



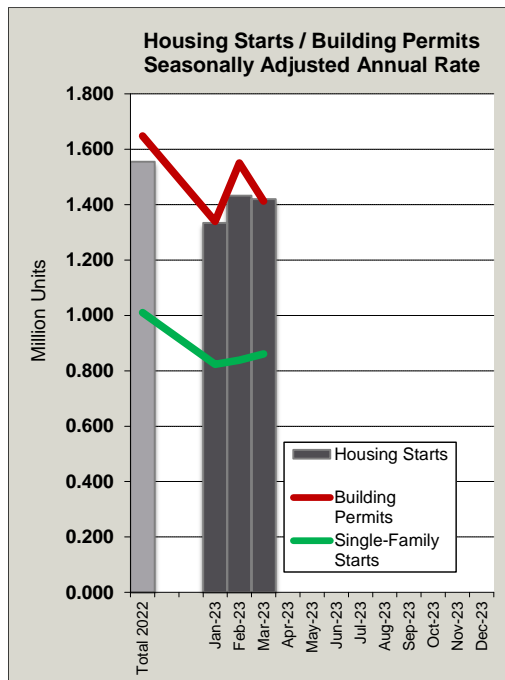
**MB&G Family Forest Client
Washington County**

Just as the snow melts and reforestation begins at high (and some not so high) elevations, 90-degree weather hits us and we start to think about fire season. Things have definitely not been boring in the forest these last several years. For folks considering a first-entry commercial thinning of their pre-merchantable plantations, you'll want to keep close tabs on the pulp market as many pulp facilities are currently off-market for Douglas-fir and some other species, and prices are pretty low for those species that are marketable. Many first-entry thins are not feasible without a decent pulp market. But thinning projects usually have a flexible time horizon, so hang in there and be patient.

If you need help with your reforestation or harvest, or just want to talk forestry, give me a call at (503) 224-3445 or send me an email at bkeller@masonbruce.com. MB&G has a sophisticated understanding of the forest industry and great relationships with numerous log buyers, loggers, nurseries, and reforestation contractors. MB&G is a full-service outfit that in addition to harvest and reforestation does management plans, timber cruising, forestland valuations, and road maintenance. Thanks – Brent

MARKET WATCH: HOUSING, LUMBER AND LOGS

HOUSING STARTS



Housing starts decreased in March by 0.8%, to 1.42 million units, but they were down 17.2% year over year. Single-family starts increased 2.7% in March from the previous month, and year over year they were down 27.7%.

Building permits decreased 8.8% in March, to 1.41 million units, but they were down 24.8% year over year. Single-family permits were down 4.1% from February and down 29.7% year over year.

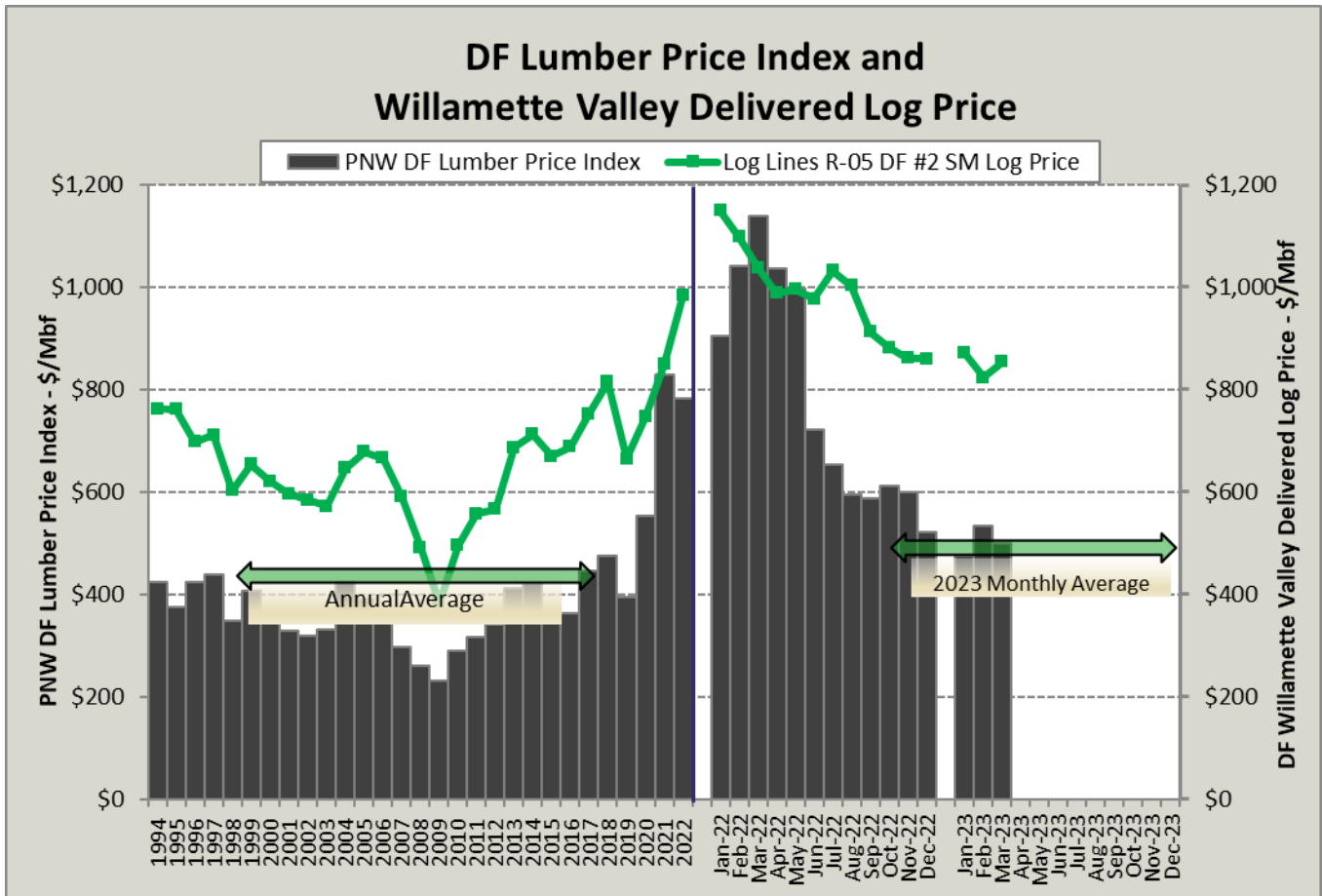
While somewhat variable from month to month, housing starts and building permits have been broadly consistent in 2023, and down from 2022. Current housing start numbers have exceeded some analysts' projections.

	Mar 2023	Feb 2023	Monthly Difference	Mar 2022	Annual Difference
All Starts	1.420	1.432	-0.8%	1.716	-17.2%
Single-Family Starts	0.861	0.838	2.7%	1.191	-27.7%
Building Permits	1.413	1.550	-8.8%	1.879	-24.8%
Single-Family Building Permits	0.818	0.786	4.1%	1.163	-29.7%

LUMBER & LOGS

Published DF log and lumber prices were mixed in March, as shown below. March DF #2S log prices increased 3.6% from February, to \$854/Mbf. March log prices were 17.7% below a year ago but were still 7.4% above the 5-year average.

At \$501/Mbf, the DF lumber index price decreased 6.2% from February. Lumber has dropped 56% from a year ago and is 16.8% below the 5-year average. Forecasts project stable to softening log prices over 2023. Recent curtailments and closures, mostly in British Columbia, will reduce lumber supplies, which will likely provide support to lumber prices.



March 2023 Douglas-fir Prices

	Mar 2022	Feb 2022	Change from Previous Month	Mar 2021	Change from Previous Year	5 Yr Annual Average	Current Month Compared to 5 Yr Annual Avg
Logs	\$ 854	\$ 824	3.6%	\$ 1,038	-17.7%	\$ 795	7.4%
Lumber	\$ 501	\$ 534	-6.2%	\$ 1,138	-56.0%	\$ 602	-16.8%

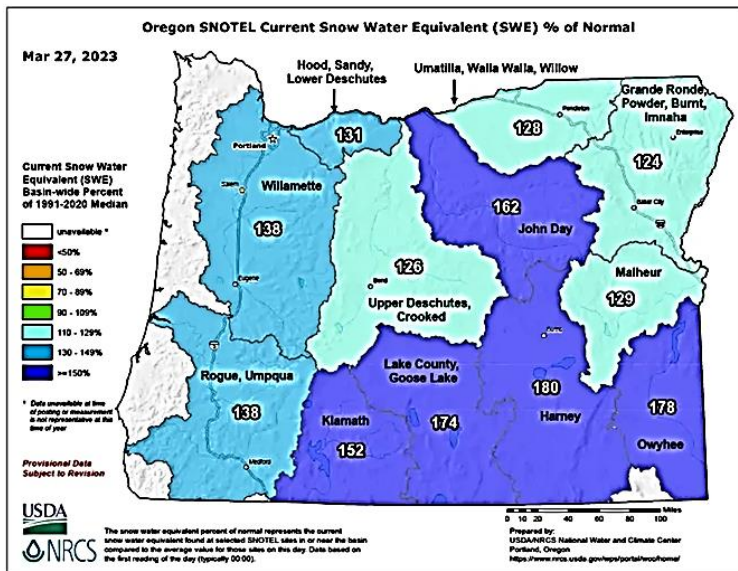
Lumber Track

Western U.S. Softwood Lumber Production			
YTD Total (Bbf)		Monthly Total (Bbf)	
February 2023	2.11	February 2023	1.00
February 2022	2.30	January 2023	1.11
Percent Change	-8.18%	Percent Change	-9.14%
YTD Production as a % of Capacity		Production as a % of Capacity	
February 2023	74%	February 2023	72%
February 2022	80%	January 2023	75%
Percent Change	-6%	Percent Change	-3%

YTD Western Mill Production through February was down 8.18%, relative to February 2022. February production dropped 9.14% below January.

Monthly production as a percent of capacity decreased 3%, reaching only 72% in February. YTD production as a percent capacity was down 6% when compared to February 2022. Lower production and capacity factors highlight lower demand for lumber and timber. (*Western Lumber Facts, 4/10/23*)

INDUSTRY NEWS



It has been a big year for snow in Oregon’s mountains. The build-up may aid the state in recovering from drought as it melts and runs off into streams and reservoirs. As the map shows, at the end of March, much of the Cascades were nearly 140% of normal snowpack levels and parts of eastern Oregon were as high as 180% of normal. The percentage of Oregon in drought decreased to 57% from 77% during March, according to the U.S. Drought Monitor.

California’s snowpack reached 237% of normal in the first week of April, the biggest departure from average since electronic sensors were installed in the mid-1980s, according to water officials.

Nevada and Utah also had snowpacks more than 200% of average. Washington was at the low end among

Western states, with a snowpack that was 104% of average in early April. Other Western snowpacks included New Mexico, 184% of average; Colorado, 137% of average; Wyoming, 122% of average; and Montana, 109% of average. (*Capital Press 4/4/23, KLCC 3/28/23*)

Roseburg Announces \$700 Million investment in Oregon

Roseburg Forest Products announced plans to invest \$700 million over the next four years to upgrade and expand its manufacturing facilities in Southern Oregon. Plans include:

- Two new facilities at Roseburg’s Dillard location: one will make medium and high-density fiberboard, the other will produce exterior trip and interior molding.
- Two new lathe lines and a new hardwood plywood line at Roseburg’s Riddle facility.
- A new dryer at the Roseburg Coquille plywood plant. (*Roseburg Forest Products 4/14/2023*)

SPI Noti Improvements



Recent improvements at Sierra-Pacific's Noti mill, 25 miles west of Eugene, have boosted efficiency and quality at the facility that produces 100% Douglas-fir dimension lumber.

The mill's finishing end had been a bottleneck for the operation, says Mill Manager John Simington, adding that improvements in the area the past few years—grader, fence, and new stacking-strapping line—have boosted overall efficiency. The largest improvement was the addition of an all-electric Hogue Industries high speed dual fork stacker with secondary hoist system and Samuel strapping system. This unit helped

speed up the planer mill and added more precision and efficiency on the stacking-strapping end, contributing to a 25% overall increase in stacking capacity.

Simington noted, "The previous stacker would take up to a minute and a half for each package, but this unit will do it in 47 seconds." (*Timber Processing 4/18/23*)

Home Prices Rise in the East, Fall in the West

According to data from the Black Knight home price index, in all the 12 major housing markets west of Texas, home prices fell, and in the 37 biggest metro areas east of Colorado, home prices rose year-over-year. Austin Texas was the only exception, with a decrease in prices.

This pattern of geographical disparity is highly unusual, if not unprecedented, housing analysts say. "We've never seen anything quite like this where it's so stark, west to east," said Andy Walden, vice president of enterprise research strategy at Black Knight.

The metro areas posting the biggest price declines tend to fall into two categories: markets where prices skyrocketed in recent years as people moved in from other states, such as Phoenix and Austin, and markets where prices didn't surge as dramatically during the boom but that were already prohibitively expensive, such as San Francisco and Los Angeles, said Black Knight's Andy Walden.

In the Eastern half of the U.S., Florida and other Southern markets are still attracting companies and adding jobs. Orlando home prices were up 9.3%, while Miami prices rose 12%, the top increase among the 50 biggest metro areas.

Even with more price declines expected, the lower-than-normal supply of homes for sale is one reason that economists and market participants say that prices will not dive the way they did in the Great Recession. (*WSJ 3/27/23*)

Will the EPA Shutdown Prescribed Forest Fires?



The EPA has proposed tightening federal standards for tiny particulates (PM 2.5) in the air, like those that originate from wildfires. This proposal is very popular among public health professionals, air regulators and the environmental justice community. And there is a plethora of evidence that this pollution is a health risk.

The fire science community is concerned that the EPA's proposed rule tightening could have an opposite effect to improving air quality. This concern stems from the fact that particulates stemming from prescribed burns may put areas over the new limit, accumulating negative consequences for government jurisdictions. With negative consequences, the jurisdictions will likely limit prescribed burns and that may lead to more wildfire, and even more particulates in the air.

The EPA estimates a third of the PM 2.5 we breathe in this country is from wildfires. For those in the West during wildfire season, it can be 90%.

Currently, wildfires are seen as uncontrollable and they allow a jurisdiction to file for an exception to the standard, thus avoiding any consequences for violating the air quality standard. However, prescribed burns are not uncontrollable. They are planned and approved. They do not qualify for the same exception, even though they are believed to prevent a larger air quality crisis.

The EPA says it acknowledges stakeholder concerns about the importance of prescribed fire and intends to work with stakeholders to address these issues. It also says prescribed fires have the potential to qualify as an exceptional event, which could encourage their continued and expanded use. However, there is doubt about whether this potential exception would hold up to a court challenge.

Many believe it is likely that prescribed burns would never happen if air regulators thought they would need to file for an exceptional event when they approve them. *(KWED 4/7/23)*

U of O Center Receives Funding for Wildfire Smoke Research

The University of Oregon has received \$800,000 from the EPA to fund its Center for Wildfire Smoke Research and Practice.

The new Center is expected to be a hub for sharing data and information between practitioners, researchers, and others to produce actionable ways Oregon communities, local governments, and agencies can better prepare for wildfire smoke events.

Their initial research will focus on three key areas:

1. Community and household planning and preparation: support community and household adaption to living with wildfire smoke.
2. Smoke communication: examine past smoke risks and protective actions and work to improve future public smoke messaging.
3. Emergency response, planning, and communications effectiveness: evaluate the effectiveness of planning, preparation, and response during smoke events in order to identify future actions. *(KTVZ 4/6/23)*

ODF Lets Firefighting Insurance Lapse

Since 1973, ODF has had firefighting insurance with Lloyds of London to mitigate the impacts of wildfire suppression costs for Oregonians. This year ODF will cancel the policy. The 2023-2024 policy would have cost \$4.1 million and provide \$25 million in coverage after a \$78 million deductible. ODF reports that over the past decade, longer, more complex, and costlier fire seasons have led to higher premiums and deductibles that lowered the intended mitigating effects of the policy. The deductible for 2023-2024 is 57% higher than last year and higher than the costs incurred in most fire seasons. ODF says their decision not to renew the firefighting insurance this year will have no impact on the department's fire readiness or capacity. *(ODF 4/21/23)*

Wildfire Emits Methane, In Addition to Carbon

It has become common knowledge that wildfires emit carbon into the atmosphere, now UC Riverside scientists have found a massive amount of methane, a super-potent greenhouse gas, is also being emitted from wildfires. The scientists note that methane warms the planet 86 times more than a similar quantity of carbon dioxide. They claim it will be difficult for California to reach its required clean air and climate goals without accounting for this source. The amount of methane from

the top 20 fires in 2020 was more than seven times the average from wildfires in the previous 19 years, according to the new UCR study. (*U.C. Riverside News 4/14/23*)

Aerial Fire Retardant Use Challenged



A federal lawsuit has been filed in Montana that seeks to stop the U.S. Forest Service from dropping fire retardant into rivers, lakes, and streams, claiming it causes environmental damage to the country's waterways and violates the Clean Water Act. The outcome of this lawsuit will likely have effects throughout the United States.

The use of aerial retardant has soared in recent years, as wildfires have become more common in the West. Some forest advocates claim wildfire retardant drops are expensive, ineffective and a growing source of pollution for rivers and streams. Studies show that retardant is most effective if used in the cool of the day and in areas where fire fighters can quickly follow-up the drop with on the ground measures. Critics say that if it is used in other conditions, it is not effective and it does more harm than good.

Fire retardant contains ammonium phosphate, which can kill aquatic life. Its use is intended to coat vegetation and other fuels around the edges of a fire to deprive advancing flames of oxygen and slow a fire down. If the intensity can be lessened, crews on the ground have a better chance of controlling it.

The Forest Service reports that it dropped retardant approximately 56,868 times from 2012 through 2019. Retardant landed in water on 213 of those occasions, representing less than 1%. The Forest Service also argues that a prohibition on discharges of retardant into water would impair its firefighting capabilities and jeopardize safety, doing a disservice to the public interest.

"My understanding is that fire retardant is not good for waterways, but think of the other side of it," said Butte County Supervisor Doug Teeter. "A massive forest fire burning down a huge amount of acreage is probably worse for the environment."

"Aerial fire retardants are one of the most critical tools in fighting wildfires. The loss of that important tool would jeopardize the carefully coordinated system of wildfire response among federal, state, and local governments across the country, putting both firefighter and civilian lives and property at risk. We urge the court to seriously consider the dangerous ripple effects we would face without aerial fire retardants," said Matt Dias of the California Forestry Association. (*LA Times 3/29/23, Oregonian 4/1/23, Aerial Fire News 4/15/23*)

PacifiCorp Was Warned About Fire Potential Before 2020 Labor Day Files

Oregon Public Broadcasting reports that newly filed court documents show state officials asked PacifiCorp to shut down power lines in 2020, fearing they could pose a fire hazard. Those power lines are central to a class-action lawsuit alleging the power lines started multiple Labor Day fires that year and devastated several parts of the state.

The latest filing centers on a deposition from Doug Grafe, chief of fire protection for the Oregon Department of Forestry. Grafe testified that on Sept 7, 2020, hours before the windstorms, Oregon Gov. Kate Brown's chief of staff organized a conference call with representatives from several utilities, including PacifiCorp. In that call, according to the deposition, state officials believed they made it clear to the utilities that they could avoid potential fire ignitions by shutting down power lines. This trial is set to begin in the last week of April. (*OPB 4/10/23*)