



Ricci Lumber Gazette

NEWS FROM THE RICCI LUMBER COMPANIES

Rain or Shine



HAYES

Most of the time living in our small part of planet Earth is a pleasure. I wouldn't trade our New England spring, summer and autumn days for any other weather anywhere. Despite the frosty temperatures, even our winters are enjoyable—especially if one skies, snowshoes, skates or snowmobiles. But over the last month wet weather has been extremely trying on even the most easy-going of people. My hat is off to all those who earn their living working outside such as you, our contractor customers. After a few straight days of rain many of you looked for interior work. And when all those interior projects dried up, so to speak, you had to brave the elements and start on those already booked exterior projects. Thank you for persevering through this bad stretch! When it would have been easier to wait out the almost 10 straight days of rainy weather, you put the tool belt on, ordered up your high quality Ricci Lumber building materials, and soldiered through it. We at Ricci Lumber, whose livelihood in large measure directly depends on the success of you performing your livelihood, appreciate your work ethic and dedication throughout these difficult weather conditions.

You might have noticed that we recently paved the “back forty” of our operation and fixed some of the drainage issues we had. The backyard's new pavement will provide three major benefits. First, it will allow our forklift operators to move more safely around the yard. Second, the new pavement will allow our load builders to pull and load your lumber orders more quickly and efficiently. Lastly, since the old pavement was wearing away and breaking up, the new and improved backyard should improve the cleanliness of

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Coast to Coast Building with Clarendon Homes

PORTSMOUTH – Joe Trace has been there and back. The custom home builder started his company in New York in 1977, built about 100 homes, and then moved out to Seattle. Then he was off to Austin Tx, then San Diego Ca, and finally Portsmouth, NH.

The company tag-line is “where craftsmanship meets innovation...” and it shows. Trace's business model is to partner with sub-contractors who themselves maintain astonishing records of innovation and craftsmanship. He prefers to work with subs where he knows the people who are doing the work. He requires trust in his relationships. That's perhaps why, he figures, he uses Ricci Lumber as his supply house. “At one point or another I've tried all of the rest of them, but Ricci has my trust. Let's face it: wood is wood – and lots of people sell it. It's service that counts.”

“I like to get in early. They all know me, I know all of them. I get in and get out. They help me load the truck if I need it,” said Trace. “Beasley (Alan) is my rep. He's always there for me. Even worked through the weekend to make sure I had what I needed.”

Having worked with lumber yards from coast to coast running a company that is nearly 30 years old, Trace has seen building trends come and go. He's been through the bubbles and the droughts, seen fad products come and go, and has watched as home building has become more and more complex.

“In the old days, we could build a house in 90 days,” said Trace. Not so anymore. With complex building codes, new lot requirements, and home gad-



PHOTO: A NEW HOME WITH A CLASSIC EXTERIOR

gets, it's not very realistic to expect that kind of schedule. From computer lines in every room, to coax-cable and central vacuum units, there's a lot more that goes into planning and building a house. More upfront design, more specialty subs and more areas where a project could get sidelined.

His current project is a home in Portsmouth on Marcy Street. It has a great view of the ocean and is nestled in amongst homes hundreds and hundreds of years older. Not surprisingly,

some of the requirements of the Historic District Council have made the project more difficult than it needed to be. But under the classic skin (mahogany deck, wood windows and doors), there's innovation. It's built with engineered wood and insulated with icynene spray foam insulation. The end result will be a home that will fit in with the neighborhood, and one that Trace will be proud of.

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TOOL TIME

Ricci Contractors Review New Tools

Bostitch's high-powered stick nailer is basically the sleek sports car of framing stick nailers. Yet, with its magnesium housing, extruded aluminum magazine, and antislid rubber exterior molding, it's also a very tough piece of equipment, designed to hold up to the inevitable falls and bangs and bumps that tools take on a job site. The nailer's aggressive teeth easily grip lumber for toe-nailing. You just push a button for depth control. There's also a 360-degree exhaust deflector, so you can point the discharge away from the face. It definitely has the burliness of an industrial tool; it's also very well balanced and, at 7.8 pounds, relatively light. The nailer packs plenty of power (1,000 inch-pounds) and drives 3-1/2-inch nails into the toughest lumber without breaking a sweat. This model shoots 2- to 3-1/2-inch, 28-degree, wire-weld-collated, clipped-head nails, and holds up to 75. This nailer is available in contact or sequential trip.

This month, John Peyser reviews the Bostitch N88 Framing Gun, sharing his thoughts on the product.

What did you think of the Bostitch N88 nail gun?

I like many features of this gun. It is light-weight and the quick release feature is nice. We often have to go from framing to joists and it makes the job easier. The ergonomics are nice, making it easy to hold on to all day.

How long have you been using it?

I've had this gun for two or three months. Plenty of time to test it out and get com-

fortable with it and learn a lot about the tool.

What advice to you have for others who may use the gun?

I'd advise people to follow good safety practices and the manufacturer's recommendations about using safety glasses. That's always a good idea anyway, but the plastic that holds the nails has a tendency to fly back.

BOSTITCH N88 Framing Gun



N88WW1
\$199.⁰⁰

Is there anything else people should be aware of when using the gun?

Its single-fire action is a bit slower than some guns I've used, but that's to be expected. You can't have it all. The conveyance of switching from joist to framing nails and vice versa makes it quick though.

What general impressions do you have?

If you are constantly switching between framing and nailing hanging joists, the tool makes the job easier. The quick-release is the best feature.

From the Manufacturer

The N88 is simply the best framing nailer available, period. It weighs a mere 7.8 pounds, which makes it the lightest framing nailer on the market. Despite its light-weight, it develops an absolutely astounding 1000 inch pounds of driving power to tackle the toughest engineered lumber applications. This is the most power available in a framing nailer. Combining this light-weight and high power gives the N88 the highest power-to weight ratio of any nailer in its class.



Get your best price from Ricci,
and then get \$2 more.

2\$ per bundle rebate with this ad

Tool Specs

Height 14-1/4", 361.95mm
Length 19", 504.95mm
Width 4", 123.95mm
Weight 7.9 lbs, 3.58 kilos
Driving Power 1000 inch lbs.
Fastener Gauge 21Degree
Plastic Collated Stick Nails
Fastener Range 1 1/2" - 3 1/2"
Magazine Capacity 60 nails
Operating Pressure 70 - 120 psi
Power to Weight Ratio 126
Thread Fitting Type NPT
Thread Size 1/4"

Application

- Framing
- Sheathing
- Siding
- Trusses
- Bridging
- Wood to masonry
- Engineered lumber
- Strapping
- Fencing
- Exterior decks
- Pallets and crating

Features and Benefits

- Tool converts to metal connector nailer in seconds
- Includes 2 quick change tips: one for general framing, and a self-centering metal connector tip
- 1000 inch lbs. of driving power to tackle tough engineered lumber applications
- Lightweight magnesium housing for jobsite durability
- Patented push-button depth control for quick flush nailing adjustments
- Molded rubber comfort grip designed to last longer
- Aggressive toe-nailing teeth grip lumber for slip free toe-nailing
- Tool-free adjustable exhaust
- No-mar tip for sheathing and decking



Color Forecast 2005

Hot Color Trends in Home Decorating

Pratt & Lambert's Color Forecast Specialists Reveal What's In And What's Out

CLEVELAND, OHIO—Will copper-colored oranges continue to outpace spicy reds in home décor colors in 2005? Will warm neutrals replace a bevy of popular blue hues? According to Color Specialists at Pratt & Lambert® Paints, the 2005 color forecast reveals subtle shifts, rather than extreme color palette changes.

Peggy Van Allen, Pratt & Lambert Paints Color Specialist, notes functional yet fabulous shades that exemplify strong worldly colors, as well as relaxed, earthen tones will round out this year's palette. And a flash back to the 1950s retro scene is cool again, can you dig it?

"For 2005, fashion will be a leading influence in home décor," says Van Allen. "You'll see contrasting colors in combinations like chocolate and aqua, as well as botanical greens paired with subtle pinks. Consumers are embracing color in all shades and families; however we have also seen an emergence of neutral colors to balance the prominence of the bold

colors."

Van Allen goes on to say that color is vital in a home and should be used to create a bridge between furnishings and accessories, while setting the overall mood of a room. Furthermore, it should make you feel comfortable, and make the space look finished and complete.

So what's on the horizon as far as trendy new color schemes are concerned? Pratt & Lambert has created four color themes based on color marketing research to categorize the hot palettes for 2005. Within each theme are the colors that interior designers will be mixing and matching to form the "in" look this year:

1. Comfort Zone

This theme revolves around a comfortable environment for those who want to relax around furnishings that are not fussy.

Buzzwords: Simplistic, uninhibited, cozy, serene

Color Palette Description: Deep, earthy, yet natural tones, inspired by mineral and vegetable-dyed colors.

Colors: Burnt Almond, Lambswool, Browned Butter, Faded Rose, Rockingham Green, Chrysalis, Monumental, Loam.

2. The World Is Not Flat!

For those who want to experiment and explore how cultural influences from around the world can add new texture and depth to their surroundings, this color category exemplifies the richness of various exotic heritages and traditions.

Buzzwords: Discover, cultured, vibrant, worldly.

Color Palette Description: The deep blue of the Mediterranean Sea, fine red wine and flavorful, tropical yellows.

Colors: British Brown, Bay Rum, Spanish Blue, Vintage Claret, Moselle, Black Orchid and Amber Grey.

3. Simply Marvelous

By embracing a "less is more" mentality, this palette encourages you to pare down, kick back, breathe, simplify and enjoy the sheer beauty of life.

Buzzwords: Luxurious, sophisticated,

playful, carefree.

Color Palette Description: Simplified, rich colors with trendy mixes of blues and reds.

Colors: Blue Milano, Plum Mascari, Split Pea, Cranberry, Meerschaum, Faded Rose, Walnut Bark, Blueberry.

4. Retro-Fitted

A theme that focuses on a renewal of attitudes from the past, particularly the romanticism and glamour of the 1950s, through hues with modern twists.

Buzzwords: Emotions, childhood memories, optimism, respect.

Color Palette Description: Nostalgic and vibrant greens, yellows and pinks that are reminiscent of the past.

Colors: Golden Box, Kashmir Green, Taffy Lips, Eucalyptus Leaf, Haiku, Degas Pink.

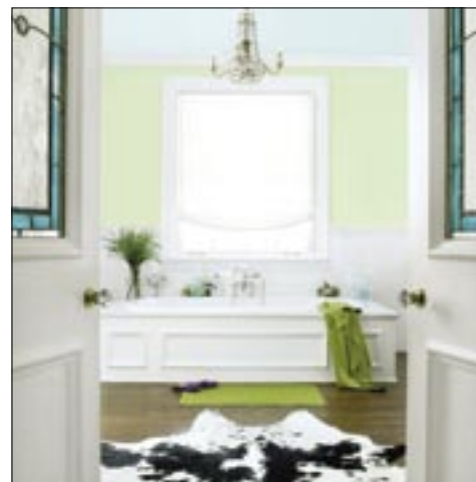
For more information, or to locate a Pratt & Lambert retailer, visit www.prattandlambert.com.

For more than 150 years, Pratt & Lambert has stood for quality, leadership and innovation in the paint industry. Pratt & Lambert opened for business in 1849 in Buffalo, N.Y. and the company quickly grew and established itself as a quality paint producer. In 1908, it opened its industrial research laboratory dedicated to developing new products and ensuring quality control.

Throughout the years, the Pratt & Lambert name has been associated with high quality. In the 1930s it was recognized for making the finest, most durable alkyd (oil-based) products. In the 1950s the focus was on developing latex (water-based) products. During this time, Pratt & Lambert also distinguished itself as the color leader in the paint industry with innovative calibration methods used to coordinate color schemes.

In 1999, Pratt & Lambert celebrated its 150th anniversary, marking a century-and-a-half of providing the finest paint products to the marketplace, with a renewed commitment to dealers, contractors and consumers. When it comes to quality, "You always look better with Pratt & Lambert," was a long-time tagline. By constantly monitoring emerging technologies and raw materials, Pratt & Lambert continues to develop top-of-the-line paint products. Today, it is proud to reintroduce its newly reformulated, award-winning Accolade® brand, The Crown Jewel of Paints™.

Headquartered in Cleveland, Ohio, Pratt & Lambert remains the professional's and consumer's first choice for superior quality paints, commonly known as "the paints that never compromise." Pratt & Lambert paints are distributed through quality independent paint dealers and participating Ace Hardware Stores.



Pratt & Lambert® Paints and Williamsburg® Introduce the Historically accurate Williamsburg Color Collection

EIGHTEENTH CENTURY DESIGN SOPHISTICATION FOR TWENTIETH CENTURY LIVING NOW AVAILABLE THROUGH PRATT & LAMBERT'S NEW NEVER COMPROMISE™ COLOR SYSTEM

CLEVELAND, OHIO—May 2005—Pratt & Lambert® Paints is proud to introduce the timeless, classic colors of Colonial Williamsburg with the launch of its WILLIAMSBURG® Color Collection, which will be offered through Pratt & Lambert's new Never Compromise™ Color System. The sophisticated palette of 184 colors, which offers superior color, quality and style, is the result of a new partnership between Pratt & Lambert and Colonial Williamsburg. The Williamsburg Color Collection consists of an array of beautiful colors offered to consumers, designers, and decorators that will work harmoniously in both historical and contemporary homes to help provide fresh inspiration or recreate a piece of history.

The WILLIAMSBURG Color Collection accurately reflects the colors of Colonial Williamsburg. From the first

efforts of restoration, Colonial Williamsburg homes were carefully examined for their original coloring. These colors were then collected, analyzed and catalogued by the Colonial Williamsburg Foundation. Continuing research with the most sophisticated tools and new and improved techniques has discovered an expanded palette of bright and lively colors. Today, they make up the unique Pratt & Lambert WILLIAMSBURG Col-

“Colonial Williamsburg homes were carefully examined for their original coloring. These colors were then collected, analyzed and catalogued by the Colonial Williamsburg Foundation.”

or Collection. Additionally, the recently revised WILLIAMSBURG Collection palette can also be found at participating Martin Senour stores, a sister brand of Pratt & Lambert.

“The popularity of the timeless Colonial Williamsburg colors continues to grow with today's consumers and interior designers,” said Bruce Ziegler, Pratt & Lambert Senior Product Manager. “In

order to meet the demand for historically authentic colors, the WILLIAMSBURG Collection is being introduced as part of Pratt & Lambert's new Never Compromise Color System.

“The addition of the Pratt & Lambert WILLIAMSBURG Collection reinforces the WILLIAMSBURG brand's commitment to providing consumers with unique products that offer classic, traditional looks for the home,” said Gail Burger, Colonial Williamsburg Director of Licensing. “With this new partnership, we are looking forward to expanding our offering of this extremely high-quality line of paint coatings.”

In addition to providing true-to-life Colonial colors and superior quality, the collection will consist of several on-site, consumer tools available at participating dealers to serve as a complete resource for recreating the look and feel of the past. These include an easy-to-read color brochure that will explore the use of the authentic WILLIAMSBURG color palette and help homeowners incorporate the colors into both historical and contemporary homes. A destination bro-

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It's Amazing

By Pat Moretti



MORETTI

It's amazing how the rising gas costs over the past two years has affected our business. Recently though, prices have spiked to new levels never seen before and some experts

predict even higher levels. I'm sure that every time you plug that nozzle into the gas tank, you cringe as you pull that handle. How painful it is to watch those numbers climb, but getting to work is a necessity. So you try to limit needless trips to conserve your resources. This means you're depending additionally on your suppliers to deliver more products, more frequently to your jobsites. You can only imagine that if you are doing this, other contractors are doing the exact same thing. To look at our delivery log in relation to the prior years, the trend becomes very obvious. Extra, smaller loads delivering more often to the same jobsites. Additional deliveries have put a strain on our operational resources almost to the breaking point. Many days we overbook our delivery schedule beyond capacity, not because we want to, but because our customers need us to. Some how our yard and delivery crew has been able to fulfill these requests, however there will be a snapping point if things continue to get piled on them. In talking with other home centers in recent months, all of them expressed the same trends happening in their operations. The problem is that your supplier is experiencing the same higher price at the pump as you and they are looking for ways to sustain reasonable costs while offering high levels of service. Delivery equipment, in comparison to most contractor vehicles, burns more fuel per mile than any average pickup truck, with diesel fuel costing an average of ten percent more than gasoline. Add to that the extra miles a flatbed truck has to travel because of road restrictions and cost for even a simple delivery can double again.

So the question is, how we can, as your supplier, continue to offer you the value and materials you need in a timely fashion while both of us try to control rising costs. The major keys for both parties are communication and consolidation. Most problems that arise during the delivery process are caused by poor communication between the salesperson and the person buying the product. If we can get the delivery right the first time, you can do the job with out a work slow down and we won't have to make a

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Hot Markets Raise Some Housing Bubble Concerns

Housing market analysts at last week's NAHB Construction Forecast Conference in Washington, D.C. who are attempting to assess prospects for a collapse in housing prices in some of the nation's most overheated markets are having a tough time reaching any firm conclusions.

They did, however, find cause for concern over the sustainability of the boom that is occurring largely in parts of the East and West Coasts and worrisome indications that lower-end buyers have been disproportionately taking out adjustable-rate mortgages that expose them to interest rate risks they may not be able to handle.

Speakers at the conference also emphasized that the conditions that prevail in areas that are now seeing unhealthy levels of purchases by investors and speculators are not unique and are similar to those occurring at the end of the housing cycle in the late 1980s.

"Home sales activity has easily been hitting records," said NAHB Chief Economist David Seiders. "Just basically it's been wow — up, up and away."

Seiders said that he had been hoping to see some slowdown in housing price appreciation by the start of this year, but

preliminary indications suggested that prices have continued to rise at a double-digit gallop in the first quarter. The Office of Federal Housing Enterprise Oversight (OFHEO) reported that prices advanced at an annual rate of more than 10% in last year's second half.

On the positive side, "home owners have been enjoying strong real rates of gain," Seiders said. Also, it would take an economic downturn to precipitate local home price declines, and, at least nationally, there does not appear to be a recession on the horizon. If the economic expansion continues long enough, rising mortgage interest rates could have a settling effect on overly frothy markets, avoiding a plunge into post-boom doldrums.

"The key part of a bubble is that people buy an asset solely because they think it is going to go up in the short term," said Thomas Lawler, senior vice president for risk policy at Fannie Mae. There was no evidence of that in housing until a year ago, he said.

Last year, housing price growth exceeded household income growth and overall inflation by more than at

any time since the 1970s, he said. Even so, housing has remained relatively affordable nationwide, at the same time as affordability in certain boom markets has receded to the lowest levels since the 1980s.

Lawler said that the investor share of prime conventional conforming purchase loans has increased dramatically since 1990, reaching 11.5% at the end of last year, and that is an understatement of investors' participation in the housing

includes Las Vegas, and San Francisco, Santa Barbara and Orange County in California. Examples of cities where the investment share is below the national average include Akron and Cleveland, Ohio; Birmingham, Ala.; and Buffalo, N.Y.

Citing another indication that the potential for a housing bubble may have intensified, "home sales have dramatically exceeded household growth," Lawler said. "Home sales have just absolutely exploded and it's hard to find an explanation in the demographics." Also, Census data suggest that the single-family rental vacancy rate has gone up sharply.

Conditions in the mortgage market also suggest vulnerability in pricey housing markets where buyers have had to resort to adjustable-rate mortgages and non-traditional financing and lenders in order to qualify for their purchases at a time when the cost of fixed-rate financing has been historically low.

In the recent period, "the share of fixed-rate mortgages has been flat to down," Lawler said, "and the ARMs share has been very high when it should be low."

"Home sales have just absolutely exploded and it's hard to find an explanation in the demographics."

—Thomas Lawler

market because not all of them take out loans and their activity tends to be underreported.

The areas that have been the hottest, with the fastest rising prices, tend to be those that have seen the biggest increases in investment share, he said. That

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James Hardie®

AMAZING

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second trip out to correct a mistake. I can not count the amount of times a contractor has been giving me an order over the phone when someone or something at the jobsite interrupts him mid-sentence. His sequence of thoughts is broken and most likely something will be misinterpreted or overlooked from his ordering pad. On the other hand, working at the sales desk in any operation is like a train wreck waiting to happen. Phones ringing, people talking, radios blaring, and printers pounding out paperwork all create a symphony of horrible background noises. Any spoken word can sound something completely different as a customer is placing an order with a store employee in this environment. To insure that what you receive is what you requested, we encourage our employees to always repeat your orders back to you.

If for some reason they neglect to do this, please ask them to read back to you the order to insure they have it right. Taking the extra time here to go over the order you just placed will go a long way to reducing delivery errors and extra costs for both of us.

“We want to accommodate every customer, and with proper order consolidation”

Consolidation is just another fancy word for planning. No matter how far or how close a job is from a supplier, it takes as much manpower and equipment to load the same materials onto a delivery vehicle. Once on the truck, the only difference in costs between a 1 mile and 25 miles delivery is the fuel, time of delivery and wear on the equipment. It may

seem that a delivery around the corner, say 2 miles, is a simple run for a driver. Well it is, unless we have to make multiple deliveries to the same site on a daily basis. Suddenly that 2 mile delivery has just become a combined 6 mile delivery one way and the manpower to load that truck has tripled. The farther the jobsite, the longer the delivery takes, and the more costly these extra relief loads become. Besides tying up the shipping schedule for other deliveries and taxing yard resources, jobs like these can throw a monkey wrench into what normally is a smooth transition of materials to jobsites. Someone is most likely not going to get their product on time and this can cause stress for all those involved in the process. It's a fact that we understand that things happen occasionally, like weather or change orders that require an immediate response from us. We can handle that, it's when there's a lack of advance planning that raises havoc with

our scheduling. Like when our truck has just left a customer's jobsite and a new order is being placed by the same customer for another delivery that day. Minutes later there is an add-on for that order called in over the Nextel and just prior to the truck pulling out of the yard there is another call for more products. What was a simple delivery earlier that morning has created logistical chaos with an ever growing second order. Like building a wall only to tear it down later because of poor planning, it slows down what could have been a very productive job. The same goes for deliveries—if we have to continue to rebuild the same load, a timely delivery is out of the question. Customers can help their supplier be more efficient and timely by planning their ordering better and limiting their order changes. We want to accommodate every customer and with proper order consolidation, we can complete more orders on our daily delivery schedule.



Signs of Summer... Tropical Fridays Are Back

In response to overwhelming demand, Tropical Fridays are back...with a vengeance. Maybe you have seen the signs of summer...the cardboard cutouts over the front desk, the loud aloha shirts on employees every Friday since May, the festive atmosphere... Those are the true signs of summer.

Every Friday, now through the end of August, wear tropical attire while shopping at Ricci Lumber and get your chance to win a trip to an island destination. Collect an entry card each week and bring them in to our summer ending Luau in September and enter them into the grand prize drawing. Only those who wear the bright colors will be able to enter.

So pull out those aloha shirts from college and ask for your entry card every Friday. Last year, Dave Cooley was sent on a vacation to Play del Carmen in Mexico. You could be this year. It's a random drawing, so the more entry cards you have, the higher your chances are to win.

Mark this date down:

Luau at Ricci Lumber —Thursday September 15th.

It's easy:

1. Wear Tropical Colors on Fridays until the end of August
2. Shop at Ricci Lumber
3. Collect your entry cards every Friday
4. Bring your entry cards to the Ricci Luau on September 15th
5. Have a great time at the Luau and maybe walk away with a trip to an island paradise.

Housing Busts Don't Inevitably Follow Booms

The nation's housing boom continued to expand to more cities last year, according to a May 2 update to a report by the Federal Deposit Insurance Corporation (FDIC), and if the boom is heading towards a conclusion, it is more likely that those markets will see their home prices stagnate rather than go bust.

At the end of last year, there were 55 boom markets, which are defined as those where housing prices have risen by at least 30% over inflation in a three-year period, according to the new information added to the FDIC study, "U.S. Home Prices: Does Bust Always Follow Boom?" That was up 72% from the 33 metropolitan areas that were booming in 2003.

Looking at the house price index published by the Office of Federal Housing Enterprise Oversight (OFHEO), the FDIC report found that 14% of the 362 metro areas for which there was price data were booming. This represented the highest proportion of boom markets nationwide in the 30 years of historical price data from OFHEO, but it was similar to the boom conditions that prevailed in 1988, when 11% of 215 cities, or 24 markets, were experiencing a boom.

About 91% of last year's boom cities were located on, or near, the East and West Coasts, "where land constraints and more dynamic economies have led to greater swings in coastal home prices over the past 30 years," according to the FDIC. At the peak of the 1988 housing boom, all of the boom cities were in either California or the Northeast.

Of the 31 cities identified as boom markets in both 2003 and 2004, all but three continued to see rising cumulative home price increases in 2004. The exceptions were Boston; Stockton, Calif.; and Worcester, Mass.

During 2003, housing in boom markets had an average three-year real price gain of 37%, more than twice the national average of 17%. Last year's boom cities saw a three-year gain of 42%, versus 20% nationwide.

Of the 24 boom markets that were added to the list last year, only six had ever experienced a boom previously.

The report notes that local factors typically are responsible for boom markets, but that national factors could be helping to drive home prices higher. "If national factors are coming more into play, then clearly the most important factors to look to would be the availability, price and terms of mortgage credit."

The low cost of mortgage credit, an increase in high loan-to-value and sub-prime lending and an increase in the

use of adjustable-rate mortgages and interest-only mortgages have helped to expand the boom, the report says, with the implication that a rise in mortgage interest rates and a tightening of lending standards could contribute to an end to the boom.

The report also cites an increase in home purchases by investors that could make any downturn in home prices worse because "academic studies show that residential property investors are less loss-averse than owner-occupants and thus more likely to sell precipitously in a declining market."

When the boom does end, there is no need to assume the worst, according to the report. "In over 80% of the metro-area price booms we examined between 1978 and 1998, the boom ended in a period of stagnation that allowed household incomes to catch up with local home prices. While neither lenders nor current home owners particularly like stagnation in

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HOT MARKETS

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One area of special concern on the financing scene, Lawler indicated, is a shift of sub-prime borrowers away from FHA mortgages to adjustable-rate loans. There were \$600 billion in sub-prime originations last year, he said, and the vast majority of them — 66% — were in two-year ARMs.

Two-thirds of sub-prime mortgages — which go to borrowers with lower credit scores, less history managing money and less stable incomes — will be reset between now and 2006, he said. "If the Fed stopped raising interest rates today, the vast majority of these loans go up 200 basis points."

"No one can say that a 'bubble' exists until after the fact," Lawler said. "However, conditions in many parts of the country, though certainly not most of the country, mirror past conditions that preceded regional housing 'busts.'"

Based on early findings from NAHB surveys being conducted in 25-30 hot metro areas among builders of all sizes, Seiders said that the investment share appears to be higher in condominiums than single-family housing and is perceived as more of a problem by bigger builders than smaller builders.

Builders surveyed by NAHB in hot

markets reported that 11% of their single-family home sales in hot markets have gone to investors, compared to 15% of condo sales. About 92% of the investors in single-family homes and condos have been individuals, and only 2% are foreign buyers.

The investor shares reported by high-production builders were relatively low — 3% and 10% in single-family and condo markets, respectively — and 40% of the big builders said they offer financing to investors through their own financial subsidiaries. But the terms for investors are not the same as for other purchasers: 67% of the builders said they charge investors higher interest rates; 67% use stiffer underwriting standards; and 33% require higher downpayments.

Seiders said that many builders, particularly big ones, are actively taking steps to limit investors, such as including in their contracts a clause giving the builder the right to buy back a home at its original selling price if it is sold within a year.

Courtesy of National Home Builders Association

NAHB is a trade association that helps promote the policies that make housing a national priority. Since 1942, NAHB has been serving its members, the housing industry, and the public at large.

Housing Market

New and existing home sales were both strong in their recent March releases. Sales of new homes rose strongly from the previous month, while existing home sales rose slightly. It's possible the rise of sales in March was tied to the increasing mortgage rates that month, which may have inspired buyers to take action before "missing the boat" on affordable financing. Now that mortgage rates have relaxed again, we expect home sales to moderate in coming months. New home sales increased to a record high of 1,431,000, up nearly 17% from the February figure of 1,226,000. Existing home sales edged up 1.2% in March to 6.04 million units from February's 5.97 million units. While sales will likely moderate this year, they will remain high in an historical sense, which should make 2005 another outstanding year for the homebuilding industry.

Courtesy of Hanley Wood's Market Intelligence

Hanley Wood's Market Intelligence division (formerly the Meyers Group) is the housing industry's leading provider of rich data and consulting services on residential real estate development and new-home construction. www.hanleywood.com/hwmi

Mortgage Rates – Snap Shot

Most Recent Statistic	5.75%
Grade	A+
Period Covered	05/06/05
Date Released	05/05/05
Next Release	05/12/05

	5/6/2005	4/29/2005	4/22/2005	5/7/2004	5/9/2003
Freddie Mac	5.75%	5.78%	5.80%	6.12%	5.62%
Fees & Points	0.6	0.6	0.5	0.7	0.7
Change in Mtg Pmt**	-	(0.3%)	(0.5%)	(3.9%)	1.4%
Other Source					
HSB	5.83% (5/5/05, 0.36 pts)				

**FROM DATE NOTED THROUGH CURRENT

COAST

Continued from **Front Page**

With so much experience building in so many different places, Trace has seen housing bubbles and has heard the naysayers warn about building bubbles before. In his opinion, the seacoast is in a great place for building and will continue to be for several years. Unlike parts of California, and the Northwest, the Portsmouth area has the advantage of being very close to "taxachusetts." He feels that people from the Boston area feel like they are getting a deal when they come up here and pay \$350,000 for a 2,000sf home. "They couldn't touch a home down there in a comparable neighborhood for that price. Up here, to us, that feels like an expensive home. To them, it's a bargain."

Classifieds

New Mobile Home for Sale

Brand new, 2 bedroom mobile homes for sale. Located in family park, close to Rt.1 and 95. Own for less money than paying rent. Call Rose with Yanke Mobile Home Parks at (207) 439-0103.

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WILLIAMSBURG

Continued from **Page 4**

chure that highlights the historical significance of Colonial Williamsburg and encourages consumers to discover the important colors in their original setting will also be available.

For more information on the WILLIAMSBURG Color Collection, or to locate a Pratt & Lambert Paint retailer, log onto www.prattandlambert.com, or call 1.800.BUY.PRAT (1.800.289.7728).

ABOUT PRATT & LAMBERT

Headquartered in Cleveland, Ohio, Pratt & Lambert remains the professional's and consumer's first choice for superior quality paints. Pratt & Lambert manufactures a complete family of innovative paint products formulated to beautify, protect, and add lasting value to homes and businesses. By constantly monitoring emerging technologies and raw materials, Pratt & Lambert continues to develop top-of-the-line paint. Pratt & Lambert paints are distributed through quality independent paint dealers including participating Ace Hardware Stores.

ABOUT COLONIAL WILLIAMSBURG

The Colonial Williamsburg products program, established in 1936, provides authentic reproductions of antique furnishings and accessories as well as casual lifestyle collections, which reflect the rich decorative arts traditions of the 18th century. Revenue from the sale of WILLIAMSBURG products supports the educational programs of the Colonial Williamsburg Foundation, a not-for-profit, tax-exempt educational organization that oversees and operates the restored 18-century town of Williamsburg. For more information, call toll-free (800) 446-9240 or visit www.williamsburg-marketplace.com

Housing Busts

Continued from **Page 5**

home prices, such an outcome represents a necessary adjustment in market conditions that helps bring home prices within the reach of new home buyers."

Only 17% of the local housing booms identified between 1978 and 1998 were followed by a bust, the FDIC study says, "and where busts occurred they were typically preceded by significant distress in the local economy. To the extent that local factors continue to determine home prices trends, the expectations would be that metro-area home prices busts will continue to be relatively rare."

Courtesy of National Home Builders Association

NAHB is a trade association that helps promote the policies that make housing a national priority. Since 1942, NAHB has been serving its members, the housing industry, and the public at large.

www.nahb.org

RAIN OR SHINE

Continued from **Front Page**

the material stored there, especially the Azek PVC boards. Sorry for any inconvenience the paving caused you. Most customers agree the finished product was worth the week of aggravation it took to complete. We've also been installing cantilever racking throughout our premises. Since horizontal space is an issue for us, the only way for us to expand is to go vertical. The new cantilever racking will be especially useful when it comes to storing LVLs, I-Beams, and Trex Decking. We also purchased a new box truck to handle those door, trim and window orders. All of these capital purchases, innovations, and repairs are designed to make us more efficient and safe, therefore a better supplier to you, our end user.

I'd also like to introduce two new additions to the Ricci Lumber family. They are Carl Linde and Mike Wingren. You will be seeing Carl and Mike at your jobsites in the near future as they're both truck drivers. Please join me in welcoming them.

Advertise your product or service here...FREE.

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