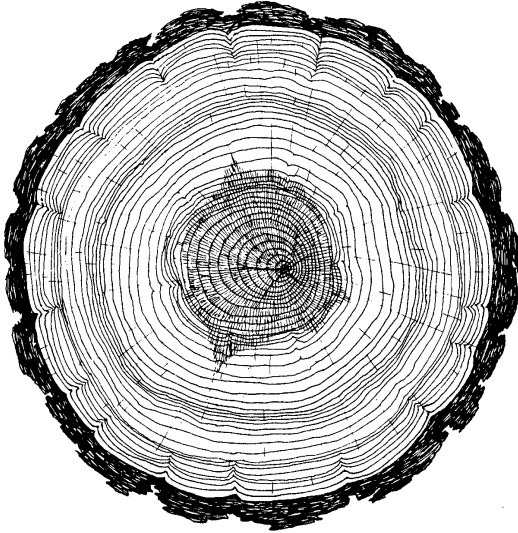


\$2.00

# TEXAS TIMBER PRICE TRENDS



**BIMONTHLY MARKET REPORT**

**VOL. 19 NO. 3**

**May/June 2001**

**T E X A S**  
**FOREST**  **SERVICE**  
Sustaining the American Dream

# TEXAS TIMBER PRICE TRENDS

## *How to Use This Report*

### **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 over 60 cooperators active in the East Texas timber market. Reporters include consulting foresters, large nonindustrial landowners, financial institutions, forest products companies, and state 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 weights 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 volume unit using the conversion factors listed on page 14 of the report. Readers should note that volume to weight conversions vary depending on the average diameter of the logs in the sale. Because we don't have information on average diameters for each sale reported, the per ton prices presented are based on an average conversion factor and not information from the specific sales reports.

### **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 competitive bidding process as the ultimate determinant of market price for any specific tract of timber.

## COMMENTS

The overall pine sawlog market was soft characteristics of this year so far, but its price stopped falling in May/June period. Good quality pine sawlogs continued to be sold at high prices. Pine pulpwood market was still very poor. Hardwood market in general was good, especially pulpwood. Hardwood pulpwood price was above average, partly due to the wet weather.

### **Pine Sawlogs Prices**

Pine sawlog statewide average price (volume-weighted) once again fell in the range of \$300-325/mbf (or \$38-41/ton). Compared to March/April, pine sawlog price in May/June increased from \$310/mbf to \$322/mbf. About 45% of the total 43 sales reported to us was under \$300/mbf (or \$38/ton). There were 4 sales of high quality pine sawlogs with high prices above \$420/mbf (or \$53/ton)(excluded from the averaging calculation). Volume-weighted average price for NE was \$337/mbf (or \$42/ton) and \$312/mbf (or \$39/ton) for SE region.

### **Pine Pulpwood Prices**

The price for pine pulpwood has been among the lowest in many years for an extended period. The May/June 2001 period is the 7th consecutive bimonthly period with pine pulpwood price below \$20/cord (or \$7.8/ton). Average price statewide was \$14/cord (or \$5.5/ton, unweighted) and \$13 (or \$5.3/ton, weighted) for May/June. As usual, there are exceptions to the average market price. We received 4 sales with high-priced pine pulpwood of 624 cords in total sold at \$25/cord or above price. Sale volume in the NE region was back to a level that's more typically seen in recent period (7,862 cords) from the extremely low level (3,051 cords) in the previous two months.

### **Hardwood Sawlog and Pulpwood Prices**

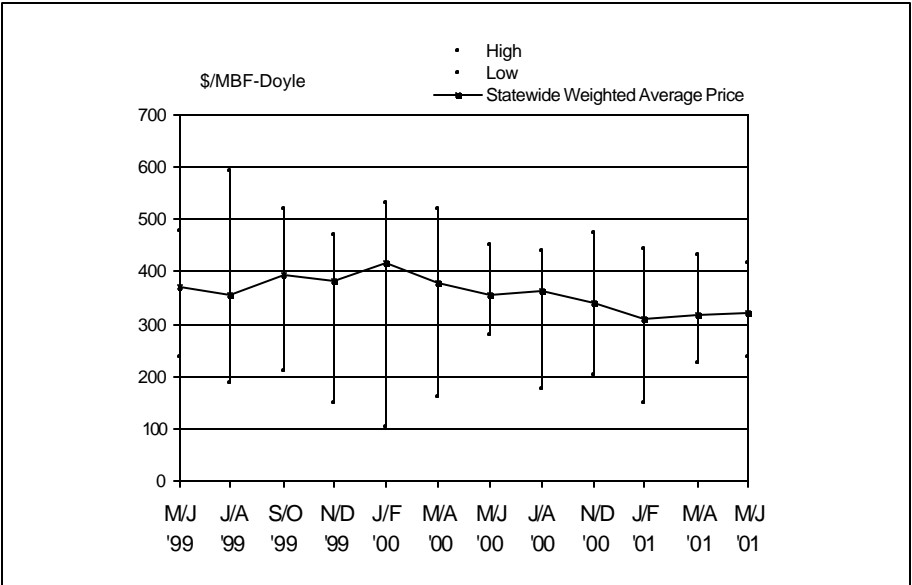
The average price for hardwood sawlog, statewide volume-weighted, was \$115/mbf (or \$13/ton). High grade red oak timber price was strong due to demand from a local mill in Nacogdoches purchasing wood at \$535/mbf (or \$59/ton), delivered. A couple of sales were reported to us above \$150/mbf (or \$17/ton).

Hardwood pulpwood price was \$14/cord (or \$5/ton) for the East Texas region, volume-weighted.

# Capital Gain Rate Reduction in 2001

If you are in the 15% bracket in 2001 and you sell assets held more than 5 years, you will pay an 8% rate (instead of 10%) on such gain. Pure and simple. Now is a little more complicated rule: if you are in 28% or higher, you will pay 18% (instead of 20%) for assets acquired after December 31, 2000 and held more than 5 years. So, the rate reduction from 20% to 18% will not be available until 2006 at the earliest. Also, as a general rule, the 18% rate does not apply to assets acquired prior to the cut-off date. However, there's a way to qualify those assets for the 18% rate. You can elect to treat the asset as sold on January 1, 2001 at its fair market value and pay taxes on such gain in your 2001 tax return (gain is the difference between the fair market value and the basis). Then your asset will be treated as re-acquired on January 1, 2001, which is after the cut-off date (a requirement for claiming the 18% rate). Once the property is held for more than 5 years counting from the re-acquisition date, 18% rate apply. The gain on deemed sale at the start of 2001 is added to your basis in the property, which will reduce the amount of gain realized upon future sale. Essentially, this gives you the benefit of claiming 18% rate for future sales on asset that's otherwise not eligible for the reduced rate. But the expense of that is that you pay part or the whole taxes earlier (on deemed sale).

## PINE SAWTIMBER & VENEER



## TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

Year	Pine			Hardwood	
	Sawlog \$/MBF-Doyle	Chip-N-Saw \$/Cord	Pulpwood \$/Cord	Sawlog \$/MBF-Doyle	Pulpwood \$/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
2001.1	310.36	37.45	12.57	119.27	16.86
2001.2	316.52	22.78	14.04	132.83	14.91
2001.3	321.52	51.12	13.46	114.78	13.94

# TIMBER PRICE TRENDS IN TEXAS

## May/June 2001

27-Jul-01  
Volume 19, No. 3

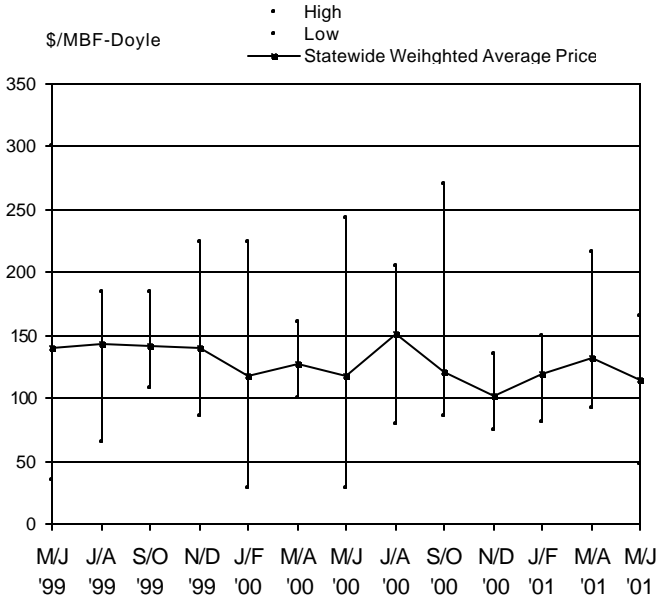
Product/Region	High		Low		Unweighted Average		Weighted Average(WA)		WA Last Period		WA 1 Year Ago		# of Sale Reported		Total Volume	
	\$/MBF	\$/Cord	\$/MBF	\$/Cord	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Cord	\$/MBF	\$/Cord	\$/MBF	\$/Cord		
<b>PINE</b>																
<b>Sawlogs &amp; Veneer</b>																
Northeast TX	386.56		238.00		324.98	40.62	336.86	42.11	343.14		352.81		18	4,163		
Southeast TX	416.00		278.28		311.35	38.92	311.56	38.94	307.33		358.42		25	6,411		
Statewide*	416.00		238.00		318.16	39.77	321.52	40.19	316.52		356.52		43	10,574		
USFS	**		**		**	**	**	**	**		**		**	**		
<b>Pulpwood</b>																
Northeast TX	25.00		7.00		13.29	5.32	12.30	4.92	12.87		16.38		23	7,862		
Southeast TX	30.00		6.57		14.86	5.66	14.86	5.66	14.57		20.33		18	6,577		
Statewide*	30.00		6.57		14.08	5.49	13.46	5.27	14.04		18.72		41	14,439		
USFS	**		**		**	**	**	**	**		**		**	**		
<b>Chip-N-Saw</b>																
Northeast TX	68.25		39.38		53.29	20.30	57.09	21.75	22.78		74.97		5	331		
Southeast TX	50.00		45.00		48.10	18.32	48.72	18.56	**		56.70		7	822		
Statewide*	68.25		39.38		50.69	19.31	51.12	19.48	22.78		58.53		12	1,153		
USFS	**		**		**	**	**	**	**		**		**	**		
<b>HARDWOOD</b>																
<b>Sawlogs &amp; Veneer</b>																
Northeast TX	165.56		63.00		112.74	12.53	118.07	13.12	**		137.36		12	757		
Southeast TX	144.00		48.46		103.71	11.52	106.61	11.85	132.83		113.45		7	305		
Statewide*	165.56		48.46		108.22	12.02	114.78	12.75	132.83		117.87		19	1,062		
USFS	**		**		**	**	**	**	**		**		**	**		
<b>Pulpwood</b>																
Northeast TX	22.40		7.80		15.24	5.44	14.33	5.12	19.10		12.41		13	7,294		
Southeast TX	19.60		7.00		10.88	3.89	11.68	4.17	12.56		8.89		10	1,238		
Statewide*	22.40		7.00		13.06	4.66	13.94	4.98	14.91		10.98		23	8,532		
USFS	**		**		**	**	**	**	**		**		**	**		

Price per ton is calculated from the average price per MBF or cord based on conversion factors listed under VOLUME CONVERSION FACTORS on page 8  
MBF=Thousand Board Feet. The DOYLE LOG SCALE is used for all board foot measurements

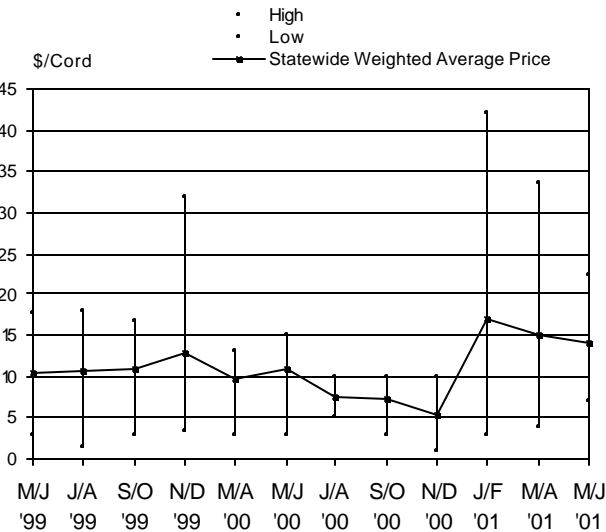
\*Statewide data excludes U.S. Forest Service sales

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

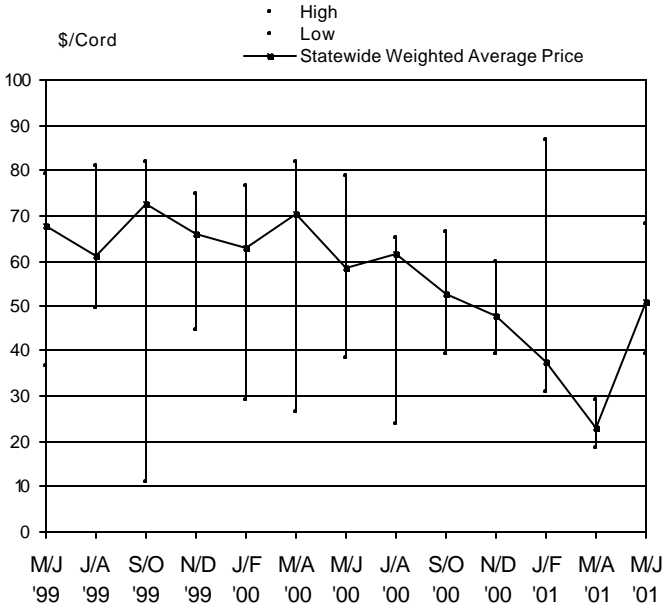
# HARDWOOD SAWTIMBER & VENEER



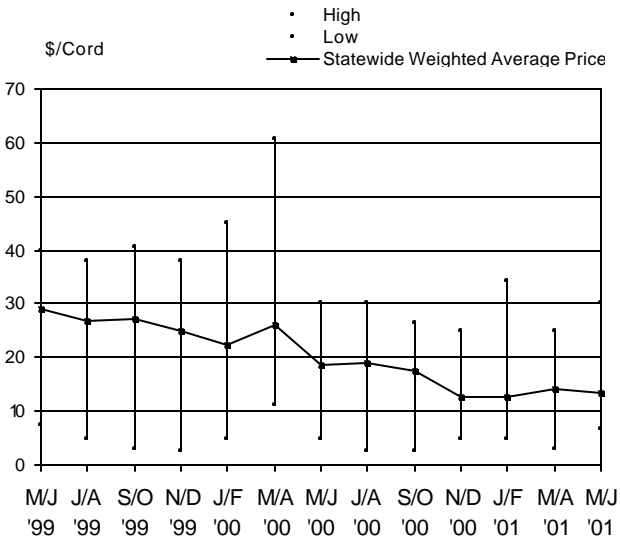
# HARDWOOD PULPWOOD



# PINE CHIP-N-SAW



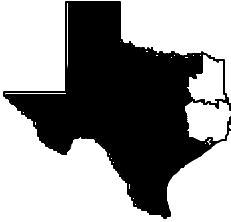
# PINE PULPWOOD





# Texas Timber Price Trends

## Market Regions



**Northeast TX**  
Region I



**Southeast TX**  
Region II

## VOLUME CONVERSION FACTORS

### Sawlogs - Veneer Logs

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 - 8 Tons = 1 MBF-Doyle  
Hardwood - 9 Tons = 1 MBF-Doyle  
2.37 Pine Cunits = 1 MBF-Doyle  
1 Cunit = 100 Cu.Ft.

### Pulpwood

Pine, Northeast TX - 2.5 Tons = 1 Cord  
Pine, Southeast TX - 2.625 Tons = 1 Cord  
Hardwood - 2.8 Tons = 1 Cord  
Pine - 81 Cu.Ft. = 1 Cord  
Hardwood - 80 Cu.Ft. = 1 Cord

## SUBSCRIPTION INFORMATION

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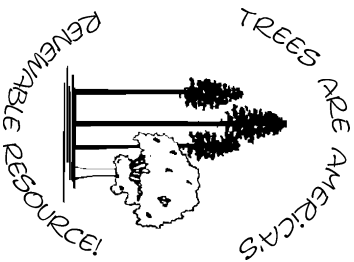
### WANT TO BE A REPORTER?

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.

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