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US South Pine Sawtimber Prices Expected to Decline in 2012 and Recover in 2013-2014

ATHENS, GEORGIA – September 22, 2011 – Forisk Consulting forecasts sawtimber prices for the US South weakening 2.7% in 2012 and then strengthening 2.9% into 2013. Key factors include weak expectations for housing starts and low utilization rates at sawmills. While sawtimber prices can increase temporarily from artificial shortages related to weather and logging capacity, long-term strengthening of sawtimber prices requires sawmill utilization to exceed 76%. For 2012, Georgia, Louisiana, Mississippi and Texas are the only states with forecasted sawtimber stumpage prices exceeding \$27/ton. Alternately, delivered prices for Douglas-fir and hemlock in Oregon and Washington look to increase 6% and 4.9% in 2012 thanks to continued exports to China.

Forisk's research emphasizes the critical importance of assessing timber prices locally. "Our team tracks 3,191 wood-using facilities in the United States. This includes every open, closed and idled forest industry mill, as well as every operating and announced wood bioenergy project," notes Dr. Tim Sydor, Forisk's Director of Economic Analysis and Forecasting. In 2010, Forisk's pine sawtimber forecast was within 4% of actual prices, and within \$1.00 per ton at the state level. "The key is understanding the localized relationship – the elasticity – between wood demand and prices. We consistently track and re-estimate the price-demand relationships as they change at the market level."

The *ForiskFORECAST* predicts pine sawtimber and pulpwood stumpage prices by state in the South and delivered log prices in the Pacific Northwest through 2020. In addition, Forisk provides US-wide mill databases and GIS shapefiles for internal analysis and map-making. For more information, visit www.foriskstore.com and click "Stumpage Price Forecasts."

About Forisk Consulting: Forisk specializes in analyzing the supply and demand characteristics of local wood and timber markets. Forisk produces analytical products and provides research and educational services to operating, finance and strategy executives and analysts making decisions associated with timber REITs, timberlands, and wood-using bioenergy and manufacturing facilities.

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