

Forestry Report

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Pine Sawtimber Trends Up In South & Northeast, While Housing Bumps Up Against 1.2M Adjusted Starts

By Marshall Thomas, President of F&W Forestry Services, Inc.



There is still not a lot of good news in timber markets in our operating region, although there are signs of improvement in specific sectors. It appears that pine sawtimber markets in the South and Northeast regions are beginning to ease up. Meanwhile, hardwood markets in the Northeast remain mixed, with Red Oak and Black Cherry improving in some areas. Anecdotal reports from our managers suggest improving conditions in the pine sawtimber markets.

So we have to look to the future for good news. The best I've seen is that the Federal Reserve has signaled that it will stick with its forecast of three rate cuts this year, with the target being 4.6 percent at the end of 2024, according to the Federal Open Market Committee. That will help a lot, unless the recent news that inflation is staying higher than expected causes them to modify their plans.

In spite of high interest rates, the F&W lumber-use adjusted housing start number for February, which reflects lumber use in both single and multi-family homes (see graph on page 12), is right at 1.22 million adjusted units. Historically, 1.2 million adjusted units has served as a reliable benchmark for healthy timber markets. It will be interesting to see if this trend holds true in this recovery as housing increases in response to declining interest rates.

F&W WELCOMES EQUITY PARTNER, EXPANDS INTO INLAND EMPIRE REGION

F&W is thrilled to announce the addition of an equity partner as part of its strategic growth initiative, facilitating the expansion into the vibrant Inland Empire region. See more on this exciting development on page 3.

There is hope that we may finally climb out of our post-COVID doldrums over the next year or two.

The European Union's deforestation regulations continue to cause ongoing concern in the U.S. among the forest industry and landowners. Some stakeholders are becoming increasingly vocal about their apprehension. See page 2 for an update on this issue.

Tree planting on behalf of our clients was up at F&W this year, driven by increased harvesting activity caused by high prices during the pandemic and by wildfires on the West Coast (see page 4). This underscores our commitment to sustainable forest management and how we harvest and replant in predictable cycles, always replacing what is harvested or lost to natural disaster.

As we reported in the last issue, Enviva, the largest wood pellet producer in the U.S., has filed for bankruptcy, but it continues to operate, and it appears the company has a plan to emerge in early 2025 with restructured financing. See article on page 5.

(continued on page 9)

INSIDE THIS ISSUE

PAGE 2

European
Deforestation
Regulation Update

PAGE 3

F&W Announces
Equity Partner,
Expansion

PAGE 4

Reforestation
Report

PAGE 6

Lawmakers Consider
Carbon Tax

PAGES 8-11

First Quarter
Timber Prices

Lawmakers, Forestry Sector Worry About Deforestation Law

With just eight months to go before the European Union Deforestation Regulation (EUDR) comes into force on Dec. 30, representatives of North America's forest product industries and landowners are seeking a meeting with the president of the European Commission to discuss implementation of the regulation.

As reported in the Winter newsletter, the EUDR was formally adopted last June by the European Commission with an aim to combat global forest loss primarily caused by agricultural conversion of forestland. The EUDR applies to seven commodities identified as the main drivers of agricultural expansion that lead to deforestation and forest degradation, including wood, cattle, cocoa, coffee, palm oil, rubber, and soy, along with products derived from these commodities. Operators importing these commodities and their derivatives to the European Union (EU) will be required to prove the products are deforestation-free.

In the February letter to European Commission President Ursula von der Leyen, representatives from the

U.S. and Canadian forestry sectors expressed shared goals with the EU in eliminating deforestation and forest degradation. They emphasized North America's strong foundations in sustainable forest management and its status as a long-trusted trading partner with the EU.

However, they voiced concerns that certain requirements of the EUDR will put North American forest products at a competitive disadvantage. They argued that these requirements impose unnecessary burdens and costs that will limit market access without corresponding environmental benefits.

"We are concerned about how forest degradation is ultimately defined in the implementation of the law, which could conflict with many of the critical efforts underway in the U.S. and Canada to strengthen forest health, reduce wildfire risk, and mitigate the impacts of climate change on our forests. We are equally concerned about the interpretation of the provisions on geolocation data and corresponding impacts on the trade in wood products sourced from non-industrial private forest owners and on the use of wood chips, forest residuals, and sawmill residues," the letter read.

"An overly strict interpretation would be impractical at best and, in many cases, impossible for North American and Canadian suppliers to meet—not because of deforestation or forest degradation in our countries, but because of the mature, complex supply chains in North America and the fiber blending that is an inherent part of our industries' processes."

The letter was signed by 14 forestry organizations.

In a separate development, a bipartisan group of 27 senators led by Marsha Blackburn (R-Tenn.) and Angus King (I-Maine) sent a letter to U.S. Trade Representative Katherine Tai in March urging her to press her EU counterparts to make the EUDR more workable for international trading

partners.

"While we applaud the EU's commitment towards reducing deforestation, the EUDR, as currently written, presents significant compliance issues due to its stringency and ambiguity. One specific concern is the traceability requirement. The EUDR imposes a geolocation traceability requirement that mandates sourcing to the individual plot of land for every shipment of timber product to the EU. In the U.S., 42 percent of the wood fiber used by pulp and paper mills comes from wood chips, forest residuals, and sawmill manufacturing residues—wood sources that cannot be traced back to an individual forest plot. The EUDR traceability requirement will be nearly impossible for a significant segment of the U.S. paper and pulp industry to comply with," the senators wrote.

Lawmakers urged the trade representative to seek clarity on the EUDR's traceability requirements, data reporting, and country benchmarking and to encourage the EU to recognize that the U.S. has robust regulatory standards that protect the long-term health of its forests.

A majority of EU countries are also pushing back on the anti-deforestation law, calling for urgent revisions and extending the deadline for countries to comply with the law, according to Reuters news reports.

In late March, agriculture ministers from 20 of the EU's 27 member countries supported Austria's call to scale back the law, arguing it adversely impacts European farmers. Reuters reports that Austria's demands to the European Commission include a significant reduction in the burden for certifying products as deforestation-free within the EU and a delay in the compliance deadline.

The Commission has not yet responded to the call for a revision or delay in implementing the law. 🌱



Forestry Report

For further information on material in this report or to discuss your forestry needs, contact the nearest F&W office or the Albany headquarters at:

PO Box 3610, Albany, GA 31706-3610
229.883.0505 / fax 229.883.0515
www.fwforestry.com

Marshall Thomas, *President*
Jeff Jordan, *Chief Operating Officer*
Jody Strickland, *Chief Business Officer*
Sonya Farmer, *Chief Financial Officer*
Stephen Logan, *Chief Information Officer*
Brent Williamson, *Forest Operations*

The F&W Forestry Report is produced by:
Bates Associates
770.451.0370
batespr@bellsouth.net



F&W Forges Strategic Equity Partnership, Expands Into U.S. Inland Northwest Region

F&W is pleased to announce two pivotal developments that mark significant milestones for the company. Everwood, a French-based integrated player in the European forest management sector with a focus on addressing the challenges of climate change, has made a strategic investment in the company. Additionally, F&W has undertaken a major expansion of its U.S. operations into the Inland Northwest region with the acquisition of Idaho-based Inland Forest Management.

Since its founding in 1962, F&W has consistently pursued a path of steady expansion guided by a strategy centered on delivering high-quality, local forest management services through experienced and knowledgeable foresters. The current forestry landscape provides a wealth of opportunities for F&W to grow its forest management business and President Marshall Thomas said the company sought an equity partner to accelerate growth opportunities.

A decade ago, F&W invested in Forestry France, a leading forest management company serving landowners mainly in France. Through this involvement, F&W was introduced to Everwood, leading to their collaboration in 2022 to establish Forestry Europe, a new firm tailored to meet the forest management needs of landowners in other forested regions of Europe. F&W's strategy for an international, technology-enabled forest management company paved the way for Everwood's investment.

"Since Everwood became a shareholder in Forestry France, we know the synergies, goals, environmental, and ethical standards of our two companies align. Everwood's investment allows us to quickly execute our plans for expansion while ensuring stability as

we work towards our shared vision," Thomas said.

Charles Flipo, president of Everwood, echoed this sentiment: "Many landowners are increasingly managing their forestland in a growing number of countries to meet ambitious natural capital strategies. Everwood and F&W have joined forces to pursue a goal of developing sustainable forest management services in key U.S. and international forestry markets. Over the last two years, we have built common goals with F&W and agree on strategic principles and values, such as innovation and a client-centric approach. We are thrilled to contribute and be a part of the implementation of F&W's strategy."

Thomas said Everwood's investment supports the expansion of F&W's operations in both existing and new markets and enables the company to be more responsive to evolving forest ownership objectives, develop new business lines, and invest in advanced technologies. This includes expediting the planned upgrade of the company's proprietary Forest Information System® (FIS), a comprehensive software suite for landowners and timberland investment managers.

F&W's first expansion of operations is into the Inland Empire

region of Northern Idaho, Eastern Washington, and Western Montana with the purchase of Inland Forest Management (IFM), a highly respected provider of forestry consulting services based in Sandpoint, Idaho. Founded in 1984, IFM expertise extends beyond comprehensive forest management services to include wildfire suppression and fire mitigation activities on behalf of clients.

Mike Wolcott, who owned and co-founded IFM, will remain an integral part of the company and will continue to manage the Sandpoint operations. He said the ownership change will keep IFM sustainable and set to thrive into the future.

"Key employees were involved in the ownership change decision and are excited about leveraging F&W's considerable technology, knowledge, and support to further serve our clients," Wolcott said. "Our clients will continue to be served by the same foresters and will be hard-pressed to notice any changes."

F&W will continue to operate under the leadership of Thomas and the existing senior management team and clients can continue to expect the same level of quality and reliable service that has been the hallmark of the company throughout its history. 🌲



The F&W and Everwood teams, led by presidents Marshall Thomas (fifth from left) and Charles Flipo (second from right)

Wildfires, Hot Pandemic Timber Markets Spur Record Tree Planting Season

The surge in timber sales between 2020 and 2023, fueled by high stumpage prices during the pandemic, has triggered a significant uptick in tree planting activity in several regions across F&W's Southern footprint. Moreover, wildfires in the West have contributed to heightened reforestation efforts in California as well.

During the recent 2023-24 planting season, F&W managers oversaw reforestation activities on approximately 33,500 acres, a 28 percent increase over the previous year. An annual survey of the company's regional managers provided data and observations from the recent planting season. Tree planting is a long-established practice in the South and on the West Coast, but in the Northeast and Central regions, which are dominated by hardwood species, reforestation occurs primarily through natural regeneration.

The robust housing market and strong lumber demand during the pandemic caused stumpage prices to climb, prompting many landowners, who had been waiting on the sidelines for more favorable prices, to enter the market. The timberland where sales were conducted during that period are now coming due for replanting and are expected to continue into next planting season.

REGIONAL TRENDS

T.R. Clark, F&W's manager based in LaFayette, Ala., reports a significant increase in planted acres this year, potentially reaching a record level for his office. "We planted more than double the acres we planted last season and almost two-and-one-half times the acres we planted five years ago," he stated.

Albany, Ga., manager Chad Hancock also noted a sharp increase in planted acres due to improved timber markets that resulted in more

clearcuts. Planting by his office increased more than 60 percent over last year and was up 40 percent from five years ago.

Most other managers across F&W's Southern territory reported tree planting acres were on par with the previous season, with only Virginia and Tennessee noting declines in reforestation activity.

Glen Worrell in Virginia attributed the decrease in reforestation to delays in harvesting and timber market conditions resulting in quotas. Rick Sluss in Tennessee cited fewer markets for pine pulpwood and sawtimber as a reason for the decline in tree planting in his area.

In California, both John Vona and Tom Young attribute the increase in planted acres to wildfires and the availability of grant funds that pay for reforestation.

CHALLENGES IN REFORESTATION

Managers faced various challenges in preparing and planting sites this year, with weather variability and tree planter availability being common themes. Extreme drought in some areas led to state burn bans which pushed back site prep operations and delayed planting. In some areas, labor availability issues, particularly due to securing H-2B visa workers, also caused delays in planting.

Despite these challenges, most planting operations finished on schedule, although in California, the ongoing labor shortage pushed planting later than usual. Additionally, a couple of managers noted increased demand and competition for genetically-advanced container seedlings, which makes it imperative that landowners plan early for reforestation.

METHODS & DENSITY

The primary method of tree planting reported by managers was

hand planting, with more than 80 percent of all acres planted by hand. Reasons for this preference included cost considerations, particularly the significant escalation in machine planting costs. Additionally, on difficult sites or steep terrain, hand planting remained the exclusive method due to practical constraints.

It was a mixed bag when it came to planting density, with some managers reporting no change in trees planted per acre (TPA) from the previous season and others saying they continue to reduce the number of seedlings per acre planted. Tree planting density ranged from 389 TPA to 660 TPA, with most managers planting an average of 550 TPA. Factors influencing changes in density included local timber markets, advancements in nursery technology, and cost considerations. Managers that reduced planting density cited market-driven factors such as a lack of pulpwood markets in their areas and the desire to increase the chances of achieving lumber products without the need for thinning. In many cases, where they reduce planting density, they are turning to container seedlings with advanced genetics.

"Survivability of container seedlings is much higher over bareroot and this gives us the latitude and confidence to plant the reduced densities," reports Clark in Alabama.

Eric Sumner, based in El Dorado, Ark., said he tried a new planting density with a client in one particular area this year. "We planted some really good genetics at 389 seedlings per acre to increase chip-n-saw volume at first thinning time in an area with low pine pulpwood stumpage."

In California, Tom Young said that advancements in nursery technology have boosted seedling survival rates, prompting him to plant fewer trees per

(continued on page 5)



Pellet Giant Files For Bankruptcy, Plans To Restructure

Wood pellet giant Enviva filed for Chapter 11 bankruptcy in March, but the company said construction on its new \$375 million mill in Epes, Ala., will continue. However, it will pause development plans for a similar mill in Bond, Miss.

The largest producer and exporter of wood pellets in the U.S., Bethesda, Md.-based Enviva filed for bankruptcy in hopes of restructuring its debt by \$1 billion following a failed gamble on future pellet prices.

Wood pellets have gained global traction as a cleaner alternative to coal, driving exponential demand worldwide. In 2023, the U.S. exported 9.54 million metric tons of wood pellets with a value of \$1.75 billion, compared to 4.06 million metric tons with a value of \$522 million in 2014.

Founded in 2004, Enviva operates 10 pellet facilities across the Southern Pine Belt spanning from Mississippi to Virginia with a combined capacity of approximately five million metric tons. The company began construction in June 2023 on its largest wood pellet facility, at 1.1 million metric tons per year, in Epes, Ala., which is southwest of Tuscaloosa. The company had

also announced plans to build a second 1.1 million metric ton-facility at Bond, Miss., near Gulfport. Enviva also operates six deep-water ports across the South.

Enviva's third quarter 2023 financial report, released in November, revealed a staggering net loss of \$85.2 million. The company said sales contracts it entered into in late 2022 "have had a significant negative impact on the company's profitability, cash flows, and liquidity due to the negative current spread between the sale and purchase prices of the agreements and the anticipated loss on resale of those volumes within an unfavorable pricing environment in the wood pellet spot market." In short, the company had been buying additional pellets with plans to resell them for a profit, but that strategy backfired when pellet prices fell. Absent a significant and near-term increase in pellet prices, the company said it expects the 2022 transactions to continue to have a negative impact through 2025.

The revelations triggered a startling 78 percent drop in Enviva's share value, plummeting to less than \$1.

In January, the company received notification from the New York Stock Exchange (NYSE) that its share value was not in compliance with NYSE-continued listing criteria, which requires listed companies to maintain an average closing share price of at least \$1 over a consecutive 30-trading-day period. Enviva has six months to regain compliance before its shares are delisted from the stock exchange.

Enviva said it expects to continue to pay suppliers for authorized goods received and services provided during the restructuring process, which is targeted to be completed by the end of 2024. The company plans to continue constructing its Epes plant, with an in-service date expected in early 2025. But plans for the Bond facility have been paused until the company emerges from the restructuring process.

The company's troubles have cast a cloud over the wood pellet sector. Enviva plants are major employers in areas where they operate and provide important wood markets for forest landowners in these regions. 🌲

Record Planting Season *(continued from page 4)*

acre. He further explained that this practice allows them to make the most of available seeds and seedlings, particularly for large-scale plantings associated with wildfires.

SPECIES & SEEDLING PREFERENCES

Loblolly pine was the most commonly planted seedling species in the South, used on 82 percent of the acres planted, followed by slash pine (13 percent) and longleaf (5 percent).

Containerized seedlings were favored by most managers for their higher survival rates, particularly during challenging weather conditions,

and increased planting flexibility. Bareroot seedlings were still utilized, particularly on heavier soils where machine planting was preferred, and where reforestation costs are a factor.

In California, Ponderosa pine and Douglas fir made up approximately 85 percent of all planting, with the remainder site dependent and consisting of white fir, red fir, sugar pine and incense cedar. Due to rocky terrain and sometimes droughty sites, only container seedlings are used.

OUTLOOK & CONCERNS

Looking ahead, managers noted

rising reforestation costs over the last few years and raised concerns that continued escalation may deter replanting efforts or alter land management plans.

Jason Potts in the Corinth, Miss., office sums it up best: "All landowners, no matter what kind, are looking for future returns on their investments. So, reforestation depends on where their land is located, what the markets are doing now, and what they are forecasted to do in the future." 🌲



NH Lawmakers Consider Carbon Tax

Due to their critical role in the carbon cycle, forests are increasingly recognized for the part they can play in mitigating the impacts of climate change. Enticing financial incentives for engaging in natural carbon solutions are prompting some landowners to consider transitioning from managing their forests for timber production to carbon sequestration.

In New Hampshire, the potential loss of timber tax revenue due to this shift has sparked concern in some communities that rely on this source of income.

As the second most forested state in the U.S. behind Maine, more than 80 percent of New Hampshire's landmass is covered in trees. Consequently, the state has become a hub for companies specializing in natural carbon solutions, such as Anew Climate, LLC, and Aurora Sustainable Lands (formerly Blue Source Sustainable Forests Co.), which have been purchasing land with a priority of managing for carbon sequestration.

Towns in heavily forested New Hampshire are the exclusive recipient of the state's timber harvest tax and in some cases, these taxes make up a significant part of government

tax revenue. The shift away from logging trees to preserving forests for carbon credits has raised worries in these communities about the ensuing loss of that tax revenue and its potential impact on the rural economy. Many municipalities face the prospect of having to raise taxes or cut services to compensate. There are also concerns about the impact the shift could have on mills, logging operators, and other businesses engaged in the forestry sector.

New Hampshire Governor Chris Sununu said the change in land use represented by the carbon credit market is concerning, as reported by Paula Trace in an InDepthNH.org article.

"We are watching this very closely," Sununu said. "We are a logging state. A lot of folks rely on those jobs. I think we do it smart. We do it with conservation in mind. To see more and more of these tracts of lands being bought up by these national groups, not local groups for the carbon credits. It sounds good, I suppose, environmentally but it has real repercussions to us locally. We are a very forested state, right? That's a wonderful thing...if you are going to buy and preserve a forest for carbon

credits and limit logging, you'd think you would do it in states which don't have a lot of forests, but they are doing it here. So we're keeping an eye on it."

In response to these concerns, New Hampshire lawmakers introduced several bills during the 2024 legislative session to address the forest carbon issue. Proposed measures included levying a tax on forest land in carbon agreements, removing forests enrolled in forest carbon programs from the state's current use program, and imposing a two-year moratorium on all private forest carbon agreements.

Ultimately, the New Hampshire House of Representatives passed HB 1697, sponsored by Rep. Arnold Davis (R-Milan), which mandates that the Department of Revenue conduct a study on the issues related to lost timber tax revenue due to forest lands being enrolled in carbon credit offset programs. Additionally, it directs the state division of forestry to establish a state registry for lands enrolled in carbon programs. The bill passed the New Hampshire House on Feb. 22 by a vote of 356 to 10. It currently awaits further action by the state senate. 🌲

U.S. Plans To Raise Tariffs Against Canadian Softwood Lumber

The U.S. Department of Commerce plans to hike the tariffs levied on Canadian softwood lumber imports, from the current average of 8.05 percent to 13.86 percent, following an administrative review of 2022 softwood lumber imports from Canada.

While the announcement drew criticism from our neighbors to the North, it was applauded by American lumber producers, who say that the

enforcement of trade laws will only encourage further investments in U.S. sawmills.

"The U.S. Lumber Coalition supports the Commerce Department's continued commitment to enforce the U.S. trade laws against subsidized and unfairly traded Canadian lumber imports," stated Andrew Miller, chairman of the U.S. Lumber Coalition and CEO of Stimson Lumber. "The duties

simply offset the subsidies that Canadian producers receive from their governments and the Canadian producers' unfair trade practices, but they are essential to facilitate free and fair trade, giving U.S. businesses a shot to compete on a level playing field."

The Coalition said U.S. sawmills have invested and expanded capacity to meet demand in the years since it petitioned the Commerce

(continued on page 7)



Tree Planting In The U.S. Continues To Grow

Tree planting in the U.S. continues on an upward trend, according to the latest information from the Forest Service.

During the 2021-22 planting season, the latest information available, forest seedling nurseries produced more than 1.44 billion tree seedlings for reforestation, including more than 18 million container seedlings imported from Canada. Based on the total number of seedlings grown and the estimated planting densities in each state, the Forest Service estimates that more than 2.7 million acres were planted in the 2021-22 season, marking a 5 percent increase from the previous season and a notable 26 percent rise from five years ago.

The bulk of nursery production was concentrated in Southern states (82 percent), followed by Western states (14 percent), and Eastern states (4 percent). Bareroot conifer species made up around 70 percent of the seedlings produced, with only 3 percent being hardwood species.

In the Southern Pine Belt, forestry nurseries across 13 states grew more than 1.18 billion seedlings, which were used to plant approximately 2.15 million acres, a 3 percent increase from the prior year.

In the West Coast states of California, Oregon, and Washington, more than 189 million seedlings were grown, and an estimated 522,422 acres were planted, a jump of 15 percent over the prior year. The report attributes years of wildfires to the increase in reforestation.

In the 12 states that comprise the Northeast, 13.6 million tree seedlings were produced but reforestation efforts were down 17 percent to 17,199 acres planted. However, in the Northeast, reforestation is primarily conducted through natural approaches for establishing desirable species.

The tree production data is collected directly from the forest and conservation nurseries that grow forest tree seedlings across the U.S. The approximation of planted acres for each state is derived from estimates of average tree planting area based on historical ground-plot data collected by the Forest Service's Forest Inventory and Analysis (FIA) Division.

The U.S. Forest Service received assistance in the seedling planting data and estimates from state, private, and tribal forestry agencies and three prominent universities: Auburn University, the University of Idaho, and Purdue University. 🌲

U.S. Plans To Raise Tariffs *(continued from page 6)*

Department to impose the tariffs in 2016. It said the U.S. industry produced an additional 26 billion board feet of lumber through 2023, averaging 3.7 billion board feet per year of added output.

The U.S.-Canadian softwood lumber dispute is one of the most enduring trade disputes between the two nations. U.S. producers contend that the Canadian government, which owns the majority of forests

in that country, provides trees to producers for amounts far below the market value of the timber and that Canadian lumber is being sold in the U.S. for less than fair market value—putting U.S. producers at a disadvantage. The last Softwood Lumber Agreement between the two nations expired in October 2015. The Coalition said it remains open to a new U.S.-Canada lumber trade agreement. 🌲

ESTIMATED ACRES PLANTED IN 2021/22 BASED ON NURSERY PRODUCTION

	Estimated Acres Planted	Change from 2020/21
SOUTH		
ALABAMA	308,501	20%
ARKANSAS	189,042	10%
FLORIDA	77,764	-28%
GEORGIA	624,288	-4%
KENTUCKY	1,222	-9%
LOUISIANA	83,105	-15%
MISSISSIPPI	146,778	-5%
OKLAHOMA	7,755	7%
NORTH CAROLINA	126,775	-7%
SOUTH CAROLINA	400,402	38%
TENNESSEE	7,707	14%
TEXAS	125,035	-15%
VIRGINIA	50,207	-15%
Total Acres Planted	2,148,581	3%
NORTHEAST		
CONNECTICUT	-	-
DELAWARE	-	-
MAINE*	7,182	8%
MARYLAND	4,109	8%
MASSACHUSETTS	1	-98%
NEW HAMPSHIRE	841	112%
NEW JERSEY	145	-48%
NEW YORK	1,005	-4%
PENNSYLVANIA	3,634	-57%
RHODE ISLAND	-	-
VERMONT	282	213%
WEST VIRGINIA	-	-
Total Acres Planted	17,199	-17%
WEST COAST		
OREGON	232,968	-5%
WASHINGTON	225,455	48%
CALIFORNIA	63,999	73%
Total Acres Planted	522,422	15%
Total U.S. Acres Planted Based on Nursery Production	2,785,739	4.8%

The estimated acres planted is based on the total number of seedlings grown and the estimated planting densities in each state.

**Source: Tree Planters' Notes, Volume 66, Number 2 (2023); Forest Nursery Seedling Production in the United States—Fiscal Year 2022*

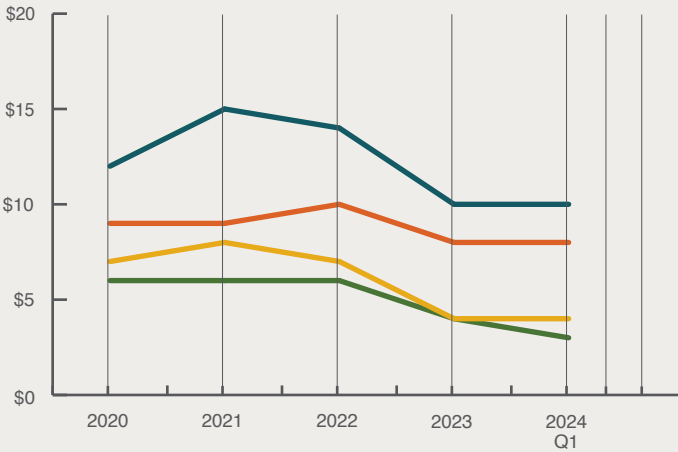


SOUTHERN TIMBER PRICES

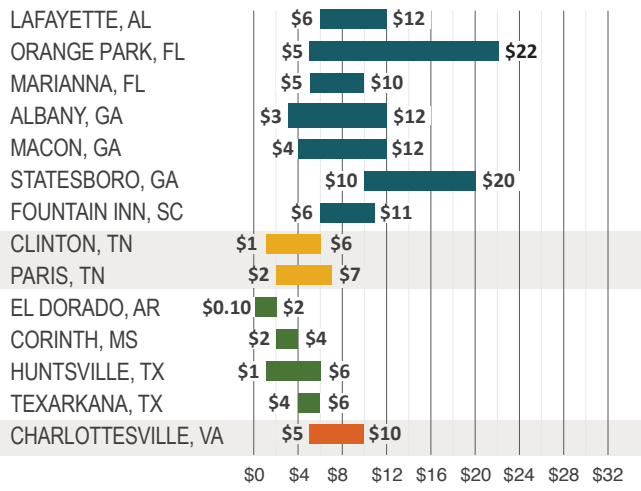
PINE PULPWOOD (\$/TON)

Timber Stumpage Price Averages By Region

🌲 SOUTHEAST 🌲 CENTRAL REGION 🌲 WEST GULF 🌲 MID ATLANTIC



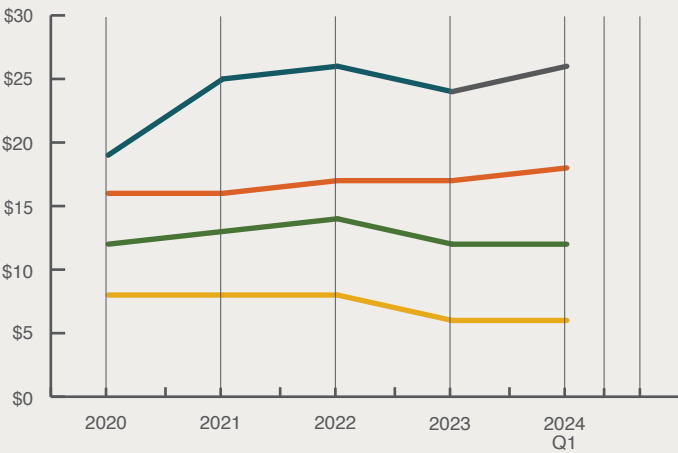
2024 First Quarter Price Range



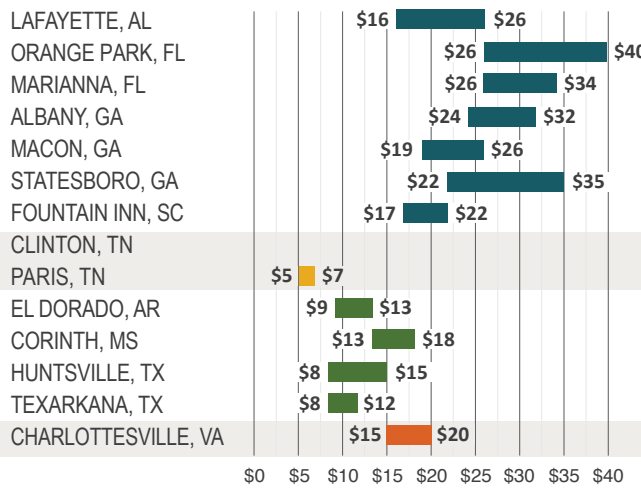
PINE SMALL SAWTIMBER (\$/TON)

Timber Stumpage Price Averages By Region

🌲 SOUTHEAST 🌲 CENTRAL REGION 🌲 WEST GULF 🌲 MID ATLANTIC



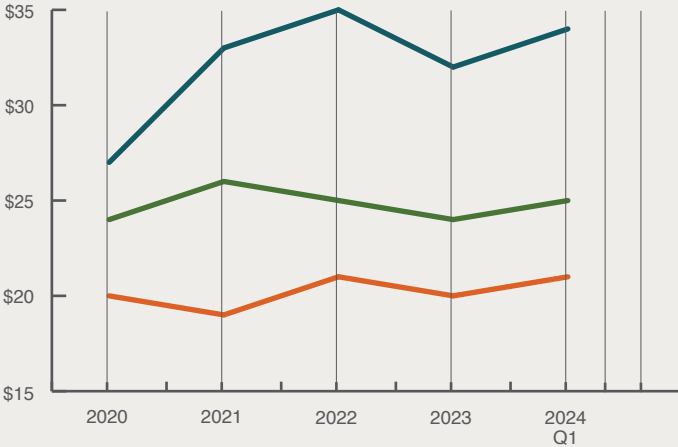
2024 First Quarter Price Range



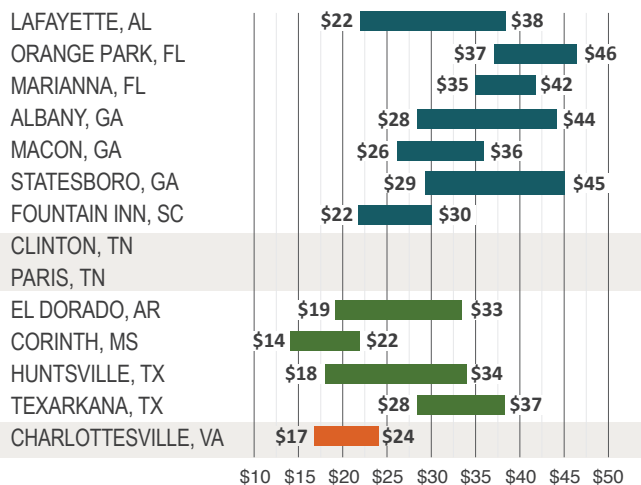
PINE LARGE SAWTIMBER (\$/TON)

Timber Stumpage Price Averages By Region

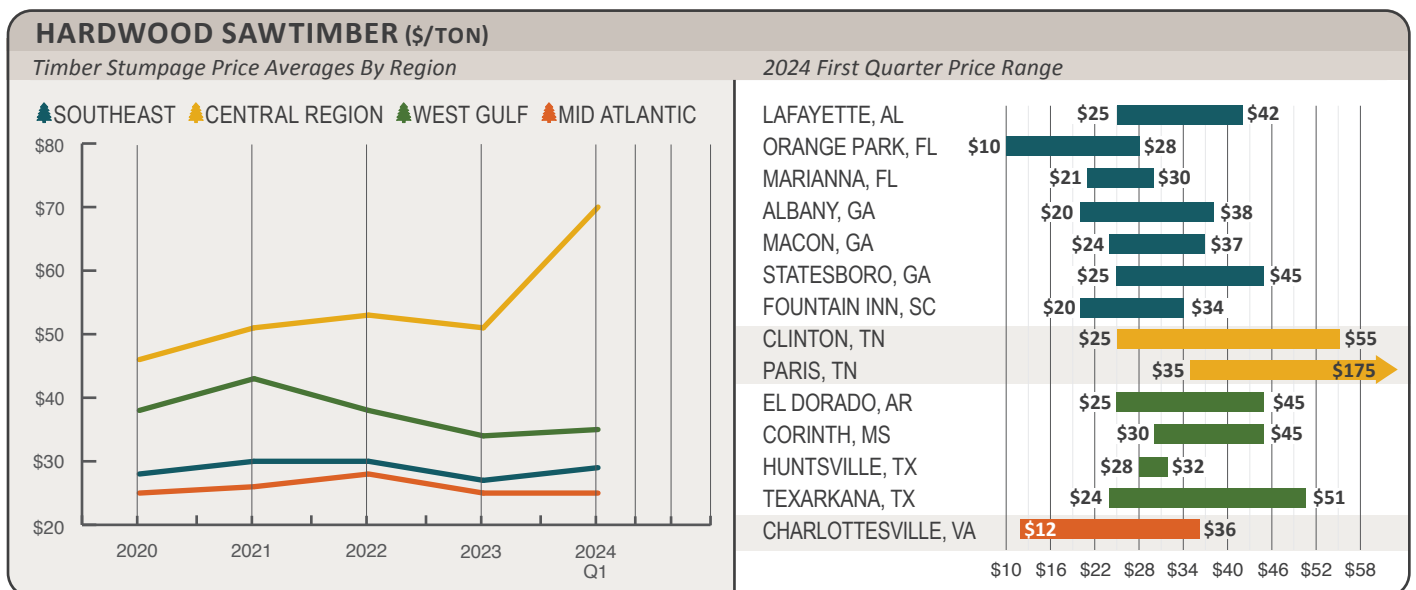
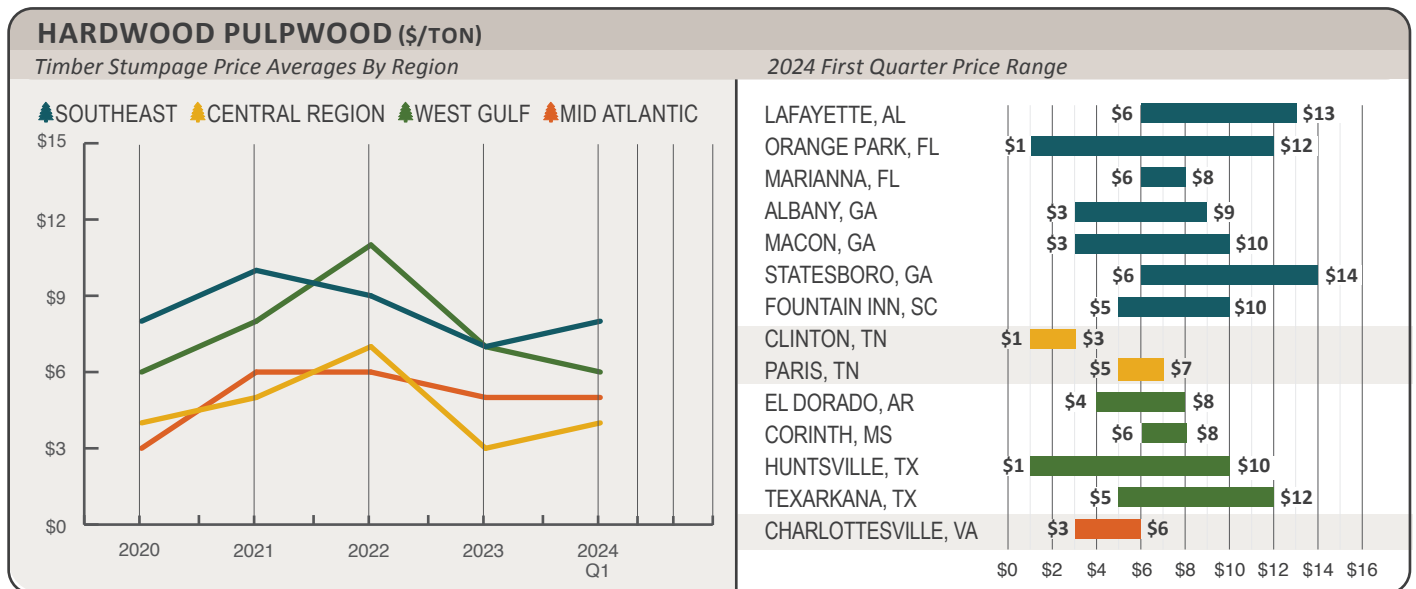
🌲 SOUTHEAST 🌲 WEST GULF 🌲 MID ATLANTIC



2024 First Quarter Price Range



SOUTHERN TIMBER PRICES *(continued)*



All prices based on sales handled by or reported to F&W offices. If no sales occurred, prior quarter's sales and other data are used to compile price range. Price ranges are due to proximity to mills, timber quality, logging conditions, type of harvest, and other local market conditions (i.e. weather, mill downtime, fuel cost, etc.).

Marshall Thomas *(continued from page 1)*

And New Hampshire is having an interesting reaction to investors who are using their forests to sequester carbon. It sounds great environmentally, but it is causing disruption to the state's local communities that rely on a harvest tax to support their programs, and it may cost residents their jobs in logging and related industries. After considering several solutions, lawmakers directed their revenue department to study

the use of a carbon tax on carbon sequestration projects to offset the lost harvest tax revenue. Always expect the unexpected! See the article on page 6.

In some good news for sawmills and landowners in the U.S., tariffs on Canadian lumber are set to increase from around 8 percent to approximately 13 percent. This adjustment aims to level the playing field between the U.S. and Canadian

industries, offsetting the subsidies provided by the Canadian government to its sawmills. See article on page 6.

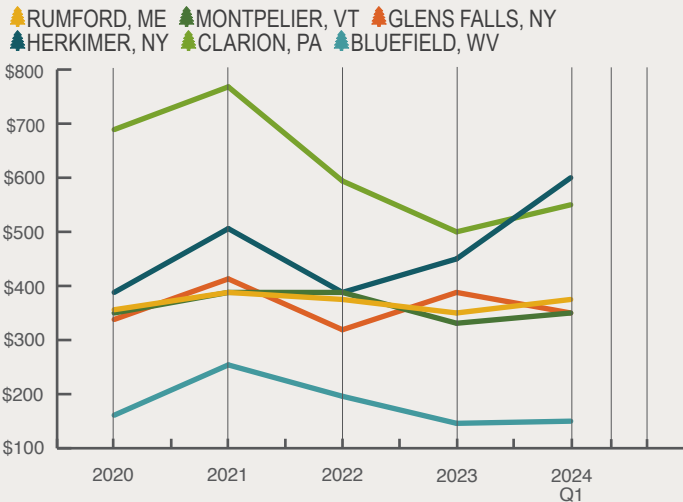
Finally, for an update on the latest happenings at F&W, see the article on page 3. We remain dedicated to expanding our reach and enhancing our ability to deliver high-quality services to landowners, both large and small. Additionally, we are pleased to announce our expansion into Idaho. 🌲



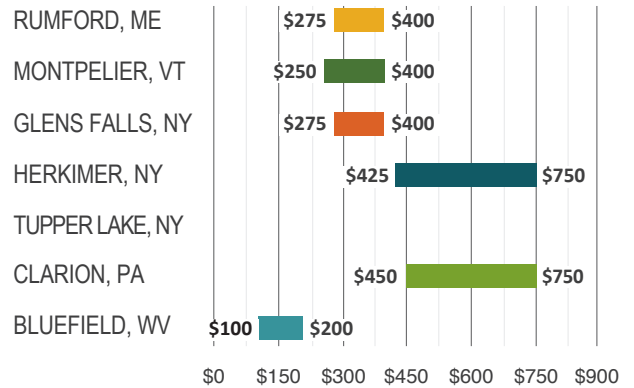
NORTHERN TIMBER PRICES

RED OAK (MBF)

Timber Stumpage Price Averages By Region

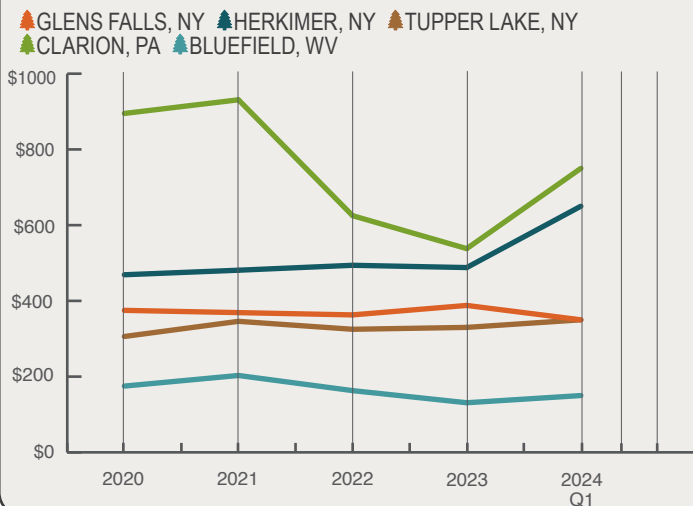


2024 First Quarter Price Range

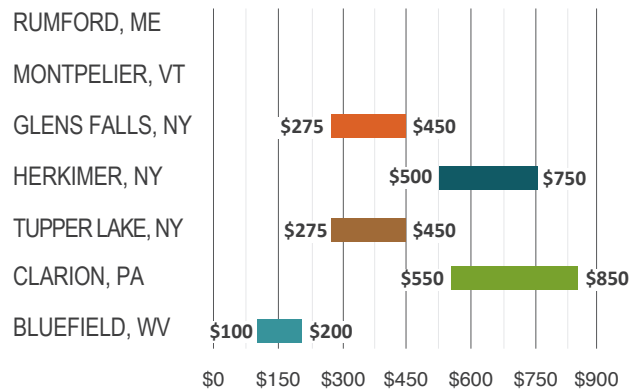


BLACK CHERRY (MBF)

Timber Stumpage Price Averages By Region

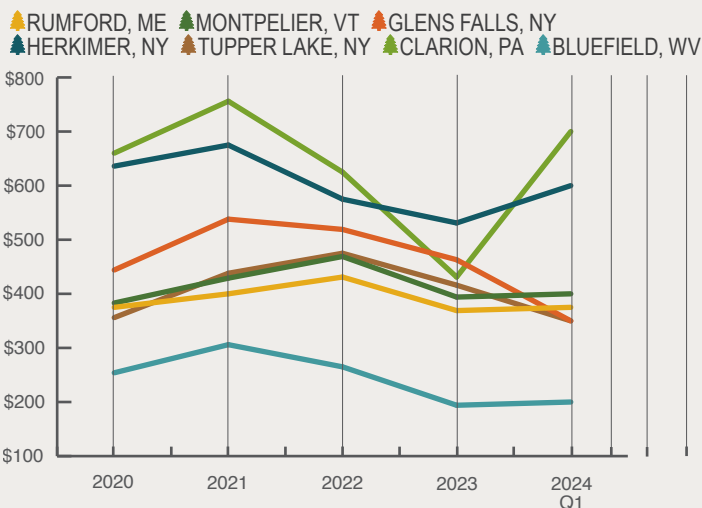


2024 First Quarter Price Range

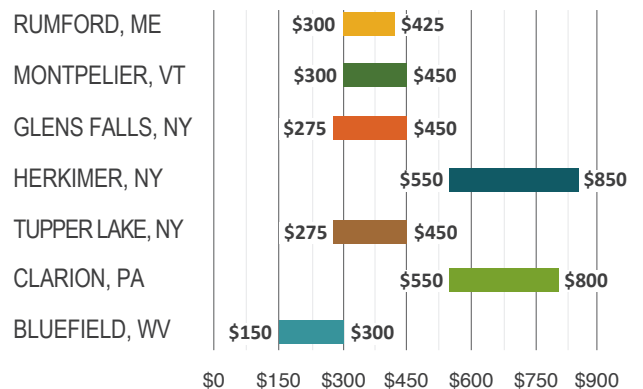


HARD MAPLE (MBF)

Timber Stumpage Price Averages By Region



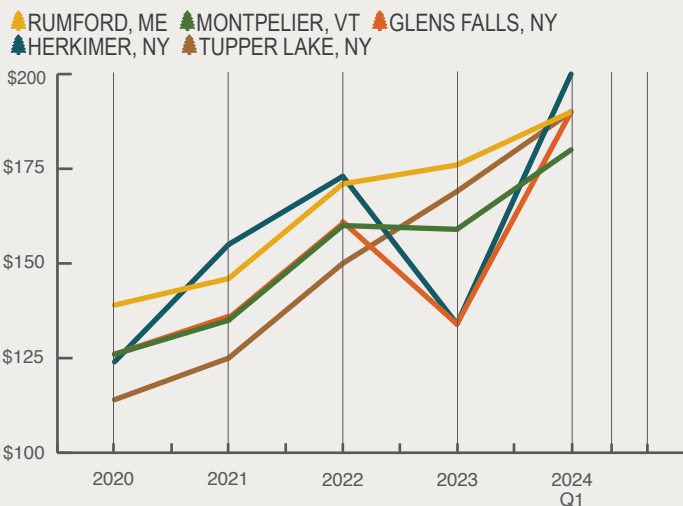
2024 First Quarter Price Range



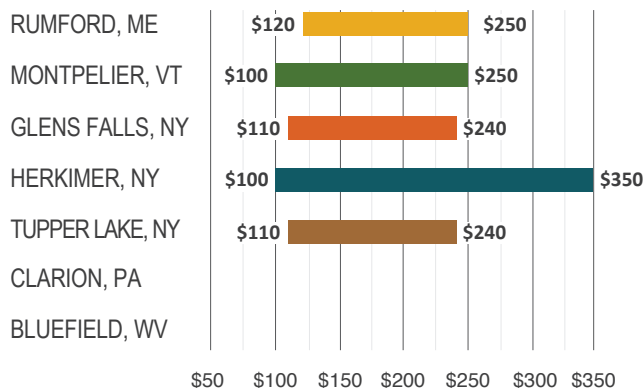
NORTHERN TIMBER PRICES (continued)

SOFTWOOD SAWTIMBER (MBF)

Timber Stumpage Price Averages By Region

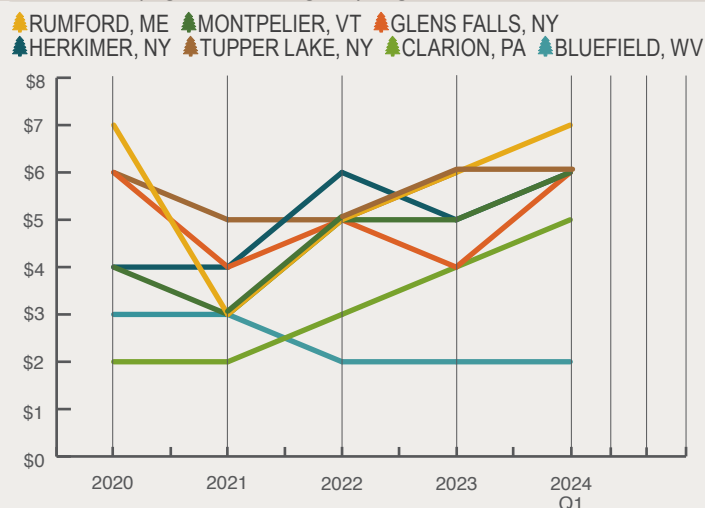


2024 First Quarter Price Range

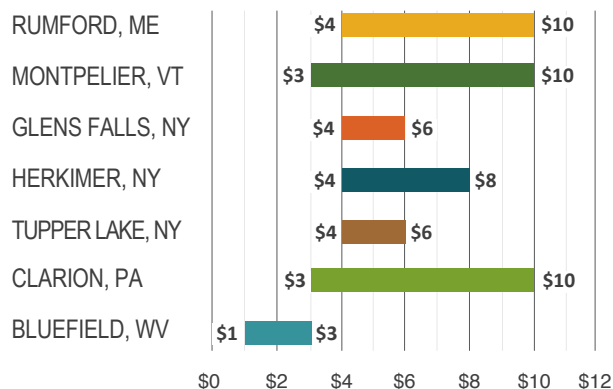


HARDWOOD PULPWOOD (MBF)

Timber Stumpage Price Averages By Region

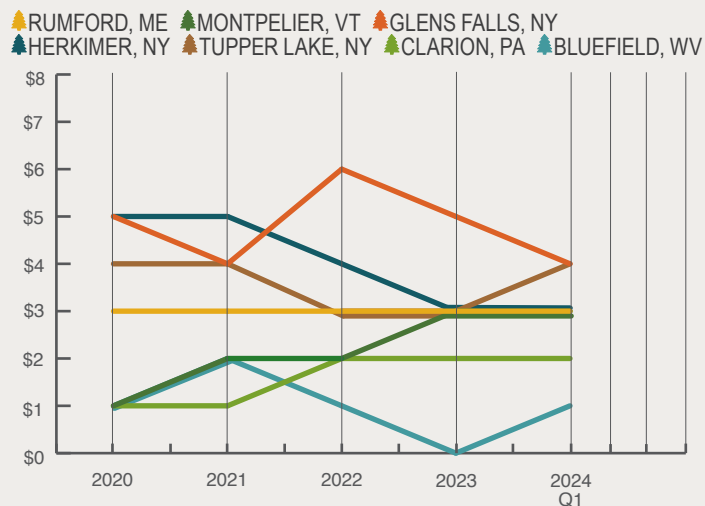


2024 First Quarter Price Range

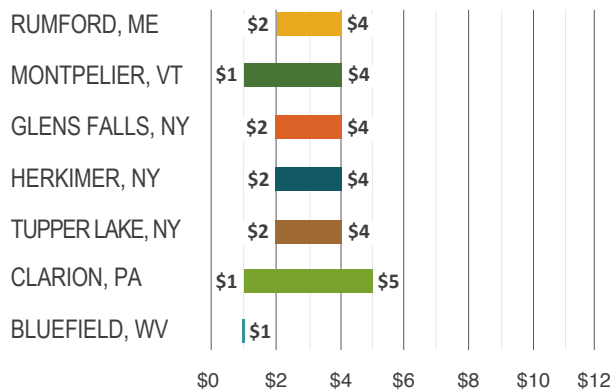


SOFTWOOD PULPWOOD (MBF)

Timber Stumpage Price Averages By Region



2024 First Quarter Price Range

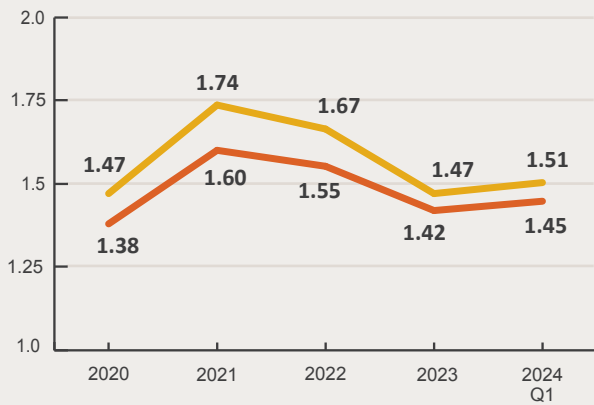


All prices based on sales handled by or reported to F&W offices. If no sales occurred, prior quarter's sales and other data are used to compile price range. Price ranges are due to proximity to mills, timber quality, logging conditions, type of harvest, and other local market conditions (i.e. weather, mill downtime, fuel cost, etc.).



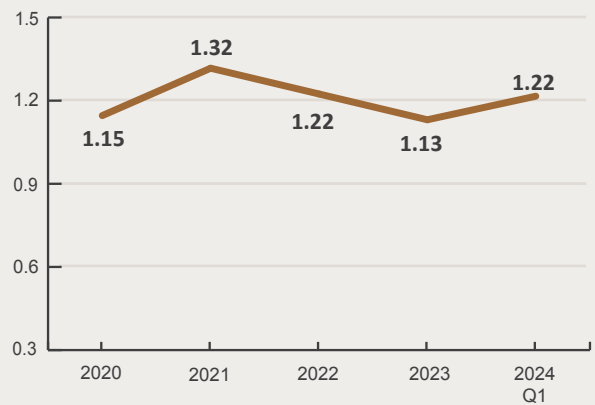
TIMBER MARKET INDICATORS

■ HOUSING PERMITS
■ HOUSING STARTS



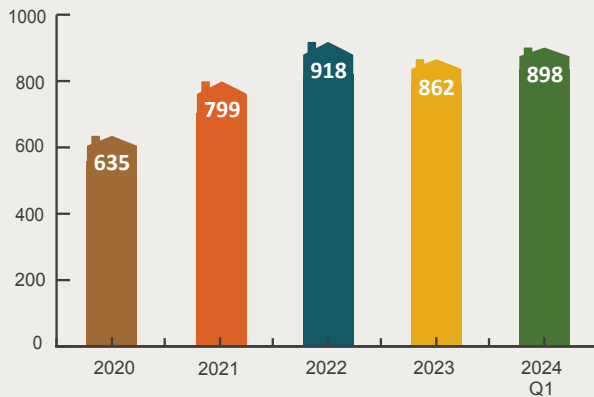
IN MILLIONS OF UNITS (2023 AVERAGE THROUGH FEBRUARY)
Source: US Department of Commerce

F&W'S LUMBER-USE ADJUSTED HOUSING STARTS



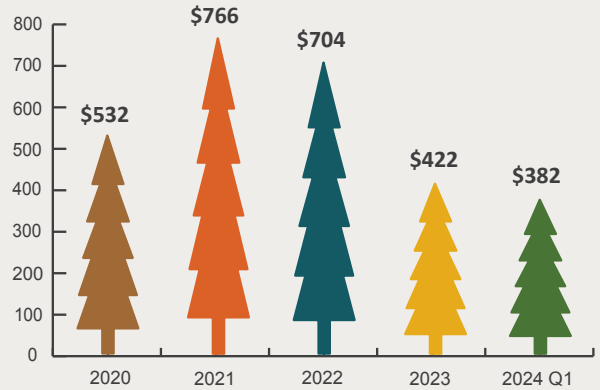
IN MILLIONS OF UNITS; TOTAL HOUSING STARTS WITH MULTI-FAMILY STARTS REDUCED TO 40 PERCENT TO BETTER REFLECT LUMBER USAGE (2023 AVERAGE THROUGH FEBRUARY)
Source: US Census and F&W Forestry Services

RESIDENTIAL CONSTRUCTION



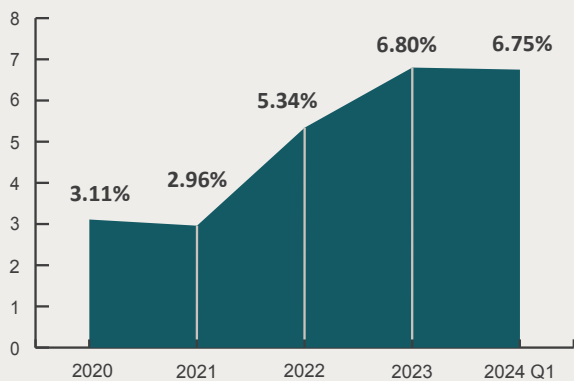
IN BILLIONS OF DOLLARS (2023 AVERAGE THROUGH FEBRUARY)
Source: US Department of Commerce

LUMBER PRICES



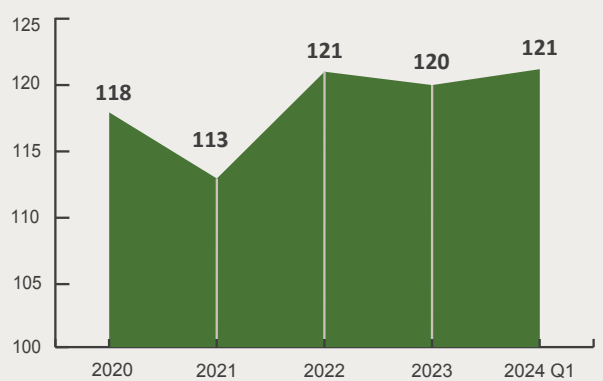
SOUTHERN PINE-\$/MBF
Source: Random Lengths Southern Pine Composite Index

MORTGAGE RATES



30-YEAR FIXED RATE
Source: Freddie Mac

US DOLLAR



US DOLLAR VALUE AGAINST 26 MAJOR TRADING PARTNERS
Source: Federal Reserve





F&W
Forestry

YOUR FOREST
Our Passion

F&W Forestry Services proudly serves a broad client base with comprehensive forest management solutions. Our team takes the time to get to know you, your land, and your goals to create a personalized plan for success.

OUR MISSION

F&W's mission is to help clients maximize the value and enjoyment of their land and forest resources according to their individual objectives, needs, and desires – whether economic, aesthetic, environmental, or recreational.

OUR SERVICES

- ✦ Timber Sales
- ✦ Property Management
- ✦ Field Support Services
- ✦ Forest Inventory & Mapping
- ✦ Forestland Accounting
- ✦ Technical & Analytical
- ✦ Real Estate
- ✦ Natural Capital

