

Lake States Timber Market and Stumpage Snapshot – November 2009

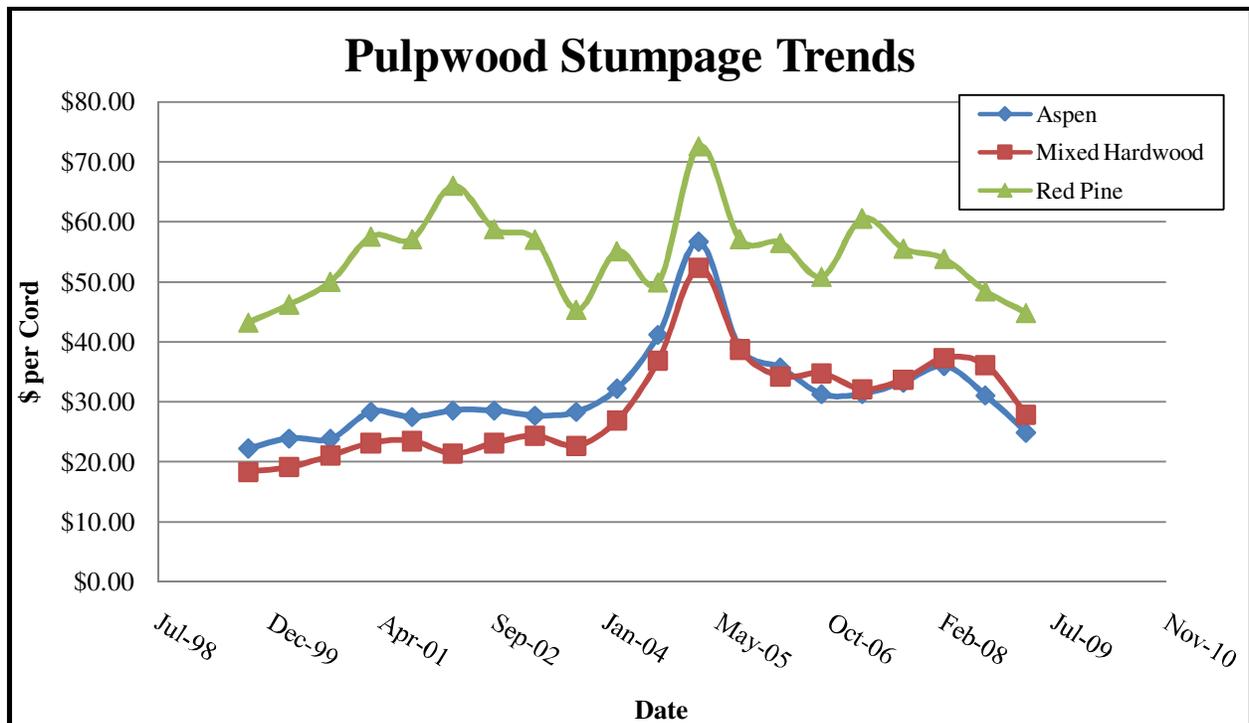
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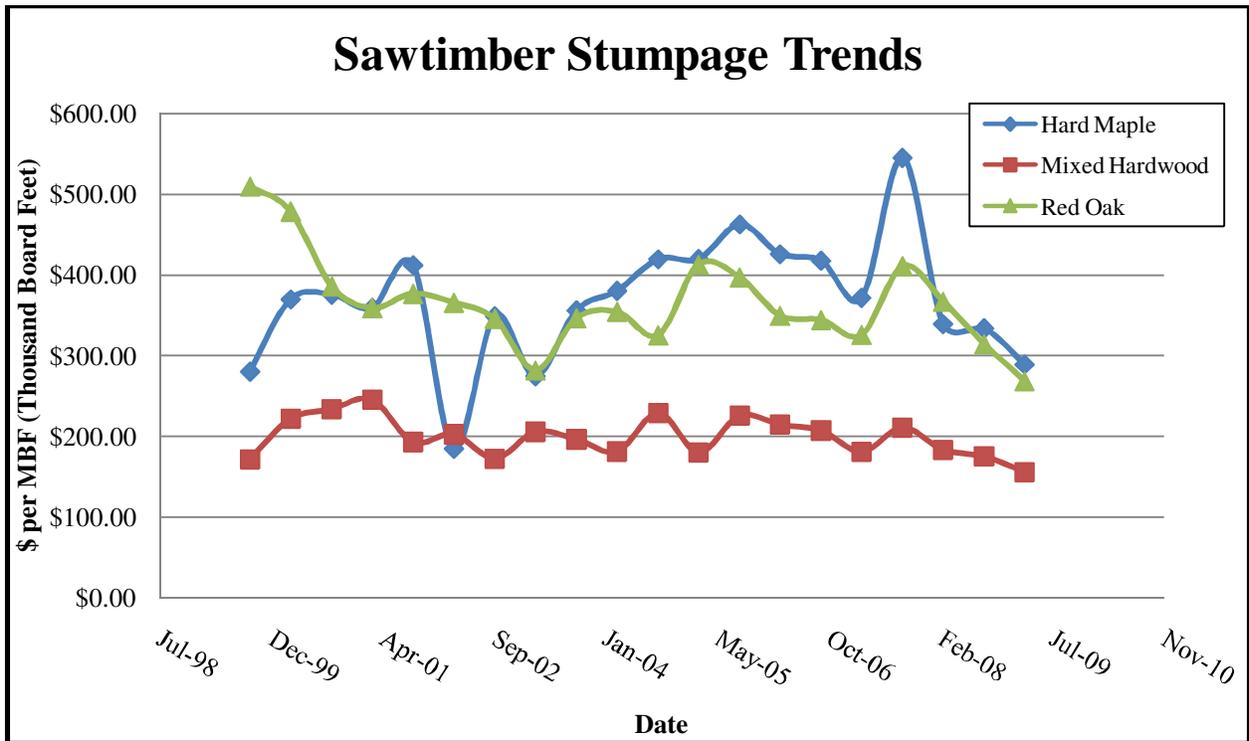
Timber markets in the Lake States region have undergone significant changes over the past few years. Current stumpage prices are significantly lower than what was seen in 2005 and 2006 when stumpage prices were at historic highs. Since that time prices have been pressured lower across the region.

Here in north central Wisconsin, we have fared better than most locations, due to our proximity to pulp and paper mills and a robust sawmill/veneer industry. Although roundwood stumpage rates decreased during 2006, 2007, and 2008, we are beginning to see signs of stabilizing market conditions. Most mill delivered timber prices are holding at northern Wisconsin mills, and more importantly, the decrease in delivered prices has slowed. Mill quotas for pulpwood have begun to rebound over the summer of 2009 as well. Some industry contacts expect pulpwood markets to make positive strides over the winter of 2009-2010. However, if roundwood stumpage prices are to increase, markets will need to rebound and stabilize to the point where loggers are certain that positive markets will persist.

Demand for hardwood lumber products has been weak to say the least. The sharp decline in housing starts and existing home prices over the past three years has taken a toll on sawn hardwood product markets. Housing starts will need to trend positive for a prolonged period of time before landowners should expect to see notable increases in sawtimber stumpage. However, analysts report that gradual economic recovery can be expected throughout 2009 and 2010.

The following charts depict historic stumpage trends for north central Wisconsin.





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