

**Small Woodland Owner Client  
Wasco County, OR**

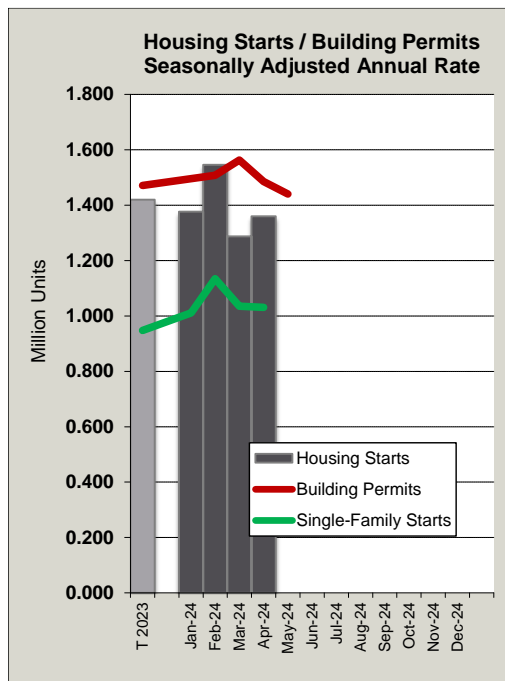
After several years of very strong log markets, that have held up as lumber markets became very poor, log prices have now dipped below the five-year average. While I wouldn't consider this a depressed market, in certain situations, depending on your location and timber type, it may be best to defer your harvest until the market improves. If you have a significant amount of volume to harvest, now is definitely the time to put your timber up for bid on a stumpage basis with a 2-3 year contract. Buyers now more than ever are paying a premium for wood that they can control the flow of and determine the timing of harvest.

If you need help strategizing a harvest, with any other aspect of your forest management, 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 increased 5.7% in April, to 1.36 million units, and they were down 0.6% year-over-year. Single family starts fell 0.4% in April, and year-over-year, they were up 17.7%.

April building permits fell 3% from March to 1.44 million units, and they were up 2% year-over-year. Single-family permits were down 0.8% in April, and they were up 11.4% year-over-year.

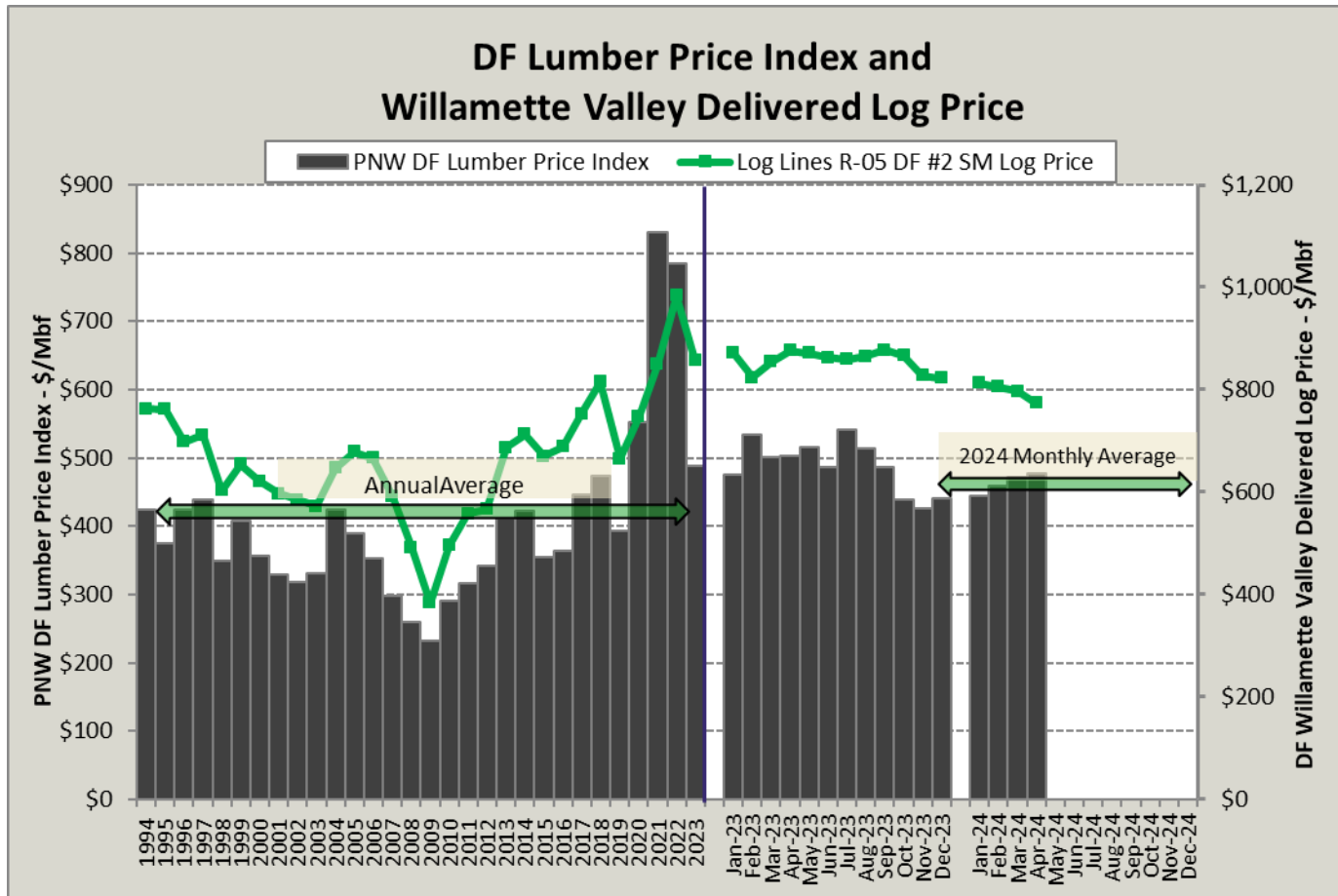
	Apr 2024	Mar 2024	Monthly Difference	Apr 2023	Annual Difference
All Starts	1.360	1.287	5.7%	1.368	-0.6%
Single-Family Starts	1.031	1.035	-0.4%	0.876	17.7%
Building Permits	1.440	1.485	-3.0%	1.470	-2.0%
Single-Family Building Permits	0.976	0.984	-0.8%	0.876	11.4%

## LUMBER & LOGS

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

April published DF #2S log prices decreased 2.9% from March, to \$774/Mbf. April log prices were also 11.6% below a year ago, and they were 3.7% below the 5-year average of \$804.

At \$477/Mbf, the DF lumber index price increased 1% from March. Lumber is down 5.1% from a year ago and is 21.2% below the 5-year average of \$605. Softening log prices and increasing lumber prices had been expected since recent log prices were unusually high compared to lumber prices.



April 2024 Douglas-fir Prices							
	Apr 2023	Mar 2023	Change from Previous Month	Apr 2022	Change from Previous Year	5 Yr Annual Average	Current Month Compared to 5 Yr Annual Avg
Logs	\$ 774	\$ 797	-2.9%	\$ 876	-11.6%	\$ 804	-3.7%
Lumber	\$ 477	\$ 472	1.0%	\$ 503	-5.1%	\$ 605	-21.2%

## Lumber Track

YTD Western Mill Production through March 2024 was down 0.9% relative to March 2023. March production increased 1.9% from February.

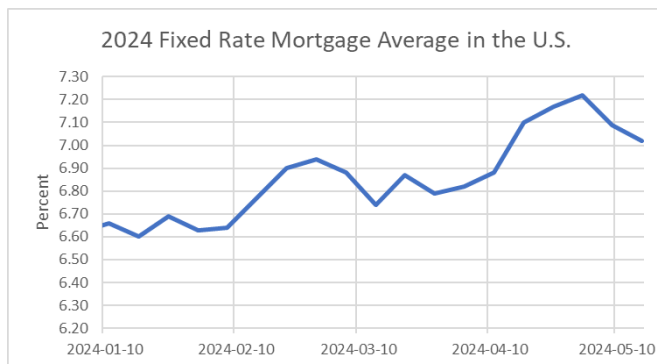
YTD production as a percent of capacity was unchanged when comparing 2024 to 2023. Monthly production as a percent of capacity increased 1% in March, to 77%. (*Western Lumber Facts, 5/8/24*)

Western U.S. Softwood Lumber Production			
YTD Total (Bbf)		Monthly Total (Bbf)	
March 2024	<b>3.37</b>	March 2024	<b>1.14</b>
March 2023	<b>3.40</b>	February 2024	<b>1.12</b>
Percent Change <b>-0.88%</b>		Percent Change <b>1.87%</b>	
YTD Production as a % of Capacity		Production as a % of Capacity	
March 2024	<b>75%</b>	March 2024	<b>77%</b>
March 2023	<b>75%</b>	February 2024	<b>76%</b>
Percent Change <b>0%</b>		Percent Change <b>1%</b>	

## INDUSTRY NEWS



### Fannie Mae Revised Housing Forecast



On May 21<sup>st</sup>, Fannie Mae released a revised housing forecast. It expects housing activity to be modestly slower than the previous forecast due to upward movement in mortgage interest rates since the beginning of the year. The chart provided shows mortgage rate data from the Federal Reserve Bank. Fannie Mae forecasts mortgage rates to end the year near 7%, with overall economic growth slowing between now and then.

Even with the downward revised forecast, a sizeable decline in home sales is not expected, as active home sale listings are currently up approximately 30% compared to a year ago. Fannie Mae continues to forecast a modest upward trend in existing home sales, noting that they do not foresee a dramatic change in activity until affordability improves.

Additionally, the April housing survey, released in May, shows the housing sentiment unchanged from the prior month, at 71.9 points. (*Fannie Mae 5/6/24 & 5/21/24, Federal Reserve Bank of St Louis*)



### Oregon Counties Struggling to Fund Law Enforcement

When Josephine County was faced with a revenue reduction as a result of reduced timber harvest subsidies from lands managed by the Bureau of Land Management, they tried to pass a levy to fund the sheriff's office five times between 2012 and 2016. The levy finally passed, but not before the sheriff's office reduced its staff by two-thirds during that time.

Now other Oregon counties have similar levies on the ballot due to decreased timber subsidies from state forests. Curry County has already eliminated patrols between 2 am and 7am. Coos County has seen early jail releases to ease their strained budget. Both Curry and Coos Counties have ballot measures in May to subsidize law enforcement. Neither county seems particularly optimistic about these levies passing. (*Daily Tidings 5/19/24*)



### Timberlab Highlighted in Mass Timber Video

CBS News reported on America's mass timber movement. Timberlab was interviewed and highlighted for their project incorporating mass timber for the Portland Airport remodel and their use of sustainable timber harvesting. Watch the 7 minute video here: [Video: Inside America's mass timber movement \(CBS News\)](#)

## Timberlab Acquiring American Laminators in Oregon.

American Laminators, with locations in Swisshome and Drain, Oregon, has been a leading manufacturer of custom glulam in the U.S., claiming to produce the longest-spanning glulam in North America. They have produced glulam for many landmarks, including OSU's Autzen Stadium, LeMay – America's Car Museum in Tacoma, WA, The Cathedral of Christ the Light in Oakland, CA, and the new 95,000-square-foot Multnomah County East County Library.

Timberlab provides in-house engineering, procurement, and installation of their mass timber projects. With an expanded focus on mass timber, Timberlab has announced the acquisition of American Laminators, to be called Timberlab Laminators, LLC. Operational upgrades are planned at each location to enhance product optimization.

Incidentally, In March, Timberlab announced the plan to build a new cross-laminated timber factory in the Willamette Valley. In the news this month, we learned that the factory is planned in the city of Millersburg, which is near the western border of Linn County. Construction is projected to begin on this facility in 2027. (Timberlab 5/16/24, Hasso Herring 5/6/24)

## USFS Models for Future Fire Suppression Costs

Over the last decade, fire suppression costs to the Forest Service and Department of the Interior have averaged more than \$3 billion per year. The Forest Service recently analyzed computer models with 10 future climate scenarios to estimate future fire suppression costs.

The models created a middle-of-the-road estimate of a 42% increase by 2050, to \$3.9 billion per year, with one scenario showing the highest estimated increase of 84% in that time. In the decades after 2050, costs could rise by 17% to 283%. The team accounted for inflation by converting all future spending to 2022-dollar equivalents.

This analysis did not consider all the costs associated with wildfire, but only the cost for fire suppression. (USDA 5/14/24)

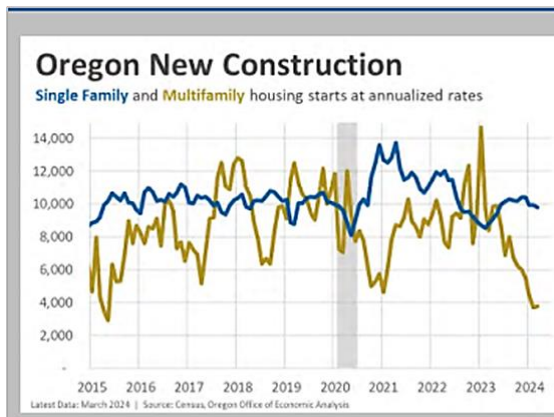
## Housing Starts in Oregon are Depressed

According to charts released by Oregon's Office of Economic Analysts, in the first quarter of this year, U.S. Housing starts, as a whole, are little changed from last year, as single family starts had a 27% increase and multi-family starts had a 38% decrease.

However, in Oregon, housing starts are down 25% overall when comparing 1Q2023 and 1Q2024. Oregon's single family starts increased 17% when comparing 1Q2023 to 1Q2024, while the multi-family starts have plunged by 59% in that same period. The lack of building is attributed to high interest rates and unfavorable zoning.

Oregon's Housing forecast for 2024 and 2025 have been adjusted down from previous forecasts. If the forecasts are correct, 2024 and 2025 housing starts will fall well below the previous 5-year average.

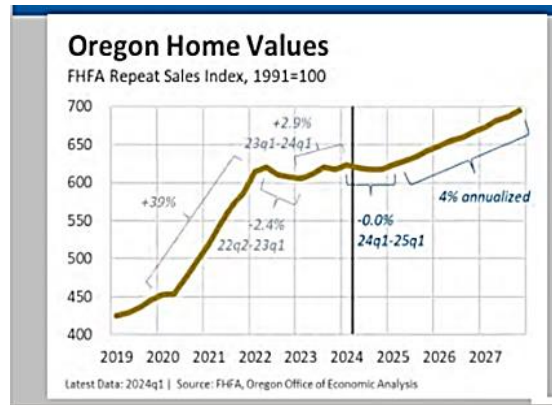
Housing Start Changes		
	U.S.	Oregon
<b>2023q1 - 2024q1 Change</b>		
Total	1%	-25%
Single Family	27%	17%
Multifamily	-38%	-59%
<b>Single Family Share</b>		
2023q1	60%	44%
2024q1	75%	69%





Oregon's home prices are forecasted to remain stable in 2024 and then begin increasing at a steady rate of about 4% per year after that.

Housing affordability was high in early 2022, but it fell rapidly in the second half of 2022 and remained low in 2023.



## The Causes of PNW Wildfires

According to Hilary Franz, Washington's Commissioner of Public Lands, so far in 2024, there's already been a 40% increase in fires in the state of Washington compared to last year. It is reported that close to 90% of wildfires in the northwest are started by humans.

Washington Department of Natural Resources Wildfire Communications Manager, Ryan Rodruck, claims that for the human-caused fires, 50% are accidental, another 50% are either caused by negligence or a criminal act. Common human-caused fires start from debris burns, campfires, sparks from vehicles or yard equipment, or cigarettes thrown from vehicles. Starting a fire through either accident or negligence can lead to being held financially accountable. Lightning is the main natural cause of wildfire. (King 5 News 5/22/24)

## Post-Wildfire Soil Study

The charcoal-like remnants of charred wood, called black carbon, can benefit ecosystems by increasing the nitrogen content in soils through the water solubility of organic carbon — fostering regrowth. However, a new study conducted by Stanford University found that the same black carbon may be releasing stored carbon faster than previously thought.



The same study also found that soil cooked at high temperatures from wildfires can double the soil concentration of toxic chemicals called “polycyclic aromatic hydrocarbons”, which can trigger reactions that prevent revegetation. This cooked soil can also release toxic metals that may end up in the air or in a watershed.

The researchers suggest broader surveillance and modeling to inform strategies for protecting lives, property, and natural resources, as well as wildlife management decisions. (The Hill 5/14/24, Stanford University 5/14/24)

## Wood-Powered Cargo Ship?

Drax, a British power company that operates a wood-burning power plant, has a plan to design a wood-powered cargo ship, claiming that it would reduce gas-powered emissions from sea freight.

Japanese shipping companies have expressed interest in the woodchip-fueled cargo ship. The vessel would itself be used to ferry woodchips harvested from North America and shipped to Japan, where biomass is an important element in Japan's planned reduction of greenhouse gas emissions in power generation. It is hoped that the first wood-fueled cargo ship will set sail by 2029. (The Telegraph 5/14/24)