



**Family Forest Owner  
MB&G Client  
Washington County, OR**

Log prices continue to increase. I would usually attribute this to the typical “winter spike” as mills build inventory for the winter, etc, but I think what we’re seeing now in some instances are signs of fear and desperation as log supply is getting really tight. The latest variable in the supply discussion is Washington DNR hitting the pause button on 23 timber sales scheduled for the first half of 2025, which is 28% of the sales volume scheduled for this year.

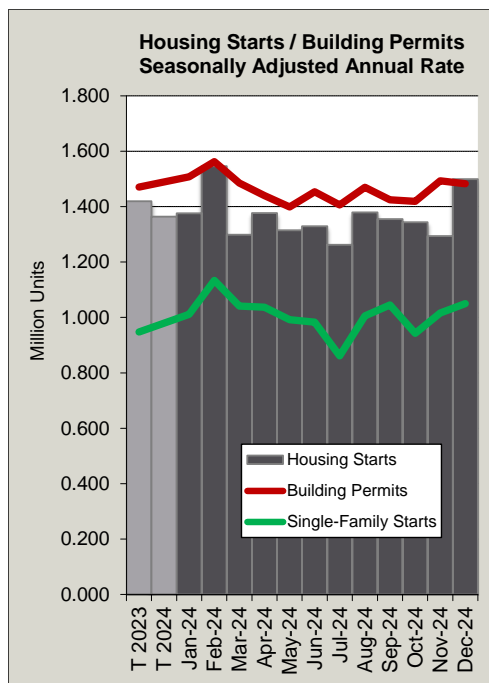
I said this identical thing a month ago, but we’re again getting a break from the relentless wet weather, which will help bareroot nurseries fully access their fields and lift the seedlings. There is a good supply of seedlings on the market right now, so if you have yet to make an order it shouldn’t be a problem getting seedlings for most sites.

*If you need help finding seedlings or with any aspect of your reforestation, 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 increased 15.8% in December, to 1.5 million units, and they were down 4.4% year-over-year. Single family starts increased 3.3% in December, and year-over-year, they were down 2.6%.



December building permits dropped 0.7% from November to 1.48 million units, and they were down 3.1% year-over-year. Single-family permits were up 1.6% in December, but they were down 2.5% year-over-year.

**December 2024 Housing Starts (millions)**

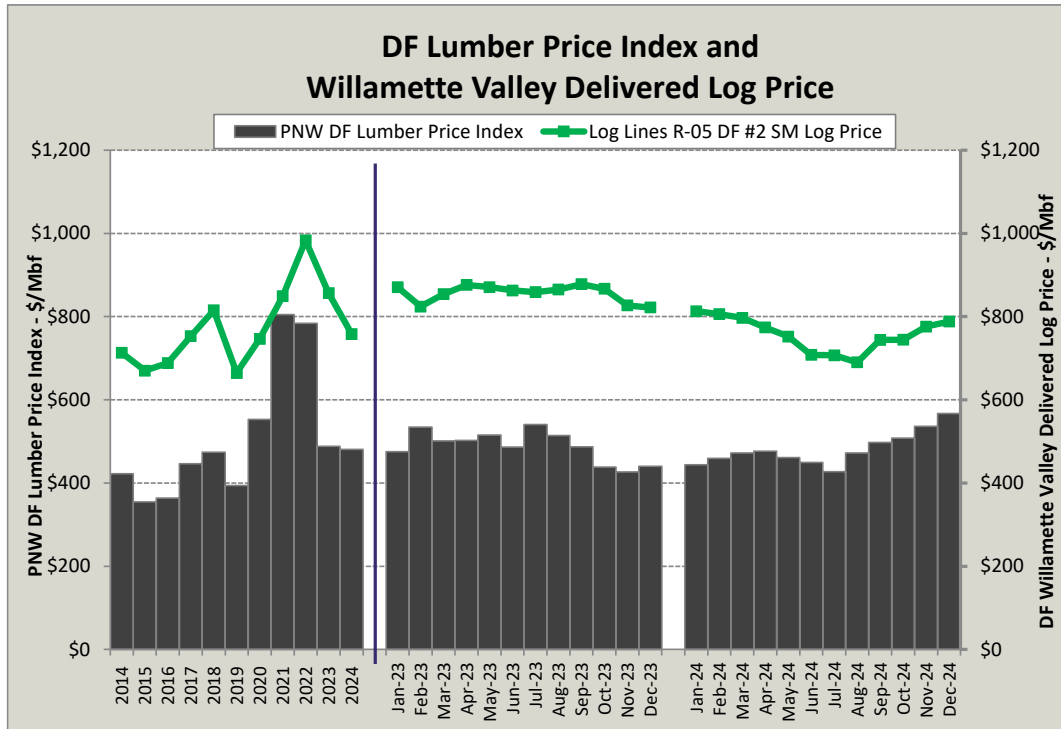
	Dec 2024	Nov 2024	Monthly Difference	Dec 2023	Annual Difference
All Starts	1.499	1.294	15.8%	1.568	-4.4%
Single-Family Starts	1.050	1.016	3.3%	1.078	-2.6%
Building Permits	1.483	1.493	-0.7%	1.530	-3.1%
Single-Family Building Permits	0.992	0.976	1.6%	1.017	-2.5%

## LUMBER & LOGS

Published DF log and lumber prices were higher in December, as shown below.

December published DF #2S log prices increased 1.5% over November, to \$788/Mbf. December log prices were also 4.1% below a year ago, and they were 1.9% below the 5-year average of \$804.

At \$567/Mbf, the December DF lumber index price increased 5.7% over November. Lumber is up 28.8% from a year ago and is still 6.2% below the 5-year average of \$605.



December 2024 Douglas-fir Prices							
	Dec 2024	Nov 2024	Change from Previous Month	Dec 2023	Change from Previous Year	5 Yr Annual Average	Current Month Compared to 5 Yr Annual Avg
Logs	\$ 788	\$ 776	1.5%	\$ 822	-4.1%	\$ 804	-1.9%
Lumber	\$ 567	\$ 537	5.7%	\$ 441	28.8%	\$ 605	-6.2%

## Lumber Track

YTD Western Mill Production through November 2024 was down 4% relative to November 2023. November production dropped 19% from October.

YTD production through November, as a percent of capacity, was down 3% when comparing 2024 to 2023. Monthly production as a percent of capacity decreased 2% in November, to 77%. (*Western Lumber Facts, (1/8/25)*)

Western U.S. Softwood Lumber Production			
YTD Total (Bbf)		Monthly Total (Bbf)	
November 2024	<b>12.15</b>	November 2024	<b>1.01</b>
November 2023	<b>12.67</b>	October 2024	<b>1.24</b>
Percent Change	<b>-4%</b>	Percent Change	<b>-19%</b>
YTD Production as a % of Capacity		Production as a % of Capacity	
November 2024	<b>75%</b>	November 2024	<b>77%</b>
November 2023	<b>78%</b>	October 2024	<b>79%</b>
Percent Change	<b>-3%</b>	Percent Change	<b>-2%</b>

## INDUSTRY NEWS

### **Federal Interest Rate Cuts on Pause**

Due to inflation ticking up from 2.5% to 2.9% between September and December, the Fed has decided to hold off on more cuts to the Benchmark rate. Two 25-basis-point rate cuts have been projected for 2025, but the timing and certainty of those cuts being implemented remains uncertain. The Fed also voiced concern over possible inflationary effects of President Trump's proposed tariffs on foreign goods, should they be enacted. While rate cuts were expected in March, it is more likely now that they may come in late spring or early summer, keeping borrowing costs high for now. (CNBC 1/29/25)

### **Another Sluggish Year in the Housing Market Predicted**

The experts at Fannie Mae have adjusted their forecast again. Their January forecast estimates mortgage rates will close 2025 at 6.5 percent and will only drop to 6.3 percent at the end of 2026. They also expect home appreciation to slow down to a 3.5% increase in 2025. Lastly, existing home sales are likely to remain at or near their lowest level since 1995. (Fannie Mae 1/22/25)

### **Will Increased Lumber Tariffs Affect the Housing Market in 2025?**

While he was campaigning for President, Donald Trump suggested using tariffs as a means to increase American manufacturing. We already impose tariffs on Canadian lumber imports. Will an increase in those tariffs make home building too expensive?

Money Digest reported that less than 10% of common building materials are imported. Of those that are imported, the majority is Canadian lumber, and we also import furniture and fixtures from various other countries.

Housing market experts are skeptical that increased tariffs will have a lasting impact on lumber prices. Chief Economist Lawrence Yun of the National Association of Realtors conceded that even potential lumber tariffs might be given a phasing in period that would encourage American timber mills to fill in the production gap. (Money Digest 1/21/25)

### **2025 Lumber Forecast: Cloudy**

The Random Lengths Framing Lumber Composite Price averaged \$400 in 2024, its third consecutive annual decline after record-setting high prices during the pandemic. Random Lengths reported that price trends in 2025 are proving especially difficult to forecast because of the widespread uncertainty surrounding tariffs and trade wars. They also report that demand for European lumber could shift in either direction in 2025, depending on tariffs, trade wars, and the effect of possible decreases of timber imports from Canada from changes to tariffs. (Random Lengths 2025)

### **Does the U.S. Need Canadian Lumber?**

President Trump made news in January when he addressed the World Economic Forum, saying, "We don't need [Canada] to make our cars. We make a lot of them. We don't need their lumber because we have our own forests." This comment was in reference to concern about current and future softwood lumber tariffs imposed on Canadian imports, and their expected reduction of volume if the tariffs are increased.



The Wall Street Journal Editorial Board printed an opinion piece that responds to and disagrees with this statement. The article points out that the U.S. doesn't even produce enough lumber to meet domestic demand for home construction. About 30% of the U.S. softwood lumber supply is imported, mostly from Canada. They also point out that expansion would be difficult due to environmental restrictions that limit logging on public lands, and that even private lands are bound by some level of restrictions.

The U.S Lumber Coalition applauded the president's statement about not needing Canadian lumber and they reported disappointment in the WSJ opinion article. They point out that "U.S. sawmill investment and capacity expansion to supply our own market has been robust in no small part thanks to the duties first imposed in 2017 by President Trump against Canadian lumber", and they report that U.S. mills have added eight billion board feet of capacity since 2016 in the form of new mills and expansions of existing mills.

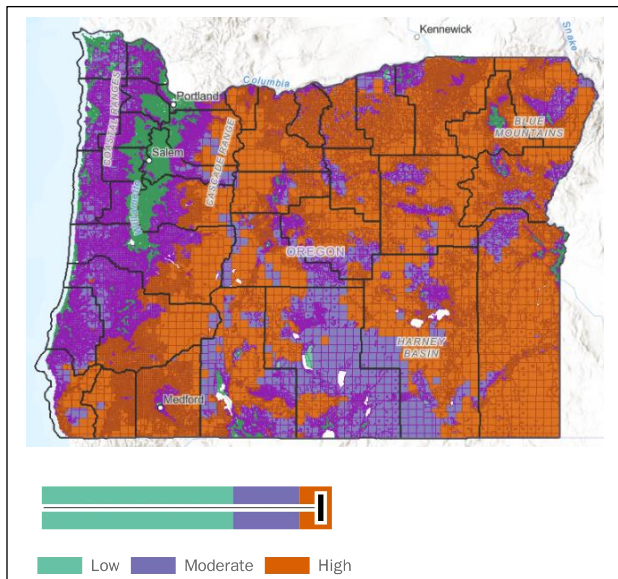
Freres Lumber also weighed-in on the situation, supporting an increase in tariffs, if they target Freres' Canadian competition. Freres stated that, "It is important to note that the current Softwood Lumber Agreement already imposes a varying tariff on lumber products entering the U.S., but specifically omits all products we (Freres) produce for the marketplace such as veneer and panels. If such a tariff were to be imposed for our products, it would bring the tariff rate in line with other softwood products produced in Canada and put us on a more level playing field with imported products."

(Freres 1/23/25, PR Newswire 1/24/25 & 1/28/25, WSJ 1/26/25)

### Log Exports Continue Weak in 2025

The Oregon Log Market Report confirms the local log export trade is weak. According to local export buyers, China is not buying and anticipating tariffs, while Japanese buyers are only looking for specific high-end Douglas-fir logs and nothing else. (OR Log Market Report, 1/15/25)

### Oregon Wildfire Hazard Map Released (Again)



The Oregon Department of Forestry released the latest version of the wildfire hazard and wildland-urban interface maps developed by Oregon State University scientists. This map was mandated by the 2021 OR Senate Bill 762, a \$195 million legislative package to support the improvement of Oregon's wildfire preparedness through fire-adapted communities, safe and effective response to fire, and increasing the resilience of the state's landscapes.

A similar map was released in 2022 and was quickly rescinded due to public outrage about individual property classifications and fears of insurance company retaliation for properties at higher risk. Since then, OSU spent more than two years receiving and analyzing public feedback to improve the map. Further, OR Senate Bill 82 prohibits insurers in Oregon from using this map, or any statewide map, for making decisions on whether to extend coverage or determine rates. (KTVZ & OSU 1/7/25)