

PARTNER PERSPECTIVE

SUMMER 2025

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LUMBER MARKET UPDATE

Market update provided by
David Fowler, *Three Oaks Trading*

As we close out a disappointing first half for building material traders, recent trends look to be the norm for framing lumber markets across the country. Trader confidence is very low for the near-term prospective trades to materialize. High mortgage interest rates are the main concern on most people's minds, but other factors still weigh heavy as we keep an eye on the broader economy and ongoing tensions in the Middle East and Ukraine.

Framing lumber prices have fallen twelve straight weeks—the longest stretch since the fall of 2022. Many veteran traders have described market conditions as some of the hardest to navigate in their careers, specifically the lack of demand being the major culprit. The one bright spot with pricing continuing this downward trend is . . . it will not go to zero! As prices reach levels where traders can buy perceived values, we will see inventory on the ground start to grow. The question is will we see order files start to grow for the 3rd & 4th quarter?

Sales of standard framing lumber (#2&Btr SPF) has been trending down for few months now with 6" being the item that has been under the most downward pressure. However, seasonal trends suggest 6" framing will rebound. There will also be an increase in the duty rate added to the Canadian lumber coming across the border later this summer that should cause pricing to rebound, but that rebound will be modest without better takeaway in the North American market.

Southern Yellow Pine is at buy levels now if traders have the warehouse space to build inventory, or the jobs coming up in the 3rd & 4th quarters to eat up material that has been bought.

Continued on Page 4



Poole's Portable Buildings operates three dealerships in North Carolina.

Rolling Up His Sleeves How One Dealer Turns Repos Into Revenue

Bobby Luther doesn't just sell portable buildings—he transforms repossessed units into like-new inventory. As the manager of a Poole's Portable Buildings dealership in Laurinburg, North Carolina, Bobby has made a name for himself by combining old-fashioned work ethic with unmatched customer care.

Bobby's journey into the portable building business did not start with a shed; it started with tow trucks! He was running roadside service and dispatch for Chris Poole's towing company when the idea came up to try something new. "I said, 'Let's start selling buildings,'" Bobby recalls. "Chris thought the market might be too saturated, but I told him, 'Nobody's going to offer the kind of customer service we will.' So we gave it a shot."

Poole's first lot opened in Pine Bluff,

North Carolina. The demand was there, and it did not take long to prove that quality customer service made all the difference. "During COVID, we couldn't keep up with inventory. I remember we sold 13 buildings one week, 26 the next, and then 23 the week after. It was the best run I've ever seen," he said. The business has now grown to three locations with a fourth one opening soon.

While some dealers shy away from putting effort into repossessed buildings, Bobby leans in. "I probably sell more repos than new buildings," he says. "I've had drivers deliver to my lot just because they know I'll get them sold."

He says the secret is all in the clean-up. From pressure washing and sanitizing to repainting and repairing, Bobby treats repos with the same care as new invento-

Continued on page 4



Loss Damage Waivers provide three levels of protection for your rent to own unit.

LDW's: LESSEN THE LOSS

By Ryan Polczynski
General Counsel,
Heartland Capital Investments, LLC

Sandra Shakely heard hail beating on the window. "Something's not right," she said. As she walked out of her bedroom, an 80-foot tree smashed through the ceiling behind her. Sandra and her husband gathered their dogs and hurried into the bathtub. "I said a prayer and thanked the Good Lord that nobody got hurt."

The microburst that demolished Sandra's house was part of a series of tornadoes that ravaged eight states from March 14-17, 2025. Sandra's house was declared a total loss. In her yard, Sandra had a playset from Backyard World. "Every kid on the school bus was pressed up against a window when they saw we had put that playset up." Mother Nature was powerful enough to lift Sandra's house three inches off its foundation; she had no problem throwing Sandra's playset into the woods.

Back in 2023, Sandra had purchased a Loss Damage Waiver ("LDW") for her playset. The day after the storm, Sandra called Heartland to report the damage, then emailed in photos of the damage. Within a week of the storm, her LDW claim was approved and her account was marked "paid in full."

Some customers may not be aware that they bear the risk of loss if their product is destroyed or damaged by a natural disaster, is lost, or is stolen.

An LDW provides three levels of protection. First, it protects against "natural disasters" such as lightning, fire, earthquakes, and high wind events such as tornadoes and hurricanes. This protected Sandra. It also protected John Green, who lost his barn in a fire.

John's barn was erected by Metal-Tex Buildings, LLC, out of Hubbard, Texas. John only had the barn for a year when something inside caught



The inside of John's barn after the fire.

fire. John still owed approximately \$13,000 on his barn. Fortunately, he had opted for LDW coverage when he signed his rental-purchase agreement. A few weeks after the fire, John submitted the fire marshal's report and Heartland marked his account as "paid in full." This allowed John to go back and get a new barn!

Continued from previous page

Second, LDWs protect against theft. To be eligible, the customer must submit a police report. Kirk Locklear leased an E-Z-GO® golf cart from Botero Carts in Charlotte, NC. When that golf cart was stolen, Kirk's LDW ensured he did not bear the loss. This coverage saved Kirk over \$5,600 that he still owed on his golf cart!

Finally, LDWs provide "gap coverage." In general, most customers' own insurance will refuse to cover damage to a rental product (insurance typically covers what you own, not what you rent). That is why Heartland encourag-

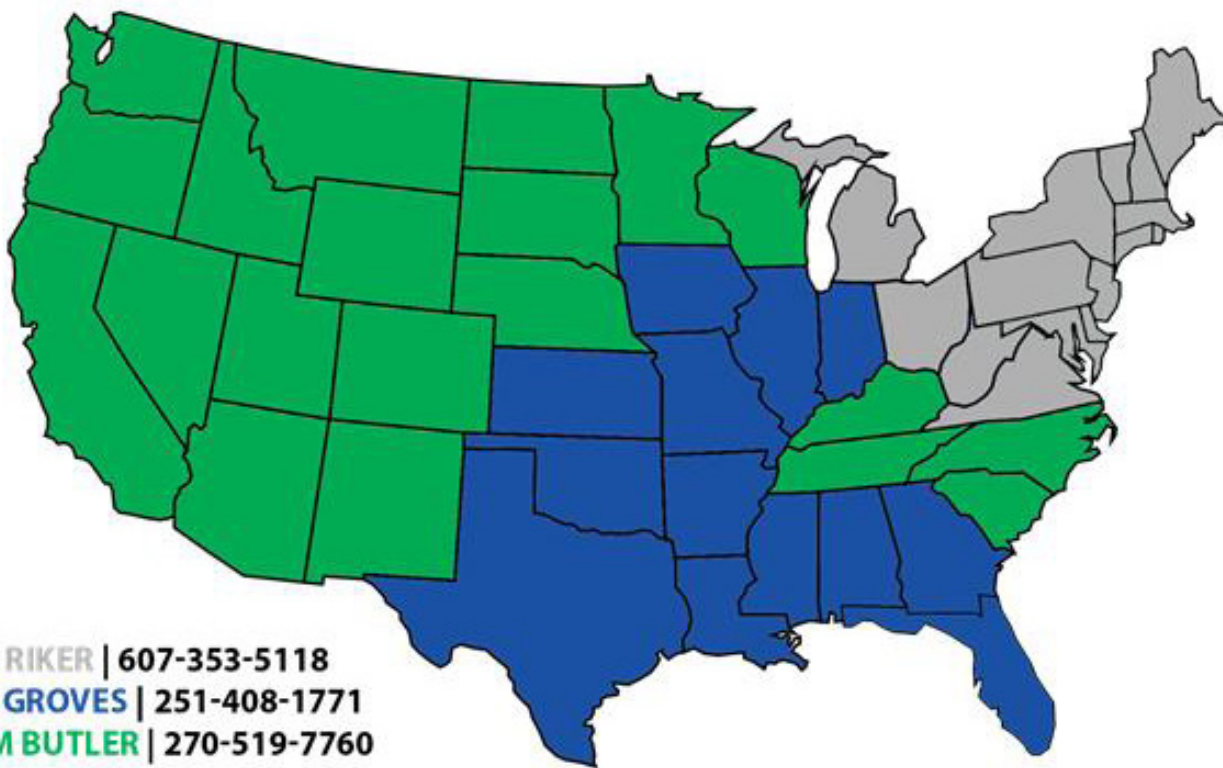
es customers to purchase an LDW! Yet even if your insurance does cover the loss, what your insurer pays for that loss may still be less than what you owe. This "gap" is covered if you opted for an LDW.

A storm, fire, or theft is already a traumatic experience. They are expensive experiences as well. While an LDW cannot bring your shed, trailer, or barn back, it can provide you (or your customers) the financial flexibility to go get a new one.

A microburst left Sandra Shakely's playset in pieces.



HCI TERRITORY MAP



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Continued from page 1

ory. "I go in, fix them, replace all the door-knobs, clean graffiti, paint floors, whatever it takes. If it needs it, I do it," Bobby said. For buildings with bad smells, he recommends using Purple Power cleaner, Clorox, or white vinegar. "I'll come in and spray the whole building down to where it makes it breathable, so you can actually work in there. Then I'll spray the floor, scrub it, mop it up with a rag, and get all the top-coat of it off. Then I'll spray Clorox on the floor, the walls, the roof, just to kill every bit of the odor. After that, if I need to, I'll do a vinegar mixture because white vinegar is good for getting rid of odors," Bobby said.

Bobby takes advantage of Heartland's clean-out and repairs reimbursement, which will pay \$25/hour for up to four hours of labor (anything over four hours requires pre-approval). Heartland also reimburses for repairs made to keep the structure of the building intact.

According to Bobby, Heartland's Inventory Department plays a key role in his lot's success. When pricing on a building needs adjusting, he doesn't hesitate to reach out. "I'll call Jana (HCI Inventory Manager Jana Holder) and say, 'Hey, this one's a little high for my market. What can we do?' And she'll work with me. That flexibility lets me keep things moving."

He encourages all dealers to build a rela-



Bobby Luther uses Purple Power to rid repossessed buildings of bad odors.

tionship with the inventory team. "You can call in and ask to reprice. That's a game changer if you're sitting on inventory. Don't wait—make the call," he said.

What Bobby loves most about his work is the people. "Every customer has a story. They've got a vision, and I try to see it with them. That excitement they feel? I get excited with them. You've got to make it emotional. These aren't just sheds—these are solutions to their problems, dreams, or businesses."

That emotional connection drives a large part of his sales, many of which come from referrals and repeat customers. "I've got one customer who's bought seven or eight buildings from me. It's all word of mouth, being honest, and doing what you say you'll do," he said.

To brand-new dealers just entering the portable building industry, Bobby is straightforward with his advice. "Work hard, trust God, and treat every person who steps on your lot like they matter. Be present. Clean your inventory. Follow up. And never forget: every person you meet is a potential customer or knows one," he said.

His practical wisdom includes one simple but powerful tip—be visible. "When someone pulls up, be outside to greet them. I've had people tell me they walked around another lot for 30 minutes and never saw anyone. That won't happen here," said Bobby.

He also stresses the importance of availability. "You don't have to leave dinner with your family, but follow up. Let people know you'll call back—and then do it."

At the end of the day, Bobby says he's just trying to do right by people. "I'll be honest even if it costs me a sale. That's how I'd want to be treated, and that's what keeps people coming back," he said.

Continued from page 1

The panel market (i.e. OSB) sits at very intriguing levels for investment opportunities. We have seen some very low trading being done on 7/16 OSB, and 3/4 high-end flooring is at good investment values also. Plywood panels are very stagnant with little interest in near-term orders; traders are just trying to keep their contract orders cleaned up from week to week. Even

this can become stressful and a hard sell in a market with as little demand as this one.

Big picture: Yes, we have been in a depressed Lumber Market. That is good news for builders and end users, but difficult for those putting together those trades while keeping the wolves away. We are still under-built across

the country on new homes and apartment projects (In May new housing hit a 5-year low). Demand will pick up when we see some favorable interest rate cuts, but the tradeoff will be higher priced building material. Take advantage of cheap pricing for now if possible—these prices will not be here forever!