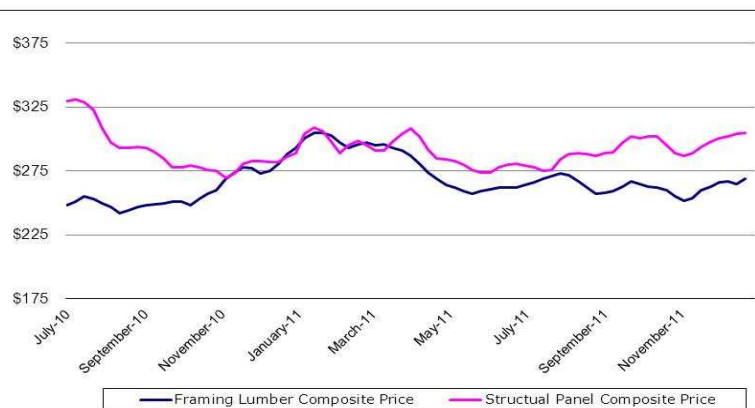
Softwood lumber prices moved little again in the final quarter of 2011. The *Random Lengths Framing Lumber Composite Price*, which includes prices from a variety of softwood framing species, ended at \$269 per MBF after starting the quarter at \$263 per MBF. Prices stayed in a tight range throughout the quarter, ranging from \$252 per MBF to \$269 per MBF. Lumber prices moved little as a slight recovery in the U.S. housing market was offset by China slowing its level of purchases from the first three quarters of the year.

Seasonally adjusted housing starts in the U.S. averaged 653,000 units from September through November, reaching the highest levels since the first-time-home-buyer tax credit spurred demand in early 2010.

Industry participants are hopeful that the recent positive numbers will not be another false start in the housing market recovery. Even if the U.S. housing market has turned a corner, much of the recent gains in new construction, however, has been multi-family dwellings. If this trend continues, it augurs poorly for the building products market as an average multifamily unit utilizes approximately one-third of the lumber that a single fami-

ly house uses. While any gains in construction will be welcomed, gains in the multi-family sector cannot be mistaken for those in the single family sector. Overall, 2011 was another difficult year for lumber and panel producers. With the supply of foreclosures still high, the market was continually battling a headwind. This likely will continue in 2012, although the supply of foreclosed homes will decline in the coming years.

Random Lengths Lumber and Structural Panel Composite Pricing Last 18 Months



Jesse Marzouk is a vice president and forestry products specialist. He has appraised numerous U.S. and Canadian pulp, paper, and lumber-related companies involved in manufacturing and distribution. Jesse received his MBA in finance from Kellogg School of Management at Northwestern University, and has a degree in finance and accounting from Indiana University.



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