

MARKET UPDATE

Two Independent Studies Forecast Green Building Materials Steady Growth

The growth in green building materials is more than a phenomenon; it's a fundamental shift in how we engineer and construct the next generation of residential and commercial buildings. The market forces pushing green building will continue advancing unabated; voluntary standards and government mandates are driving growth in green building, as is awareness of environmental issues by consumers. Two independent studies forecast continued growth in

green building materials.

The Nextgen Research predicts global green building material to reach \$571 billion by 2013. Nationally, McGraw-Hill Construction estimates today's overall green building market to more than double by 2013, reaching between \$96-\$140 billion versus \$36-\$49 billion today for residential and nonresidential buildings. For more on green building materials, see the inside pages of our newsletter.



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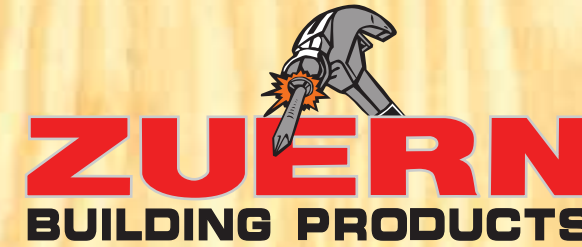
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A NEWSLETTER for the professional builder and remodeler



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Building On Service

December 2009



Housing Market Recovery Underway

Seasons Greetings & Happy New Year!

As we finish out this year and look toward 2010, there is much encouraging news for the housing market. Both new and existing single-family home sales saw their fourth consecutive monthly increases in July, rising 9.6% and 7.2% respectively. As well, the Pending Home Sales Index of the National Association of Realtors rose 3.2% in July from its June reading, foreshadowing improvement in existing home sales.

Even better, the inventory of new single-family homes for sale has fallen to 271,000, its lowest level since March 1993. Indeed,

inventories have been falling for 27 consecutive months.

The higher sales rate and lower inventory reduced July's supply of housing to 7.5 months. (The month's supply measures how long it would take to sell the current inventory of homes based on the month's sales rate). At the beginning of the year, this measure stood at an all-time high of 12.4 months.

Building permits, which portend future housing construction, are higher across the board. In every region of the country, building permits are off the lows of last

spring. And NAHB-Wells Fargo Housing Market Index, which gauges builder sentiment, continues to show steady improvement since March. These are all good signs that a housing recovery is underway.

We wish you and your family Seasons Greetings and a very Happy New Year! We look forward to serving you in the year ahead.

On The Inside

- Green Products Everywhere – What It Means To Be Green
- After Historic Decline, Lumber Market Starts Slow Recovery
- Building Trend: Square Footage
- Best Practices: Cross Promote

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BUILDING TREND

The median square footage of homes started has fallen from a peak of 2,309 square feet in the first quarter of 2007 to 2,091 square feet in the second quarter of this year. Median new home prices have fallen from a peak of \$262,600 in March 2007 to \$210,100 in July 2009.



WEB SITE TO VISIT

www.gbci.org

Green Building Certification Institute (GBCI), established in January 2008, provides third-party project certification and professional credentials recognizing excellence in green building performance and practice.

PRODUCT NEWS

Green Products Everywhere – What It Means To Be Green?

How do you know if a product is green? Just ask yourself how it fits into one of the following categories.

Products made with salvaged, recycled, or agriculture waste content – We save resources and energy whenever we reuse a product. Examples are wood scraps used in engineered lumber, iron-ore slag used to make mineral wood insulation, and PVC scrap used to make shingles.

Products that conserve natural resources – These are products that use less material or are especially durable. Examples are drywall clips that allow for elimination of corner studs, engineered stair stringers, fiber cement siding, fiberglass windows and certified wood products.

Products that avoid toxic or other emissions – These are products that have low manufacturing impacts or facilitate a reduction in polluting emissions from building maintenance. Examples are wood products, rigid foam insulation and mineral products, such as natural stone.

Products that save energy or water – Examples are Energy Star appliances and energy efficient HVAC units.

Products that contribute to a safe environment – Examples are wood flooring, sound control insulation and zero-or low-VOC paints, caulks and adhesives.

PRODUCT NEWS

After Historic Decline, Lumber Market Starts Slow Recovery

Since reaching an all-time high of 64.3 billion board feet in 2005, U.S. demand for lumber dropped by more than 55 percent – the steepest decline in the industry’s history, reports Western Wood Products Association.

The unprecedented decline in demand has taken its toll on lumber producers. Western and Southern mills saw lumber production fall nearly 25 percent this year. This followed production declines of about 20 percent the following year.

Prices received for lumber declined even more steeply. The estimated wholesale value of Western lumber was \$3.66 billion, a decrease of 40 percent from 2007.

However, WWPA expects lumber markets to recover, although slowly, beginning in 2010. Housing is forecast to improve modestly to 553,000 starts, bringing lumber consumption to nearly 30 billion board feet.

Housing construction traditionally accounts for more than 45 percent of the lumber used each year. That being said, the pace of housing recovery will drive demand, supply and the price of lumber products going forward. We closely follow the lumber market to gain the best deals for our customers. Talk to us when you have questions.



BEST PRACTICES

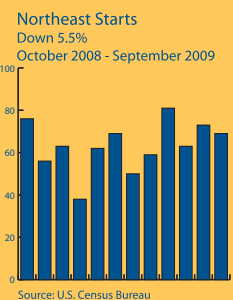
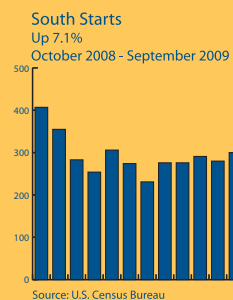
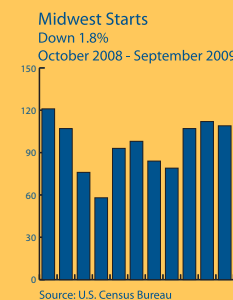
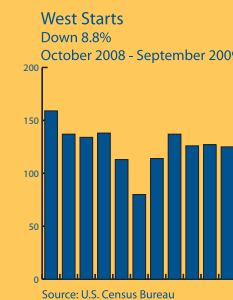
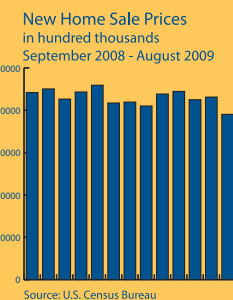
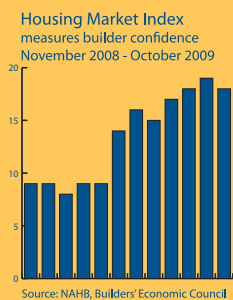
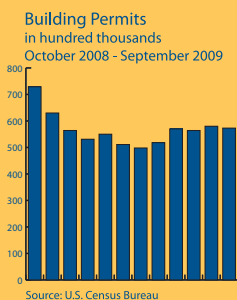
How To Cross Promote

When you cross promote, you’re in essence partnering with a non-competitive business who has the same target customers. Cross promotion marketing is an excellent way to generate leads, and yes, it can work effectively in the building and remodeling business.

How do you cross promote?

- Exchange business cards, flyers, coupons and brochures with your non-competing business partner.
- Combine (or package) products and services with your partner.
- Provide a link to your partner’s web site.

Market Trends



Regional Housing Starts

In thousands of units. October 2008 - September 2009