



Forisk News, January 29, 2011

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

Wood Demand/Bioenergy: Historically, the fourth quarter of each calendar year features the lowest volume of pine grade receipts in the US South due to weather and holiday downtimes. However, Q4 2010 pine sawtimber and chip-n-saw demand increased, 1.1% and 3.5% respectively, at lumber and plywood mills. Hardwood sawtimber demand also peaked for 2010 in Q4. Pine pulpwood and direct chip consumption fell 1% in Q4 2010, though this was still 3.4% higher than for Q4 2009. **South-wide, after taking closures into account, effective sawmill capacity utilization was 70%**, while effective capacity utilization at pulp/paper mills was 83%, for the quarter. US-wide, current wood consumption associated with bioenergy projects exceeds 35 million green tons per year. The US North leads all regions in newly proposed wood bioenergy projects, while the US South leads all regions in wood bioenergy projects under construction.

- To review the updated and revised *Wood Demand Report*, click [here](#).
- For information on Forisk’s US-wide mill database and shapefiles, click [here](#).

Timber REITs: Forisk Equity Research just completed a comparative analysis of timber REIT forest harvesting activities to address the question, “Who wins as the housing markets return?”

The firms include Potlatch (PCH), Plum Creek (PCL), Rayonier (RYN) and Weyerhaeuser (WY). In assessing the future operating performance of public timber REITs, this Technical Note analyzes potential revenue implications from (1) direct exposure to housing markets; (2) the capacity to increase harvest volumes; and (3) the ability to improve harvest mix. While timber REITs emphasize the centrality of timberlands and forest products to their businesses, less than 50% – in cases, much less – of firm revenues derive from timber sales. Rather, **direct exposure to housing – as measured by revenues from Timber, Wood Products and Homebuilding segments – exceeds 60% of revenues for three of four REITs.**

- To read the complete Executive Summary, click [here](#).
- To access the complete Technical Note (January 2011), click [here](#).

Forisk Updates

- **Early registration for the Timber & Wood Bioenergy Market Analysis short-course ends Wednesday February 2, 2011.** For details and to register, click [here](#).
 - Course date/location: February 16th in Atlanta, Georgia.
- 2011-2021 Forisk Stumpage Price Forecast will be available February 2011. The Forecast includes:
 - South: regional and state-by-state forecasts for pine sawtimber and pine pulpwood;
 - Pacific Northwest: delivered pricing for Douglas-Fir and hemlock.

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