



**Family Forest Owner Client  
Clackamas County, OR**

Log prices continue to increase as mills build inventory for the winter amidst a log supply situation that I believe will only continue to tighten for the foreseeable future. The closure of seven Oregon mills in 2024 was due to not only a slumping log market, but was in large part to the lack of available logs. Many are optimistic that in 2025 we will see a better overall economy and a better housing market, which would strengthen the log market and the forest industry in general.

It has been great working with many of you this year and I look forward to helping you realize the goals for your forest in 2025. Have a very Merry Christmas and a Happy New Year!

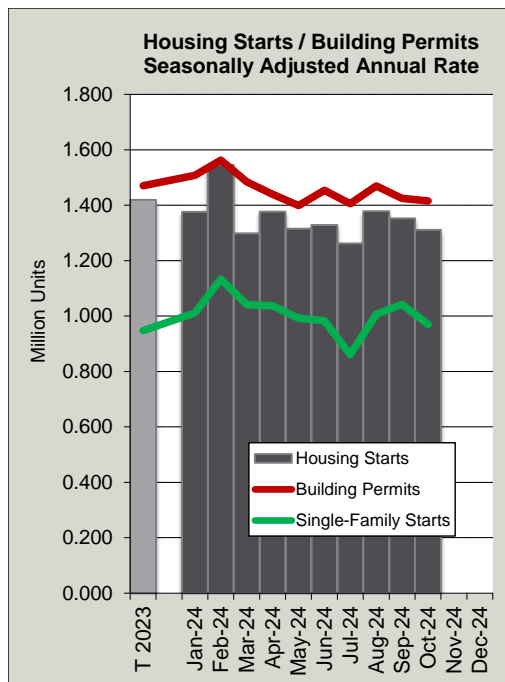
*If you need help with your forest management, or just want to talk forestry, give me a call at (503) 224-3445 or send me an email at [bkeller@masonbruce.com](mailto:bkeller@masonbruce.com). MB&G has a sophisticated understanding of the forest industry and great relationships with numerous*

*log buyers, loggers, nurseries, and reforestation contractors. MB&G is a full-service outfit that 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 by 3.1% in October, to 1.31 million units, and they were down 4% year-over-year. Single family starts decreased 6.9% in October, and year-over-year, they were down 0.5%.



October building permits decreased 0.6% from September to 1.42 million units, and they were down 7.7% year-over-year. Single-family permits were up 0.5% in October, but they were down 1.8% year-over-year.

**October 2024 Housing Starts (millions)**

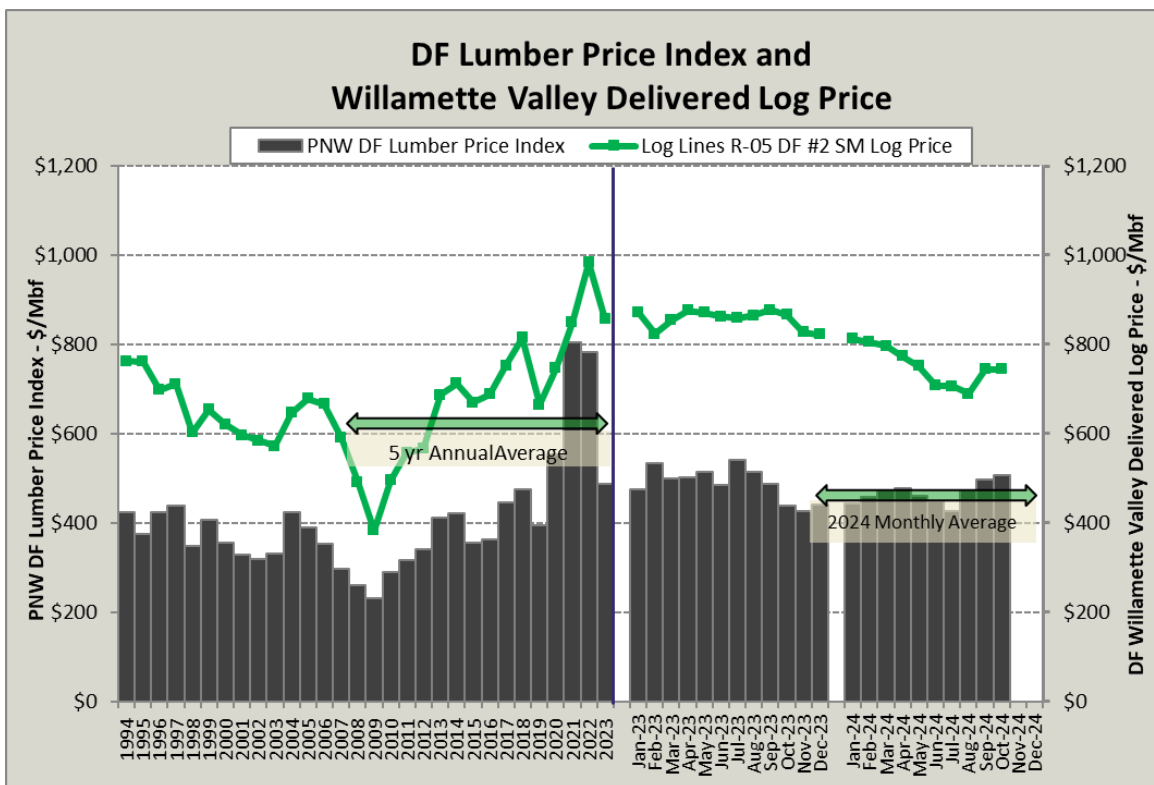
	Oct 2024	Sept 2024	Monthly Difference	Oct 2023	Annual Difference
All Starts	1.311	1.353	-3.1%	1.365	-4.0%
Single-Family Starts	0.970	1.042	-6.9%	0.975	-0.5%
Building Permits	1.416	1.425	-0.6%	1.534	-7.7%
Single-Family Building Permits	0.968	0.963	0.5%	0.986	-1.8%

## LUMBER & LOGS

Published DF lumber prices were higher in October, as shown below.

October published DF #2S log prices remained steady at \$744/Mbf. October log prices were also 14% below a year ago, and they were 7.4% below the 5-year average of \$804.

At \$508/Mbf, the October DF lumber index price increased 2.1% over September. Lumber is up 15.8% from a year ago and is still 16% below the 5-year average of \$605.



### October 2024 Douglas-fir Prices

	Oct 2024	Sept 2024	Change from Previous Month	Oct 2023	Change from Previous Year	5 Yr Annual Average	Current Month Compared to 5 Yr Annual Avg
Logs	\$ 744	\$ 744	0.0%	\$ 867	-14.1%	\$ 804	-7.4%
Lumber	\$ 508	\$ 497	2.1%	\$ 439	15.8%	\$ 605	-16.0%

## Lumber Track

YTD Western Mill Production through September 2024 was down 4% relative to September 2023. September production dropped 3.8% from August.

YTD production through September, as a percent of capacity, was down 3% when comparing 2024 to 2023. Monthly production as a percent of capacity increased 4% in September, to 76%. (*Western Lumber Facts, (11/8/24)*)

Western U.S. Softwood Lumber Production			
YTD Total (Bbf)		Monthly Total (Bbf)	
September 2024	9.90	September 2024	1.04
September 2023	10.35	August 2024	1.08
Percent Change	-4.34%	Percent Change	-3.79%
YTD Production as a % of Capacity		Production as a % of Capacity	
September 2024	75%	September 2024	76%
September 2023	78%	August 2024	72%
Percent Change	-3%	Percent Change	4%

## INDUSTRY NEWS



### Revising the Northwest Forest Plan



The U. S. Forest Service has invested years into updating the Northwest Forest Plan (NWFP). Four options (alternatives) have been identified for future management and these were released for public comment in mid-November. The USFS will collect comments for 120 days before taking the next move towards finalizing and approving a plan update. In the meantime, there is uncertainty as to whether the new presidential administration will influence the process.

The four alternatives presented for comment are below. The USFS prefers alternative B. The AP reports that alternative B could increase federal timber harvests by 33% or more.

- Alternative A – This alternative would leave the NWFP as it is and make no changes
- Alternative B – This alternative incorporates Indigenous knowledge in decision making and provides for the possibility of co-stewardship with Tribes. It would also conserve and recruit mature and old-growth forest conditions, encourage forest thinning to restore resilience to wildfires and create a predictable supply of timber.
- Alternative C – This alternative would be more restrictive on the use of commercial timber logging for vegetation management and ecological restoration and would reduce active forest management, compared to alternative B.
- Alternative D – This alternative includes additional fuels treatment and more flexibility for dry forest restoration treatments. It supports more aggressive and active forest management to limit wildfires while also providing logs to local mills. (Salem Statesman Journal 11/15/24, AP 11/17/24)



### Timber Struggles in B.C.: A win for the U.S.?

Since 2020, 16 sawmills, three pulp mills and four paper mills have closed in B.C. Mills are struggling to make a profit, or break even. Why? It is reportedly because of declining timber supply. It has commonly been reported that Canadian timber has declined due to challenges from pine beetle infestations, but according to Rob Schuetz, president of Industrial Forest Services, both federal and provincial government regulations have also eaten into the available timber supply in Canada, and especially in B.C. Schuetz claims the caribou habitat protection regulations under the Species at Risk Act (SARA) has impacted the fiber supply across the country.

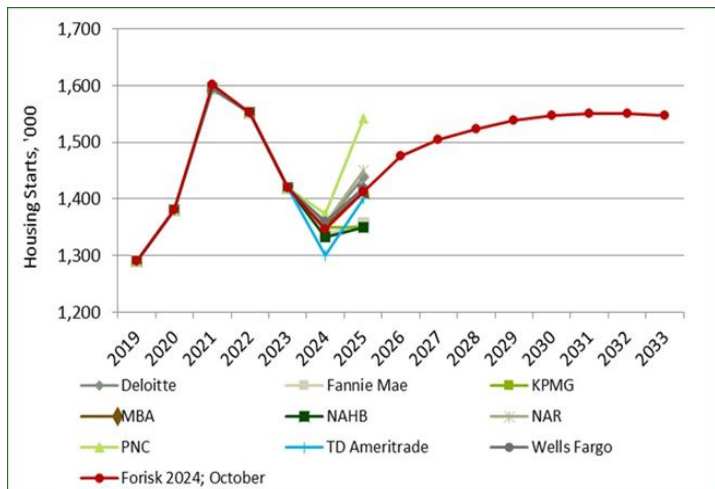
On top of declining timber supply, prices reached a low point in July and are slowly coming back up. According to Natural Resources Canada, the average price for Western SPF (spruce-pine-fir) was below US\$400 per thousand board feet—a quarter of the record-high US\$1,600 per thousand board feet seen in 2021.

Several B.C. forestry companies have been investing in the U.S. as a strategy to hedge against the softwood lumber duties applied to Canadian lumber imports. They are also enjoying the fact that southern yellow pine can be harvested in 20 to 30 years, compared to 60 to 80 years for species grown in B.C. Canfor and West Fraser, both headquartered in B.C., now operate more mills in the U.S. than in Canada.

It has been reported that as softwood production in B.C. has declined, it has soared in the U.S. According to Bloomberg, U.S. softwood production is on track to hit its highest level since 2005 and is set to outpace Canadian production for the first time since the 1970s.

"Milling more lumber from American trees by American workers to build American homes also creates more American jobs...in typically rural communities that support these workers" the U.S. Lumber Coalition says. (BIV 11/5/24, CBC News 11/7/24)

### Housing Starts Forecast from Forisk



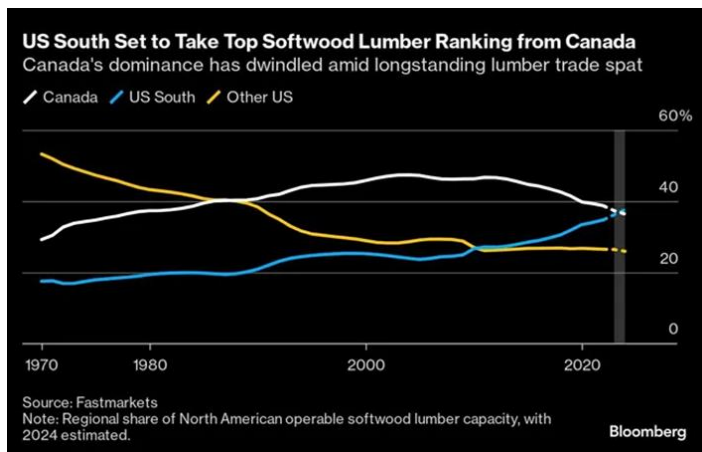
Forisk released an updated housing forecast for 2024 and beyond. They pointed out that while the federal reserve lowered rates in September, the anticipated bump in the housing sector is taking longer than expected to develop.

After leveraging nine independently published forecasts of U.S. housing starts, all of which went down from the previous quarter, the adjusted Forisk forecast calls for only an additional 304 thousand units to be started during 4Q2024. The 2025 forecast was also adjusted downward by 2.75%, from the previous forecast. However, as the chart shows, an increased pace of home starts is expected over the next several years, with a peak in 2031. (Forisk 10/25/24)

### Housing Market Survey

The October housing market survey showed more consumers think it is a good time to buy a house, even though it was still only at 20%. Overall, consumers expect home prices to continue to rise and mortgage rates to fall. While October's measure of consumer confidence reached its highest level since February 2022. Fannie Mae tempered the October report by stating that interest rates have increased in the month since this survey was conducted, and that may have suppressed some of the optimism reported. (Fannie Mae 11/7/24)

### Timber Production in U.S. South Expected to Exceed Canadian Production



Canada's historic dominance in North American lumber production may be coming to an end, as U.S. tariffs, wildfires, land-use regulations and insect infestations all take their toll.

The U.S. increased import duties on Canadian softwood lumber by nearly 81% a few months ago. Some analysts expect the tariffs — currently at 14.54% — may double next year.

If the tariffs were meant to boost U.S. production, they are working. The U.S. Lumber Coalition credits the duties for boosting American investment and capacity in the South.

Still, Canadian imports are necessary to meet U.S. softwood lumber demand. The U.S. is not self-sufficient in supplying lumber for its needs. (Transport Topics 11/4/24)

## **Prescribed Fire Liability Assistance**

As ODF is trying to increase prescribed burns as a tool for wildfire prevention, they are also implementing a pilot program to assist contractors with their liability protection. The pilot program is intended to decrease the likelihood of unintended fire spread from prescribed burning and to provide liability coverage if one does. It is managed in conjunction with the certified burn manager program.

If a prescribed burn meets the program requirements, it will automatically be enrolled in the program, and any damages resulting from the fire escaping will be covered by up to \$1 million per burn.

Covered damage would include direct damages, such as the burning of a home or other personal property. It would also cover indirect damages, such as a car accident caused by smoke-induced visibility limitations. Smoke damage to crops would not be covered.

The pilot is planned to run through 2028, and the state has allocated \$5 million dollars for implementation. (Jefferson Public Radio 10/29/24)

## **Australia Concerns about Origin of Wood Imports**

Under new laws, Australian government officials can test some imported timber products to check species and country of origin. This testing has resulted in timber industry advocates calling for extra scrutiny, and possibly origin labels, after one-fourth of the timber products tested were found to be "potentially misleading."

The Department of Agriculture, Fisheries and Forestry acting director, Madeleine Osborn, said illegal logging was "one of the most profitable trans-border environmental crimes in the world", with devastating impacts on climate, nature and people.

Osborn claimed that testing revealed that possibly 10 % of the timber products in the Australian market have been illegally sourced, and that "Between 15 and 30 per cent of all timber traded globally is potentially illegally logged." (ABC South East NSW 11/5/24)

## **Timberland Owner Immunity Tested in WA**

Washington state law gives timberland owners and loggers total immunity for damages caused by falling trees, if they were left standing to benefit the environment.

That law is now being tested, as a former Public Utility District employee who was seriously injured and permanently disabled filed suit against the Washington DNR, the logging contractor, and the timber purchaser (Sierra Pacific). The DNR argues state law grants immunity because trees that fall naturally along creeks help fish and water.

The former employee claims immunity was forfeited by leaving a known danger: a row of unprotected trees. A windstorm caused one of the windblown trees, a 120-foot tall Douglas-fir, to fall onto the employee's truck that was parked nearby.

The DNR had specifically instructed to loggers to leave a row of trees standing to meet riparian regulations, however, there was a miss measurement, and these trees were outside of the designated riparian area. The case was originally dismissed in the Washington courts, but that ruling has been overturned in appeal. More to come about this. (Capital Press 10/25/24)

## Is the World Running out of Cheap Wood?

In what is being called a “complex and tumultuous” cycle, inexpensive timber is less available and timber demand is increasing at a slow and steady pace globally.

According to global wood market expert, Russ Taylor, the world is running low on cheap wood that flooded the market with low-cost logs for lumber and export from beetle infestations in Europe and B.C. in recent years. Russia’s ban on timber exports, increased conservation areas, and increased protection of old growth have also contributed to a global timber supply shortage.

Global softwood log demand is growing about 1% per year just as supplies of cheap timber are declining.

The shrinking global log supply may lead to fewer global log imports and more lumber imports. Taylor said he sees improvements on the horizon for the forestry sector, but it’s about five years away. (BIV 10/29/24)

## High-Altitude Balloons Assist Fire Crews



With the goal of keeping firefighters informed and in constant communication with each other and with their command posts, high-altitude balloons are being tested to provide overhead views and cell service.

The first test was conducted over an August fire in Idaho with a high-altitude balloon, called STRATO (Strategic Tactical Radio and Tactical Overwatch ). Funded by NASA, the balloon was developed in collaboration between NASA, the U.S. Forest Service, high-altitude balloon company Aerostar, and Motorola. The team also used a SpaceX Starlink internet satellite device and Silvus broadband wireless system.

The August experiment proved that the balloon, at an altitude of 50,000 feet, was able to provide cell coverage for a 20-mile radius. The balloon also provided a bird’s-eye view of the fire and it connected to the real-time location information system that fire crews use to pinpoint how a fire moves and where to direct resources. (Explore 11/14/24)

## U of O Prototype House for Sustainability



A research and design team from the University of Oregon is launching an open house for their first prototype home design that showcases a sustainable, energy-efficient alternative to traditional home construction. The 760 sq. foot, two-bedroom, 1½-bathroom home is constructed from mass plywood panels, created to fit tightly together, and manufactured by Freres.

The interior walls are made from panels only 2-inch in thickness. It is more fire resistant than a conventional wood house and Infrared camera testing revealed that the tight-fitting panels reduced drafts, making the house energy efficient.

This type of construction is generally too expensive for most homebuilders, but this prototype is the first step in designing a home that can be constructed with efficiencies of automation and, hopefully, bring the cost down.

The team’s next steps are to research construction costs and to design and build a 4-unit cottage cluster home. (KTVZ 11/4/24)