

the Yard Stick

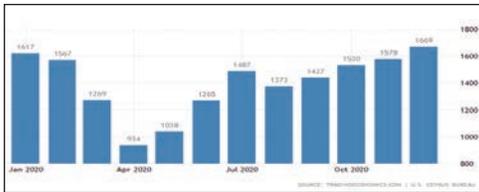
Mead Lumber Contractor Publication

Market Update

Bryan Rice, VP - Sales and Marketing



While 2020 is in the rear-view mirror now, I would be remiss not to say “wow, what a year.” Words cannot express enough how grateful we are to all of you for your resolve, hard work and business in a challenging and ever-changing environment. 2021 looks challenging, but also very promising so let us take a brief look at the State of Housing and Remodeling that is in front of us, so that we are 100% ready to meet our customers’ needs.



State of Housing. Housing starts in December were at a seasonally adjusted annual rate of 1,669,000. This is 5.2 percent above the December 2019 rate of 1,587,000. Single-family housing starts in December were at a rate of 1,338,000; this is 12.0 percent above the revised November figure of 1,195,000. An estimated 1,380,300 housing units were started in 2020. This is 7.0 percent above the 2019 figure of 1,290,000.

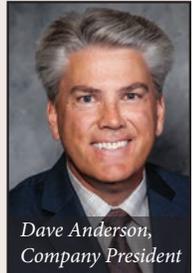


You can see the upward trend, and note the dip in April of 2020 when we did not know what this Pandemic might be - not that we know now but a testament to America’s grit and resiliency. What is driving this growth?

- **Low Existing Home Inventories.** There is an estimated shortfall of nearly 4 million newly constructed homes. This is playing out in our Mead footprint as well, especially our regional key markets.
- **Historical Low Interest Rates.** With Mortgage Rates at sub 3%, it makes the monthly outlay more affordable although offset to a large degree by higher home costs. Expect this to go up some.
- **Housing Shifts from large metro areas** (especially both coasts) to lower density markets such as suburban areas and regional markets.
- **Shifting Demographics.** Millennials and Gen Z want to get into housing and/or trade up.
- **Working Remotely.** The ability to work

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We certainly are living in unprecedented times. The past year has brought significant challenges, but also great success and blessings. We were extremely fortunate to be considered an “essential business” in all the markets we serve, and we never shut down our operations. Like you, we put in significant safety protocols to protect our employees and customers to help ensure a safe, clean and COVID-free environment. The underlying metrics that drive your and our businesses such as interest rates, new home construction starts, repair and remodeling activity, and overall customer demand have been favorable and continue to be so as we move into 2021. We certainly have challenges such as continuing to manage thru the pandemic, building materials sourcing and availability, building materials increased cost and overall unemployment rates. Demand is currently outpacing supply leading to significantly higher costs. We are confident in our ability to meet your needs and requirements in order for your business to succeed in 2021. Refer to the 2021 market update section within this publication for further information on our thoughts about this year.



Dave Anderson, Company President

A little over 8 months ago, I joined Mead Lumber as President of the Company after serving on the board of directors for 3 years. Craig Bradshaw retired effective November 30, 2020, but continues to serve the Company as a member of our board of directors. All of the employee owners of Mead Lumber are forever grateful to Craig in leading our Company for 14 years through unprecedented times of growth and success. That growth and success is directly attributable to the relationships we have built with you – our customers. While we have gone thru significant change and leadership transition, one thing remains the same; our commitment to serve you in a way that exceeds your expectations. Our mission is to provide quality building materials, services and value with a sustained commitment to serve our customers, helping to build communities across the Great Plains. You can count on us to be there for you and your customers.

Thank you for being our customer and for allowing us to partner with you. We look forward to many years of being your trusted resource in providing quality building materials, services and value that you have come to expect and rely upon. Today, more than ever, we are positioned to help our customers, employee owners and communities succeed and grow.

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March Madness 2021

Men’s NCAA Basketball Contest!



Win a Weber® Spirit® II E-210™ Gas Grill!

How to enter: email your Company’s Name, your pick for the winning team, their opponent, and total points scored to: contest@meadlumber.com On subject line- NCAA contest.

Contest rules- **Entries must be received by March 24, 2021.** One entry per respective contractor and/or spouse. Tie-breaker per above information, and if duplicated random drawing between those parties. No purchases necessary. We will contact the winner who will have their choice of the Weber grill color.



Featured Builders

Steele's Roofing & Construction

Scott Steele started his roofing company in 1992 in the Mullen, Tryon and Stapleton, Nebraska area. After about one year the company started to grow. At the time, Scott had just a few guys helping him complete smaller roofing jobs. The company slowly grew over the years and started offering building and construction.

Steele's Construction, Inc. is now the premier choice for every aspect of the construction phase. Scott Steele and his company take great pride in everything they do and their service to the customer shows it. Steele's Construction, Inc. now has over twenty employees and they all make it a top priority to keep the client first by listening to their needs, wants and budget. For nearly 20 years they've served the construction industry with the same reliable, ethical and award winning service that has made them the most trusted General Contractor in the area.

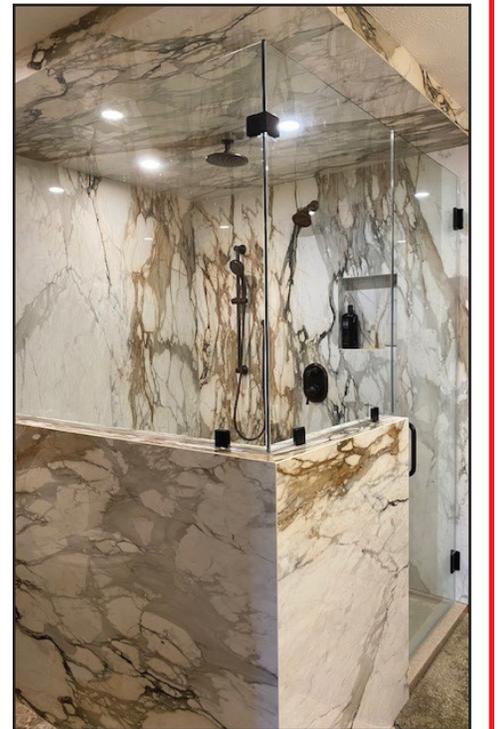
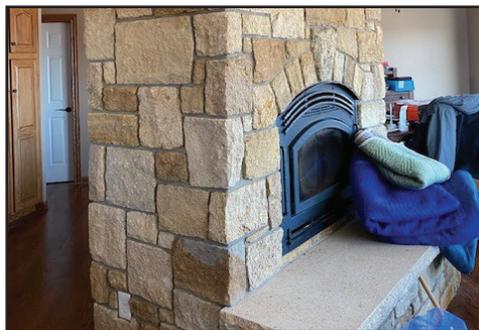


Northland Building, LLC. – New Home and Remodeling Construction, Salina KS

-Katie Smith, Salina Branch Manager

Northland Building has been remodeling and building new homes in Salina, Kansas and the surrounding area for over 20 years. Their current project is a remodel where they have completely transformed the exterior and interior of the home. Dennis of Northland says he prefers the remodeling jobs, as it is an enjoyable process to take something already established, and customize it to the homeowner's needs.

Northland Building has been a loyal customer with Mead Lumber since before the Salina branch opened in 2015, buying building materials from the Manhattan Branch. They also played a key role in helping the Salina branch open, as they were the contractor hired to remodel the store.



Remodeling projects are an important part of our business at Mead and Knecht, and we are proud to supply great companies like Northland Building. We will make every effort to source any kind of products our builder customers need.

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from home is not new as a growing trend even before the coronavirus, but this has become even more prevalent and in some cases employers are now granting employees the flexibility to work from home indefinitely, changing the way the home functions and lives.

- **Boomer housing.** Seniors are expected to vacate roughly 21 million homes over the next two decades. As they age, they will look for housing and/or retirement communities that better fit their needs and lifestyle.

State of Remodeling/Retail. Remodeling and Home Improvement projects reached new heights in 2020, and 2021 looks good as well with this sector looking to grow 5-7.5% from the previous year- a real bright spot in the U.S. economy. The key here is if it is sustainable, which most think conditions are favorable again for 2021. Here is why-

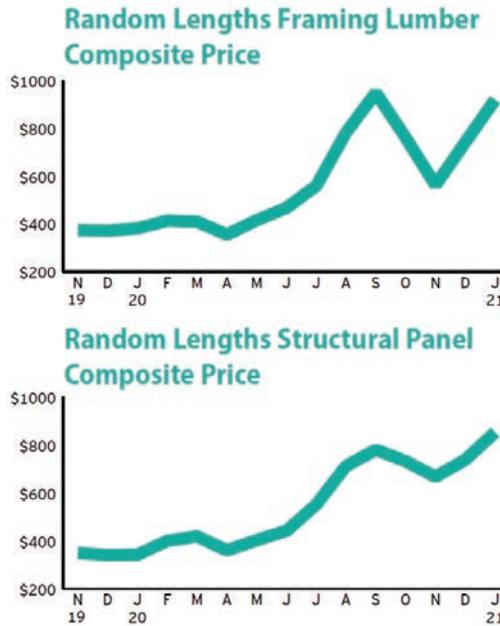
- **Higher Cost of Building.** With the cost of building at unprecedented levels coupled with the low inventory of housing, thousands of homeowners are opting to invest in their present home for whatever reasons appeal to them be it functionality, increased room or simply an update.

- **Repurpose of home to work remotely.** With an estimated 37% of folks having one or more in their household working in some fashion remotely from home, many have found that they need to make changes in their home to support remote work such as home offices, zoom rooms, quiet spaces including outside areas and related.

- **Stimulus Money.** Yup, another round up to \$4 trillion dollars which no doubt many continue to invest in their home especially as they have more discretionary money as not as able or willing to eat out, go to ball games, travel or do other activities. Hey, it is always a good thing to repaint a room or add some outdoor living space.

The Lumber Market. In our forest products markets, specifically framing lumber and structural panels, 2020 saw unprecedented volatility. The dip in the month of March was dwarfed by the run that followed. Demand has far outpaced supply. Initially this was due to COVID-19 related fears and mill

shutdowns. Today it is due to construction demands from both the repair and remodel market and new home construction. Production simply has not kept up with the raging demand for forest products. See the recent report from NAHB below.



Lumber prices reached a new high last week as housing demand remains solid amid low mortgage rates, favorable demographics and a geographic shift in housing demand to lower-density, lower-cost markets. However, recent readings of the NAHB/Wells Fargo Housing Market Index (HMI) indicate the strong momentum for housing demand is slowing. Although February's HMI ticked up from the previous month to a level of 84, this gain followed two months of declines after the index showed builder optimism at an all-time high in November.

Given the recent strength for home construction, supply-chain limitations are a critical element of the 2021 outlook. Lumber prices are up more than 70% since mid-November, and 96% of builders are reporting shortages and delays for lumber and other building materials at the start of 2021. While there is some room for new home price growth, particularly relative to the strong gains for existing homes over the last year, prices cannot outpace household incomes indefinitely. This is particularly true as interest rates in-

crease. For example, the 10-year Treasury rate is now above 1.2% as markets expect a faster pace of reopening due to declining virus case counts and increasing vaccination rates. Overall, housing affordability conditions at the end of 2020 were flat per the NAHB Housing Opportunity Index. However, the long-run trend has been declining affordability, putting additional households at risk of becoming priced out of the market.

Because of these cost and supply-side challenges, and a historically low inventory of existing homes for sale, prospective home buyers have growing reasons to be frustrated with their home searches. Indeed, the NAHB Housing Trends Report at the end of 2020 found that the share of prospective homebuyers who lost a bidding war during the previous three months had more than doubled from a year prior.

Unfortunately, these supply-chain issues are not likely to be resolved soon. Global supply chains remain interrupted and increasing demand for materials as the economy reopens is likely to place additional pressure on the building materials market. "Policymakers must act to improve domestic building material supply so that the residential construction industry can continue to create jobs and add much-needed inventory to the market."
- NAHB Chief Economist Robert Dietz

With lumber and ply goods up at unprecedented levels, we thought you may find interesting that when we did a year/year price comparison with our Mead Legacy homes, the total of the complete package of building materials for our 41 homes ranged from 20-26% up over last year. With the challenges around both supply and costs, we strongly encourage you to stay in touch with your Salesperson or Manager to maintain updated availability and pricing and to plan your projects so that you have minimal interruption on product flow. Hopefully, together we can protect your bottom line. I know first-hand that we have never worked harder with our manufactures and key suppliers to deliver the best value we can, including some outstanding values with our exclusive Early Bird campaign- just for you.

Best to you in 2021! ☺



Manufacturing

Jeff Taake, VP - Manufacturing and Commercial Sales



The Launch of Great Plains Distribution

We are excited to announce the opening of a new building materials distribution center in Grand Island, Nebraska. The new warehouse will be located at the Truss Craft of Nebraska facility.

Building upon the success of Knecht Lumber & Distribution (KLD) in Rapid City, we will internally provide added value to our branches and at the core of it all, you the customer. This operation will service our locations in Nebraska and North Central Kansas.

Great Plains Distribution will be fully operational in April.



OPENING SOON - Cheyenne Wyoming's New Retail Store & Showroom

Wow, last year was an interesting year to start construction of a new facility, but we are close to completing the construction of Mead Lumber Cheyenne's new office, retail store and showroom. March 22, 2021 we will open the doors to our customers.

This new facility has been a long time coming for our customers in Cheyenne and the Mead team. Watch for Grand Opening events in April.



NOW OPEN - Mead Lumber Lincoln

Mead Lumber in Lincoln, Nebraska opened for business October of 2020 in the old Hyland Lumber facility at 1060 N 33rd Street. We are excited to bring a full-service building material operation, with inventory on the ground, to Lincoln. This location will also have enhanced millwork services, that include prehung interior doors.

We have assembled a strong and talented leadership team in Lincoln. Tom Bardsley, Market Manager, will be responsible for the Beatrice, Lincoln and Nebraska City operations. Tom has over 29 years with Mead Lumber, spending the vast majority time as the Branch Manager in Beatrice. Allan McGill, Lincoln Sales Manager, has been with Mead Lumber for 7 years, most recently serving as the Branch Manager in Nebraska City. Allan brings a different perspective to sales as he started his career as a framing contractor in Lincoln. Tom Doty, Lincoln Operations Manager, has vast experience in our industry working as a Contractor Salesperson for our Knecht yard in Sheridan, WY and as a Project Manager for a large General Contractor.

The Future Is Now – Prefabricated Component Construction

Prefabricated component construction is the practice of assembling building components at a

manufacturing site and transporting these sub-assemblies to the job site. This type of construction continues to grow in importance due to the rising cost of building materials and the lack of skilled labor.

To illustrate the difference between stick framed construction and component construction, in 2015, the Structural Building Components Association built two identical homes using the different construction types. This project was called, "Framing the American Dream". This study clearly illustrated the benefits of components in the construction process.

First, it is important to point out that the componentized homes used 25% less wood than the stick framed home. With the surging cost of lumber today, components can minimize the escalating cost impact.

Second, our industry has a responsibility to limit the amount of construction waste sent to landfills. The study showed that a stick framed house creates 30 times more job site waste than that of the component home. Another benefit is that a clean construction site often is often associated with quality construction.

Lastly, the "Framing the American Dream" study looked closely at the total number hours, broken into framing tasks, to determine how long it took a framing crew to complete each home. The stick-framed house required labor 376 hours to complete versus the componentized homes 152 labor hours. Componentized construction would enable a framing crew to build 2.5 homes in the same time it could stick frame 1 home.

Mead Lumber currently fabricates the following components: floor panels, wall panels, floor trusses, roof trusses, prehung doors and countertops. Our company is committed to expanding our component offerings to help meet our customer's current and future needs.

Project Feature - Chuck's Diner

So what does the VP of Construction of a large Senior Living developer do with their spare time? They build a diner!

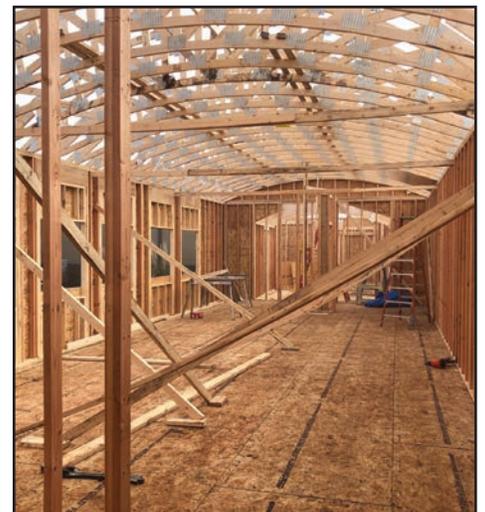
Years ago, Chuck Leininger and his wife Carol fell in love with Table Rock Lake in the Ozarks. This love turned into an obsession. Chuck and Carol started purchasing properties around an air strip by the lake. One of these properties included an airplane hangar, which they turned into an event center for weddings and social gatherings.

After catering in food for a couple of events, Chuck and Carol realized there was a need for a neighborhood diner, which could also cater food to events.

Chuck and his friend, Jim Ambrosion, wanted a unique and memorable dining experience for



their neighbors and visitors. They sketched up a facade designed to look like an old rail station and a dining car as illustrated above in the rendering. Truss Craft of Nebraska provide wall panels, roof trusses and loose materials on this project. One unique feature is the radius top and bottom chord of the roof trusses.





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2021

Cabinetry & Décor Trends



- **Cabinets to 9' Ceilings:** Tall and Grand is the popular thing. Cabinets touching the ceiling makes a statement.
- **Clean, Straight Lines:** Easy to clean is the idea. In keeping with the trend of simple elegance, shaker style and flat doors are making a comeback.
- **Wood Grain, Paint Mix:** Light paints and wood grains mix together to blend with other tones throughout the home.
- **Custom Colors:** Adding a personal touch to your cabinets is easy to do as a lot of manufacturers will paint to match most major brands of paint
- **Big, Straight Islands:** Efficient use of space and simplicity is the trend in islands. One level makes for a large workspace when you need to spread out. Whether it's entertaining guests or baking with the kids, a large, uninterrupted workspace makes it a breeze.



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Popular looks and storage essentials built for everyday living. With the latest door styles, elements, and finish options at prices customers can afford, Merillat Basics can do more for less.

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Fresh style and timeless design are hallmarks of this perennially popular collection.

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Justin Scheve,
Outside Sales -
Mead Lumber
Dodge City

Justin grew up in Spearville, KS, a small farming community 18 miles east of Dodge City, KS.

After high school, he attended Dodge City Community College & Kansas State University. While attending college in Manhattan, KS he started working part time as a delivery driver at the Mead Lumber Manhattan location. Shortly after making the transition to a full time Mead employee owner, an opportunity to move back to Dodge City and do Outside Sales presented itself. After a year in Dodge City, he moved back to Manhattan while his wife finished her teaching degree at Kansas State University. You can't separate true love!

During his 13 years at the Manhattan store, he worked as a delivery driver, retail sales professional, estimator, and contractor sales professional.

In January of 2020, Justin moved himself and his family back to Spearville to take an Outside Sales position at the Dodge City store.

Justin and his wife, Megan, are high school sweethearts and have been together for 21 years! They now have 2 daughters Savannah, age 7 and Cassidy, age 2. Justin enjoys hunting, fishing, golfing (he's pretty dang good) and attending rodeos with his family

Justin is a great example of a Mead Employee Owner. He started as a part time employee and worked his way through multiple positions to get to where he is now. This is just one example of many; where owners have rose to the occasion and made a career out of something they thought would be temporary. As a customer of ours, hopefully you can see the benefit of a long-term employee owner that understands all facets of our business to better help you succeed with yours.

There's no doubt that we've all gone through a lot this past year. A global crisis literally took over our lives at the beginning of 2020, confining us to our homes almost the entire year. This is something we couldn't have imagined, even in our wildest dreams. In hindsight, it has also taught us a lot of important lessons — of being mindful, living in the moment, and never taking anything for granted.

As we march ahead into the next year, let's review a few things that will provide us with contentment and long-lasting joy. Here are some things to consider doing in 2021 to make it the best year yet:

1. Wake up naturally

You might think of it as a strange suggestion. I mean, is it even possible to wake up without an alarm clock? Well, it is. Practice a routine of sleeping on time and waking up at the same hour every day. That's how your biorhythm should work, with no alarms to jolt you out of your slumber. Wake up naturally and start your day with a positive mood.

2. Begin every morning with a smile

We know life can take over, and it might feel like an ordeal to smile the first thing every morning, but push yourself to do it. Tell yourself it's going to be a day full of happiness and contentment, and have a wide smile on your face.

3. Exercise Daily

Do whatever makes you move — it could be dancing, jumping on the spot, or going for a run with your favorite music playing through your earphones. Make sure you're incorporating 20 minutes of exercise every single day for your dose of happy hormones.

4. Practice meditation

We are always hustling, and unfortunately, our culture glorifies that. We are never really told to slow down, but guess what? That's equally important. Practicing meditation for about 15 to 20 minutes every day is a healthy practice.

5. Eat breakfast

Most of us are in such a hurry every morning that we forget to eat breakfast, and end up feeling "hangry". Well, how about enjoying a nourishing meal packed with



your favorite foods every morning? It will help you look forward to something, and at the same time, give you a boost of energy.

6. Get into the habit of reading

With dwindling attention spans these days, most people find reading 'very boring'. It really isn't though! Get a book from your favorite genre, slip into the quilt, and sip on some hot chocolate as you immerse yourself in a different world.

7. Focus on one task

We function on auto-pilot mode and perform tasks mechanically, often juggling several things at a time. Well, the key is to focus on one task at a time. Multitasking actually affects your focus and causes stress.

8. Call your friends

How about catching up with a few friends over a nice, warm conversation? There's nothing like venting out or feeling nostalgic when you share memories. It's a great feeling and makes you feel so comfy.

9. Give hugs

This is the best thing to happen to humans! When you hug a person, your body releases the cuddle chemical, oxytocin. That's why you end up feeling happy! It is a hormone that is linked to social bonding, fostering trust and loyalty. Moreover, a hug also lowers your blood pressure and helps you release anxiety. So, hug away to glory.

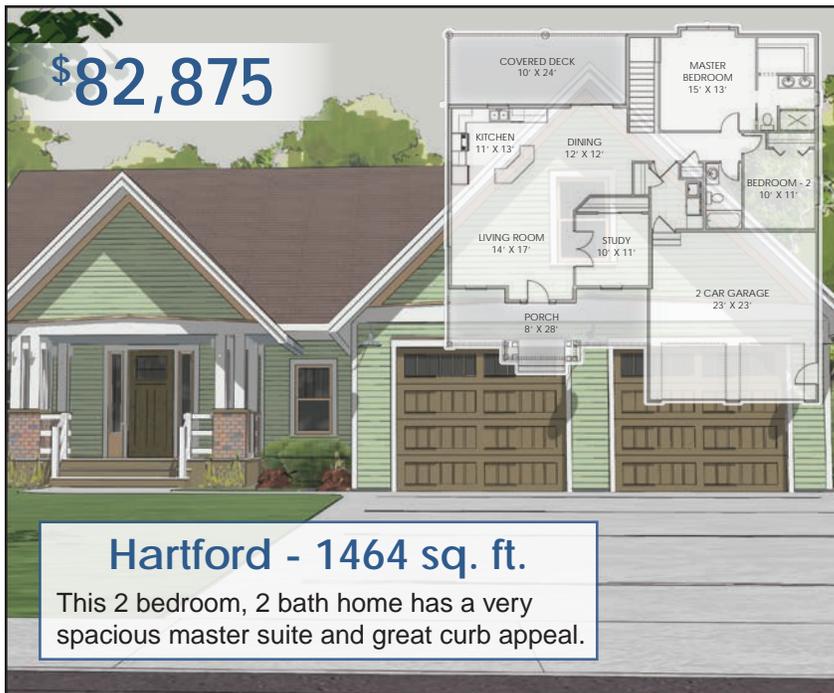
10. Keep a gratitude journal

Write about the best things that have happened to you during the course of the day in a journal. It will train your mind to find positivity on tough days.



\$75,900

Lancaster - 1436 sq. ft.
 Large central living room is the focal point here!
 Two bedrooms and baths, with a beautiful study.



\$82,875

Hartford - 1464 sq. ft.
 This 2 bedroom, 2 bath home has a very spacious master suite and great curb appeal.

Home Plan Pricing good through March 31st, 2021*
**10% down on materials required*

Room Dimensions:
 COVERED DECK 10' X 24'
 MASTER BEDROOM 15' X 13'
 BEDROOM - 2 10' X 11'
 2 CAR GARAGE 23' X 23'
 PORCH 8' X 28'
 LIVING ROOM 14' X 17'
 STUDY 10' X 11'
 DINING 12' X 12'
 KITCHEN 11' X 13'



\$104,150

Bay Harbor - 1707 sq. ft.
 Charming Victorian influences. Three bedrooms tucked into the second level with added loft area.



2021
Home Design Trends

A New Year always brings about new trends in homes and living spaces. Here are a few of our favorites that we have seen recently....

- **More Windows & Larger Windows** – People value natural light and desire to bring it into their space. They are willing to have a bigger window budget to achieve that goal.
- **Focus on Doors** – Garage and entry doors are more of a factor on the curb appeal of your house than you may realize. Whether it is contrasting the color of your garage door to your house color, or making your front entry door more architectural and dramatic, it will be appreciated for years to come.
- **Natural Wood Accents** – All white interiors are slowly trending out and people are adding in natural wood in pops around their home to warm up those white spaces. Paired together, these two can complement each other very well and make a space feel light and homey at the same time.
- **Emphasis on Showers** – Many people are requesting larger than average showers with multiple shower heads. Most are trending away from glass doors and opting for a curbless, doorless entry. Add in some beautiful tile and you have got yourself a mini oasis at home.
- **Bringing the Inside Out** – A big trend throughout the area is an emphasis on outdoor spaces. People are desiring architecturally attractive spaces outside of their house where they can lounge & host guests. Pergolas are a popular option as they are somewhat inexpensive, offer some shade and protection, and they are beautiful to look at.
- **PaRENT Opportunities** – In the age of extra cash flow opportunities such as VRBO and Air BNB, a common theme is to include a separate area in the house that has its own entrance and can easily be closed off from the rest of the home. The options are limitless as this space can then be rented out, offered to college-aged children living at home, or even older parents that need a helping hand.
- **Home Office** – 2020 was a turning point for the number of people working from home. More and more employers are allowing that avenue and as a result, more and more people desire a designated workspace or office in their homes. Depending on the type of work needing to be done, it could be as small as a designated desk nook, or its own room with doors for privacy.
- **Changing course on the Open Concept** – Although people still desire to have open spaces and clear sight lines, society is now thinking that there is such a thing as “too open”. A trend of more defined spaces or slightly separated areas is slowly creeping in and being welcomed with open arms.
- **Warm Tones Vs. Cool Tones** – For many years now, the color trend has been gray, gray, and gray. While gray is still a hot color, individuals are trending to warm up that gray with some warmer tones. Greige, Taupe’s, and even some brown tones are coming into play, but colors are still on the lighter, brighter side of things with occasional pops of moody darks.

Mead Lumber

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Remembering Gail Mead

The following is an excerpt from Gail Mead's obituary as written by her daughter Anne Mead, a member of Mead Lumber's board of directors.

Gail Mead
May 10, 1936 - November 20, 2020

Gail Mead, 84, of Columbus, Nebraska, died on Friday, Nov. 20, 2020, at Meridian Gardens in Columbus of natural (non-COVID) causes.

Gail was born on May 10, 1936, to Jorgen and Elphie Miller in Fargo, North Dakota. After graduating from the University of Minnesota, she went to work in human resources for the telephone company, eventually landing in Omaha. She was set up on a blind date with her future husband, Bob, by his aunt Honnie, as they were the only two single people over the age of 30 left in eastern Nebraska. They were married on Dec. 28, 1967, at the insistence of her husband, for tax purposes.

After her nuptials, Gail moved to Columbus and quickly became disenchanted with housework. She joined every group, club, committee or orga-



nization she could find. As her youngest succinctly told her kindergarten class, "My mom is a homemaker that's never home." She was involved with countless bridge groups, the Federated Church, the Columbus Public Library, the Lied Center in Lincoln and many other organizations and clubs. Gail loved reading, playing cards, going out for lunch, and then later going out for dinner.

Gail will be remembered for her humor, upbeat outlook on life and willingness to do anything except learning how to use a cell phone. Gail is survived by her husband, Bob; daughters, Kate Mead of Kansas City, Missouri, and Anne Mead of Breckenridge, Colorado; and her beloved fur-child, Tula.

We are so blessed and grateful to Gail, Bob and the Mead family for the culture and foundation they have provided us.

Mead Happenings

- March 20th - 1st Day of Spring
- April 1st - Opening Day of Baseball
- April 1st - 30th - Mead Early Bird
- April 4th - Easter

EARLY BIRD
contractor specials



ProSales
Excellence Award Winner
Facility Design - Knecht Home Center, Spearfish

100% Employee Owned!

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