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# Northeast Housing Trends and Regional EWP Market



QWEB Builders  
Breakfast, Orlando IBS  
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Lloyd C. Irland  
The Irland Group and  
Yale University

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# Outline

- Driving Forces in Materials Supply chains
- Northeast Regional Market Comparisons
- Engineered Component Usage Comparisons
- Questions

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# Driving Forces: Materials Supply Chains

- Producer Consolidation in I's and other lines
- Truss makers broadening Lines
- Controlled distribution
- Consolidation at wholesale level
  - More chains
  - Many focusing on “pro” market
- Vertical Integration by Distributors
- Installed Sales

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## Market structure....

- Retail consolidation – smalls dropping out
- How will less retail competition affect small builders?
- How will smaller builders be affected by trends toward more direct distribution?

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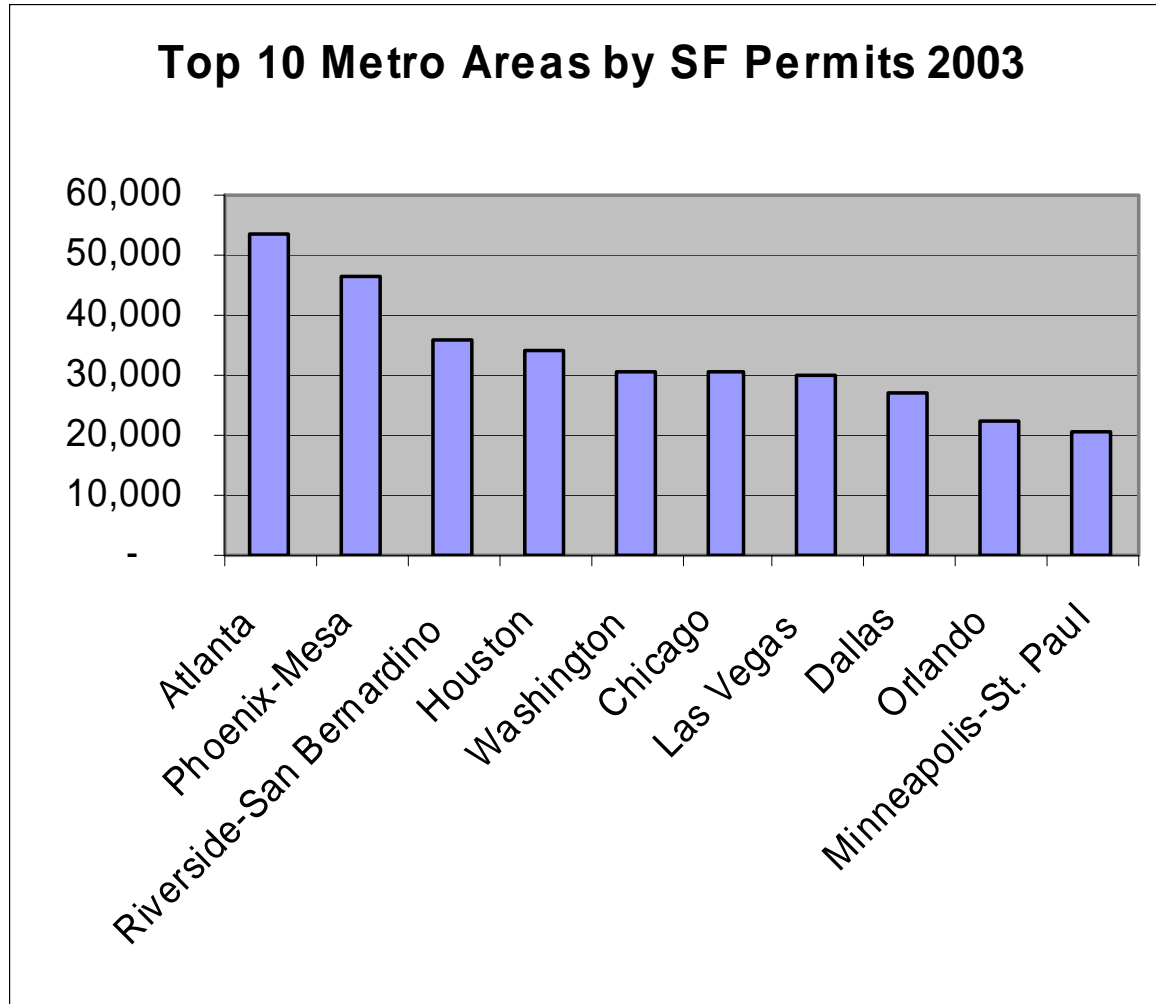
# Supply chains...

- How will escalating regional traffic congestion affect distribution?
- Will Boxes Go Pro?
  - Or, When?
- Steel/aluminum: their own supply chain

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# Soft Lumber Duties

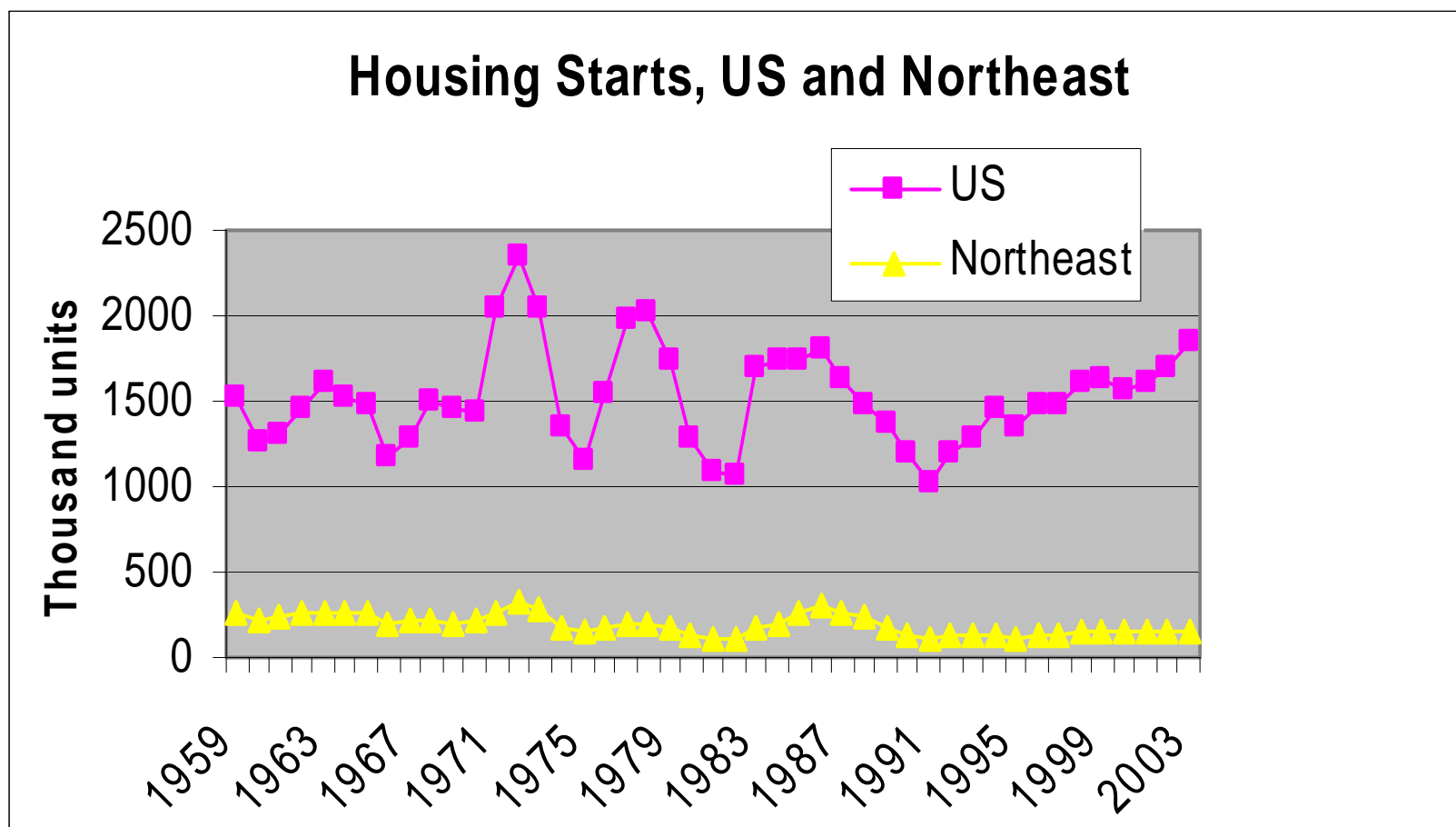
- No solution in sight to:
  - continental Overcapacity
  - & Protectionist legal battles
- Incentive for Canadians to saw lumber south of Lat. 49, and
- Bundle it into Value Added North of 49
- So -- no I-joist plants in Your neighborhood!
  - See- new Abitibi/LP j.v. in Canada

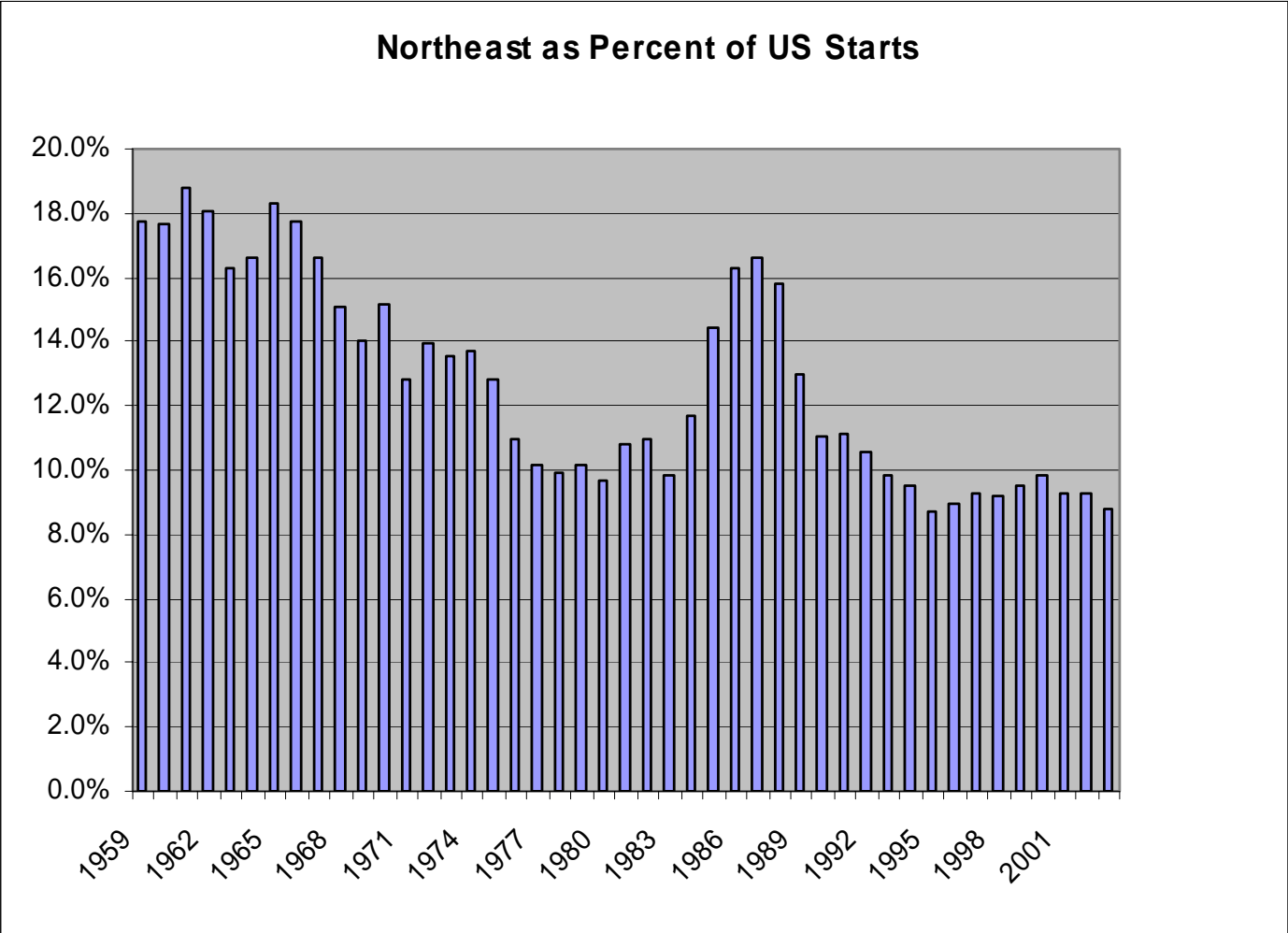


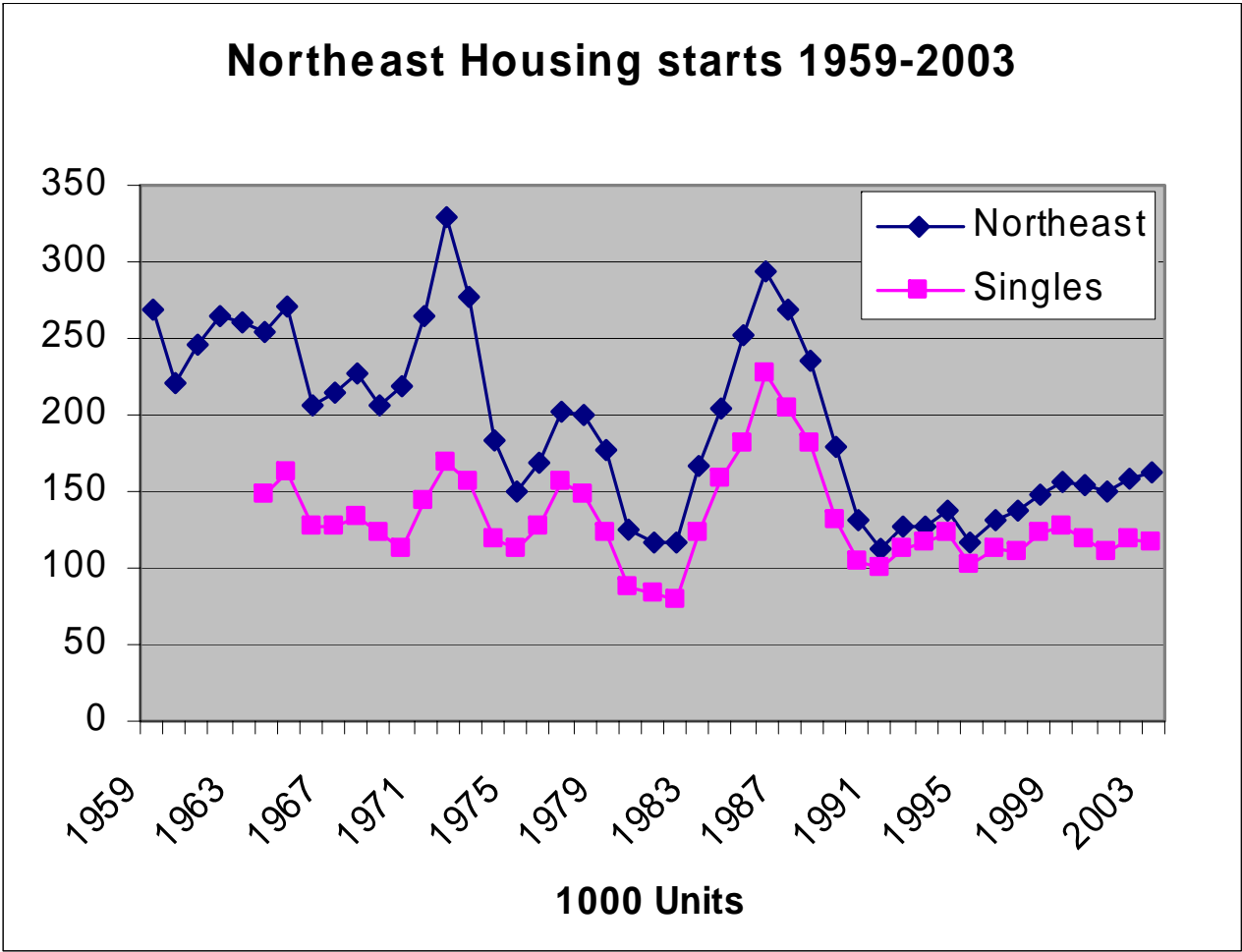
Only one  
 –at edge  
 of region:  
 DC

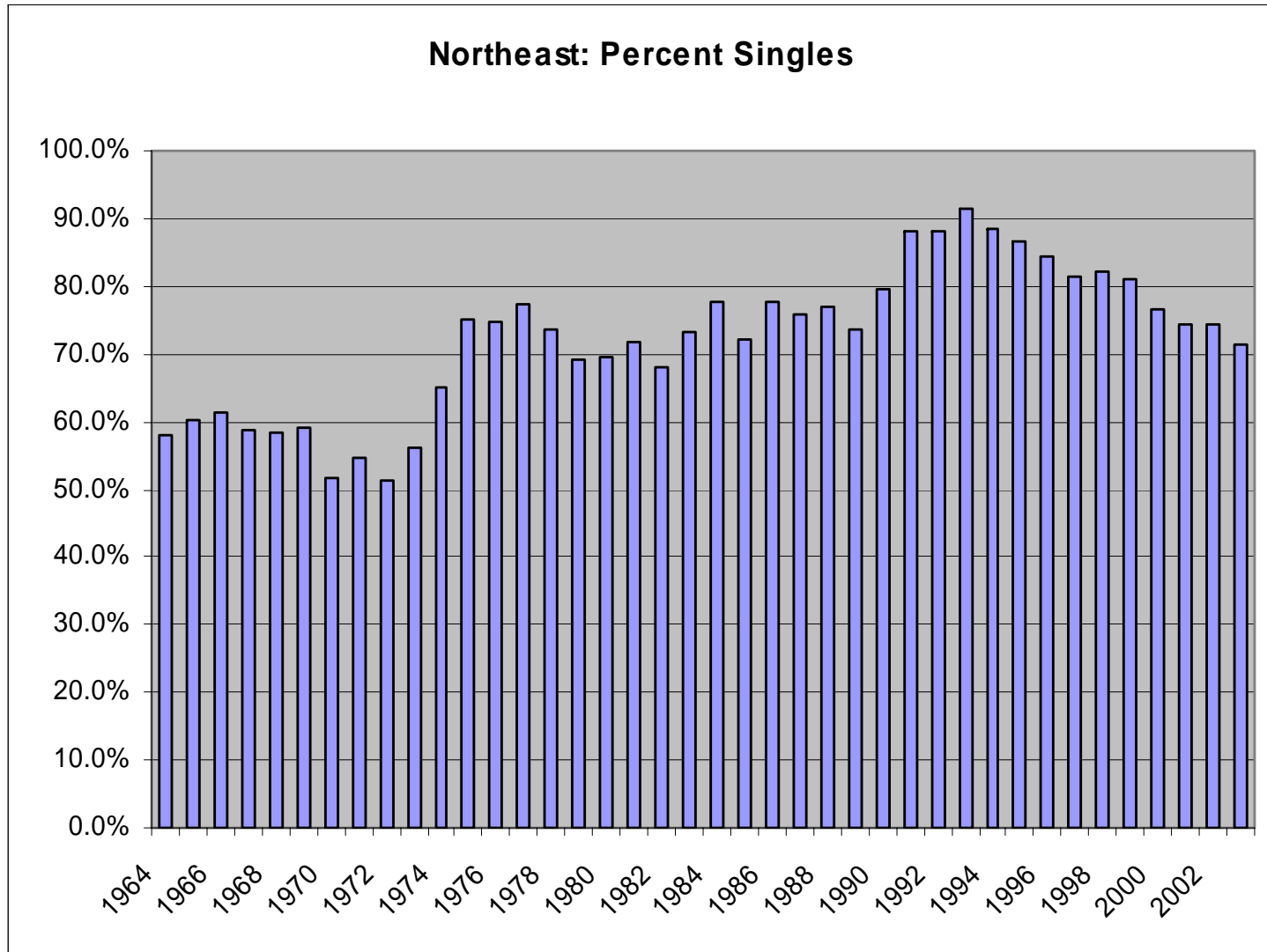
Census data courtesy of NAHB website

# Northeast Housing Production has Declined









# Unit Sizes 2003

	Single	Fam.	Multi	Fam.
	Median	Ave	Median	Ave
NE	2,334	2,521	1,073	1,149
South	1,963	2,210	1,125	1,194

Source: US Bur. Census, Char. Of New Units...

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# Northeast: High Labor Costs

- Ave. Hrly wages, Carpenters, summer 2003
  - Mid Atlantic \$19.15
  - New England 20.29
  - So. Atlantic 15.53\*
  - Pacific 23.41

\*Note: this region extends form FL to WV.

Source: BLS website.

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## Northeast is the Nation's Expensive Market -- Cost per SF w/o Lot

	NE	Midwest	South
<b>1992</b>	66.46	59.65	48.49
<b>2003</b>	96.74	83.01	68.25
<b>Pct Change</b>	46%	39%	41%

Source: NAHB

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## Top 10 Builders Largely work Elsewhere

- Some not in NE at all
- Others limited to modest projects in fringes of
  - NY, NJ, Phila, and E. Mass
- Land availability/regulation
- Probably have more incentives to us EWP

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# Construction methods: APA's Take on it

## National Market 2003

Stick built	70%
Panelized	13
Concrete	12
Modular walls	3
Steel	1
SIP & Other	1.5

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# EWP

- EWP vs Lumber/timbers
- Competition between types
  - I's
  - LVL
  - Glulam
  - Steel in some hybrids, as in OWT's
  - Recycled steel carrying beams
- Within wood sector: fratricidal competition
- “Systems” - buy it all from us – not gaining much ground -- yet

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# Selecting EWP vs Competitors

- Price volatility
- Specifications complex, engineer needed?
- Familiarity
- Codes, Fire etc.
- Installed cost comparisons complex, time consuming
- For low production rate, incentive not there

# Floor Joist Market

Ground Floor: Item	Northeast	USA
Solid Lumber	55	46
Wood I's	41	45
Open Web Truss	3	9

Source: NAHB, Builder Practices 2002

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# Roof Trusses v. rafters

	Rafters	Trusses
Northeast	50	50
South	40	56
USA	31	67

Source: NAHB, 2002.

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# The Questions – for You

- Key reasons for lower EWP Usage in NE?
- Is better information needed?
- What might Quebec EWP producers do to help you?