Oregon Wood Innovation Center

Connecting People, Ideas, Resources

Housing Market Outlook

Coming OWIC events:

April 24-25: Selling Forest Products **Corvallis, OR**

Inside this Issue:

The housing market in the United States set records for home sales, home starts, and appreciation of housing prices in 2005. In 2006, this trend reversed with a 10% drop in total home sales, 13% drop in housing starts, and housing prices appreciating by just a few percentage points.

While the short term outlook for the housing market shows signs of a slowdown, a report recently released by the Joint Center for Housing Studies at Harvard University (http://www.jchs.harvard.edu/) shows a positive outlook in the long term. The report, called *The State of The Nation's Housing 2007*, credits immigrants and their native-born children with providing strong potential for growth in the future. Household growth for the period 2005-2015 is predicted to exceed the strong growth seen from 1995-2005 by more than 2.0 million units.

The report does not indicate when the current downturn will end, discussing how the length and depth of this correction will depend on the economy, relying on growth in employment and interest rates. Additionally, the ability of builders to move excess supply will have some influence. Local economic conditions and builder behavior may allow some markets to recover more quickly than others.

National median housing prices still rose in 2006, a positive sign for the economy. Rising housing prices have positive implications on wealth effects - with owners spending more when housing prices are rising and borrowing more against equity to support their spending. Even though the volume of refinances dropped off shortly, the amount of money borrowed against equity hit record levels. Housing prices are forecast to continue falling, the implications of this are that the housing slowdown has yet to have an impact on spending in comsumer and remodeling markets.

The report highlights several reasons for optimism on the long-term outlook for the U.S. housing market. Baby boomers reaching the age where they are looking for a second-home, echo boomers are moving into the prime age for forming households, record setting immigration, and rising income are reasons for an optimistic outlook over the next decade. Additionally, increasingly restrictive policies on development will drive the prices of housing up. These factors should combine to result in demand for housing for 2005-2014 of approximately 19.5 million homes, surpassing the 1995-2004 level of 18.1 million.

The full version of this report can be viewed at http://www.jchs.harvard.edu/publications/markets/son2007/index.htm.

The strong outlook for housing is positive news for the forest products industry in the United States. A rebound in the housing market will help the forest products industry rebound, driving demand for wood products.

Oregon State University OSU College of Forestry

Is Your Company Looking for Qualified Employees?

Is your company looking to hire qualified students with an educational background in forest products? The Oregon Wood Innovation Center is now your connection to Wood Science and Engineering students at Oregon State University. OWIC can help connect you with students looking for full-time work, part-time work, and internships.

The Oregon Wood Innovation Center can help connect you with our graduating students who are looking for full-time positions. Our undergraduate students have a wide variety of skills placing them in entry level positions in the areas of sales, quality control, management, and research and development. Our graduate students have expertise in a wide variety of fields including wood chemistry, wood anatomy, wood quality, wood products processing, composite materials, and forest products business and marketing. In addition to full-time work, we have students looking for part-time work throughout the year.

Undergraduate students in the wood science program are required to complete two summer internships as part of their degree. Our students work in internships around the globe in a wide variety of fields.

If you are interested in learning more about how to connect with wood science students for full-time work, part-time work, or internships, contact:

Chris Knowles
Chris.Knowles@oregonstate.edu
(541) 737-1438

or

Scott Leavengood
Scott.Leavengood@oregonstate.edu
(541) 737-4212

Forestry and Green Building: Making Connections in Oregon

Oregon has held a reputation as a global leader in forestry and forest products manufacturing for many decades. And increasingly, the state is recognized as a leader in sustainability - sustainable development, renewable power, and green building, to name just a few. The rapid growth of the green building sector has some of Oregon's business leaders asking how forestry and green building might join forces.

A group of professionals from the forest industry, green building community, non-industrial woodland owner community, non-profit organizations, universities, and state agencies began meeting in October of 2007 to explore the topic. The group held a roundtable discussion at the Oregon Business Plan's 2007 leadership summit in Portland to share with participants some of the information that is emerging from this dialogue, perspectives of the parties involved, challenges, opportunities, and potential outcomes of an Oregon 'forestry-green building initiative.' Some of these potential outcomes include:

- Informing state government policies with respect to building materials for public buildings
- Launching initiatives to promote sustainably grown wood products as alternatives to other building materials
- Informing the Oregon Department of Forestry as it considers efforts underway in other states to 'group certify' their forests

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Instructor in Wood Products Manufacturing

Wood Science and Engineering at OSU is looking for a full-time Instructor to teach undergraduate courses in wood products manufacturing and wood technology. The job also includes assisting with undergraduate student advising and academic assessment, and to support the Oregon Wood Innovation Center through technical assistance and outreach education.

The job requires a MS degree with one degree in forest products, wood science and technology or similar field, and a minimum of three years relevant experience in wood products manufacturing.

See all the details and how to apply at http://woodscience.oregonstate.edu. Applications should be received by February 1, 2008.

Ask the Expert

Have questions related to wood? The faculty of the Wood Science and Engineering Department at OSU have the expertise to handle almost any question about wood. Simply submit your question using the Ask the Expert form (http://owic.oregonstate.edu/askexpert.php). Please be as specific as possible.

The following are examples of recent 'Ask the Expert' questions:

Question: We had a large incense cedar fall in our yard the other day. I am interested in milling it. I want to use the wood for an outdoor deck. I've been hearing conflicting opinions about whether incense cedar is any good for decking. Can you weigh in?

Incense cedar board.

Answer: Incense-cedar is a very stable and naturally decay-resistant wood species and there are firms selling it for decking. It is more widely used for pencils, siding, and other non-structural uses, however.

The only issue I can think of that might give you cause for concern is the frequency of 'pecky rot', which is quite common in incense-cedar. The decay is caused by a fungus in the living tree; it ceases to degrade the wood once the wood is dry. Perhaps the concern you've heard is due to speculation that this decay would cause the material to be structurally unsound. This is certainly a valid concern. Unfortunately, it's nearly impossible to determine the amount of this decay that is present without sawing the log.

If it were me, I'd contract with a custom sawyer to produce 2x6 decking material and see how it looks. If after a few boards were cut it appeared there was little usable material for decking, you might go with Plan B and cut something like bevelled siding.

To dry the boards, you can either contract with a firm that does custom drying or stack and sticker (the spacers between boards - approximately 1x2) the materials yourself and allow them to slowly lose moisture. Starting at this time of year (December), it could take 3-6 months for the wood to get dry. The USDA Forest Products Lab has a publication on air drying lumber that will help you with the details of stacking, stickering, monitoring moisture content, etc. (http://www.fpl.fs.fed.us/documnts/fplgtr/fplgtr117.pdf).

Question: We are recreating a 1850 cabin Philip Foster had at Eagle Creek Oregon. The logs are primarly from a barn which we deconstructed. They were the joist for the second floor. We need to have the logs graded for our Clackamas County building permit. Do you know anyone who could do this for us.

Answer: Thanks for the question. Seems like quite a unique application - Log scalers estimate the volume and grade of logs for purchase by sawmills or other wood products manufacturers. However, I don't think the grades they usually assign are linked to structural properties - which it seems to me a building inspector would want.

By contrast, lumber grading agencies assign grades to sawn lumber and timbers that ARE correlated to structural properties (e.g., a building inspector might require that all lumber used in a structure be stamped Number 2 and better).

You can try contacting the lumber grading agency, and if they aren't able to help, try the log scaling bureau next:

The lumber grading agency closest to you that does transient grading is the West Coast Lumber Inspection Bureau - http://www.wclib.org/

The log scaling bureau for your part of Oregon is the Columbia River Log Scaling & Grading Bureau - http://www.crls.com/

If neither of those pan out, let us know and we will help you explore other options.

Forestry and Green Building (continued frm page 2)

• Informing Oregon's green building leaders about the characteristics of Oregon forest products

• Informing Oregon's forest sector about the potentially attractive opportunities presented by the growing green building sector

We will provide periodic updates on the initiative through our newsletter and website. And we would be glad to have your input at any time.

A green building discussion forum is now available on the OWIC website at http://owic.oregonstate.edu/bboard.

The discussion forum currently has a posting listing the questions submitted by attendess of the leadership summit's roundtable discussion. Please let us know what you think about these questions as well as other topics we should be considering.

Events of interest

April 26-27
Selling Forest Products
Oregon State University
Corvallis, OR
http://www.cof.orst.edu/cof/fp/faculty/hansen/Extension.htm

If you have an event you would like to include, please submit it to Chris.Knowles@oregonstate.edu.

To subscribe to this newsletter send an email to
Chris Knowles with "subscribe to newsletter" in the subject line.

Contact us:
Oregon Wood Innovation Center
http://owic.oregonstate.edu
119 Richardson Hall
Corvallis, OR 97331-5751
Fax: 541-737-3385

Scott Leavengood
Scott.Leavengood@oregonstate.edu
541-737-4212

Chris Knowles
Chris.Knowles@oregonstate.edu
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Previous issues of the OWIC newsletter are available at http://owic.oregonstate.edu/newsletter/

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