



Forisk News, November 2, 2009

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Subject line: Forisk News: Wood Demand – Bioenergy Projects – Timber REITs

Wood Demand: Pine sawtimber consumption in the US South improved by 2.3% during the third quarter, though consumption remains below one year ago. Pulpwood demand increased again this quarter. As market pulp prices rose, consumption for both pine and hardwood pulpwood increased 5%. Even though a few mills idled this quarter, some mills restarted operations while other mills announced plans to restart in early 2010. For further details by state and by end use market, review the [Wood Demand Report](#).

Bioenergy Projects: As of October 2009, 112 wood-consuming bioenergy projects were operating, under construction, or announced across eleven states in the US South. If all projects succeed, incremental South-wide wood consumption by bioenergy firms – including pellet, wood-to-electricity, and ethanol/liquid fuel facilities – could rise 40.4 million tons per year by 2020. However, according to Forisk analysis, projects representing only 13.5 million tons/year pass basic viability screening. For state-by-state and project-by-project details, review [Wood Bioenergy South](#).

Timber REITs: The Forisk Timber REIT (FTR) Index of publicly-traded timber REITs (Plum Creek, Potlatch, Rayonier) returned 7.2% through the first three quarters of 2009 relative to 13.4% for the S&P 500. Annualized returns for the five years ending September 30, 2009 were 0.1% for the FTR versus -3.0% for the S&P 500. Forisk instructors reviewed performance metrics, discount rate estimation, and NAV analysis for public timber REITs in Atlanta during its “Investing in Timber REITs” workshop on September 22nd.

Forisk Updates

- 2010 schedule for the Forisk Continuing Education Program has been confirmed. **Timber Market Analysis** on February 10th and **Applied Forest Finance** on August 4th will be held at the Emory Conference Center Hotel in Atlanta, Georgia. For course details, click [here](#).
- Forisk’s 10-year Stumpage Price Forecast for pine sawtimber in the US South is available. For details on Forisk’s forecasting approach and philosophy, click [here](#).
- MillVantage™, an online geodatabase of current information on mills and wood-consuming bio-energy facilities offered by Forisk Consulting and Sewall Company, has expanded coverage in the US South to include Virginia and Oklahoma. To access a demo site, visit <https://geopower.jws.com/milldb>.

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