



September 2019

A message from HMA's President

By Bob Miller

Without question, maintaining a positive attitude in today's 'challenging' world is far from easy, especially when those around us are pessimistic and unhappy. The world we live in; the lifestyles of others; the state-of-the Union; the latest color of their neighbor's hair – their list of what's NOT right with the world seems to just go on and on.

What they don't get is that so many of the 'things' that are causing them to have sleepless nights are simply out of their control. And no amount of worry, or pessimism, or complaining can alter that.

Some people feed on malcontent, I suppose. But not me! When I was in my 30's, a wise man told me, "Control what you can, and leave everything else to the Hand of God." Ever since then, I've tried to live my life by that sage advice - working to control what I can, and letting the rest find its place. How does this apply to our industry and more specifically, to our companies?

Like you, I'm hearing from colleagues and reading about how difficult it is to be profitable in our industry. By no means am I downplaying the critical nature of the current environment. It is indeed difficult out there! And yes, our industry is struggling. But I know for a fact that our advocates in D.C. are working 24/7 on our behalf to change the cause of our pain. The resolve of the Trade and Tariffs issues, however, simply remains to be seen.

So, what can we be doing? Well, rather than continuing to invest precious time bemoaning the current state of affairs, I say we dig deep; look within; and strategize how best to 'reinvent' our companies. What can be changed - for the short-term or until our markets improve - to keep our companies in the black, or to get us close to breakeven?

What I'm advocating isn't an easy endeavor. To benefit the many, we may have to make very painful decisions that will affect the few. But our goal now is to survive, with the end game of prospering in the future. And it is especially important now, that we stick together.
There is indeed, strength in numbers!

Ours is an industry comprised of many passionate, solutions-oriented people. Our companies are our livelihoods, and for many of us, the legacies that have been gifted to us by our families. Let's embrace the fight; control what we can; and put aside the distractions that we cannot control.

Joining the ranks of the HMA

From all of us at the HMA, a hearty 'welcome' is being extended to **Jones Lumber Co., Inc.**, Hattiesburg, Mississippi. President/CEO Arnie Hogue will serve as HMA's Main contact, and we hope to see Arnie, along with other company representatives, at upcoming HMA and industry events. If you would like to extend a personal 'welcome' greeting, email Arnie at arnie.hogue@joneslumberco.com.

Find Tariff updates at www.HMAmembers.org

As HMA receives informational updates regarding the evolving China Tariff situation, the **Trade Alerts** are posted to our member website at www.HMAmembers.org. To find the information, log on to the site, and once you are on the Home Page, simply click on the '**Industry News & More**' tab at the top of the page. There you will find the most current information, as received, from the American Hardwood Export Council (AHEC) and/or the Hardwood Federation.

This reminder about upcoming Events

Mark your calendars, please. Your participation is being requested for the following industry and HMA meetings and events. Make plans to attend, today.

- **Hardwood Federation Fall Fly-In** – September 17-19. This is your opportunity to make your voice heard. Event registration and other meeting details are available [here](#).
 - **HMA's 2019 South Atlantic Regional Meeting**, September 23-24 – North Carolina/Virginia. Online registration, meeting sponsorships and all meeting details are available at www.HMAmembers.org.
 - **HMA's 2020 National Conference & Expo** – March 25-27 – [J.W. Marriott Nashville](#). Take a [look](#) and make it a date.
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The what/when/where of upcoming assembly

HMA's South Atlantic Regional Meeting is just weeks away, and we're mixing things up for this Virginia/North Carolina [HMA and SCMA event](#). Hope you've finalized your plans to attend, because here's what's in store.

Monday, September 23

- 2:00 p.m. HMA Board of Directors Meeting will convene at the Hilton Norfolk The Main.
- 6:00 p.m. 'Early arrivals' are [invited](#) to join HMA's Board of Directors for cocktails and a full dinner buffet. The cost is \$80. **Advance Reservations are required!**

Tuesday, September 24

- 6:00 a.m. Breakfast Buffet
- 7:15 a.m. Depart Hilton Norfolk The Main
- 9:00 a.m. Tour **Josey Lumber Company**, Scotland Neck, NC
- 11:30 a.m. Lunch
- 1:00 p.m. Tour **Gates Milling, Inc.**, Gatesville, NC
- 3:30 p.m. Arrive Hilton Norfolk The Main
- 3:30 p.m. **SCMA Mid-Year Meeting** - Hilton Norfolk The Main
- 5:30 p.m. Evening Reception/Dinner/Speakers
- **Kara Matzko**, Senior Manager, Mid-Atlantic & Strategic Accounts Relations for The Port of Virginia
 - **Cary Moon**, Policy and PAC Manager, Hardwood Federation

So, take care of business now

Great tours and great networking opportunities are just weeks away. Online registration is quick and easy at www.HMAmembers.org. And that's also where you'll find all of the Meeting details. Don't miss this.

Looking to put some 'skin in the game?'

Sign on as a **Regional Meeting Sponsor**. You'll be supporting the efforts of the HMA. And your extra effort will raise company awareness and differentiate YOU from the rest of the field. Just like this.



Thank you to **Gold Sponsor**, McGriff Insurance Services, Greenville, North Carolina! And what a surprise! They've asked to supply McGriff identified T-Shirts for the employees at our tour locations. (What a great and fun idea!) McGriff associates Tammie Cochran, Kristy King, Robin Little and Brandon Reavis plan to be on hand. Seek them out and strike up a conversation, please. (www.mcgriffinsurance.com)



Thank you to industry supplier, Wood-Mizer, Indianapolis, Indiana! As a **Gold Sponsor**, they have opted to host Tuesday evening's reception. And at last check, Colin Campbell, Randy Panko, and Stacy Thompson are planning to be with us in Norfolk. Please make every effort to catch up with them and offer your thanks. (www.woodmizer.com)

If YOU would like to 'put some skin in the game,' here are your options:

- At the \$1000 **Gold** Sponsorship level – **which includes one complimentary Registration** - your company could help co-host the Monday Evening Reception/Dinner, Tuesday Evening Reception, Tuesday Lunch, or the Bus transportation to the Tuesday tour sites.
- At the \$500 **Silver** level, sponsorship opportunities include co-hosting Tuesday's Bus Refreshments.

It's a win-win for all involved. Call the HMA office - 412.244.0440 - and we'll get the ball rolling.

Marketing advice set into motion - video

Several months ago, the monthly newsletter from Minnesota-based, content marketing agency Brandpoint, reported that "90 percent of consumers say **videos** help them make buying decisions." (Great advice!)

At about the same time Brandpoint was issuing this significant marketing info, HMA member company, Northwest Hardwoods, Inc., was introducing its new marketing campaign, along with the release of a video entitled, "**Hardwoods: The Responsible Choice**." (They must have gotten the Brandpoint memo.)

If you've not tuned in yet, find the concise presentation on **YouTube**. Its message to consumers resonates strong and true, especially when it says, "When you choose hardwood products, you are making a sustainable choice, a beautiful choice, and most of all, a responsible choice!" (Nice job, Northwest Marketing team!)

What else did Brandpoint have to report?

- “72 percent of customers would rather watch a video to learn about a product, versus reading about it.
- And by 2022, video content will account for 82 percent of all online traffic.”

Bottom Line: If your strategic marketing plan doesn't include video, now's the time to recalibrate.

Now is the Time to Take Action

By Dana Lee Cole

Hardwood Federation Executive Director

The ongoing trade war with China has sent many in the industry reeling. And as we go to press, the Administration continues to push hard, with no end in sight. The Hardwood Federation (HF) Team continues to talk to Administration and Congressional officials about how their actions are affecting the hardwood industry, and the need for assistance. Here's how you can augment our efforts - **At Home, On-Line, In DC!**

Talk to Your Elected Officials Personally

Until after the Labor Day holiday, members of both the U.S. House and Senate will be in their home states and districts – many on the campaign trail. Here's your opportunity to make your voice heard!

Talk with them. Attend town meetings. Make appointments to meet with them while they are home. Even SHOW them the impacts of the trade dispute by inviting them to visit you and your employees at your business. (Worried about what to say? Don't be. You'll find a list of suggested 'talking points' at the end of my article.)

For information about your elected officials, district office locations and contacts, and information about upcoming schedules, visit <https://whoismyrepresentative.com>. You can also use this link to send electronic messages to your representatives.

Engage with the Press

- Write a letter to your home town newspaper. HF is happy to work with you to craft the message.
- If you're interested in taking calls from the press, we can put you in touch with the Tariffs Hurt the Heartland (THTH) campaign, a D.C. based coalition that HF has been working with closely. THTH is collecting stories, organizing listening sessions, and getting businesses and farmers in touch with media outlets to relate how tariffs are affecting the lives of real people. Simply let us know if you would like to be added to their data base of impacted businesses.

Participate in the Fly-In!

Come to DC, September 17-19, for HF's annual Fly-In. Walk the halls of Congress. Meet with Representatives and Senators and staff from your - and other important – states. Tell them how their actions are affecting **you**, and relate the most important issues impacting our industry. For additional Fly-In information and to register to attend, visit hardwoodfederation.net. I hope to meet up with you, soon.

As promised, here are those **'talking points.'**

- Prior to the trade dispute, half of the grade lumber exported by U.S. hardwood companies went to China. Over \$2 billion, if you include all hardwood products. U.S. hardwoods enjoyed a \$1.5 billion trade surplus with China.
- China imposed 10 percent retaliatory tariffs on U.S. hardwoods last summer, leading to an immediate and severe drop in exports - between January and June of 2019,

exports of U.S. hardwood to China declined by 40 percent (valued at \$452 million) compared to the same time period in 2018.

- The increase of tariffs to 25 percent in June 2019 is escalating losses - Hardwood exports to China for the month of June 2019 were down 50 percent compared to June 2018 exports.
- We expect the situation to continue to worsen as China is shifting away from U.S. hardwoods to materials from other countries.
- Jobs, mostly in rural areas, are at risk as companies struggle with declining sales and low prices.
- U.S. hardwoods are not receiving financial support from USDA to help weather the storm. Ask the USDA to include U.S. hardwoods. Help our industry to survive this!

Thermally Modified Hardwood in Spain

Under the auspices of the American Hardwood Export Council (AHEC), the new Kàlida Sant Pau building, a care center for cancer patients in Barcelona, is showcasing the use of thermally modified Tulipwood in its outdoor pergola and trellised façade.

Designed by architect Benedetta Tagliabue of Miralles Tagliabue EMBT studio:

- "The pergola, under which visitors pass to reach the main entrance to the building, has been designed to act as a protective layer covering the garden. The tulipwood boards form small triangles and are framed by a steel structure, offering textural contrasts to the outdoor area. This design not only works to shield the outdoor space from surrounding buildings, it also offers an escape from the traditional hospital environment.
- The trellised façade consists of horizontal, thermally modified tulipwood slats that allow light to filter through and offer views of the Hospital de Sant Pau complex, while still preserving the patients' privacy."

From the Architect

"The use of thermo-treated tulipwood was an excellent choice for the outdoor elements of the Kàlida Sant Pau building because it has allowed us to add elegant wood elements, and we have been able to use it in an optimum way for exterior applications."

Bottom Line

The thermal modification process results in an aesthetically pleasing product with increased dimensional stability and improved durability, free of harmful chemicals, and with a service life of 25 years or more.

Visit the American Hardwood Export Council, www.americanhardwood.org, for a closer look at the project, and to learn more about AHEC, an international trade association for the American hardwood industry.



Photo credit: Lluç Miralles EMBT

A key excerpt from *TrendTracker Update*

By Art Raymond

In July, the current U.S. recovery from the so-called Great Recession entered its 11th year, the longest period of growth since the end of WW2. Looking at the key indicators for our hardwood economy:

- **GDP** enters its 11th year of growth powered by strong consumer spending.
- **Employment Situation** continues to list more job opportunities than people to fill them.
- **Personal Income** surprised to the upside by growing faster than initially measured.
- **Manufacturing** continues to cool from its August 2018 high.
- **Housing** continues to underperform, in spite of solid fundamentals.

More on Housing

The housing sector continues to lag weakly behind other key economic metrics. Historically this component has led the economy out of past recessions. Three critical prerequisites enable a healthy housing market:

- a strong job market for young buyers
- reasonable borrowing costs
- an adequate inventory of affordable starter homes

The first two conditions are in place. The problem is the third: the average price of lower-priced starter homes has risen 64 percent in the six years from 2012 through 2018, versus 40 percent for higher-end houses. As a result, the homeownership rate in the U.S. for adults age 25 to 34 lingers at 40 percent, down from 48 percent in 2001. For all ages the combined rate is around 64 percent.

This situation creates a negative ripple effect through the market. Without a first-time buyer, owners of starter homes cannot trade up to a larger home. Demand is negatively impacted across the full spectrum of homes. Older owners of larger homes seeking to downsize may find a dearth of buyers too.

Buying a home late in life has negative consequences. Homeowners who bought their first home between the ages of 25 and 34 had housing-related wealth of \$149,000 versus half that amount for first-time buyers aged 35 to 44.

Housing Starts in June came in at an annual rate of 1.22 million, the weakest in two years. The good news is that starts of single family homes was up 3.5 percent.

The level of new construction, of course, is foretold by the number of permits issued. Unfortunately permits are down 6.6 percent year on year, with multi-family off by 10.2 percent and single family down 4.7 percent.

New Home Sales in June increased 7 percent following two months of falling sales. A 6.3 month inventory of new houses is in place, versus six months last year. The median sales price of a new home sold in June was \$310,400, nearly the same as a year ago. While a highly visible part of the residential market, new home sales represent only about 10 percent of the total sector.

After a strong start in early 2019, Existing Home Sales weakened in June to 5.27 million. Single family resales fell by 1.5 percent followed, by a 3.3 percent drop in condominium sales. Prices improved by 2.7 percent. Rising prices attracted more sellers with the supply of homes increasing by 10 percent to 1.93 million units.

All in all, in spite of the solid fundamentals noted above, housing continues to be a drag on the U.S. economy.

For the complete *TrendTracker Update*, please visit www.HMAMembers.org.

AHIC and NWFA in a Collaborative effort

We're all familiar with the expression, "Two heads are better than one." Good advice, right? So why not pair up two industry forces and make a BIG statement about the appeal and value of real wood flooring?

That's just what the American Hardwood Information Center (AHIC) and the National Wood Flooring Association (NWFA) did in a recent news release entitled, "**5 Ways real wood floors add appeal and value.**" Take a look.

"Nothing looks or lasts like real wood floors. Luxurious! Timeless! And a flooring option that increases a home's value, no matter where the location! Yet with so many wood-look flooring options available today, it's difficult for homeowners to know if the products they're buying are made using real wood. That's when the experts at the American Hardwood Information Center and the National Wood Flooring Association step to the plate.

"Nothing beats the beauty and visual uniqueness of real wood floors," says Linda Jovanovich of the American Hardwood Information Center. "No two boards are ever alike, even if they come from the same tree. Wood-look products simply cannot say the same."

Michael Martin, President & CEO of the National Wood Flooring Association (NWFA) agrees and says, "A recent survey commissioned by the NWFA revealed that two-thirds of the homeowners polled want real wood floors in their dream homes. And since a variety of price points are available, there's a wood floor to fit almost any budget." Martin also says that it's about adding value, too. And here's what he means.

- **Real wood floors add home value**

More than 80 percent of homeowners believe that real wood floors, compared to other flooring options, add the most value to their home. And when properly maintained, real wood floors can last for the life of the home, and beyond! Now that's a long-term value proposition.

- **Homes with real wood floors sell faster and for more money**

Real estate agents agree that homes with real wood floors sell faster, and for more money, than identical homes without wood floors. In fact, 88 percent believe that homes with real wood floors can sell for up to 10 percent more. (Example: invest \$10,000 in real wood floors, and a home valued at \$200,000 could potentially sell for \$220,000, doubling the homeowner's investment.)

- **Real wood floors are durable**

Real wood floors can stand up to any stage of life and lifestyle - first home, forever home, and everything in between, single, young professional, newlyweds, dog parent, new parent, harried parent, or empty nester. And as the floors age, they'll develop a beautiful patina that enhances their warmth and beauty.

- **Real wood floors are easy to clean**

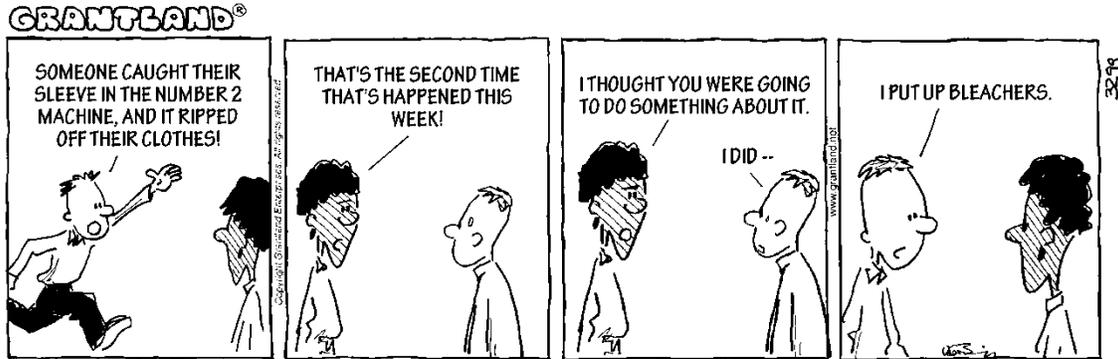
Busy families want maintenance-convenient homes, and real wood floors are easy to maintain. Routine maintenance is as easy as sweeping or dust-mopping. Vacuuming, on the bare floor setting, will help remove dust and debris from between floorboards. Regular upkeep, with a microfiber mop and recommended cleaner, will keep them looking fresh.

- **Real wood floors are timeless**

When other flooring products start looking dated and worn, replacement is the only option. Real wood floors, however, can adapt to changing décor styles and design trends. Refinish them and they'll look brand new. Stain; even paint them for a completely different, trendy look. No other flooring option offers such versatility.

Improve the value of your home with real wood floors

Visit the photo gallery at HardwoodInfo.com and get inspired. Then visit woodfloors.org to find a wood flooring professional in your area."



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