



**MB&G Family Forest Client**  
Jackson County, OR

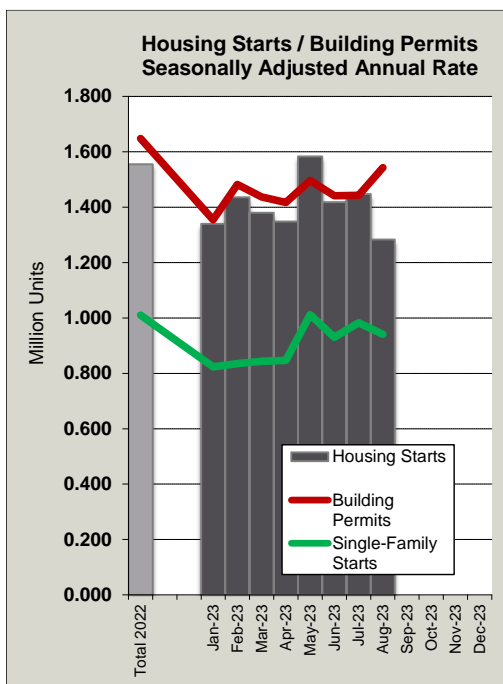
Mason, Bruce & Girard, Inc has assisted forestland owners of all types with management plans for their property. We have developed simple plans for folks with a few acres, and complex plans for watershed owners and owners of thousands of acres of private land. In the context of a family forest, Oregon State University offers this concise definition:

*A forest management plan helps communicate a vision for your forest and guides the business of managing your land. Management plans demonstrate your commitment to the resource and are a gateway to cost-share programs and sustainable forest management certification.*

If you need help with your any of your forestry planning, or just want to talk forestry, give me a call at (503) 224-3445 or send me an email at [bkeller@masonbruce.com](mailto: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 11.3% in August, to 1.28 million units, and they were down 14.8% year over year. Single family starts decreased 4.3% in August from the previous month, and year over year they were up 2.4%.

Building permits increased 6.9% in August, to 1.54 million units, but they were down 2.7% year over year. Single-family permits were up 2% from July, and up 7.2% year over year.

The magnitude of the drop in starts in August surprised analysts and highlights the expected continued weakening in the housing starts covered in the news summaries below.

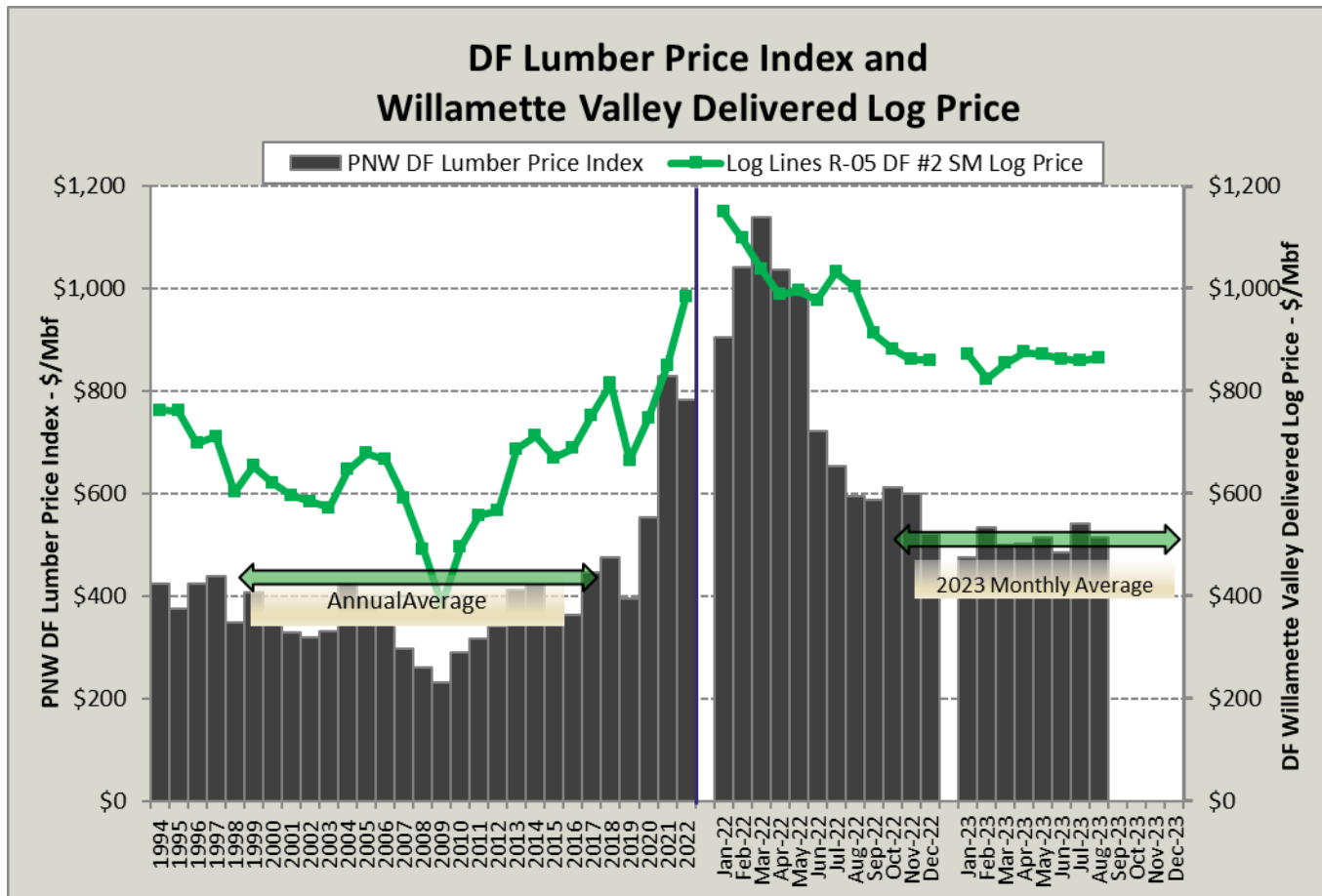
August 2023 Housing Starts (millions)					
	Aug 2023	July 2023	Monthly Difference	Aug 2022	Annual Difference
All Starts	1.283	1.447	-11.3%	1.505	-14.8%
Single-Family Starts	0.941	0.983	-4.3%	0.919	2.4%
Building Permits	1.543	1.443	6.9%	1.586	-2.7%
Single-Family Building Permits	0.949	0.930	2.0%	0.885	7.2%

## LUMBER & LOGS

Published DF log and lumber prices were mixed in August, as shown below.

August DF #2S log prices increased 0.7% from July, to \$863/Mbf. August log prices were 13.8% below a year ago but were still 8.8% above the 5-year average.

At \$514/Mbf, the DF lumber index price decreased 4.9% from July. Lumber is down 13.6% from a year ago and is 14.6% below the 5-year average. The declining housing start outlook portends continued softening of log and lumber prices.



August 2023 Douglas-fir Prices							
	Aug 2023	July 2023	Change from Previous Month	Aug 2022	Change from Previous Year	5 Yr Annual Average	Current Month Compared to 5 Yr Annual Avg
Logs	\$ 865	\$ 859	0.7%	\$ 1,003	-13.8%	\$ 795	8.8%
Lumber	\$ 514	\$ 541	-4.9%	\$ 595	-13.6%	\$ 602	-14.6%

## Lumber Track

YTD Western Mill Production through July was down 6.9% relative to July 2022. July production dropped 10% from June.

Monthly production as a percent of capacity dropped 1% in July, to 77%. YTD production as a percent capacity was down 6% when compared to July 2022. A softening housing market will continue to put downward pressure on mill capacity utilization (*Western Lumber Facts, 9/12/23*)

Western U.S. Softwood Lumber Production			
YTD Total (Bbf)		Monthly Total (Bbf)	
July 2023	<b>8.00</b>	July 2023	<b>1.09</b>
July 2022	<b>8.59</b>	June 2023	<b>1.21</b>
Percent Change		Percent Change	
<b>-7%</b>		<b>-10%</b>	
YTD Production as a % of Capacity		Production as a % of Capacity	
July 2023	<b>76%</b>	July 2023	<b>77%</b>
July 2022	<b>82%</b>	June 2023	<b>78%</b>
Percent Change		Percent Change	
<b>-6%</b>		<b>-1%</b>	

## INDUSTRY NEWS

### Fannie Mae Predicts Mild Recession in First Half of 2024

The analysts at Fannie Mae now forecast a mild recession in the first half of 2024, despite what they call “mixed signals” from key economic data releases that “muddle the near-term outlook.” They have determined that a modest contraction remains the most likely outcome as U.S. consumption continues to outpace incomes and previous monetary policy tightening is still working its way through the economic system. It is expected that consumers will soon begin to pause their spending.

It was reported in September that home sales will likely begin to pull back slightly due to higher mortgage rates and recent declines in homebuilder confidence. The market risks have been somewhat tempered with more sales being driven by life events rather than discretionary factors, and a high percentage of cash purchases. (Fannie Mae 9/18/23)

### Fire Near Portland Threatened Water Supply



The Camp Creek Fire, located 28 miles to the East of Portland, was sparked by lightning August 24th. This fire became a concern for the main source of the area’s drinking water supply. As of September 20, the fire had spread to 2,055 acres and was 62% contained. The fire spread brought it to within 1.3 miles from Reservoir 1 of the Bull Run watershed and approximately 1.9 miles from the Water Bureau’s Headworks treatment facility.

The Portland Water Bureau has continuously monitored water quality and has not reported any fire-related impacts to the drinking water. The water bureau also reports there are multiple contingency plans in the event of further risk to staff or water supply in the area. (Portland.gov 9/12/23, Axios Portland 9/6/23. Inciweb 9/27/23)

### Wildfire Smoke and Air Quality Trends

One of the main health risks from wildfire smoke is PM2.5. It is a tiny particle embedded in the smoke, no wider than a human hair spliced into 30 strands. According to a recent study by Stanford University, it can embed deep in the lungs and cross into the bloodstream. Exposure to elevated levels can quickly trigger asthma attacks, heart attacks, and death. Exposure can also take months or years off of one’s life expectancy.



A recent study published in Nature, indicates average annual PM2.5 levels in the U.S. had declined in as many as 41 states between 2000 and 2016. Since then, wildfire smoke has either slowed or fully reversed air quality trends in 35 of those states. Taking these states as a group, the authors found drifting plumes of smoke have added enough particle pollution to erase about a quarter of the average air quality improvement achieved by these states since 2000.

Researchers point out that wildfire smoke is completely unregulated. Options to manage fuels, however, like prescribed burning, require compliance with clean air regulations, while thinning forests on federal lands encounters substantial red tape. With record-breaking wildfires and extreme smoke waves become near-annual events, the researchers suggest new ways to regulate wildfire smoke production but propose no options. (Stanford News 9/20/23)

### Lumber Output Down in North America

January - June		2023	2022	% Chg.
U.S.	Coast	4,353	4,695	-7.3
	Inland	2,221	2,435	-8.8
	Calif. Coast	340	336	+1.2
	South	11,261	11,179	+0.7
	Other	800	815	-1.8
	Total U.S.	18,975	19,460	-2.5
Canada	B.C.	3,522	4,352	-19.1
	East*	6,596	7,011	-5.9
	Total Canada	10,118	11,363	-11.0
<b>TOTAL</b>		<b>29,093</b>	<b>30,823</b>	<b>-5.6</b>

\* millions of board feet; 2023 figures are preliminary. \*Provinces east of the Rockies.  
Sources: WWPA, Statistics Canada, SFPA

North American lumber production in the first half of 2023 was 29.093 Bbf, a 5.6% drop from the first six months of 2022. The U.S. total fell just 2.5% to 18.975 Bbf, while Canadian production tumbled 11% to 10.118 Bbf.

The chart provided by Random Lengths shows that the U.S. Coast production fell 7.3% year-to-year. The California Coast and the U.S. South were the only areas that reported lumber production increases in this period, with gains of 1.2% and 0.7%, respectively. (Random Lengths 9/22/23)

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### August Housing Permits Up, Starts Down

In a year with surprising housing statistics, U.S. home building permits were up in August, climbing 6.9% from July at 1.543 million units (SAAR). While they increased over the prior month, August 2023 permits were still 2.7% below August 2022. Increased permits generally indicate a future increase in housing starts, however, Fastmarkets senior economist Jennifer

<b>U.S. Housing Starts and Building Permits</b>					
<b>(1,000s of Units, Seasonally Adjusted Annual Rates)</b>					
	August 2023	July 2023	August 2022	% Chg. Prev. Mo.	% Chg. Yr. Ago
Total Starts	1,283	1,447	1,505	-11.3	-14.8
Single-Family	941	983	919	-4.3	+2.4
Multifamily	342	464	586	-26.3	-41.6
Northeast	97	96	178	+1.0	-45.5
Midwest	160	173	182	-7.5	-12.1
South	745	783	793	-4.9	-6.1
West	281	395	352	-28.9	-20.2
Total Permits	1,543	1,443	1,586	+6.9	-2.7

Source: Census Bureau

Coskren pointed to underlying fundamentals that suggest a coming slowdown in housing starts: “We’re definitely seeing some headwinds for the sector, including higher rates and slower rental growth, on top of a massive increase in supply forecast for 2025.”

In fact, August data shows that housing starts were of 1.283 million units (SAAR) in August, down 11.3% from the prior month. Random Lengths reported that August starts plunged to their lowest level since June 2020, amid a sharp decline in the multifamily sector. Year-over-year, single-family starts increased 2.4% from 2022 and multifamily starts dropped by 41.6%. Is this due to pessimism in the market or the result of record heat in the South and a pair of hurricanes in the Southeast and Southwest? It is difficult to

know for sure, but one indicator of the market is the Wells Fargo/NAHB Housing Market Index. It declined five points in September, which is the second consecutive monthly decrease. (Random Lengths 9/22/23)



### **Can Product made from Wood Chips Cut 30% of Carbon Footprint from EV batteries?**

Biographite is a product being developed from wood chips and sawdust to be a “sustainable alternative to synthetic (petroleum-based) and natural (mined) graphite,”

Most lithium-ion batteries, including EV batteries, currently contain 30% synthetic or mined graphite, by weight. It has been reported that global graphite supply will be in a deficit by 2030.

The biographite product is in early stages of development by a New Zealand start-up called Carbonscape. They have received funding to develop biographite from international companies: Stora Enso (Swedish-Finnish), Amperex Technology (Hong King), and others. (Electrek 9/19/23)



### **Artificial Intelligence on Fire Watch in Washington State**

Washington State has employed the use of nine ultra-high-definition, 360-degree cameras positioned in select locations around the state. Twelve more are planned to be added by summer 2024. The cameras, connected to Pano artificial intelligence (AI), are searching for signs of smoke and flames in the state’s forests. Once the AI detects signs of a fire, notification is immediately sent to officials through T-Mobile’s 5G network, allowing for a quick response.

“With wildfire every second counts,” Commissioner of Public Lands Hilary Franz said. “Increased early detection through deploying technology like Pano AI means we can respond faster while fires are still small — saving lives and property while reducing costs, which is crucial as wildfire seasons get longer and more challenging.” (KIRO News 9/7/23)



### **Excessive Wood Chip Inventory Threatens Curtailment**

The Boise Cascade plywood mill in Elgin, Oregon, issued a 60-day notice to employees of a pending mill-wide layoff on August 16th. Because the plant produces about 50-60 truckloads of wood chips per week, and wood chips were already piled-up everywhere, they announced an indefinite curtailment. Fortunately, Boise Cascade was able to negotiate a new contract to sell wood chips within six days after the curtailment notice was sent out – curtailment averted! (The Observer 8/30/23)