



# Zeeland Lumber & Supply Co.

concepts MONTHLY

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## Upcoming Dates & Events

### Whitecaps Game and Vendor Show

May 13  
Comstock Park, MI

### Cubs and Whitesox Game

June 11  
Chicago, IL

Check out our Bargain Corner at:

[www.zeelandlumber.com/bargaincorner](http://www.zeelandlumber.com/bargaincorner)

Milliken Trim is now in our Perks Plus Program

[www.zeelandlumber.com](http://www.zeelandlumber.com)

146 E. Washington Avenue  
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888-772-2119

## The Lumber Market Stays Strong

Launching into outer space, lumber and OSB are enjoying quite a rocket ship ride.

I am going to have to go to Sister Mary's Reading Advisor not to get a reading but to get a new crystal ball. Hopefully she sells her leftovers. Apparently mine has a serious crack in it. When I looked into my ball earlier this year I saw some price appreciation through the stimulus program with a down tick after the program was over. As summer came on perhaps a little more appreciation and with a look back at the end of the year we would have a composite price appreciation of about 10 to 15%. I based this on the housing starts as they existed and the predictions of average starts. Frankly those numbers are what I thought they would be.

That 15% composite price appreciation was reached by early February and at least doubled by the end of that month. By March it moved up again and as of this writing, April has made February's gains look modest. In the end you need to know we are in perhaps the largest price increases since 2005. This increase has crossed all product lines from every style of lumber as well as the world of OSB. At this point I do not know when it will top out.

My best guess is lumber may slow down by the mid to end of May while OSB will be well into June.

There are several reasons for this increase: lack of production, mill closures, the stimulus program, just in time buying by dealers, greed, etc. I could spend a lot of time and print on these but understand the reasons are not as important as the fact that the market is doing what it is doing. Prices from this winter in a composite form are up over 60%, of course some prices on various products are higher or lower than the composite. I do not see a slide down in prices on the retail side if any, until July at the earliest. Mills simply are not putting more production on line at this time as it takes a lot of time and money to do so. They have to hire, build log decks, find equipment etc. At this point they are ill-prepared to handle more production.

We did not anticipate this kind of increase in our business projections so we in turn are not able to honor quotes and jobs for long lengths of time. Please continue to plan accordingly and keep asking your sales representative for current pricing. Don't quote your jobs without some price appreciation built in.

All this said, does anyone have directions to Sister Mary's reading Advisory?

Article by  
Herk Vanden Bosch



# 400 SERIES



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### What's Next for our Industry?

Article by  
Mike Dykstra

What's next for our industry? Well, isn't that a loaded question? A couple months ago I wrote that in a word "unpredictable" sums up our current construction industry. Once we get past the current housing stimulus, what kind of building starts can we expect? As I listen to some customers, it seems like many of the sales that have been happening in the last month or so are "non-stimulus" homes, so that is a good sign of real sales and real potential growth. On the macro level, the March numbers were up to a seasonally adjusted rate of 685,000 home starts. New home sales for March were 16.1% better than March 2009, and we now have an estimated 8 month supply of housing inventory nationally, down from 8.5 months in February.

In the short term, this has had a dramatic affect on pricing. As you have seen from Herk's comments and others, we are experiencing unanticipated cost increases. With a small demand increase, very little inventory in the supply chain (there are less distributors and retailers, and the ones that are in business are carrying less inventory), and a reduced capacity of supply (mill closures, Chilean earthquake), the market on building products, lumber, and OSB has been dramatically running up. We are not holding quotes outside of the 15 day time period to stay current with our pricing to our customers so please get your jobs requoted before committing to your customer.

That said, our housing will come back over the long haul due to immigration and demographics. According to industry expert Greg Brooks from the Building Supply Channel, Inc here are some trends to look for in the next housing boom:

1. Demographics will be favor first time buyers and retirees. As our baby boomer population ages, and the millennials grow up, there will be less of the gener's as a percentage of the population.

2. Smaller, simpler homes and more multi-family. The 2800 sq.ft. house on a 2 acre lot will be less and less.
3. Energy costs will continue to enforce energy efficient and high quality homes.
4. Built to last, not flip. Personal upgrades will become more prevalent as people will plan on staying in their home for a longer period of time instead of flipping it.

Overall, our industry will be good and many predict a normalized housing starts of 1.5 to 1.8 million units on average over the next 10 to 15 years. They will just be different units than what we built in the last 10 to 15 years.

Thank you so much for your business partnership. We value all of our customer relationships.



### Ken Bolks Retires after 50+ years

Article by  
Chris Alderink

Ken Bolks retires after over 50 years of service. These are words I thought that I would never write. It is, however, an honor to pay tribute to someone that I would dare say is an institution in the Lumber business. Ken started at Hamilton Lumber in 1954 and was someone that did it all back then. I've heard the stories of 18 hour days delivering lumber, building loads, taking orders, figuring quotes, and managing a business with employees. Think about any of us doing all of that today!

I've worked with Ken the past 12 years and have always been amazed at his positive attitude regardless of the situation. As someone that has been in sales, I will forever remember Ken's motto "No just means not today"..... how very true!

I thought I would also share some things that happened in 1954 when Ken first started:

- . Gas was .21 a gallon
- . A Postage stamp was .03 cents
- . The average American income was \$3,960/year

In researching these stats, 2 other things really stood out for me. The business failure rate was 42% and that Zeeland Lumber and Supply also began to sell lumber in that same year. It is a true testament to perseverance that both companies are one today.

Thank You Ken!

Main Store & Concepts Showroom  
146 East Washington  
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(616) 772-2119

5265 West River Drive, Suite 100  
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(616) 301-1521

606 9th Street North  
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