



# GEORGIA LANDOWNER SUMMIT

DEC. 17, 2021 – JEKYLL ISLAND, GA



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## MARKET OVERVIEW

A Detailed Analysis of Forest Markets in Georgia



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Forisk Consulting



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## Current Timber Markets

Shawn Baker

GFA Landowner Summit, Jekyll Island, GA

# Forisk helps the forest industry make better decisions.

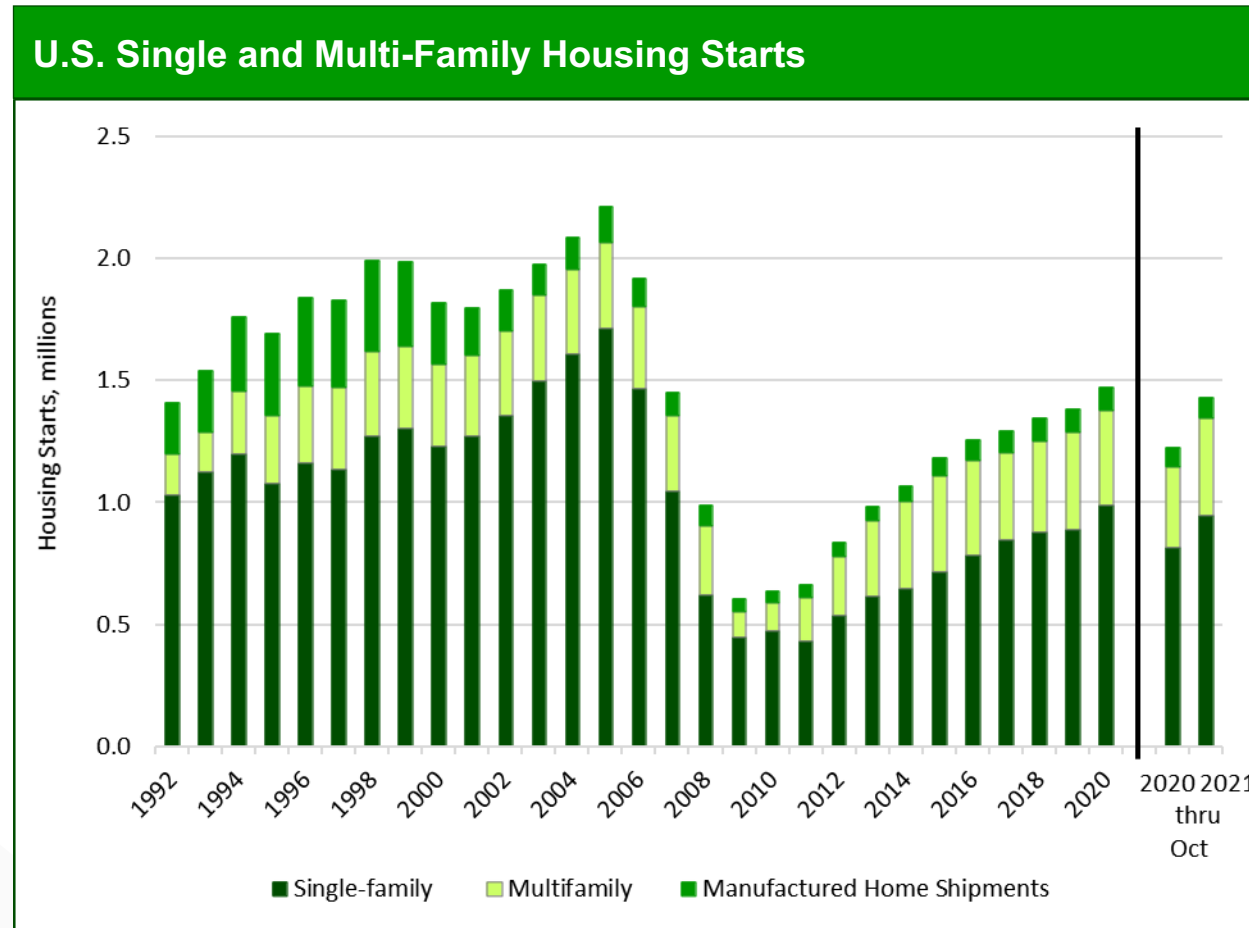
- Analysis and forecasts.
  - *Forisk Research Quarterly*
- Price and industry data.
  - *Forisk Wood Fiber Review*
  - *Forisk Market Bulletin*
  - North American Mill Database
  - Timberland Owner Database
- Multi-client studies.
  - Timber market rankings
  - Silviculture benchmarking
- Resource studies and consulting.
- Educational workshops.

## Upcoming Events

“Applied Forest Finance”

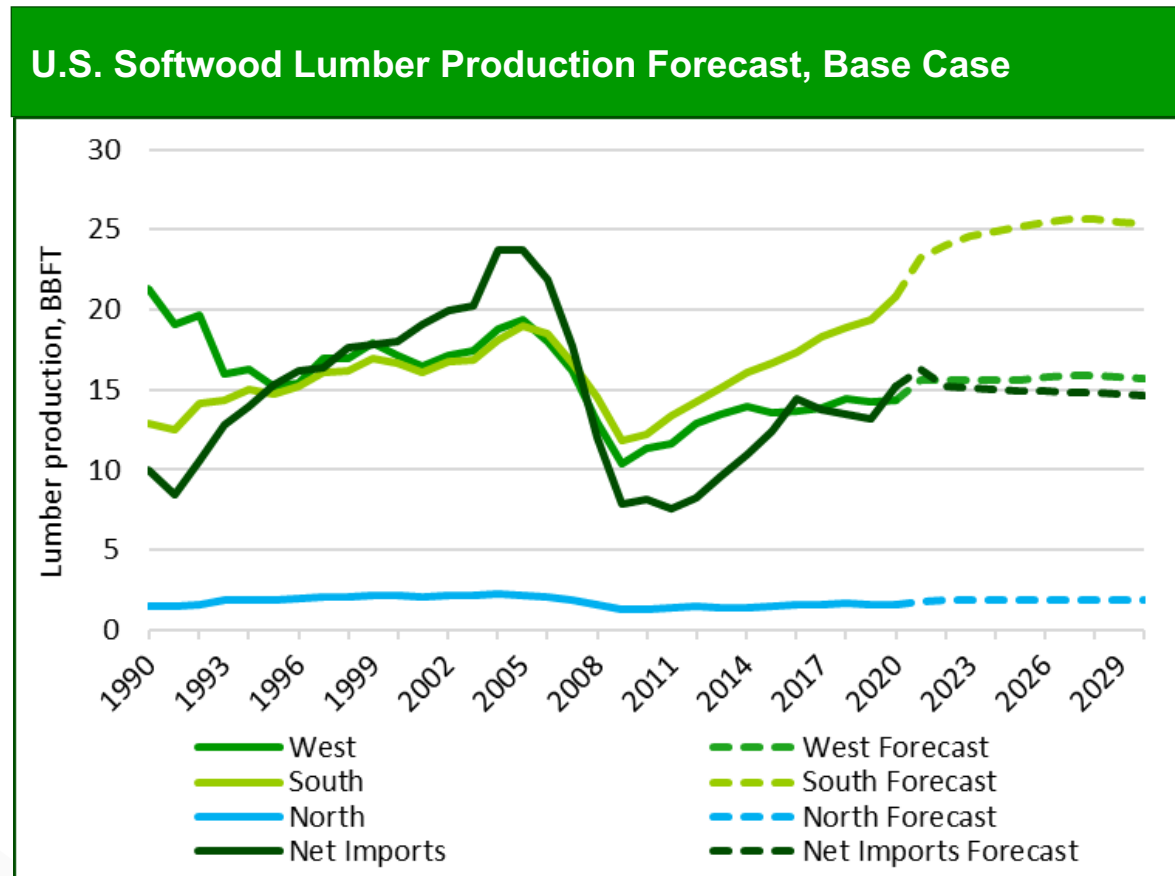
May 19, 2022

U.S. economy under-built housing for over a decade. Surge in 2021 starts met with limits of construction labor and supply chain.



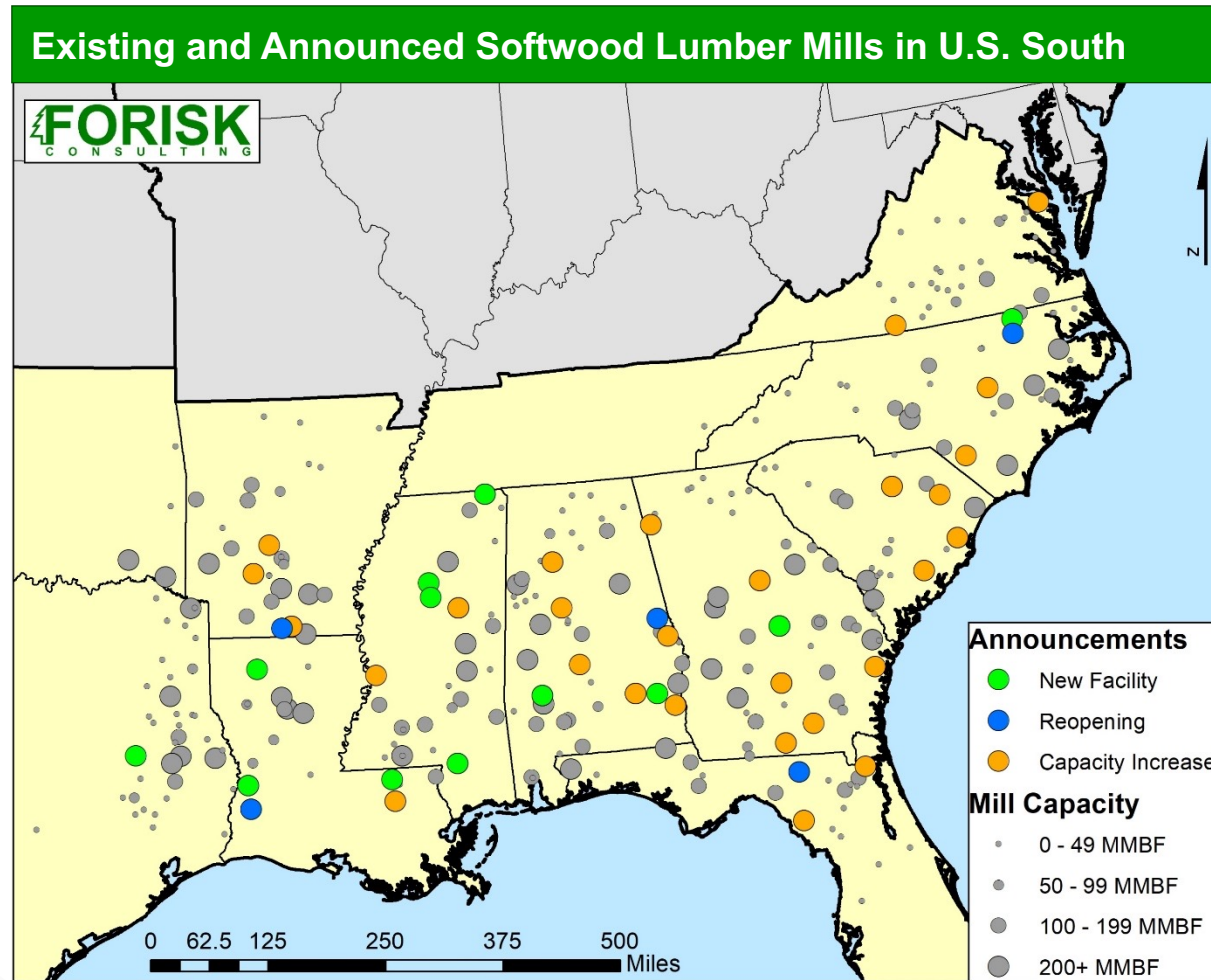
Data source: U.S. Census Bureau

**U.S. softwood lumber production increases 12% in 2021, following a 7% increase in 2020. The U.S. South continues to capture market share as Canadian imports trend lower.**



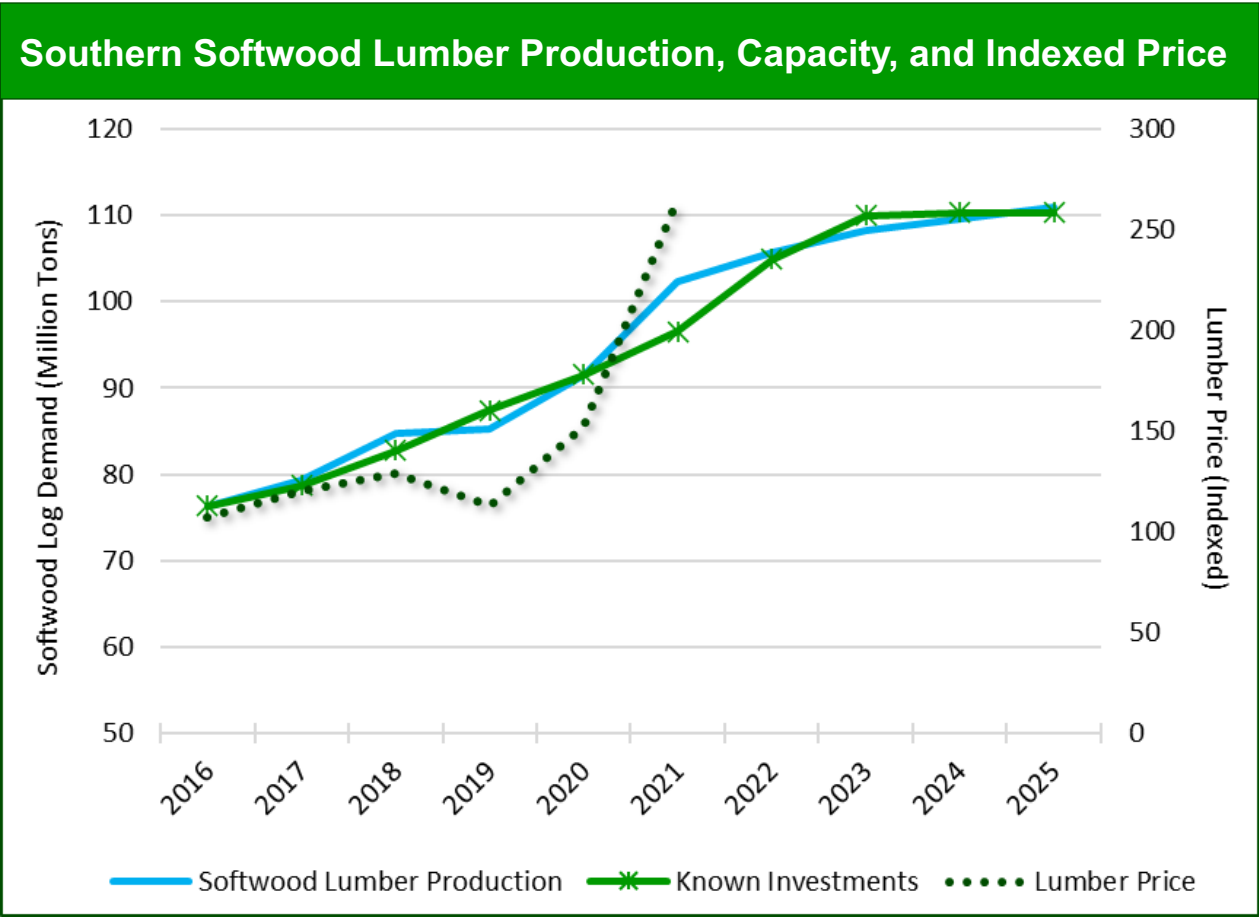
Data sources: USDA; WWPA; SFPA; Forisk

Capacity increases include reopenings, new mills, and several increases at existing mills.



Note: size of circles corresponds to projected capacity in 2022 after announced projects are complete. Data as of Sep. 1, 2021.

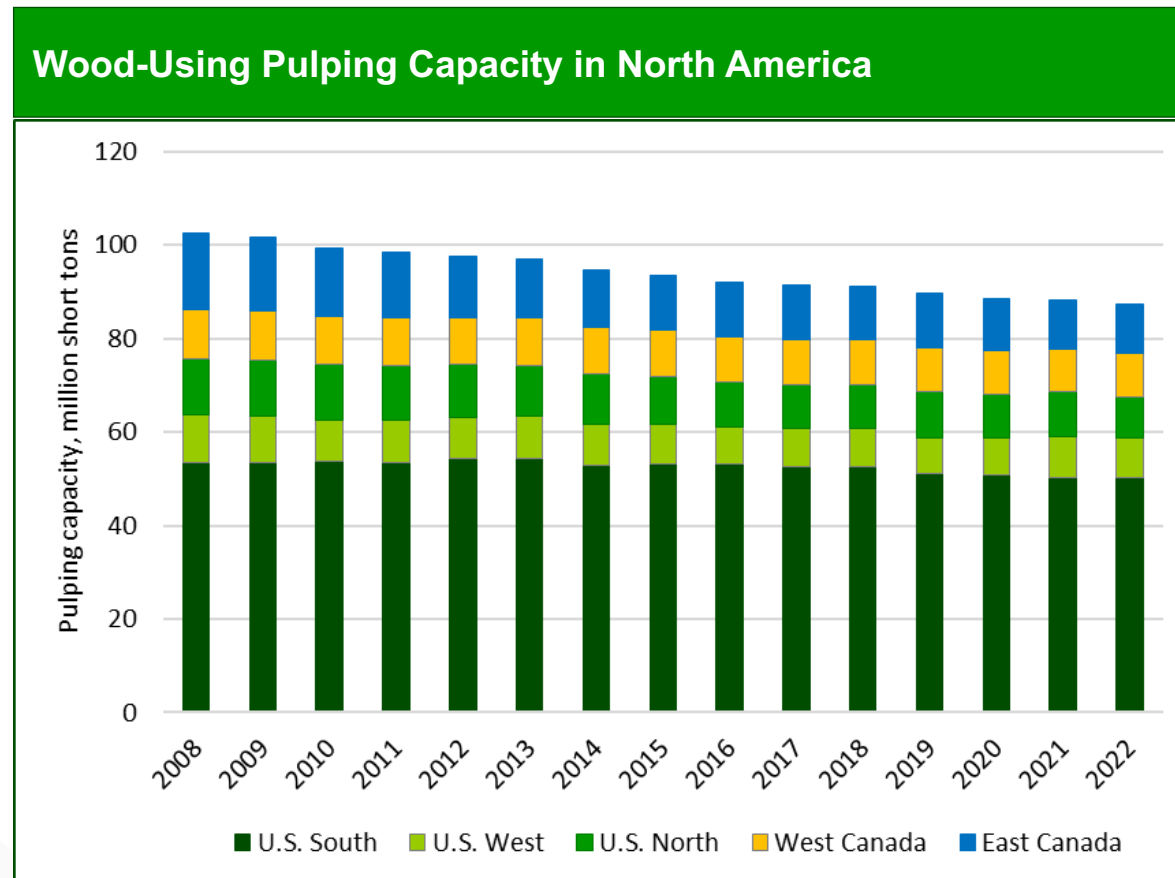
As demand for lumber surged above capacity in 2021, prices drove higher into June. Now, as capacity catches up and consumers adjusted, lumber prices have eased.



Data Sources: Forisk, WWPA, BLS

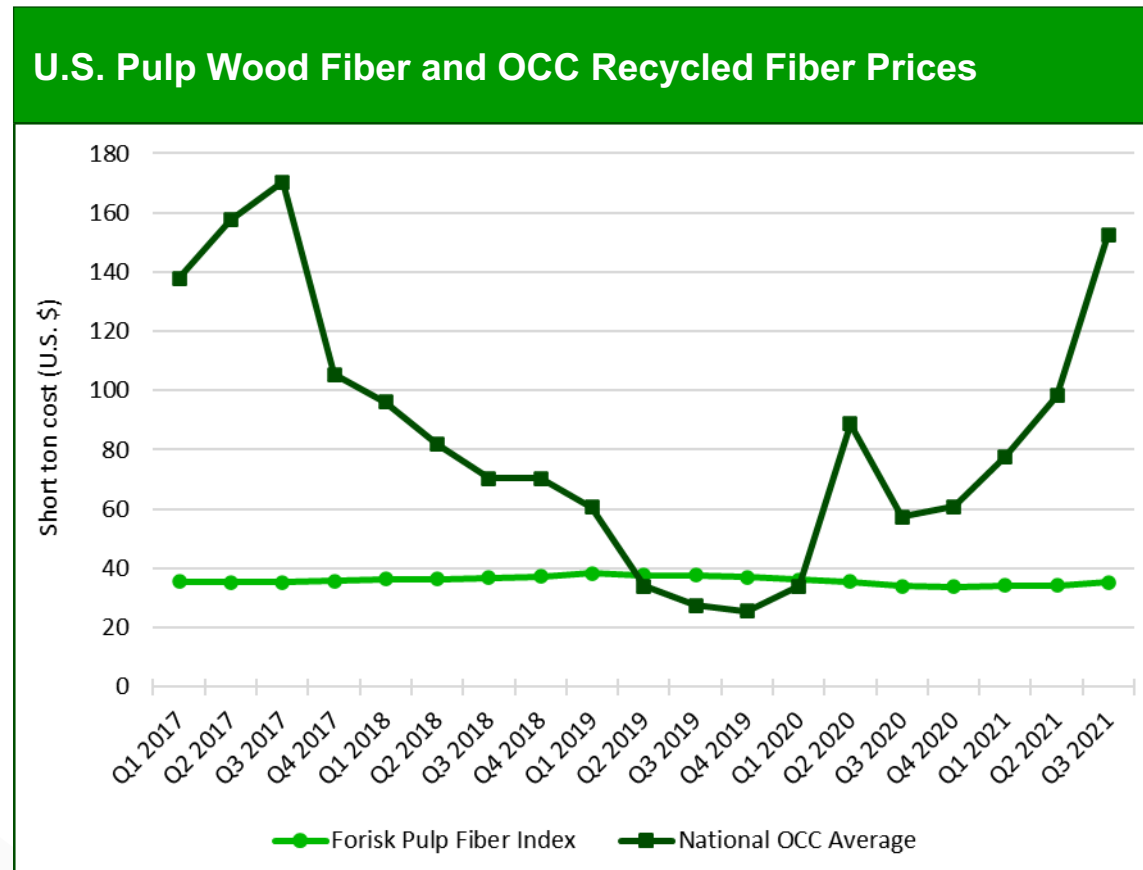


Wood-using pulping capacity in North America is poised to decrease 1% from 2020 to 2022, slowing more than a decade of decline. Growth in packaging capacity is largely from recycled fiber.



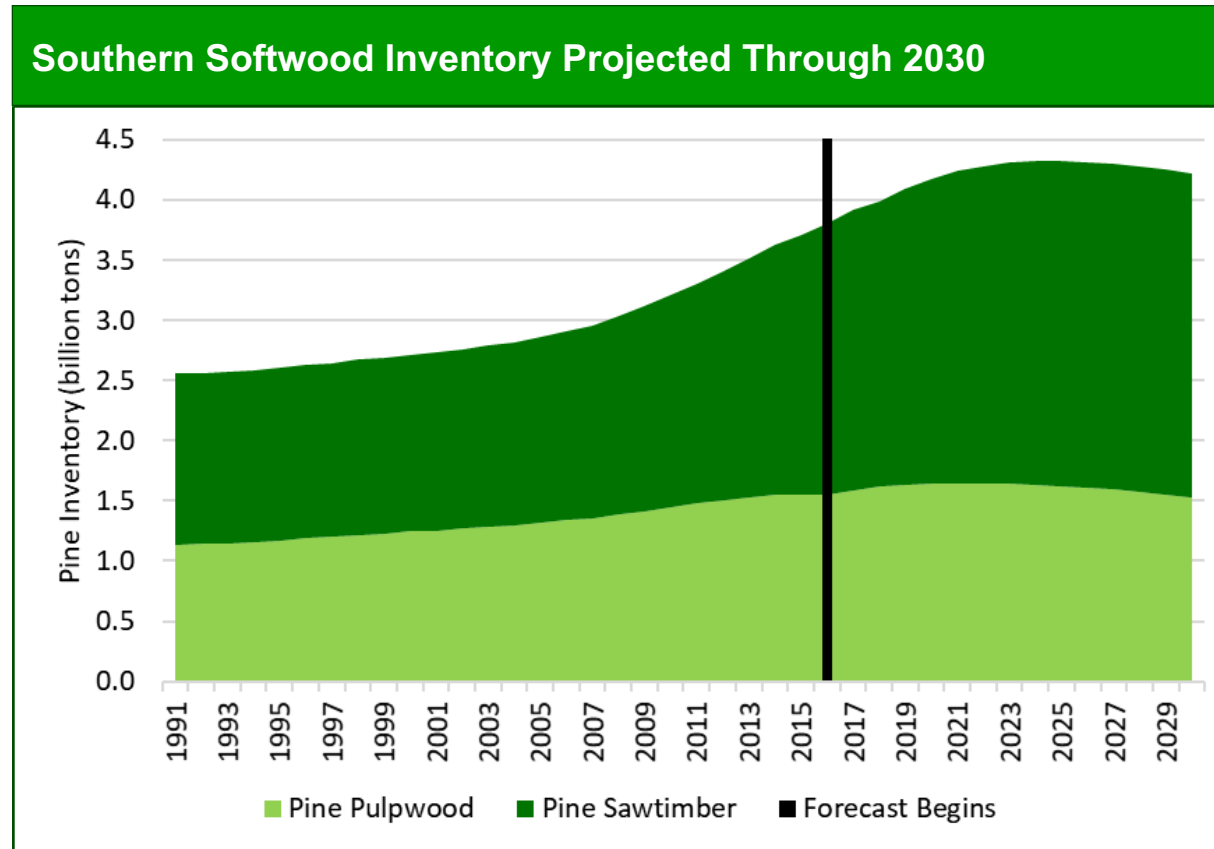
Data source: Forisk North American Forest Industry Capacity Database  
 Note: excludes mills that are 100% recycled

With at least 3 million tons of recycled paper capacity coming online in the next 2 years, manufacturers with sourcing flexibility will focus on wood and recycled cost trends. **Old corrugated cardboard (OCC) prices are up 166% year-over-year**, while pulp wood fiber prices are up 3%.



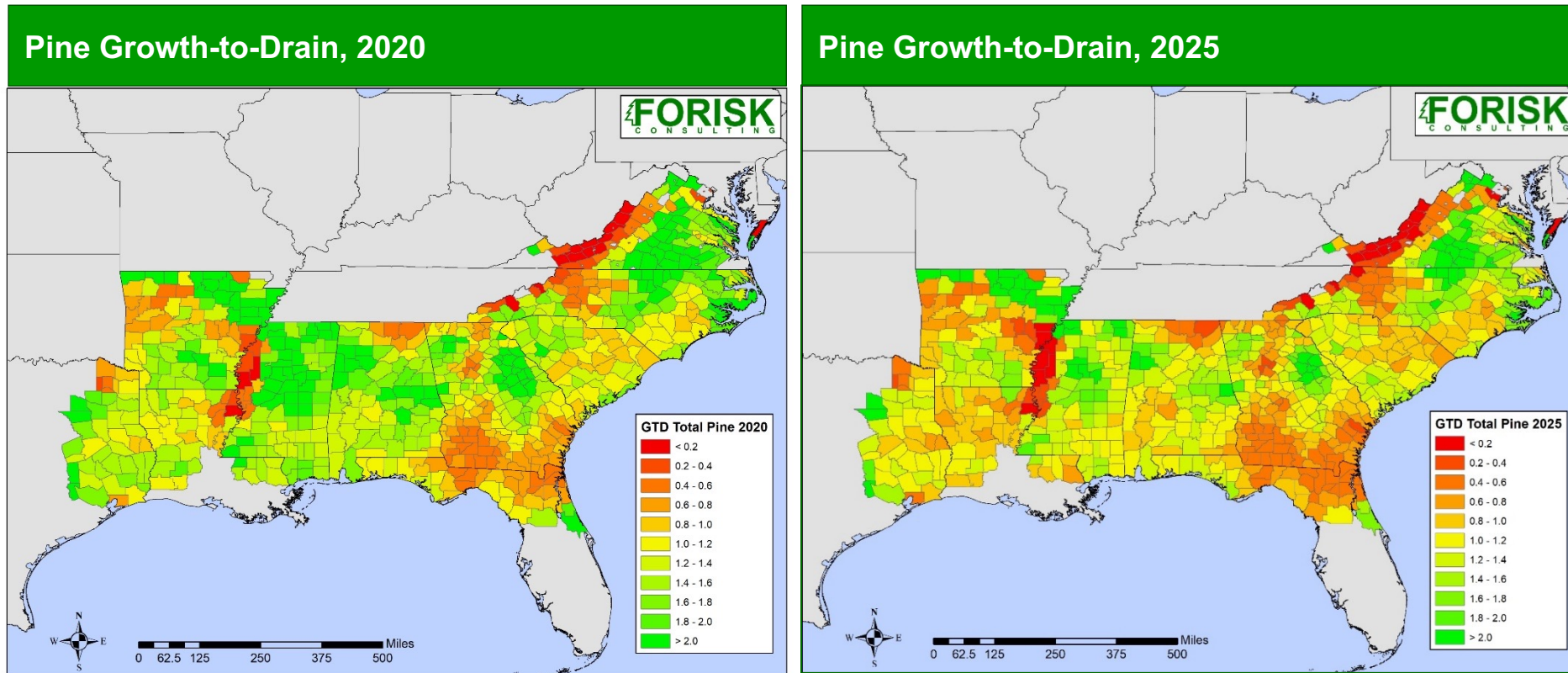
Data Sources: Forisk Wood Fiber Review, Recycling Markets, Ltd.

From 1991 to 2006, southern pine inventory increased 13%.  
From 2006 to 2021, inventory increased 46%.



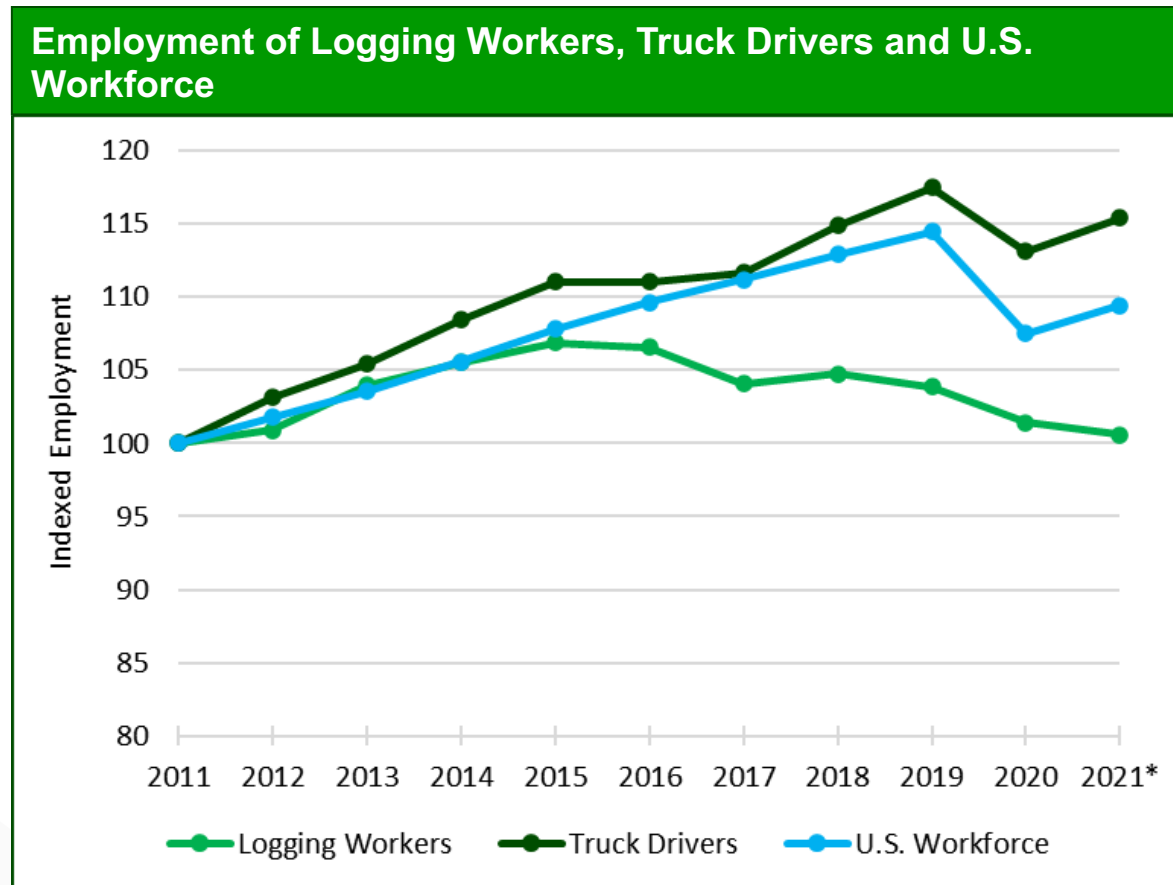
Data Sources: USFS FIA, Forisk, SOFAC

The average pine growth-to-drain for the South in 2020 is 1.31, indicating a general oversupply of timber. Fast-forward five years to 2025 and the timber supply profile balances with a growth-to-drain of 1.0. During this time, 10 sawmills and 11 pellet mills expand or come online in the region.



Data Sources: USFS FIA, Forisk, SOFAC

The logging industry shrank while the economy grew from 2015-2019. Both trucking and the U.S. workforce suffered a more severe dip in 2020 employment. They rebounded while logging declined in early 2021.



Data sources: Bureau of Labor Statistics  
\* Annualized Q1 data

Forest carbon continues to receive attention from timberland investors as a potential revenue stream.

### Framework to Assess Forest Carbon Potential in Local Timber Markets

<b>Wood Demand</b>	Strong/deep	Low carbon potential	Potential incremental carbon
	Weak/low	Potential to manage for carbon	High potential for carbon AND mills
		Low	High
		<b>Forest Supplies</b>	



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