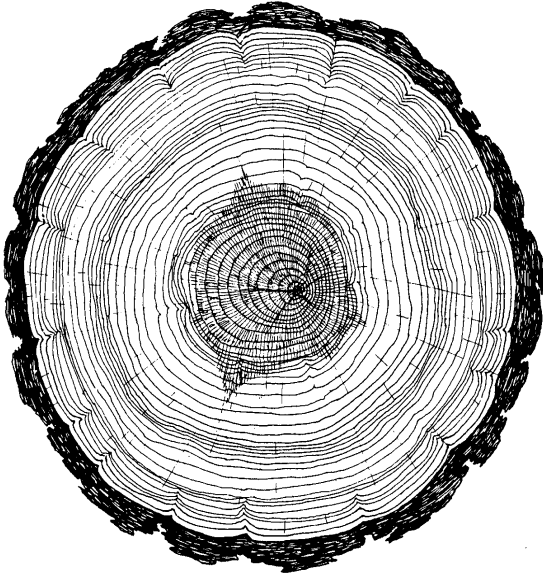


TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 24 NO. 6

November/December 2006

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

Reported stumpage prices for pine sawtimber and pine pulpwood increased in November and December 2006 compared to the previous two-month reporting period. Prices dropped for pine chip-n-saw, hardwood sawtimber, and hardwood pulpwood.

Stumpage price for pine sawtimber averaged \$42.86/ton (\$328.71/MBF) in East Texas for November-December compared to \$39.58/ton (\$297.10/MBF) in the previous period and \$38.12/ton (\$304.14/MBF) a year ago. This represents increases of 8 percent and 12 percent, respectively. Prices averaged 21 percent higher in Northeast Texas than in Southeast Texas—\$50.11/ton compared to \$41.48/ton. Most reports were for Southeast Texas. Ninety-one percent of the reports and 84 percent of the volumes reported sold were for Southeast Texas. This is opposite what occurred in the previous period.

Pine pulpwood stumpage price increased \$1.72/ton or 24 percent from the previous reporting period. Stumpage price averaged \$8.79/ton (\$23.69/cord) for November-December. This compares to only \$2.92/ton for the same reporting period one year ago. Although number of reports was about equal between the two regions, Northeast Texas reported 70 percent of the volume sold.

Thirty-nine of 41 reported sales for pine chip-n-saw occurred in Southeast Texas. Stumpage price for this product averaged \$15.58/ton (\$42.07/cord). This is 28 percent lower than reported in September-October, which was \$21.64/ton, and 7 percent lower than one year ago.

Stumpage prices for hardwood sawtimber dropped after showing a steady increase over the previous four reporting periods. Hardwood sawtimber averaged \$14.45/ton (\$140.36/MBF) in November-December. This is a drop of 33 percent. The same period one year ago reported \$15.31/ton.

Average stumpage price for hardwood pulpwood was \$6.69/ton (\$18.58/cord). This is 8 percent less than for September-October but about the same as for the period one year ago. A very large difference occurred between the two regions. Hardwood pulpwood averaged \$6.93/ton in Northeast Texas but only \$0.88/ton in Southeast Texas. Most all the volume reported sold was for Northeast Texas.

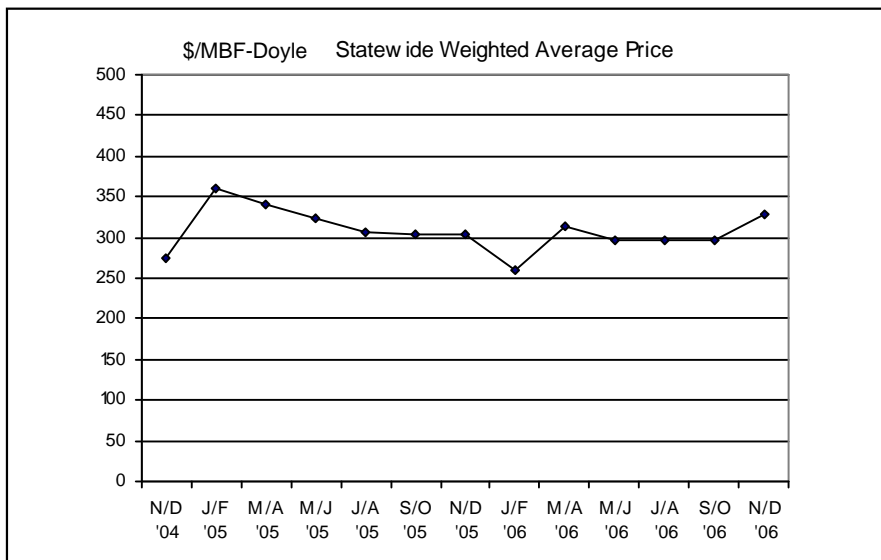
TEXAS TIMBER PRICES FOR 2005 PROPERTY TAX APPRAISAL

	2001	2002	2003	2004	2005
Large Pine Sawtimber	\$ 38.33	\$ 39.23	\$ 36.21	\$ 34.77	\$ 38.93
Small Pine Sawtimber	\$ 15.39	\$ 17.92	\$ 16.81	\$ 18.04	\$ 17.94
Pine Pulpwood	\$ 6.15	\$ 4.65	\$ 5.89	\$ 6.99	\$ 6.47
Hardwood Sawtimber	\$ 13.28	\$ 16.10	\$ 16.49	\$ 19.77	\$ 18.46
Hardwood Pulpwood	\$ 9.70	\$ 4.83	\$ 5.30	\$ 5.87	\$ 7.08

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

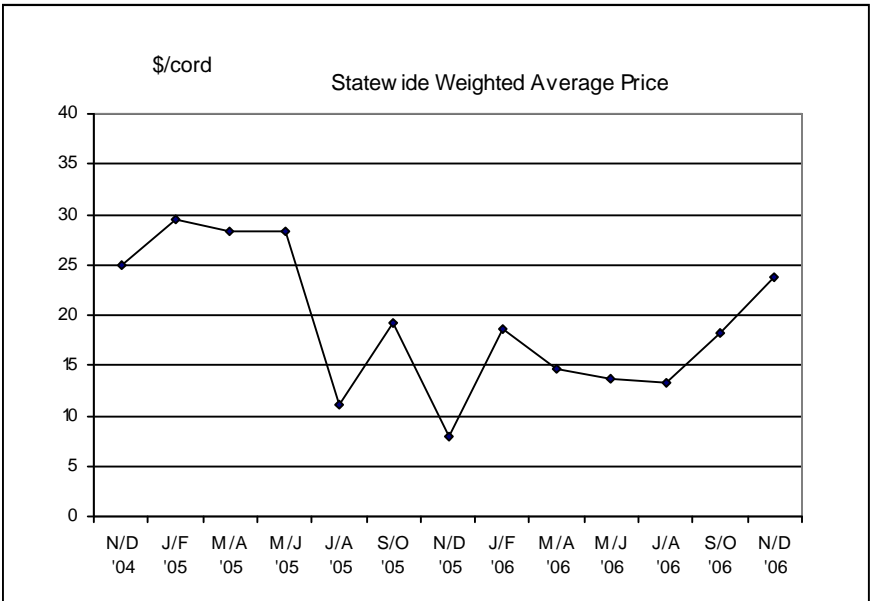
PINE SAWTIMBER



PINE CHIP-N-SAW



PINE PULPWOOD



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

November/December 2006

13-Feb-07

Volume 24, Number 6

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	50.11	374.40	36.44	287.57	39.39	320.03	8	29,350	3,928
Southeast TX	41.48	319.71	45.70	313.19	37.38	295.22	83	153,678	19,938
Statewide	42.86	328.71	39.58	297.10	38.12	304.14	91	183,028	23,866
USFS	**	**	25.75	205.96	**	**	**	**	**
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	9.84	26.50	8.35	22.24	3.90	10.44	33	164,982	61,269
Southeast TX	6.38	17.21	4.81	12.91	1.65	4.46	36	71,861	26,632
Statewide	8.79	23.69	7.07	18.88	2.92	7.83	69	236,843	87,901
USFS	**	**	2.07	5.60	**	**	**	**	**
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	**	**	21.64	54.10	21.66	58.08	**	**	**
Southeast TX	15.54	41.97	**	**	16.60	43.55	39	98,360	36,430
Statewide	15.58	42.07	21.64	54.10	16.73	43.91	41	99,165	36,728
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	14.50	141.06	22.01	173.66	15.56	139.77	4	6,066	624
Southeast TX	13.00	120.99	**	**	**	**	4	209	22
Statewide	14.45	140.36	21.59	170.41	15.31	137.57	8	6,275	646
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	6.93	19.28	7.34	21.35	6.76	18.94	6	11,670	4,196
Southeast TX	0.88	2.40	1.32	3.71	**	**	5	496	183
Statewide	6.69	18.58	7.24	21.06	6.68	18.72	11	12,166	4,379
USFS	**	**	**	**	**	**	**	**	**

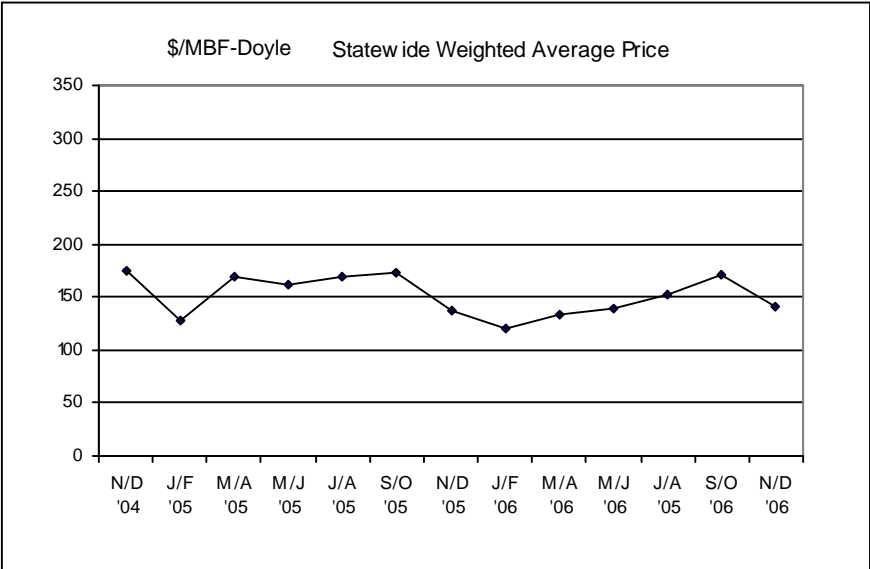
1. Stumpage price statistics include gatewood sales. Stumpage prices for gatewood sales are estimated by subtracting cut-and-haul costs, other expenses, and profits provided by reporter.

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.

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

** Insufficient sales to report price statistics (less than three sales).

HARDWOOD SAWTIMBER



HARDWOOD PULPWOOD

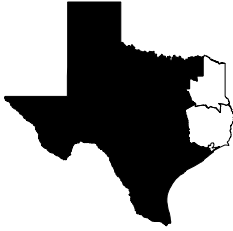


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

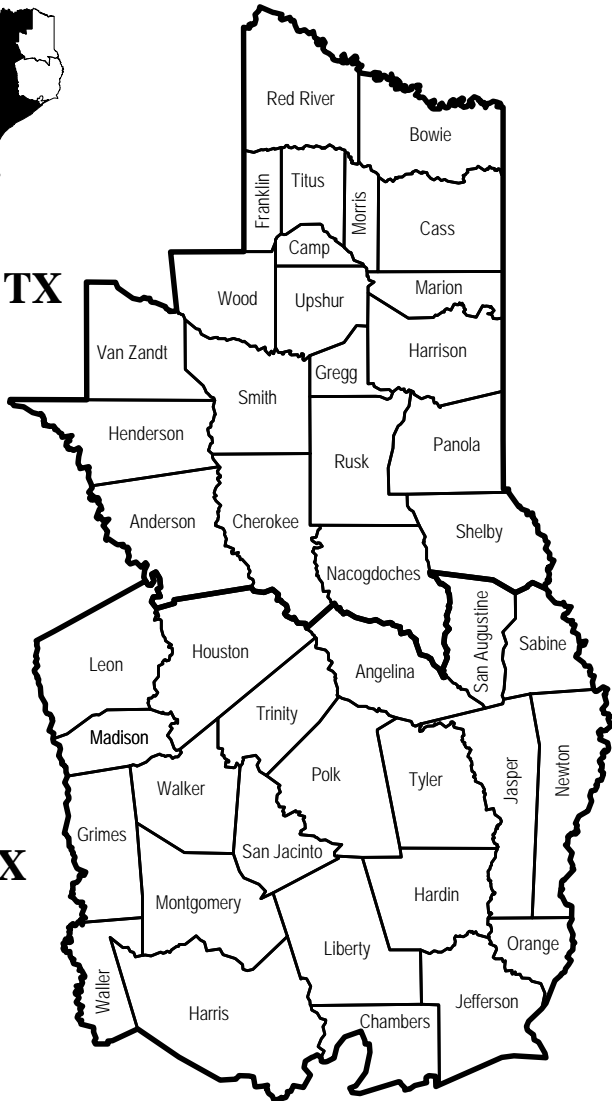
Year	Pine			Hardwood	
	Sawlog	Chip-N-Saw	Pulpwood	Sawlog	Pulpwood
	\$/MBF-Doyle	\$/Cord	\$/Cord	\$/MBF-Doyle	\$/Cord
1984	170.53	30.85	23.48	54.61	4.03
1985	129.87	28.35	18.46	54.79	5.13
1986	127.45	23.68	14.53	46.16	4.18
1987	142.59	22.53	15.28	55.46	6.78
1988	152.31	24.88	16.33	64.93	6.59
1989	156.32	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	312.57	46.44	19.25	175.24	20.75
2006.1	260.75	43.75	18.52	121.17	9.88
2006.2	313.04	45.23	14.74	133.74	16.15
2006.3	295.61	44.79	13.7	140.02	9.27
2006.4	295.48	42.66	13.29	152.87	14.06
2006.5	297.10	54.10	18.18	170.41	21.06
2006.6	328.71	42.07	23.69	140.36	18.58

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" × 0.74 = MBF-Doyle
	MBF-Scribner × 0.78 = MBF-Doyle
	MBF-USFS Scribner × 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

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