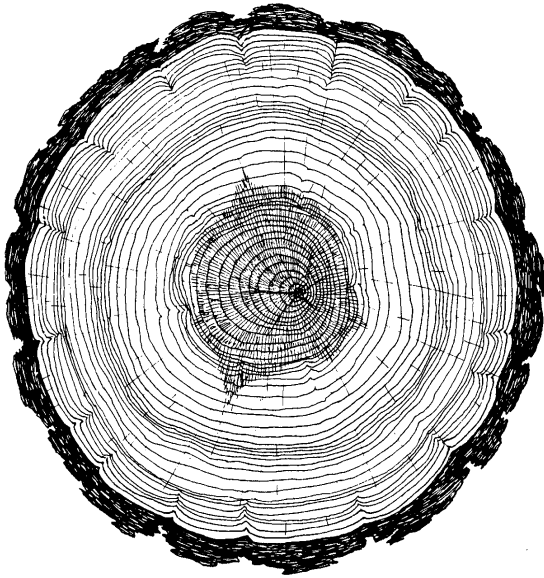


TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 23 NO. 6

November/December 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 tend 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

The November-December 2005 winter season experienced exceptionally dry logging conditions in East Texas. Mill inventories were kept high and delivered prices were flat.

Average stumpage prices for pine sawtimber remained stable with a slight decline of \$0.67/ton or 1.7% to \$38.12/ton (\$304.14/MBF) from the September-October period. Although the weather was unusually dry, the stumpage prices of pine sawtimber for Northeast Texas were remarkably good, averaging at \$39.39/ton (\$320.03/MBF). That was \$1.49/ton or 4% higher than the previous two-month period. In contrast, average stumpage price for Southeast Texas decreased by \$1.82/ton or 2.6% from 39.2/ton (\$302.2/MBF) in September-October period to \$37.38/ton (\$295.22).

Pine pulpwood average price showed a marked decline. It went down \$4.17/ton or 58.8% from \$7.09/ton (\$19.14/cord) in the previous two-month period to only \$2.92/ton (\$7.83/cord). Most of the sales for Southeast Texas were from the salvage operations affected by Hurricane Rita. Average stumpage price of pine pulpwood was only \$1.65/ton (\$4.46/cord) in Southeast Texas during the November-December period.

Average pine Chip-N-Saw stumpage price suffered a \$1.32/ton or 7.3% decrease from the previous two-month period, to \$16.73/ton (\$43.91/cord). Salvage sales for Southeast Texas was the main reason for such a big drop in prices.

Average stumpage price of hardwood sawtimber went down from \$19.16/ton in September-October period to \$15.31/ton in November-December period, which was a 20% decrease. Hardwood pulpwood stumpage prices averaged \$6.68/ton, which was \$0.47/ton higher than the previous two-month period. A year ago, hardwood pulpwood stumpage prices averaged \$9.73/ton (\$27.34/cord), which was \$3.05/ton or 45.7% higher than the same period this year.

Persistent drought caused serious fire threat throughout the state. As of February 28, 2006, the Texas Forest Service has already responded to a record number of 780 fires since January 1, 2006. A total number of 233,107 acres were involved so far. That was almost doubling the total acreages affected for the entire year of 2005, which was 133,850 acres.

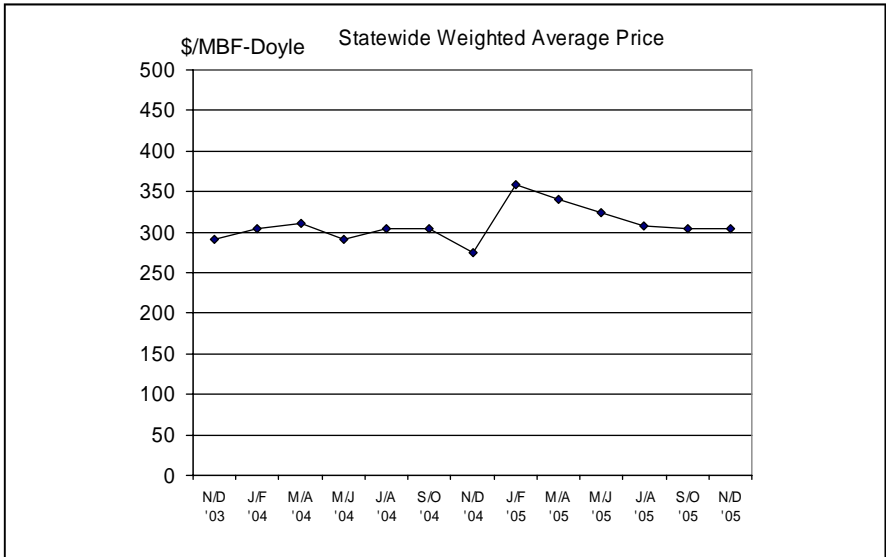
TEXAS TIMBER PRICES FOR 2005 PROPERTY TAX APPRAISAL

	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	\$ 6.99
Hardwood Sawtimber	\$ 15.07	\$ 13.28	\$ 16.10	\$ 16.49	\$ 19.77
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.

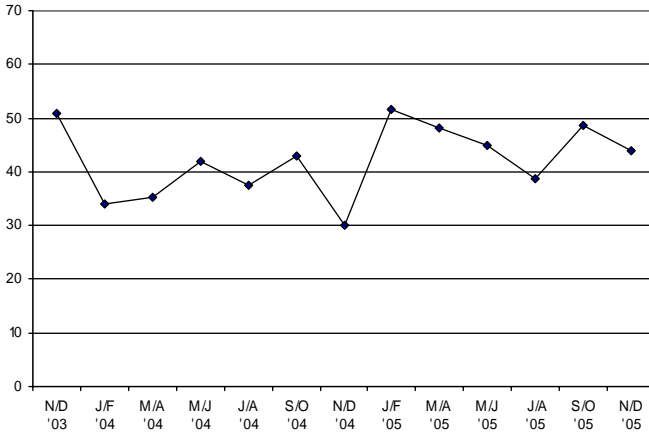
Data Source: Texas Forest Service, February 2006

PINE SAWTIMBER



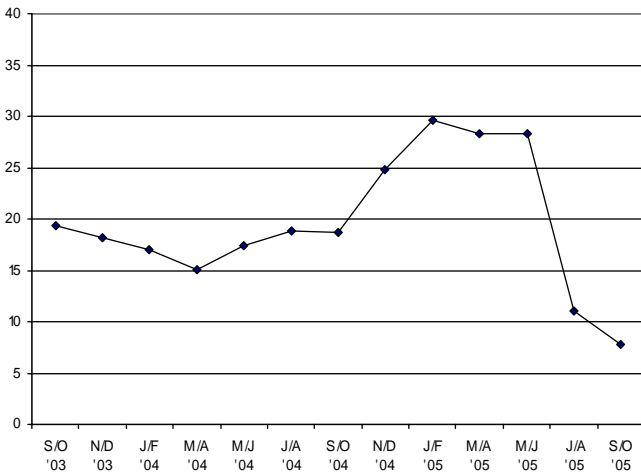
PINE CHIP-N-SAW

\$/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 2005

17-Feb-06
Volume 23, 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	39.39	320.03	37.90	308.64	40.65	345.81	59	59,703.50	7,348.71
Southeast TX	37.38	295.22	39.20	302.20	42.05	230.22	63	103,414.52	13,094.57
Statewide*	38.12	304.14	38.79	304.16	41.37	273.87	122	163,118.02	20,443.29
USFS	**	**	**	**	**	**	**	**	**
Pulpwood									
Northeast TX	3.90	10.44	8.14	21.99	13.43	35.84	53	201,609.36	75,422.08
Southeast TX	1.65	4.46	6.34	17.13	7.05	19.03	13	157,027.47	58,186.12
Statewide*	2.92	7.83	7.09	19.14	9.25	24.86	66	358,636.83	133,608.20
USFS	**	**	**	**	**	**	**	**	**
Chip-N-Saw									
Northeast TX	21.66	58.08	18.05	48.72	22.27	55.67	13	2,060.02	768.21
Southeast TX	16.60	43.55	**	**	17.61	29.60	41	78,681.97	29,991.32
Statewide*	16.73	43.91	18.05	48.72	17.71	29.97	54	80,741.99	30,759.53
HARDWOOD									
Mixed Sawlogs									
Northeast TX	15.56	139.77	18.83	169.99	18.42	172.36	17	17,742.43	1,975.25
Southeast TX	**	**	**	**	21.85	186.00	1	**	**
Statewide*	15.31	137.57	19.16	172.93	18.82	174.09	18	18,566.74	2,066.84
USFS	**	**	**	**	**	**	**	**	**
Pulpwood									
Northeast TX	6.76	18.94	6.22	17.41	10.53	29.56	19	49,931.58	17,832.71
Southeast TX	**	**	**	**	8.04	22.64	1	**	**
Statewide*	6.68	18.72	6.21	17.39	9.73	27.34	20	50,764.69	18,130.25
USFS	**	**	**	**	**	**	**	**	**

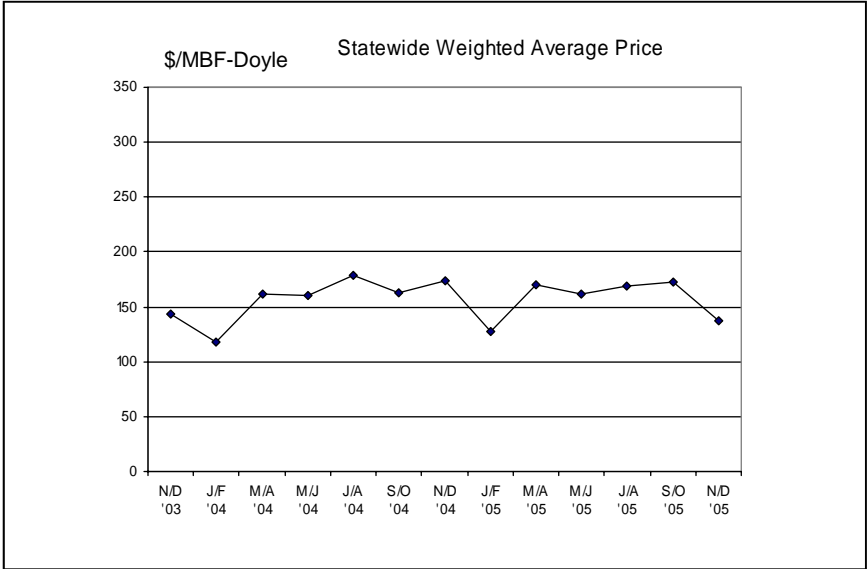
1. Stumpage price statistics included gatewood sales. Stumpage prices from the gatewood sales were estimated by subtracting cut and haul costs, other expenses and profits if any provided by the reporters.

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



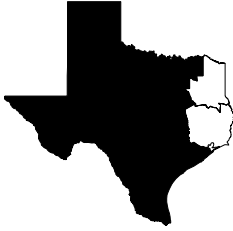
TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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
2005.1	359.31	51.56	29.57	127.17	23.48
2005.2	340.97	48.14	28.29	169.69	28.21
2005.3	323.50	44.91	28.37	161.33	21.96
2005.4	307.50	38.63	11.02	168.81	15.59
2005.5	304.16	48.72	19.14	172.93	17.39
2005.6	304.14	43.91	7.83	137.57	18.72

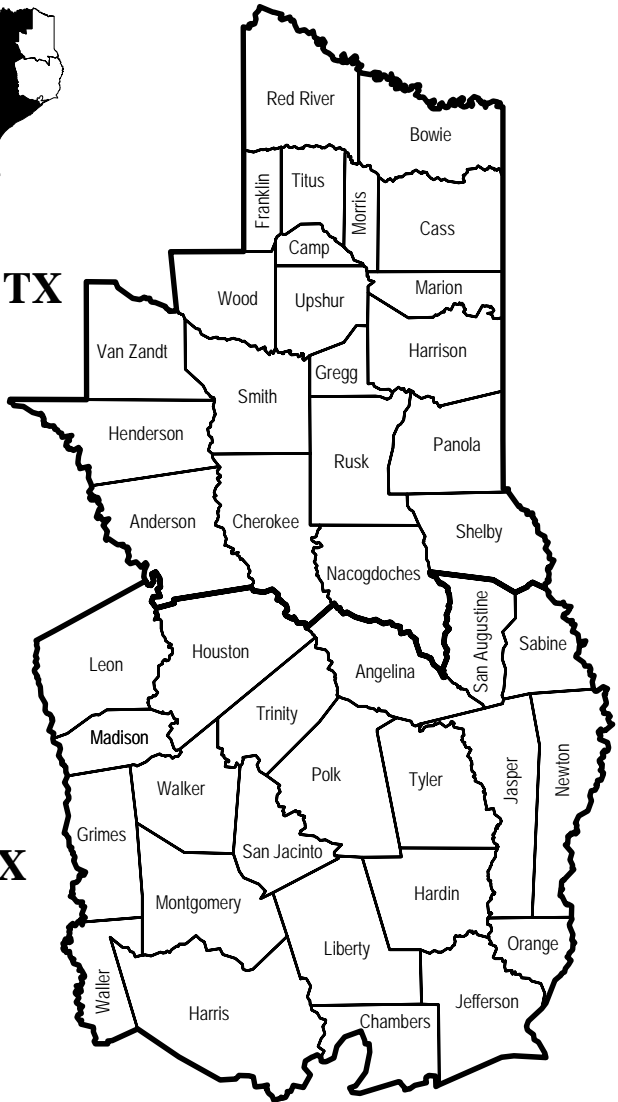
** 2005 annual stumpage price summary was not be finalized as of the date of this publication pending more data submission.

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" X 0.74 = MBF-Doyle
 MBF-Scribner X 0.78 = MBF-Doyle
 MBF-USFS Scribner X 0.814 = MBF-Doyle
 Pine - 7.76 Tons = 1 MBF-Doyle
 Hardwood - 9.00 Tons = 1 MBF-Doyle
 Pine Chip-N-Saw: 1 Cord = 2.68 tons

Pulpwood Pine - 2.70 Tons = 1 Cord
 Hardwood - 2.8 Tons = 1 Cord
 Pine - 81 Cubic Feet = 1 Cord
 Hardwood - 80 Cubic Feet = 1 Cord

Note; Average conversion factors for 2005 was not finalized as of the date of this publication pending more data submission. The numbers will be revised accordingly once it is finalized.

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=145>

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