

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

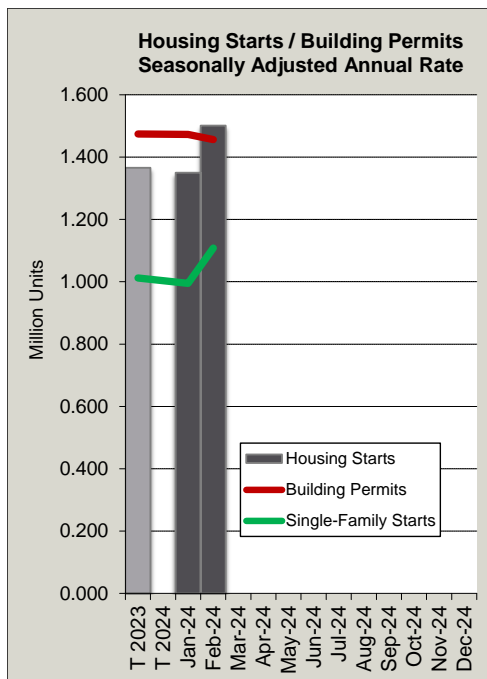
Now that reforestation season has wound down, it's time to turn our attention to managing the competition in the plantations. Whether just planted or a few years in the ground you will likely face competition from Scotch Broom, Maple, Grass, or other aggressive shrubs. Be sure to monitor the level of competition and respond accordingly.

An important strategy to consider when it comes to tackling competition in plantations: If you just finished harvesting in the fall or early winter, no matter how clean the ground may appear, you may not want to plant right away. Instead, consider waiting a year to let the plantation "green up" with weeds, etc over the summer, then site prep spray in the fall, prior to planting. This will make for a less complicated "release" program post-planting.

If you need help with any aspect of reforestation, or just want to talk forestry,, give me a call at (503) 224-3445 or send me an email at 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 11.2% in February, to 1.5 million units, and they were down 2.9% year-over-year. Single family starts increased 11.4% in February, and year-over-year, they were down 2.3%.

February building permits decreased 1.2% from January, to 1.46 million units, and they were down 6.8% year-over-year. Single-family permits decreased 0.2% from January, to 0.99 million units, and they were down 3.4% from the same month in the prior year.

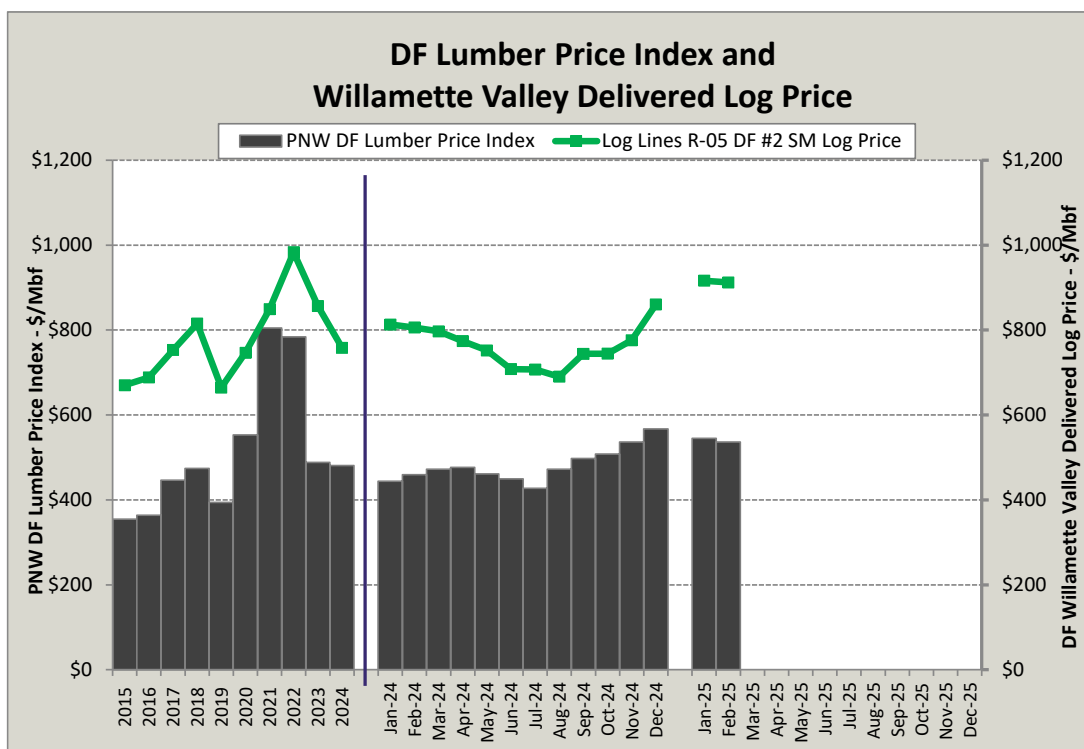
February 2025 Housing Starts (millions)					
	Feb 2025	Jan 2025	Monthly Difference	Feb 2024	Annual Difference
All Starts	1.501	1.350	11.2%	1.546	-2.9%
Single-Family Starts	1.108	0.995	11.4%	1.134	-2.3%
Building Permits	1.456	1.473	-1.2%	1.563	-6.8%
Single-Family Building Permits	0.992	0.994	-0.2%	1.027	-3.4%

LUMBER & LOGS

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

February published DF #2S log prices decreased 0.4% from January, to \$912/Mbf. February log prices were still 13.2% above a year ago, and they were 10.7% above the 5-year average of \$823.

At \$536/Mbf, the February DF lumber index price decreased 1.6% from January. Lumber is up 16.7% from a year ago and is still 13.8% below the 5-year average of \$622.



February 2025 Douglas-fir Prices							
	Feb 2025	Jan 2025	Change from Previous Month	Feb 2024	Change from Previous Year	5 Yr Annual Average	Current Month Compared to 5 Yr Annual Avg
Logs	\$ 912	\$ 916	-0.4%	\$ 806	13.2%	\$ 823	10.7%
Lumber	\$ 536	\$ 545	-1.6%	\$ 459	16.7%	\$ 622	-13.8%

Lumber Track

YTD Western Mill Production through January 2025 was up 5% relative to January 2024. January production was also 15% higher than the prior month.

YTD production through January, as a percent of capacity, was up 5% when comparing 2025 to 2024. January monthly production as a percent of capacity increased 4% compared to the prior month, at 77%.
(*Western Lumber Facts*, (3/12/25))

Western U.S. Softwood Lumber Production			
YTD Total (Bbf)		Monthly Total (Bbf)	
January 2025	1.15	January 2025	1.15
January 2024	1.10	December 2024	1.00
Percent Change	5%	Percent Change	15%
YTD Production as a % of Capacity		Production as a % of Capacity	
January 2025	77%	January 2025	77%
January 2024	72%	December 2024	73%
Percent Change	5%	Percent Change	4%

INDUSTRY NEWS



Presidential Executive Order for the Expansion of Timber Production in the U.S.

On March 1, 2025, President Trump issued an Executive Order for the Immediate Expansion of American Timber Production.

A White House fact sheet listed the following summary for this EO:

“Donald J. Trump signed an Executive Order to immediately increase domestic timber production and streamline federal policies to enhance forest management, reduce wildfire risks, and decrease reliance on imported timber.

- The Order calls for new or updated agency guidance to facilitate increased timber production, sound forest management, reduced delivery times, and decreased timber supply uncertainty.
- It cuts red tape in order to streamline timber production and identifies measures to boost timber sales from public lands.
- It pushes for quicker approvals under the Endangered Species Act so that forestry projects are not delayed by slow reviews.”

Reactions to this EO flooded the news reports in the week after the EO was announced. It was greeted with cheers from timber industry groups and some states, including the American Biomass Energy Association, the American Forest Resource Council, and the State of Wyoming, among others. Several environmental groups and columnists called it a contradiction to federal law that would “decimate American forests”, and “exacerbate climate change.” Some voiced that they are particularly worried about the Endangered Species Committee that has the power to exempt provisions in the ESA, even at the peril of endangered species. They have nicknamed this committee “The God Squad.”

It is unknown how this EO will affect the timber market in the PNW. Some warn that if the Federal government flooded the market with timber, prices would drop. Others point to the lack of mills adjacent to the location of the available timber and the lack of skilled labor to work the mills that may add shifts, or require re-opened or newly built facilities. They warn that this type of timber harvest ramp-up will take time to get going. (The White House 3/1/25, New York Times 3/2/25, Bloomberg 3/3/25, AFRC 3/3/25, Forisk 3/4/25, Seattle Times 3/4/25, AP 3/4/25, Salem Statesman Journal 3/5/25, ResourceWise 3/5/25, OPB 3/6/25, American Biomass Energy Association 3/6/25)



Presidential Executive Order Addressing Timber and Lumber Imports as a Threat to National Security

On March 1, President Trump signed an Executive Order (EO) regarding the imports of timber and lumber and their derivative products, and whether their import posed a threat to national security.

This EO requires the Secretary of Commerce to investigate the current and future demand for timber and lumber in the U.S., whether domestic production can meet domestic demand, the significance of importing these products to meet U.S. demand, as well as any predatory trade practices that affect the U.S.’s competitiveness in the industry.

The Commerce Department wasted no time in following the president’s order, On March 11, the Commerce Department announced that it is inviting comments, data, analyses, or other information pertinent to the investigation to the Department’s investigation until the first of April 2025, from all interested parties. (White House 3/1/25. Woodworking Network 3/11/25)





Is the U.S. Positioned to Increase Softwood Lumber Capacity in Quantities that Offset Canadian Imports?

According to a study by Fast Markets/RISI, Canada currently supplies about 12 BBF of lumber to the U.S. annually. U.S. 2024 mill operating rates averaged 79% of capacity, which appears that there is room for increased production.

Assuming the U.S. discontinued exporting softwood lumber and picked-up second or third shifts at currently operating lumber mills, it is estimated that the U.S. would still be short by about 3.2 BBF of operable capacity to quickly fill Canadian lumber supply. Therefore, projections show that in the short run, the U.S. cannot meet the lost capacity if Canadian lumber were to stop being imported.

However, over time, if some mills were re-opened and new mills were constructed, the forecast changes in the long-term, becoming plausible that the U.S. lumber supply would be adequate to substitute for current volumes of imported lumber from Canada, at least in the calculation of quantity. In terms of location, worker availability, log availability, log quality, and species, there may be more challenges to overcome. (RISI FastMarkets 3/10/25)



Consumer Housing Sentiment: Down

The Fannie Mae Home Purchase Sentiment Index® (HPSI) decreased 1.8 points in February to 71.6. Consumers are becoming increasingly pessimistic about mortgage rates declining. Year over year, the HPSI index dropped 1.2 points.

In addition to concern over interest rates, consumers increasingly report concern about their personal financial situation, including household income and potential job losses. (Fannie Mae 3/7/25)



Are Baby Boomers Shifting the Housing Market?

Several studies show that baby boomers are staying in their homes longer than previous generations. Redfin reported that empty-nester baby boomers own twice as many three-bedroom-plus homes than millennials with children in the home, and that about 43% of baby boomers never plan to sell their homes, mostly because their homes are paid off or because of their favorable interest rates. Leaf Home, a home improvement company, reports that over 36% of baby boomers own homes built more than 45 years ago that have never been renovated, and the majority say they have no plans to renovate.

"The housing market is caught in a generational tug-of-war. Boomers will soon face aging-in-place hurdles, while millennials will face the surprise of homes in need of major upgrades," said Jon Bostock, CEO of Leaf Home, in a news release announcing the findings. "With an aging and ignored inventory of homes available in the next decade, we may see a crisis that will overwhelm the home-improvement industry and strain the budgets of inheriting millennials, impacting the housing market." (Business Journals 3/5/25)



Responses to the Trump Tariff Rollercoaster



A few days after the U.S. imposed new tariffs on most Chinese products and selected Canadian and Mexican products imported to the U.S., Trump ordered an investigation into imported wood products to see if they should qualify for additional tariffs.

In response, China ordered a halt to import of U.S. logs and imposed tariffs on imported U.S. goods. China is one of the world's largest importers of wood products and the third-largest destination for U.S. forest products. China imported about \$850 million worth of logs and other rough wood products from the U.S. in 2024, according to Chinese customs data.

On March 4th, Canada responded with 25% tariffs on some U.S. goods and announced more tariffs would be imposed by the end of March. Even though Trump announced a pause in the U.S. tariffs for Canada and Mexico on March 6th, Canadian officials said the tariffs will stay in place.

The National Association of Home Builders (NAHB) has been lobbying for a reprieve in softwood lumber imported from Canada. It reports that the announced tariffs on Canadian softwood lumber will increase material costs between \$7,500 and \$10,000 on the construction cost of an average new single-family home. The WSJ reported that some builders have stockpiled lumber and other building materials before all the announced tariffs are realized.

Freres Lumber Company responded to the tariff announcements with an analysis of how tariffs affect their market in Oregon. They released this statement, “In this type of environment, tariffs can be helpful to protect domestic industry. However, they are not a solution for bad policies that create a poor business climate. Pro-business policies seem to be anathema to the Oregon State government... We support free trade, but we support U.S. industry first.” (Reuters 3/4/25, Capital Press 3/6/25, NAHB 3/10/25, WSJ 3/11/25, Freres 3/20/25)



U.S. Lumber Coalition Refutes NAHB Position on Softwood Lumber Tariffs



As stated earlier, the NAHB is rallying in opposition to softwood lumber tariffs due to expected increases in home building costs.

However, the U.S. Lumber Coalition (USLC) refutes their claims, calling them false and misleading. USLC reports that lumber is a small percentage (1.7%) of the price of building a home, and that home building costs have increased by 19% (\$80,700) since May 2021, even as lumber prices have declined by 71% in the same timeframe.



USFS and the Current State of DOGE Employment Reductions



On March 11th, the USDA announced that all terminated probationary employees were put back on pay status and each would receive back pay for the period of their terminations. The department will quickly develop a plan to reinstate everyone back to their jobs. This came as a result of a March 5 Federal ruling that 5,600 probationary employees at the Department of Agriculture (USDA) were terminated in violation to federal procedures. The courts halted the terminations for 45 days, while the Merit Systems Protection Board reviews the firings. In the interim, the affected employees would be able to remain in their respective positions.

In February, the Trump Administration fired thousands of probationary federal employees in a move to reduce the federal payroll, as identified by the Department of Government Efficiency (DOGE). The employment separations were planned for March 7th. The USFS had 35,000 employees affected, about 10 percent. As public safety employees at USFS are exempt from this type of firing, firefighter jobs were largely unaffected. Others who support wildfire prevention but who have full-time jobs in other fields were included in the cut. This includes staff who work on road and trail maintenance, timber production, and watershed restoration. The USFS reported that the cuts stalled active forest management projects and wildfire training.

Forest Service Chief Randy Moore retired March 3rd, seemingly related to the employee cuts. Moore told his staff that the previous weeks were “incredibly difficult” due to the mass layoffs.

The board’s ruling could end up affecting thousands of other workers in other departments, depending on how many were targeted with letters that cited poor performance as a reason for termination. Law 360 reported that since the ruling, federal workers who lost their jobs in the Trump administration's mid-February cuts have begun challenging their



terminations through class action appeals, seeking the reinstatement of tens of thousands of probationary employees to about 20 different federal agencies. (Politico 2/14/25 & 2/26/25, The Independent 3/5/25, Law360 3/6/25)



New Chief of the USFS



After the March retirement of Forest Service Chief Randy Moore, Tom Schultz was appointed as the 21st Chief of the U.S. Department of Agriculture Forest Service (USFS). His USDA bio lists his experience thus: Schultz has extensive expertise in the science of forestry, on-the-ground experience with the Idaho Department of Lands and Montana's Department of Natural Resources and Conservation, and he is also a former U.S. Air Force Officer.