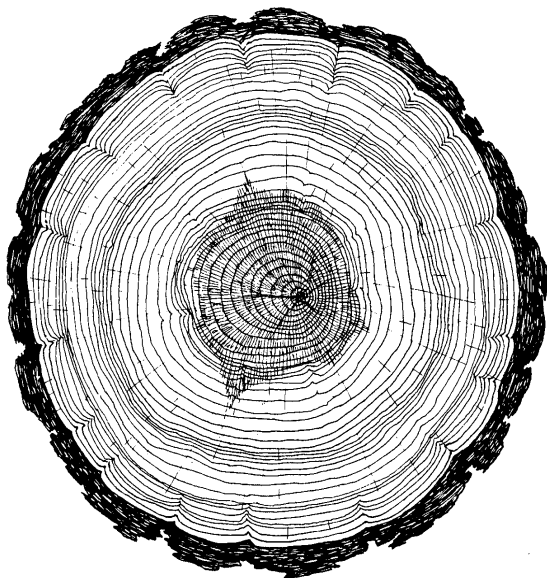


TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 23 NO. 3

May/June 2005

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

The average price of East Texas pine sawtimber fell in the May-June period as the market went into the summer session. "It is a typical summer scenario," commented one forester, "mills are in control." With the drier weather increasing logging access to tracts, the average price of pine sawtimber decreased to \$42.75/ton in the May-June period from \$45.04/ton in the March-April period. This was a \$2.29/ton or 5% decrease. As a result of "not enough mills wanting large pine logs," some large pine logs "were sold at reduced prices."

Even though the average price of pine sawtimber drifted below the March-April period, it was still 17% higher than the same period last year when the statewide price averaged \$36.64/ton. In some areas, "shortage of trucks and truckers tend to hold the prices up," reported another forester.

The average stumpage price of pine pulpwood was still solid during the May-June period. The price of pine pulpwood averaged \$10.53/ton or 28.37/cord, which was \$3.59/ton or 52% increase from the same period last year. Compared to the previous two-month period, the price of pine pulpwood remained virtually unchanged. In the first six months of 2005, stumpage prices of pine pulpwood have been holding up steadily at or above \$10/ton, a level that's significantly higher than last year.

The average stumpage price for pine small sawtimber (chip-n-saw) dropped slightly from \$18.42/ton in the March-April period to \$17.10/ton in the May-June period. This was a \$1.32/ton or 7% decline. However, this price was still \$1.41/ton or 9% higher than the same period last year.

The strong market for hardwood sawtimber eased during the May-June period, particularly for the high-grade quality sawtimber. "(We) cannot sell red oak for the first time in history," commented a reporter. The average stumpage price for mixed hardwood sawtimber was \$17.59/ton (\$161.33/MBF) for this period, a \$0.76/ton or 4% decrease from the previous two-month period. The price for hardwood sawtimber was the same this year for the May-June period as last year (\$17.24/ton). The average price of high-grade sawtimber from the six timber sales received was \$33.72/ton (\$267.88/MBF). Hardwood pulpwood products continued to perform well. The average price was \$7.73/ton (\$21.96/cord) for the May-June period. Although this was a \$2.28/ton decrease from the previous two-month period, it was still on the high end in the last three years.

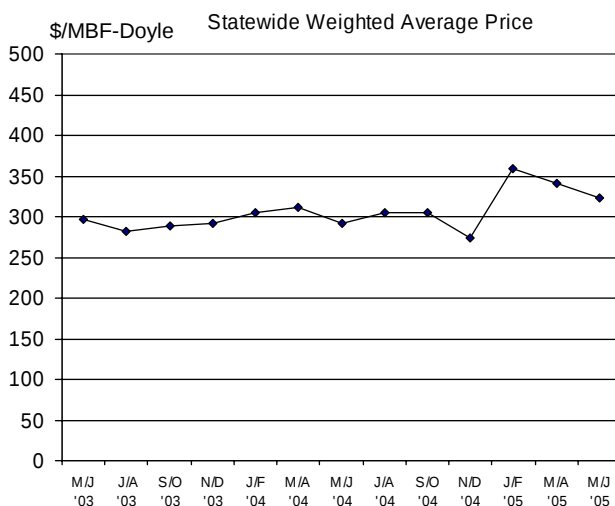
TEXAS TIMBER PRICES FOR 2005 PROPERTY TAX APPRAISAL

	2000	2001	2002	2003	2004
Large Pine Sawtimber	\$ 39.29	\$ 38.33	\$ 39.23	\$ 36.21	\$ 34.77
Small Pine Sawtimber	\$ 19.96	\$ 15.39	\$ 17.92	\$ 16.81	\$ 18.04
Pine Pulpwood	\$ 11.26	\$ 6.15	\$ 4.65	\$ 5.89	\$ 6.99
Hardwood Sawtimber	\$ 15.07	\$ 13.28	\$ 16.10	\$ 16.49	\$ 19.77
Hardwood Pulpwood	\$ 9.05	\$ 9.70	\$ 4.83	\$ 5.30	\$ 5.87

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.

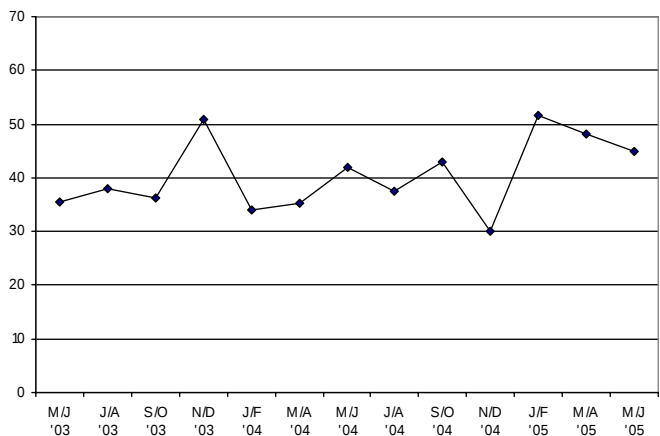
Data Source: Texas Forest Service, February 2005

PINE SAWTIMBER



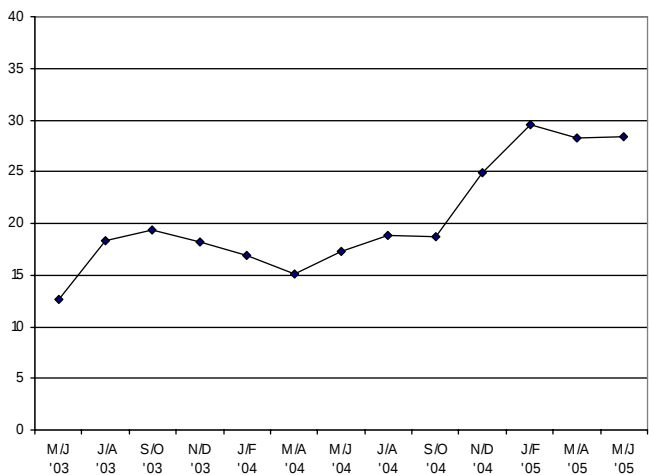
PINE CHIP-N-SAW

\$/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 a variety of factors such as timber quality, logging conditions, timber volume and distance to the mills.
For timber prices used for timberland property taxation, please see page 3.

STUMPAGE PRICE TRENDS IN TEXAS

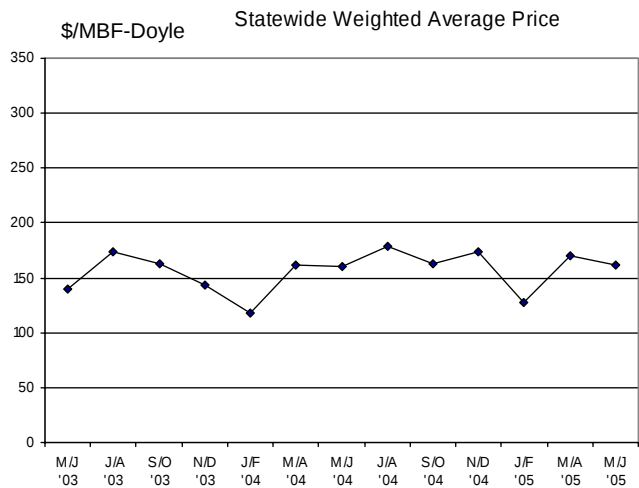
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Product/Region		Average Price		Average Price Last Period		Average Price Same Period A Year Ago		# of Sales Reported	Total Volume	
		\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF		Ton	MBF
PINE										
Sawlogs										
Northeast TX		39.02	307.63	43.82	336.65	32.77	291.45	51	79,079	10,031
Southeast TX		44.53	330.65	45.64	343.06	40.57	291.79	89	165,292	22,263
Statewide*		42.75	323.50	45.04	340.97	36.64	291.64	140	244,371	32,294
USFS		**	**	**	**	**	**	**	**	**
Pulpwood										
Northeast TX		9.06	24.36	12.82	34.25	7.38	19.70	50	136,023	50,616
Southeast TX		12.53	33.84	8.50	23.31	6.03	16.27	28	100,207	37,108
Statewide*		10.53	28.37	10.44	28.29	6.94	18.59	78	236,230	87,724
USFS		**	**	**	**	**	**	**	**	**
Chip-N-Saw										
Northeast TX		20.93	55.50	22.17	59.09	16.05	43.32	17	6,215	2,344
Southeast TX		16.92	44.42	17.51	45.54	15.51	41.29	47	131,732	50,183
Statewide*		17.10	44.91	18.42	48.14	15.69	41.96	64	137,946	52,528
HARDWOOD										
Mixed Sawlogs										
Northeast TX		17.76	163.17	18.35	169.69	17.41	164.41	15	10,879	1,184
Southeast TX		14.18	126.12	**	**	16.65	149.86	3	550	62
Statewide*		17.59	161.33	18.35	169.69	17.24	161.02	18	11,429	1,246
USFS		**	**	**	**	**	**	**	**	**
Grade Sawlogs										
Northeast TX		34.19	270.00	**	**	**	**	4	6,928	879
Southeast TX		**	**	**	**	**	**	2	**	**
Statewide*		33.72	267.88	**	**	**	**	6	8,078	1,017
Pulpwood										
Northeast TX		8.17	23.30	9.22	26.35	6.23	17.56	19	32,417	11,368
Southeast TX		2.37	6.50	**	**	5.57	15.60	6	2,696	984
Statewide*		7.73	21.96	10.01	28.21	6.16	17.35	25	35,113	12,351
USFS		**	**	**	**	**	**	**	**	**

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

HARDWOOD SAWTIMBER



HARDWOOD PULPWOOD

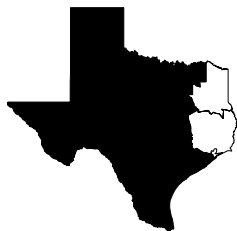


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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
2005.1	359.31	51.56	29.57	127.17	23.48
2005.2	340.97	48.14	28.29	169.69	28.21
2005.3	323.50	44.91	28.37	161.33	21.96

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 - 7.58 Tons = 1 MBF-Doyle
	Hardwood - 9.05 Tons = 1 MBF-Doyle
	Pine Chip-N-Saw: 1 Cord = 2.68 tons
Pulpwood	Pine - 2.52 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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This publication is also available *free of charge* on the Texas Forest Service website:

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WANT TO BE A REPORTER?

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