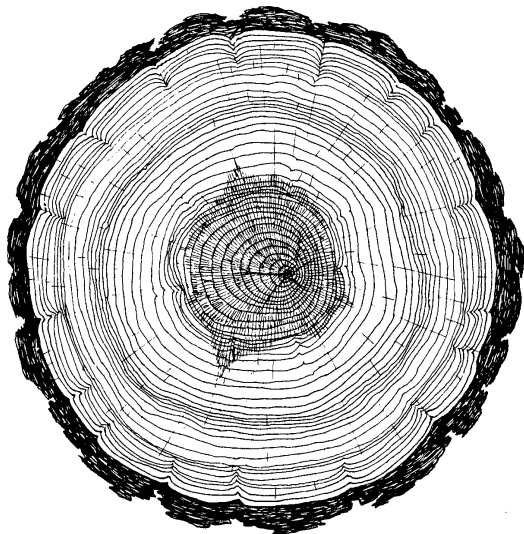


TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 21 NO. 2

March/April 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 was 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 declined with the dry weather in the March/April 2003. "Woodyard inventories are maxing out", said our reporters. "Pine sawmills are filling up with logs, some of which only taking logs 2-3 days per week." Hardwood sawlogs were selling at good price. Our reporters indicated that delivered and stumpage prices for pine pulpwood were "falling rapidly" with the improved weather condition. "Except during very wet weather conditions, there is an abundant supply of pine pulpwood" in the market.

Demand for bark poles showed strong increase. "Delivered price for bark poles in all regions is \$85-88/ton", reported by a mill.

New Timber Tax Legislation

During the 78th legislative session (January 14-June 2, 2003), there were many bills defining, amending or affecting the timberland property tax appraisal standards or appraisal methods. SB1646 (by Staples) and an identical version in the House HB2938 (by McReynolds) proposed to amend the measurement unit (from MBF to tons), add a product (chip-n-saw), combine NE and SE into one region, add gatewood sales and amend capitalization rate. HB3395 and HB169 (both by Christian) proposed similar amendments except on cap rate change. In the end, SB1646 passed both the Senate and the House to be a new timber tax law.

There were two bills (HB3402 and HB2423) filed by Coleman (Houston) and Lewis (Fort Worth) that proposed to add hunting or recreational leases revenue to the tax formula. These bills eventually did not come out of the committee.

HB3403 (by Coleman) and an identical version HB3424 (by Lewis) would have limited tax incentives afforded to timber landowners by SB977 of 1999 had it passed.

Finally, three bills that were left pending in the committee at the end of the session would have restricted certain lands from being eligible for timber appraisal or SB977 incentives: HB480 by Wilson (Houston), HB847 by Rangel (Austin) and HB2517 by Turner (Houston).

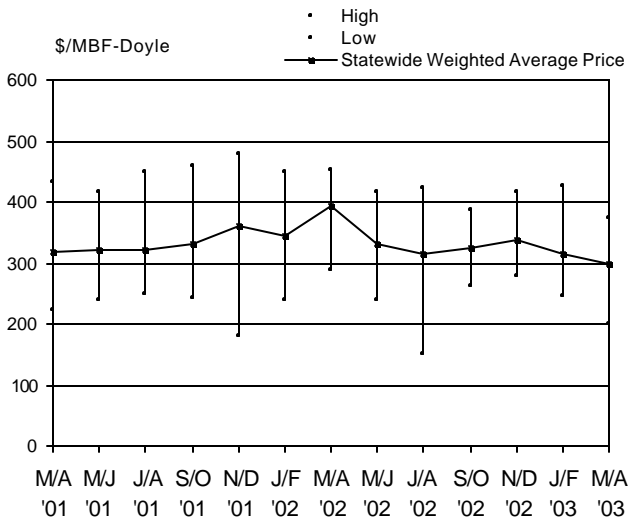
TEXAS TIMBER PRICES FOR PROPERTY TAX APPRAISAL

		1998	1999	2000	2001	2002
Northeast Texas						
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
Southeast Texas						
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

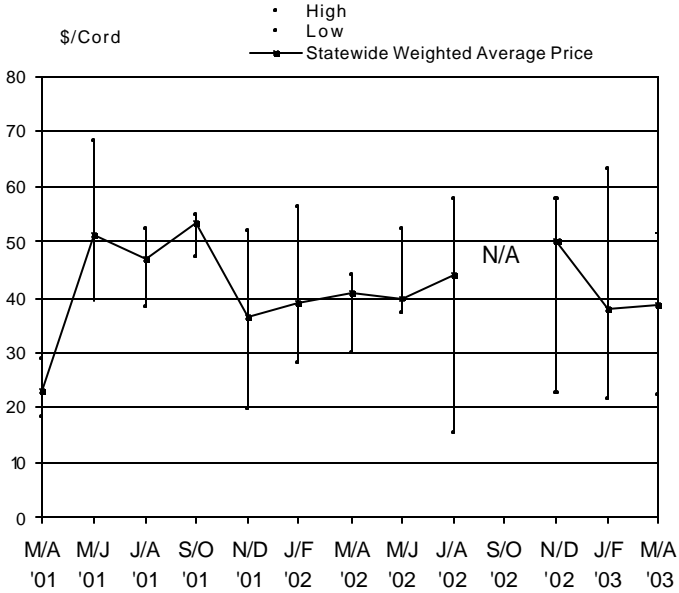
Data Source: Texas Forest Service, February 2003

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.

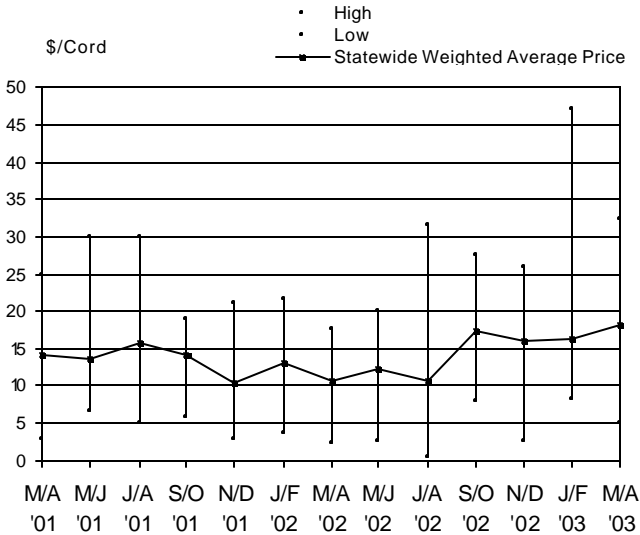
PINE SAWTIMBER



PINE CHIP-N-SAW



PINE PULPWOOD



The prices in this table does 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

March/April 2003

5/31/2003
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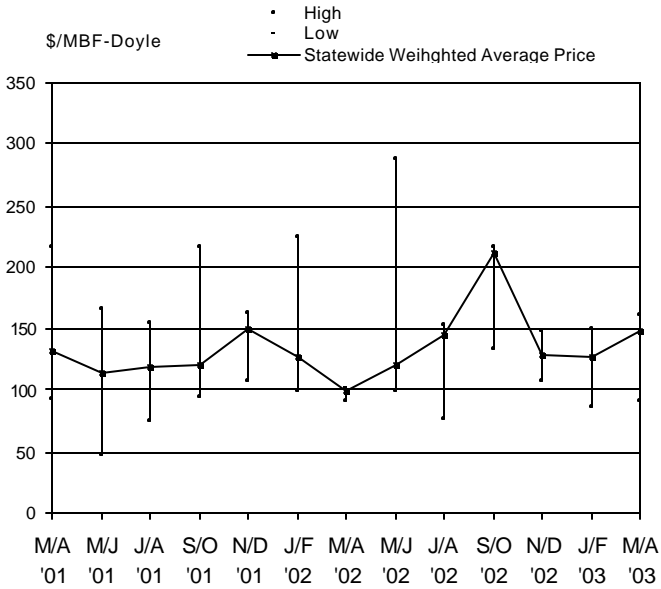
Product/Region	Average Price	Average Price Last Period	Average Price Same Period A Year Ago	# of Sales Reported	Total Volume	
PINE						
Sawlogs	\$/Ton	\$/MBF	\$/Ton	\$/MBF	Ton	MBF
Northeast TX	33.40	283.95	41.43	312.31	137,965	16,228
Southeast TX	43.60	309.53	42.99	318.47	187,232	26,370
Statewide*	39.27	299.79	42.23	315.52	325,197	42,599
USFS	28.06	224.45	**	**	1,477	185
Pulpwood	\$/Ton	\$/Cord	\$/Ton	\$/Cord	Ton	Cord
Northeast TX	6.96	18.66	6.41	17.50	275,679	102,776
Southeast TX	6.10	16.49	5.34	14.26	86,095	31,836
Statewide*	6.75	18.15	5.98	16.21	361,774	134,611
USFS	**	**	**	**	**	**
Chip-N-Saw	\$/Ton	\$/Cord	\$/Ton	\$/Cord	Ton	Cord
Northeast TX	15.92	41.87	16.21	41.69	5,888	2,239
Southeast TX	14.58	37.91	14.79	37.74	51,826	19,929
Statewide*	14.71	38.31	14.84	37.88	57,714	22,168
HARDWOOD						
Sawlogs	\$/Ton	\$/MBF	\$/Ton	\$/MBF	Ton	MBF
Northeast TX	15.32	150.60	13.72	127.64	9,991	153,101
Southeast TX	**	**	**	**	603	9,256
Statewide*	15.33	148.21	13.74	127.77	10,594	162,357
USFS	8.33	74.99	**	**	**	**
Pulpwood	\$/Ton	\$/Cord	\$/Ton	\$/Cord	Ton	Cord
Northeast TX	6.41	18.18	5.66	15.94	22,371	143,367
Southeast TX	4.20	11.63	**	**	35,304	828,183
Statewide*	5.06	14.13	5.22	14.42	57,676	971,550
USFS	**	**	**	**	**	**

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

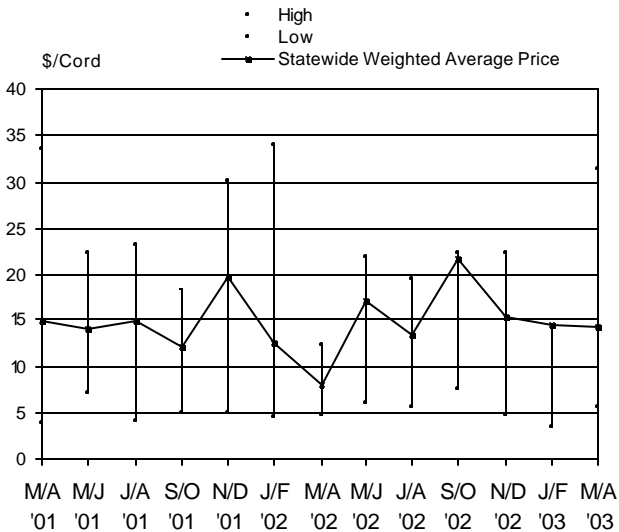
2. Price is calculated from a specific conversion factor reported for each sale if available; otherwise, the average conversion factors listed on page 8 are used. MBF = Thousand Board Feet. The DOYLE LOG SCALE is used for board foot measurements.

3. U.S. Forest Service timber sales for this reporting period were salvaged timber sales and sales as part of the oil and well fields.
* Statewide data excludes U.S. Forest Service sales.
** Insufficient sales to report price statistics (less than three reported sales).

HARDWOOD SAWTIMBER



HARDWOOD PULPWOOD

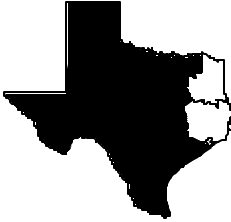


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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

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 - 8 Tons = 1 MBF-Doyle
Hardwood - 9 Tons = 1 MBF-Doyle
Pine Chip-N-Saw: 1 Cord = 2.625 tons

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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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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