



Forisk News, September 25, 2012

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Subject line: Forisk News: Wood Bioenergy - Forisk Forecast - 2013 Forisk Courses

Wood Bioenergy: In the current issue of *Wood Bioenergy US*, we explore bioenergy project impacts on local stumpage prices. The uncertainty of new project announcements requires project-by-project assessments and assumptions to estimate the potential impacts of bioenergy projects on stumpage prices in local markets. In the feature article, we explore two bioenergy-related variables as they affect stumpage price projections: project risk and feedstock volumes by type.

As of September 25 2012, WBUS counts 452 announced and operating wood bioenergy projects in the US with total, potential wood use of 124.8 million tons per year by 2022. Based on Forisk analysis, 298 projects representing potential wood use of 77.0 million tons per year pass basic viability screening.

- To learn about project-by-project tracking and expanded analysis of wood bioenergy markets in the US, check out [Wood Bioenergy US](#).
- To download the free WBUS summary, click [here](#).

Forisk announces the recent publication of its book "[Wood for Bioenergy: Forests as a Resource for Biomass and Biofuels](#)" by Brooks Mendell and Amanda Lang. This book was published by the Forest History Society with support from the Plum Creek Foundation, U.S. Forest Service Research, Forest Investment Associates, National Alliance of Forest Owners, Potlatch Corporation, Price Biostock, the Westervelt Company, and the Lynn W. Day Endowment for Forest History Publications. For more information and to purchase, click [here](#).

Forisk Forecast: Forisk recently published its [Mid-Year Update for 2012](#) of state-by-state pine stumpage prices in the U.S. South and delivered softwood log prices in the Pacific Northwest. Forisk's Composite Housing Starts Outlook forecasts Base Case **housing starts of 1.3 million by 2014 and peak just below 1.8 million in 2017 before stabilizing at 1.6 million long-term.** When housing declined, the lumber industry "rationalized" capacity, increasing the stock of idled and closed sawmills. Forisk analysis of open and idled capacity implies utilization of 80%. This estimate falls in line with tracking of actual wood raw material consumption in the U.S. South. According to the *Wood Demand Report*, effective capacity utilization in the U.S. South at sawmills as of Q1 2012 was 77%. Carrying this forward, we see that **as housing starts "return to trend", demand for softwood lumber will outstrip current capacity.** This is also true in the U.S. West.

Forisk analysis of timber markets across the South over time indicates that excess sawtimber volumes could dampen or delay the "strengthening" of pine sawtimber and chip-n-saw prices in the U.S. South. Specifically, **the effect slows pine grade price growth by ~30% per year on average and reduces Base Case pine grade prices by ~\$1 per ton over the next two**



years. This effect varies by state and local market. In forecasting wood demand through 2022, Forisk estimates the excess continues to impact stumpage prices in 2013 for all states except Texas.

To learn more about Forisk's market-specific stumpage forecasts tailored to individual wood-using facilities or timberland ownerships, contact Brooks Mendell at bmendell@forisk.com, 770.725.8447.

2013 Continuing Education Dates: Forisk offers specialized training for analysts, professionals, executives, and investors in the fields of forestry, bioenergy, and timberland and timber REIT investing. In addition to teaching customized workshops on-site for clients, Forisk will teach two one-day short courses in Atlanta in 2013:

- **Applied Forest Finance: February 7, 2013**
- **Timber Market Analysis: August 7, 2013**

All Forisk courses qualify for Continuing Forestry Education (CFE) credits, Georgia Continuing Logger Education (CLE) credits, and Continuing Education (CE) credits through the Georgia Real Estate Appraiser's Board.

Please visit our [Continuing Education](#) page for more details about the classes.

If you are interested in a customized short course for your group on-site or via Skype or Webinar, please contact Heather Clark at 770-725-8447 or hclark@forisk.com.

Forisk Updates and Upcoming Presentations:

- October 17-18: "Key Learnings From Tracking Biomass Projects" at the TAPPI International Bioenergy and Bioproducts Conference, Savannah, GA

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