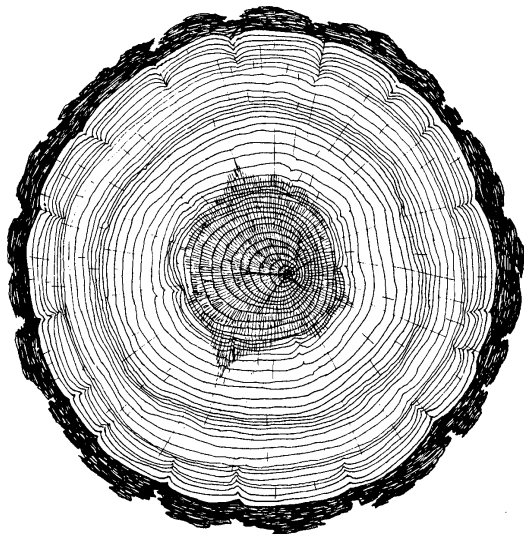


# TEXAS TIMBER PRICE TRENDS



**BIMONTHLY MARKET REPORT**

**VOL. 19 NO. 6**

**November/December 2001**

**T E X A S**  
**FOREST**  **SERVICE**  
The Texas A&M University System

# 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 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 volume unit using the conversion factors listed on page 8 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

### **Pine Sawlogs Market Stable**

Pine sawlog market was stable for Nov/Dec of 2001 period. Good ground brought premium price and the wet weather has prompted quick closing to allow cutting as soon as possible. Volume-weighted average price for NE and SE was \$374/mbf (or \$47/ton) and \$331/mbf (or \$41/ton), respectively. The average price for the East Texas region was \$360/mbf (or \$45/ton).

### **Pine Chip-N-Saw Price Slumps**

Pine Chip-N-Saw stumpage price was \$36/cord (or \$14/ton) for SE region from a total of 7 sales (around 9,300 cords). This price is much lower than the previous two months (\$54/cord) and the same period last year (\$49/cord).

### **Pine Pulpwood Price Hit Record Low**

Pine pulpwood price continue the falling trend. Volume-weighted average price for SE region was only \$9/cord (or \$3/ton). NE region has reported a \$16/cord (or \$6/ton). Overall, for East Texas, pine pulpwood price was \$10/cord (or \$4/ton).

### **Hardwood Sawlog and Pulpwood Market Good**

Hardwood sawlog market remained good, although we have only received 4 stumpage sales for Nov/Dec period. Hardwood sawlog price went up to \$150/mbf (or \$17/ton) from \$121/mbf (or \$13/ton) in Oct/Nov. NE and SE region each reported 2 sales. Hardwood pulpwood market demand is strong. Volume-weighted average price from a total of 8 sales (around 800 cords, all from NE region) was \$20/cord (or \$7/ton), much higher than pine pulpwood price.

### **Timber News**

**IP sold 145,300 acres of East Texas timberland**, known as the Corrigan property, in December 2001(Timber Mart South). This sale is part of the IP's plan to divest non-core assets including timberland and facilities. As the world's largest paper and forest product company, IP has operations in nearly 50 countries and employs more than 113,000 people (IP website).

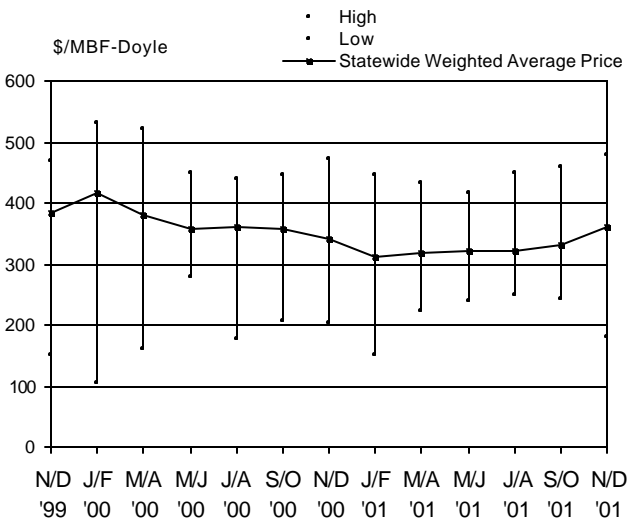
## Tax Report

**Long term captial gain is subject to more favorable tax rate** than the regular tax rate. The regular tax rate in 2001 is 15%, 27.5%, 30.5%, 35.5%, and 39.1% while the long term capital gain tax rate is generally 8% (or 10%) and 20% (there are exceptions that are not related to timber assets). If you are in the 15% bracket, meaning your adjusted gross income is not over \$45,200 (married filing jointly, as an example), your long term capital gain is taxed at either 8% (if the asset is held more than 5 years) or 10% (if the asset is held less than 5 years but more than 1 year). The maximum tax rate is 20% for long term capital gains. The 2001 Tax Act created a 10% tax rate for the ordinary income, however, this low rate is realized through tax rebate check (or a credit in 2001's return) that many taxpayers recieved last year. The rebate approach was chosen based on the belief that money can be quickly delivered to the taxpayer's pocket to stimulate the weak economy.

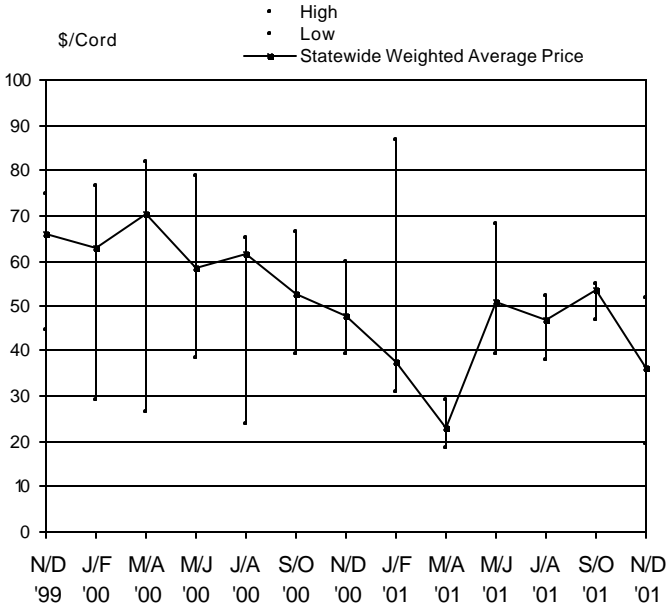
### East Texas 2001 Stumpage Price Mixed

**Pine stumpage price in 2001 dropped** substantially while hardwood stumpage price remained the same or increased from a year ago. Average pine sawtimber, chip-n-saw, and pulpwood price was \$325/mbf (at a 7-year low level), \$42/cd, and \$13/cd, respectively. Hardwood sawtimber and pulpwood average price was \$120/mbf and \$15/cd for the year, respectively.

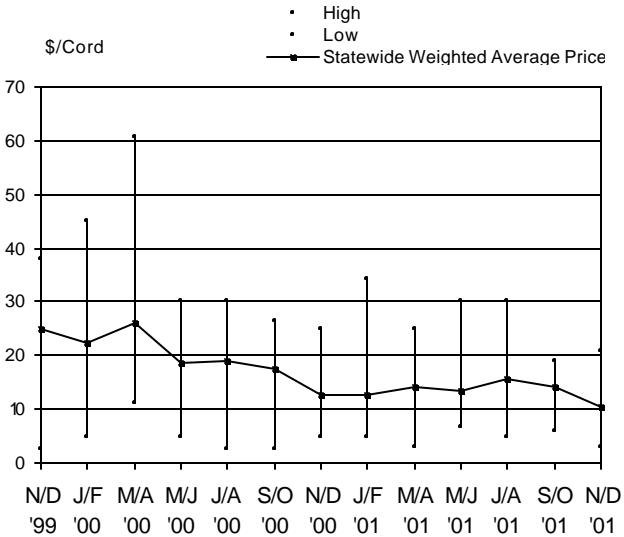
## PINE SAWTIMBER & VENEER



# PINE CHIP-N-SAW



# PINE PULPWOOD



# TIMBER PRICE TRENDS IN TEXAS

## November/December 2001

31-Jan-02  
Volume 19, No. 6

Product/Region	High	Low	Unweighted Average		Weighted Average(WA)		WA Last Period	WA 1 Year Ago	# of Sale Reported	Total Volume
			\$/MBF	\$/Ton	\$/MBF	\$/Ton				
<b>PINE</b>										
<b>Sawlogs &amp; Veneer</b>										
Northeast TX	\$/MBF 478.36	\$/MBF 178.99	\$/MBF 374.37	\$/Ton 46.80	\$/MBF 374.38	\$/Ton 46.80	\$/MBF 375.30	\$/MBF 362.03	16	MBF 6,463
Southeast TX	432.07	264.41	334.08	41.76	331.03	41.38	315.69	328.39	14	3,314
Statewide*	478.36	178.99	354.23	44.28	359.69	44.96	329.78	340.63	30	9,776
USFS	321.16	132.74	223.29	27.91	278.74	34.84	312.77	**	6	4,045
<b>Pulpwood</b>										
Northeast TX	\$/Cord 20.00	\$/Cord 8.63	\$/Cord 14.17	\$/Ton 5.67	\$/Cord 15.50	\$/Ton 6.20	\$/Cord 15.69	\$/Cord 10.73	14	Cords 4,201
Southeast TX	21.00	3.00	11.94	4.55	8.73	3.33	12.76	15.09	16	13,564
Statewide*	21.00	3.00	13.05	5.11	10.33	3.98	14.04	12.48	30	17,765
USFS	21.24	4.87	12.20	4.65	10.84	4.13	17.40	**	6	14,230
<b>Chip-N-Saw</b>										
Northeast TX	\$/Cord **	\$/Cord **	\$/Cord **	\$/Ton **	\$/Cord **	\$/Ton **	\$/Cord **	\$/Cord **	**	Cords **
Southeast TX	52.00	19.57	42.98	16.37	36.32	13.83	53.58	47.92	7	9,325
Statewide*	52.00	19.57	42.98	16.37	36.32	13.83	53.58	47.92	7	9,325
USFS	**	**	**	**	**	**	**	**	**	**
<b>HARDWOOD</b>										
<b>Sawlogs &amp; Veneer</b>										
Northeast TX	\$/MBF **	\$/MBF **	\$/MBF **	\$/Ton **	\$/MBF **	\$/Ton **	\$/MBF 128.45	\$/MBF 118.90	**	MBF **
Southeast TX	**	**	**	**	**	**	118.17	97.94	**	**
Statewide*	162.00	108.00	134.33	14.93	150.07	16.67	121.42	102.28	4	95
USFS	**	**	**	**	**	**	112.77	**	**	**
<b>Pulpwood</b>										
Northeast TX	\$/Cord 30.10	\$/Cord 4.96	\$/Cord 10.14	\$/Ton 3.62	\$/Cord 19.75	\$/Ton 7.05	\$/Cord 17.14	\$/Cord 9.07	8	Cords 639
Southeast TX	**	**	**	**	**	**	8.68	4.27	**	153
Statewide*	30.10	4.96	10.14	3.62	19.75	7.05	11.96	5.22	8	792
USFS	**	**	**	**	**	**	**	**	**	**

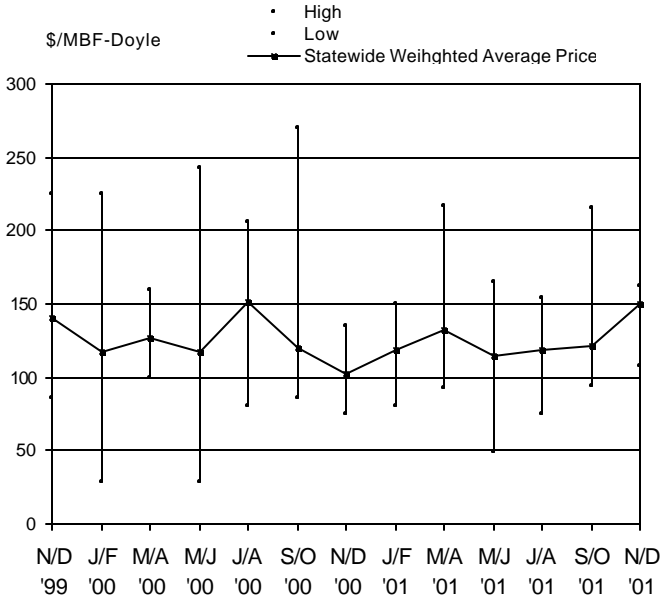
Price per ton is calculated from the average price per MBF or cord based on conversion factors listed under VOLUME CONVERSION FACTORS on page 8.

MBF=Thousand Board Feet. The DOYLE LOG SCALE is used for all board foot measurements.

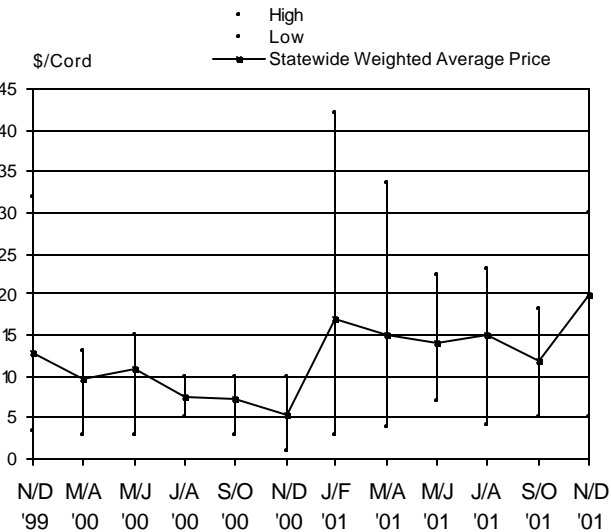
\*Statewide data excludes U.S. Forest Service sales.

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

# HARDWOOD SAWTIMBER & VENEER



# HARDWOOD PULPWOOD



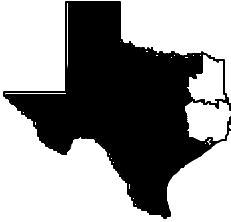
## TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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
2001.4	320.49	46.99	15.63	119.21	14.88
2001.5	312.77	53.58	14.04	121.42	11.96
2001.6	359.69	36.32	10.33	150.07	19.75
2001	325.14	42.06	12.94	120.32	15.11



# 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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For more information, call (979)458-6650.

### 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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