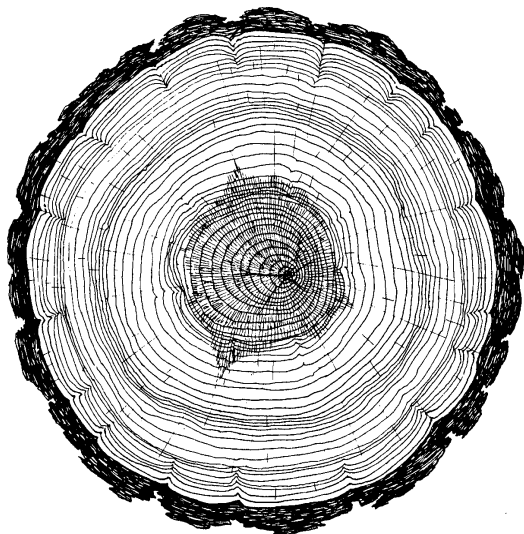


# TEXAS TIMBER PRICE TRENDS



**BIMONTHLY MARKET REPORT**

**VOL. 20 NO. 2**

**March/April 2002**

**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 over 60 cooperators active in the East Texas timber market. Reporters include consulting foresters, large nonindustrial landowners, financial institutions, forest products companies, and state 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 volume unit using the conversion factors listed on page 8 of the report. Readers should note that volume to weight conversions vary depending on the average diameter of the logs in the sale. Because we don't have information on average diameters for each sale reported, the per ton prices presented are based on an average conversion factor and not information from the specific sales reports.

## 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 competitive bidding process as the ultimate determinant of market price for any specific tract of timber.

## COMMENTS

### **Pine Sawtimber Market: Stumpage Price Increased**

Pine sawtimber stumpage price has increased in March/April over Jan/Feb period. The average price, from the 26 sales reported to us, was \$376/mbf (\$46.9/ton) (unweighted) or \$395/mbf (\$49.4/ton) (volume-weighted). The increase was biggest in NE where volume-weighted price reached \$404/mbf (\$50.6/ton). That's an increase of \$87/mbf (\$10.9/ton) over last period and \$61/mbf (\$7.6/ton) over last year. The un-weighted average price for NE was \$378/mbf (\$47.2/ton). Average price for SE was similar to NE at \$373/mbf (\$46.7/ton). Weighted-average price for SE was \$390/mbf (\$48.8/ton), a \$28/mbf (\$3.5/ton) increase over Jan/Feb period.

There were 16 sales with sale prices higher than \$375/mbf (\$46.9/ton). A total of 8 sales were at \$300-\$360/mbf (\$37.5-45/ton) and 7 sales were above \$400/mbf (\$50/ton).

However, by the end of May, *delivered* price of pine sawtimber from selected large mills decreased to \$380-450 (\$47.5-56.3/ton), with high-end being \$552/mbf (\$69/ton). Once taking out the cut/hual costs and profit margin from these delivered prices, the stumpage price paid to landowners is lower than those in this report. This disparity reminds us that it's important to know how statistics is gathered before one reads the numbers in the report. Our prices mainly come from sales with consultant's help, outside purchases of stumpage by mills' procurement personnel and, to a limited extent, purchases of stumpage by logging contractors. Many timber sales where a third party purchases the standing timber from the landowner, harvests it and hauls it to a mill, are not included in this report (delivered wood or "gatewood"). The mill pays the third party a delivered price and does not know the true stumpage price paid to landowners by the third party. Unless the third party start to report to us, the stumpage price from these gatewood sales will not be included in our report.

### **Pine Pulpwood Market: Stumpage Price Declining**

Pine pulpwood stumpage price (unweighted) was \$15/cord (\$6/ton) for NE and \$8/cord (\$3/ton) for SE, respectively. Last year the average price was \$13/cord (\$5/ton) for East Texas. In the same period (March/April) of 2000, pine pulpwood stumpage price was \$26/cord (\$10/ton).

## Pine Chip-N-Saw Price: Poor

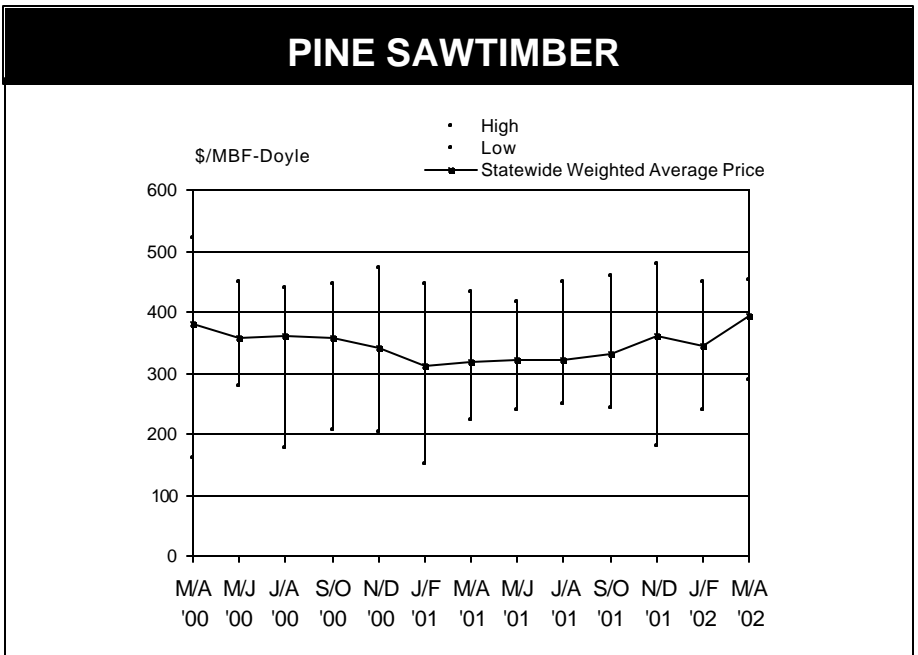
Pine chip-n-saw stumpage price recently dropped and "may still fall a little more", according to our reporter. The average stumpage price (weighted) of pine chip-n-saw was \$41/cord (\$15.6/ton) for East Texas during March/April period. There were not sufficient number of sales reported to us from NE on this timber product.

## Hardwood Sawtimber Price: Steady or Dropping

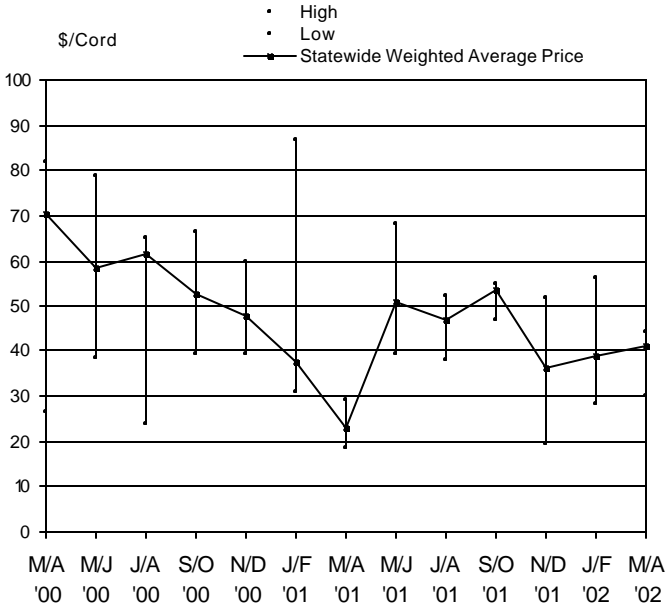
Hardwood sawtimber was still in demand but stumpage price ranged from steady to dropping. Based on only 3 sales (88 mbf sale volume) reported to us from the SE, the average price (weighted) was \$99/mbf (\$11/ton). There were only 2 reported sales in NE at \$117-120/mbf (around \$13/ton).

## Hardwood Pulpwood Price: Falling

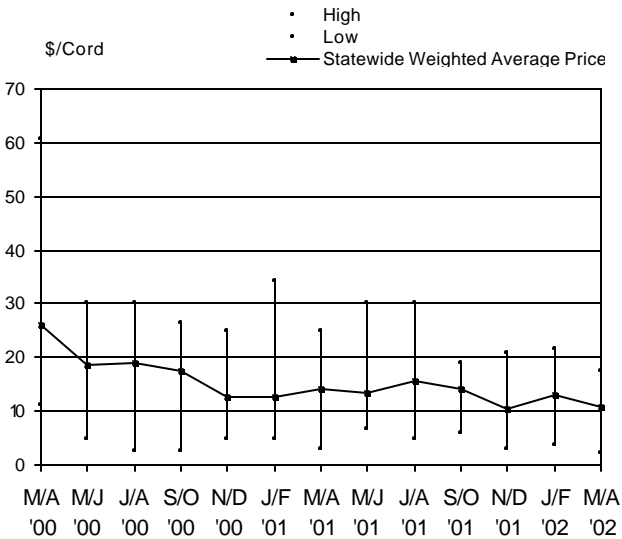
Hardwood pulpwood stumpage price was dropping for March/April period with dry weather. The average stumpage price (unweighted) was \$10.6/cord (\$3.8/ton) for NE and \$7.2/cord (\$2.9/ton) for SE, respectively. East-Texas hardwood pulpwood stumpage price fell from \$12.6/cord (\$4.5/ton) in Jan/Feb to \$8/cord (\$2.9/ton) in March/April.



# PINE CHIP-N-SAW



# PINE PULPWOOD



## TIMBER PRICE TRENDS IN TEXAS March/April 2002

31-May-02  
Volume 20, No. 2

Product/Region	High		Low		Unweighted Average		Weighted Average(WA)		WA Last Period	WA 1 Year Ago	# of Sales	
	\$/MBF	\$/Cord	\$/MBF	\$/Cord	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Cord	Reported	Total Volume
<b>PINE</b>												
<b>Sawlogs</b>												
Northeast TX	452.50	11.00	288.98	11.00	377.67	47.21	404.47	50.56	317.40	343.14	11	3,295
Southeast TX	404.00	2.41	304.95	2.41	373.35	46.67	390.42	48.80	362.22	307.33	15	6,426
Statewide*	452.50	2.41	288.98	2.41	375.51	46.94	395.18	49.40	344.97	316.52	26	9,721
USFS	**	**	**	**	**	**	**	**	**	**	**	**
<b>Pulpwood</b>												
Northeast TX	17.50	17.50	11.00	17.50	14.95	5.98	14.83	5.93	15.27	12.87	10	967
Southeast TX	12.86	2.41	2.41	2.41	7.99	3.04	8.95	3.41	9.37	14.57	13	2,436
Statewide*	17.50	2.41	2.41	2.41	11.47	4.51	10.62	4.10	13.12	14.04	23	3,403
USFS	**	**	**	**	**	**	**	**	**	**	**	**
<b>Chip-N-Saw</b>												
Northeast TX	44.09	29.80	29.80	29.80	37.98	14.47	40.94	15.60	44.28	22.78	**	2,837
Southeast TX	44.09	29.80	29.80	29.80	37.98	14.47	40.94	15.60	38.46	22.78	8	2,837
Statewide*	44.09	29.80	29.80	29.80	37.98	14.47	40.94	15.60	38.73	22.78	8	2,837
USFS	**	**	**	**	**	**	**	**	**	**	**	**
<b>HARDWOOD</b>												
<b>Sawlogs</b>												
Northeast TX	102.00	8.28	90.00	8.28	96.74	10.75	99.28	11.03	122.60	132.83	**	88
Southeast TX	102.00	4.78	90.00	4.78	96.74	10.75	99.28	11.03	146.12	132.83	3	88
Statewide*	102.00	4.78	90.00	4.78	96.74	10.75	99.28	11.03	126.65	132.83	3	88
USFS	**	**	**	**	**	**	**	**	**	**	**	**
<b>Pulpwood</b>												
Northeast TX	12.21	12.21	8.28	12.21	10.58	3.78	10.26	3.67	12.75	19.10	5	238
Southeast TX	9.22	4.78	4.78	4.78	7.23	2.58	6.70	2.39	11.53	12.56	3	386
Statewide*	12.21	4.78	4.78	4.78	8.91	3.18	8.06	2.88	12.56	14.91	8	624
USFS	**	**	**	**	**	**	**	**	**	**	**	**

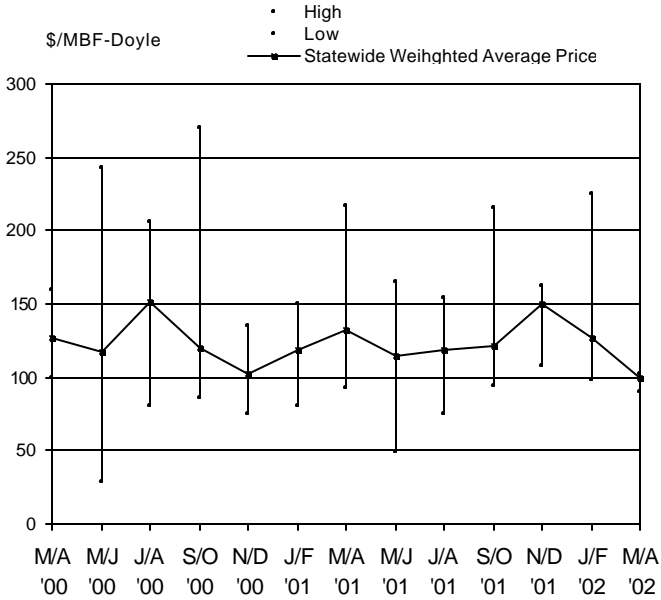
Price per ton is calculated from the average price per MBF or cord based on conversion factors listed under VOLUME CONVERSION FACTORS on page 8

MBF=Thousand Board Feet. The DOYLE LOG SCALE is used for all board foot measurements

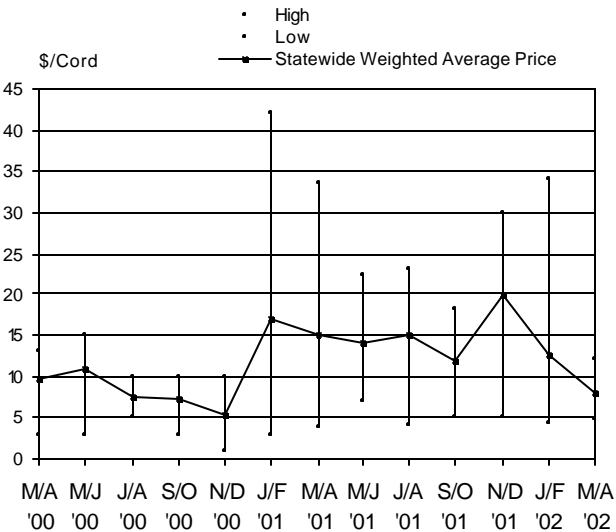
\*Statewide data excludes U.S. Forest Service sales

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

# HARDWOOD SAWTIMBER



# HARDWOOD PULPWOOD



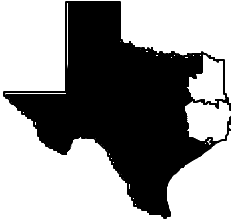
# TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

Year	Pine			Hardwood	
	Sawlog \$/MBF-Doyle	Chip-N-Saw \$/Cord	Pulpwood \$/Cord	Sawlog \$/MBF-Doyle	Pulpwood \$/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
2002.1	344.97	38.73	13.12	126.65	12.56
2002.2	394.38	40.94	10.62	99.28	8.06



# Texas Timber Price Trends

## Market Regions



**Northeast TX**  
Region I



**Southeast TX**  
Region II

## VOLUME CONVERSION FACTORS

### Sawlogs - Veneer Logs

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  
2.37 Pine Cunits = 1 MBF-Doyle  
1 Cunit = 100 Cubic Feet.

### Pulpwood

Pine, Northeast TX - 2.5 Tons = 1 Cord  
Pine, Southeast TX - 2.625 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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For more information, call (979)458-6650.

### 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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