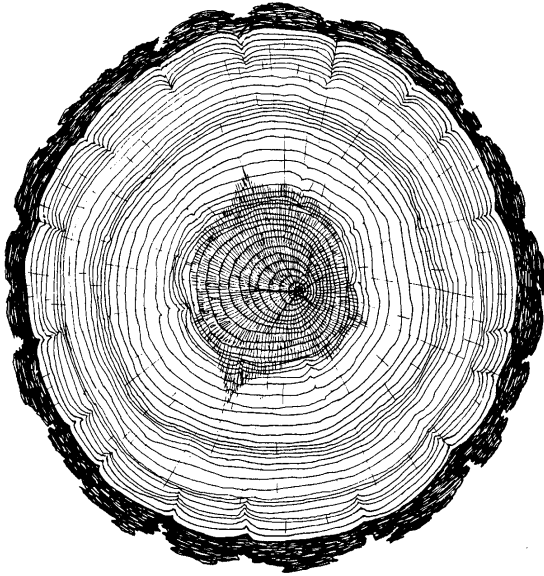


TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 25 NO. 3

May/June 2007

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 family forest 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, family forest 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 which provides 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

Timber sales were reported by nine different reporters for the May/June 2007 period. Reported stumpage prices increased for pine sawtimber, hardwood sawtimber, and hardwood pulpwood, while prices decreased for pine chip-n-saw and pine pulpwood.

Pine sawtimber averaged \$342.15/MBF (\$48.81/ton) in East Texas. This compares with \$322.40/MBF (\$49.44/ton) for March/April and \$294.51/MBF last year, 6 percent and 16 percent increases, respectively. A wide difference occurred between prices in Northeast Texas and Southeast Texas. Average stumpage price was \$343.21/MBF (\$48.95) in Northeast Texas but only \$277.47/MBF (\$40.23/ton) in Southeast Texas. This is a difference of \$65.74/MBF. As has been the case for a while, most sales reported were for Northeast Texas—34 of 37 sales and more than 98 percent of the volume reported.

Pine pulpwood stumpage prices dropped after increasing over the last 8 months. Across East Texas, pine pulpwood averaged \$26.23/cord. This is \$5.52/cord less than reported last period, but almost double the \$13.70 (\$5.12/ton) reported last year. As was the case with pine sawtimber, prices were higher in Northeast Texas than in Southeast Texas—\$29.01/cord (\$10.78/ton) compared to \$20.56/cord (\$7.62/ton). Although pine pulpwood accounted for most of the sales reported for Southeast Texas, 39 of 57 sales involving pine pulpwood were reported for Northeast Texas.

Average stumpage price reported for pine chip-n-saw was \$49.66/cord (\$18.39/ton) for May/June. In March/April, the price was \$57.83/cord (\$21.42/ton) and last year, the reported price was \$44.79/cord (\$16.59/ton).

Hardwood sawtimber prices increased by about 10 percent over last period. Average price was \$186.77/MBF (\$19.56/ton) in May/June compared to \$169.50/MBF (\$17.80/ton) in March/April. Last year, reported price was \$140.02/MBF (\$15.48/ton). All reported sales for hardwood were for Northeast Texas.

Hardwood pulpwood sold for \$31.35/cord (\$11.20/ton). This is 28 percent higher than last period. Hardwood pulpwood has shown a general upward trend since its low of \$9.27/cord (\$3.30/ton) in May/June of 2006.

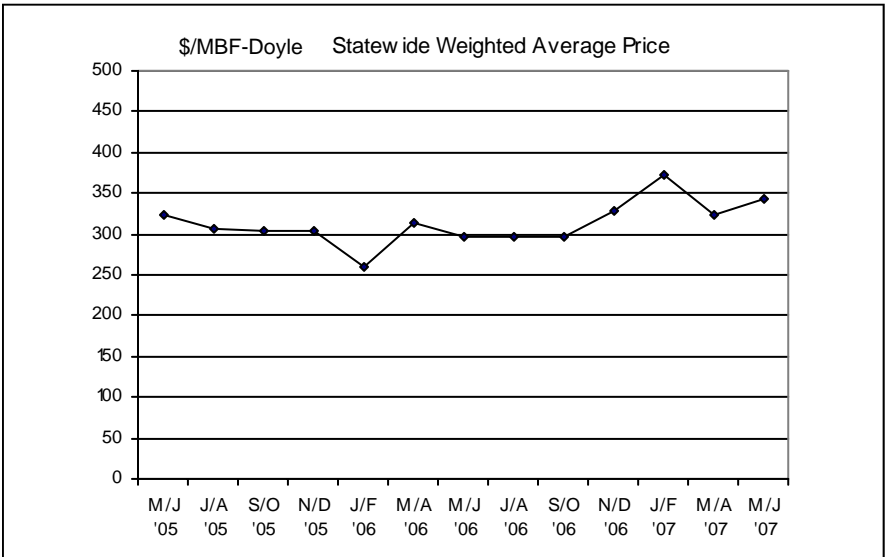
TEXAS TIMBER PRICES FOR 2006 PROPERTY TAX APPRAISAL

	2002	2003	2004	2005	2006
Large Pine Sawtimber	39.23	\$ 36.21	\$ 34.77	\$ 38.93	\$ 39.33
Small Pine Sawtimber	\$ 17.92	\$ 16.81	\$ 18.04	\$ 17.94	\$ 16.25
Pine Pulpwood	\$ 4.65	\$ 5.89	\$ 6.99	\$ 6.47	\$ 6.19
Hardwood Sawtimber	\$ 16.10	\$ 16.49	\$ 19.77	\$ 18.46	\$ 15.52
Hardwood Pulpwood	\$ 4.83	\$ 5.30	\$ 5.87	\$ 7.08	\$ 4.14

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, March 2007

PINE SAWTIMBER



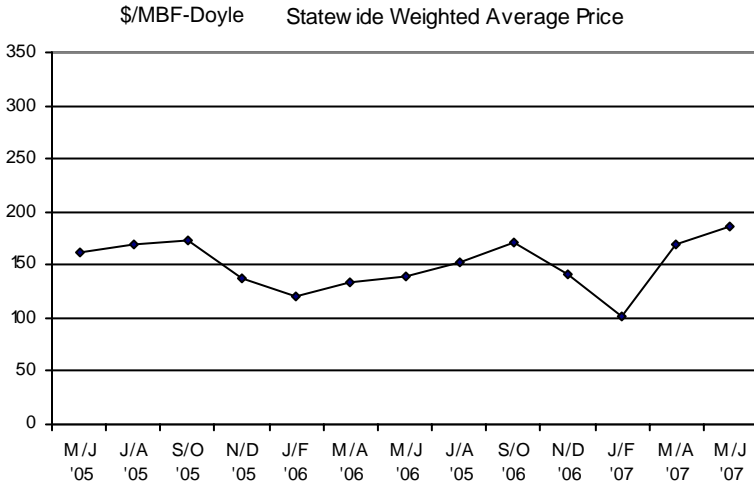
PINE CHIP-N-SAW



PINE PULPWOOD



HARDWOOD SAWTIMBER



HARDWOOD PULPWOOD



TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

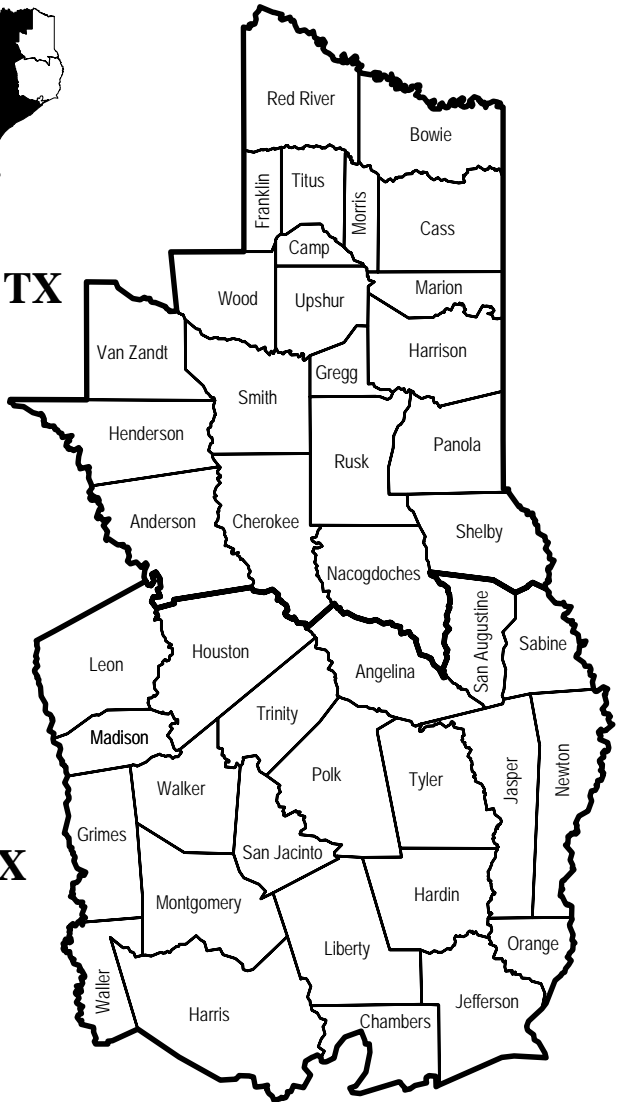
Year	Pine			Hardwood	
	Sawlog	Chip-N-Saw	Pulpwood	Sawlog	Pulpwood
	\$/MBF-Doyle	\$/Cord	\$/Cord	\$/MBF-Doyle	\$/Cord
1984	170.53	30.85	23.48	54.61	4.03
1985	129.87	28.35	18.46	54.79	5.13
1986	127.45	23.68	14.53	46.16	4.18
1987	142.59	22.53	15.28	55.46	6.78
1988	152.31	24.88	16.33	64.93	6.59
1989	156.32	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	312.57	46.44	19.25	175.24	20.75
2006	299.07	43.72	17.22	144.98	13.22
2007.1	370.57	--	29.72	101.38	26.96
2007.2	322.40	57.83	31.75	167.47	24.49
2007.3	342.15	49.66	26.23	186.77	31.35

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:

Sawlogs	MBF-International-1/4" \times 0.74 = MBF-Doyle
	MBF-Scribner \times 0.78 = MBF-Doyle
	MBF-USFS Scribner \times 0.814 = MBF-Doyle
	Pine—8 Tons = 1 MBF-Doyle
	Hardwood—9 Tons = 1 MBF-Doyle
	Pine Chip-N-Saw—1 Cord = 2.68 tons
Pulpwood	Pine— 2.7 Tons = 1 Cord
	Hardwood—2.8 Tons = 1 Cord
	Pine—81 Cubic Feet = 1 Cord
	Hardwood—80 Cubic Feet = 1 Cord

SUBSCRIPTION INFORMATION

Texas Timber Price Trends is a publication of the Texas Forest Service and is available at \$2 per copy from your local TFS office, or through an annual mail subscription of \$10 per year. To subscribe, please send your request and check or money order (payable to "Texas Forest Service") to:

Attn: Texas Timber Price Trends
Texas Forest Service
301 Tarrow Suite 364
College Station, TX 77840-7896

This publication is also available *free of charge* on the Texas Forest Service website:

<http://tfsweb.tamu.edu/sustainable/article.aspx?id=148>

WANT TO BE A REPORTER?

If you are active in the East Texas timber market, please consider becoming a cooperating price reporter. You'll receive report forms bi-monthly with a self-return envelope. In addition, you'll receive a complimentary subscription to the report in exchange for your price information. To sign up, contact the Texas Forest Service at the above address.

The Texas Forest Service is an Equal Opportunity Employer

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 a variety of factors such as quality of timber, logging conditions, volume of timber, and distance to mills.

For timber prices used for timberland property taxation, please refer to page 3.

STUMPAGE PRICE TRENDS IN TEXAS

May/June 2007

13-Aug-07

Volume 25, Number 3

Product/Region	Average Price		Average Price Last Period		Average Price Same Period One Year Ago		Sales Reported	Total Volume	
	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>Number</u>	<u>Tons</u>	<u>MBF</u>
PINE									
Sawlogs	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>Number</u>	<u>Tons</u>	<u>MBF</u>
Northeast TX	48.95	343.21	49.51	322.38	36.68	295.86	34	99,303	14,164
Southeast TX	40.23	277.47	44.85	323.28	37.84	294.07	3	1,601	232
Statewide	48.81	342.15	49.44	322.40	37.55	294.51	37	100,904	14,396
USFS	**	**	**	**	**	**	**	**	**
Pulpwood	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>Number</u>	<u>Tons</u>	<u>Cords</u>
Northeast TX	10.78	29.01	12.32	33.17	6.68	17.72	39	141,792	52,663
Southeast TX	7.62	20.56	8.08	21.80	3.53	9.52	18	69,967	25,914
Statewide	9.73	26.23	11.79	31.75	5.12	13.70	57	211,759	78,576
USFS	**	**	**	**	**	**	**	**	**
Chip-N-Saw	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>Number</u>	<u>Tons</u>	<u>Cords</u>
Northeast TX	19.96	53.89	21.42	57.83	20.03	54.08	9	1,975	731
Southeast TX	16.97	45.81	**	**	16.40	44.27	3	2,169	803
Statewide	18.39	49.66	21.42	57.83	16.59	44.79	12	4,144	1,535
HARDWOOD									
Mixed Sawlogs	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>Number</u>	<u>Tons</u>	<u>MBF</u>
Northeast TX	19.56	186.77	17.80	169.50	15.48	140.02	12	5,948	623
Southeast TX	**	**	**	**	**	**	**	**	**
Statewide	19.56	186.77	17.61	167.47	15.48	140.02	12	5,948	623
USFS	**	**	**	**	**	**	**	**	**
Pulpwood	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>Number</u>	<u>Tons</u>	<u>Cords</u>
Northeast TX	11.20	31.35	8.76	24.49	3.30	9.27	12	11,159	3,987
Southeast TX	**	**	**	**	**	**	**	**	**
Statewide	11.20	31.35	8.76	24.49	3.30	9.27	12	11,159	3,987
USFS	**	**	**	**	**	**	**	**	**

1. Stumpage price statistics include gateway sales. Stumpage prices for gateway sales are estimated by subtracting cut-and-haul costs, other expenses, and profits provided by reporter.
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.
3. Statewide data excludes U.S. Forest Service sales.
4. ** indicates insufficient sales to report price statistics (less than three sales).
5. Prices listed for previous periods may differ from previously published values because additional data have been received.