



Forisk News: Timber Price Forecast – Silviculture Survey Results – Timber Market Analysis event

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Archives available [here](#).

This quarter, we published our fourth biennial Silviculture Survey of forest management practices in the U.S. South and our seventh database of North American Timberland Owners & Managers. Both research programs have grown in coverage and depth (see below). We also celebrated our 14th year in business. Thank you to everyone who supports our team and research!

On June 19th in Atlanta, Forisk hosts “**Timber Market Analysis**,” with case examples and detailed approaches for tracking, screening and analyzing local timber markets and wood baskets. [Click here](#) to learn more. **Early registration discount ends on June 5th**.

Timber Price Forecast

Recently, we posted analysis related to forecasting North American timber prices and forest industry activities:

- [Forisk Forecast: U.S. Housing Starts Outlook, Q2 2018 Update](#)
- [Tracking the Top Timberland Owners and Managers, 2018](#)
- [Timber REIT Returns and More Timberlands Change Hands](#)
- [Southern Timber Supplies: Investment Implications](#)

The Q2 2018 *Forisk Research Quarterly (FRQ)* includes industry analysis and market forecasts through 2027 for timber prices, logging costs, lumber production, structural panels production, paper and paperboard, forest supplies, and wood bioenergy markets. Our feature article summarizes results from Forisk’s fourth biennial Southern Silviculture Survey. Our market summary, “Forisk and the Trees” compares sawtimber price trends by region and the divergence between the Northwest and the South. “Forisk Facts & Figures”, Forisk’s quarterly “story in three slides,” offers a snapshot of our research into North America’s largest timberland owners and managers. *This issue also includes updated state-level rankings of timber markets based on wood demand, forest supplies, and stumpage prices.* Select FRQ findings include:

- **Macro:** Real GDP grew at a 2.3% annual rate in Q1. Quarterly unemployment remained at 4.1%. Forisk’s Score of 3.3 for the U.S. economy reflects continued topline growth though at a slower pace since last quarter.
- **Lumber:** The Forisk Base Case projects U.S. softwood lumber consumption to increase 4.3% to 50.2 BBFT in 2018, while production increases 7.8% to 36.8 BBFT.
- **Wood Bioenergy:** Forisk is tracking 437 operating and announced bioenergy projects across the U.S., of which 289 pass Forisk’s basic viability screening. The “viable” projects represent potential wood use of 77.4 million tons per year, down 0.4 million tons from the January 2018 estimate.
 - To download the free *Wood Bioenergy US* Summary, click [here](#).
 - For information on the *Wood Bioenergy US* database, click [here](#).



- **Log & Chip Exports:** U.S. softwood log exports declined in 2017, while U.S. hardwood log exports rose 1.7%. China remains the largest importer of U.S. logs and is increasing its market share in both products. Hardwood and softwood chip exports increased in 2017.
- **Timberland Investments:** Public timber REITs returned 6.6% YTD through the final Friday of April. Rayonier led the sector over the past twelve months. Rayonier, CatchMark Timber and PotlatchDeltic outpaced the S&P 500 over the past year and past quarter. From Q2 2017 through Q1 2018, approximately 2.1 million acres of industrial timberland transactions closed in the U.S.
 - For information on Forisk's *North American Timberland Owner & Manager* database, click [here](#).
- **Forest Operations:** U.S. logging employment again declined year-over-year in every region tracked by Forisk. Wage growth also paused across much of the country, with growth seen only in the Inland West, Mid-Atlantic and South Central regions. An examination of truck operating costs highlights the sensitivity to major cost centers, like diesel and labor, and the substantial cost savings from hauling additional payload.
- **Timber Markets, U.S. South:** Nearly 1.1 BBFT of new sawmill capacity was announced or captured since last quarter's report. Alabama, Georgia, and Arkansas have the largest increases in projected lumber production. A growth-to-drain analysis reveals that East Texas, Texarkana, southern Georgia and northern Florida have tighter markets.
- **Log Prices, Pacific Northwest:** Starting prices increased for all products in the Pacific Northwest forecasts; domestic log prices remain at post-2010 record levels. Delivered prices increased more for domestic Douglas-fir and hemlock than for export products. Export log prices are forecasted to increase more than domestic prices, while Oregon prices have the slowest growth.
- **Hardwood Markets, U.S. North:** Both hardwood and softwood facilities are investing in mill capacity; at least 6 firms are investing \$55 million to expand or improve lumber and plywood mills. In 2017, log exports from the North declined 18%; softwood log exports decreased 33% while hardwood exports increased 8%. The Forisk Hardwood Price Index increased 3% in Q4 2017 and is back to the same level as one year ago.

To learn more about the Forisk Research Quarterly (FRQ), click [here](#) or contact Brooks Mendell at bmendell@forisk.com, 770.725.8447.

Forest Management Practices of Timberland Investors in the South

Results of Forisk's fourth biennial survey of forest management (silviculture) practices in the U.S. South affirm the continued commitment and interest in active forest management, optimizing investment returns, and the application of new technologies as they become available. We summarize data from 38 firms owning or managing 23.7 million timberland acres across four distinct physiographic provinces. Key practices employed by the respondents included the use of chemicals at site preparation, improved genetic seedling stock, and fertilization. Compared against previous surveys, average planted trees per acre dropped measurably for the first time, and survival peaked at 90%. Recreation and hunting leases were reported on 49% of acres under management. In total, 82% of firms participate in forest certification programs, with most acres enrolled in SFI followed by the American Tree Farm System. Click [here](#) for additional information on Forisk benchmarking studies.



Upcoming Continuing Education Opportunity

Forisk will teach “Timber Market Analysis” in Atlanta, Georgia on June 19th, 2018. [For those asking, “What is timber market analysis?” click [here!](#)] We hope you’ll be able to join us for this practical, hands-on class co-taught by Brooks Mendell and Amanda Lang. To learn more or register, click [here](#).

News & Upcoming Events

- On **June 5th**, Brooks Mendell and Shawn Baker will both present at the Northwest Farm Credit Services Forest Products Symposium in Portland, Oregon.
- On **August 29th**, Brooks Mendell will keynote the Louisiana Forestry Association Annual Meeting in Shreveport, Louisiana.
- In **September**, Brooks Mendell will present “What Does Forward Looking Performance for Timberland Look Like?” at Who Will Own the Forest? Conference in Portland, Oregon.
- On **October 3rd**, Brooks Mendell will present “Forest Industry Capital Investments and the Market Implications for Hardwood Logs” keynote at the National Hardwood Lumber Association Annual Meeting in Toronto, Canada.
- On **December 13th**, Forisk will offer “Wood Flows and Cash Flows” in Atlanta, Georgia.
- Dr. Shawn Baker has been elected to serve on the Forest Resources Association’s Board of Directors. Congratulations, Shawn!
- Forisk just celebrated 14 years in business!

Forisk provides research and educational services to executives and analysts making decisions related to timber REITs, timberlands, and wood-using energy and manufacturing facilities.