

Timber Market Outlook in Louisiana

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2025 Louisiana Agricultural Outlook Forum

Alexandria, LA, Jan 14, 2024

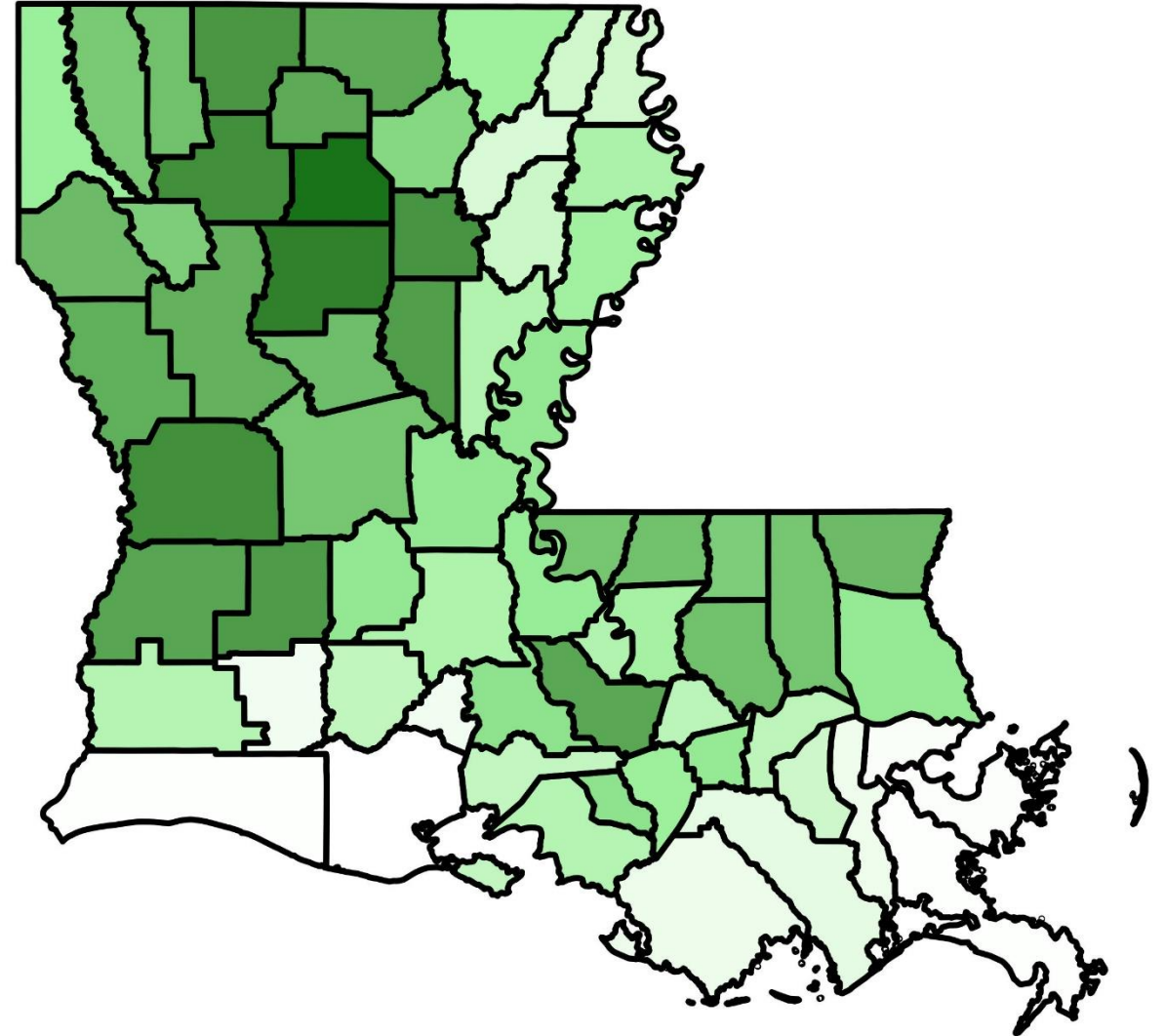


Outline

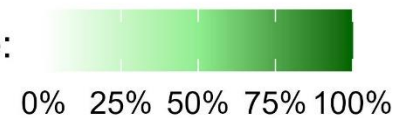
- **Overview**
 - Southern Timber Market & Trends
 - Louisiana's Timber Industry Overview
- **Market indicators**
 - National indicators
 - Local indicators
- **Timber market for 2025**
- **Outlook**
- **Key Takeaways**

Overview

- Forests cover 50% of the state
- Forests are not evenly spread across the state.
- They are primarily concentrated in the northern and western regions.

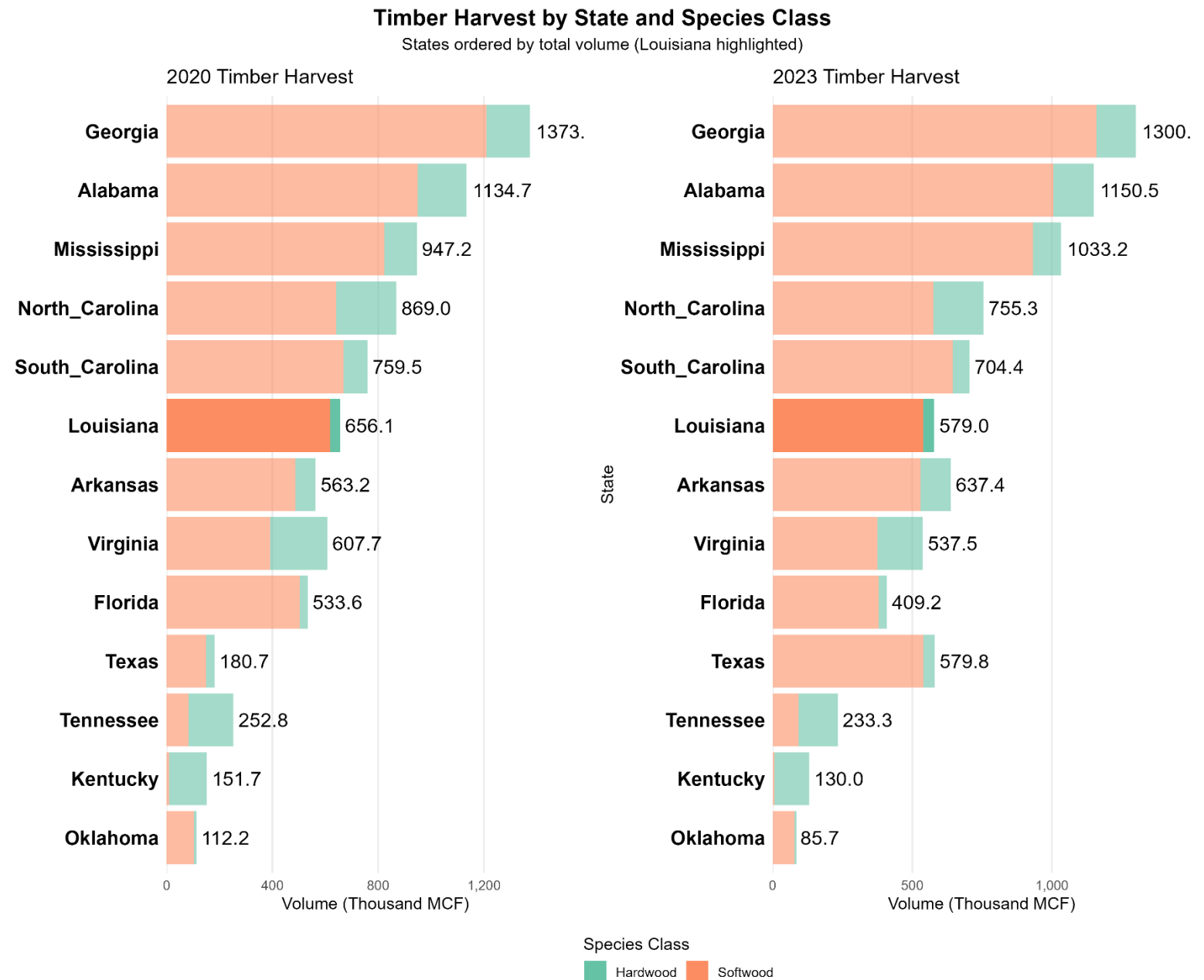


Forest coverage rate:



Wood basket

- U.S. South: Contributes 2/3 of domestic timber production.
- Georgia leads; Louisiana mid-tier.
- Harvests still below pre-pandemic levels;
- Softwood, especially loblolly pine, dominant

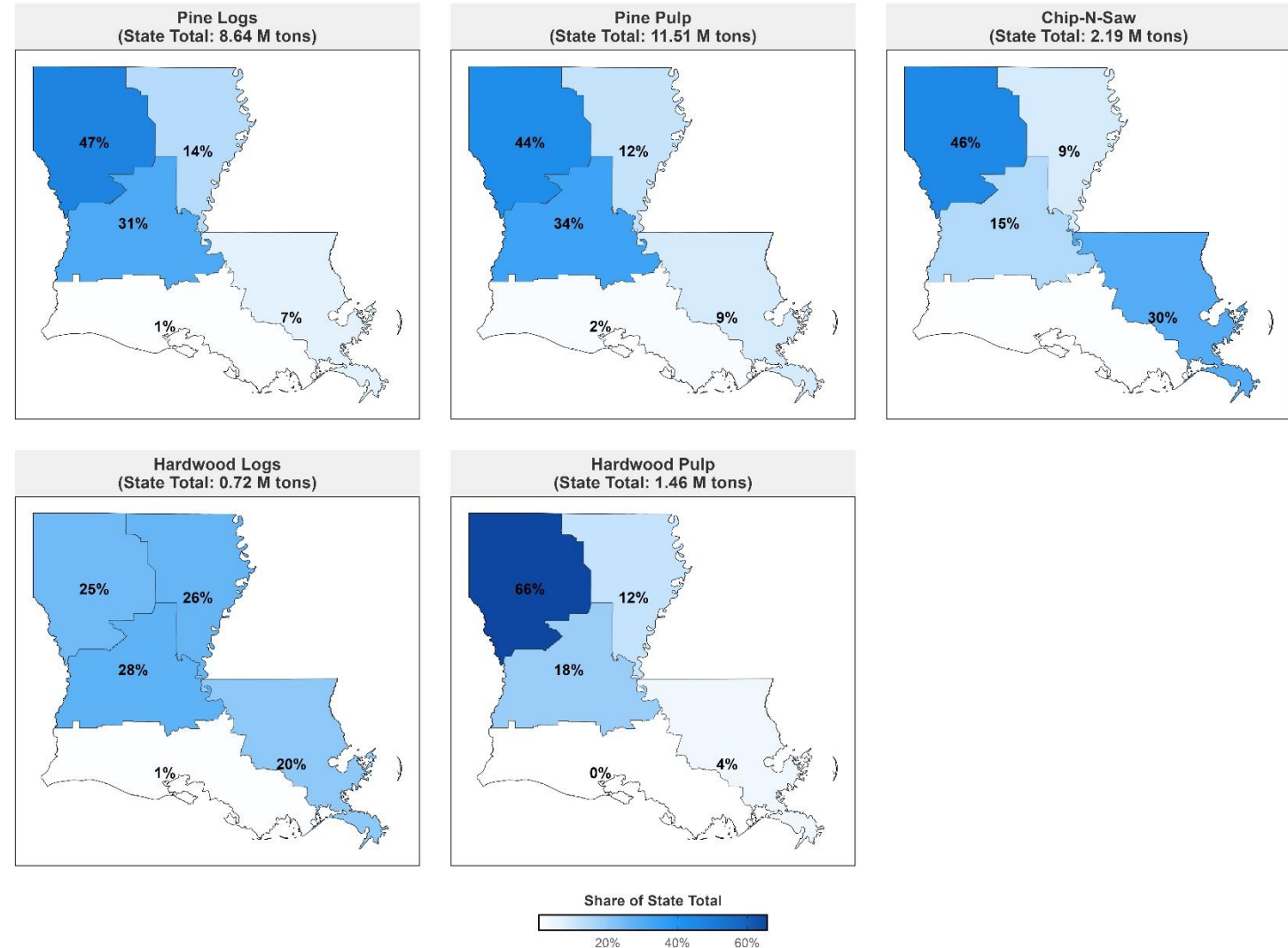


LA Timber harvest

- Pine Sawtimber and pine pulp are the most significant contributors to Louisiana's timber harvest
- The distribution of timber harvest varies significantly by regions. Northwest Louisiana appears to be a major source of Pine Sawtimber, while central and southwest Louisiana contribute more significantly to Pine Pulp production.

Regional Share of Total State Timber Harvest in Louisiana (2023)

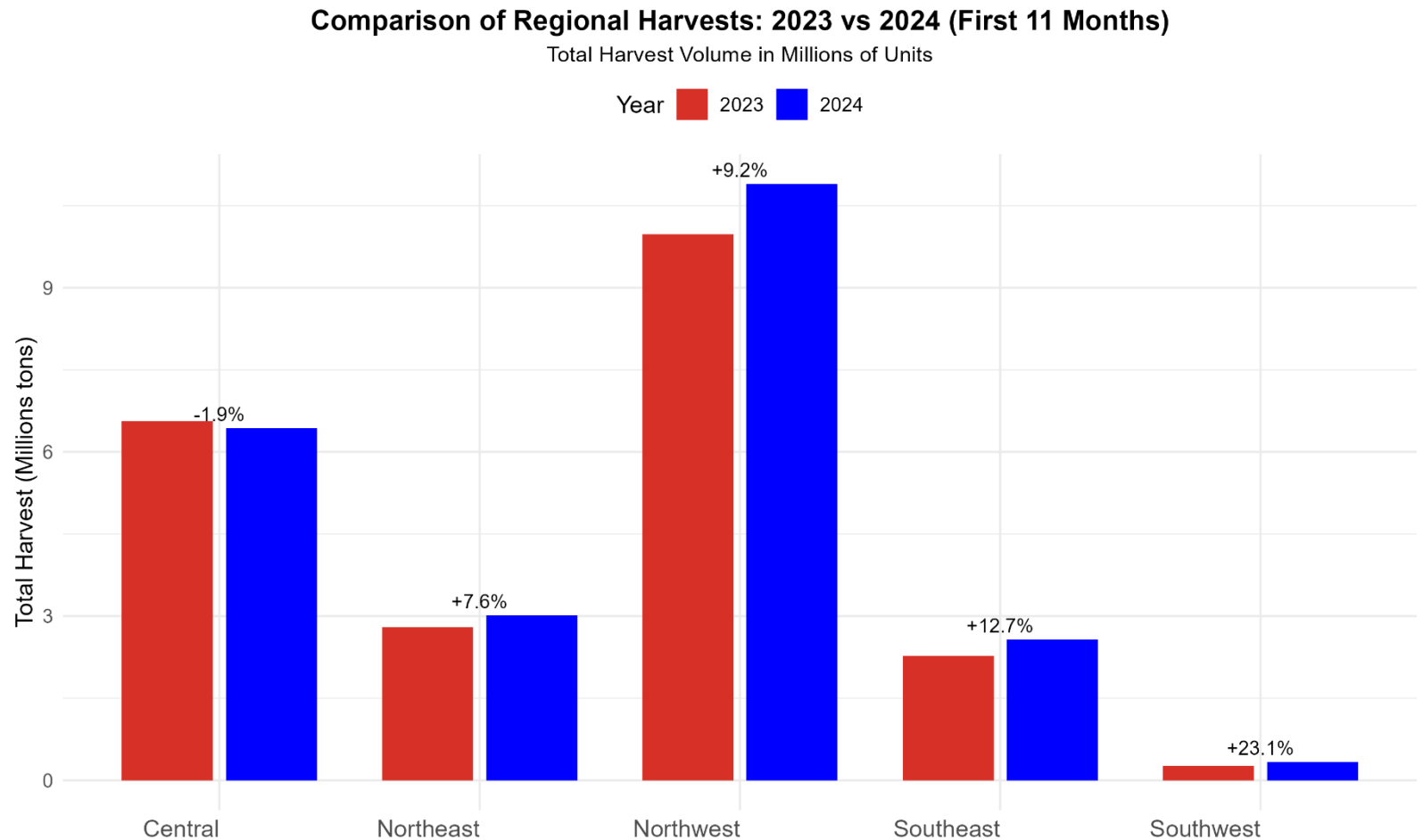
Percentage Distribution of Five Major Timber Products



Data source: Louisiana Department of Agriculture and Forestry
Note: Colors represent each region's share of the total state harvest for each product.
Gray indicates no data reported.

LA Timber harvest

- Most regions saw an increase in harvest volume, with the Southeast leading at +23.1%, followed by the Southwest at +12.7%.
- The current data suggests a positive trend in harvest volume across most regions for the first 11 months of 2024 compared to 2023.



LA Timber price

LOUISIANA ANNUAL STUMPAGE PRICES (\$/Ton)

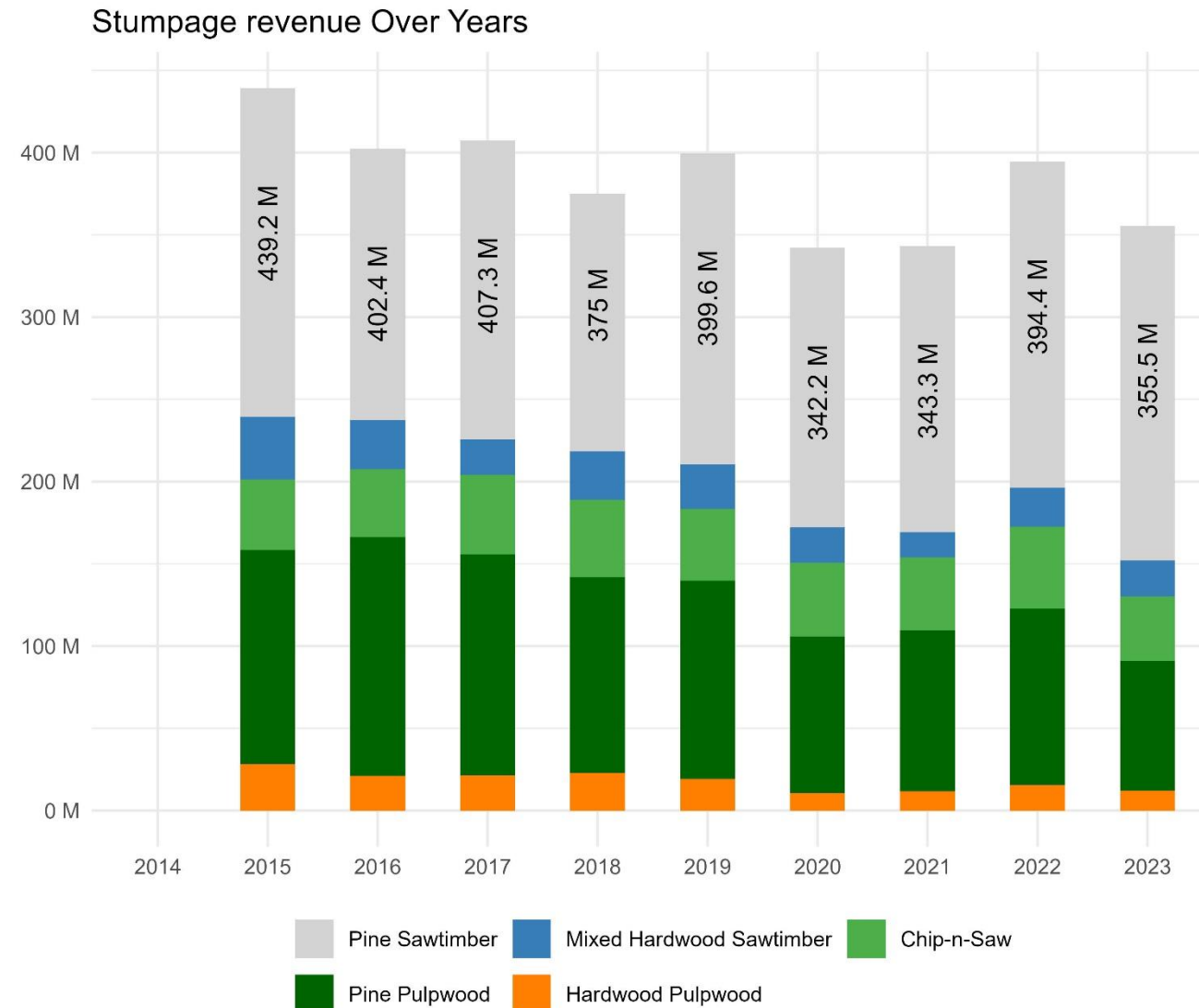
	Prices	One Year Change			Five Year Change		
Product	Current 2024	One Year Ago	Change 1yr	Change 1yr %	Five Years Ago	Change 5yr	Change 5yr %
Pine Sawtimber	25.73	26.84	(\$1.10)	(4.1%)	24.37	\$1.36	5.6%
Oak Sawtimber	44.27	45.24	(\$0.98)	(2.2%)	43.13	\$1.14	2.6%
Mixed Hardwood Sawtimber	34.52	31.56	\$2.96	9.4%	33.01	\$1.52	4.6%
Pine Chip-n-Saw	17.49	18.05	(\$0.56)	(3.1%)	18.79	(\$1.30)	(6.9%)
Pine Pulpwood	5.75	6.90	(\$1.15)	(16.6%)	8.74	(\$2.99)	(34.2%)
Hardwood Pulpwood	7.46	8.61	(\$1.15)	(13.4%)	12.33	(\$4.88)	(39.5%)

Data Source: Timbermart-South



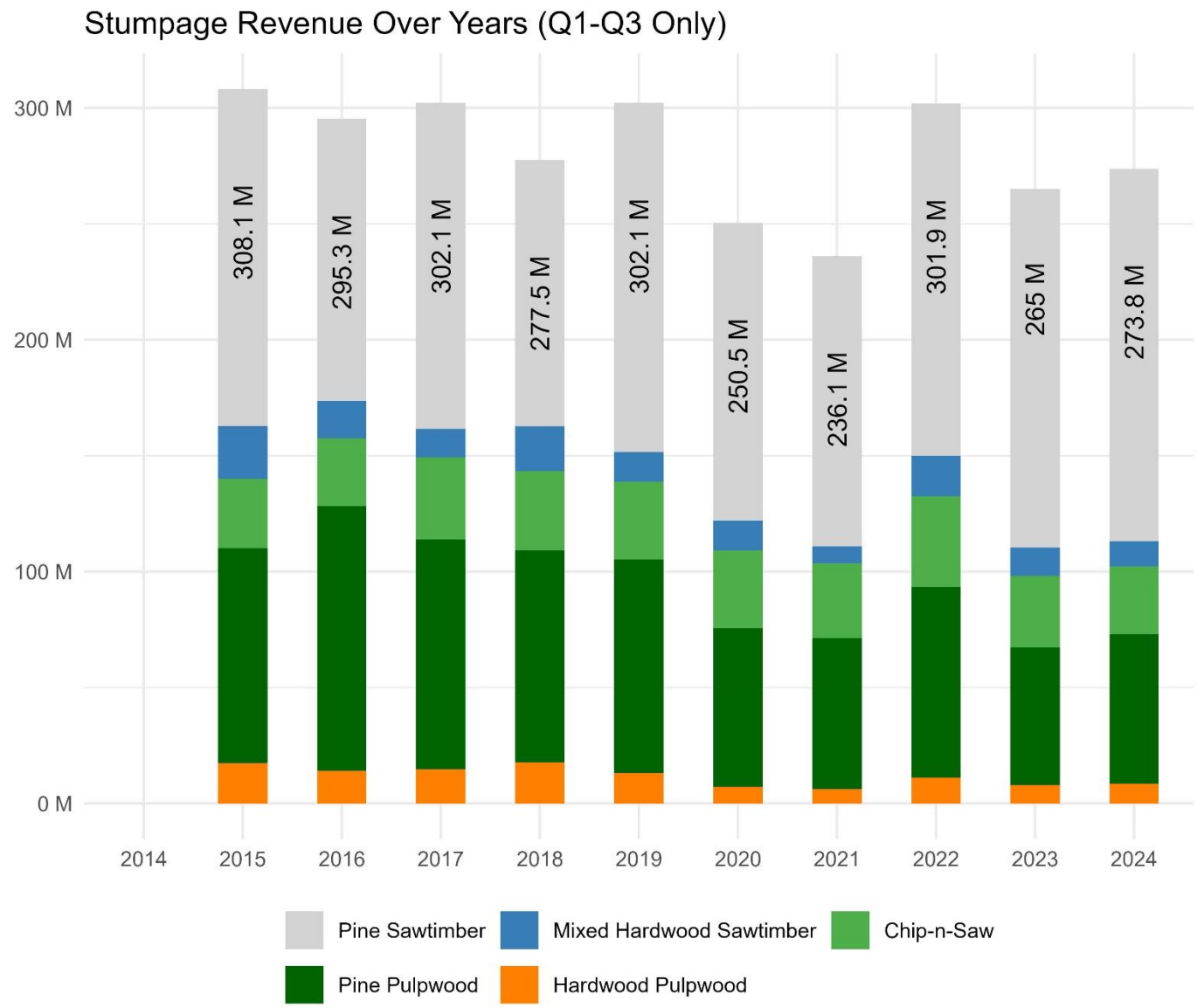
LA Timber revenue

- Stumpage revenue has shown fluctuations over the years, with noticeable peaks and declines.
- Pine Sawtimber consistently generates the highest revenue across all years.



LA Timber revenue

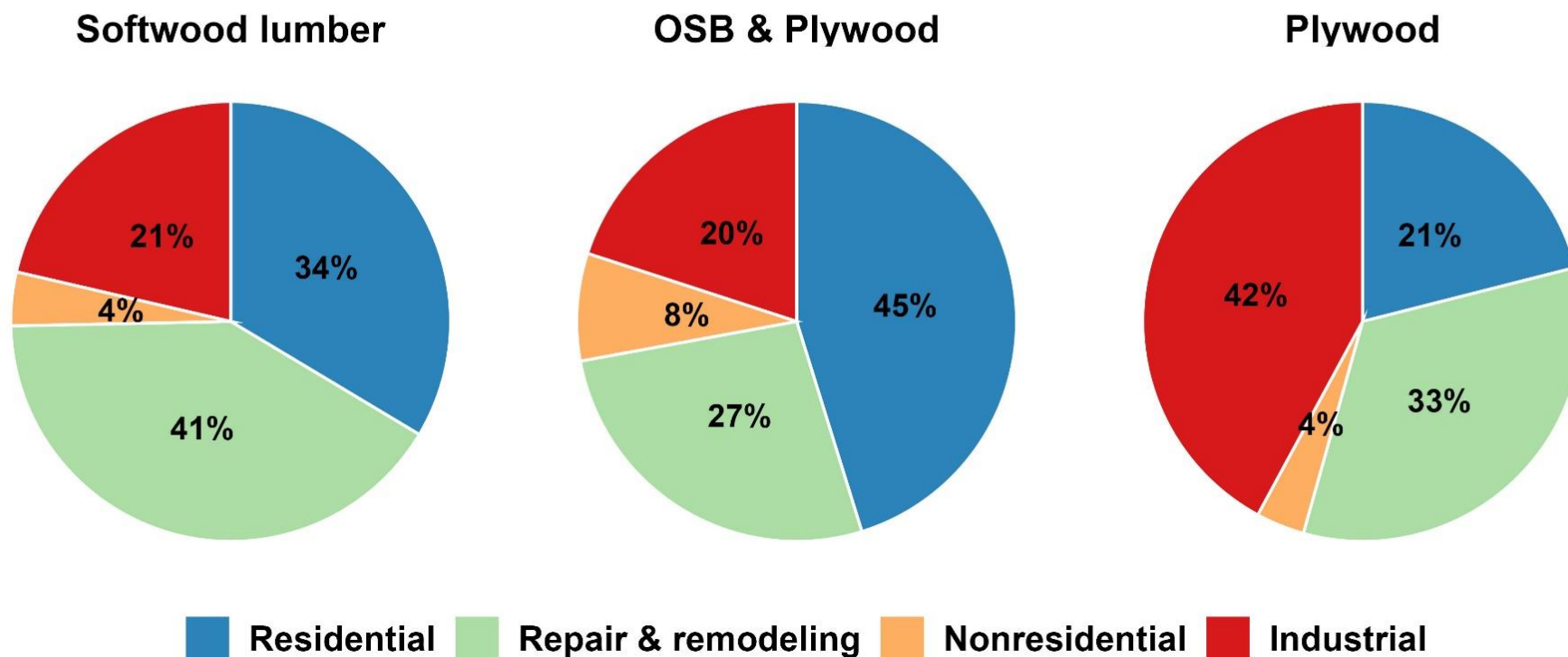
- The current data for 2023 and 2024 (Q1-Q3) suggests a stabilization or slight growth in revenue across most product categories, indicating a recovering or stable market.



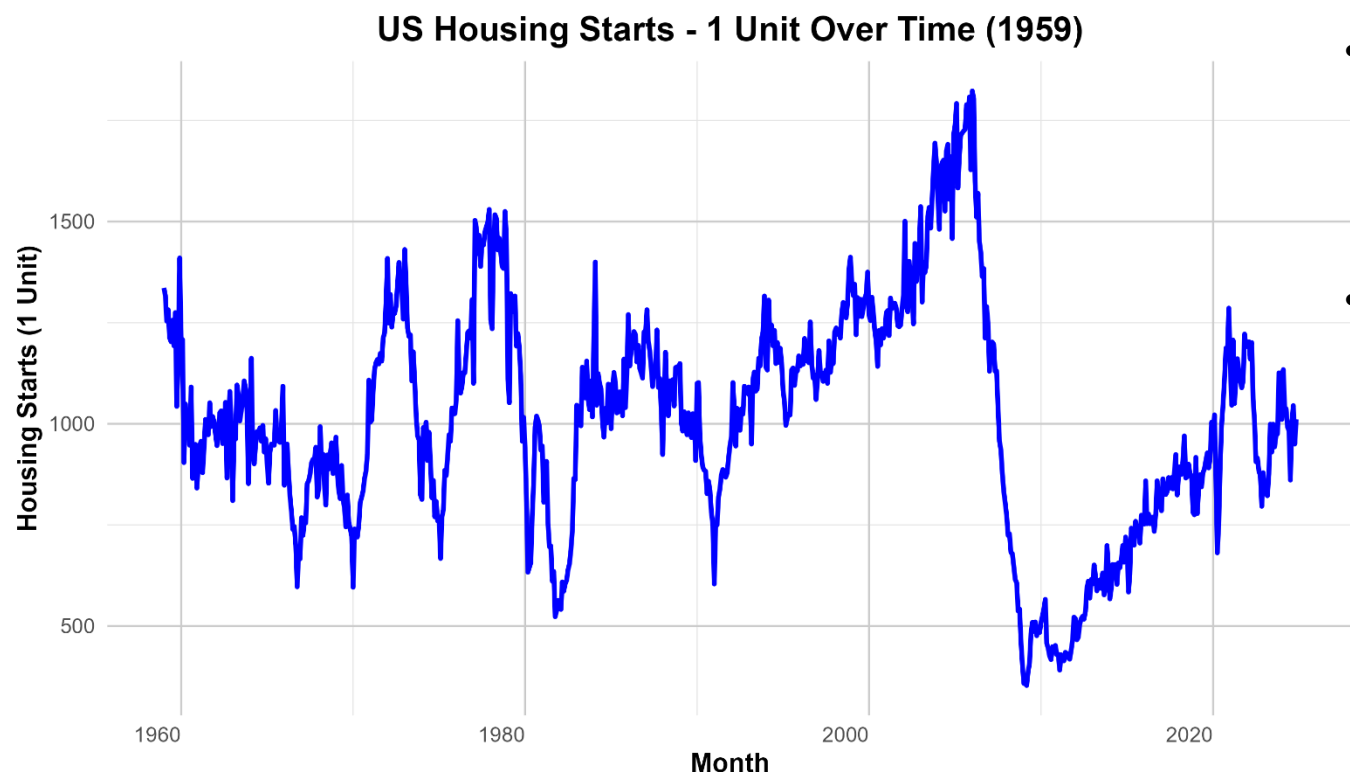
Indicators: Housing

- Forest products industry closely linked with the housing market;
- Wood products is a housing story, about 75% of U.S. softwood lumber serves residential construction and remodeling.
- Housing starts tells us the number of new houses begun during a particular period, directly impact lumber demand,

End-use share of total product volume in 2022

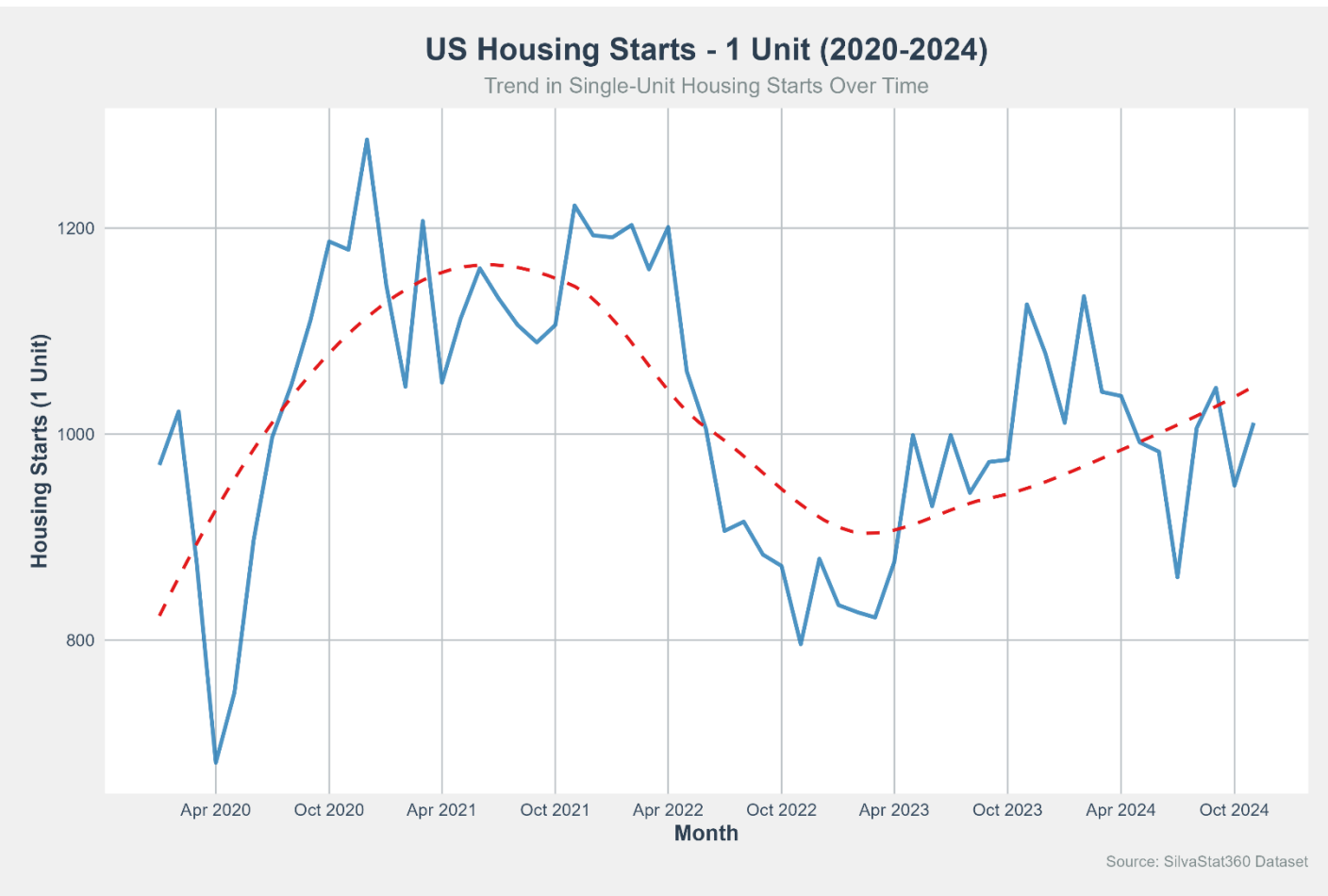


Indicators: Housing



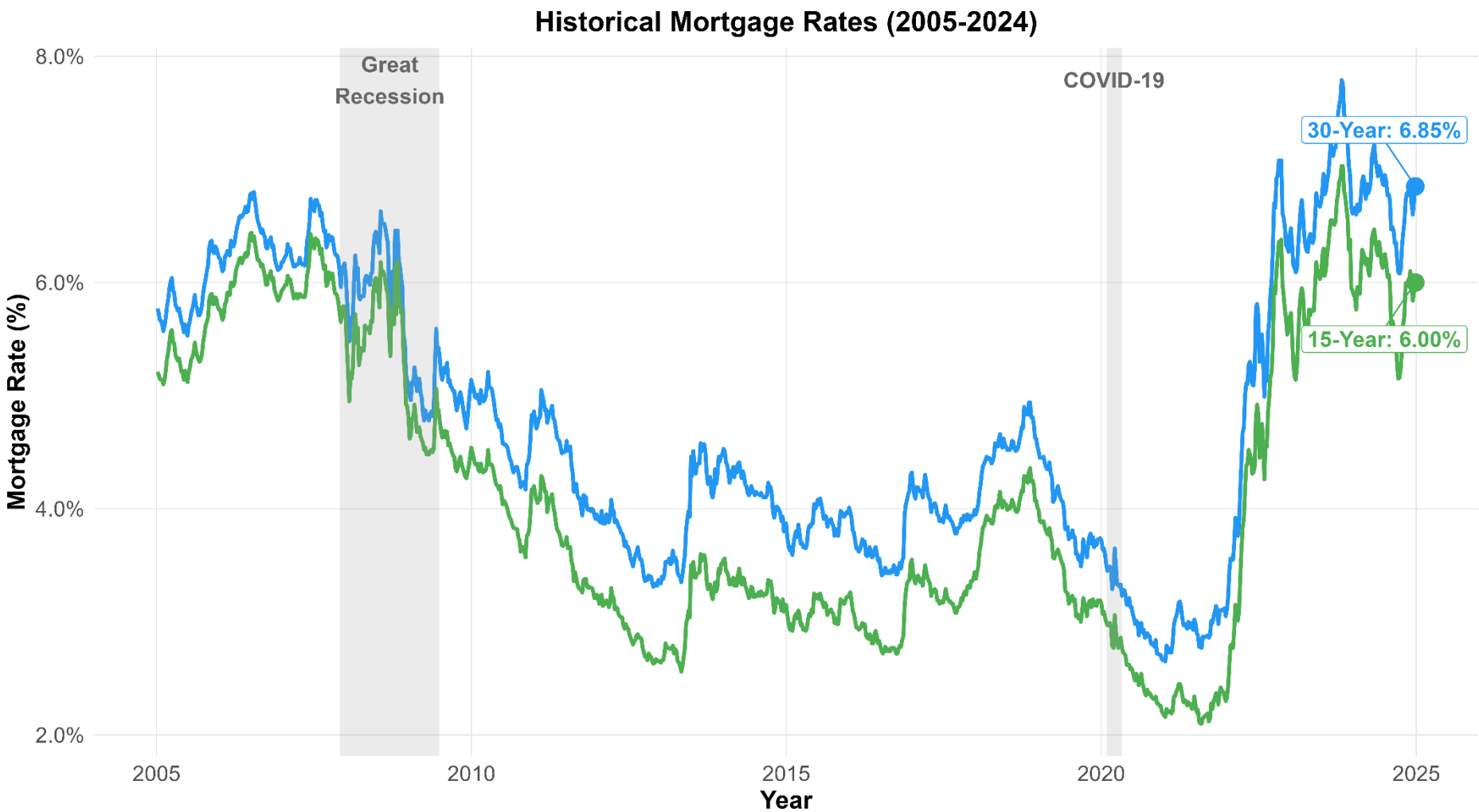
- When demand for new housing construction cools, a lot of wood sits in lumber yards. Lumber demand will also fall thus prices will soften.
- 2024 Housing Starts: Early surge, Plunge, and Recent rebound linked to declining mortgage rates (roller coaster).

Indicators: Housing



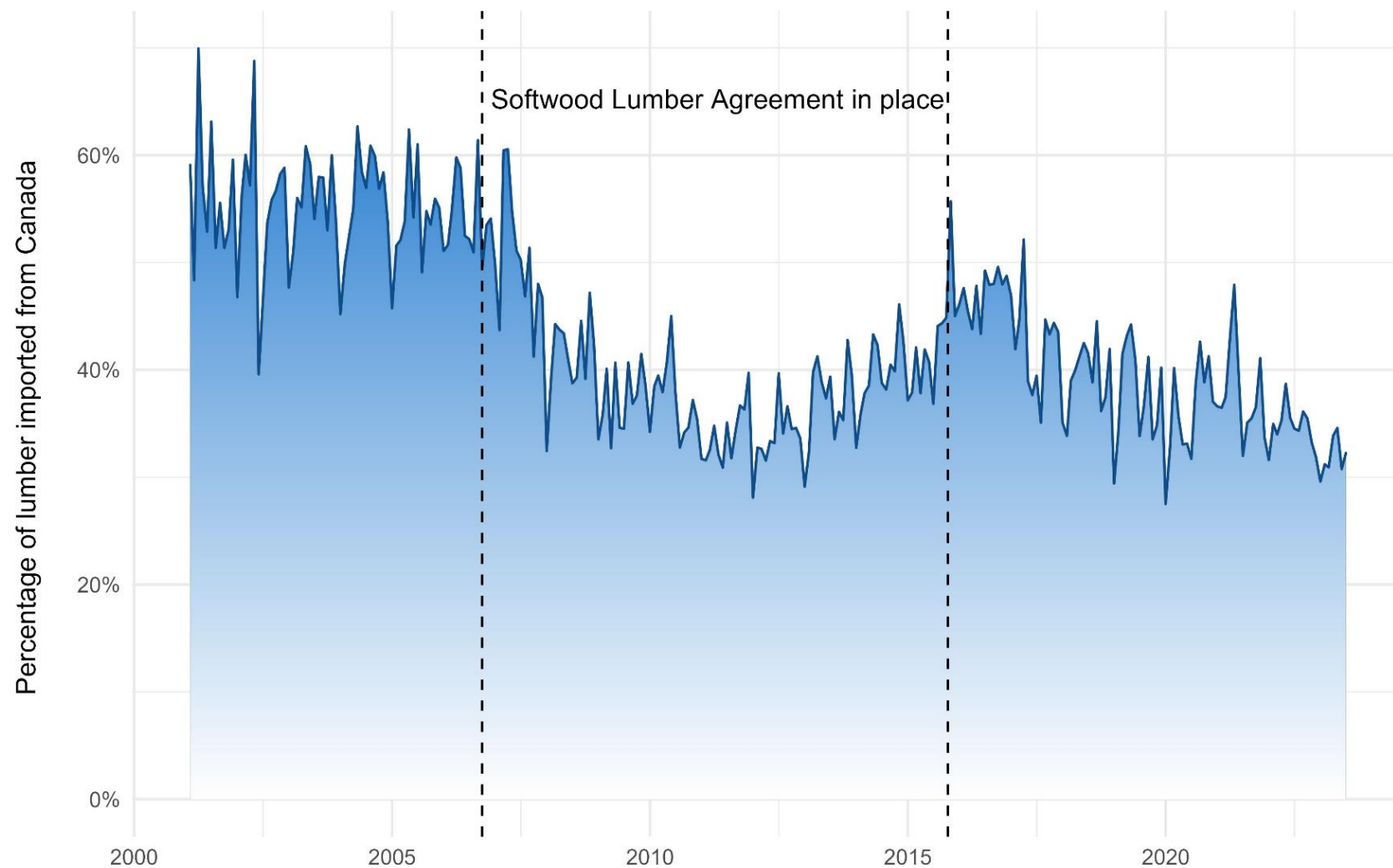
- A clear decline in housing starts from late 2021 to around mid-2023.
- While the trend was downward for a while, the graph shows a slight upward turn in housing starts towards the end of 2024.

Indicators: Housing



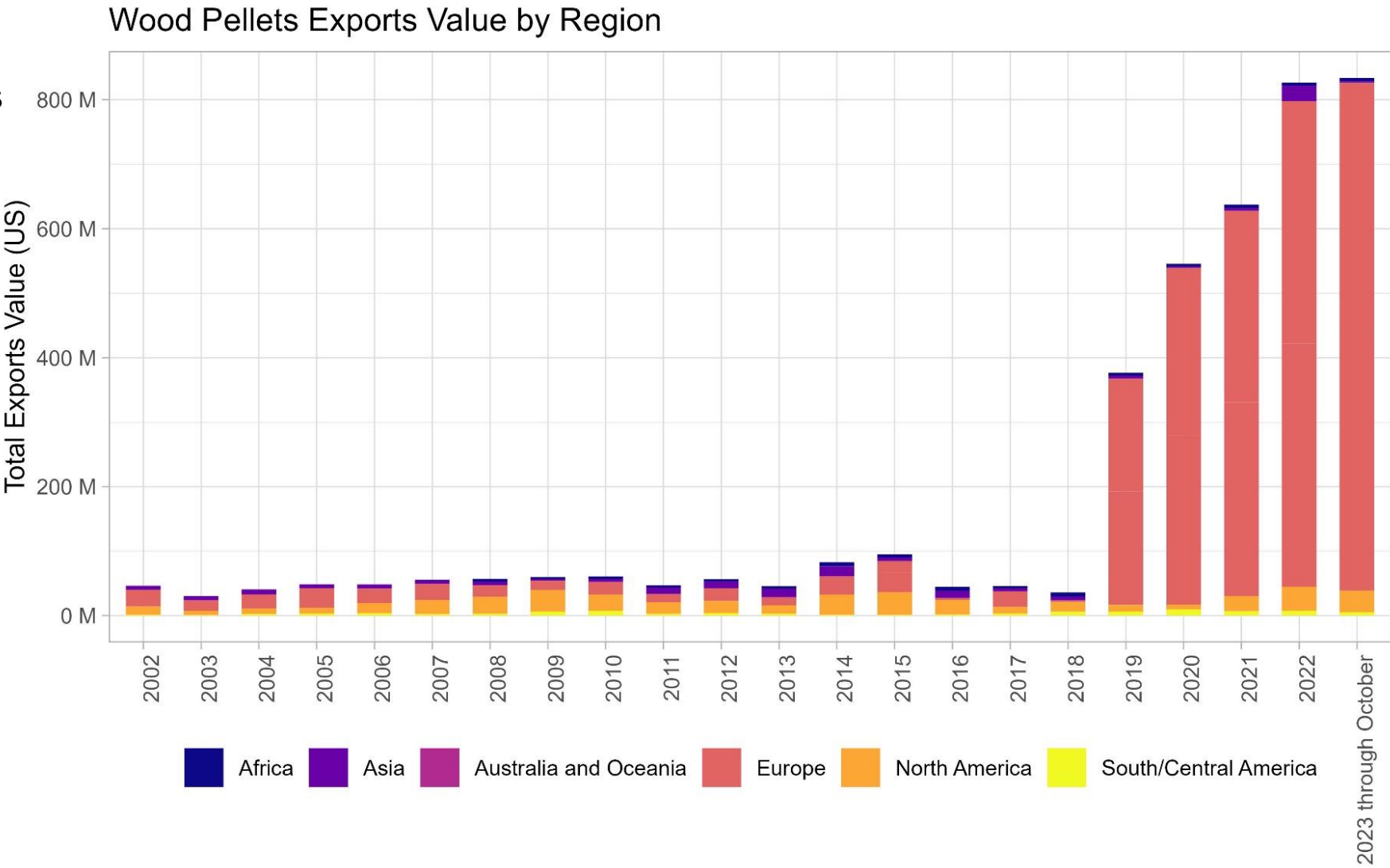
Indicators: Trade

- Challenges in domestic harvesting due to the mountain pine beetle epidemic and wildfires in British Columbia impact Canada's timber supply reliability.
- Domestic Opportunities: With less Canadian lumber flowing in, US landowners and sawmills could see boosted demand and potentially higher prices to fill the supply gap



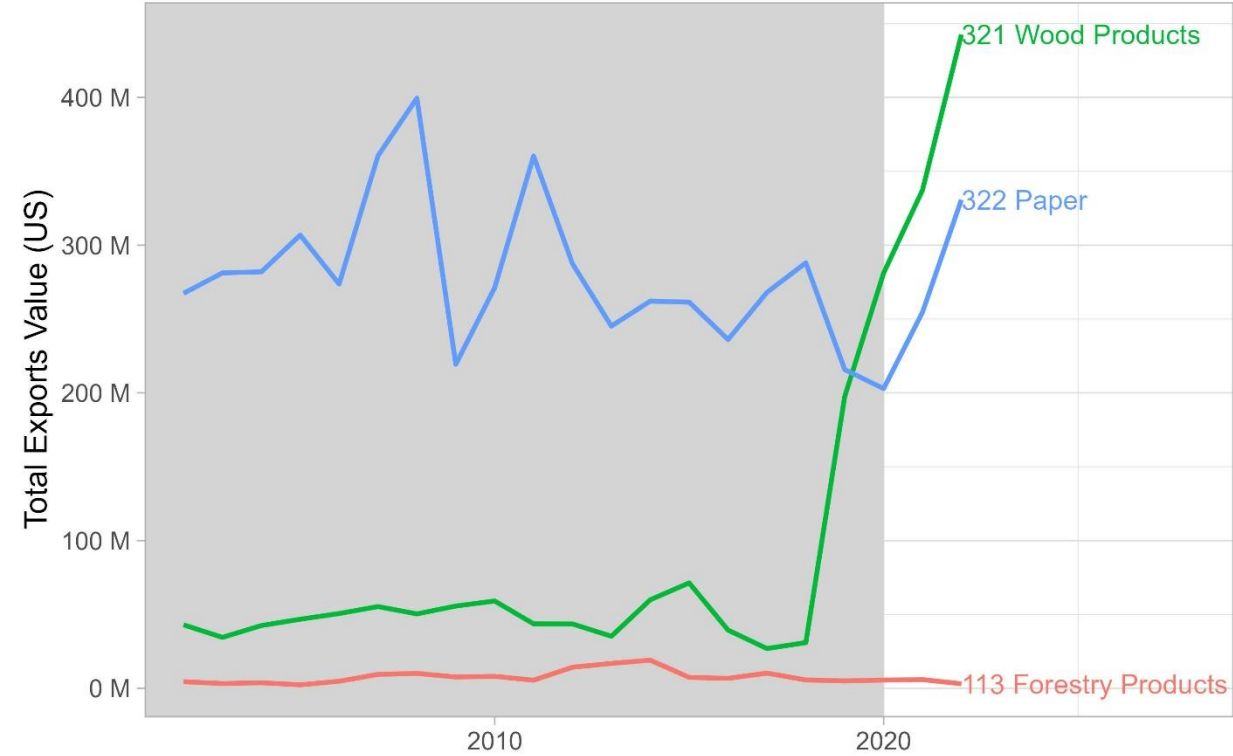
Indicators: Trade

- Louisiana's exported wood products have surged since 2019, approaching \$800 million in 2022
- Louisiana's wood pellets export is expanding to meet the EU's renewable energy goals.
- Strong global pellet markets positively impact local demand for pulpwood and chip production in mills.

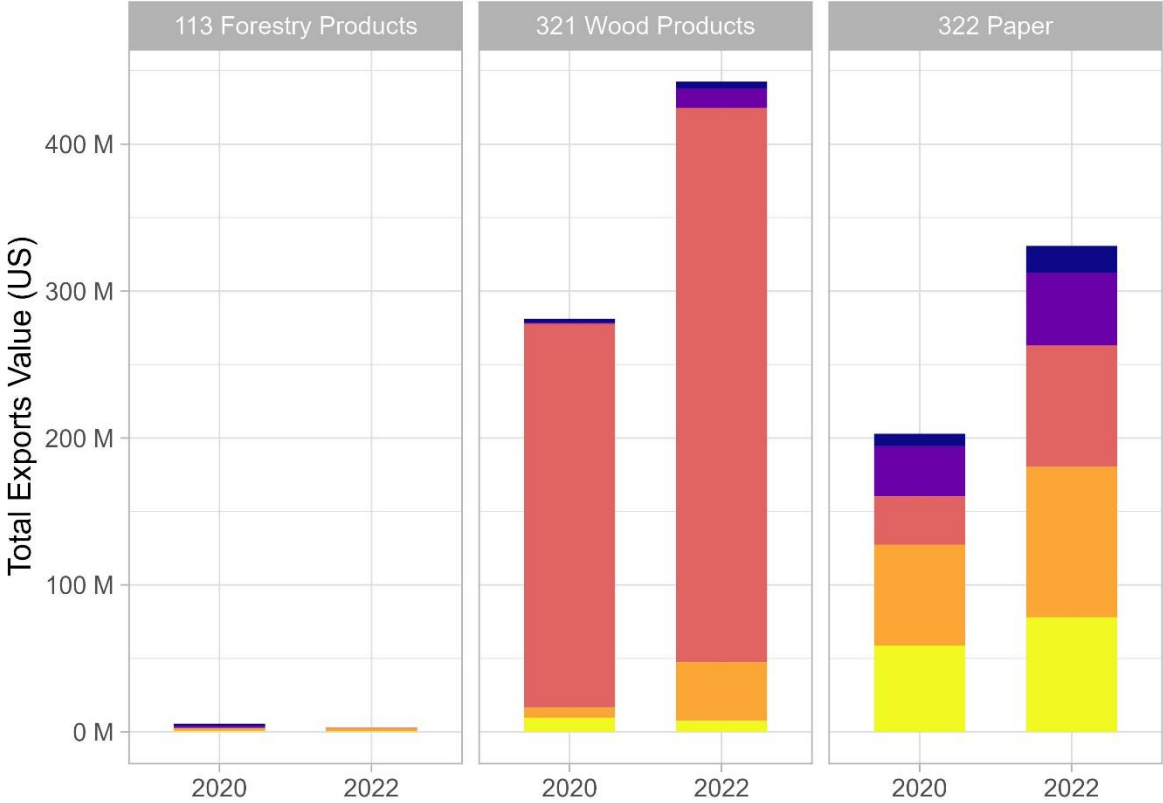


Indicators: Trade

Total Exports Value by Commodity



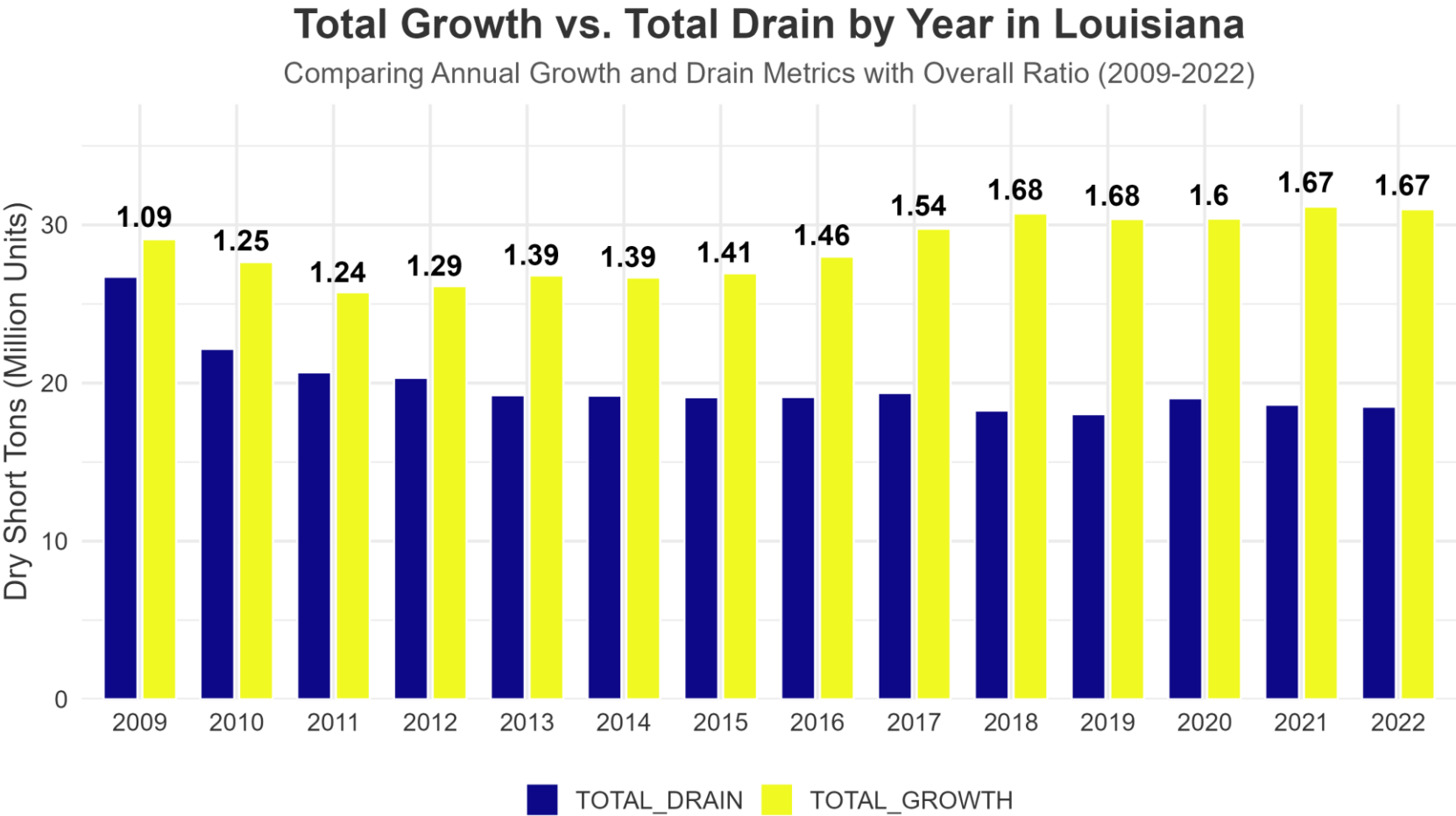
Total Exports Value by Commodity by Region



Africa Asia Australia and Oceania Europe North America South/Central America

Indicators: Growth/Drain Ratio

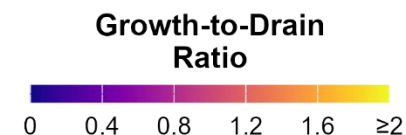
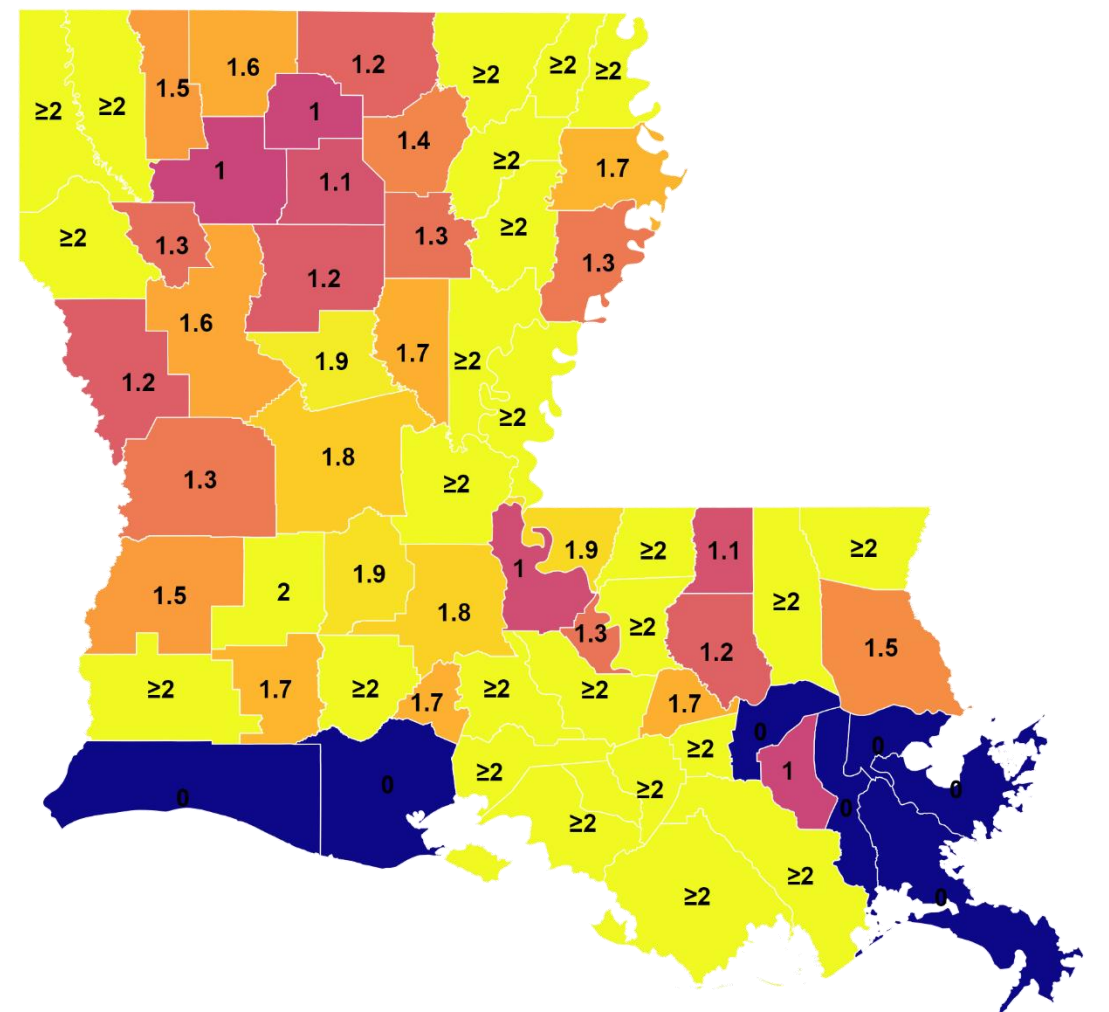
- The total growth (yellow bars) consistently exceeded the total drain (dark blue bars)
- The overall ratio of growth to drain remains above 1.0 throughout the period, reflecting a healthy balance between forest growth and harvesting.



Source: FIA Database

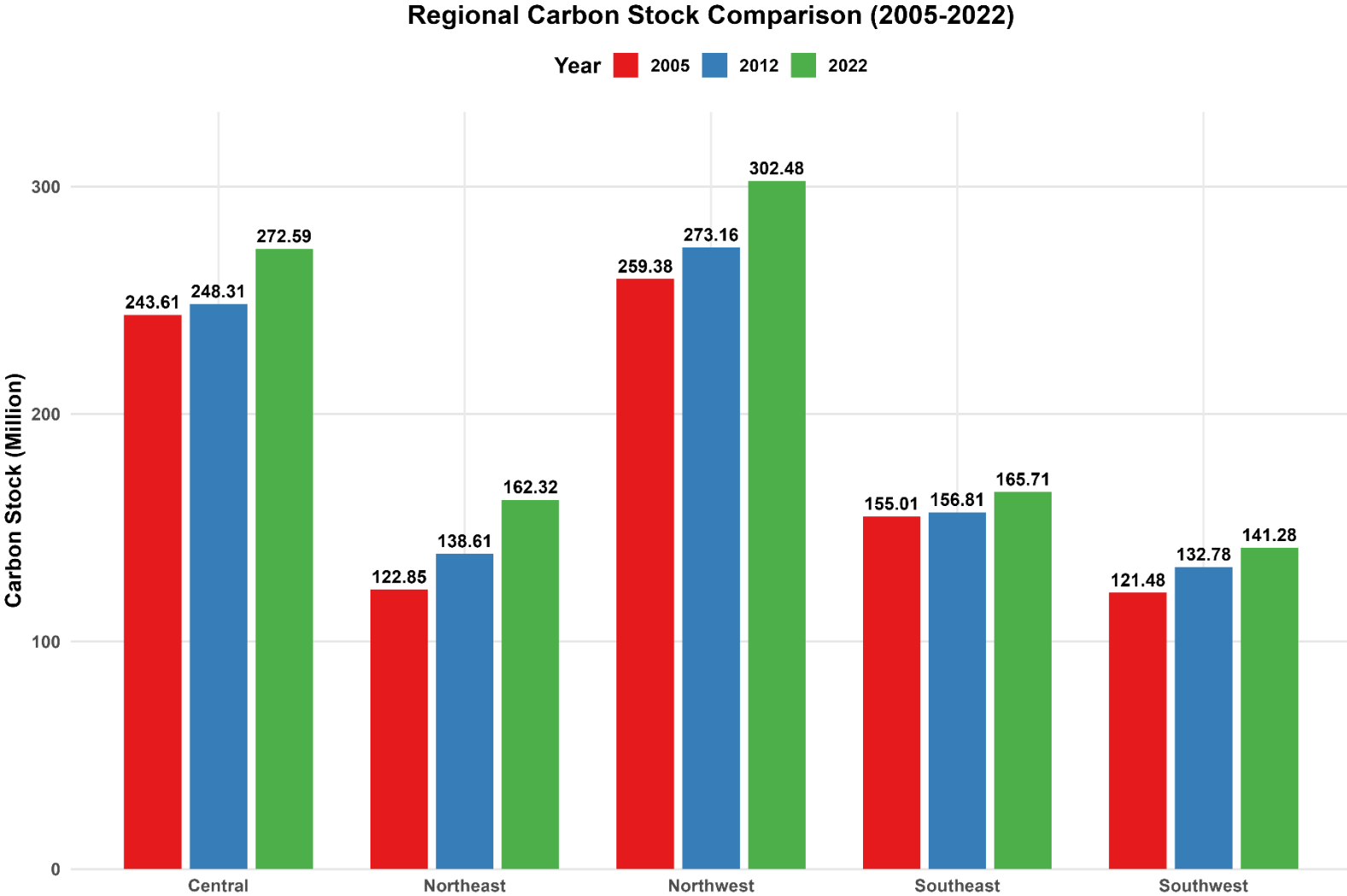
Indicators: Growth/Drain Ratio

- North and Central Louisiana: These regions generally exhibit the highest growth-to-drain ratios (1.6 and above, with many ≥ 2). This indicates robust forest growth and a healthy surplus of growth over drain. Factors contributing to this could include favorable growing conditions, less urbanization, and effective forest management practices.



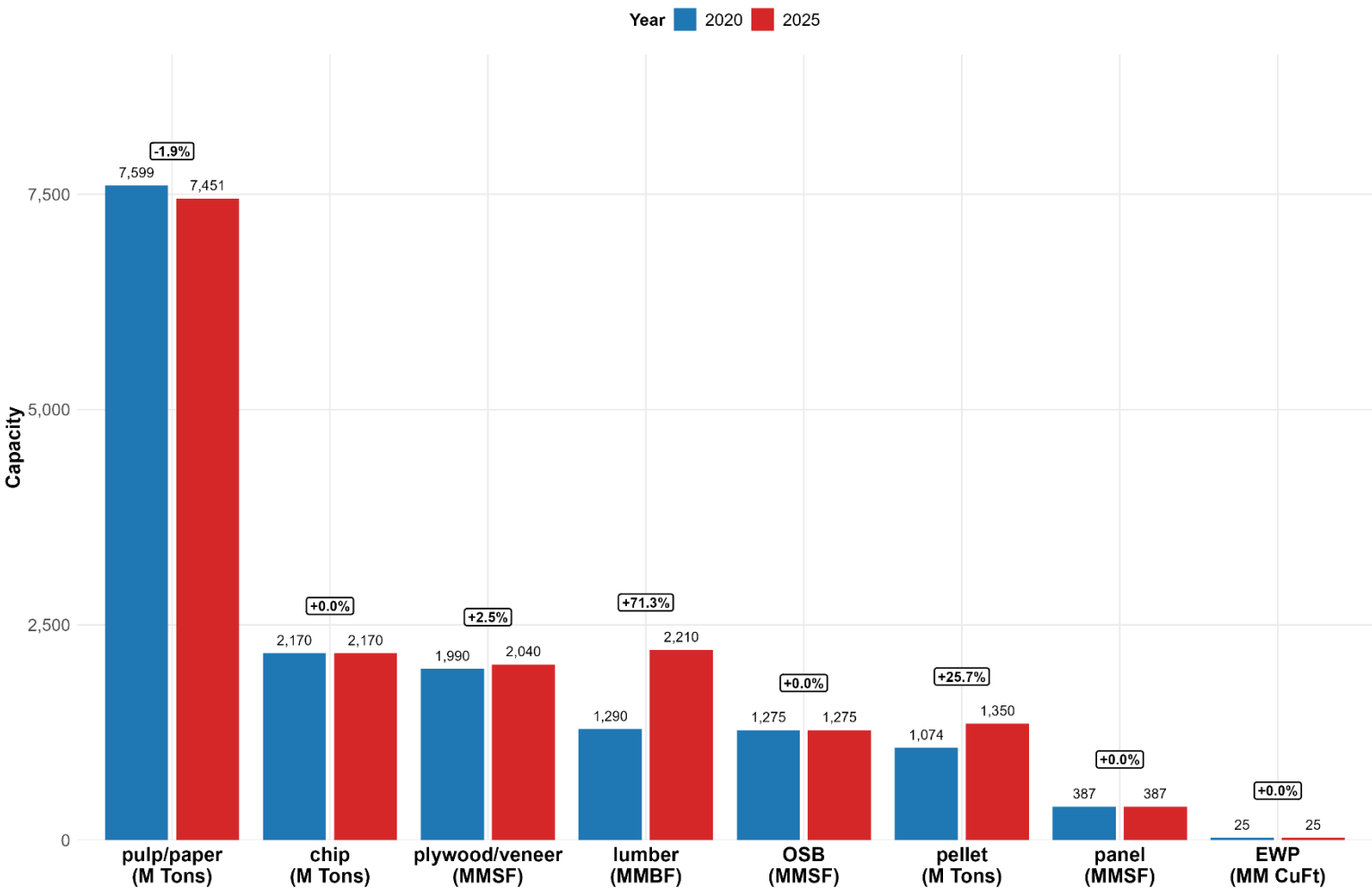
Indicators: Growth/Drain Ratio

- A clear trend is evident - all regions show an increase in carbon stock from 2005 to 2022. This suggests a general upward trajectory in carbon accumulation across the studied areas.
- The Northwest region has experienced the largest increase in carbon stock.



Indicators: Mill Capacity

Louisiana Mill Capacity by Type (2020 vs 2025)
Comparing capacity changes across all mill types over a 5-year period



Data source: Forisk North American Forest Industry Capacity Database

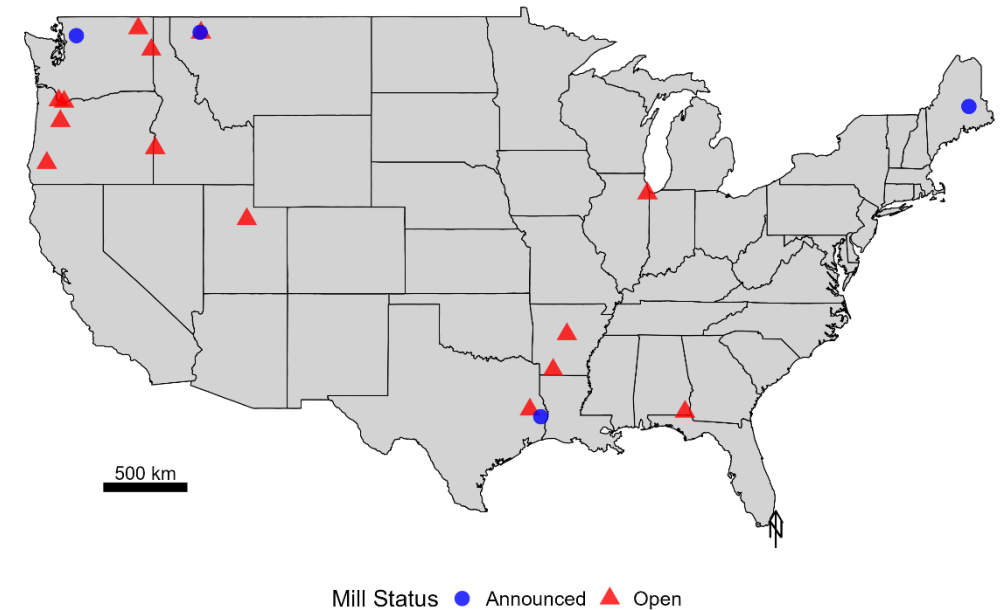
- The lumber sector saw the most substantial growth in capacity, increasing by 71.3% from 1,290 MMBF in 2020 to 2,210 MMBF in 2025. This indicates a significant expansion of lumber production capabilities in Louisiana.
- The pulp/paper sector experienced a slight decrease in capacity, going from 7,599 M tons in 2020 to 7,451 M tons in 2025 (a -1.9% change).
- Stable Capacity in Other Sectors



Indicators: Emerging markets

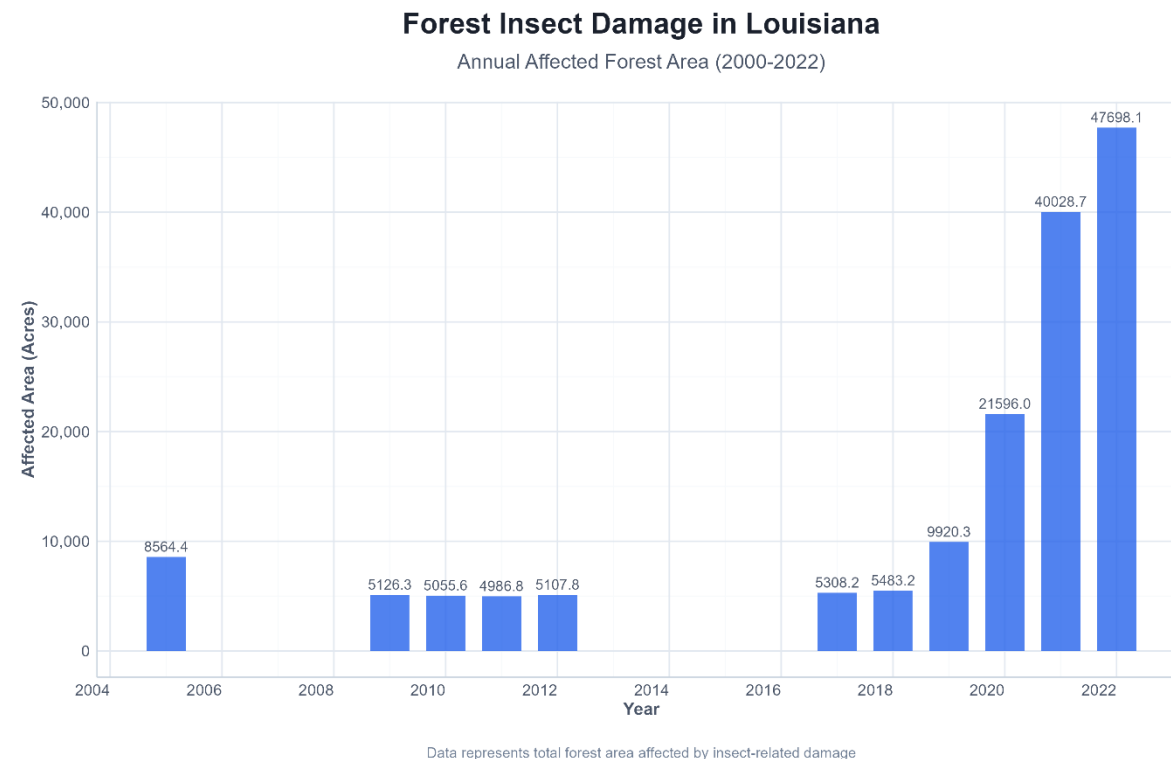
- **Increased Demand:** Mass timber construction uses significantly more wood than traditional building methods, potentially boosting overall timber demand and prices.
- If carbon credits incentivize excessive land preservation, timber supply could decrease, leading to higher prices and potential shortages for traditional wood products. Most forecasters view carbon programs as supplementary income for owners without markedly disrupting market fundamentals.

Mass timber Mill Status in the United States



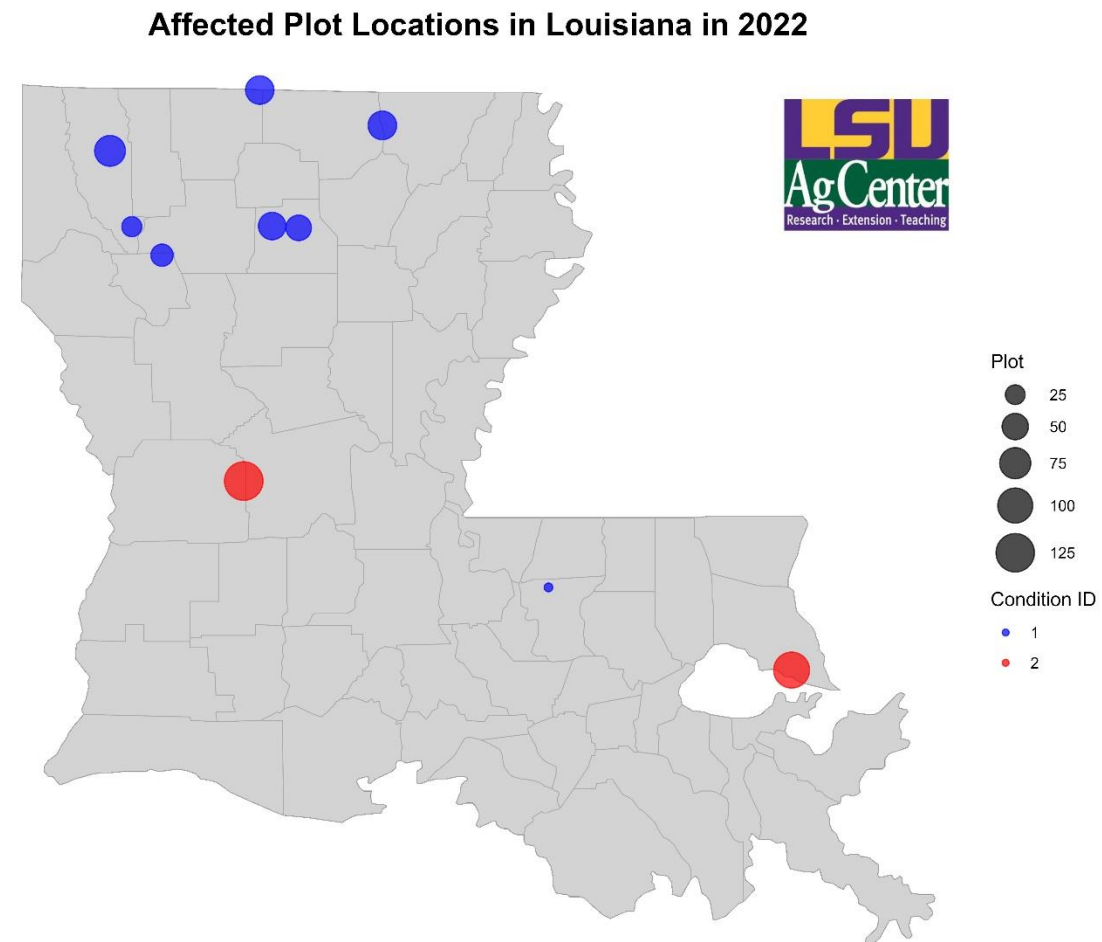
Challenges: Pine Beetles damage

- From 2014 to 2018, the affected area remained relatively stable, fluctuating between 4,986.8 and 5,126.3 acres.
- A significant spike in damage in 2020 and 2022, with the highest recorded damage occurring in 2022.
- The hurricanes in 2019 and 2020 likely played a role in increasing forest vulnerability to insect damage. Fallen trees, broken branches, and stressed forests created ideal conditions for insect infestations.



Challenges: Pine Beetles damage

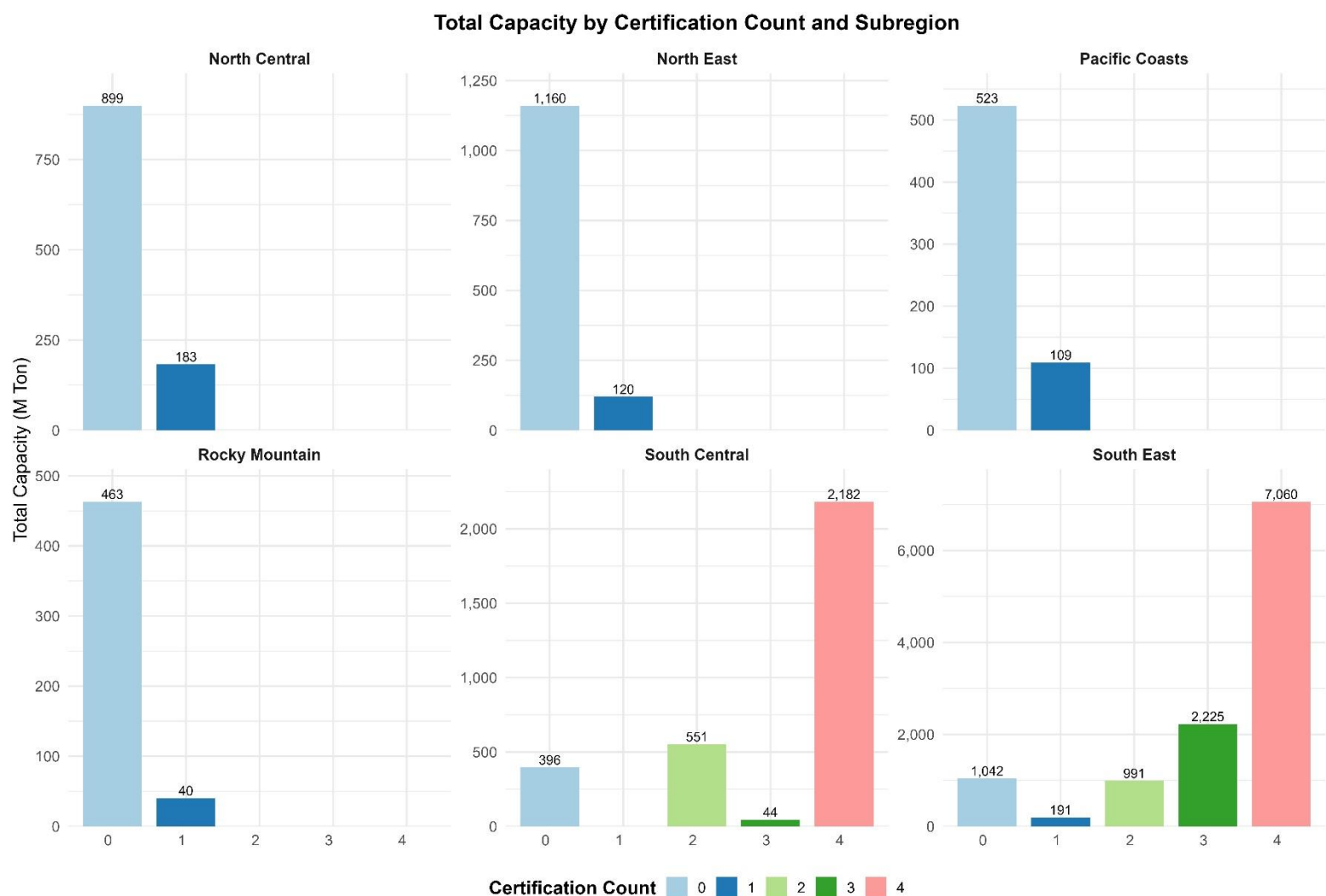
- A noticeable cluster in the northern part of the state.
- The affected plots are also spread across Florida Parishes



Data source: Forest Inventory and Analysis



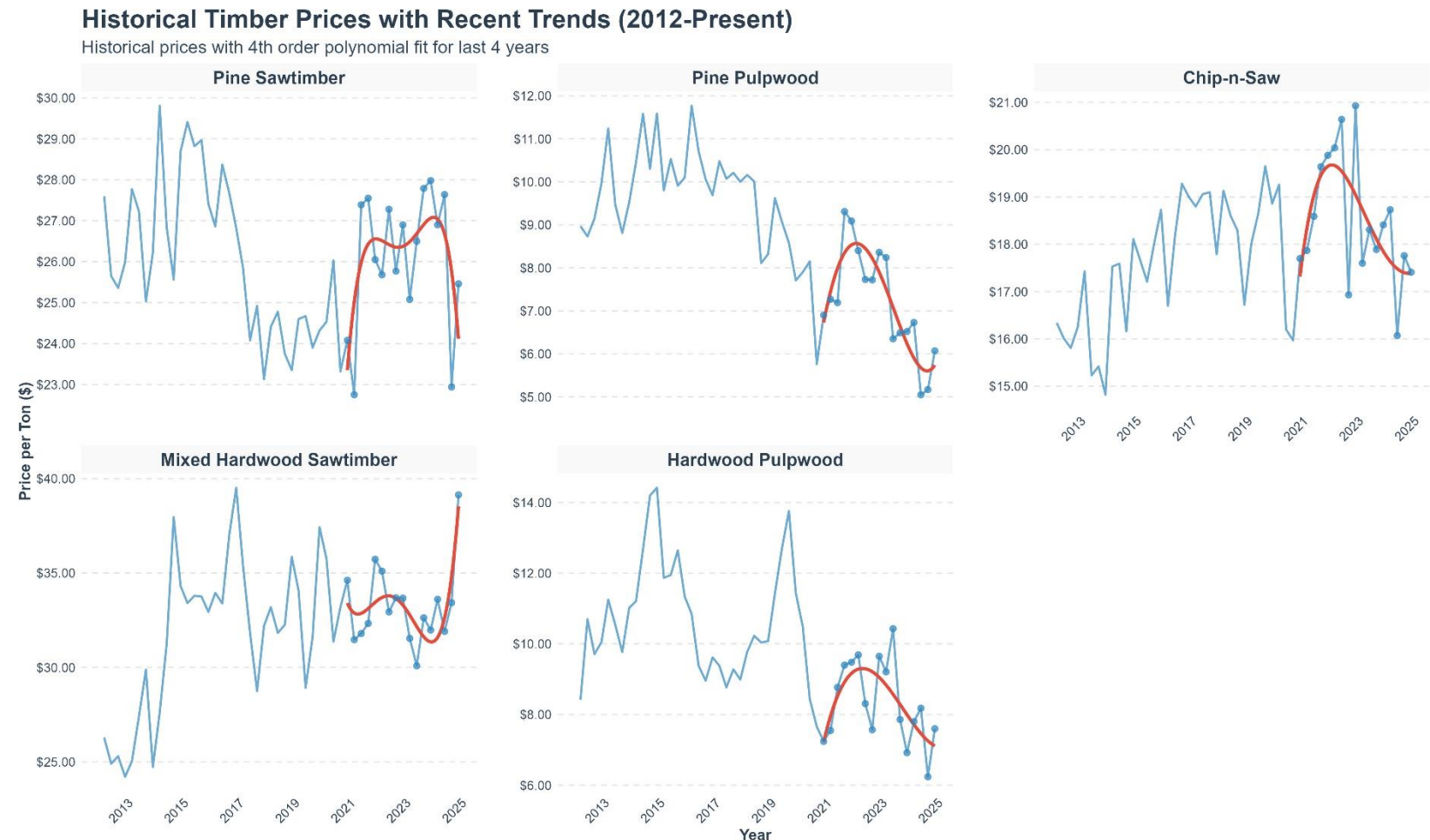
Challenges: EU Deforestation Regulation (EUDR)



- The EUDR requires stringent due diligence and traceability measures to ensure that products imported into the EU are not linked to deforestation. This creates a significant compliance burden for producers, exporters, and supply chain stakeholders.
- Mills without certifications may face significant hurdles in accessing the EU market, as the EUDR mandates proof that products are deforestation-free.
- This underscores the South's critical role in certified production.

Outlook

- All timber product prices (Pine Sawtimber, Pine Pulpwood, Chip-n-Saw, Mixed Hardwood Sawtimber, and Hardwood Pulpwood) exhibit significant volatility over the period 2012-2024.
- While most products show a recent decline, Pine Sawtimber seems to be showing signs of a potential recovery or stabilization towards the end of the period.

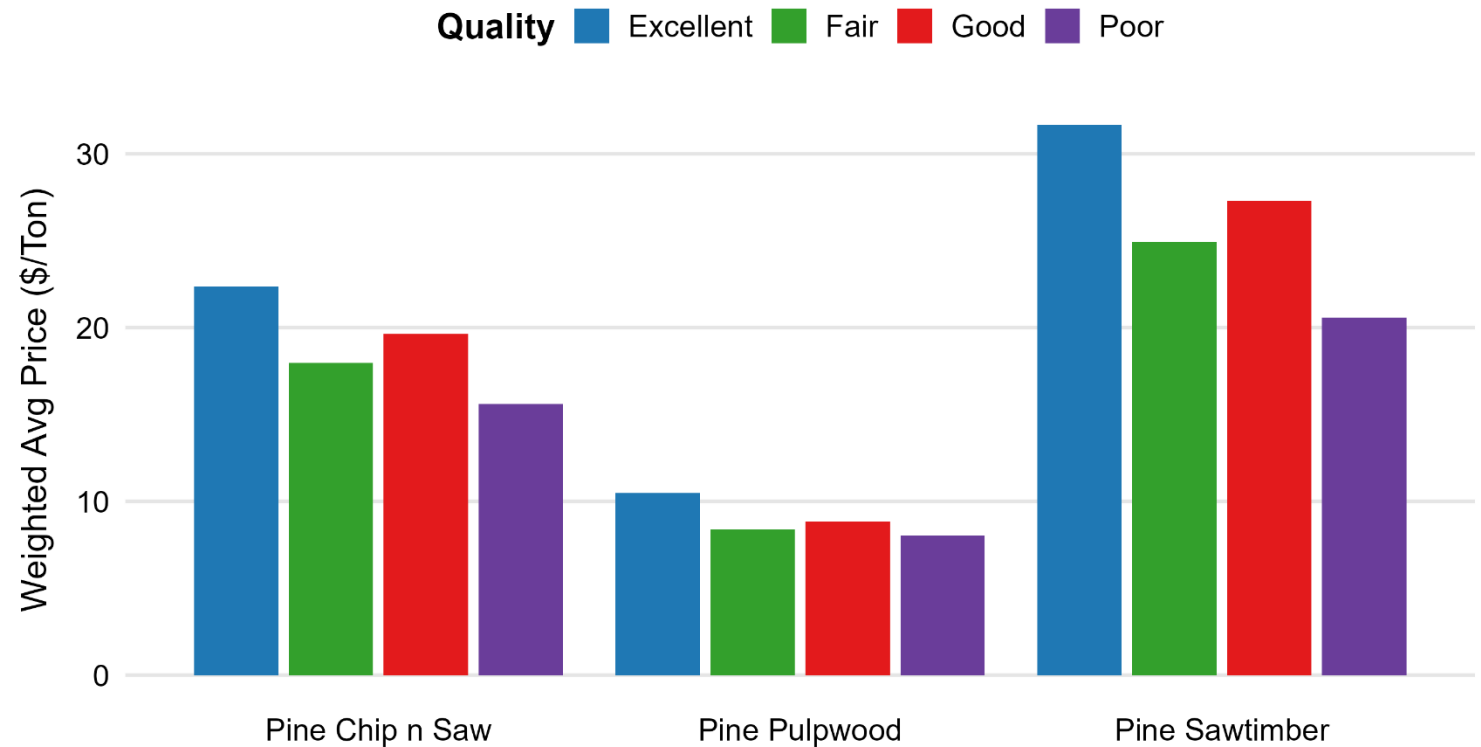


Data source: Timber Mart-South
Red line shows polynomial trend fit for recent 4-year period

Outlook

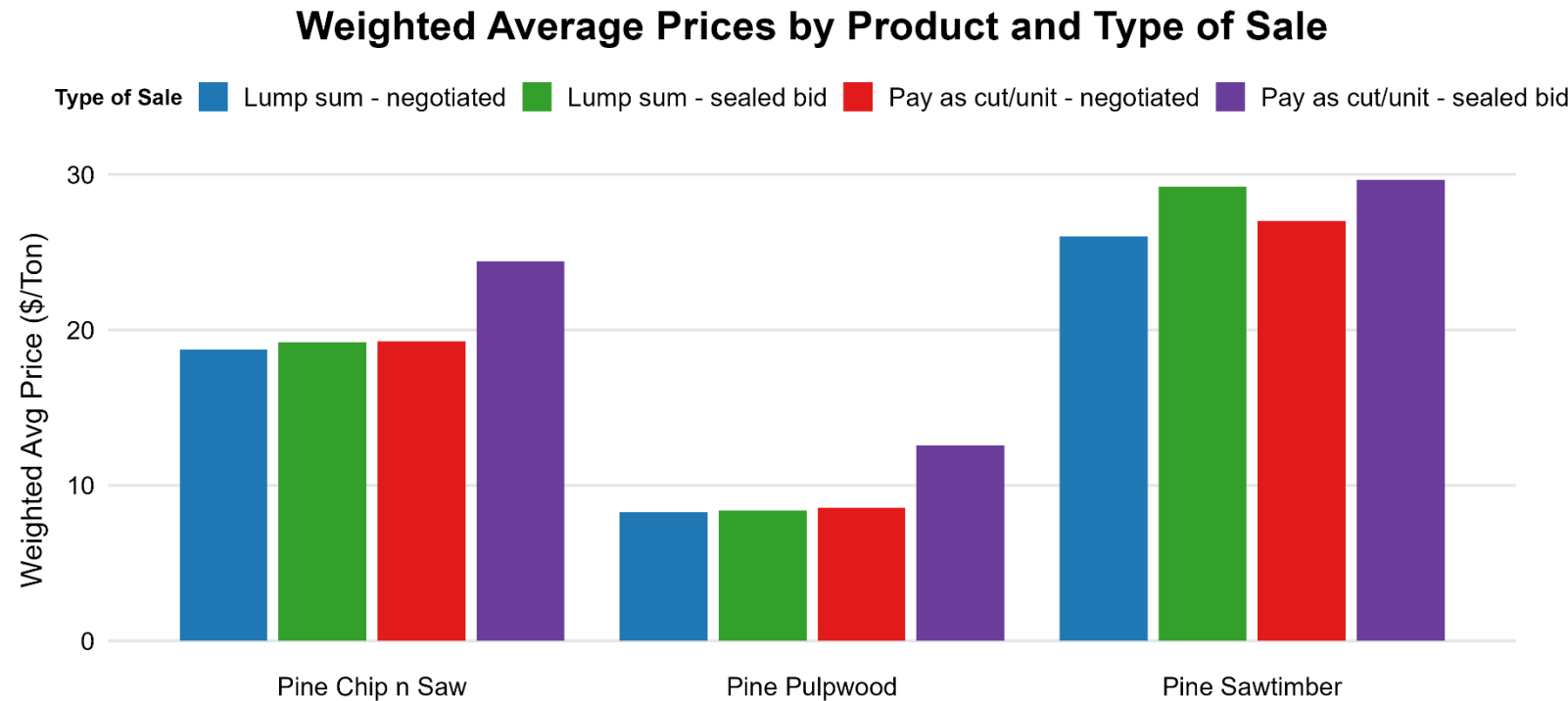
- Pine Sawtimber: The price difference between different quality levels (Excellent, Fair, Good, Poor) is the most substantial for Pine Sawtimber. This suggests that buyers are willing to pay a premium for higher quality Pine Sawtimber.
- Pine Pulpwood & Pine Chip n Saw: For these products, the price variation across quality levels is less significant.

Weighted Average Prices by Product and Quality



Outlook

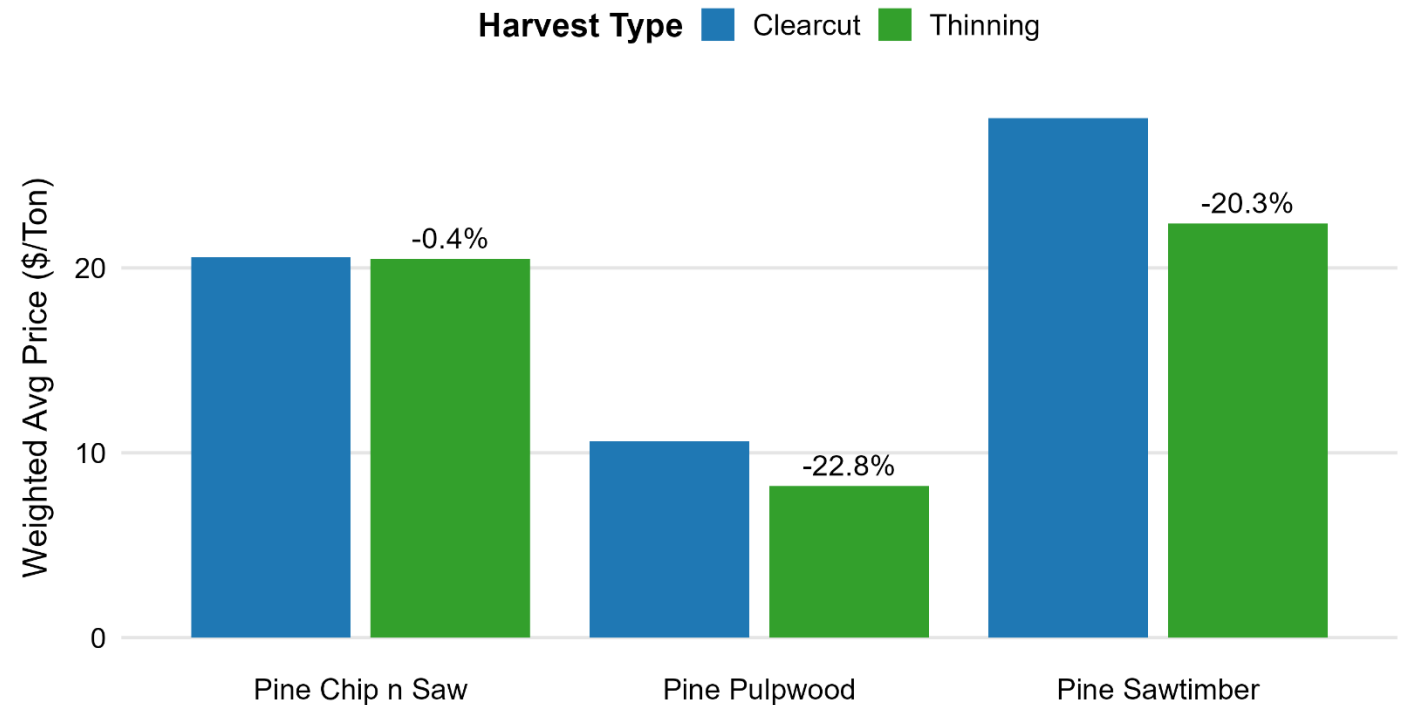
- Pine Sawtimber: Prices are highest when the sale is a "Pay as cut/unit - sealed bid" and lowest when it is a "Lump sum - negotiated." This suggests that competitive bidding processes, especially for individual units, can drive up prices for Pine Sawtimber.
- Pine Pulpwood & Pine Chip n Saw: The price differences between the different types of sale are less significant for these products.



Outlook

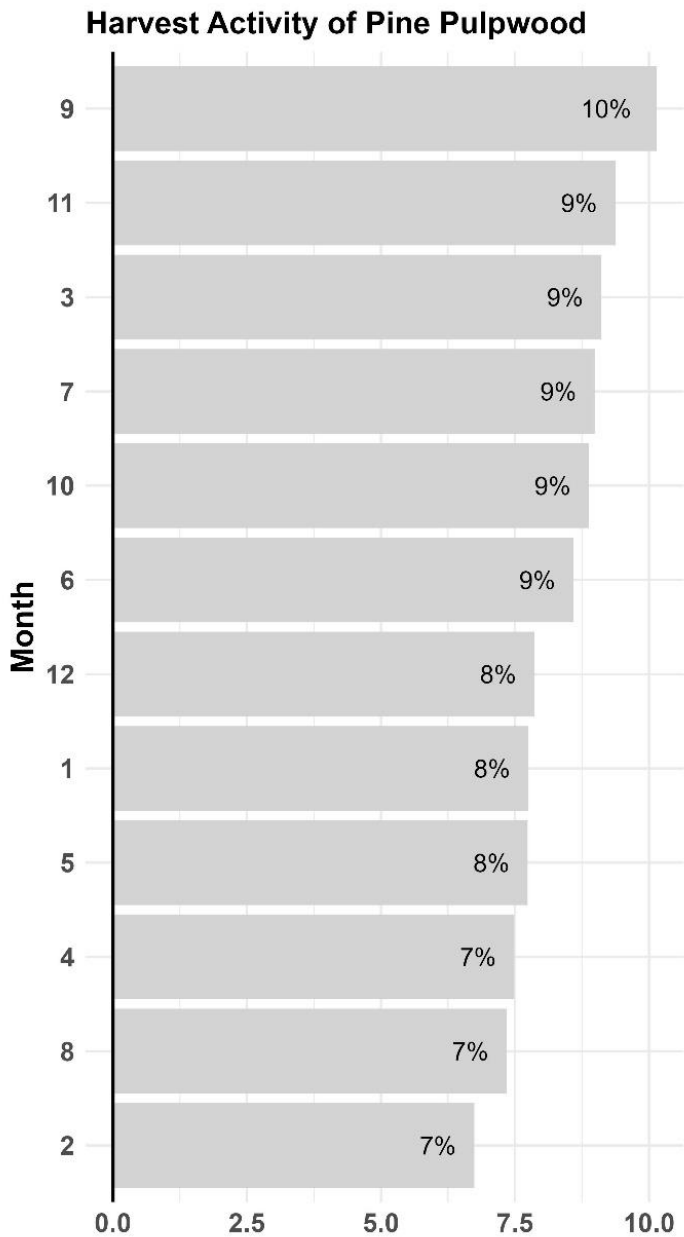
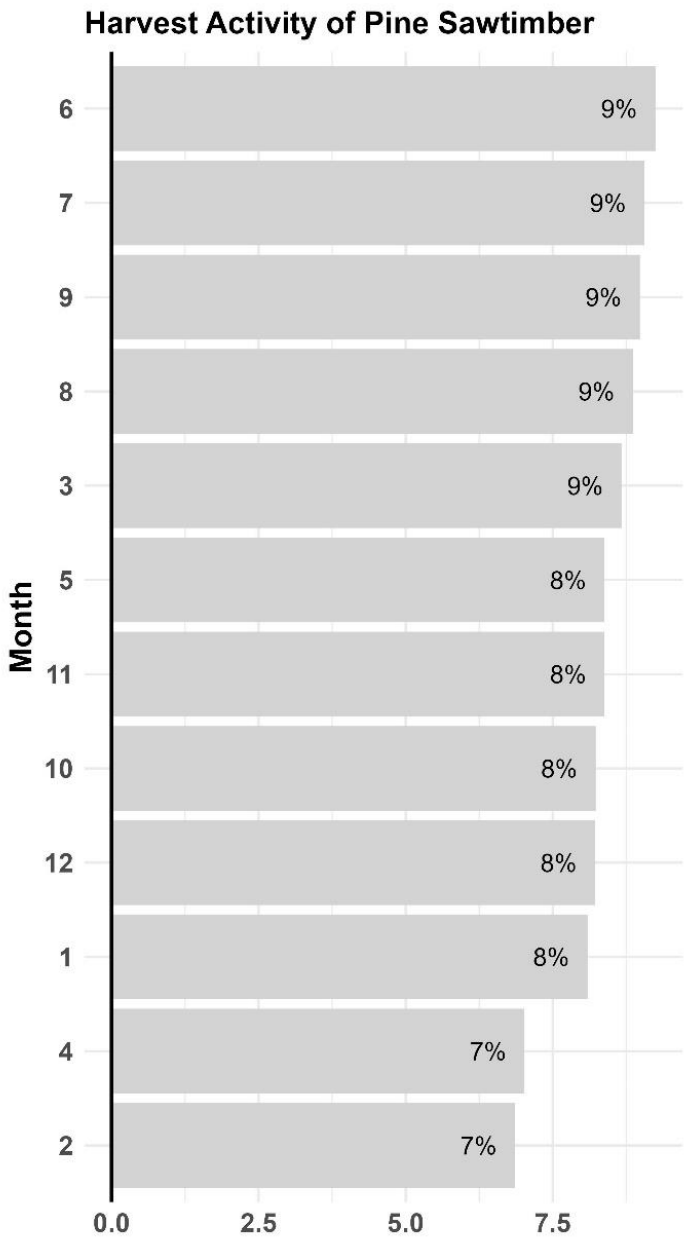
- Pine Sawtimber: Prices are significantly higher for clearcut harvests compared to thinning harvests. This suggests that clearcutting may yield higher-quality or more valuable timber for Pine Sawtimber.
- Pine Pulpwood & Pine Chip n Saw: The price differences between clearcut and thinning harvests are less significant for these products.

Weighted Average Prices by Product and Harvest Type



Outlook

- There may be seasonal trends in harvest activity. The harvest activity percentages range from around 7% to 11%, indicating variability in harvesting intensity throughout the year.
- Harvest activity for both Pine Sawtimber and Pine Pulpwood is highest in the summer months.
- Winter months generally show lower harvest activity percentages, with some months recording around 7% to 8%. This could be due to adverse weather conditions that make harvesting more challenging.



Take-home message

- The State is recovering from recent challenges.
- Mortgage rates have come down from their peak but are still high
- If rates were to drop further in 2025, that would spur the market for Lumber market (and timber)
- Emerging Markets present potential avenues for increasing timber demand in the long run
- New mill investments have added capacity and competition
- Historical evidence suggests an upward trend in prices for timber in Q1 of 2025
- Louisiana remains well-positioned as a focal point for U.S. timber production

Thank you for your attention!

Any questions?

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