



**Family Forest Client  
Yamhill County, OR**

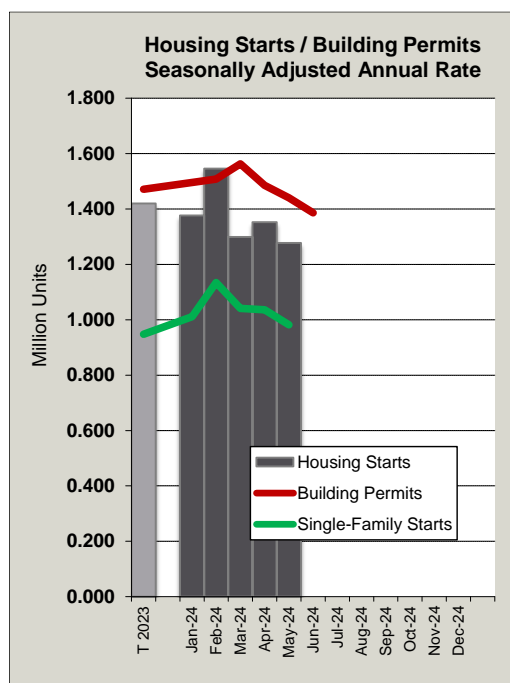
I can proudly say that while I write this introduction to the newsletter, in the foothills of the Cascades in Marion County, the rain is hitting my office window. When I think about reforestation challenges of the last 15-years or so, one key thing that stands out to me is the distinct lack of summer rain. In 2018, we got a fair amount of rain in July and August and it felt like a throwback to when seedlings would routinely get that much needed shot of moisture every summer. Without that, plantations struggle, especially on south slopes. Hopefully there's more summer rain to come. I say it about things in general, and I guess forestry weather is no exception: Don't you miss the good old days?

If you need help with your forest management, or just want to talk forestry, or talk about the weather, 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 works with the full range of forest landowners and offers a complete set of services, including timber harvests, silviculture, management plans, timber cruising, forestland valuations, and road maintenance.

Thanks – Brent

## MARKET WATCH: HOUSING, LUMBER AND LOGS

### HOUSING STARTS



Housing starts decreased 5.5% in May, to 1.28 million units, and they were down 19.3% year-over-year. Single family starts fell 5.2% in May, and year-over-year, they were down 1.7%.

May building permits fell 3.8% from April to 1.39 million units, and they were down 9.5% year-over-year. Single-family permits were down 3% in May, and they were up 3.4% year-over-year.

The outlook for single-family home starts remains weak. As reported in the news summaries below, multifamily starts have fallen greatly, though they make up a smaller percentage of total starts.

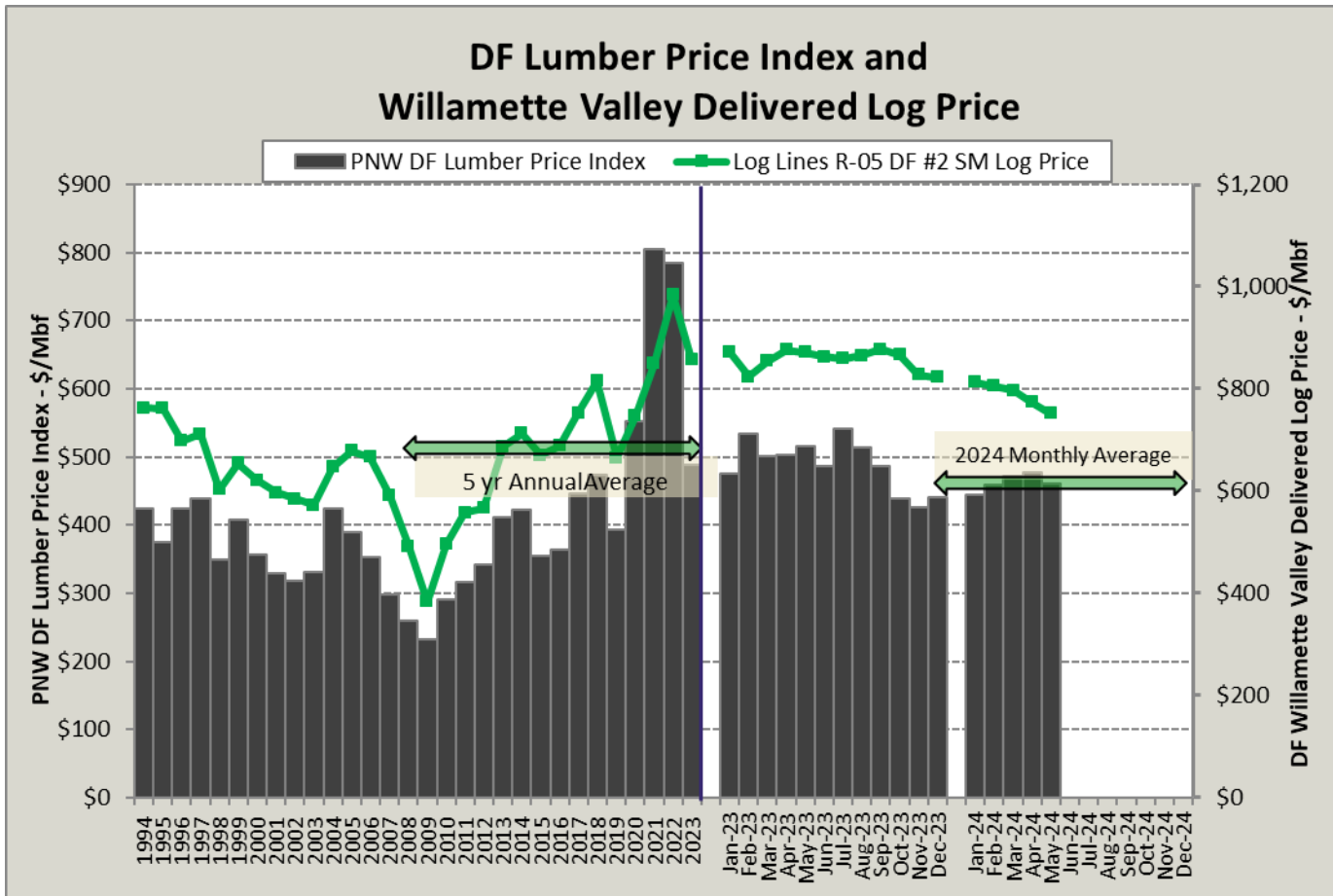
May 2023 Housing Starts (millions)					
	May 2024	Apr 2024	Monthly Difference	May 2023	Annual Difference
All Starts	1.277	1.352	-5.5%	1.583	-19.3%
Single-Family Starts	0.982	1.036	-5.2%	0.999	-1.7%
Building Permits	1.386	1.440	-3.8%	1.532	-9.5%
Single-Family Building Permits	0.949	0.977	-2.9%	0.918	3.4%

## LUMBER & LOGS

Published DF log and lumber prices were down in May, as shown below.

May published DF #2S log prices decreased 2.8% from April, to \$752/Mbf. May log prices were also 13.7% below a year ago, and they were 6.4% below the 5-year average of \$804.

At \$461/Mbf, the DF lumber index price decreased 3.3% from April. Lumber is down 10.5% from a year ago and is 23.7% below the 5-year average of \$605. Log prices are likely to remain soft until housing starts pick up.



May 2024 Douglas-fir Prices							
	May 2024	Apr 2024	Change from Previous Month	May 2023	Change from Previous Year	5 Yr Annual Average	Current Month Compared to 5 Yr Annual Avg
Logs	\$ 752	\$ 774	-2.8%	\$ 871	-13.7%	\$ 804	-6.4%
Lumber	\$ 461	\$ 477	-3.3%	\$ 515	-10.5%	\$ 605	-23.7%

## Lumber Track

YTD Western Mill Production through April 2024 was up 2% relative to April 2023. April production increased 6% over March.

YTD production through April as a percent of capacity increased 1% when comparing 2024 to 2023. Monthly production as a percent of capacity increased 2% in April, to 79%. (*Western Lumber Facts, 6/12/24*)

Western U.S. Softwood Lumber Production					
YTD Total (Bbf)			Monthly Total (Bbf)		
April 2024	<b>4.58</b>		April 2024	<b>1.21</b>	
April 2023	<b>4.50</b>		March 2024	<b>1.14</b>	
Percent Change	<b>1.91%</b>		Percent Change	<b>6.13%</b>	
YTD Production as a % of Capacity			Production as a % of Capacity		
April 2024	<b>76%</b>		April 2024	<b>79%</b>	
April 2023	<b>75%</b>		March 2024	<b>77%</b>	
Percent Change	<b>1%</b>		Percent Change	<b>2%</b>	

## INDUSTRY NEWS

### Multifamily & Midwest Housing Starts are Plummeting

Random Lengths provided this chart that illustrates that while single family housing starts have held reasonably steady in the first five months of the year, multifamily starts are down by nearly 50%. Starts in the Midwest are also struggling with a drop of 43%, compared to the first five months of 2023. The only bright spot is in the U.S. West, where a 10% increase was experienced between April and May, and the Y-T-D starts were only down by 9% from 2023. (Random Lengths 6/21/24)

U.S. Housing Starts and Building Permits					
(1,000s of Units, Seasonally Adjusted Annual Rates)					
	May 2024	April 2024	May 2023	% Chg. Prev. Mo.	% Chg. Yr. Ago
Total Starts	1,277	1,352	1,583	-5.5	-19.3
Single-Family	982	1,036	999	-5.2	-1.7
Multifamily	295	316	584	-6.6	-49.5
Northeast	77	79	96	-2.5	-19.8
Midwest	149	184	262	-19.0	-43.1
South	733	801	874	-8.5	-16.1
West	318	288	351	+10.4	-9.4
Total Permits	1,386	1,440	1,532	-3.8	-9.5

Source: Census Bureau

### Freres Reports a Flat Plywood Market

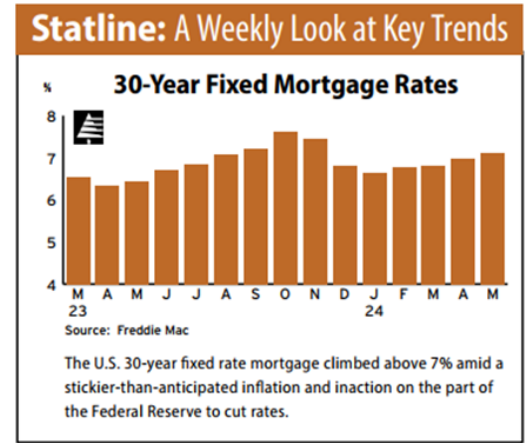
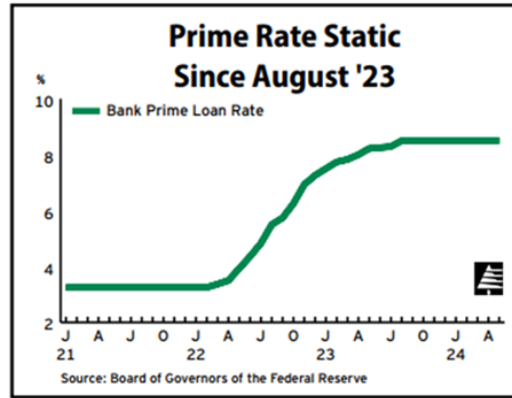
While production volumes are selling, Freres is not building any inventory in its plywood and veneer manufacturing business. They claim the market is flat and that with the strong dollar, Canadian firms are able to sell their panels to the U.S. at lower prices. However, mass Ply orders are improving from the beginning of the year and the trend for this product looks promising as the year continues. (Freres 6/13/24)

### Home Sales Remain Weak Due to Affordability

Fannie Mae reports that despite the recent rise in home listings, sales are weaker than expected as buyers are still facing affordability challenges. The increase in listings could be a market positive, as it indicates sellers are willing to give-up their current mortgage interest rates and to stop delaying a desired move. They speculate that there may be a general upward recalibration of mortgage rate expectation. However, affordability challenges remain, as housing prices have not dropped enough to compensate for the interest rate hikes of the last few years.

They also report that the economy is showing signs of slowing and indicating cooling inflation, with the labor market gradually slowing and unemployment creeping up to 4%. Still, the Fed is not expected to issue an interest rate cut until December.

Random Lengths provided charts this month that illustrate the stagnation of the Prime Rate since early 2023 and the forecast through summer, and the 30-year fixed mortgage rates over the past year.



In a recently published National Association of Home Builders (NAHB) housing affordability report, nearly half of U.S. households were unable to afford a home exceeding \$250,000. The data also revealed that 77% of Americans cannot afford the current median single-family home price of \$495,750, at a mortgage interest rate of 6.5%.

Repair and remodeling spending is also declining. The Leading Indicator of Remodeling Activity (LIRA) from the Joint Center of Housing Studies at Harvard University forecasts that annual spending for home improvements and repairs are projected to decline by 7% in the third quarter of 2024. (Fannie Mae 6/21/24, Random Lengths 5/24/24)

### May Housing Survey Hits New Low

Fannie Mae reports that the May housing survey was more pessimistic than the prior month's survey. The Fannie Mae Home Purchase Sentiment Index (HPSI) decreased 2.5 points in May to 69.4 as the component measuring consumer attitudes toward homebuying conditions fell markedly to an all-time survey low. Only 14% of consumers indicated that it is a good time to buy a home, down from 20% in April. Overall, respondents reported the belief that home prices and mortgage rates will go up over the next year.

### Is Locally Sourced Wood the Future?

Stories about the new Portland airport roof highlight the interest in locally sourced timber. A local non-profit, Sustainable Northwest, has now bought on a team of "wood advisors" to link builders, project teams, and building owners to tree farms and mills where they can find sustainably harvested local wood.

This follows a broader increase in interest in tracing wood from the source, through the mill, to the final product. ODF has developed a track and trace program in partnership with Sustainable Northwest to bring additional transparency to the mass-timber supply chain and provide evidence of the wood's origin. (DJC Oregon 5/21/24)

### Wildfires Set Stage for more Wildfires



A recent study from U.C. Riverside examined whether large wildfires change the climate. The study results indicate that soot from large wildfires can absorb and trap sunlight, making days warmer. The extra heat makes it more difficult for clouds to form, and that also makes the heated air drier and precipitation less likely.

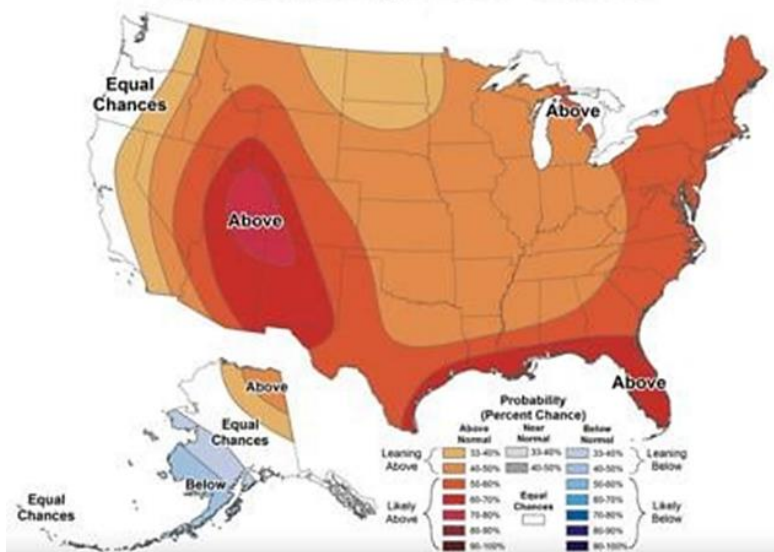
Researchers analyzed peak fire days and emissions from every California fire season over the past 20 years.

The study found that large fires did have an effect on climate. Wildfires created weather that was hotter and drier than usual on the days the fires burned. The extra heat and aridity may then make conditions favorable for more fire.

“It appears these fires are creating their own fire weather,” UCR doctoral candidate James Gomez said. (U.C. Riverside 6/18/24)

## 2024 Fire Season Outlook

### Seasonal Temperature Outlook



The Oregon Department of Forestry’s three-month fire outlook for Oregon indicates a normal start to the fire season. The U.S. Seasonal Drought Outlook does not project drought to occur in Oregon through the remainder of 2024. Precipitation predictions for June-August show nearly average rainfall, with the usual threat of thunderstorms focused on the south and east. A quick shift from El Niño to La Niña is predicted over the summer, with the Climate Prediction Center forecasting a 69% chance of La Niña developing between July and September. La Niña typically results in cooler, wetter conditions in the Pacific Northwest. However, as the graphic shows, eastern Oregon temperature forecasts show a 33- 40% chance of above average temperatures. Southwest Oregon is

expected to have above average fire risk from July through September. The rest of Oregon will have average fire risk. Wildfire responders have access to resources in the Oregon Fire Mutual Aid System which includes 11,000 firefighters within 304 fire agencies, as well as contract resources. (ODF briefing 5/2024, Capital Press 6/20/24)

## U.S. Logger Survey Finds Pessimism

Almost 200 loggers from areas across the U.S. responded to a logger survey. As a rule, the survey showed that loggers are having a difficult time dealing with rising costs and declining demand.

Surveyors report that the number of loggers who rate their company’s financial health as “poor” (9%) to “very poor” (21%) outnumbered those who say “good” (21%) to “very good” (7%). In all, 30% of the responses were negative and 28% were positive.

Two-thirds (66%) of respondents said they see a trend towards lower log demand in their area. An overwhelming number of loggers (89%) say they see a trend toward lower pulp and fiber wood demand.

These were the top challenges shared:

- Insurance: 68%
- Limited markets: 62%
- Load quotas: 57%
- Mill compensation: 56%

(Forest Economic Advisors 6/18/24)

## Charges Dropped for Federal Burn Boss

Criminal charges were dismissed in June against a U.S. Forest Service employee arrested in 2022 by a rural Oregon sheriff after a prescribed burn on federal land unexpectedly spread to private property and burned roughly 20 acres of the private land.

In February of this year, a Grant County grand jury indicted Ricky Snodgrass for reckless burning, a misdemeanor. The case then moved to federal court, and the judge dismissed the charges after defense attorneys filed documents stating, “The State cannot charge Mr. Snodgrass with a crime simply because it disagrees with the Forest Service’s decision.” The supremacy clause in the U.S. Constitution creates immunity for Mr. Snodgrass for doing his job. (OPB 6/6/24)



### **Oregon Governor Staffs Oregon Forestry Board, After Much Difficulty**

The people who serve on the Oregon Forestry Board are nominated by the Governor. When two openings came up recently, Governor Kotek tried to be fair by appointing someone with conservation/environmental leanings to replace the outgoing member with similar priorities, and she appointed someone from the timber industry to replace the outgoing member from the timber industry. However, this attempt at being fair and keeping the current balance on the board did not go over well with everyone.

The nomination of Bob Van Dyk, a conservationist who formerly spent a dozen years with the Portland-based Wild Salmon Center was not reported to have received a lot of pushback. The nomination of Heath Curtiss, vice president of government affairs for Hampton Lumber was an unpopular choice by several environmental groups. The governor received a letter signed by eight environmental groups, railing against the selection of Curtiss for the board. The groups, including Oregon Wild, the Oregon League of Conservation Voters, 350PDX and Cascadia Wildlands, stated that Curtiss would be an “intransigent foe to environmental progress” if allowed to serve on the board.

Governor Kotek scrapped both nominations in May, before she reinstated both of them in the same month. Both were eventually approved by the state senate in June. (OPB 5/10/24, Oregon Capital Chronicle 6/3/24)



### **Assisted Tree Migration in the PNW**

In Ashland, on the southern border of Oregon, 20-80% of the fir trees were found to have died. Experts are calling it a decline spiral. This tree death is being attributed to the side effects of climate change, (mostly from insect infestation) and they are creating a fire hazard that is being cleared by harvest and prescribed burning. These trees are in an environment that is located right on the edge of where Douglas fir trees can grow. That means it just takes a little change in conditions -- like drought or hotter summers -- to push them over the edge of viability.

In an attempt to assist Douglas-fir in climate adaption, Douglas -fir have been cultivated from different seed sources across the species' range and seeds from those environments are being moved to where those conditions exist now presently. Researchers are trying to mimic how trees would naturally shift, if climate change was not happening so fast.

Should humans help trees keep up with climate change by moving them to more favorable ecosystems faster than the trees could migrate on their own?

Three types of assisted tree migration could be undertaken.

1. Assisted population migration involves moving a native species' seeds within its current growing range.
2. Assisted species migration involves moving a species well outside its existing range, such as introducing California redwoods and sequoias to Washington State.
3. Assisted range expansion involves moving a species just beyond its current growing range.

Scientists from multiple organizations are testing whether breeds of native Douglas fir and western hemlock from drier parts of the Pacific Northwest can be used to help western Washington forests adapt to climate change. This would be considered population migration, and it is thought to have the fewest ecological risks than introducing species not native to the region.

(AP 12/28/23, Jefferson Public Radio 5/22/24)

## Updated Wildfire Study Identifies More Risk than Before

The Forest Service recently took a new approach to measuring wildfire risk and limited its historical analysis to the 15 years between 2004 and 2018. The study identified the most fire-prone areas of the country. It also included updated data about where homes and buildings are located and what types of trees, shrubs and grasses are present on various landscapes.

“This update tells us the nation’s wildfire crisis has the potential to impact more people than we originally thought,” said Jeff Marsolais, a Forest Service associate deputy chief.

The study results indicate that wildfires threaten nearly one-third of U.S. residents and buildings, with more than 115 million people and 48 million buildings located in counties facing high wildfire risk. Underserved communities were disproportionately exposed, as were Tribal locations, which were reported to have nearly 75% of tribal area residents in counties with high wildfire risk. Locally, more than 60% of the counties in both Oregon and Washington were reported to have high wildfire risk, up from 47% in the Forest Service's 2020 estimate. (Scientific American 6/2/24)

## OSU’s New Research Forest Near Portland

With the help of \$3.63 million in funding from the Land and Water Conservation Fund through the United States Department of Agriculture, OSU is acquiring over 3,100 acres of forest land near Portland, known as the “Tualatin Mountain Forest Project.” This will be 10th, and one of the largest research forests owned and operated by OSU’s College of Forestry. It is also the only OSU research forest close to a major urban area.

OSU plans to manage the forest for multiple uses, including education and recreation. Study focus may include the wildland urban interface, and the carbon sequestering abilities of young trees. (Press Release 6/12/24)

## The Greatest Risk to Old Growth Forests



In a June 2024 report, the Forest Service said that wildfire driven by the warming climate is now the main threat to the forest areas, and that the greatest negative impacts to of timber harvesting to old growth are decades in the past.

For timber industry groups, the report reinforces the message that harvesting trees is not the main danger and that federal agencies should focus on managing forests for drought, insects, disease and fire threats —should be done in conjunction with logging and forest thinning. Environmental organizations have urged a more restrictive approach to logging, including stopping tree harvests in federally managed old-growth areas. (Climate Wire 6/14/24)