



Appalachian Sustainable



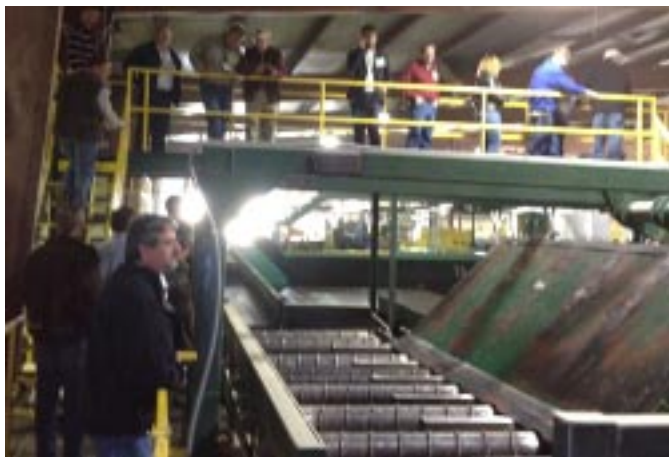
Fall Tours Visit NC Sawmills, Yard & Plant

Attendees at the 2012 AHMI/HMA Fall Meeting and Tours saw the way North Carolina sawmills, a plywood plant and concentration yard are competing.

More than 135 people attended the three-day event in October near Asheville, NC, and viewed five successful operations. Each company has modified its business plan to meet the challenges of 2012.

"We were able to visit very different facilities and the comments after were extremely positive," said Tom Inman, AHMI president. "Attendees were able to see up close three very different mills and learn what each is doing to be successful."

The event was a joint meeting of Appalachian Hardwood Manufacturers Inc., the Hardwood Manufacturers Association and the Appalachian Lumbermen's Club. The tours were held at AHMI members Columbia Forest Products plywood and veneer plant, Old Fort, NC; Oak Valley Hardwoods



Participants see mill operations at Oak Valley Hardwoods in Woodlawn, NC

Crowd views chain at Gilkey Lumber which feeds grade lumber to the 60+ bin sorter.



sawmill, Marion, NC; Gilkey Lumber Co., Rutherfordton, NC; T & S Hardwoods, Sylva, NC; and Oaks Unlimited, Waynesville, NC

The program began with the ALC meeting on Oct. 9 with a reception and presentation by Bryan Burhans of the American Chestnut Foundation. The Asheville, NC-based group plans to reintroduce a hybrid American Chestnut into the Appalachian hardwood forest.

He said progress has been made in developing a tree that is resistant to the chestnut blight. The group is working to secure funding and land-owner participation to restore the new species to the forest.

The tours began on Oct. 10 at Columbia Forest Products plant and attendees viewed the production of plywood from round logs to finished panels. The group watched as new technology peeled the logs to a small core and the sheets were dried and glued into plywood cores.

The group was divided and half toured Oak Valley Hardwoods while the other half moved to

(See Tours on page 3)

Monthly newsletter of Appalachian Hardwood Manufacturers, Inc.
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Meetings

2013 Annual Meeting - Feb. 27-March 3

Hyatt Grand Cypress, Orlando, FL

2013 Summer Conference - July 27-30

The Greenbrier, White Sulphur Springs, WV

2013 Fall Meeting - TBD

The way I see it...

By Tom Inman, AHMI President

there is good news and not so good news for three markets for grade Appalachian hardwood lumber in the past month.

I'll get the poor news out there first. The High Point Furniture Market for Fall 2012 was flat. Attendance was off and those who came bought some but few manufacturers were enthusiastic with results.

Retail buyers said sales were low for the summer and stores and warehouses remain stocked. That translated into slow order writing for manufacturers/exhibitors at the market.

Many exhibitors expected it to be slow because the premarket a month earlier was off. They said expectations were met and their hopes are for better days after the election next week.

There was a bright spot - the Made in the USA pavilion at Market Square was busy and first timer to Market Burkholder Furniture of Indiana reported strong sales for its Amish products. Others in the exhibition hall said buyers and designers are still seeking American made products.

Now for the good news:

1) Millwork operations are expanding in response to increased sales. Woodgrain Millwork, manufacturer of mouldings, windows and doors will expand in Caldwell County, NC, creating approximately 170 new jobs.

2) In flooring, Armstrong World Industries said its third quarter 2012 results were the strongest since emerging from its 2006 bankruptcy. The company's earnings before interest, taxes, depreciation and amortization was \$135 million in the third quarter and operating income rose 19.2%.

3) Remodeling contractors have reported increased business at its highest point since the third quarter of 2005, according to the latest Remodeling Market Index (RMI) from the National Association of Home Builders (NAHB). The RMI rose five points in the third quarter reflecting current remodeling activity with indicators of future activity.

These are very positive signs of current and future business for the Appalachian hardwood lumber industry.



AHMI welcomes the following new member:

Supplier

Southmark Consulting
Alex Shumate
11711 Smart Lane
Charlotte, NC 28277

New members are the lifeblood of the association and if you know of companies that should join, please contact the AHMI office at (336) 885-8315 or info@appalachianwood.org.

AHMI Sad To Report Death Of Slocum

AHMI is sad to report the death of Bob Slocum, 62, the North Carolina Forestry Association's executive vice president. For the past 24 years, he was the face and the driving force the NCFCA.

He personally directed the association's legislative efforts both at the state and federal level. One of Slocum's top achievements was the "Right to Practice Forestry" legislation that was passed in 2005 and he oversaw the development of a comprehensive training program for loggers.

A graduate of North Carolina State University with a Forestry Management degree, Slocum was a former board member of the North Carolina State University Natural Resource Foundation, a current member of the Athletics Council at North Carolina State University, and an adjunct professor for the North Carolina State College of Natural Resources.

He is survived by his wife, Linda, and his three adult sons. The family has established a memorial/scholarship fund in Bob Slocum's name. Contributions in lieu of flowers can be made to:

Bob Slocum Forestry Communication Scholarship Fund
North Carolina State University
Campus Box 8010; Raleigh, NC 27695

Tours from page 1

Gilkey Lumber Co. The sawmills are about 30 miles apart and both produce Appalachian hardwood lumber. Oak Valley Hardwoods' green lumber is sold directly from the mill or sent to a sister facility in Marion, NC, for kiln drying.

The plant has two band headrigs, resaw and an extensive log yard. Construction has begun on dry kilns.

Gilkey Lumber is a bandmill with resaw and optimizer. The operation has a large drop sorter, pre-drying sheds and dry kilns.

A reception and dinner was held that evening with Congressman Patrick McHenry (NC-10th) speaking on the state of affairs in Washington. He would not predict election results but said the next year is crucial for turning around the economy.

After dinner, Hardwood Federation Executive Director Dana Cole spoke and participated in a fundraising event for the Federation. In a friendly competition, AHMI and HMA members raised

Oaks Unlimited lumber grader works on line under the watchful eye of meeting attendees



more than \$18,800 for the Federation Political Action Committee.

The Thursday program began at T&S Hardwoods in Sylva, NC, with a tour of the mill and log yard. The group moved to Oaks Unlimited in Waynesville, NC, and viewed the yard, dry kilns and value-added production facility.

AHMI extends thanks to all of the tour hosts for opening their facilities. Members commented that they continue to learn a great deal from each other.

AHMI Plans Business Sessions For '13 Meeting

The 2013 Annual Meeting of Appalachian Hardwood Manufacturers, Inc. will be Feb. 27-March 2 at the Hyatt Grand Cypress in Orlando, FL.

Confirmed speakers are:

Daniel Druator, executive director of the American Loggers Council, who will discuss logging capacity in the United States in 2013 and plans to train and increase the number of loggers;

Michael Snow, executive director of the American Hardwood Export Council who will talk about the Life Cycle Analysis of American Hardwoods and the benefits of science in sustainability;

Invitations have been extended to a freight forwarder to discuss the state of export shipping in 2013 and a secondary manufacturer to discuss hardwood lumber use in the coming year. These speakers have not confirmed.

There will be golf and other sporting events, receptions each evening and ample time for networking.

The Hyatt Grand Cypress offers world-class comfort and style surrounded by shimmering lakes and lush landscaping. The resort is just minutes

from all the thrilling theme parks and attractions in the Orlando area.

The 1,500-acre luxury Orlando resort offers world-class restaurants, high-tech fitness center, spa facility, and Jack Nicklaus Signature Design golf courses and training facility. The hotel has tennis, rock climbing, jogging, biking, 800,000-gallon lagoon-style swimming pool with thrilling water slides. The 21-acre Lake Windsong is ideal for water sports activities.

There is a minor change from previous years to allow members to take advantage of the many offerings in the Orlando area. The Welcoming Reception is scheduled for Wednesday, Feb. 27 and business sessions are Thursday, Feb. 28 and Friday, March 1. The change will give members and their families time on the weekend for other activities.

Please make your flight arrangements early for the best selections. You can make your room reservations now by calling the Hyatt Grand Cypress at 1-407-239-1234.

AHMI's meeting package will be mailed soon.

Furniture Market Sales Reflect Slow Retail

HIGH POINT, NC - Slower sales at retail furniture stores this summer translated into a slower 2012 Fall High Point Furniture Market compared to the previous year.

The report from most furniture manufacturers exhibiting at the North Carolina market on Oct. 13-18 was positive but less than what many were expecting. The premarket event a month earlier saw a decline in attendance and lower sales.

"There was just not a lot of people here this time," said Bruce Cochrane of Lincolnton Furniture, a North Carolina-based manufacturer. "It was a difficult summer for many retailers and they just don't need a lot of product going into the winter."

Manufacturers anticipated the response by introducing fewer groups and pieces this fall. Lincolnton Furniture offered a new bedroom group called Lincoln Cherry made of solid Appalachian Cherry with a medium finish.

In dining room, Lincolnton added bench seating to two existing groups in Cherry and Oak. The additions in solid wood offered new seating choices that families were seeking.

Drexel Heritage expanded lines and offered the new group, Viage, with bedroom and formal dining pieces. The traditional European design had four tone choices. Drexel expanded the color choices for other pieces with more than 50 wood and paint finishes.

Vaughan-Bassett Furniture expanded its Cherry and Oak bedroom groups with minor changes to existing designs and additional painted choices in its Cottage collection. The results were positive, reported Doug Bassett, Vaughan-Bassett Furniture president.

"People continue to like our designs and we target pieces for specific regions in the country," he said. "Most of our retailers were here and really like our quality and delivery times."

The Galax, VA-based manufacturer had new pieces in Cherry called Quotations with iron accents that were well-received.

Kincaid Furniture offered European Villa, a solid alder bedroom collection with Louis Philippe styling. The four-piece bedrooms had multiple

Solid cherry bedroom suite from Amish producer Burkholder Furniture



options for hardware and finishes and were popular with retail buyers.

Kincaid officials said their Homecoming groups were popular in Maple, Walnut and Oak.

Casual styling continued to gain market share whether in dining room or entertainment. Occasional table vendors said many buyers reported consumers were seeking smaller updates in their homes rather than wholesale changes.

Taller entertainment wall units to house ever-increasing televisions were seen at many showrooms. Century Furniture offered an elegant wall unit called Milan with a base cabinet and drawers for a very contemporary setting.

The Hickory, NC, manufacturer offered other units in bright colors to appeal to consumers wanting a different look. The company maintained its Bob Timberlake Heritage Maple collection.

Furniture with unusual accessories were also popular at market.

The High Point Market Authority reported 75,000 exhibitors, buyers, designers and others attended the fall market. More than 2,000 companies exhibit in High Point twice a year. The next market is April 20-25, 2013.

The AHMI Furniture Species and Design survey was completed at market. More than 500 showrooms were visited and bedroom, dining room, entertainment centers and home office were tallied. Results will be available in the next few weeks.

USFS Reports 2012 Timber Output

The Forest Service has released preliminary results from the timber sale program for the recently ended fiscal year: A total of 2.626 Billion Board Feet, slightly exceeding the 2.616 Billion Board Foot target for the year.

Regional Breakdowns follows for the Appalachian Regions 8 in the south and 9 in the north. Final sales will adjust the reports:

Region:	Target	Actual	%
8	532.5	557.2	104.4
9	443.8	445.5	109.7
Total	2.616	2.626	100.3

in MBF

A couple of key points:

- The program went up by roughly 94 million board feet over last year, an increase of about 3.5%. If all regions had made their targets, that would have put another 192.9 MBF on the market, for a total of 2.819 BBF, or an 11% increase over Fiscal Year 2011;
- Fuelwood, which is mostly personal use firewood, continues to make up a disturbingly larger percentage of the total: 11.5% nationally, with over 40% of the volume in Regions 3 and 4.

'Green' Ranger Station

ASHEVILLE, NC - Kristin Bail, forest supervisor of the U.S. Forest Service National Forests in North Carolina, announced recently that the new, environmentally friendly Appalachian Ranger District office in Mars Hill, N.C., will open soon.

The Forest Service designed the facility to meet standards required by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Silver certification. The Forest Service will apply for LEED certification in the coming months.

LEED Certification rewards the use of certified wood products, but only to wood certified by the Forest Stewardship Council, which currently refuses to even consider certifying the National Forest System. To USDA's credit, a year ago Secretary Vilsack recognized the economic and environmental importance of using wood in building.

Upcoming AHMI Activities

Appalachian Hardwood Manufacturers, Inc. will attend / display at the following meeting, trade shows and other events to promote AHMI members and products in 2012-13:

Nov. 12 - North Carolina State University forestry class, Raleigh, NC

Dec. 10-11 - Hardwood Federation Strategic Planning, Washington, DC

Feb. 5-7 - Indiana Hardwood Lumbermen's Association Annual Meeting, Indianapolis, IN

Feb. 22 - Architectural Woodworking Institute Carolinas Chapter, Charlotte, NC

Feb. 27-March 3 - AHMI Annual Meeting, Orlando, FL

March 11-13 - HMA Annual Meeting, Charleston, SC

March 27-30 - Interzum Guangzhou, Guangzhou, China

For more information or to participate in these events, please contact the AHMI office at (336) 885-8315.

AHMI Resource Guide Information Mails In Nov.

HIGH POINT - Appalachian Hardwood Manufacturers, Inc. will mail its 2013 Appalachian Hardwood Verified Sustainable Resource Guide information this month.

The directory is published annually and distributed to thousands of lumber buyers around the world. It lists each member of the association and details about the company including location, contacts, equipment, available species and certification.

There is also opportunities to advertise and promote specific details about your company.

"The Resource Guide is a valuable tool in our promotion program to make certain buyers know who to contact when purchasing Appalachian hardwoods," said AHMI President Tom Inman.

Advertising rates remain the same for 2013. Please return information by Jan. 31 to be included in the Guide.

Millwork Firm Expands In Western NC

RALEIGH, NC – Woodgrain Millwork, manufacturer of mouldings as well as windows and doors, announced it plans to expand production to Caldwell County, NC, creating approximately 170 new jobs. The company says it will invest more than \$8 million over the next five years in North Carolina.

"The decision to open a facility in Caldwell County was based on the access to a workforce with wood manufacturing experience from the furniture industry as well as the strategic location within our southeast distribution coverage area," said Kelly Dame, CEO of Woodgrain Millwork, Inc.

The company employs more than 180 people at existing facilities in North Carolina and has 29 production operations around the world.

Privately held Woodgrain Millwork is headquartered in Fruitland, ID. In 2007, it acquired Monarch Windows & Doors, and now has five divisions and more than 29 manufacturing and warehouse sites in the United States and South America.

Ethan Allen Profits Rise

DANBURY, Conn. — Ethan Allen Interiors said profits jumped 49% in the quarter ended Sept. 30 as the manufacturer and retailer completed a major product rollout.

The company said net income totaled \$10.06 million or 35 cents per share.

"We are pleased to see the benefits of substantially completing the transition of our major introduction of new products and the operating leverage of our vertically integrated business," said Farooq Kathwari, chairman and CEO. "Our gross margins improved to 55.6% from 52.9% and our operating income was \$19.6 million, an increase of 43.9% after adjusting for a \$1.6 million loss on the sale of vacant real estate."

Kathwari said orders in the retail division remained strong during the quarter, the first quarter of Ethan Allen's fiscal year.

He said orders were up 9.1%, including an 8.2% increase in comparable-store orders.



Henkel Harris To Close

WINCHESTER, VA. — Henkel Harris, a long-time manufacturer specializing in high-end 18th and 19th century case goods, plans to close its doors later this year, according to a report on the Winchester Star.com.

The newspaper reported the company sent a letter to employees in late October that their employment will discontinue in 60 days with the closure of its plant. The paper said the letter attributed this to the "struggling economy and furniture business."

Henkel Harris was formed in 1946 by Carroll and Mary Henkel and family friend John Harris. Henkel Harris employs about 115 workers in its Winchester, Va., factory and headquarters operation. Its 2011 sales were estimated at \$12 million.

New Home Sales Increase

WASHINGTON - Sales of newly built, single-family homes set a record pace in more than two years, rising 5.7 percent to a seasonally adjusted annual rate of 389,000 units in September, according to HUD and the U.S. Census Bureau.

"New-home sales this year have consistently and significantly out-paced their year-ago levels as favorable interest rates, rising prices and improving consumer confidence have driven demand higher," National Association of Home Builders Chief Economist David Crowe said.

According to a release from NAHB, three out of four regions registered substantial gains in new-home sales this September, including the Northeast's 16.7 percent increase, the South's 16.8 percent increase and the West's 3.9 percent increase. The Midwest was the exception to the rule, with a 37.3 percent decline.

However, NAHB reported, the inventory of new homes remains low, at 145,000 units in September; a 4.5-month supply at the current sales pace.