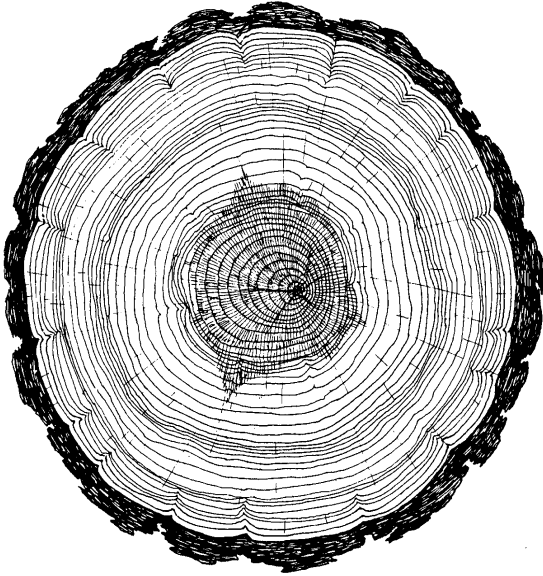


# TEXAS TIMBER PRICE TRENDS



**BIMONTHLY MARKET REPORT**

**VOL. 24 NO. 3**

**May/June 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 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

### **Pine Prices Down; Hardwood Pulpwood Prices Collapse**

Pine stumpage prices fell across the board, ranging from 1% to 7% decline from the spring. Hardwood sawtimber prices were stable but hardwood pulpwood prices dropped to the lowest level in years.

Statewide average stumpage price of pine sawtimber decreased 7%, to \$37.68/ton (\$295.61/MBF) during this period. In northeast Texas, stumpage price of pine sawtimber averaged \$37.2/ton, a 13% decline from this spring. Last year, the average price of pine sawtimber for the same period was \$5.07/ton higher in East Texas.

The pine pulpwood market also weakened during this period. The average price in East Texas declined by 7%, or \$0.37/ton, to \$5.12/ton (\$13.70/cord). This was \$5.41/ton lower than for the same period last year. In southeast Texas, the average price of pine pulpwood dropped to \$3.53/ton (\$9.52/cord). In northeast Texas, the price averaged \$6.68/ton (\$17.72/ton), \$3.15/ton higher than in southeast Texas.

The average price of pine chip-n-saw moved slightly lower during this period. In both northeast and southeast Texas, the price of pine chip-n-saw decreased by \$0.09/ton, or 1%, from the spring. Statewide stumpage price of pine chip-n-saw averaged \$16.59/ton (\$44.79/cord) for this period, a \$0.16/ton decrease from the previous two-month period.

The average stumpage price of mixed grade hardwood sawtimber increased by \$1.22/ton, or 9%, to \$15.48/ton (\$140.02/cord) from last period. However, this was \$2.11/ton, or 12%, lower than for the same period last year.

The East Texas hardwood pulpwood market plummeted during this period. "The highest price I have been offered for hardwood pulpwood is \$2/ton," commented a forester in northeast Texas. Hardwood pulpwood average price plunged to \$3.30/ton (\$9.27/cord) in northeast Texas. There were no reports received from southeast Texas for hardwood pulpwood.

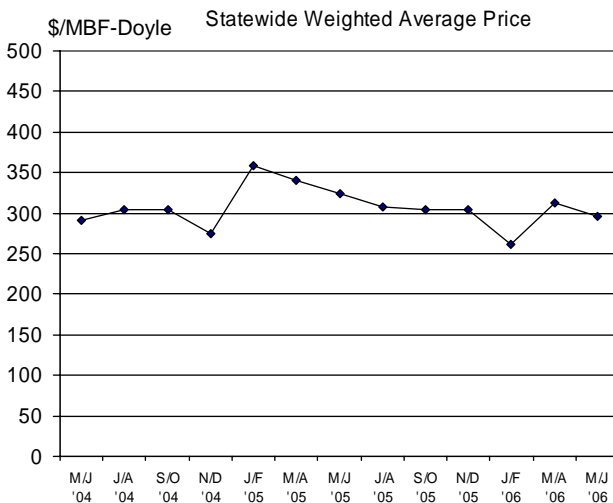
# TEXAS TIMBER PRICES FOR 2006 PROPERTY TAX APPRAISAL

	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 state 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.

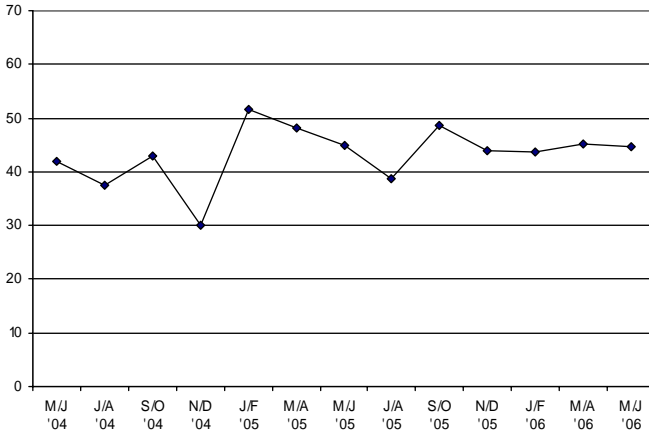
Data Source: Texas Forest Service, February 2006

## PINE SAWTIMBER



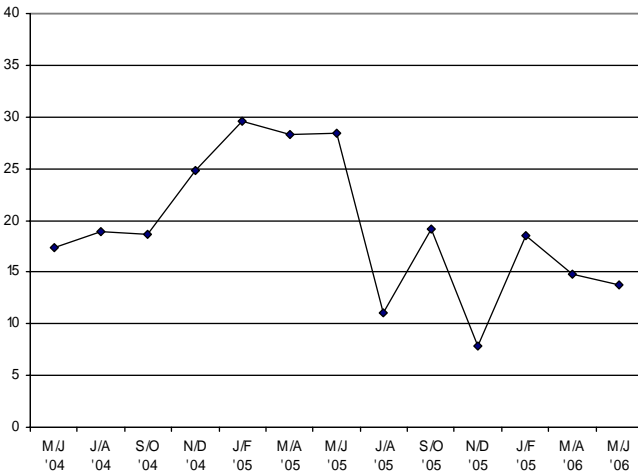
# PINE CHIP-N-SAW

\$/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

May/June 2006

9-Aug-06

Volume 24, No. 3

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
<b>PINE</b>									
<b>Sawlogs</b>									
Northeast TX	37.20	299.94	42.94	349.67	39.02	307.63	53	29,682.27	3,681.14
Southeast TX	37.85	294.11	39.31	297.17	44.53	330.65	69	82,908.07	10,668.75
Statewide*	37.68	295.61	40.47	313.04	42.75	323.50	122	112,590.34	14,349.89
USFS	**	**	13.91	91.35	**	**	**	**	**
<b>Pulpwood</b>									
Northeast TX	6.68	17.72	6.87	18.35	9.06	24.36	46	108,262.60	40,826.65
Southeast TX	3.53	9.52	3.73	10.07	12.53	33.84	23	106,264.99	39,357.40
Statewide*	5.12	13.70	5.49	14.74	10.53	28.37	69	214,527.59	80,184.06
USFS	**	**	5.30	13.91	**	**	2	**	**
<b>Chip-N-Saw</b>									
Northeast TX	20.03	54.08	20.12	54.27	20.93	55.50	6	5,611.83	2,078.46
Southeast TX	16.40	44.27	16.49	44.53	16.92	44.42	38	99,599.67	36,888.77
Statewide*	16.59	44.79	16.75	45.23	17.10	44.91	44	105,211.50	38,967.22
<b>HARDWOOD</b>									
<b>Mixed Sawlogs</b>									
Northeast TX	15.48	140.02	14.26	133.74	17.76	163.71	12	49,693.11	5,493.40
Southeast TX	**	**	**	**	14.18	126.12	**	**	**
Statewide*	15.48	140.02	14.26	133.74	17.59	161.33	12	49,693.11	5,493.40
USFS	**	**	10.89	98.00	**	**	**	**	**
<b>Pulpwood</b>									
Northeast TX	3.30	9.27	5.73	16.15	8.17	23.30	8	85,730.59	30,550.58
Southeast TX	**	**	**	**	2.37	6.50	**	**	**
Statewide*	3.30	9.27	5.73	16.15	7.73	21.96	8	85,730.59	30,550.58
USFS	**	**	2.09	5.84	**	**	**	**	**

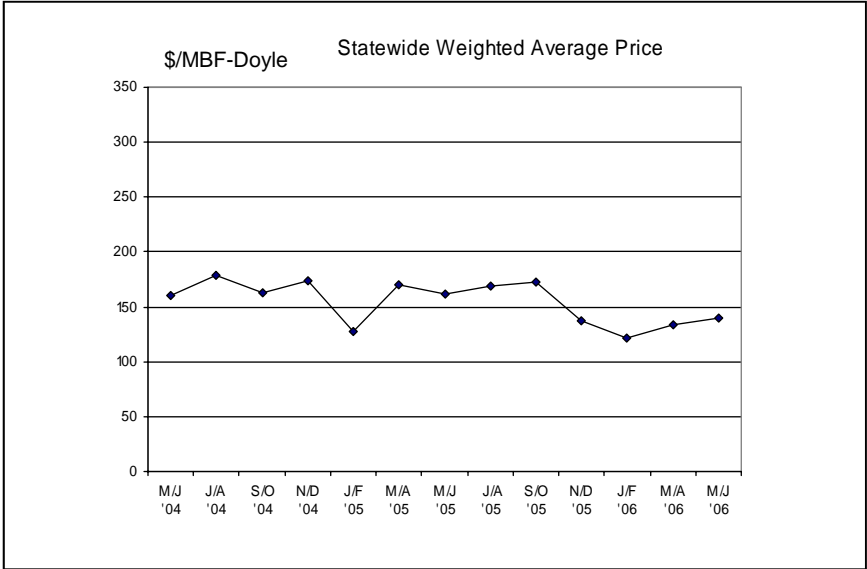
1. Stumpage price statistics included gateway sales. Stumpage prices from the gateway sales were estimated by subtracting cut and haul costs, other expenses and profits if any provided by the reporters.

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. U.S. Forest Service sales in this table were mainly salvage sales from Hurricane Rita.

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

# HARDWOOD SAWTIMBER



# HARDWOOD PULPWOOD



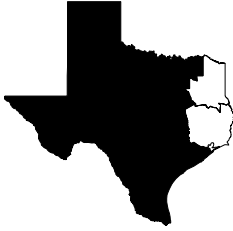
# TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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	312.57	46.44	19.25	175.24	20.75
2006.1	260.75	43.79	18.52	121.17	9.88
2006.2	313.04	45.23	14.74	133.74	16.15
2006.3	295.61	44.79	13.70	140.02	9.27

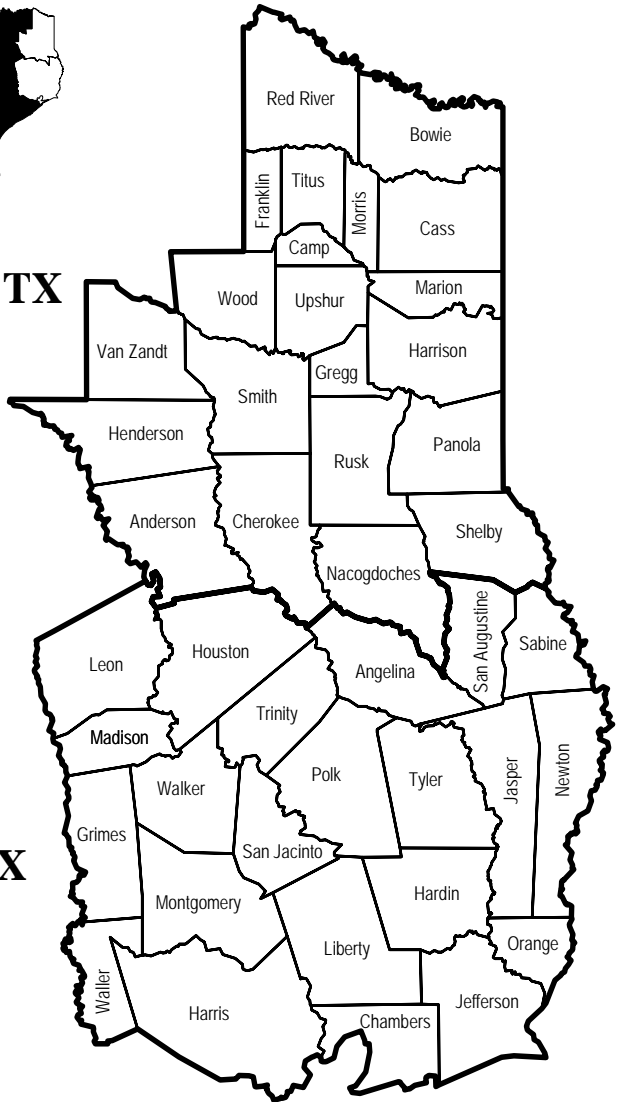


# Texas Timber Price Trends

## 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

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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.

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