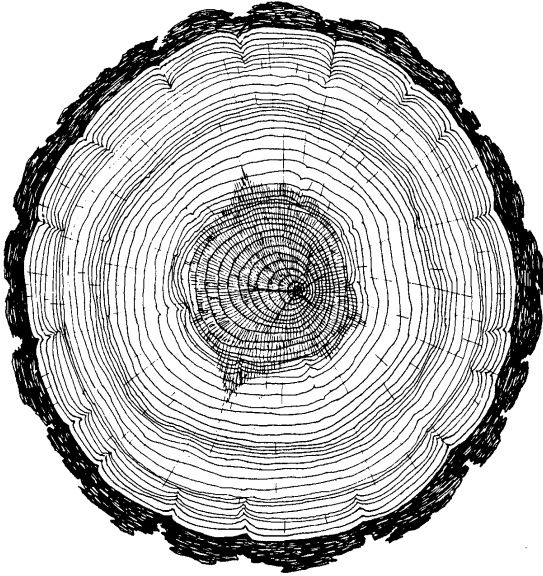


# TEXAS TIMBER PRICE TRENDS



**BIMONTHLY MARKET REPORT**

**VOL. 23 NO. 1**

**January/February 2005**

**T E X A S**  
**FOREST SERVICE**



The Texas A&M University System

# TEXAS TIMBER PRICE TRENDS

## WHAT IS THE PURPOSE OF THIS REPORT?

*Texas Timber Price Trends* is a bi-monthly publication reporting average prices paid for standing timber, commonly called the “stumpage price,” for the two months listed in the report. Its purpose is to provide timely information concerning timber market conditions in order to improve decision making and foster fair transactions that benefit both buyer and seller and encourage conservation of the timber resource. Market information is particularly important to nonindustrial private landowners who are only infrequent participants in this complex market.

## WHERE DOES THE DATA COME FROM?

Average stumpage prices published in this report are calculated from actual timber sales as reported by as many as 60 cooperators active in the East Texas timber market. Reporters include forest product companies, logging contractors, consulting foresters, non-industrial landowners, financial institutions, and federal agencies. Research has shown that a diversity of reporters tends to reduce bias and improve the reliability of the price estimates.

## HOW ARE AVERAGE PRICES CALCULATED?

The calculation of average prices weighs each sale by the volume sold. This is done to filter out the effect that the size of the sale has on the price paid, thus providing a more consistent and meaningful average. The result is that the average price reported is the average price paid per unit of volume, NOT per the average timber sale.

The price per ton for each product category is calculated from the price per ton as reported or using a specific conversion factor for each sale provided by the reporters. When a specific conversion factor for each sale is not available, an average conversion factor listed on page 8 is used instead. Readers should note that volume to weight conversions vary depending on the average diameter of the logs in the sale.

## HOW CAN I USE THIS REPORT?

*This report is intended to serve only as a guide to general price levels.* Individuals interested in selling timber can use this report to monitor market trends and get a general idea of what their timber is worth. However, it should not be used to judge the fair market value of a specific timber sale. The price paid for a specific stand of timber will vary considerably due to such factors as: size, species, and quality of timber; total volume and volume per acre; logging conditions; distance to the mill; end product of manufacture; and current demand and local competition for timber. Additionally, timber markets often change rapidly and therefore past prices are not necessarily a reflection of current market prices. We strongly recommend the use of a competitive bidding process as the ultimate determinant of market price for any specific tract of timber.

## COMMENTS

### Price Stayed Firm for Pine But Eased Off for Hardwood

Average stumpage prices of pine sawtimber for January-February 2005 increased slightly for northeast Texas, from \$40.65/ton in November/December 2004 to \$41/ton. In Southeast Texas, price appreciated from \$42.05/ton in the November/December period to \$44.87/ton, a \$2.82/ton increase. Statewide average stumpage prices of pine sawtimber were almost the same as for the previous two-month period, around \$41/ton.

Compared to the same period a year ago, average stumpage prices of pine sawtimber this winter rose sharply. They increased by 7.85% or \$3/ton from the \$38.19/ton last year.

Finally, pine pulpwood prices had a healthy gain this period. They rose to \$10.91/ton, or an 18% or \$1.66/ton increase, from the previous two-month period. Compared to the same period last year, this was a whopping 69.7% or \$4.48/ton jump. Particularly in the Northeast Region, average prices of pine pulpwood for this period went up to \$14.36/ton, a level that has not been seen for the last several years.

Pine small sawtimber (chip-n-saw) prices also increased during the January/February 2005 period, to \$19.37/ton. This was a 9.4% or \$1.66/ton increase from the November/December period, which was \$17.71/ton. Last year, the statewide average stumpage price of pine small sawtimber was only \$13.03/ton, which was 32.7% or \$6.34/ton lower than January/February this year.

Statewide average prices of hardwood sawtimber went down during the January/February 2005 period, to \$15.01/ton. This was a 20.2% or \$3.81/ton drop from the November/December period. Last year, the average price of hardwood sawtimber was \$0.87/ton lower for the same period.

Hardwood pulpwood stumpage prices averaged \$8.49/ton, a 12.7% or \$1.24/ton decrease from November/December 2004 (\$9.73/ton). However, stumpage price of hardwood pulpwood for this period is still much higher than the \$5.98/ton for the same period a year ago.

Timber markets have done better than last year. Pulpwood markets for both pine and hardwood increased in the first two months of this year.

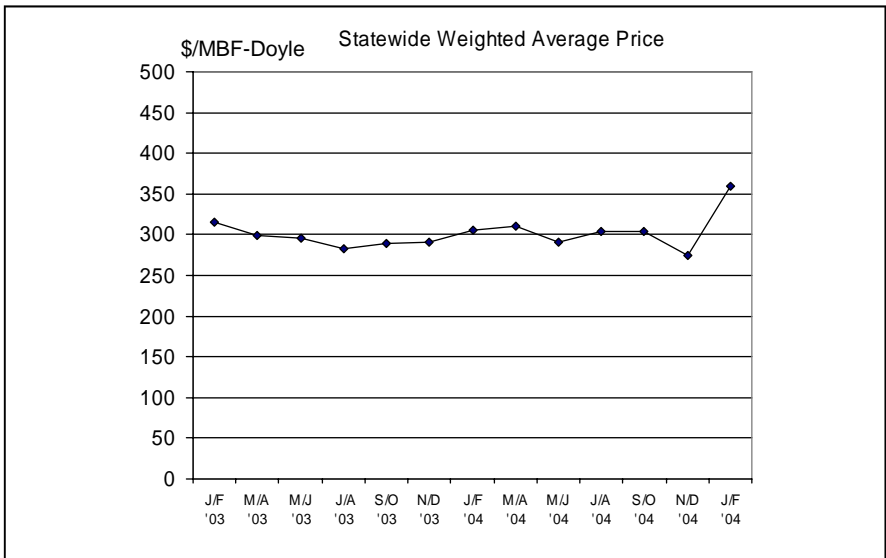
# TEXAS TIMBER PRICES FOR 2005 PROPERTY TAX APPRAISAL

|                      | 2000     | 2001     | 2002     | 2003     | 2004     |
|----------------------|----------|----------|----------|----------|----------|
| Large Pine Sawtimber | \$ 39.29 | \$ 38.33 | \$ 39.23 | \$ 36.21 | \$ 34.77 |
| Small Pine Sawtimber | \$ 19.96 | \$ 15.39 | \$ 17.92 | \$ 16.81 | \$ 18.04 |
| Pine Pulpwood        | \$ 11.26 | \$ 6.15  | \$ 4.65  | \$ 5.89  | \$ 19.77 |
| Hardwood Sawtimber   | \$ 15.07 | \$ 13.28 | \$ 16.10 | \$ 16.49 | \$ 6.99  |
| Hardwood Pulpwood    | \$ 9.05  | \$ 9.70  | \$ 4.83  | \$ 5.30  | \$ 5.87  |

Starting from January 1, 2004, the new legislation (Senate Bill 1646 of 2003) requires stumpage prices to be in tons in the tax appraisal formula. Also, statewide average stumpage prices (vs. northeast and southeast) will also be required for the tax appraisal. Another important new change from this law is that small pine sawtimber (chip-n-saw) is recognized as a timber product.

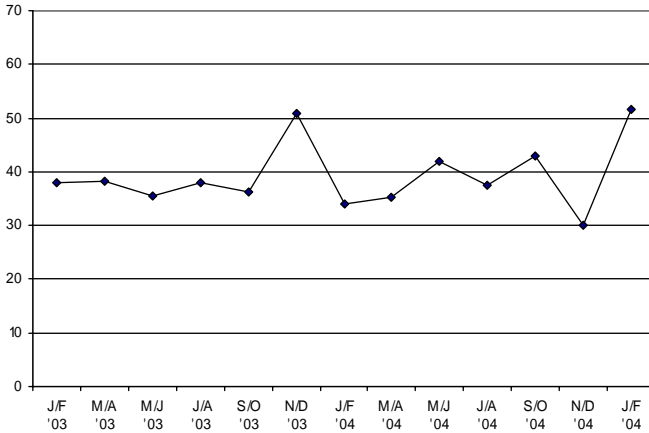
Data Source: Texas Forest Service, February 2005

## PINE SAWTIMBER



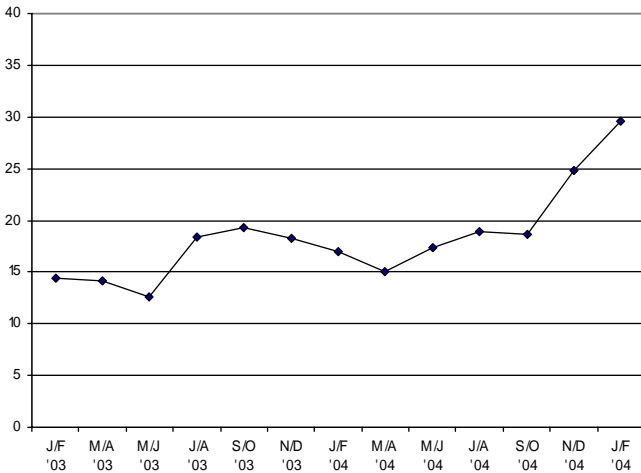
# PINE CHIP-N-SAW

\$/cord Statewide Weighted Average Price



# PINE PULPWOOD

\$/cord Statewide Weighted Average Price



**The prices in this table do not represent market price for a specific tract of timber.**

Market price for any specific tract of timber may vary considerably due to variation in tract size, timber quality, species, total volume and volume per acre, logging conditions, distance to the mill, utilization, current demand and local competition for timber, and rapidly changing timber market.

**For timber prices used for timberland property taxation, please see page 3.**

## STUMPAGE PRICE TRENDS IN TEXAS

January/February 2005

14-Apr-05  
Volume 23, No. 1

| Product/Region       | Average Price |        | Average Price Last Period |        | Average Price Same Period A Year Ago |        | # of Sales Reported | Total Volume |            |
|----------------------|---------------|--------|---------------------------|--------|--------------------------------------|--------|---------------------|--------------|------------|
|                      | \$/Ton        | \$/MBF | \$/Ton                    | \$/MBF | \$/Ton                               | \$/MBF |                     | Ton          | MBF        |
| <b>PINE</b>          |               |        |                           |        |                                      |        |                     |              |            |
| <b>Sawlogs</b>       |               |        |                           |        |                                      |        |                     |              |            |
| Northeast TX         | 41.00         | 360.53 | 40.65                     | 345.81 | 34.70                                | 308.28 | 20                  | 109,783.21   | 12,486.41  |
| Southeast TX         | 44.87         | 337.95 | 42.05                     | 230.22 | 41.36                                | 302.60 | 3                   | 5,355.46     | 711.01     |
| Statewide*           | 41.18         | 359.31 | 41.37                     | 273.87 | 38.19                                | 305.03 | 23                  | 115,138.67   | 13,194.42  |
| USFS                 | **            | **     | **                        | **     | **                                   | **     | **                  | **           | **         |
| <b>Pulpwood</b>      |               |        |                           |        |                                      |        |                     |              |            |
| Northeast TX         | 14.36         | 38.19  | 13.43                     | 35.84  | 6.79                                 | 18.31  | 37                  | 124,470.77   | 46,820.15  |
| Southeast TX         | 9.46          | 25.86  | 7.05                      | 19.03  | 6.02                                 | 16.24  | 31                  | 296,802.69   | 108,596.38 |
| Statewide*           | 10.91         | 29.57  | 9.25                      | 24.86  | 6.43                                 | 17.35  | 68                  | 421,273.46   | 155,416.53 |
| USFS                 | **            | **     | **                        | **     | **                                   | **     | **                  | **           | **         |
| <b>Chip-N-Saw</b>    |               |        |                           |        |                                      |        |                     |              |            |
| Northeast TX         | 19.38         | 51.57  | 22.27                     | 55.67  | **                                   | **     | 12                  | 10,114.99    | 3,800.51   |
| Southeast TX         | **            | **     | 17.61                     | 29.60  | 13.03                                | 33.89  | 1                   | 65.94        | 25.12      |
| Statewide*           | 19.37         | 51.56  | 17.71                     | 29.97  | 13.03                                | 33.89  | 13                  | 10,180.93    | 3,825.63   |
| <b>HARDWOOD</b>      |               |        |                           |        |                                      |        |                     |              |            |
| <b>Mixed Sawlogs</b> |               |        |                           |        |                                      |        |                     |              |            |
| Northeast TX         | 16.98         | 159.19 | 18.42                     | 172.36 | 14.29                                | 122.65 | 3                   | 434.04       | 46.28      |
| Southeast TX         | **            | **     | 21.85                     | 186.00 | 14.04                                | 114.78 | 2                   | 503.33       | 64.38      |
| Statewide*           | 15.01         | 127.17 | 18.82                     | 174.09 | 14.14                                | 117.71 | 5                   | 937.36       | 110.67     |
| USFS                 | **            | **     | **                        | **     | **                                   | **     | **                  | **           | **         |
| <b>Pulpwood</b>      |               |        |                           |        |                                      |        |                     |              |            |
| Northeast TX         | 9.92          | 28.38  | 10.53                     | 29.56  | 6.35                                 | 17.96  | 9                   | 21,861.00    | 7,640.83   |
| Southeast TX         | 8.27          | 22.74  | 8.04                      | 22.64  | 4.14                                 | 11.90  | 3                   | 139,736.04   | 50,819.19  |
| Statewide*           | 8.49          | 23.48  | 9.73                      | 27.34  | 5.98                                 | 16.95  | 12                  | 151,597.04   | 28,460.02  |
| USFS                 | **            | **     | **                        | **     | **                                   | **     | **                  | **           | **         |

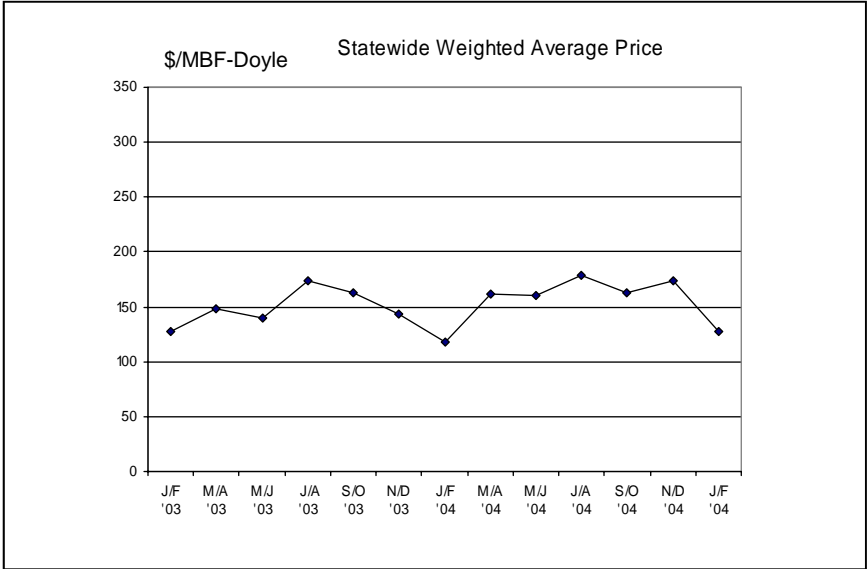
1. Stumpage price statistics included gateway sales. Stumpage prices from the gateway sales were estimated by subtracting cut and haul costs, other expenses and profits if any provided by the reporters.

2. Price is calculated from a specific conversion factor reported for each sale if available; otherwise, the average conversion factors listed on page 8 are used. MBF = Thousand Board Feet. The DOYLE LOG SCALE is used for board foot measurements.

\* Statewide data excludes U.S. Forest Service sales.

\*\* Insufficient sales to report price statistics (less than three reported sales).

# HARDWOOD SAWTIMBER



# HARDWOOD PULPWOOD



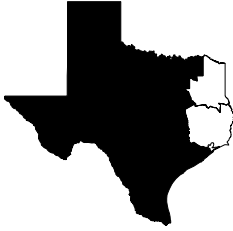
# TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

| Year   | Pine         |            |          | Hardwood     |          |
|--------|--------------|------------|----------|--------------|----------|
|        | Sawlog       | Chip-N-Saw | Pulpwood | Sawlog       | Pulpwood |
|        | \$/MBF-Doyle | \$/Cord    | \$/Cord  | \$/MBF-Doyle | \$/Cord  |
| 1984   | 170.53       | 30.85      | 23.48    | 54.61        | 4.03     |
| 1985   | 129.87       | 28.35      | 18.46    | 54.79        | 5.13     |
| 1986   | 127.45       | 23.68      | 14.53    | 46.16        | 4.18     |
| 1987   | 142.59       | 22.53      | 15.28    | 55.46        | 6.78     |
| 1988   | 152.31       | 24.88      | 16.33    | 64.93        | 6.59     |
| 1989   | 156.32       | 26.25      | 18.45    | 69.48        | 9.27     |
| 1990   | 163.34       | 30.12      | 22.17    | 62.20        | 6.03     |
| 1991   | 189.33       | 29.71      | 22.59    | 53.83        | 9.09     |
| 1992   | 252.26       | 39.39      | 27.98    | 67.04        | 10.10    |
| 1993   | 283.80       | 39.46      | 26.89    | 80.67        | 12.76    |
| 1994   | 358.03       | 47.81      | 22.75    | 93.77        | 15.57    |
| 1995   | 438.36       | 62.96      | 27.26    | 105.17       | 28.65    |
| 1996   | 395.46       | 59.18      | 25.25    | 88.28        | 10.78    |
| 1997   | 441.75       | 73.39      | 28.61    | 132.20       | 25.20    |
| 1998   | 414.51       | 76.40      | 37.01    | 138.75       | 14.41    |
| 1999   | 382.86       | 68.44      | 28.95    | 139.44       | 12.24    |
| 2000   | 376.57       | 57.69      | 19.20    | 120.88       | 7.97     |
| 2001   | 325.14       | 42.06      | 12.94    | 120.32       | 15.11    |
| 2002   | 334.86       | 41.92      | 12.33    | 156.97       | 15.67    |
| 2003   | 289.30       | 41.90      | 14.90    | 157.81       | 15.85    |
| 2004   | 392.30       | 59.55      | 23.23    | 189.73       | 16.90    |
| 2005.1 | 359.31       | 51.56      | 29.57    | 127.17       | 23.48    |

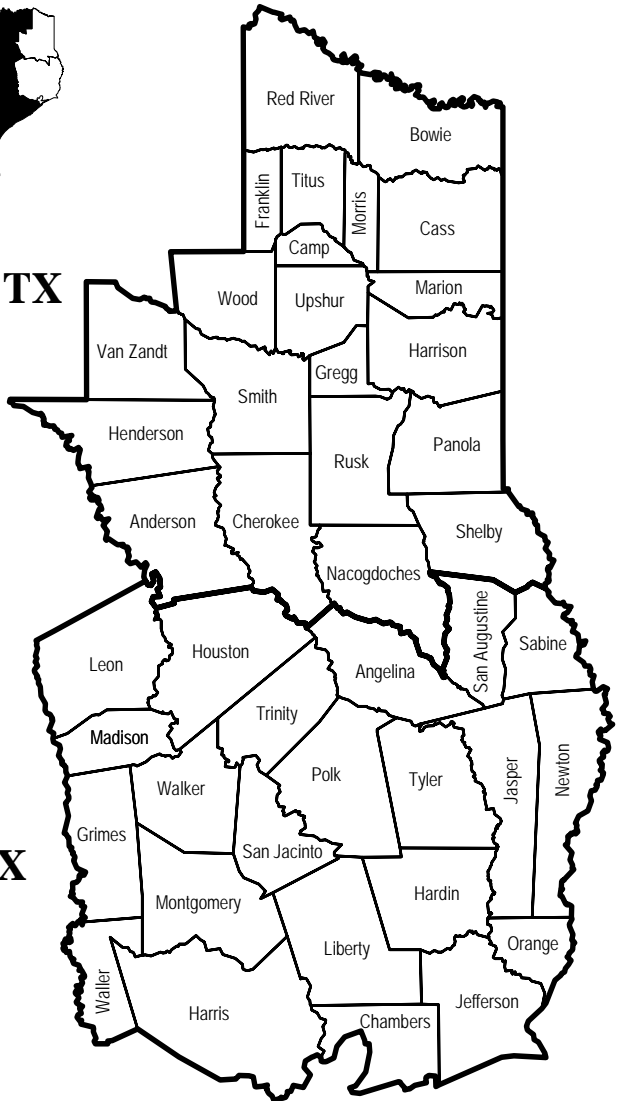


# Texas Timber Price Trends

## Market Regions



**Northeast TX**  
Region I



**Southeast TX**  
Region II

## VOLUME CONVERSION FACTORS

A specific conversion factor for each sale reported by the reporters is used for price calculations when available; otherwise, the following average conversion factors are used:

|                 |   |
|-----------------|---|
| <b>Sawlogs</b>  | MBF-International-1/4" X 0.74 = MBF-Doyle |
|                 | MBF-Scribner X 0.78 = MBF-Doyle           |
|                 | MBF-USFS Scribner X 0.814 = MBF-Doyle     |
|                 | Pine - 7.58 Tons = 1 MBF-Doyle            |
|                 | Hardwood - 9.05 Tons = 1 MBF-Doyle        |
|                 | Pine Chip-N-Saw: 1 Cord = 2.68 tons       |
| <b>Pulpwood</b> | Pine - 2.52 Tons = 1 Cord                 |
|                 | Hardwood - 2.8 Tons = 1 Cord              |
|                 | Pine - 81 Cubic Feet = 1 Cord             |
|                 | Hardwood - 80 Cubic Feet = 1 Cord         |

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