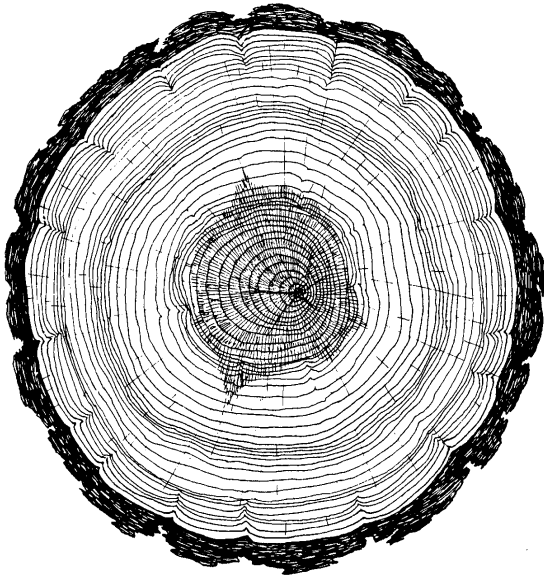


# TEXAS TIMBER PRICE TRENDS



**BIMONTHLY MARKET REPORT**

**VOL. 21 NO. 6**

**November/December 2003**

**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 Prices Flat for Pine and Good for Hardwood

The average stumpage price for pine sawlogs in East Texas was \$39.34/ton (\$291.24/MBF) for the Nov./Dec. period, which was almost unchanged from the previous two-month period. The seasonal price appreciation that often occurs during the winter time due to wet weather was not realized for the last two months of 2003. Mills in northeast Texas seemed to have plenty of inventory on hand as one large mill “did not purchase any stumpage on the (open) market” and filled all its wood needs by deliveries to its gate. In southeast Texas, one mill manager reported that “weekend rain, rather than mid-week rain” contributed to sufficient supply of wood on the market.

Compared to the same period last year, average pine sawlog stumpage price declined by 16%. A year ago, pine sawlog stumpage price averaged \$45.67/ton (\$338.36/MBF).

Stumpage price for pine pulpwood in East Texas for the Nov./Dec. period averaged \$6.55/ton (\$17.60/cord). This is a slight decline from \$6.90/ton (\$18.54/cord) in the previous two-month period and up from \$4.45/ton (\$11.94/cord) in the soft summer market. The Abitibi (Lufkin) mill closure (effective Dec. 14, 2003) has “put downward pressure on pine pulpwood prices”, commented one reporter. Mill inventories were high and delivered prices fell.

Average pine Chip-N-Saw stumpage price was \$19.02/ton (\$50.95/cord) during the Nov./Dec. period, up 36% from last period.

Mixed hardwood sawtimber stumpage price were 18% lower than the highest price in 2003 (\$18.3/ton or \$162.6/MBF in Sept./Oct.). However, it remained at a healthy level of \$15.5/ton (\$143/MBF) statewide.

Hardwood pulpwood stumpage price for the Nov./Dec. period moved moderately lower compared to the Sept./Oct. period. Statewide average stumpage price for this product was \$6.42/ton (\$18.21/cord), compared to \$6.89/ton (\$19.33/cord) in the Sept./Oct. period.

**Timberland Property Tax Appraisal** Beginning in January, 2004, the capitalization rate that goes into the tax appraisal for timberland will be determined in a new way specified in Senate Bill 1646 of 2003. The rate for the 2004 appraisal will be 6.4%, the same as last year. Without this bill, it would have been 6.19%.

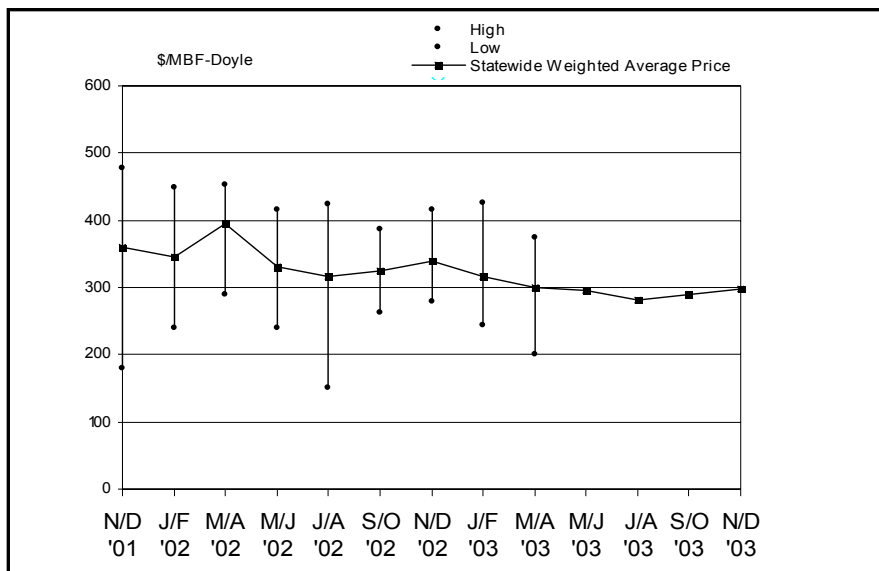
# TEXAS TIMBER PRICES FOR PROPERTY TAX APPRAISAL

		1998	1999	2000	2001	2002
<b>Northeast Texas</b>						
Pine Sawlog	\$/MBF	333.69	303.83	291.97	290.58	291.98
Pine Pulpwood	\$/Cord	38.73	29.81	20.36	16.13	15.49
Hardwood Sawlog	\$/MBF	126.29	138.81	127.30	122.63	148.50
Hardwood Pulpwood	\$/Cord	28.17	20.88	25.76	31.24	16.94
<b>Southeast Texas</b>						
Pine Sawlog	\$/MBF	325.15	296.86	278.11	267.91	265.27
Pine Pulpwood	\$/Cord	36.11	28.30	22.01	15.44	11.26
Hardwood Sawlog	\$/MBF	143.45	132.61	115.41	115.13	131.02
Hardwood Pulpwood	\$/Cord	27.23	28.90	24.99	23.10	9.06

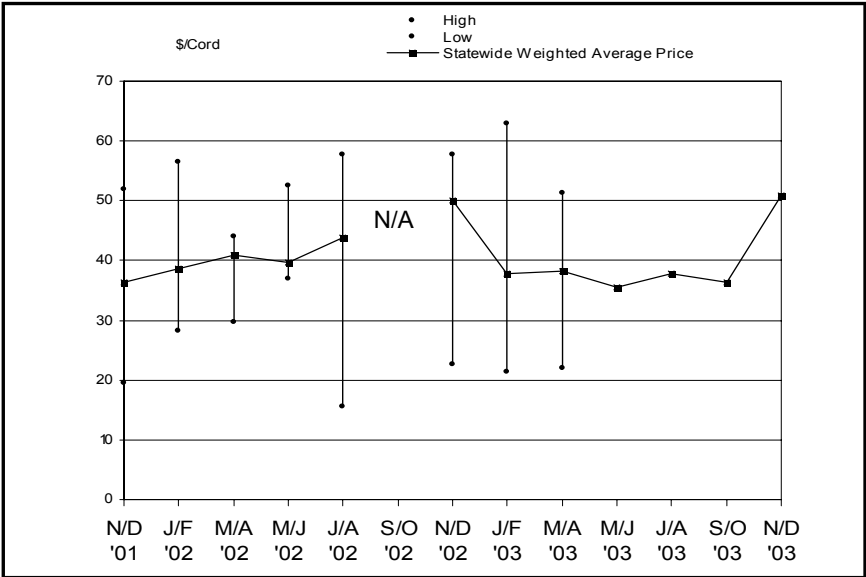
Data Source: Texas Forest Service, February 2003

*The Manual for the Appraisal of Timberland* (adopted in July 1996) does not use "\$/ton" for stumpage price. Starting from January 1, 2004, the new legislation (SB 1646 of 2003) requires stumpage prices to be in "\$/ton" in the tax appraisal formula.

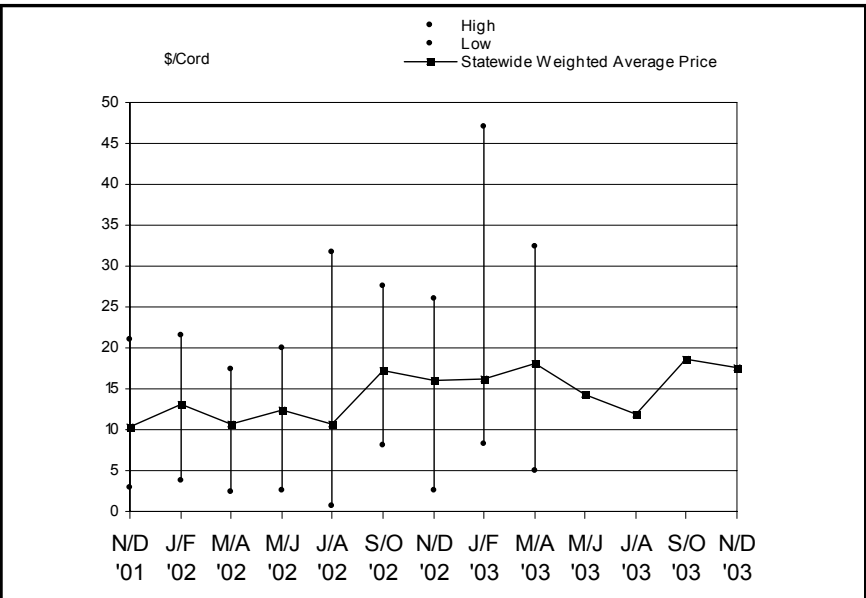
# TEXAS TIMBER PRICES FOR PROPERTY TAX APPRAISAL



# PINE CHIP-N-SAW



# PINE PULPWOOD



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 2003

26-Feb-04  
Volume 21, 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
<b>PINE</b>									
<b>Sawlogs</b>	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF		Ton	MBF
Northeast TX	44.71	311.88	39.07	286.71	45.47	345.64	39	15,228	106,215
Southeast TX	35.67	275.62	41.20	300.72	45.96	328.42	180	20,118	155,437
Statewide*	39.34	291.24	39.15	289.21	45.67	338.36	219	35,346	261,652
USFS	**	**	**	**	40.43	323.47	2	**	**
<b>Pulpwood</b>	\$/Ton	\$/Cord	\$/Ton	\$/Cord	\$/Ton	\$/Cord		Ton	Cord
Northeast TX	8.30	22.15	7.62	20.52	7.21	18.19	66	47,735	127,373
Southeast TX	5.10	13.77	6.11	16.40	3.97	10.29	55	56,589	152,783
Statewide*	6.55	17.60	6.90	18.54	6.30	16.03	121	104,324	280,156
USFS	**	**	**	**	4.39	11.52	2	**	**
<b>Chip-N-Saw</b>	\$/Ton	\$/Cord	\$/Ton	\$/Cord	\$/Ton	\$/Cord		Ton	Cord
Northeast TX	20.58	53.52	18.53	48.82	20.14	50.78	22	3,623	9,421
Southeast TX	18.65	50.33	13.71	35.65	**	**	107	14,834	40,027
Statewide*	19.02	50.95	13.97	36.36	19.76	49.96	129	18,457	49,448
<b>HARDWOOD</b>									
<b>Sawlogs</b>	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF		Ton	MBF
Northeast TX	15.11	141.47	17.05	150.84	**	**	20	18,426	1,968
Southeast TX	16.14	145.32	19.77	177.13	**	**	10	11,884	1,320
Statewide*	15.51	143.02	18.27	162.55	15.25	129.56	30	30,310	3,288
USFS	**	**	**	**	**	**	1	**	**
<b>Pulpwood</b>	\$/Ton	\$/Cord	\$/Ton	\$/Cord	\$/Ton	\$/Cord		Ton	Cord
Northeast TX	6.09	17.68	6.61	18.58	4.94	14.24	16	12,847	4,424
Southeast TX	6.56	18.42	7.10	19.89	6.34	17.58	10	31,656	11,274
Statewide*	6.42	18.21	6.89	19.33	5.38	15.30	26	44,502	15,698
USFS	**	**	**	**	**	**	1	**	**

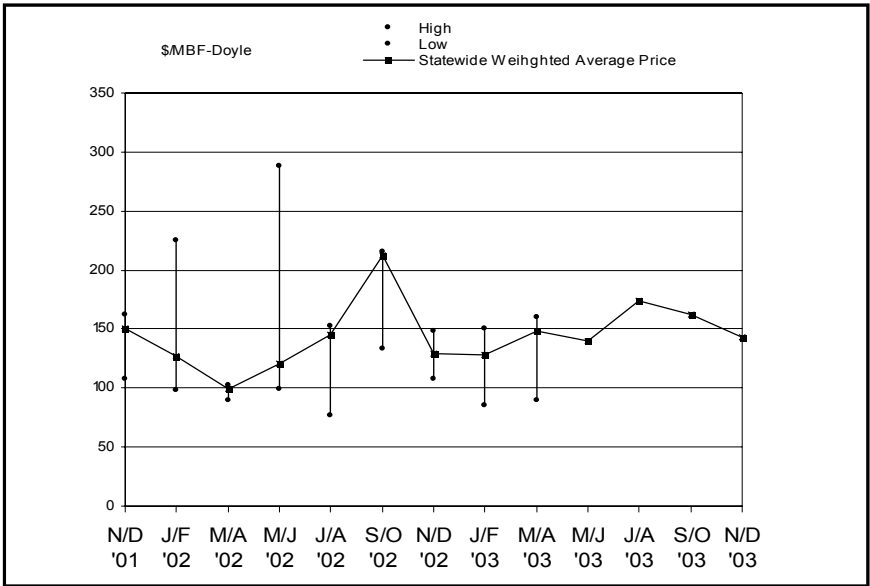
1. Stumpage price statistics included gatewood sales. Stumpage prices from the gatewood sales were estimated by subtracting cut and haul costs, other expenses and profits if any provided by the reporters.

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.

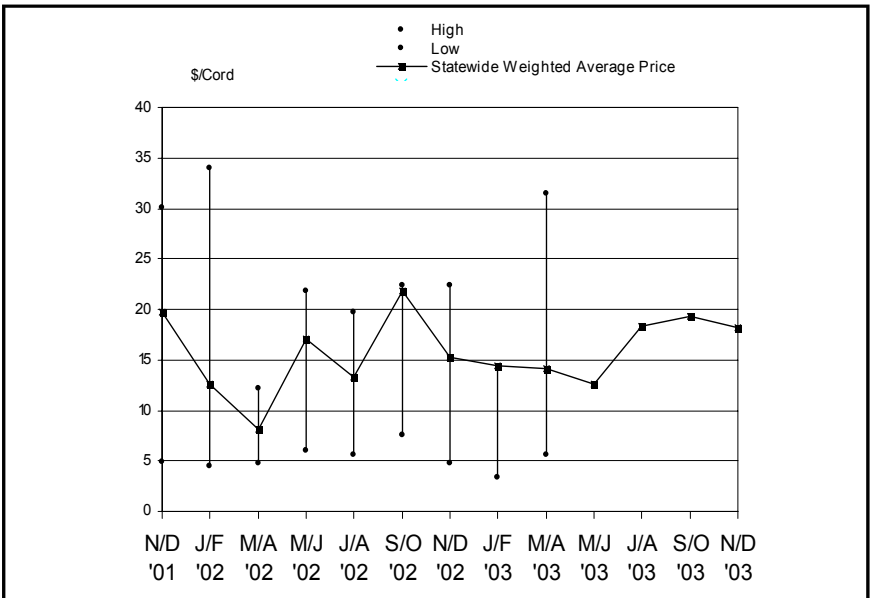
\* Statewide data excludes U.S. Forest Service sales.

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

# HARDWOOD SAWTIMBER



# HARDWOOD PULPWOOD



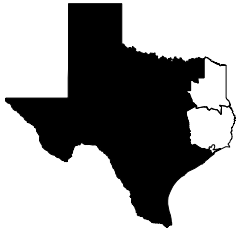
# TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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
2003.1	315.52	37.88	16.21	127.77	14.42
2003.2	299.79	38.31	18.15	148.21	14.13
2003.3	296.53	35.46	14.23	140.29	12.60
2003.4	281.92	37.89	11.94	174.34	18.36
2003.5	289.21	36.36	18.54	162.55	19.33
2003.6	291.24	50.95	17.60	143.02	18.21
2003	289.30	41.90	14.90	157.81	15.85



# 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:

<b>Sawlogs</b>	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
	Pine Chip-N-Saw: 1 Cord = 2.625 tons
<b>Pulpwood</b>	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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## 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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