

FORISK NEWS

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NEW MILL DATA FORMAT

Forisk will be launching a new online platform for the *North American Mill Capacity Database* later this quarter. Stay tuned for more info and contact Nick DiLuzio to learn more at ndiluzio@forisk.com.

ABOUT FORISK

Forisk helps the forest industry make better decisions. We discover how things work through conducting applied research related to timber markets, wood bioenergy, and forest operations. Founded in 2004 and headquartered near Athens, Georgia, **Forisk conducts original, nationally cited research.** Leading media outlets – including *The Wall Street Journal*, *New York Times*, and National Public Radio – cite our analysis.

Current Forisk clients account for over 250 million tons of annual wood use and over 100 million acres of timberland ownership in North America. You can learn more about our company, our services, and our products at www.forisk.com.

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Welcome to the Q2 edition of the *Forisk News*!

Since the previous *Forisk News* went to press, our team communicated with over 400 forest industry professionals in the U.S., Canada, Japan, and the UK on topics including [timberland investments](#), [risk management in forestry](#), [the North American domestic pellet market](#), [wood fiber markets](#), and [North America's top timberland owners and managers](#). Forisk research was featured and used for background by outlets such as Bloomberg and *LandThink*.

Forisk's team continues to grow with two new employees joining the team recently: Nick DiLuzio, VP of Business Development, and Dr. David Rossi, Forest Economist.

Next Forisk Webinar: Timber Market Analysis

October 16-17, 2024

Taught only once per year, this live virtual class walks through the process to understand, track, and analyze the price, demand, supply, and competitive dynamics of local timber markets and wood baskets through the use of case studies. It is divided into two half-days of course content where Day 2 builds on Day 1.

Registration will open in July!

[Visit Forisk's website to learn more.](#)

RECENT HIGHLIGHTS FROM FORISK'S BLOG

- [North America's Top Timberland Owners and Managers](#)
- [OSB Mill Investments and Predictions](#)
- [Financial Criteria in Forestry, Part I](#)
- [Financial Criteria in Forestry, Part II](#)
- [Local Variation in Supply, Demand, and Prices](#)
- [Q1 2024 Forisk Wood Fiber Review: PNW Residual Chip Prices Continue Downward Trend](#)
- [The Other Pellet Producers: North American Domestic Market](#)
- [Risk Management and Optionality in Forestry](#)
- [Timberland Investment Returns: Components and Key Questions](#)
- [Top 10 North American and U.S. Lumber Producers, 2023](#)
- [Priced To Perfection: Timberland and Risk](#)

SELECT FINDINGS FROM THE Q2 2024 FORISK RESEARCH QUARTERLY (FRQ)

The Q2 2024 [Forisk Research Quarterly \(FRQ\)](#) includes industry analysis and market forecasts through 2033 for timber prices, logging costs, softwood lumber production, structural panels production, paper and paperboard production, forest supplies, and wood bioenergy markets. **Select summary findings from the Q2 FRQ report include:**

- **Macro and Housing:** The economy grew 3.0% in 2023, slowing to a 1.6% annualized pace in Q1 2024. The labor market added 829 thousand jobs while unemployment hovered around 3.8%. Yields on 10-year U.S. Treasuries receded from 4.45% in Q4 2023 to 4.16% in Q1. In 2023, U.S. housing starts decreased 9% from 2022. Single family starts fell 6%, while multifamily fell 14% for the year. New home sales rose 5% year-over-year in Q1 2024.
- **Lumber:** Through February 2024, total North American softwood lumber exports increased 8% year-over-year and hardwood exports fell 3%. U.S. softwood lumber production was up 12% over the five-year period ending in Q4 2023. Canada, Mexico, and China accounted for 63% of all U.S. lumber exports through February 2024. Softwood lumber prices decreased 7% year-over-year in Q1 2024. Capital investments in the sawmill sector continue with over \$2.4 billion in announced projects representing 3.6 BBFT of increased capacity by 2026 in the U.S. South alone.
- **Structural Panels (OSB & Plywood):** U.S. OSB production was flat (<1%) through Q1 2024, and plywood production decreased 4%. Net imports for both products increased. Quarter-over-quarter OSB prices increased 10% and plywood increased 2% in Q1 2024. Announced mill openings and investments expect to add at least 4.4 BSF to North American structural panel capacity through 2026.
- **Pulp & Paper:** Paper and paperboard production declined 1% in Q1 2024. Packaging production rose 1% in Q1 2024, up 4% year-over-year. OCC prices rose 24% in Q1, rising over 200% year-over-year. Market pulp prices increased in Q1 but remained down 14% year-over-year.
- **Wood Bioenergy:** As of April 2024, Forisk's [Wood Bioenergy Database](#) tracks 494 operating and announced projects. Based on Forisk's viability screening, 356 projects pass with potential wood use of 99.7 million tons per year. Most bioenergy projects are in the biomass to electricity, CHP, and pellet segments, though renewable hydrocarbon (liquid biofuel, biochar) projects are increasing. Through February 2024, U.S. wood pellet exports increased 13.4% year-over-year while Canadian wood pellet exports decreased 16.6%. North American wood pellet capacity is expected to grow 9.9% in 2024, to 21.4 million tonnes.
- **Log & Chip Exports:** Through February 2024, Canadian softwood exports were up 35% while U.S. softwood log exports were down 13%. U.S. softwood chip exports for the same period rose over 18%. Southern softwood log exports dipped 18% year-over-year, affected by unstable markets in Asia. The top three U.S. forestry commodity trade partners, Canada, Japan, and China, account for 85% of U.S. wood product exports.
- **Timberland Investments:** All three timber REITs are trading below where they started the year. As a sector, public timber REITs declined 6.0% over the past twelve months according to the market cap weighted [Forisk Timber REIT Index \(FTR\)](#). Over 1 million acres of industrial timberland transactions closed in the United States for the last four quarters. TIMOs accounted for the largest portion of acreage bought and sold at 36.8% and 58.5%, respectively.
- **Forest Operations:** Logging employment losses worsened in the U.S. West and West Canada. Through Q3 2023, the four-quarter average employment fell 3% or more in every North American region except East Canada, where employment rose 2%. Logging wages rose increased across North America though the pace of wage growth slowed. Trucking employment dipped 2% year-over-year, in step with falling freight demand.
- **Timber Markets, U.S. South:** Southern stumpage increased for all timber products except hardwood sawtimber in Q1 2024, which fell 0.2% according to Timber Mart-South. The 2024 forecast for pine sawtimber implies a 0.8% increase in prices from 2023 levels. Average pine sawtimber prices are not forecasted to recover to 2022 levels until 2027.
- **Log Prices, Pacific Northwest:** Domestic log prices fell 4.1% in Washington while rising 0.8% in Oregon in Q1 2024. Export Douglas-fir log prices decreased 0.9% while export Hemlock prices increased 0.9%. Forisk's "base case" projects a drop for Douglas-fir prices in Oregon in 2024 followed by increases in 2025. Logging and hauling costs remain relatively flat over the next decade due to a steady diesel price forecast.
- **Hardwood Markets, U.S. North:** Forisk's Hardwood Price Index increased 5.2% in Q4 2024, falling 1.1% year-over-year. Last 4Q starting prices were led by black cherry in the Middle Atlantic, yellow birch in New England, and red oak in the Lake States

To learn more about the Forisk Research Quarterly (FRQ) subscription, [click here](#) or contact Nick DiLuzio at ndiluzio@forisk.com.

FORISK IN THE NEWS

- ▶ [Forisk article “Are We Pricing Timberland to Perfection?” featured in *LandThink*](#)
- ▶ [Forisk article “Dollar-Cost Averaging with Timberland Investments” featured in *LandThink*](#)
- ▶ [Forisk article “When Analyzing Forest Investments, Start by Clearly Defining the Question” featured in *LandThink*](#)

UPDATES FROM FORISK

- ▶ **Forisk recently welcomed two new team members!** Nick DiLuzio joined as our new VP of Business Development, and David Rossi is our new Forest Economist. Welcome, Nick and David!
- ▶ **Forisk’s 2024 North American Timberland Owner & Manager List is now available!** The 2024 edition includes 320 organizations that own or manage at least 10,000 acres. [Click here to learn more.](#)

FORISK RESEARCH & DATA SUBSCRIPTIONS

- ▶ [Forisk Research Quarterly \(FRQ\)](#)
- ▶ [Forisk Wood Fiber Review \(WFR\)](#)
- ▶ [Forisk North American Mill Capacity Database & GIS Shapefiles](#)

Contact Nick DiLuzio to learn more about any of these products:
ndiluzio@forisk.com

SPECIAL RESEARCH IN THE Q2 FRQ

Featured Research: Investment Criteria & Timberland Liquidity Forest inventories comprise capital at work. An investment mindset requires the regular assessment of the opportunity cost of having that capital invested in trees versus an alternate assessment. This article addresses two topics raised by timberland investors. First, how should forest owners think about and apply financial criteria for different investment decisions? Second, to what extent are timberland investments exposed to issues related to liquidity? Choosing which financial criterion to use, and how to think about issues such as liquidity, depends on the questions we’re asking.

Market Update, Q2 2024: In this edition of quarterly observations and summary analysis of forest industry trends, we begin by analyzing transformations in North America’s OSB panel market. Then, we look back and evaluate the performance of our previous price, production, and supply forecasts. Finally, we examine the realities of the current pine pulpwood market.

Forisk Facts & Figures: Forisk’s “story in 3 slides” provides a snapshot of our [research into North America’s largest timberland owners and managers](#). What does the timberland research cover, who are the largest timberland owners, and how has ownership changed over time?

CAPACITY DECLINED FOR PULP/PAPER AND PLYWOOD MILLS; CAPACITIES FOR OSB MILLS WERE FLAT WHILE CAPACITIES INCREASED FOR LUMBER AND PELLET MILLS.

Quarterly analysis of mill capacities observes pulp/paper mill capacities for North America declined 3% from Q4 due to mill closures in the South. Plywood manufacturing capacity declined by 0.7%, OSB capacity was stable, and pellet mill capacity increased the most at 14%. “In light of lower demand for pulp and paper products, the pellet industry continues to complete capital projects,” notes Pat Jolley, Product Manager of [Forisk’s Mill Capacity Database](#). He explains “the Forisk Mill Database had changes to 291 mills over the quarter and 17% of those were pellet mills” added Mr. Jolley. [Read the full Research Release here.](#)

NORTH AMERICAN FIBER PRICES FELL FOR MOST REGIONS YEAR-OVER-YEAR

North American wood fiber prices decreased 7% year-over-year through Q1 2024 according to the [Forisk Wood Fiber Review \(FWFR\)](#). Continued soft demand from pulp and paper mills, decreasing foreign demand, and generally favorable logging conditions contributed to the fiber oversupply in North America.

U.S. roundwood and chip prices fell around 1% and 15% year-over-year, respectively. “After a tough 2023, market participants are starting the year cautiously optimistic for a better 2024. The oversupply of low cost and accessible fiber, particularly in the South, still has many investors investigating how to best use it, providing relief in some markets” noted Stephen Wright, Product Manager for the *FWFR*. [Read the full Research Release here.](#)