



UNIVERSITY OF  
**GEORGIA**  
Warnell School of Forestry  
& Natural Resources

# Southern Timber Market Situation and Outlook

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**2022 Southern Outlook Conference**

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## Major timber products



- Pine sawtimber
- Hardwood sawtimber
- Pine chip-n-saw
- Pine pulpwood
- Hardwood pulpwood



Sawlog & veneer log



Pulpwood

Lumber



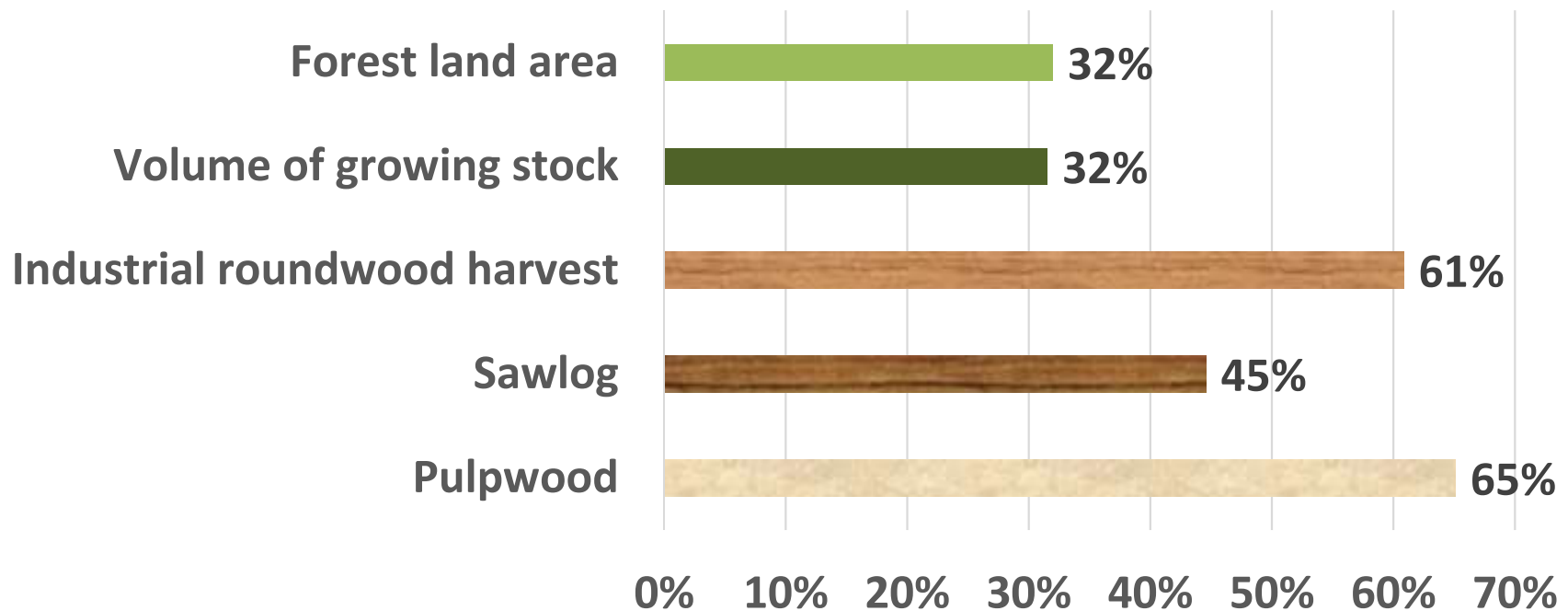
Paper, paperboard products



Wood panels



# U.S. South is the “wood basket” of the country

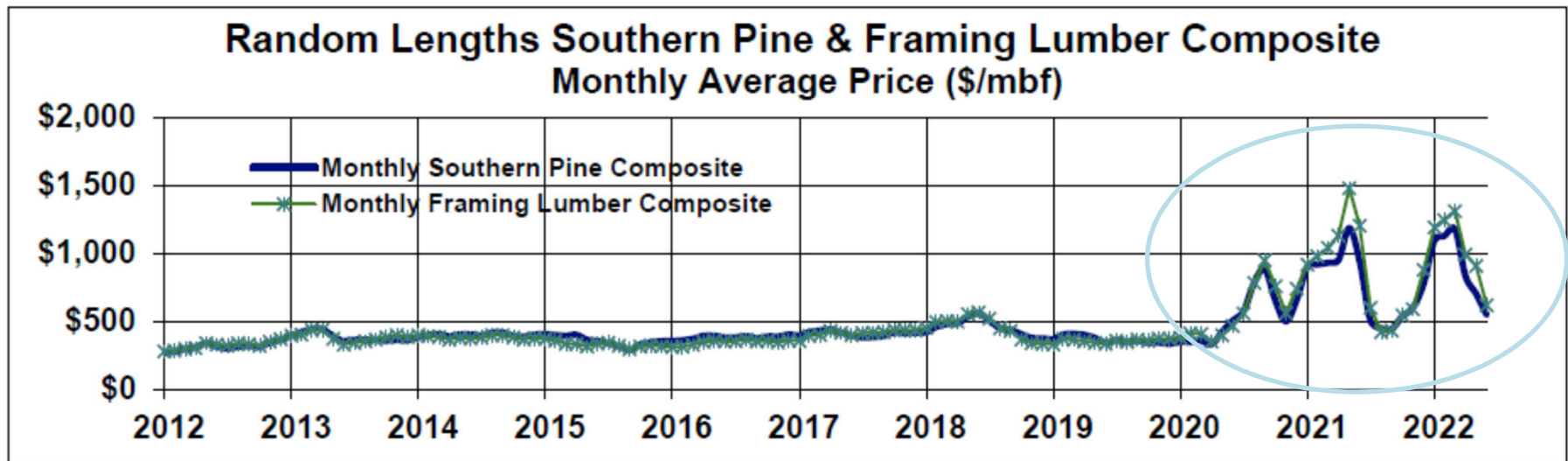


Source: USFS FIA & TPO

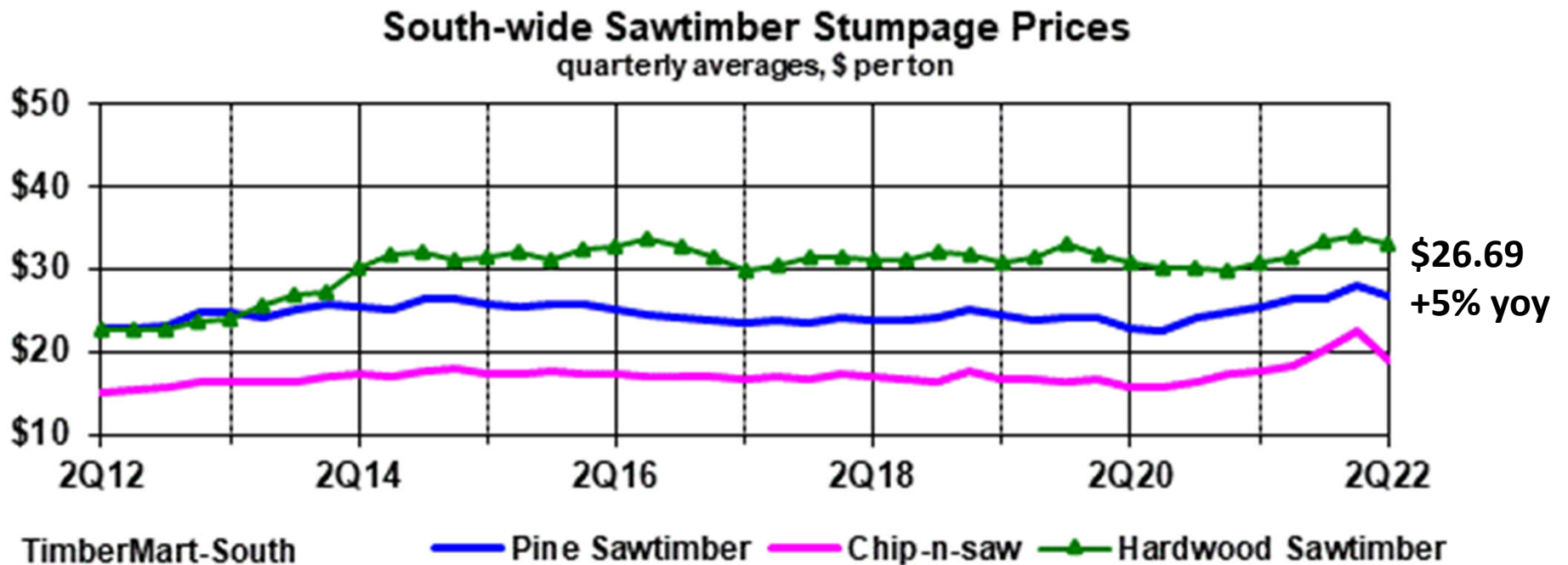
# 2022 southern timber market situation

- Timber prices (increased – *finally!*)
- Timber supply (still abundant)
- Demand (improved)
- Trade (decreased)

# Lumber price: volatile but still higher than pre-pandemic level

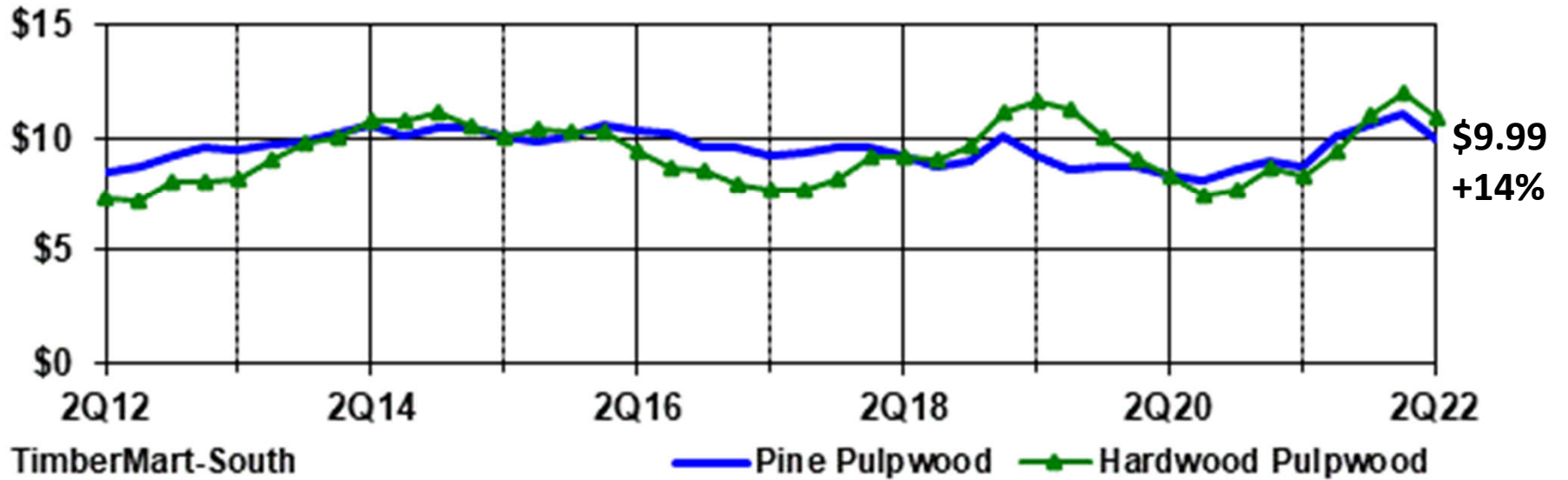


# South-wide sawtimber prices have increased



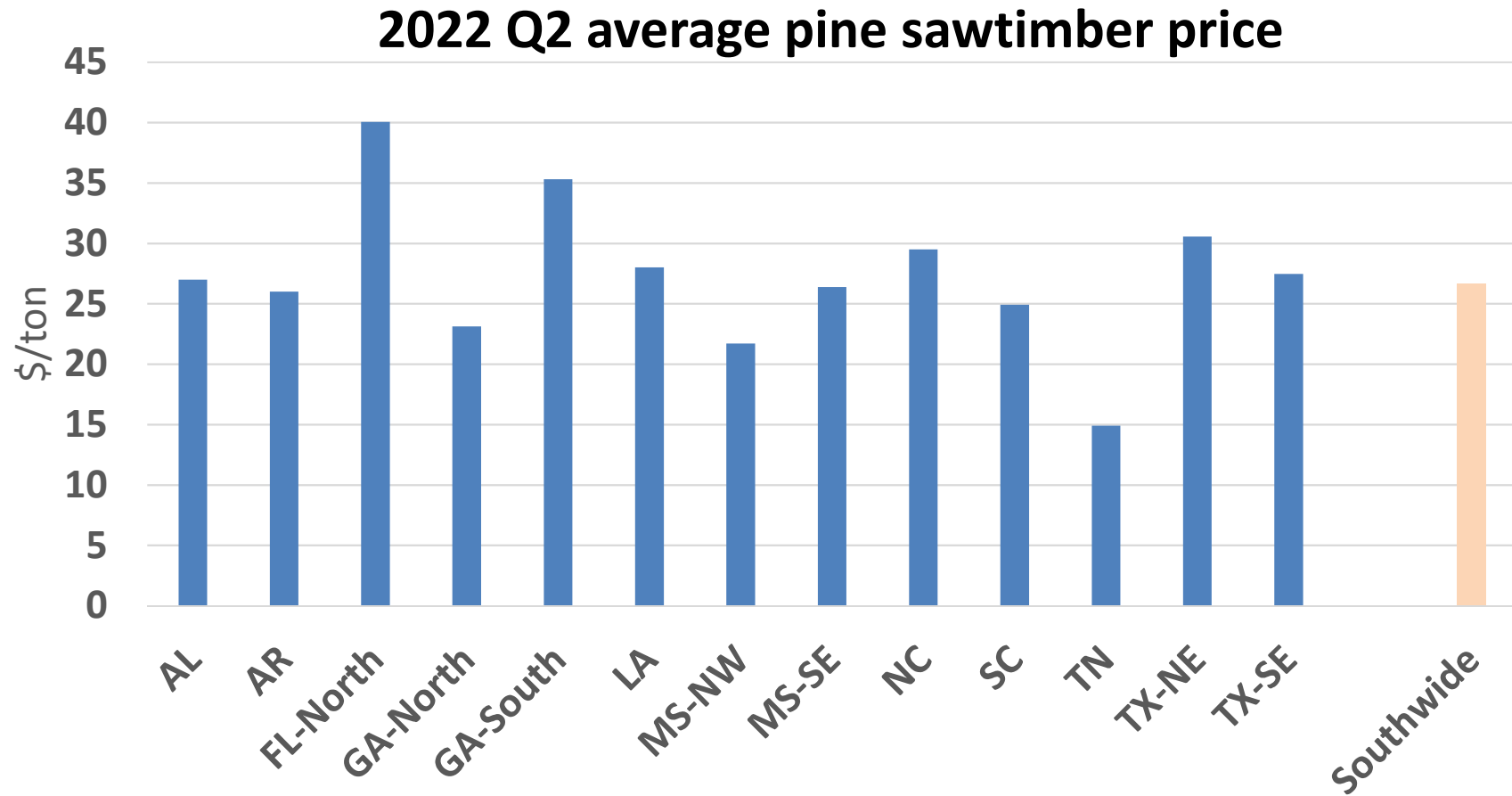
Data source: TMS (2022)

### South-wide Pulpwood Stumpage Prices quarterly averages, \$ per ton



Data source: TMS (2022)

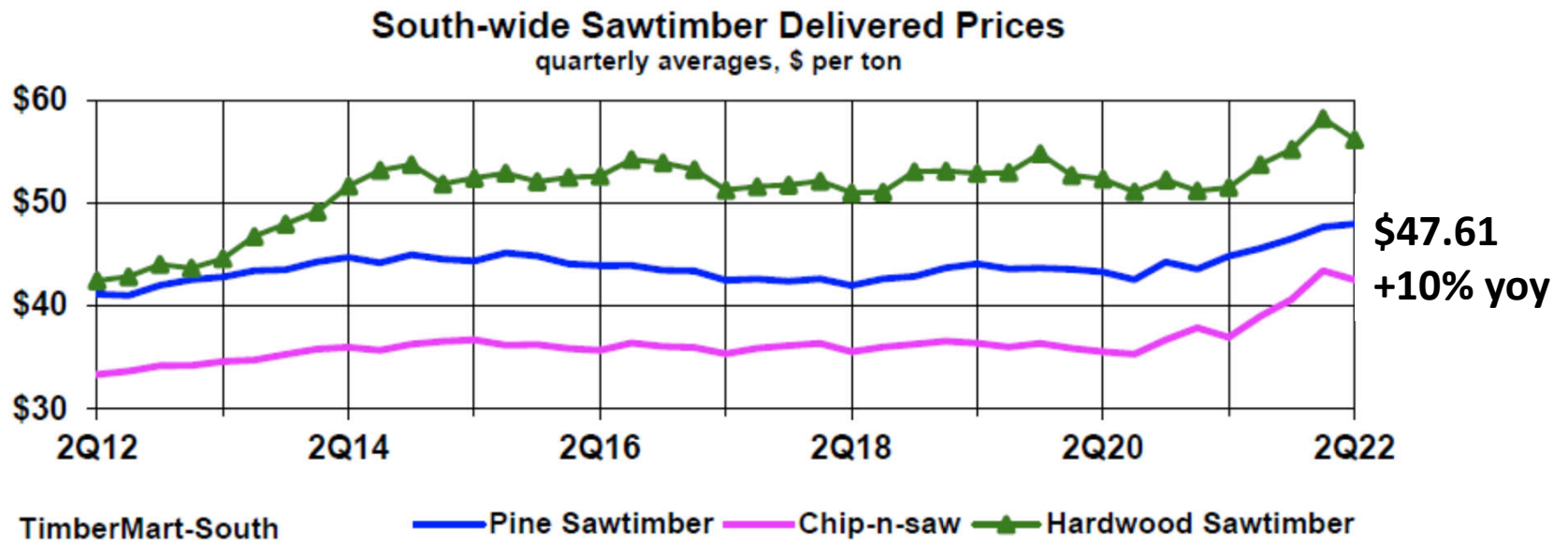
# Timber prices vary greatly by region



Data source: TMS (2022), various state forestry agencies



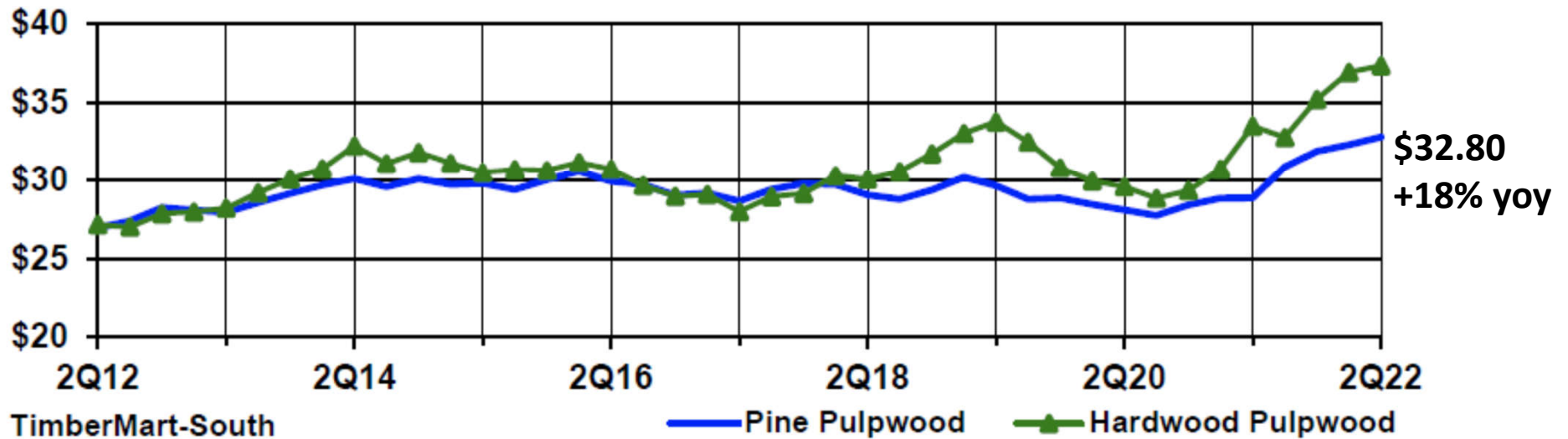
# Delivered timber price increase continued



Data source: TMS (2022)

# Delivered pulpwood prices set record highs

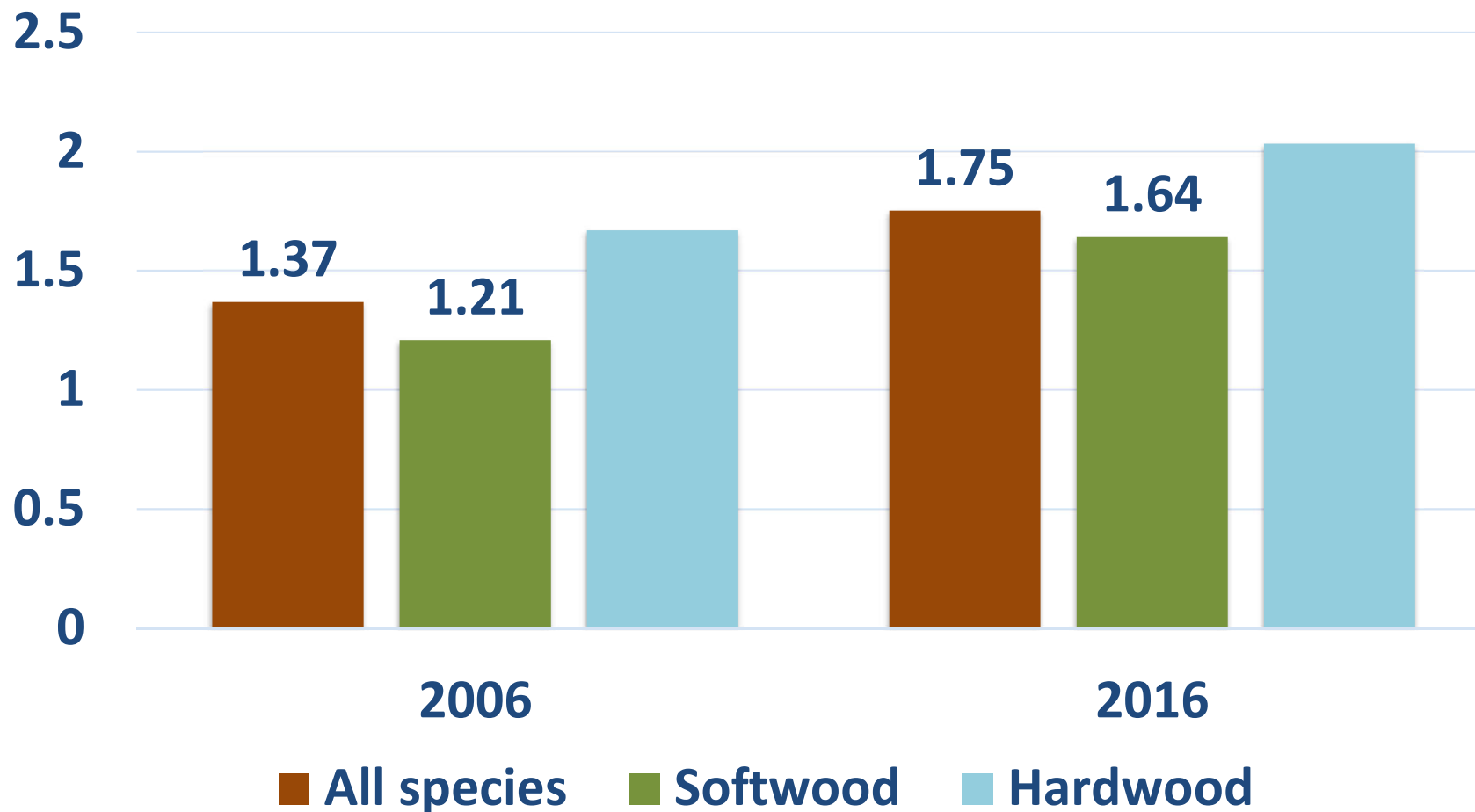
South-wide Pulpwood Delivered Prices  
quarterly averages, \$ per ton



# Supply

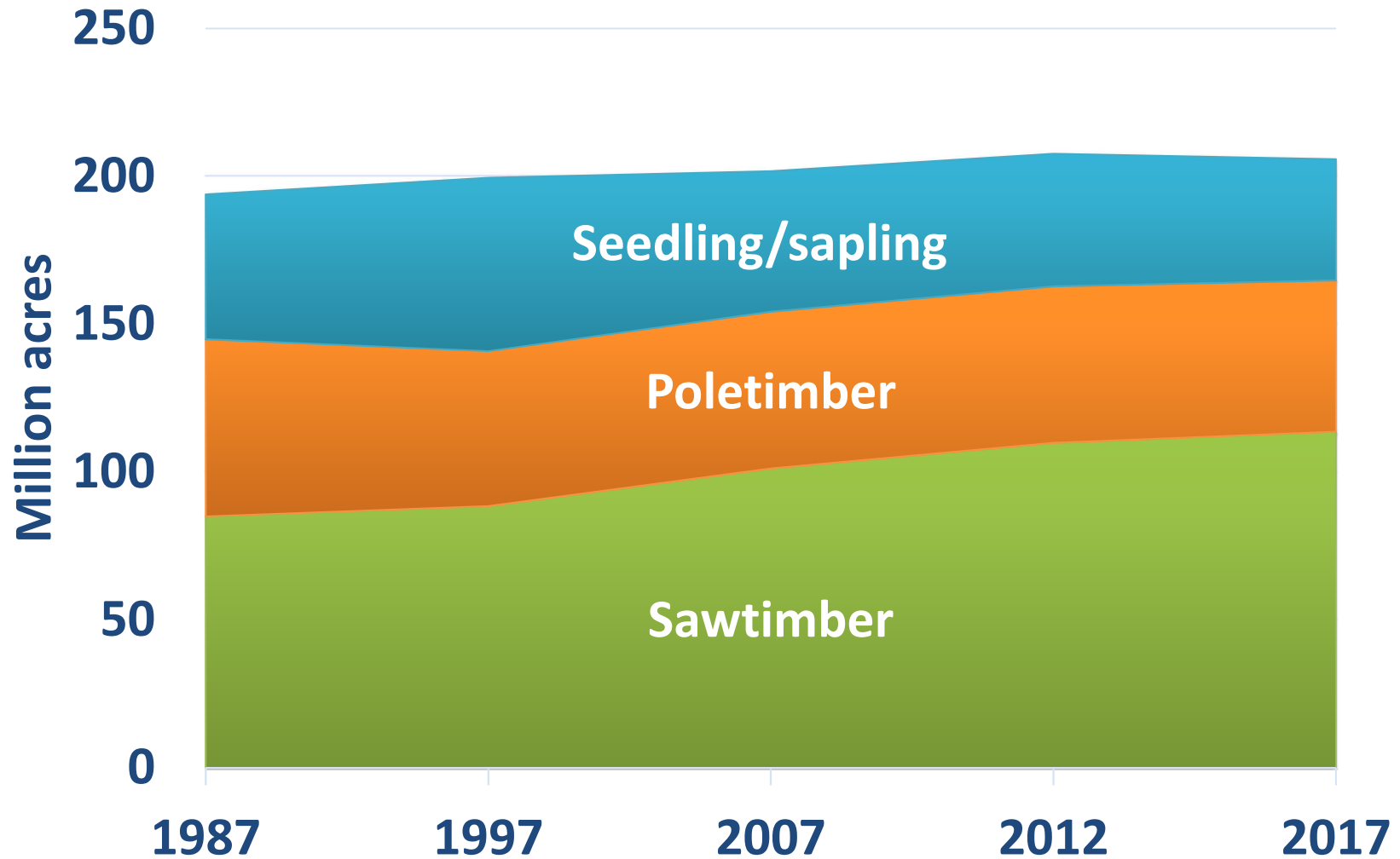
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# We grow more timber than we harvest



**Growth-to-removals ratios have increased**

# More acreage is in the sawtimber class

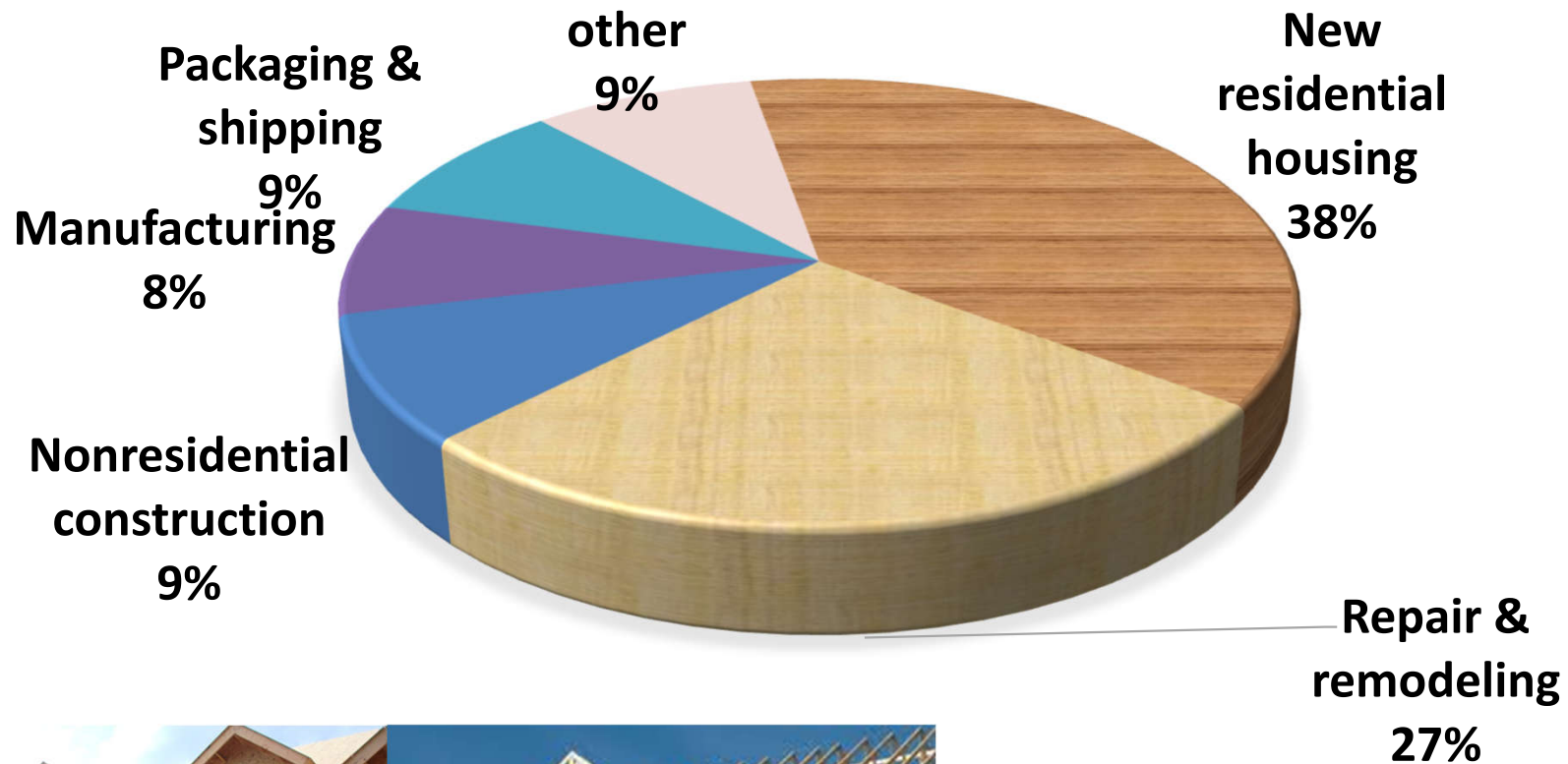


Source: USFS FIA

# **Southern timber market outlook**

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# Two-thirds of softwood lumber in the U.S. is used in residential construction



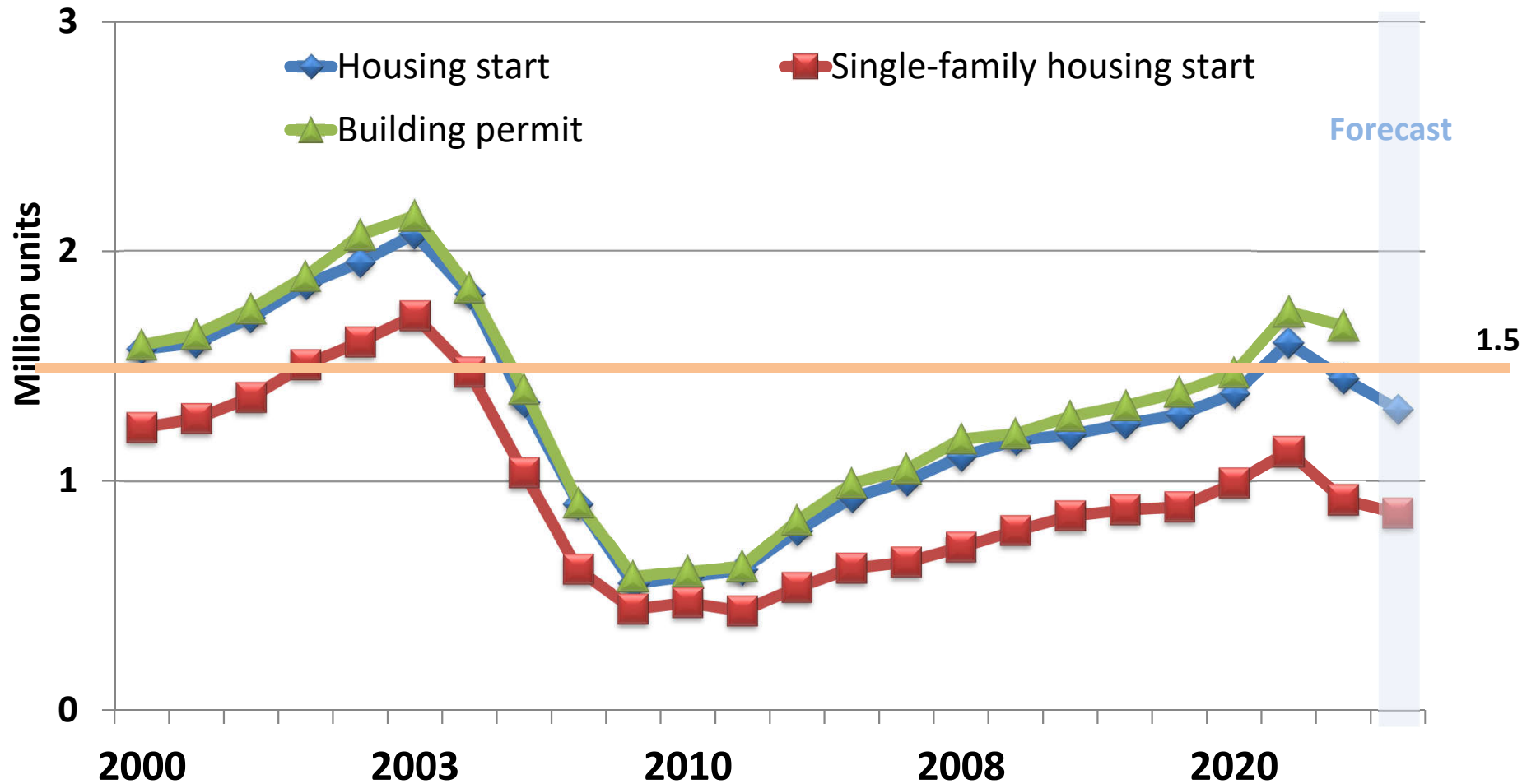
# Key supply and demand factors affecting timber product prices

## Demand

- U.S. housing start and residential repairing & remodeling activities are key demand drivers for lumber and panels
- Mill capacity is the demand driver for timber
- Logging and transportation capacity
- Trade policies (e.g., US-Canada Softwood Lumber Agreement; US-China trade negotiation)
- E-commerce drives up demand for packaging products
- Increased demand for US wood pellets (Russia-Ukraine war)



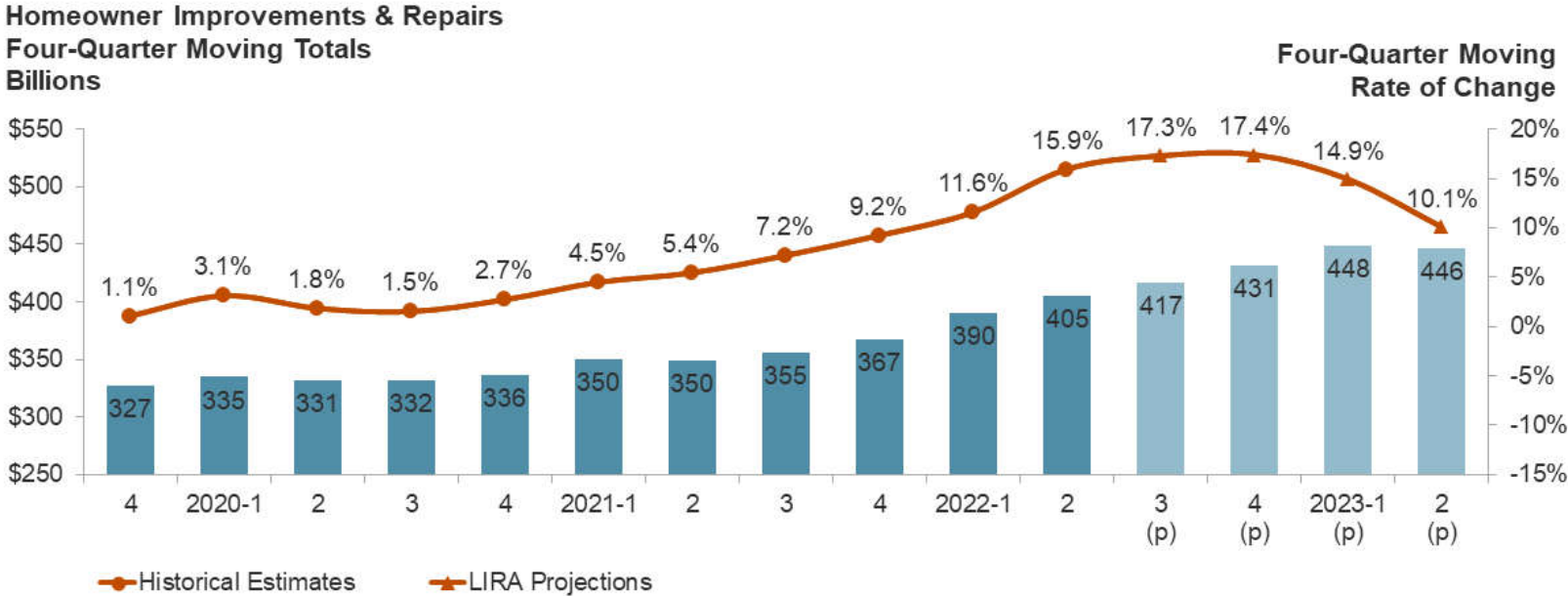
# Housing starts will continue slow recovery



Source: US Census Bureau (Aug. 2022), Fannie Mae (forecast)

# Growth in remodeling and repairs is expected to weaken, but still above historical average

## Leading Indicator of Remodeling Activity – Second Quarter 2022



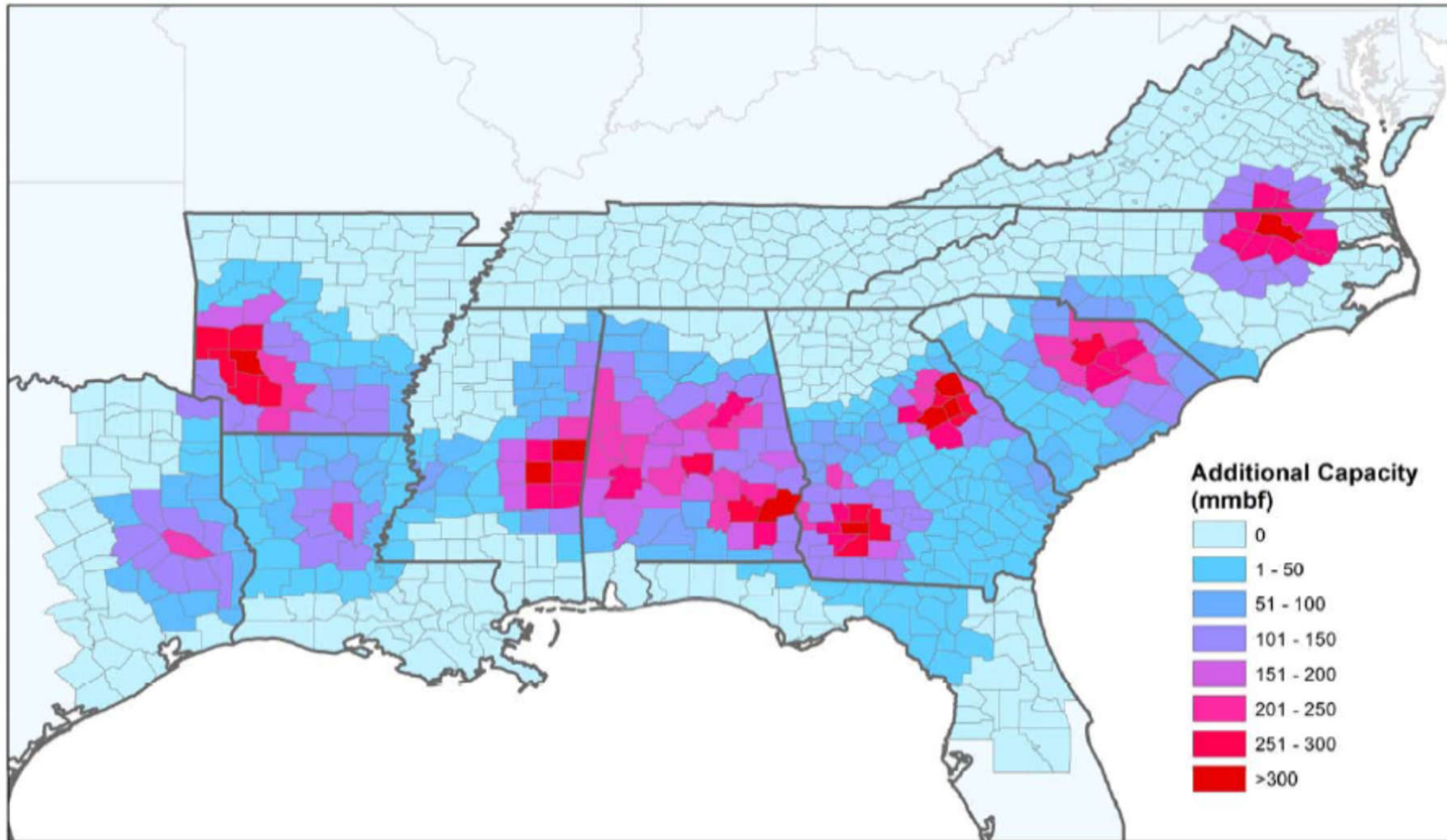
Notes: Improvements include remodels, replacements, additions, and structural alterations that increase the value of homes. Routine maintenance and repairs preserve the current quality of homes. Historical estimates since 2019 are produced using the LIRA model until American Housing Survey benchmark data become available.

# Southern softwood lumber mill capacity expansion

- **Since 2017:**
  - 10 new mills added
  - 25+ mill expansions
  - capacity increased by 4.3 bbf (+21%)
- **By 2024:**
  - capacity may increase by another 4.5 bbf (+15%)
  - reach **26.0 bbf** ( $\approx$  40% increase over 2017)

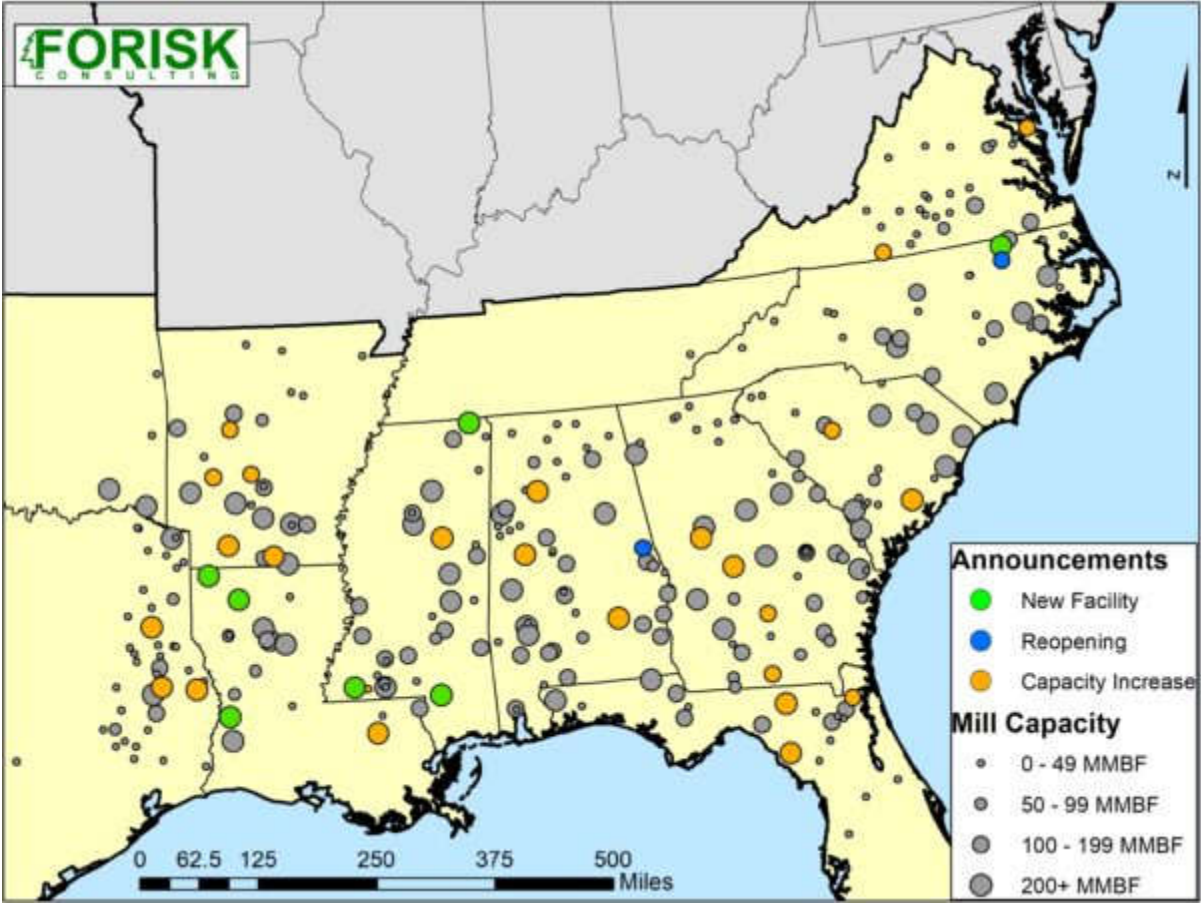
Source: Forisk, TMS

## Sawmill Expansion Capacity Gains (2017 – 2021)



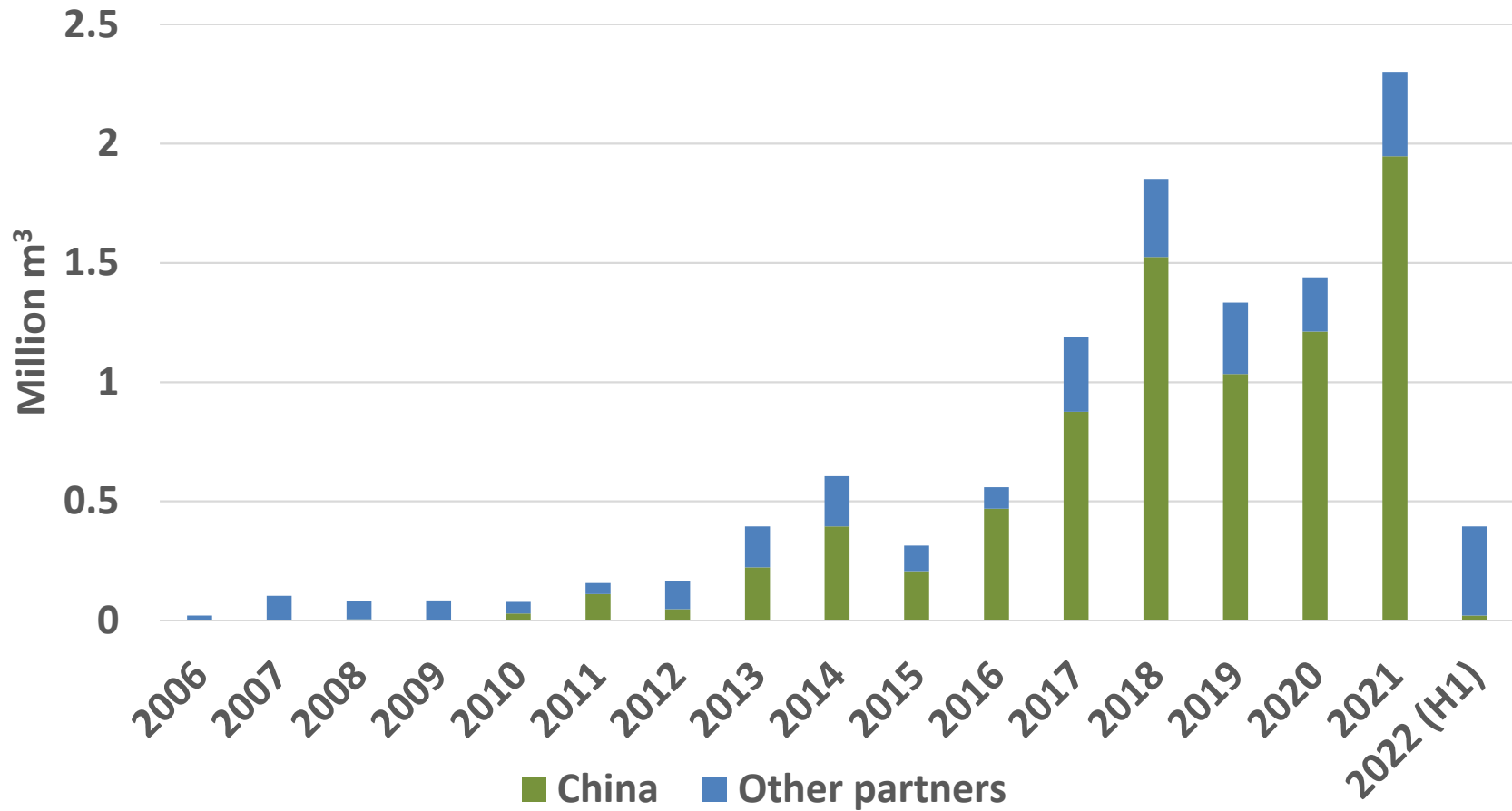
Source: TMS

# Recent new mill announcements are mostly in LA, MS, and NC



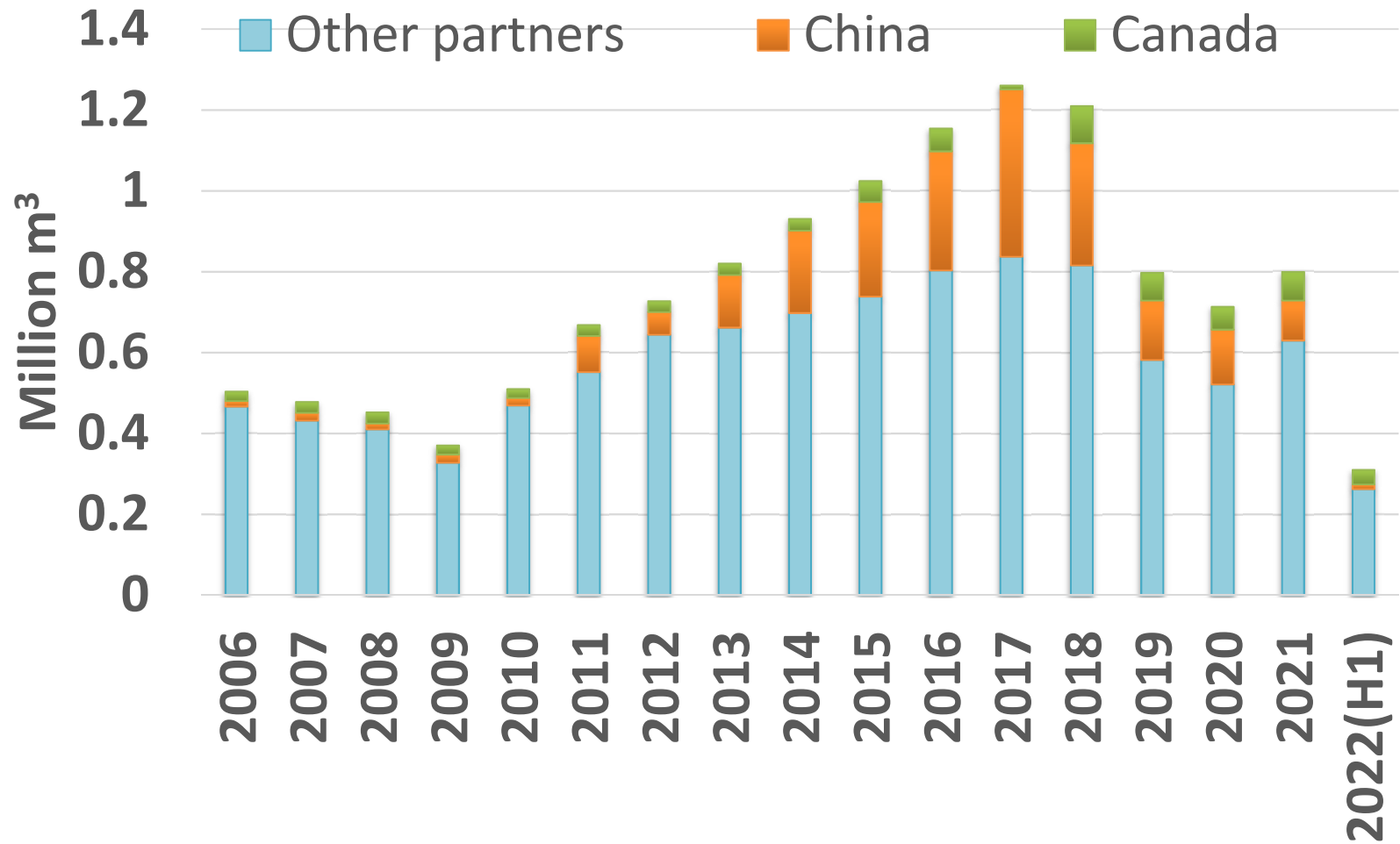
Source: Forisk (2022)

# Southern yellow pine log exports



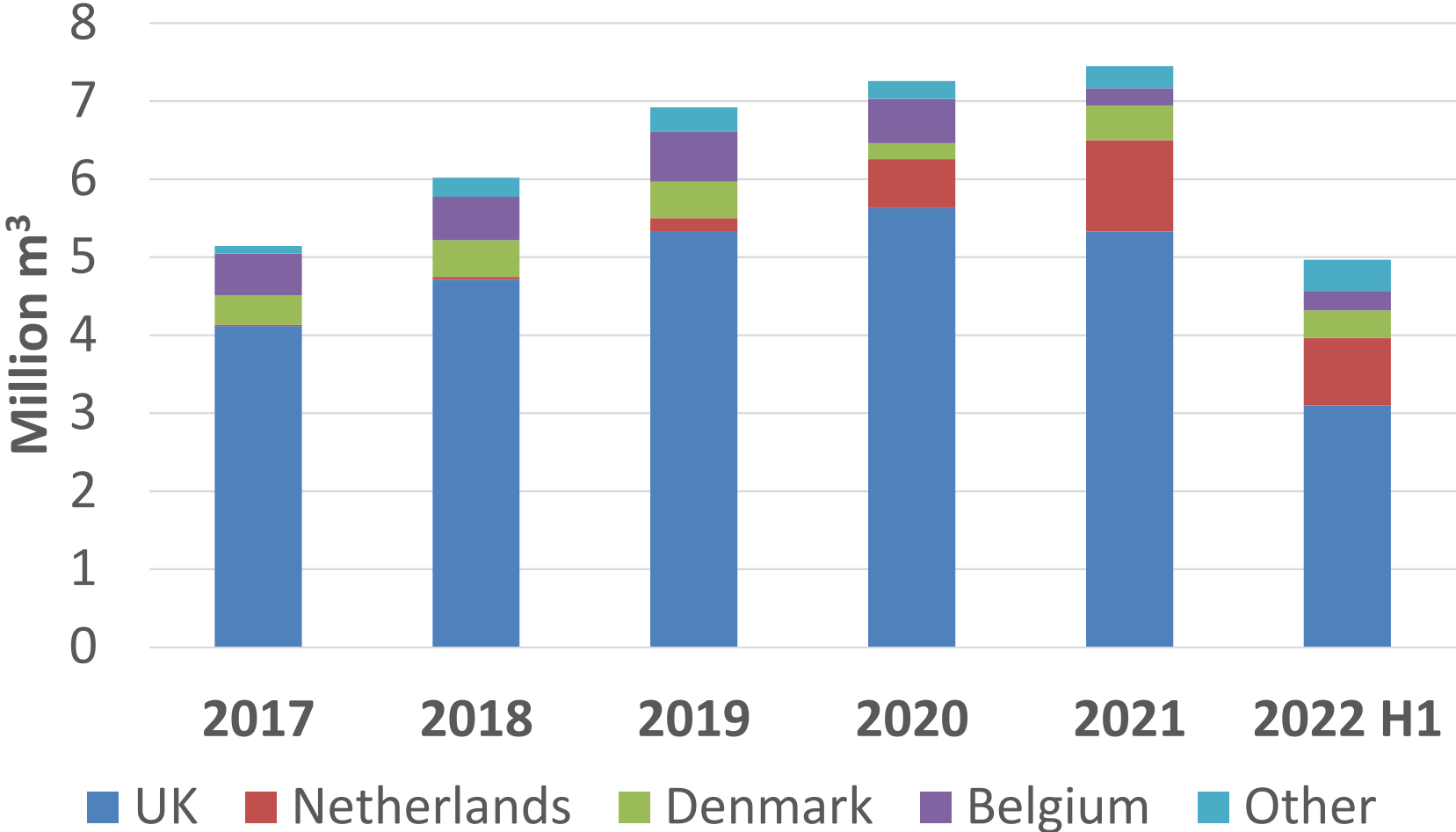
Data source: USDA FAS

# Southern yellow pine lumber exports



Data source: USDA FAS

# Growth in wood pellet export will remain strong





# Outlook

- Demand for southern timber continue to improve
- A large oversupply on the stump will keep putting downward pressure on sawtimber prices
- Pulpwood prices may remain flat or lower due to increased lumber production
- Reduced tariffs on Canadian softwood lumber imports will lower lumber prices
- Wood pellet demand stays strong

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