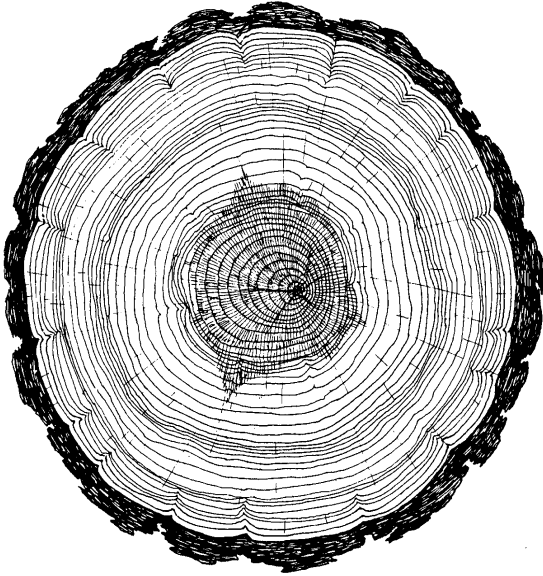


TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 22 NO. 6

November/December 2004

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

Stumpage Market Upbeat

Pine sawtimber stumpage price averaged \$41.37/ton (\$273.87/MBF) during the November/December 2004 period for East Texas.

During the same period, pine pulpwood stumpage price jumped to \$9.25/ton (\$24.86/cord), up from \$6.94/ton (\$18.67/cord) from last two-month period.

Pine chip-n-saw stumpage price moved higher to \$17.71/ton up from the \$15.87/ton for the previous two-month period.

The stumpage prices of hardwood sawtimber during the November/December 2004 period averaged \$18.82/ton (\$174.09/MBF) for East Texas. This was almost the same as the previous two-month period, which was \$18.20/ton. .

The average stumpage prices of hardwood pulpwood was \$9.73/ton (\$27.34/cord), an increase of \$4.21/ton from the previous two-month period.

Wet weather and competition from the buyers for the dry ground drove prices up. Mills started to build winter inventory by raising delivered prices.

Timber market for 2004 gained strength from 2003. Stumpage prices for most timber products increased, especially pine chip-n-saw and pine pulpwood. The average stumpage price of pine sawtimber in 2004 was \$1.66/ton lower from last year, to \$36.61/ton. Pine chip-n-saw stumpage price went up from \$15.87/ton to \$16.46/ton, an increase of 3.7% from last year. Pine pulpwood stumpage price increased 31% in 2004, from \$5.56/ton in 2003 to \$7.27/ton in 2004. Hardwood market continued its upbeat trend in 2004. The average stumpage price for hardwood sawtimber went up from \$17.34/ton in 2003 to \$20.96/ton in 2004. This is a 21% increase from 2003. Hardwood pulpwood stumpage price averaged \$6.02/ton in 2004, a 5.6% increase from \$5.7/ton in 2003.

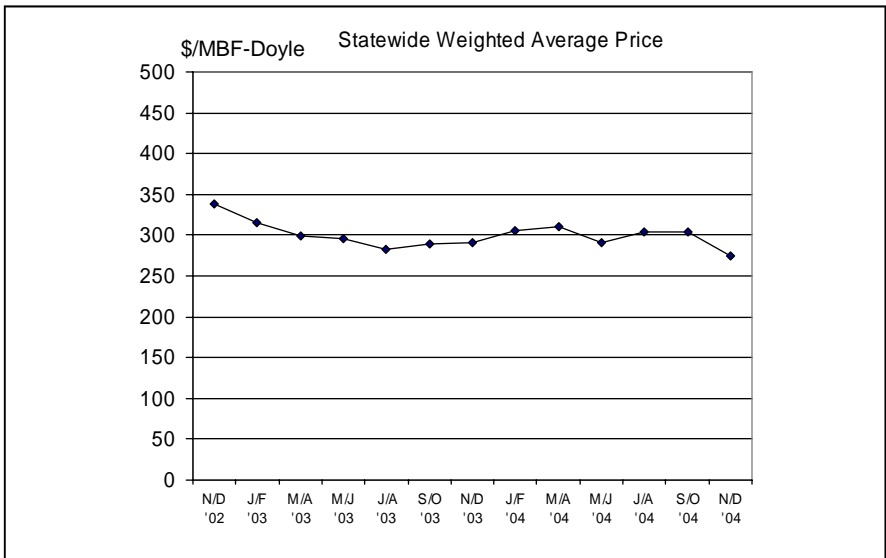
TEXAS TIMBER PRICES FOR PROPERTY TAX APPRAISAL

	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 Sawtimber	\$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.

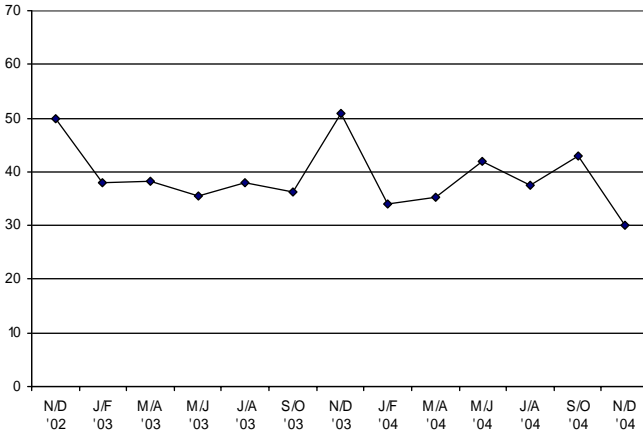
Data Source: Texas Forest Service, February 2005

PINE SAWTIMBER



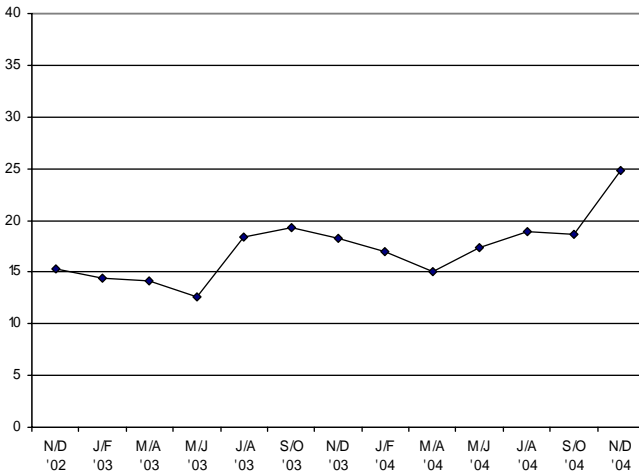
PINE CHIP-N-SAW

\$/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

November/December 2004

21-Mar-05
Volume 22, No. 6

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
PINE									
Sawlogs									
Northeast TX	40.65	345.81	39.27	286.98	44.71	311.88	18	210,438.00	24,734.66
Southeast TX	42.05	230.22	43.15	314.42	35.67	275.62	289	223,114.61	40,756.72
Statewide*	41.37	273.87	41.74	304.45	39.34	291.24	307	433,552.61	65,491.38
USFS	**	**	27.45	219.61	**	**	**	**	**
Pulpwood									
Northeast TX	13.43	35.84	8.50	22.84	8.30	22.15	70	209,909.08	78,671.75
Southeast TX	7.05	19.03	5.18	13.97	5.10	13.77	116	399,453.94	148,045.90
Statewide*	9.25	24.86	6.94	18.67	6.55	17.60	186	609,363.02	226,717.65
USFS	**	**	2.88	7.56	**	**	**	21,880	8,335
Chip-N-Saw									
Northeast TX	22.27	55.67	16.13	43.51	20.58	53.52	4	2,344.00	937.60
Southeast TX	17.61	29.60	15.76	42.56	18.65	50.33	153	109,267.89	65,012.47
Statewide*	17.71	29.97	15.87	42.83	19.02	50.95	157	111,611.89	65,950.07
HARDWOOD									
Mixed Sawlogs									
Northeast TX	18.42	172.36	18.28	163.89	15.11	141.47	8	9,116.00	974.09
Southeast TX	21.85	186.00	**	**	16.14	145.32	3	1,205.07	141.58
Statewide*	18.82	174.09	18.20	163.05	15.51	143.02	11	10,321.07	1,115.68
USFS	**	**	8.28	74.51	**	**	**	**	**
Pulpwood									
Northeast TX	10.53	29.56	5.55	15.55	6.09	17.68	8	11,886.60	4,235.60
Southeast TX	8.04	22.64	**	**	6.56	18.42	6	5,642.00	2,003.14
Statewide*	9.73	27.34	5.52	15.44	6.42	18.21	14	17,528.60	6,238.75
USFS	**	**	1.74	4.86	**	**	**	**	**

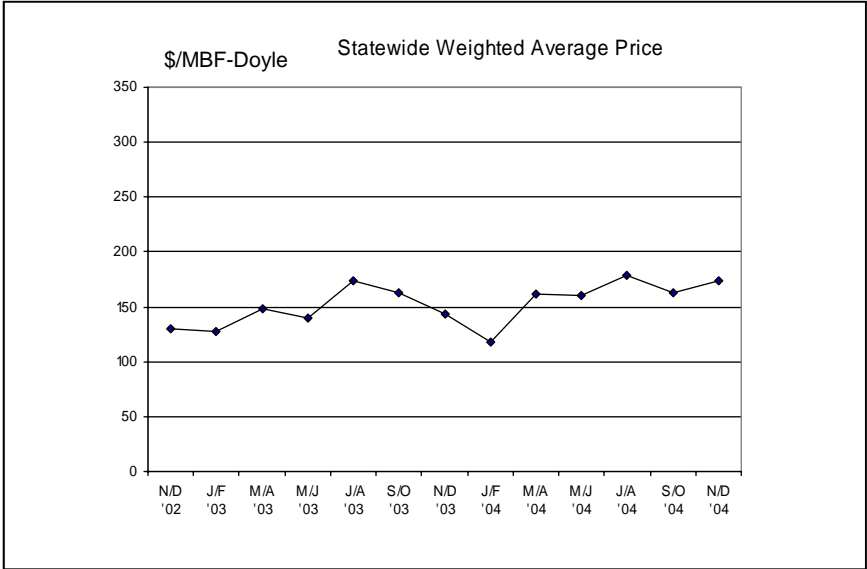
1. Stumpage price statistics included gatewood sales. Stumpage prices from the gatewood sales were estimated by subtracting cut and haul costs, other expenses and profits if any provided by the reporters.

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

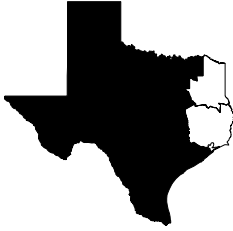


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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

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, derived from the 2003's Texas Timber Price Trend report, are used:

Sawlogs	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
Pulpwood	Pine - 2.52 Tons = 1 Cord
	Hardwood - 2.8 Tons = 1 Cord
	Pine - 81 Cubic Feet = 1 Cord
	Hardwood - 80 Cubic Feet = 1 Cord

SUBSCRIPTION INFORMATION

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

<http://teaxasforestservicetamu.edu/forest/economics/default.asp>

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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