

# North American Sawntimber Markets

Are Duties And Mill Closures Enough  
To Counter End-Use Market Stagnation

**Paul Jannke**  
**73<sup>rd</sup> International Softwood Conference, Oslo**  
**October 23<sup>rd</sup>, 2025**



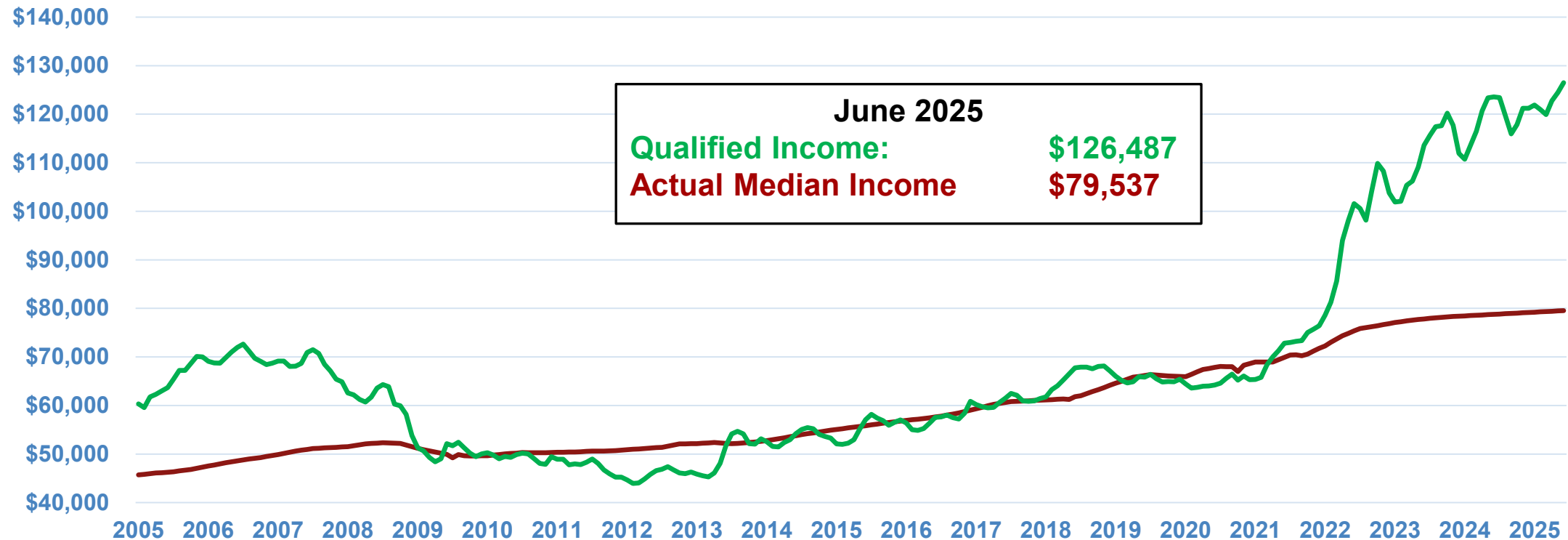
# What Did I Say Last Time? 2023 Take Home Points

- Lumber consumption will see little growth through most of 2025.
- Capacity is expanding rapidly, but achieving nameplate output is difficult.
- Costs are elevated, and will hold prices higher.
- Supply is constrained outside of the US South.
- Recent fires will increase near-term supply, but decrease longer-run timber availability

# Homeownership is a Stretch for Middle-Class Households

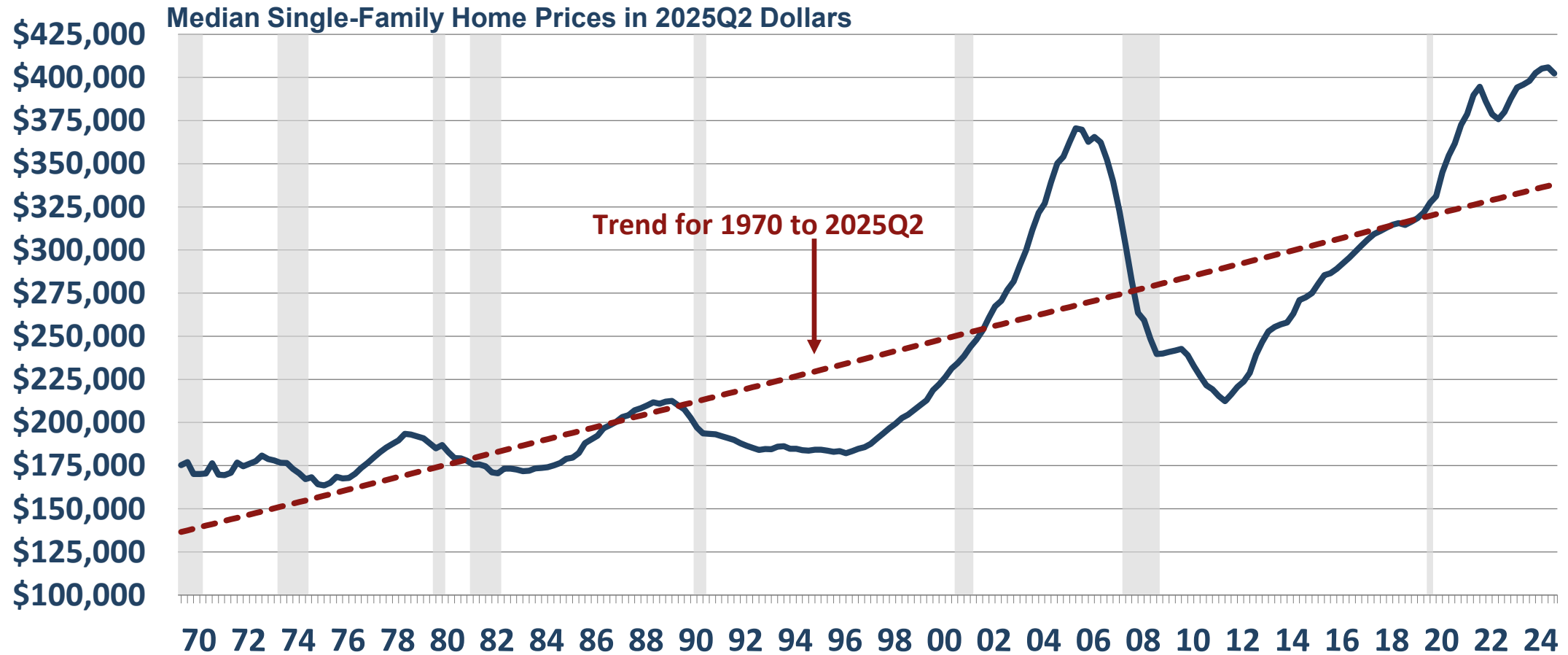
**Gap Between Actual Median Household Income and Qualified Income**

*(Qualified Income = Income needed for annual homeownership cost to equal no more than 30 percent of annual income)*



Source: Federal Reserve Bank of Atlanta

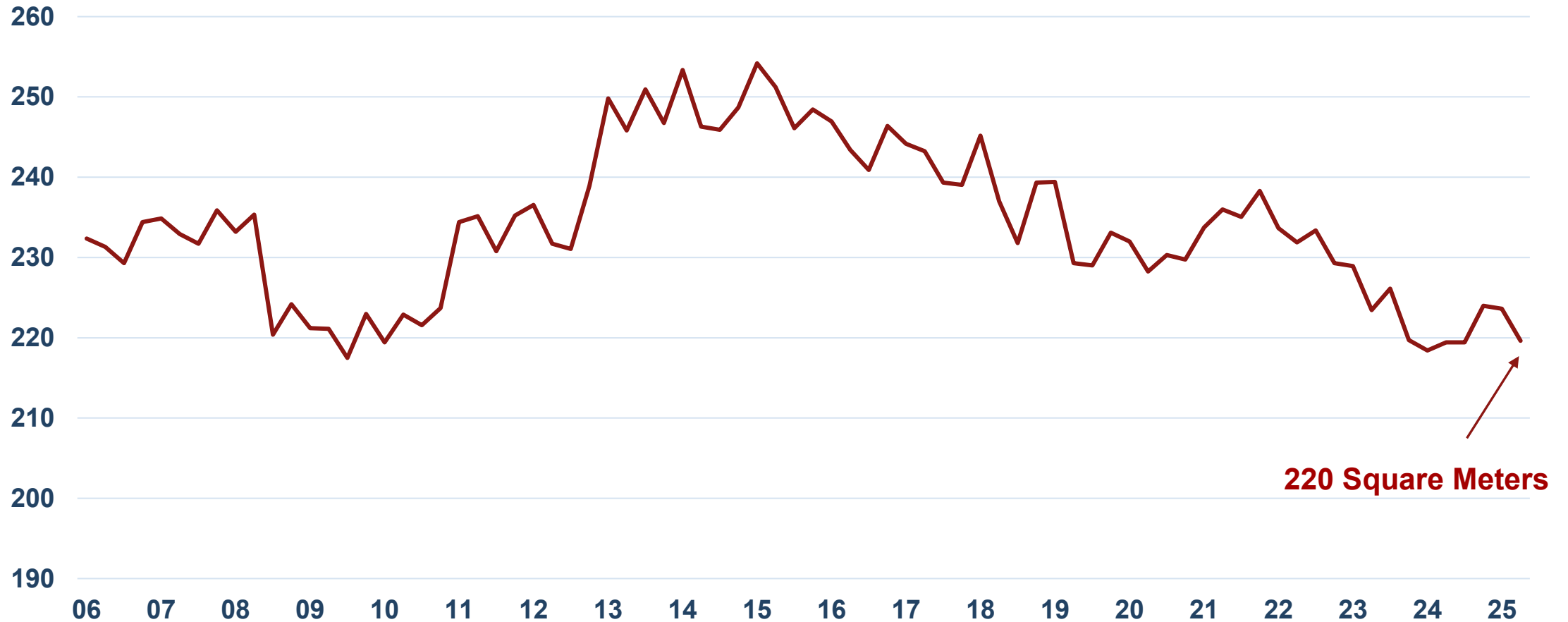
# Real Home Prices Are Near Record Levels



Source: Federal Reserve, FEA calculations

# New Single-Family Home Sizes is 14% Below 2015 Peak

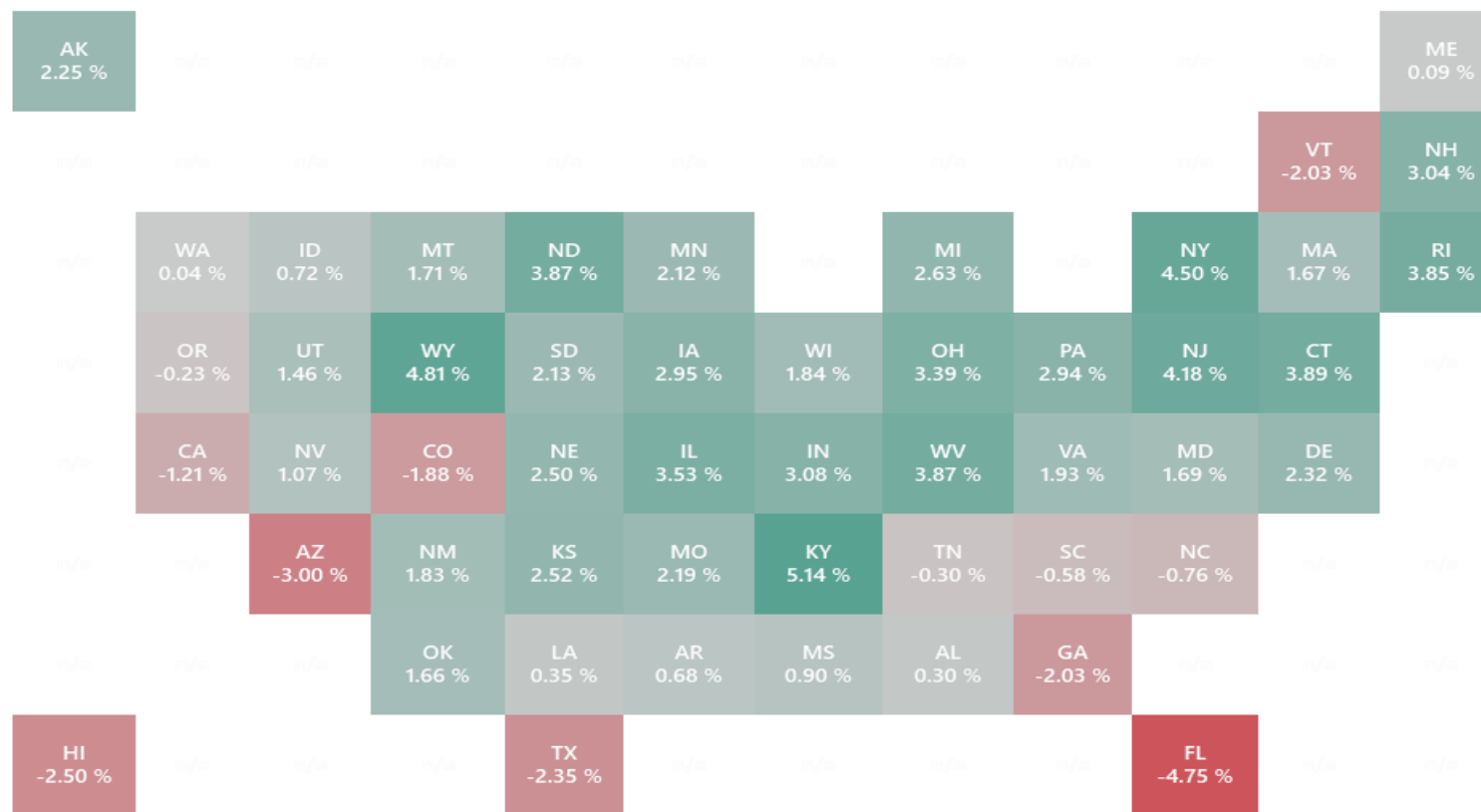
Mean Size of a New Single-Family Home in the US in Square Meters



# Home Prices are Falling in South and West Markets

## Zillow House Prices Across The US

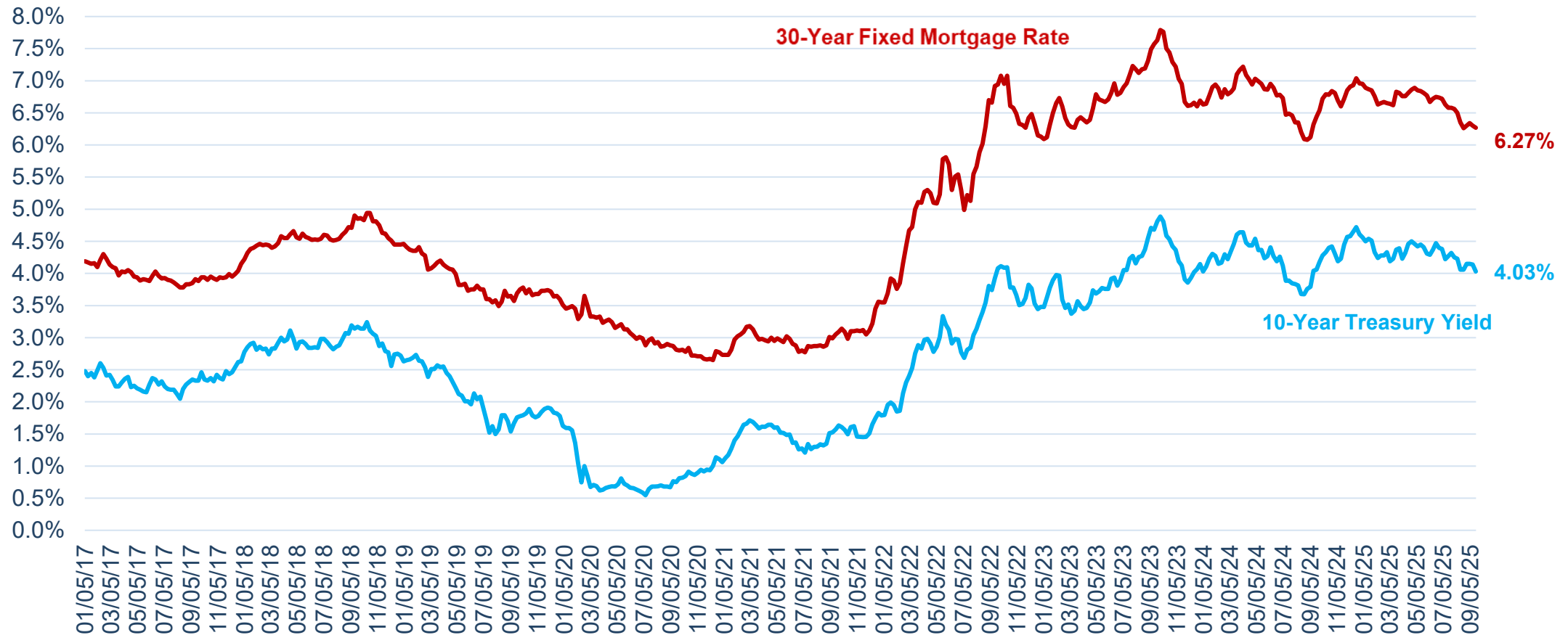
Y/Y % change



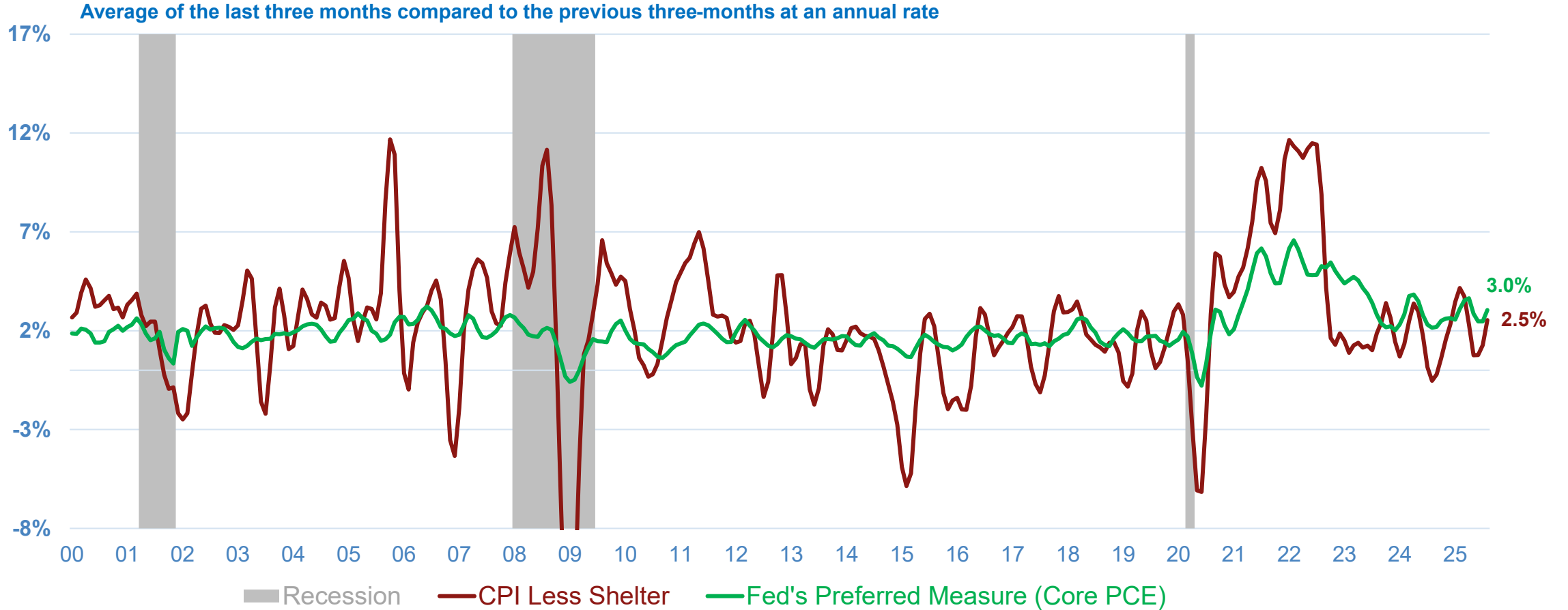
Source: Zillow

MACROBOND

# The Largest Component Of Declining Affordability Was Rising Interest Rates



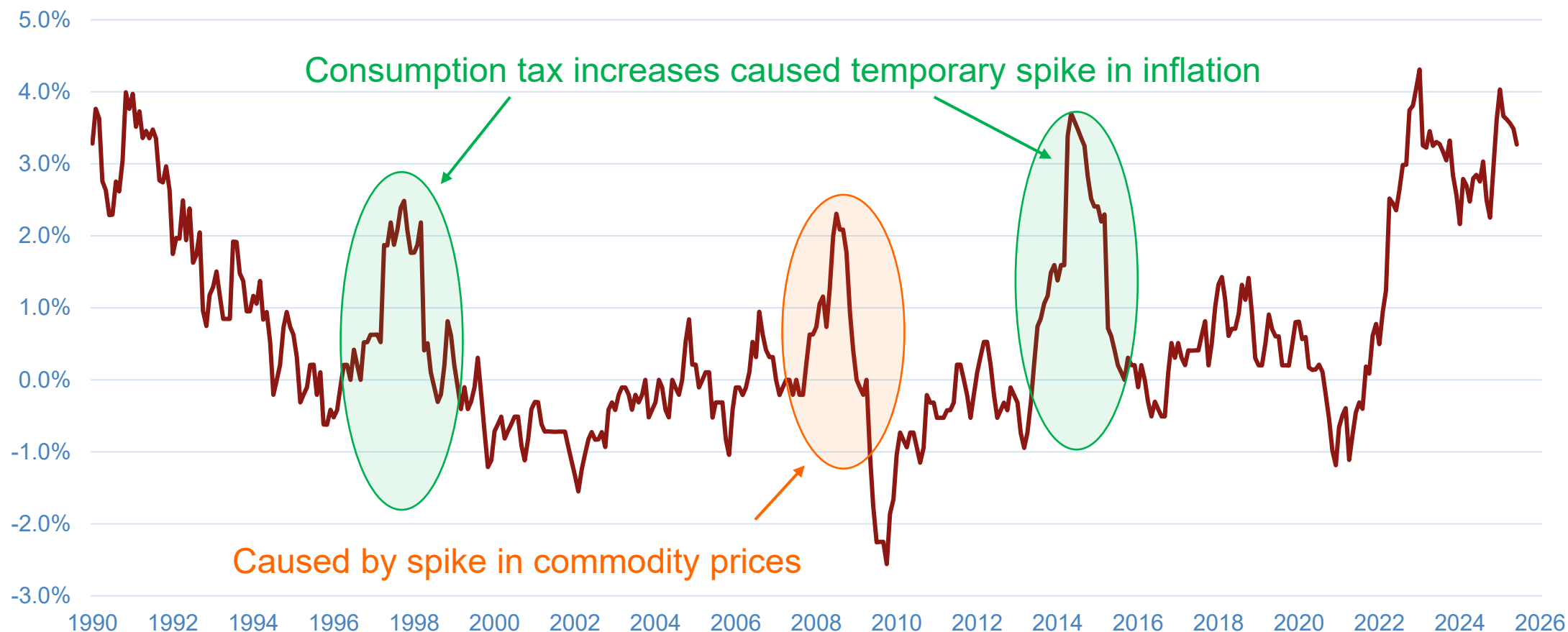
# The Progress Against Inflation Stalled



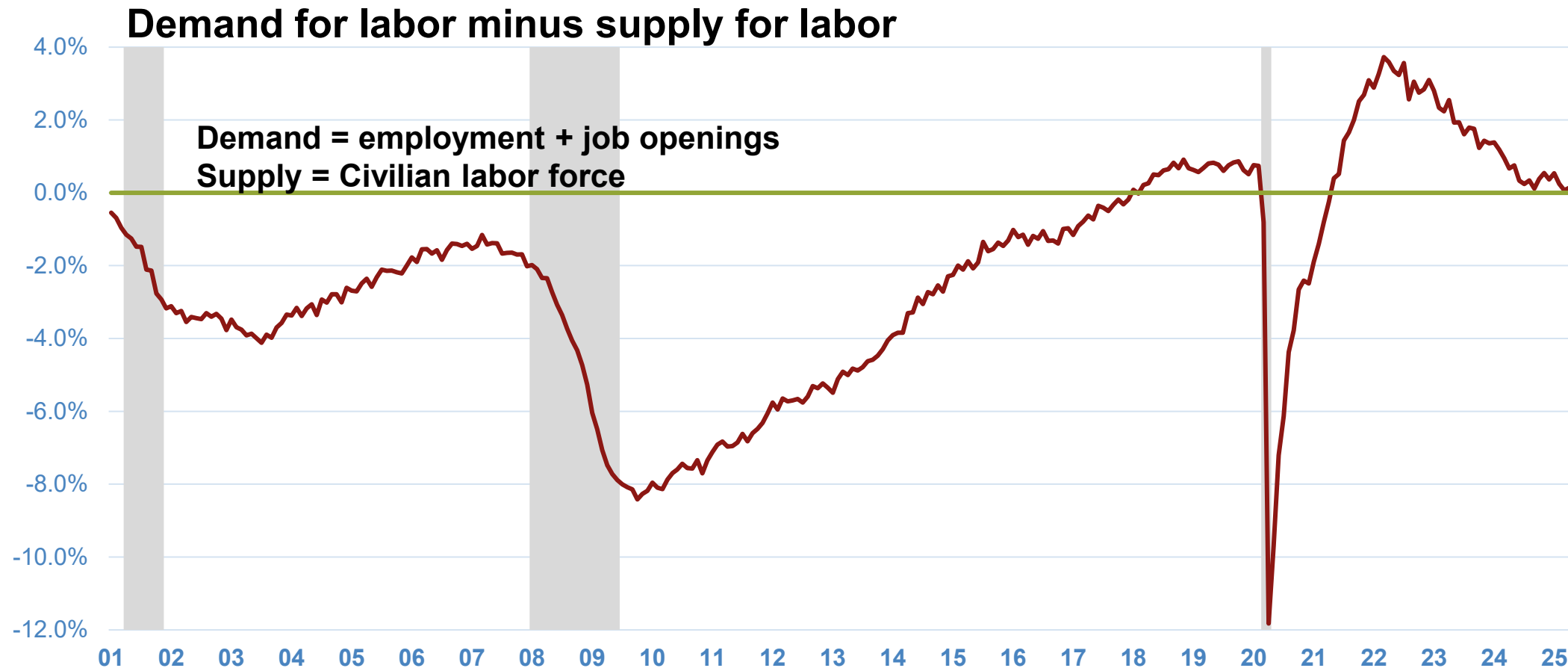


# Consumption Tax Increases Temporarily Spiked CPI Inflation in Japan in 1997 and 2014

Japan – Year-over-year Percent Change in CPI

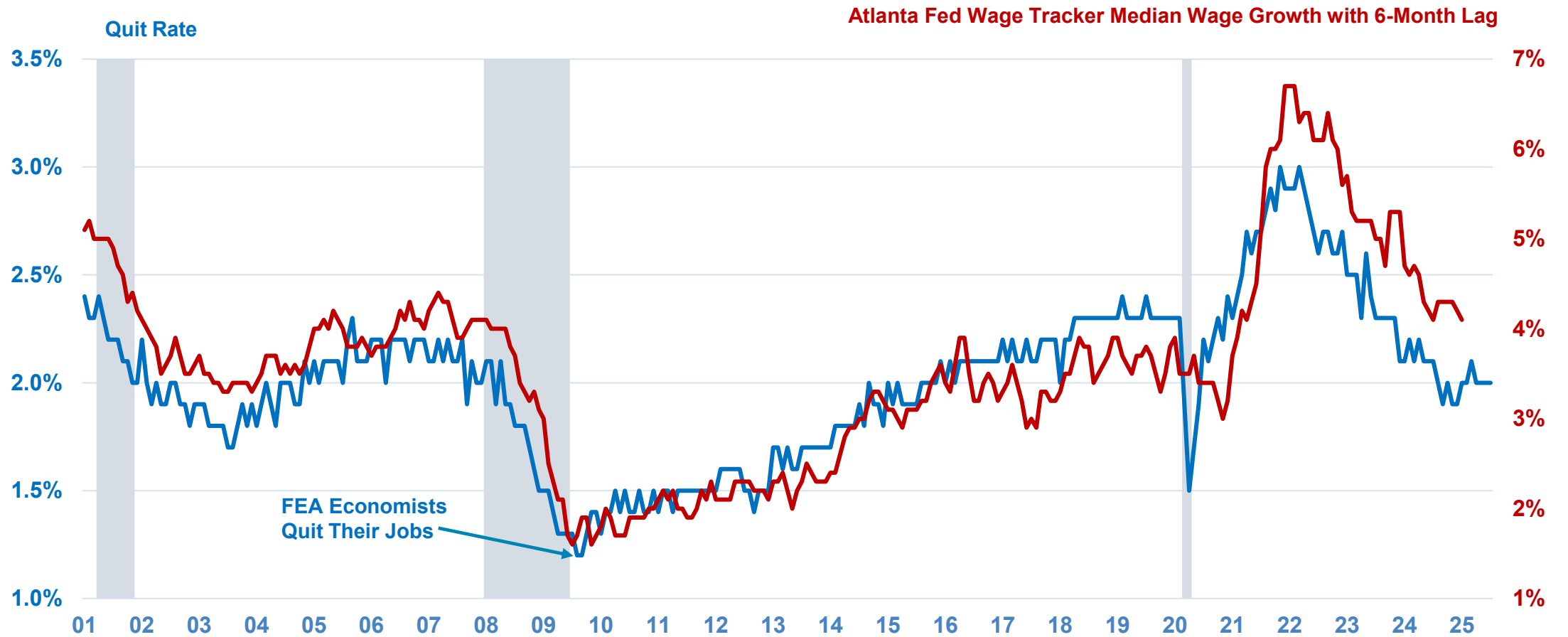


# Excess Demand for Labor Has Been Wrung Out of Economy



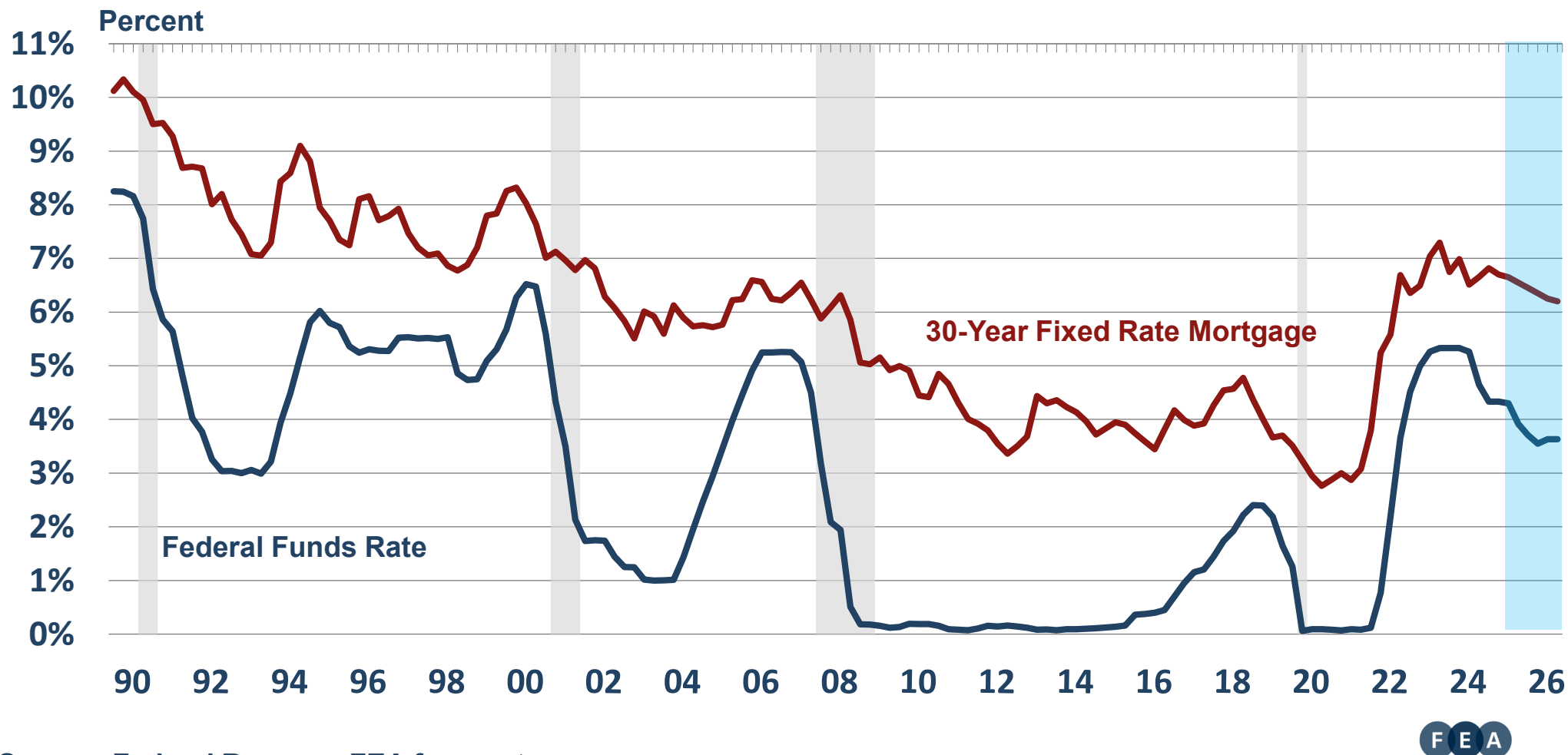
Source: Bureau of Labor Statistics

# Where the Quit Rate Goes, Wages Follow



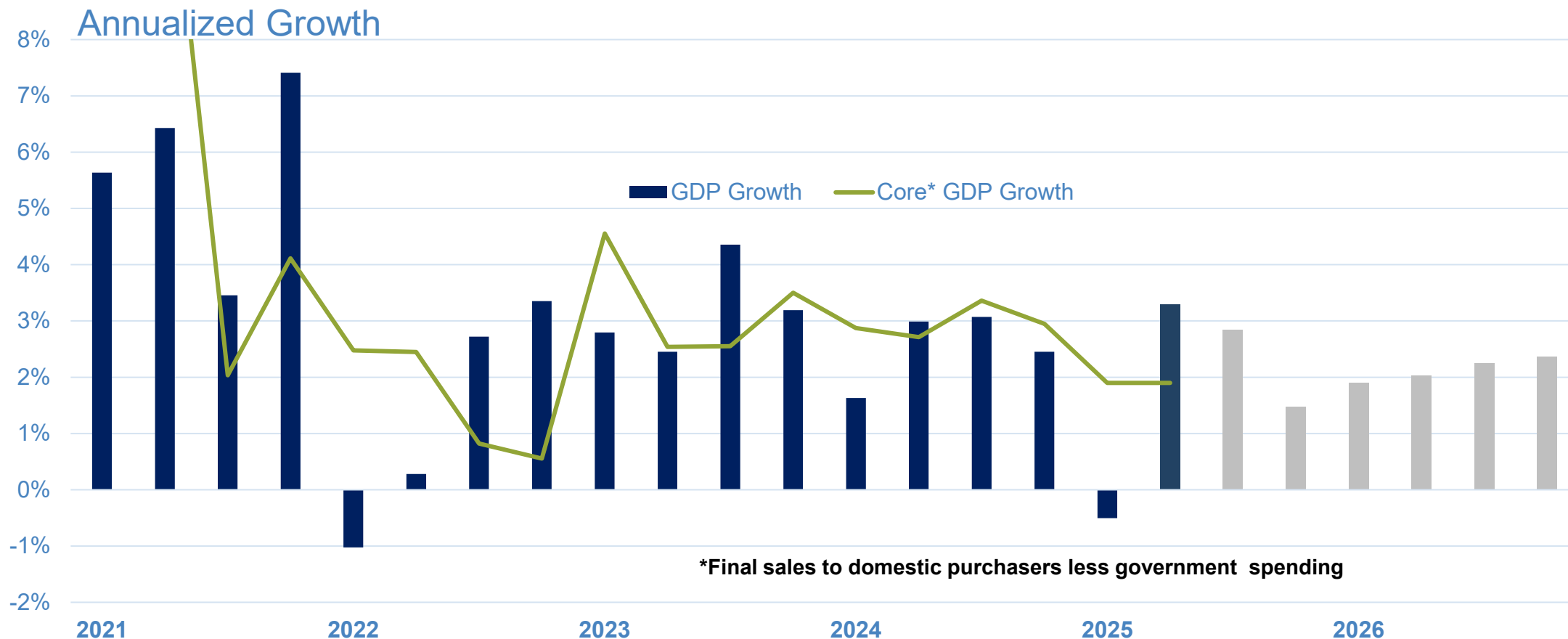
Source: Bureau of Labor Statistics, Atlanta Fed

# The Fed Will Resume Their Easing Cycle; Mortgage Rates Will Trend Down, But Remain Elevated



Source: Federal Reserve, FEA forecast

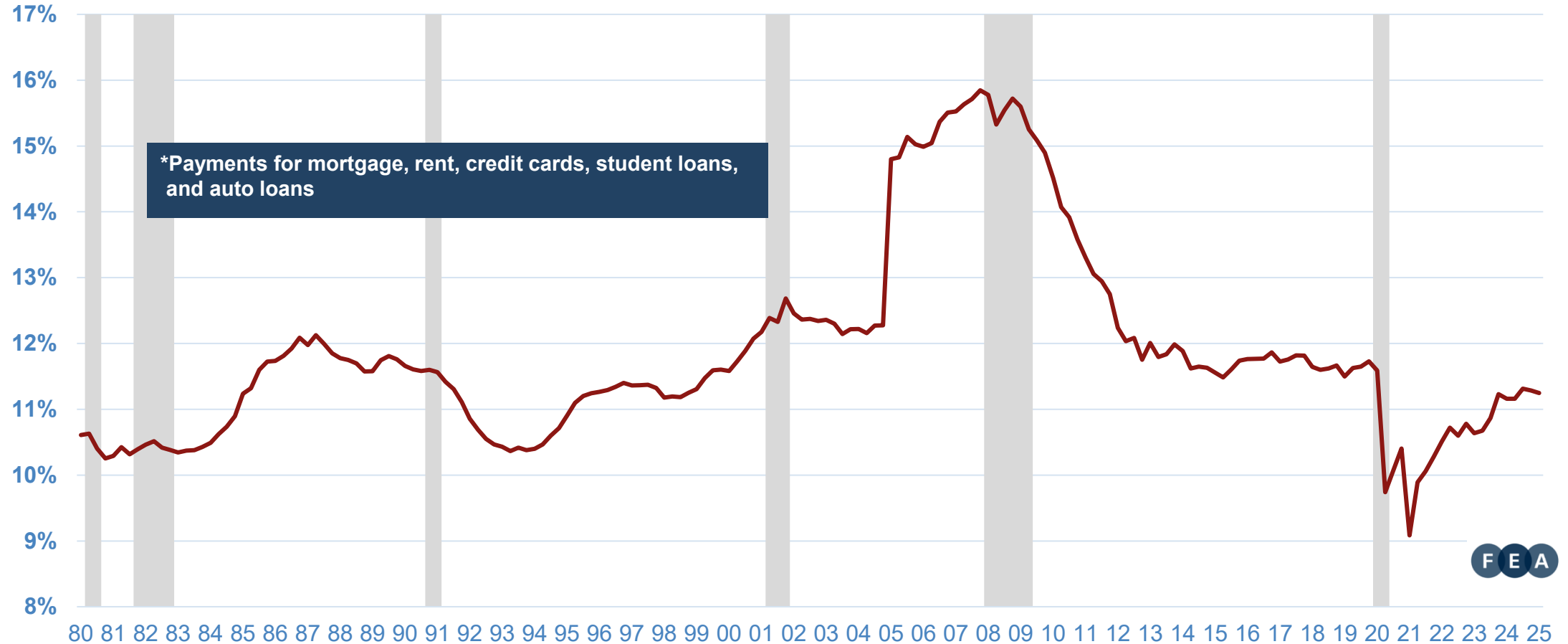
# Real GDP Growth Has Shifted to a Lower Trajectory



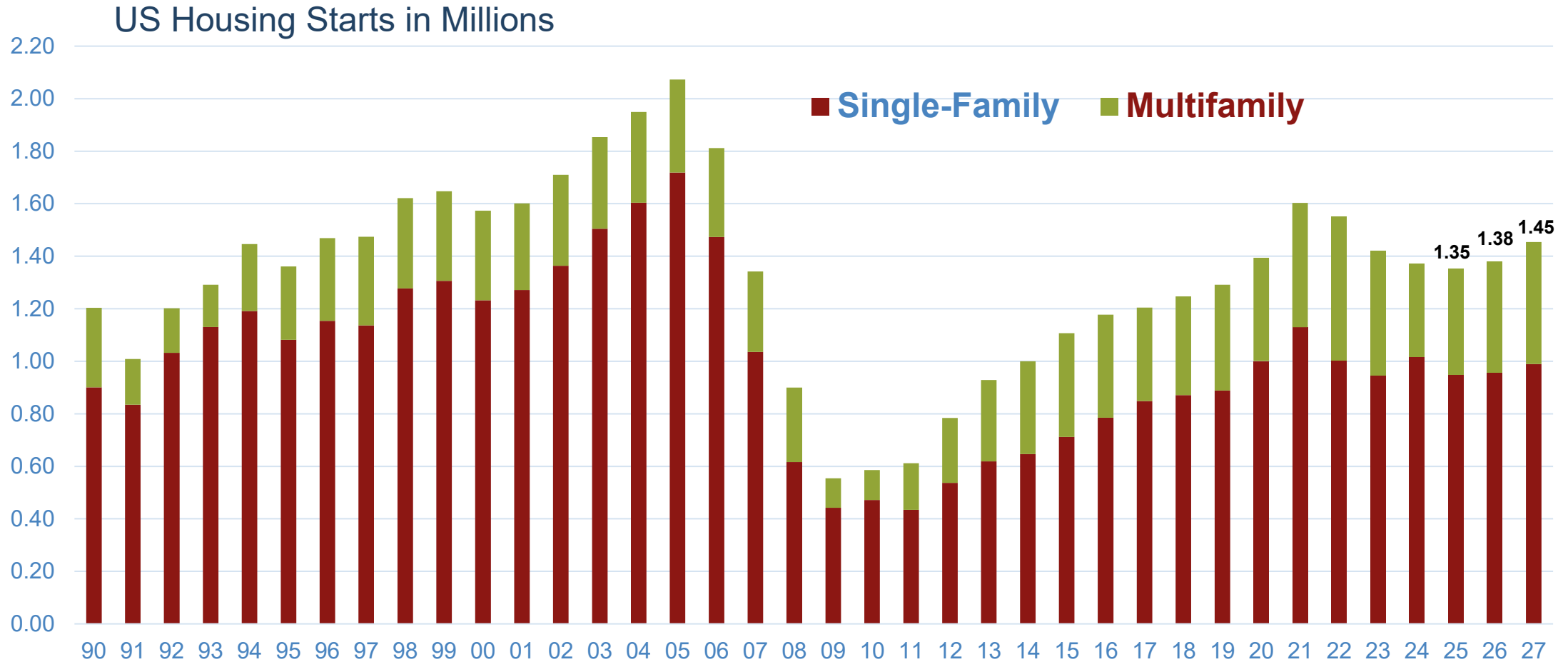


# US Household Balance Sheets Are In Good Shape

Household Debt Service\* as a percent of Disposable Personal Income

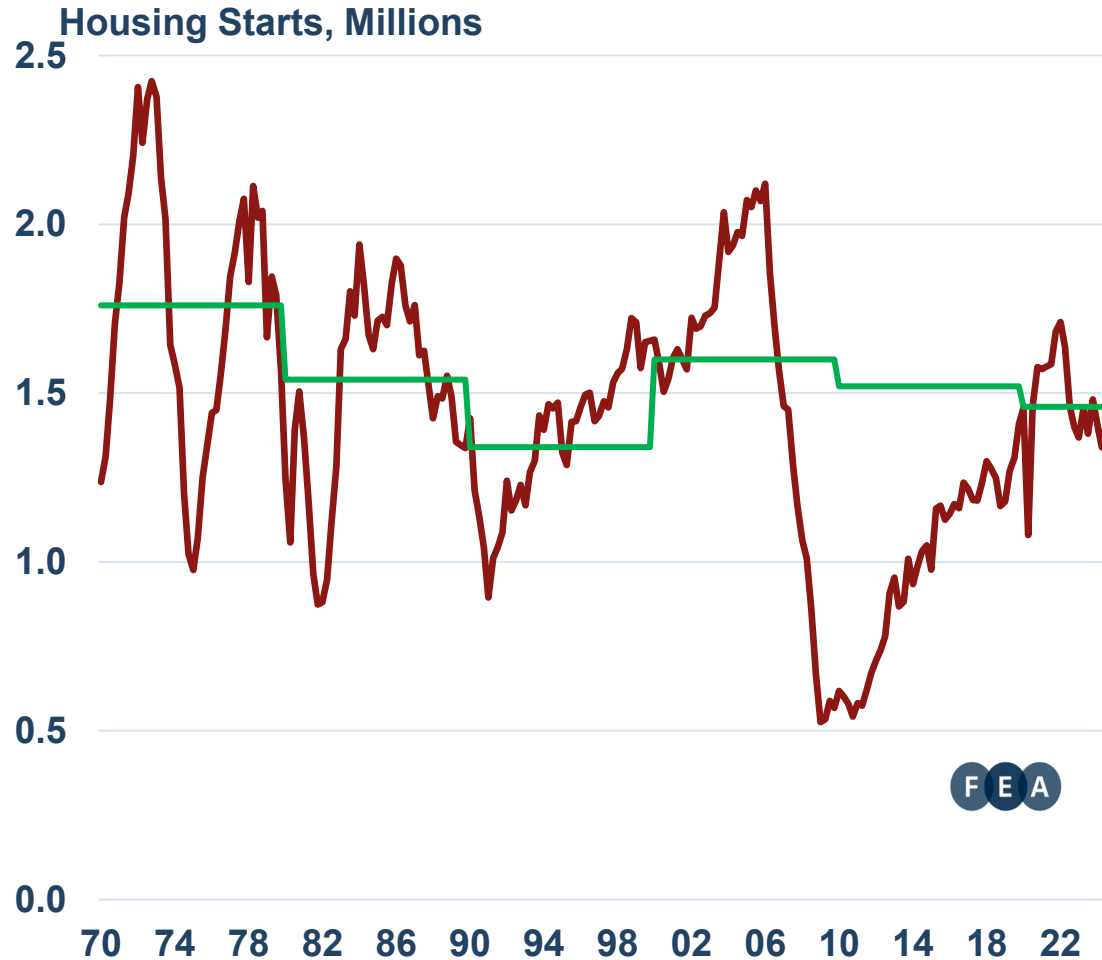


# Housing Starts are Projected to Drop 1% in 2025 Before Bouncing back 2% In 2026 and 5% in 2027.

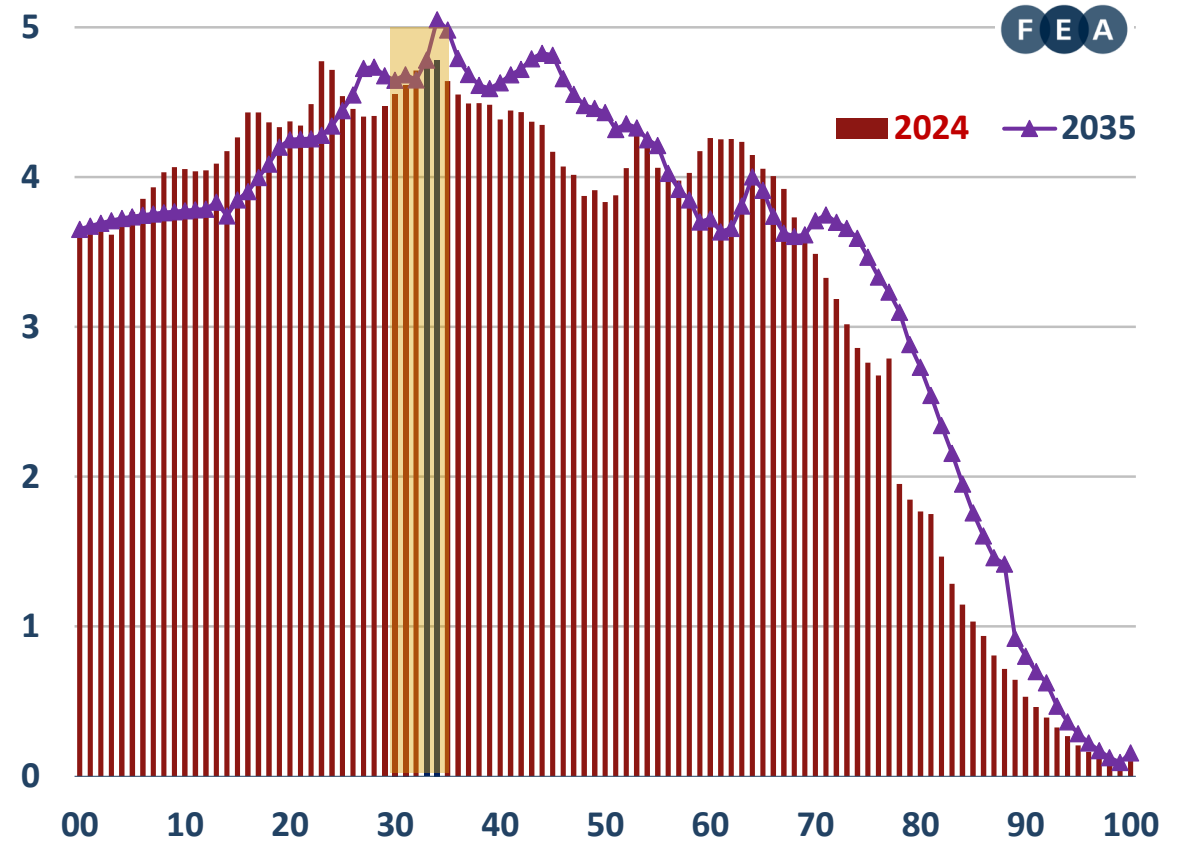


Source: Census Bureau, FEA Forecasts

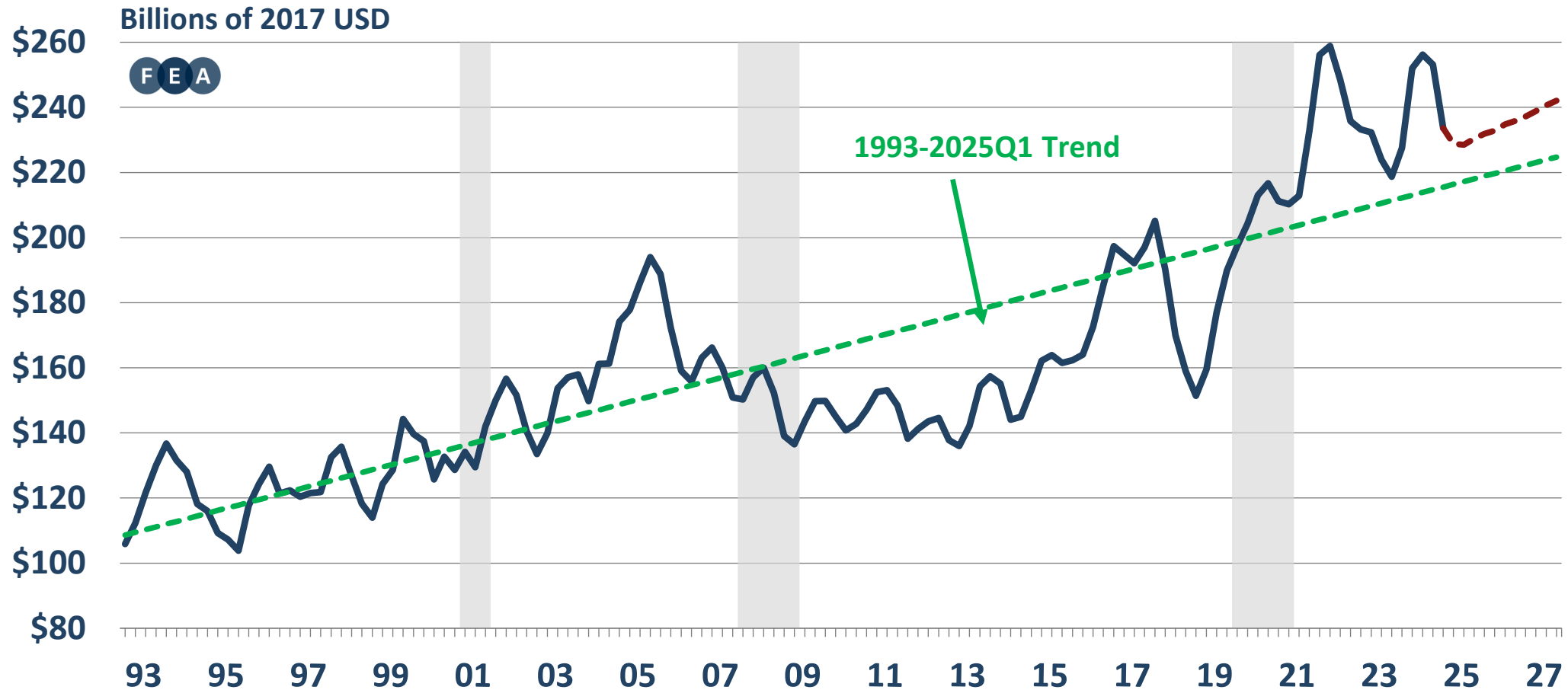
# There is Tremendous Pent Up Demand And Strong Demographic Tail Winds



**US Pop. By Age, Millions**

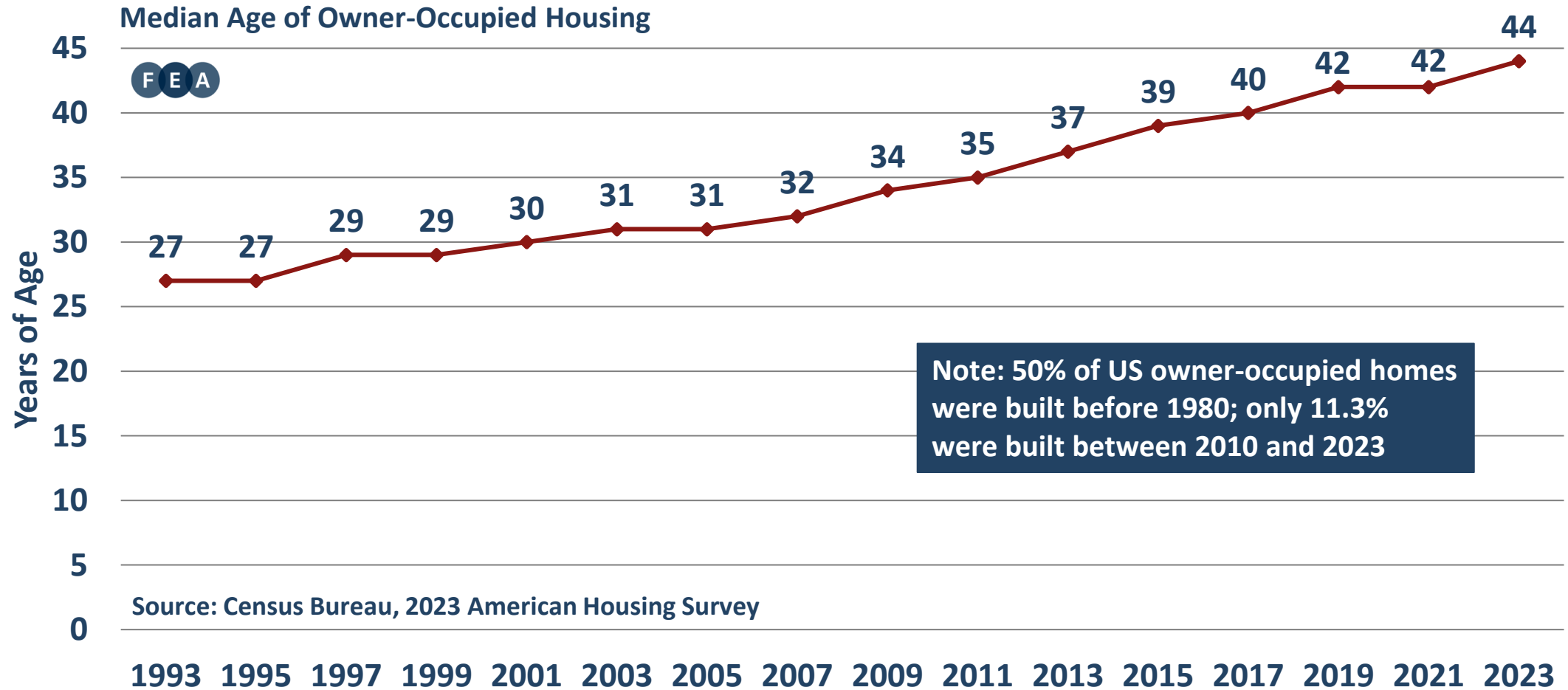


# Improvement Expenditures Will Decline But Remain Elevated



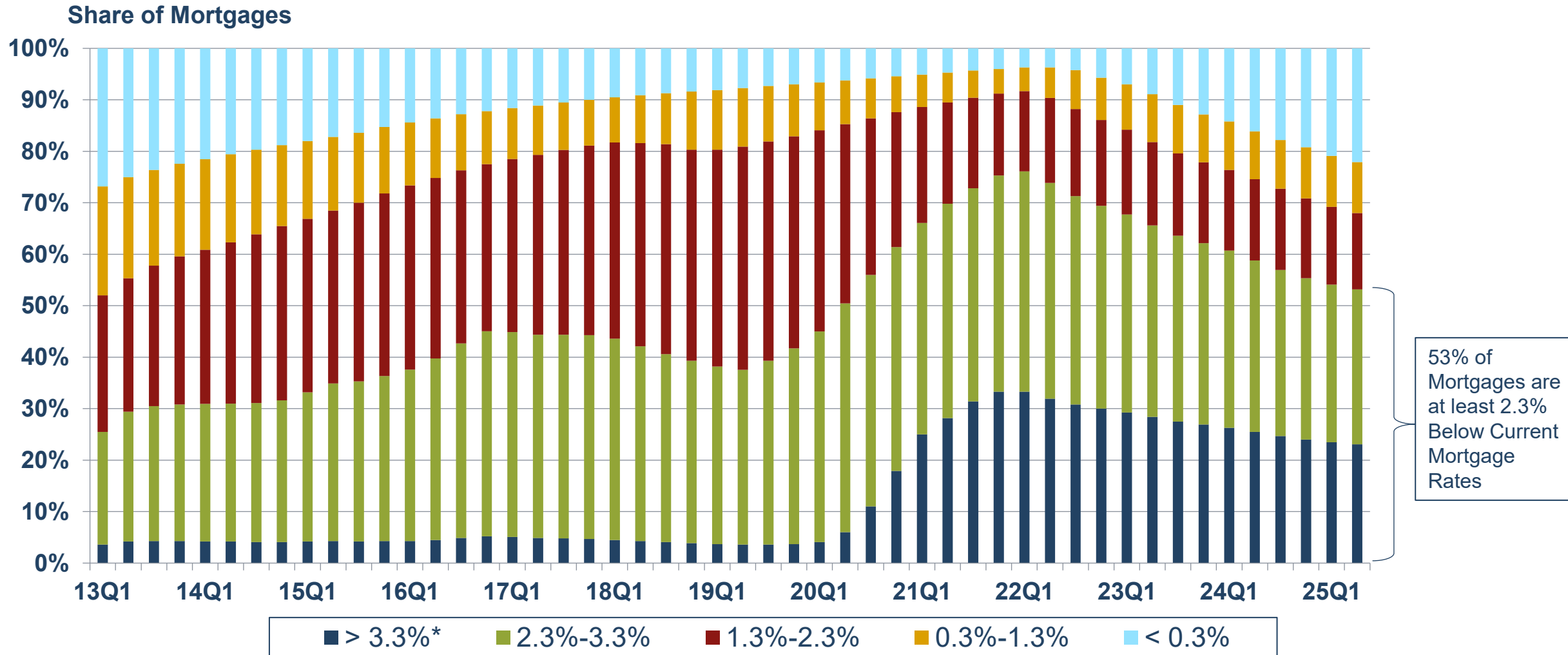
Source: Census Bureau, Bureau of Economic Analysis, FEA calculations

# The US Housing Stock Has Aged Considerably



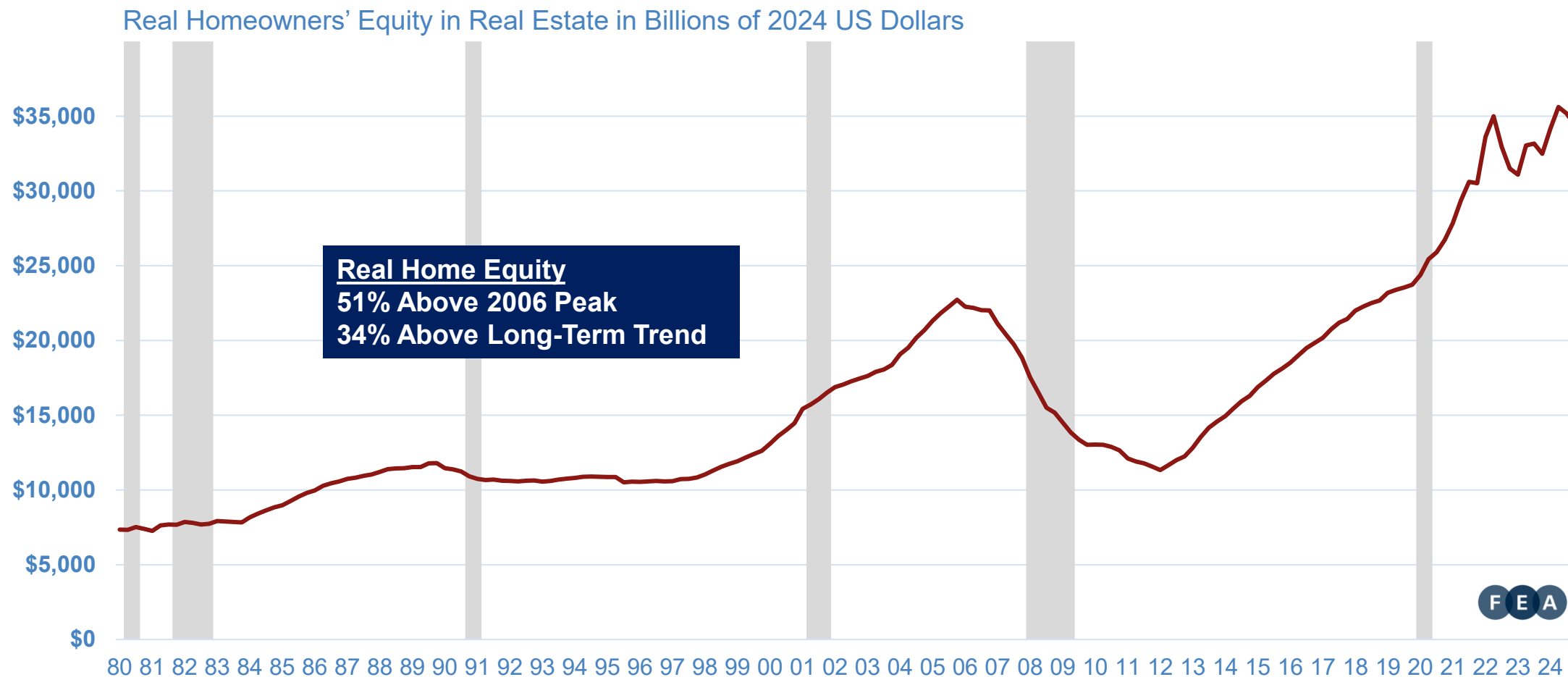


# High Mortgage Rates Are Causing Rate Lock



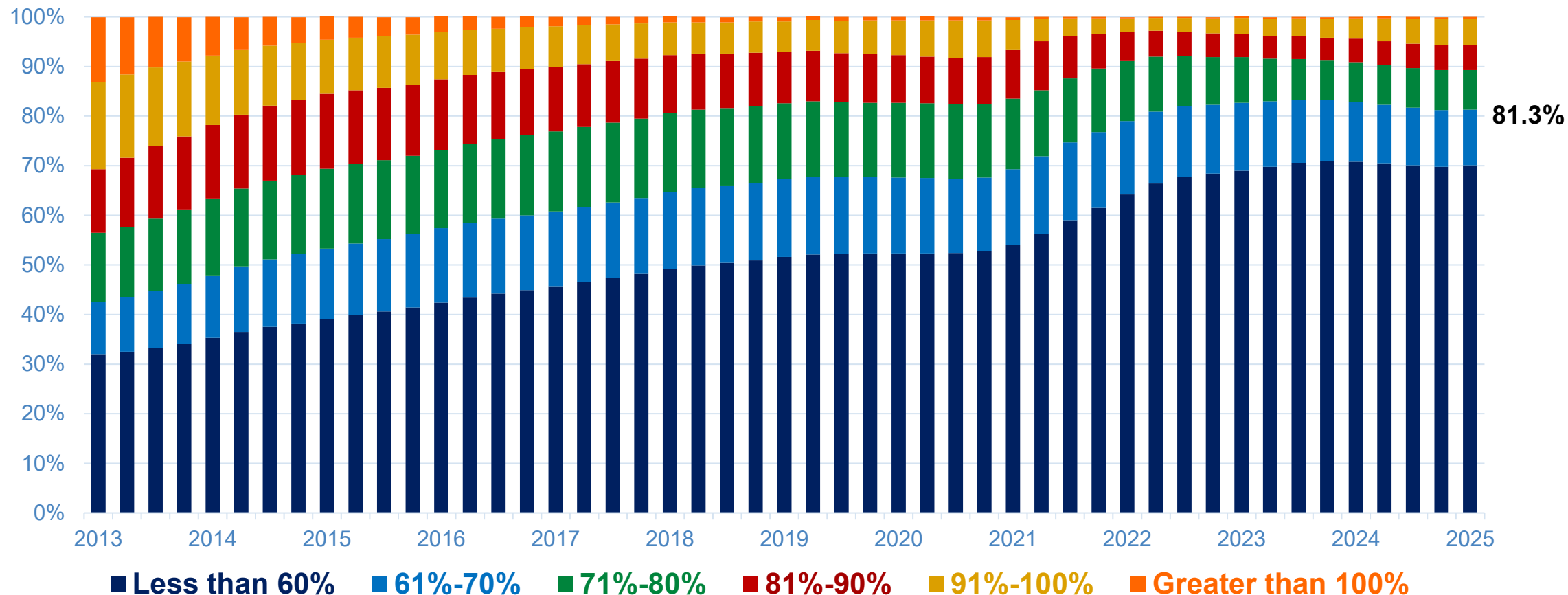
\*Difference of Existing Mortgages from Current Rates  
[www.getfea.com](http://www.getfea.com)

# Swelling Home Equity and Lower Interest Rates Will Support Residential Improvements Spending in 2025-26



# More than 80% of US Mortgage Borrowers Have At Least 30% Equity in Their Homes

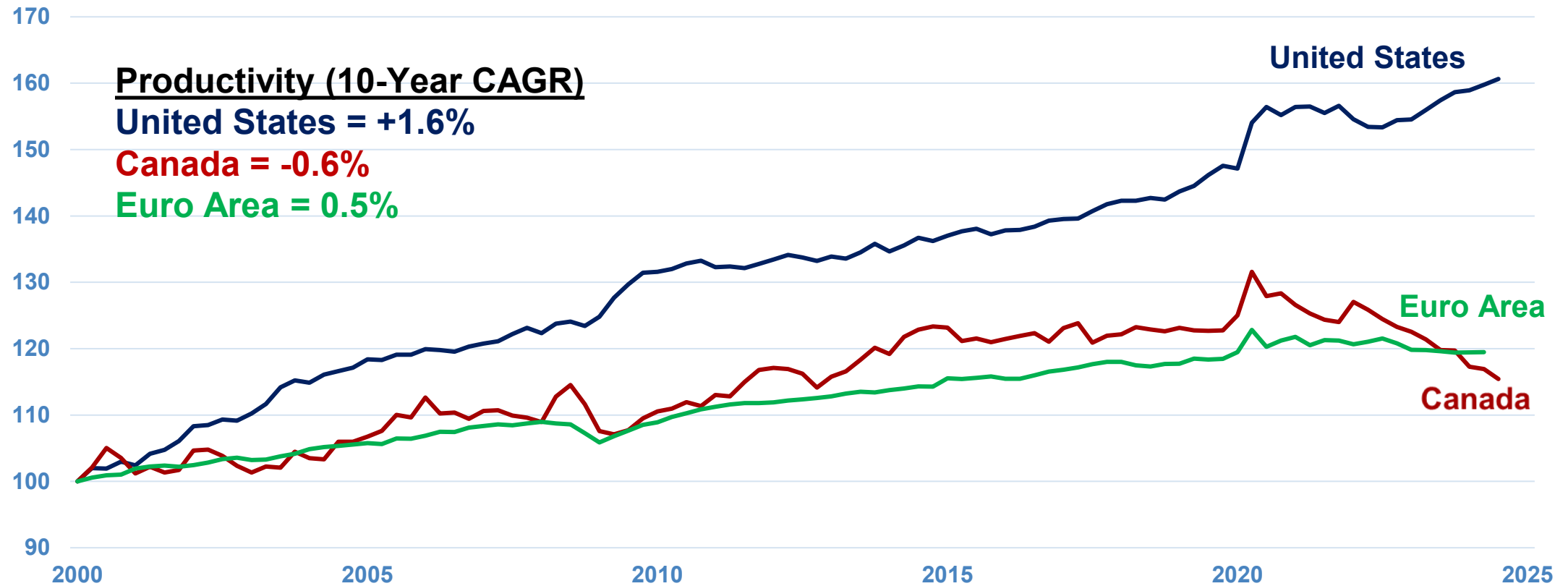
Distribution of Loan-to-Value Ratios Among US Mortgage Borrowers



Source: FHFA's National Mortgage database

# Canada Has A Competitiveness Problem

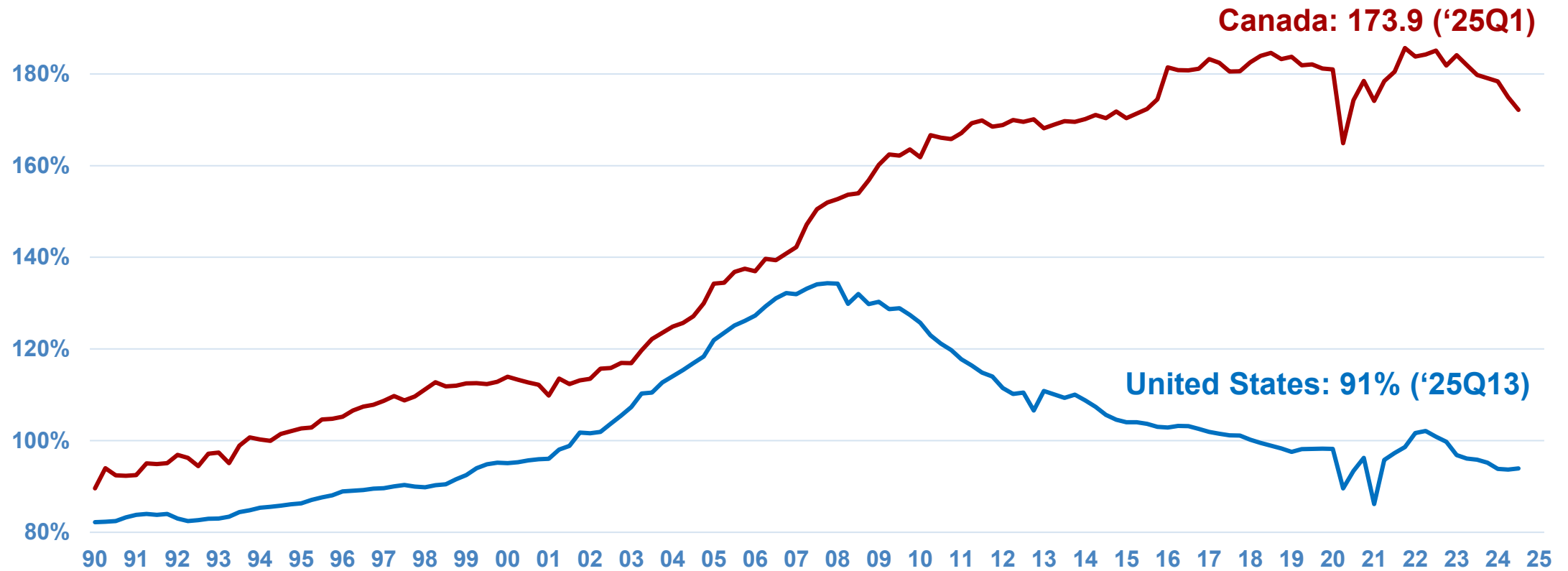
Output per Worker per Hour, 2000Q1=100



Source: Statistics Canada, Bureau of Economic Analysis, Federal Reserve

# Canadian Household Debt is in the Stratosphere

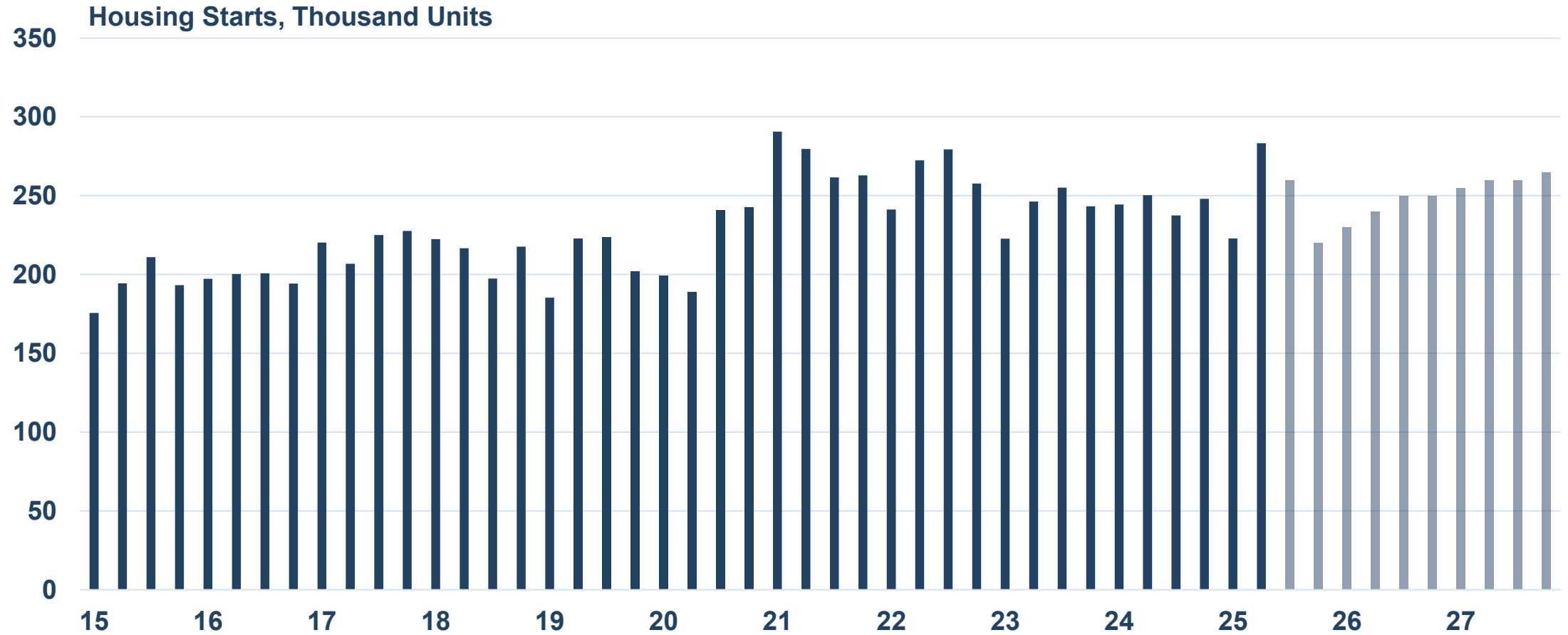
Household Debt as a Percent of Disposable Income



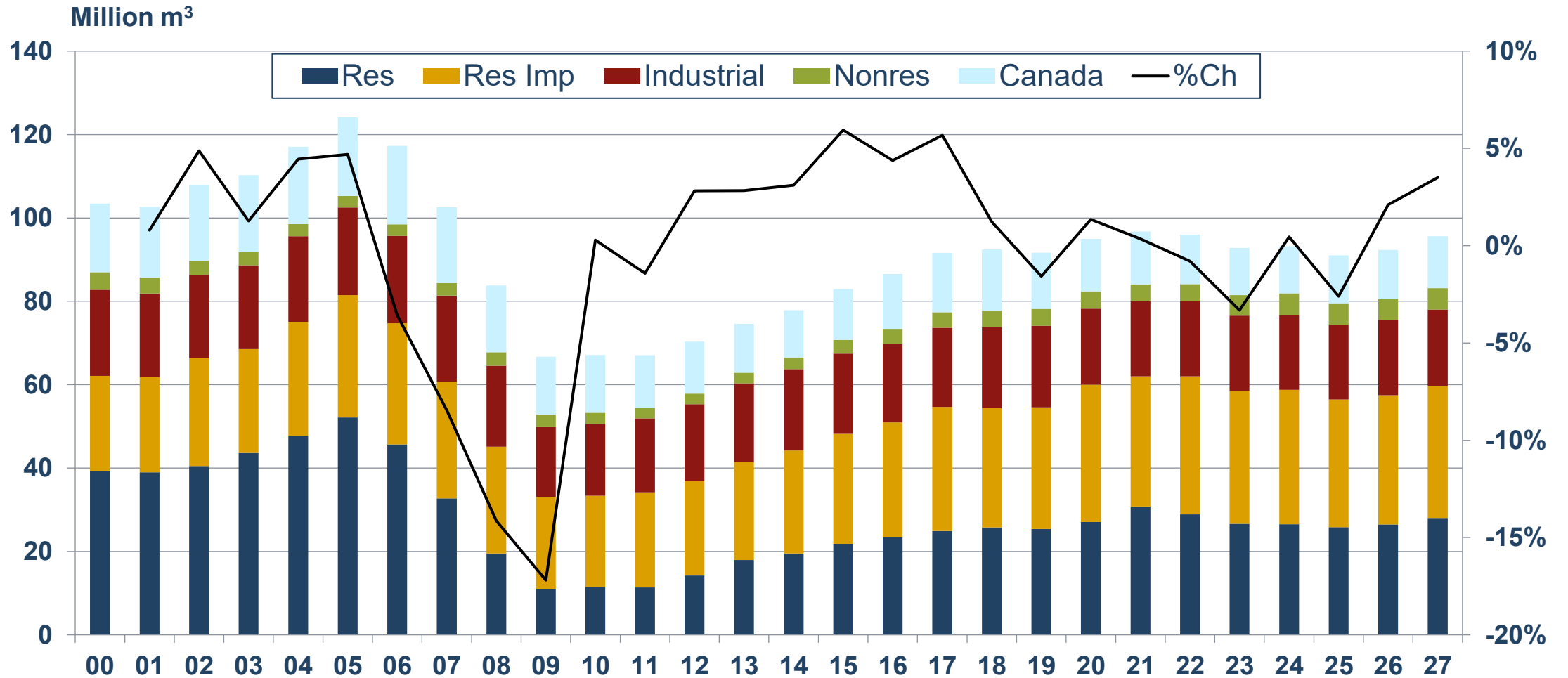
Source: Statistics Canada, Bureau of Economic Analysis, Federal Reserve



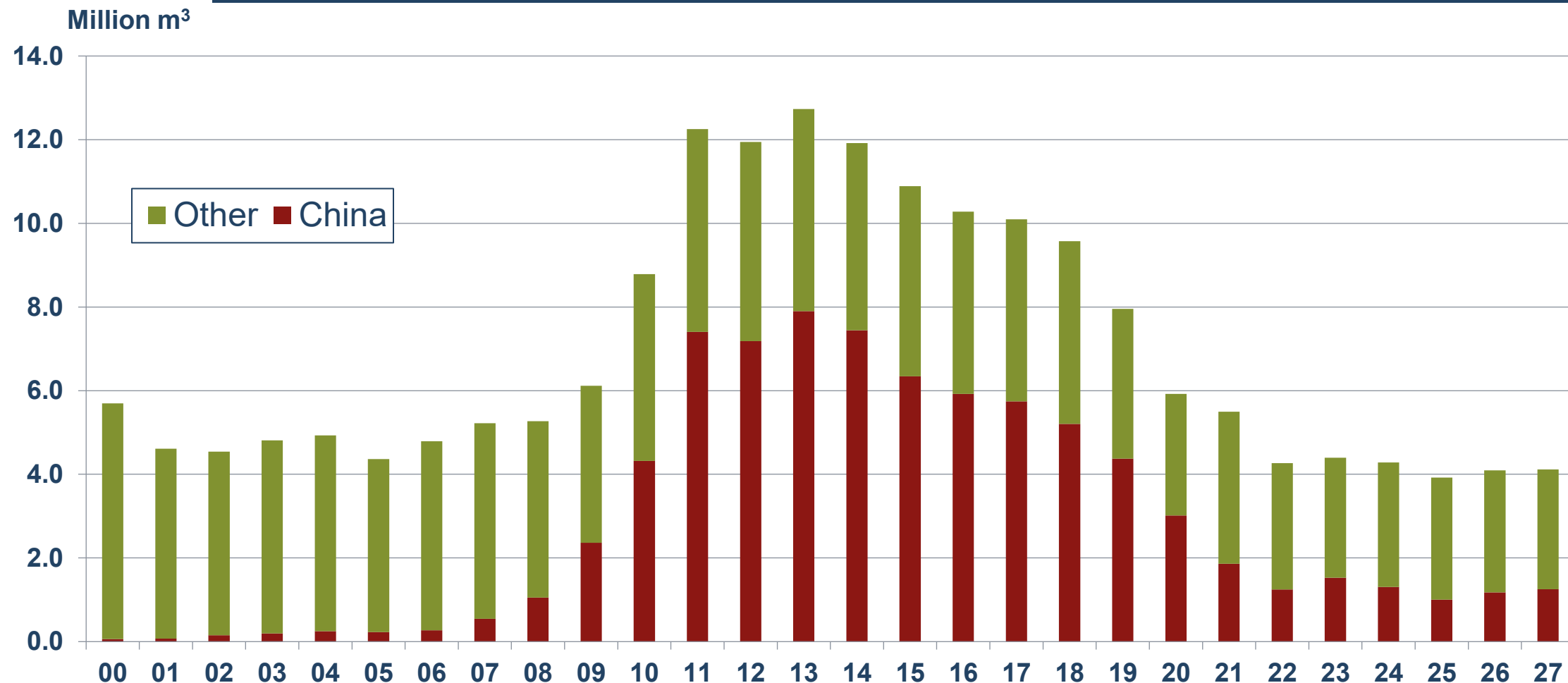
# Starts Will Fall Initially, but Trend Higher



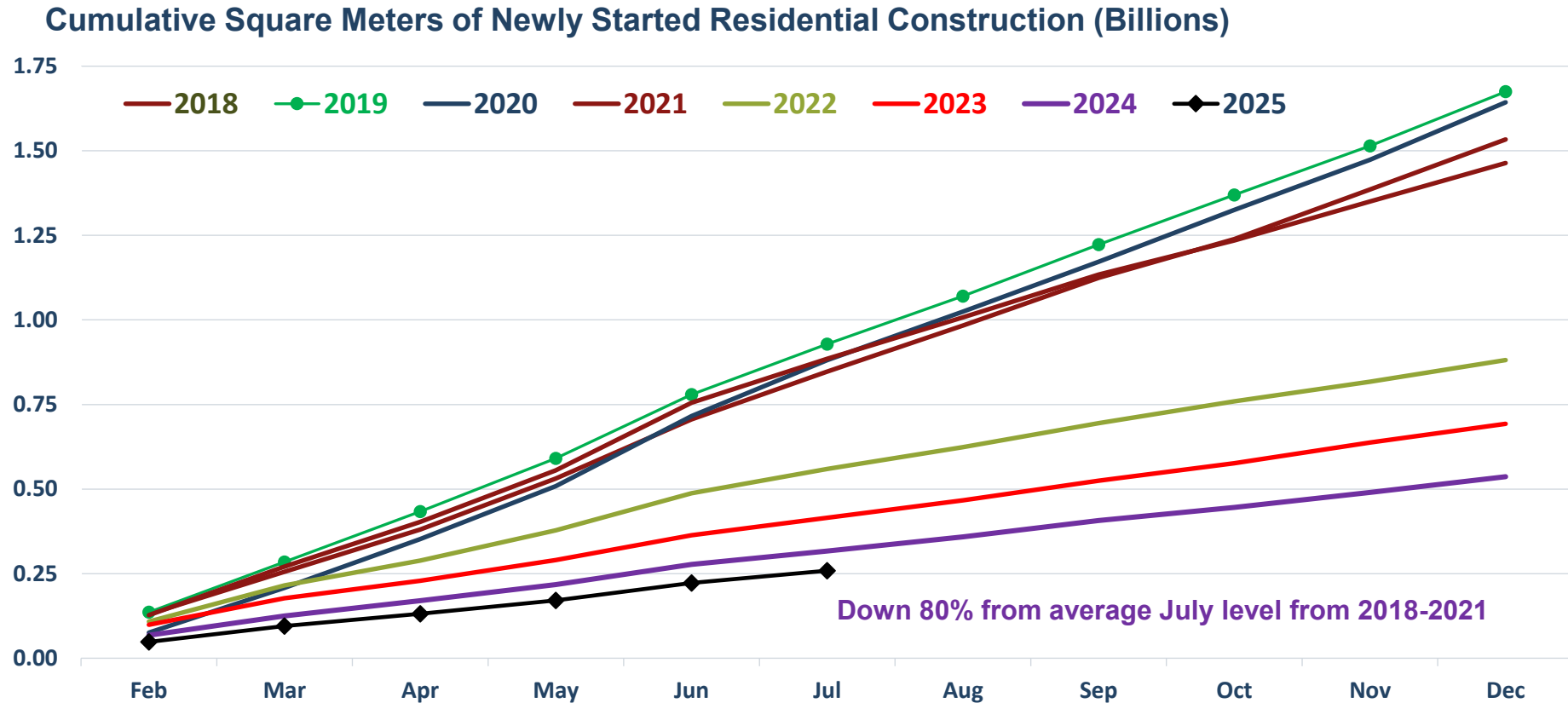
# Sawntimber Consumption Will See Little Growth Next Year



# North American Sawntimber Exports Will Increase But Remain Weak

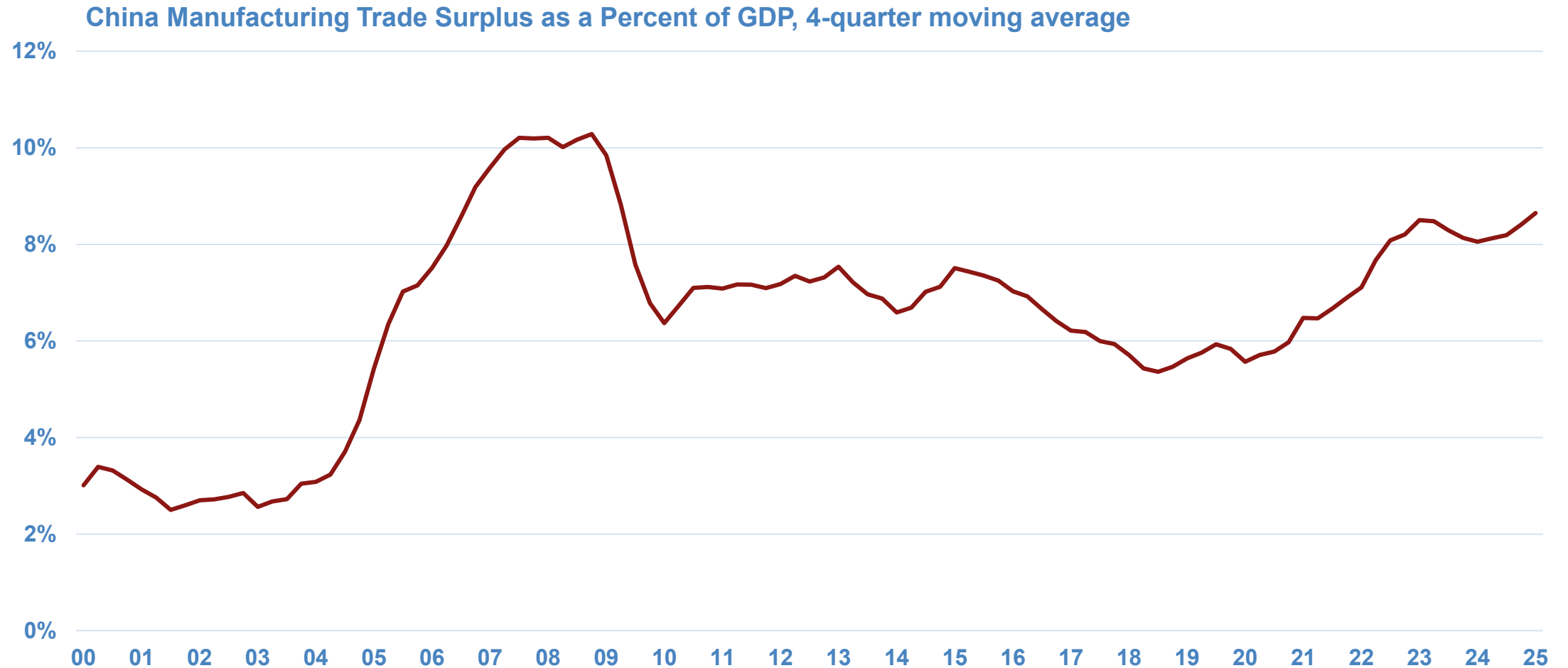


# Chinese Residential Construction is Down Bigly From Pre-Pandemic Level



Source: China National Bureau of Statistics

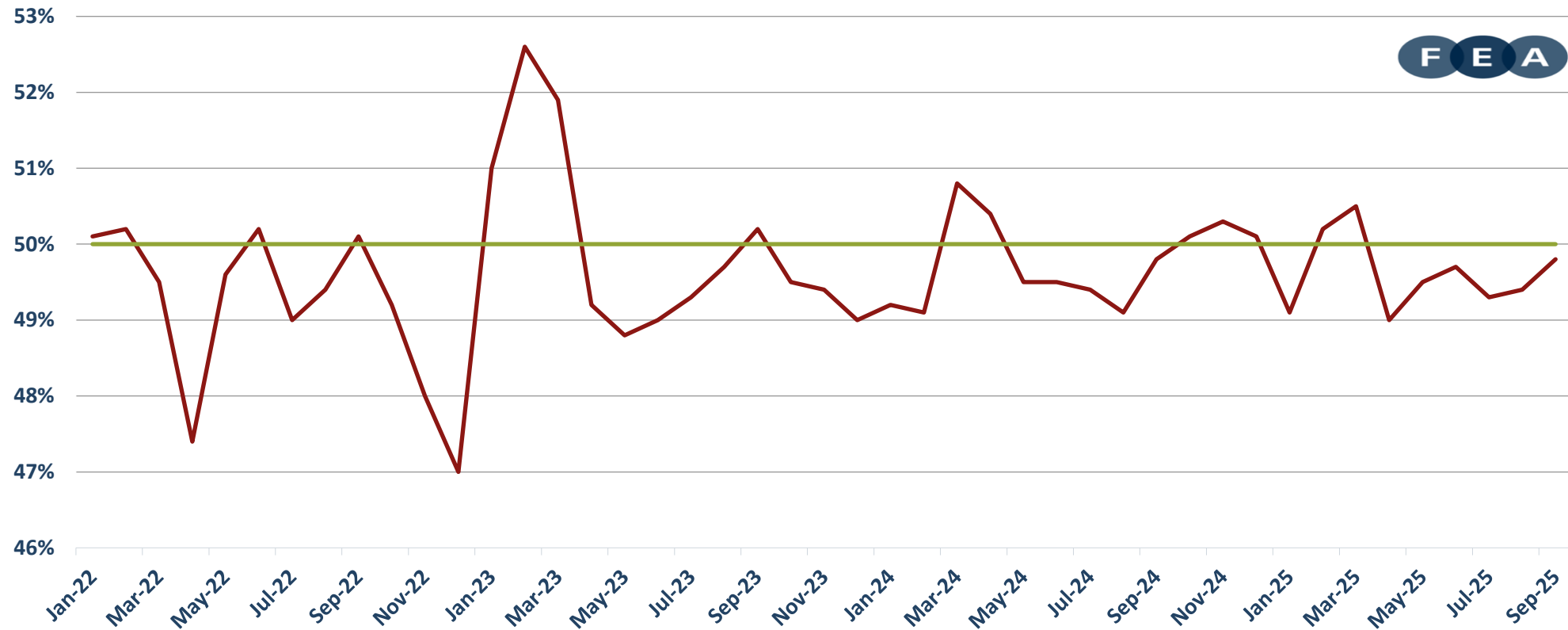
# China Remains Reliant of Manufacturing Exports





# China's Manufacturing Sector Is In A Multi-Year Decline

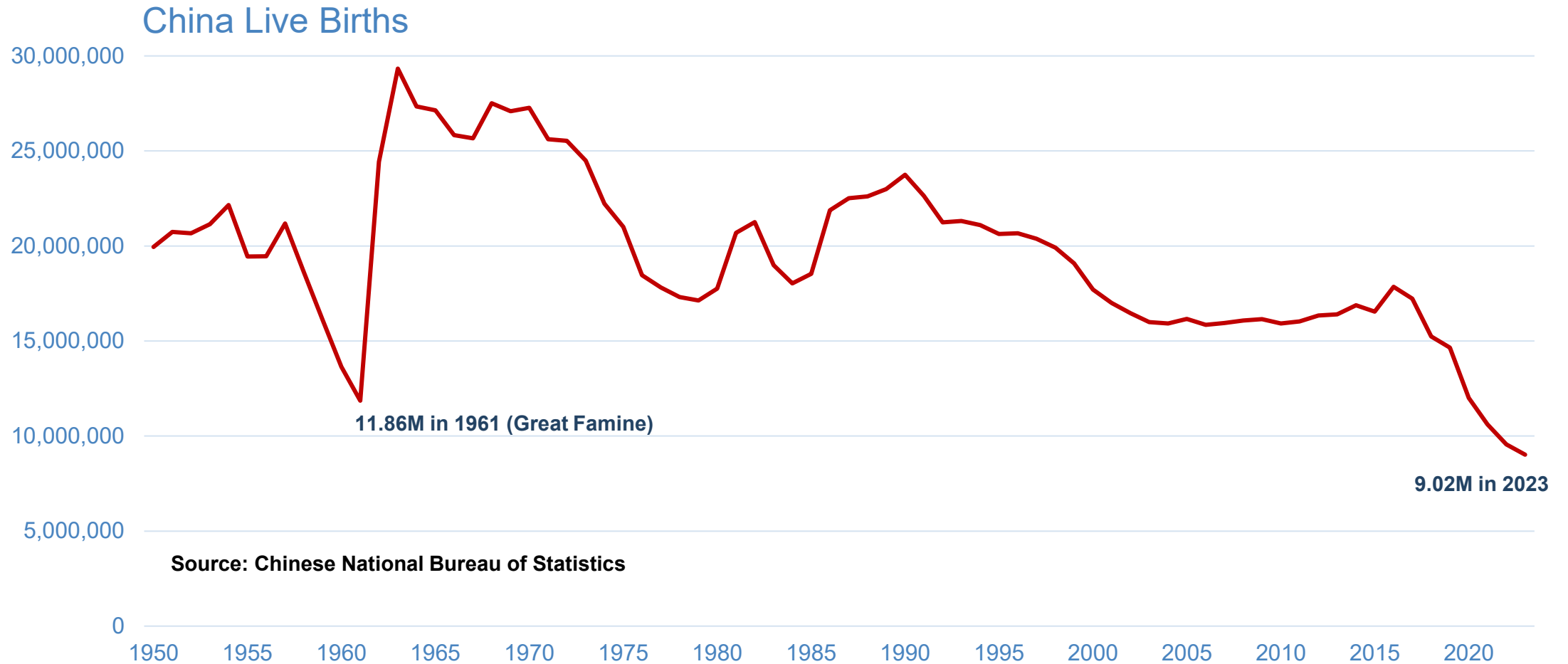
China: Manufacturing PMI (Seasonally Adjusted)



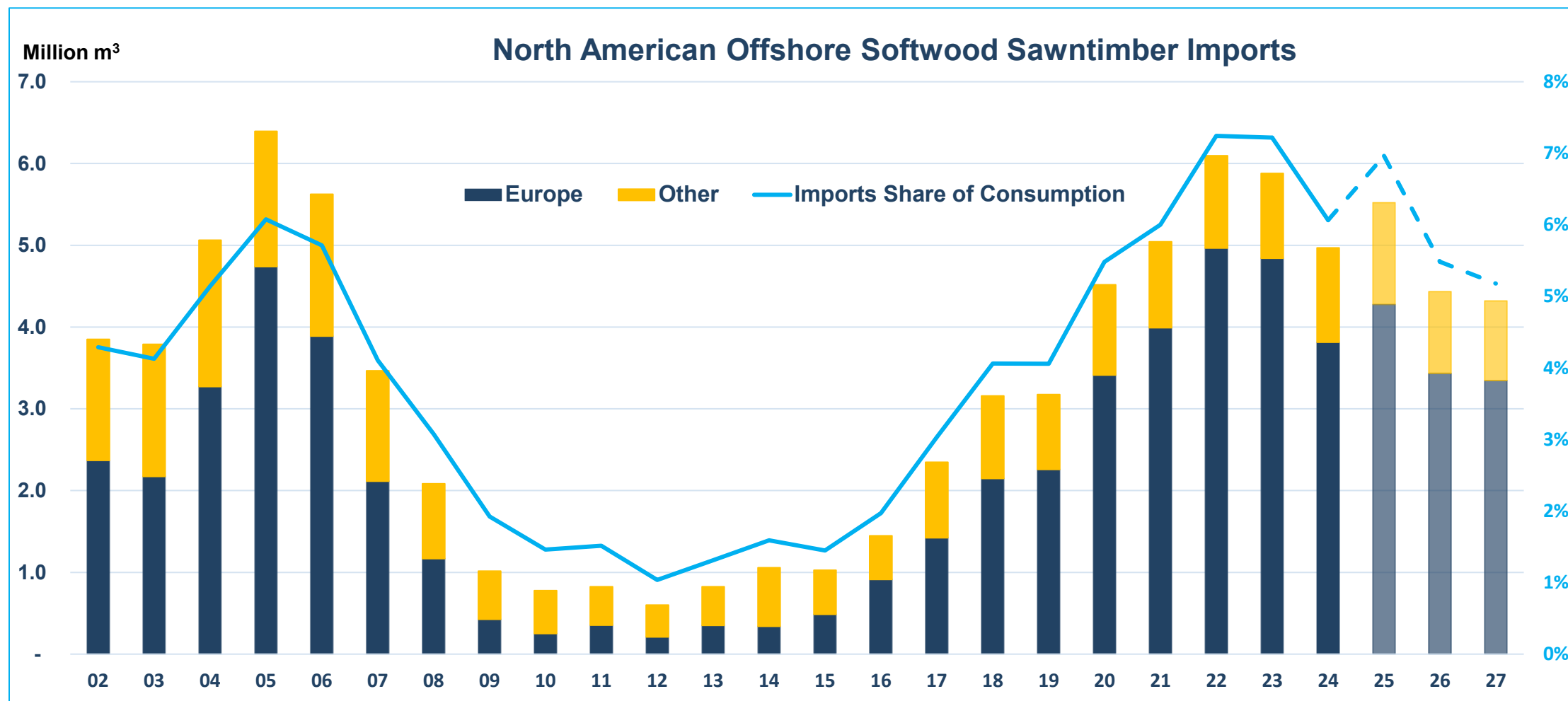
Source: NBS

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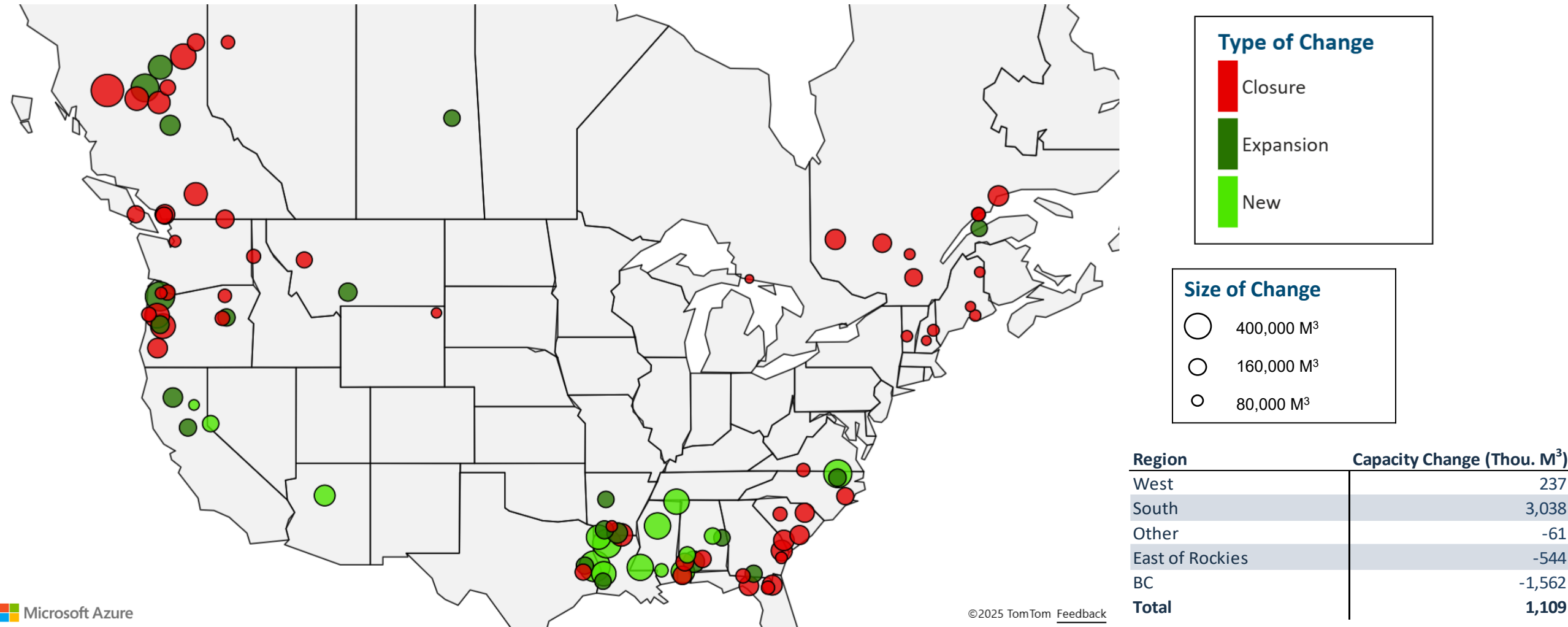
# Chinese Birth Rate is Collapsing



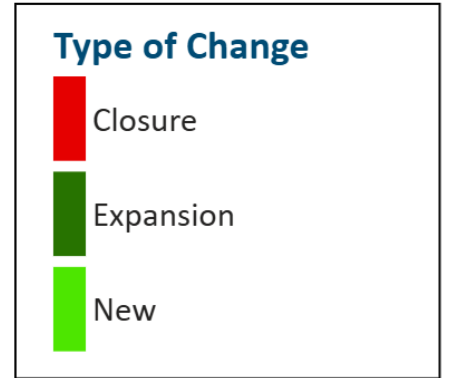
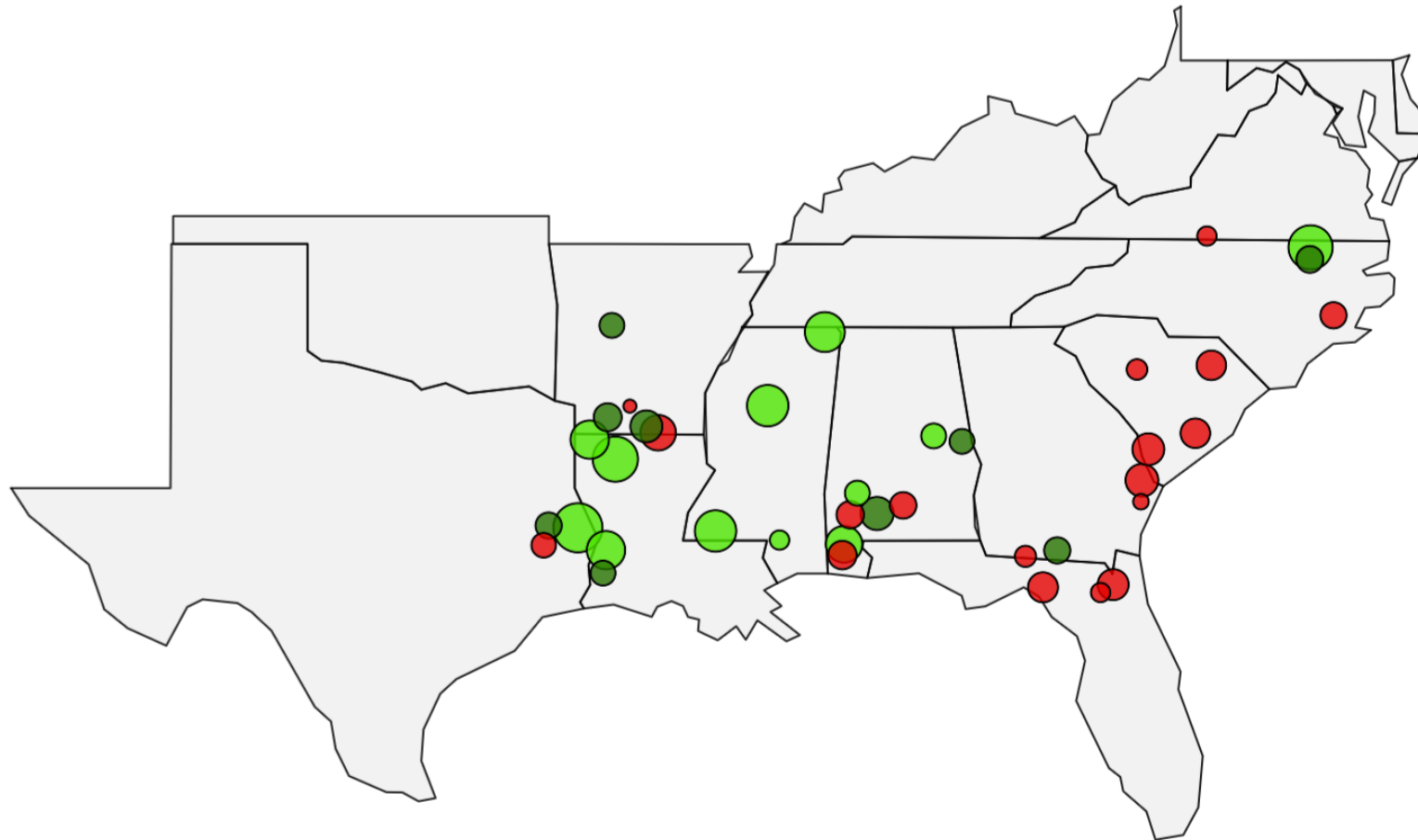
# Softwood Sawntimber Imports Will Fall, But Remain Elevated Relative To The Past Decade



# North American Softwood Sawntimber Capacity Changes | 2023-2025

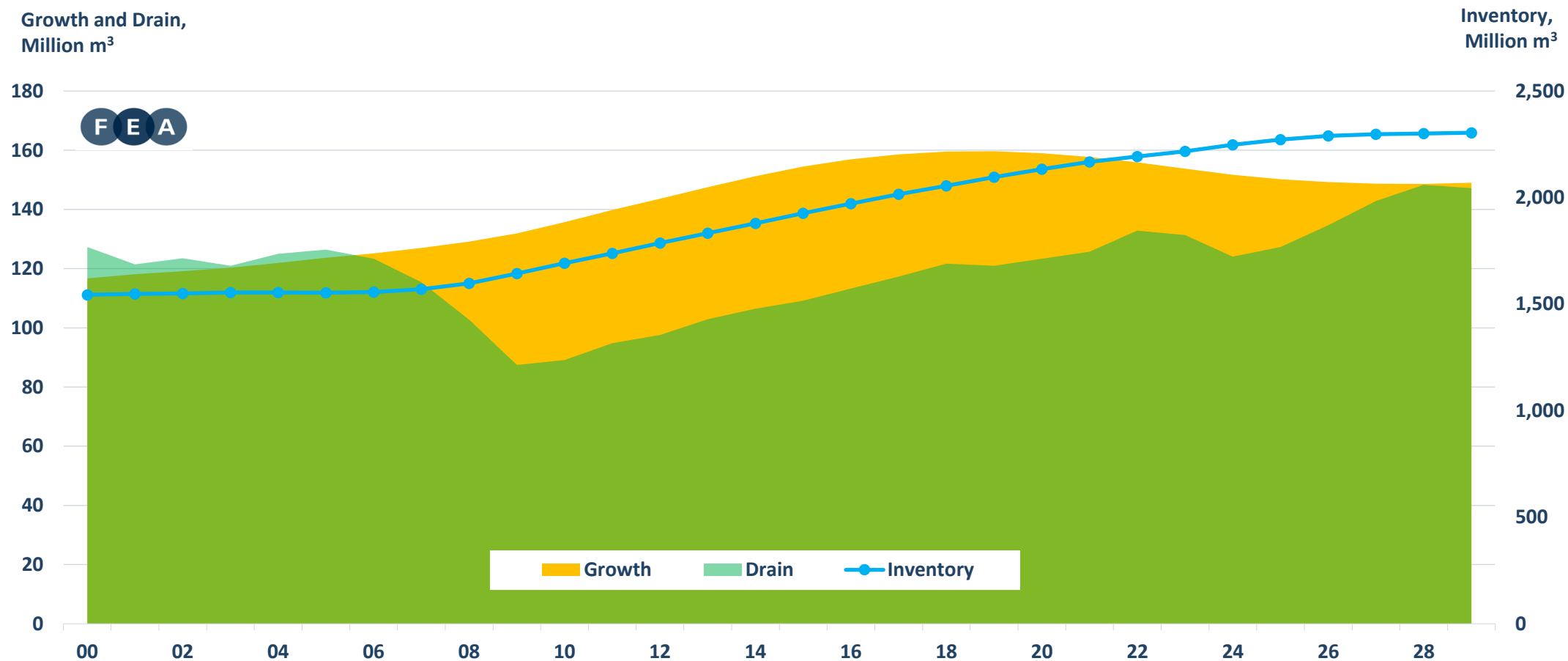


# South Softwood Sawntimber Capacity Changes | 2023-2025



South	
Type of Change	Capacity Change (Thou. M <sup>3</sup> )
Closure	-1,914
Expansion	1,048
New	3,904
<b>Total</b>	<b>3,038</b>

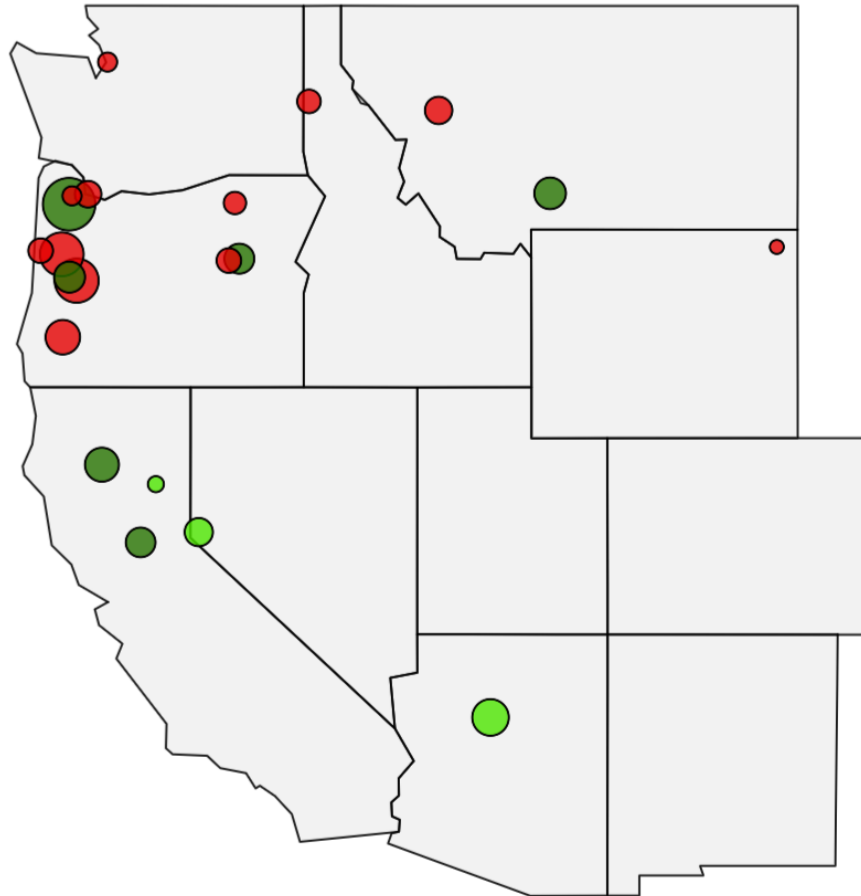
# The Softwood Sawtimber Supply Conditions in the US South Are Driving Capacity Expansion



Source: FEA's North American Timber Forecast Service

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# West Softwood Sawntimber Capacity Changes | 2023-2025



## Type of Change



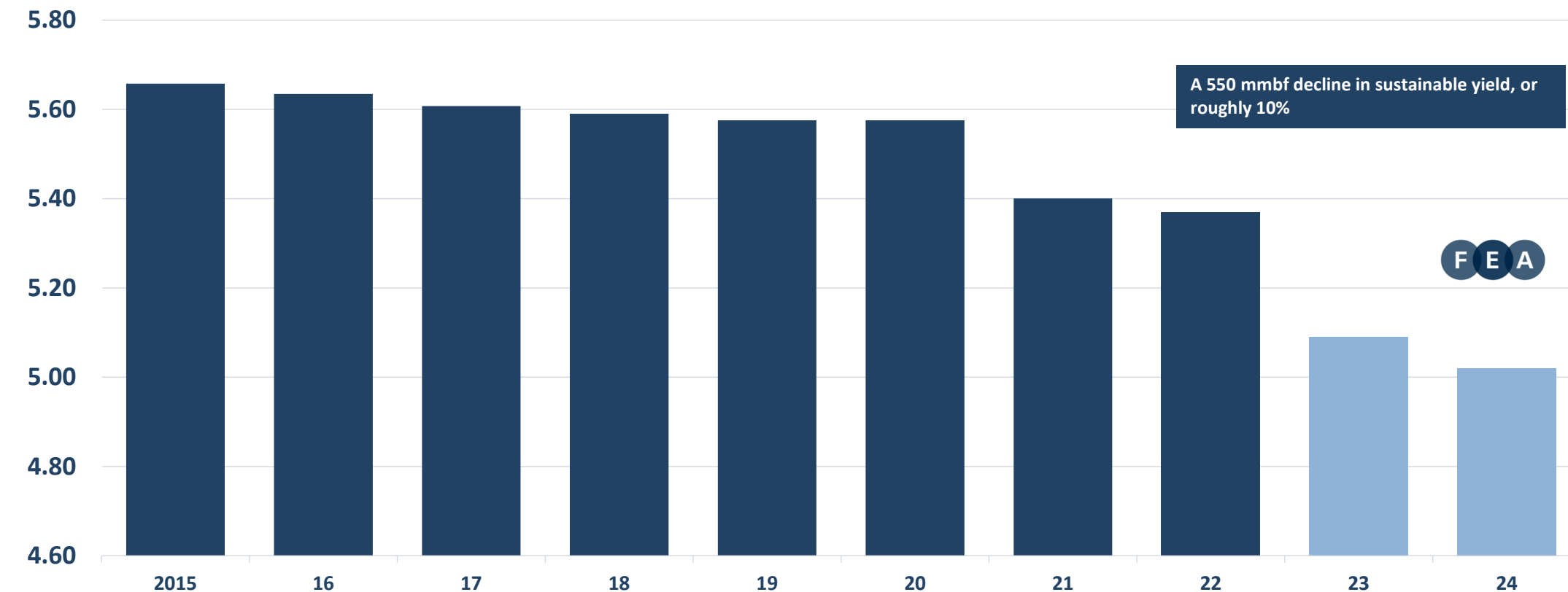
## West

Type of Change	Capacity Change (Thou. M <sup>3</sup> )
Closure	-1,166
Expansion	1,123
New	280
<b>Total</b>	<b>237</b>

# The Outlook for Available Log Supply in the US West Coast Continues to Erode

## Private Softwood Sawtimber Sustainable Yield, US West Coast

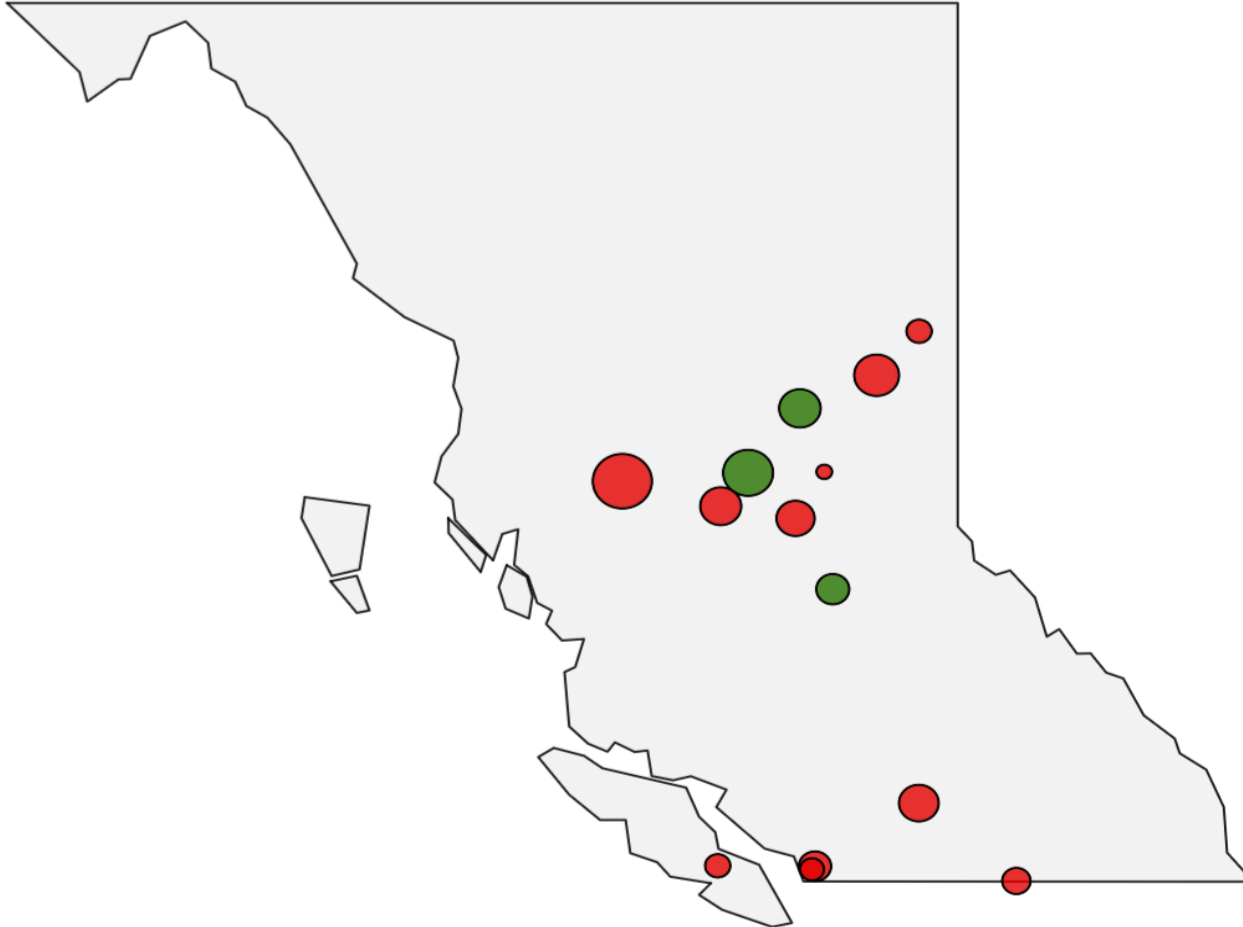
BBF, Int'l 1/4"



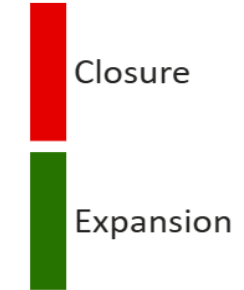
Source: FEA's North American Timber Service, 23Q4



# BC Softwood Sawntimber Capacity Changes | 2023-2025



## Type of Change

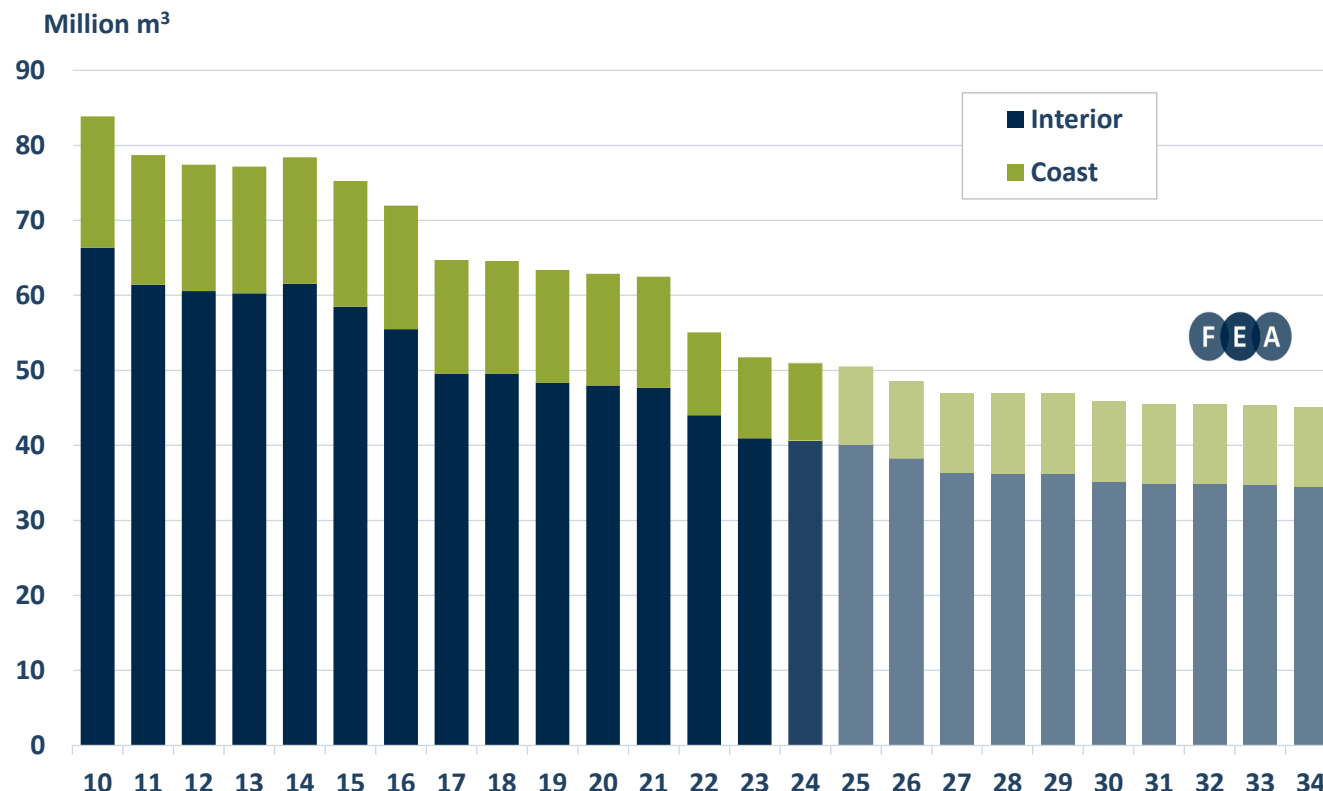


## BC

Type of Change	Capacity Change (Thou. M <sup>3</sup> )
Closure	-2,498
Expansion	936
<b>Total</b>	<b>-1,562</b>

# There are Multiple Factors Constraining Timber Supply in British Columbia

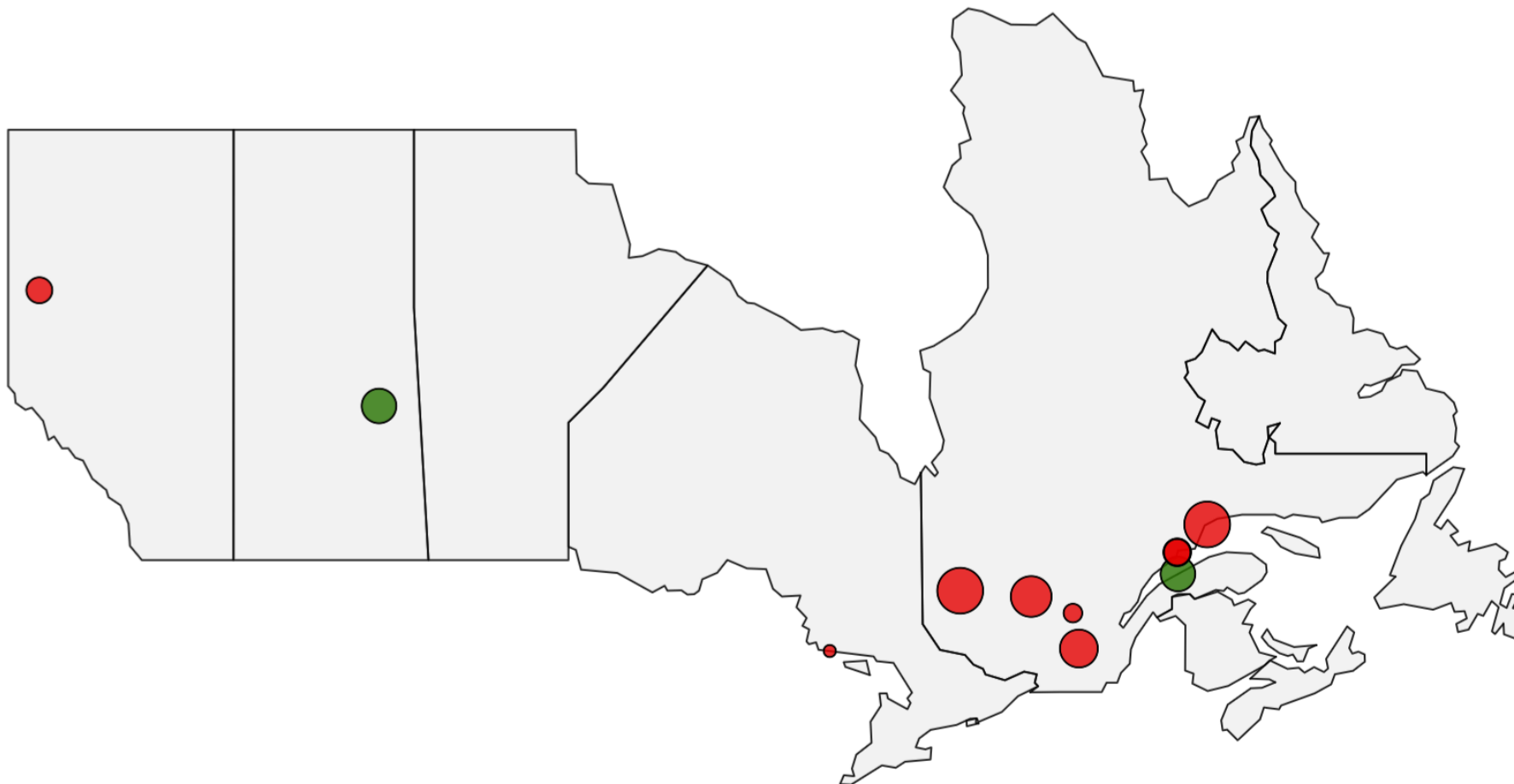
**British Columbia Annual Allowable Cut**



Source: BC Ministry of Forests, FEA

- The primary reason for the drop is the decline of salvageable beetle-killed logs from the mountain pine beetle (MPB) epidemic. The infestation killed an estimated 54% of the 1.35 billion cubic meters of merchantable lodgepole pine resource. The province is also dealing with the largest spruce bark beetle since the 1980s.
- The province has also experienced record-level wildfires in recent years, and the risk of future severe wildfire seasons remains elevated.
- Efforts to protect the habitat of southern mountain caribou herds will likely remove timberland from the timber-harvesting land base.
- The province placed a harvest deferral on old-growth forests, further removing land from the timber-harvesting land base.
- Current projections of the Interior's AAC show a 10% decline over the 2025–34 period.

# East of the Rockies Softwood Sawntimber Capacity Changes | 2023-2025



## Type of Change

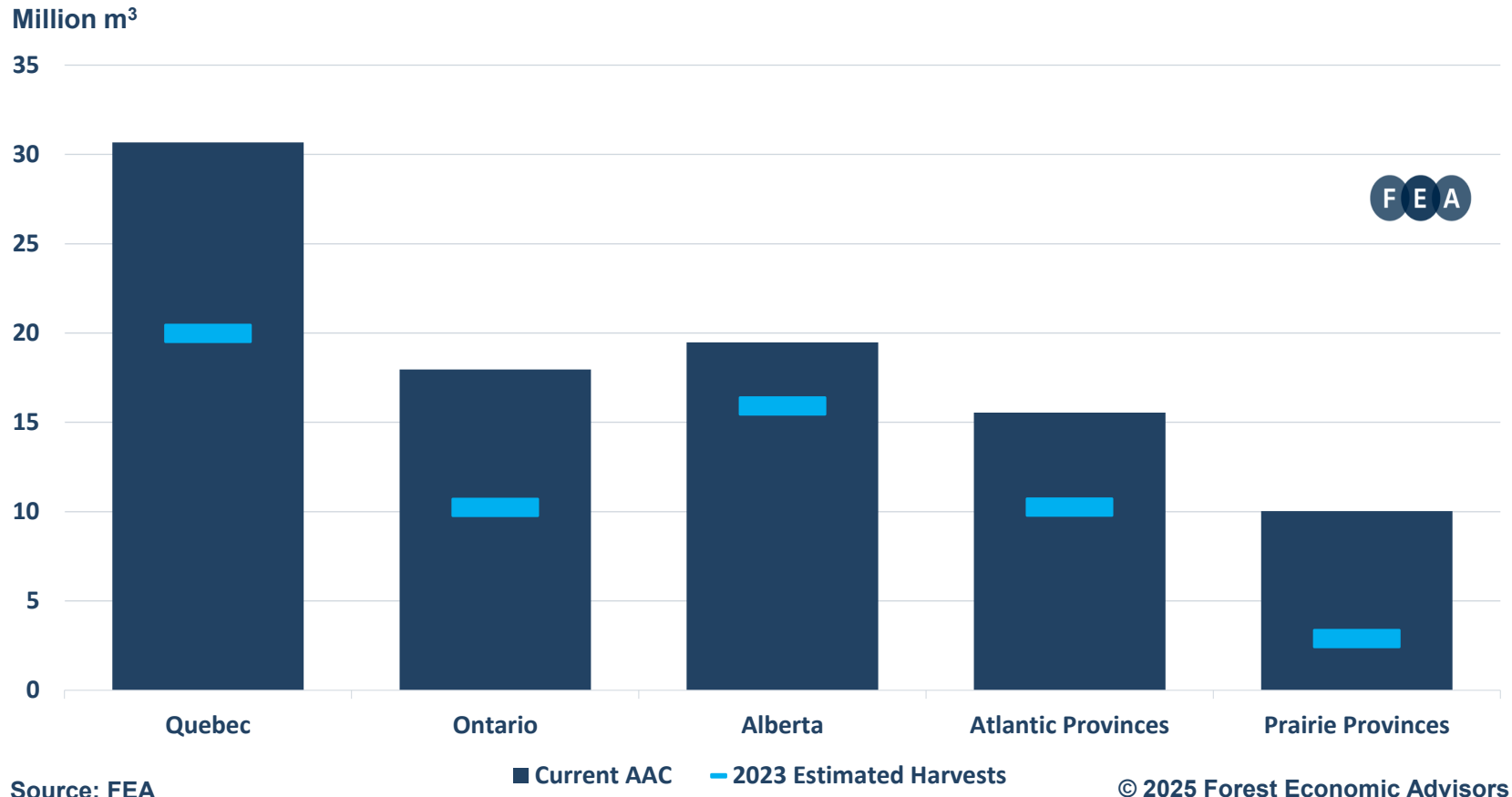
Closure

Expansion

## East of the Rockies

Type of Change	Capacity Change (Thou. M <sup>3</sup> )
Closure	-704
Expansion	160
<b>Total</b>	<b>-544</b>

# Opportunities to Increase Harvest Levels in Eastern Canada Will Be Increasingly Limited



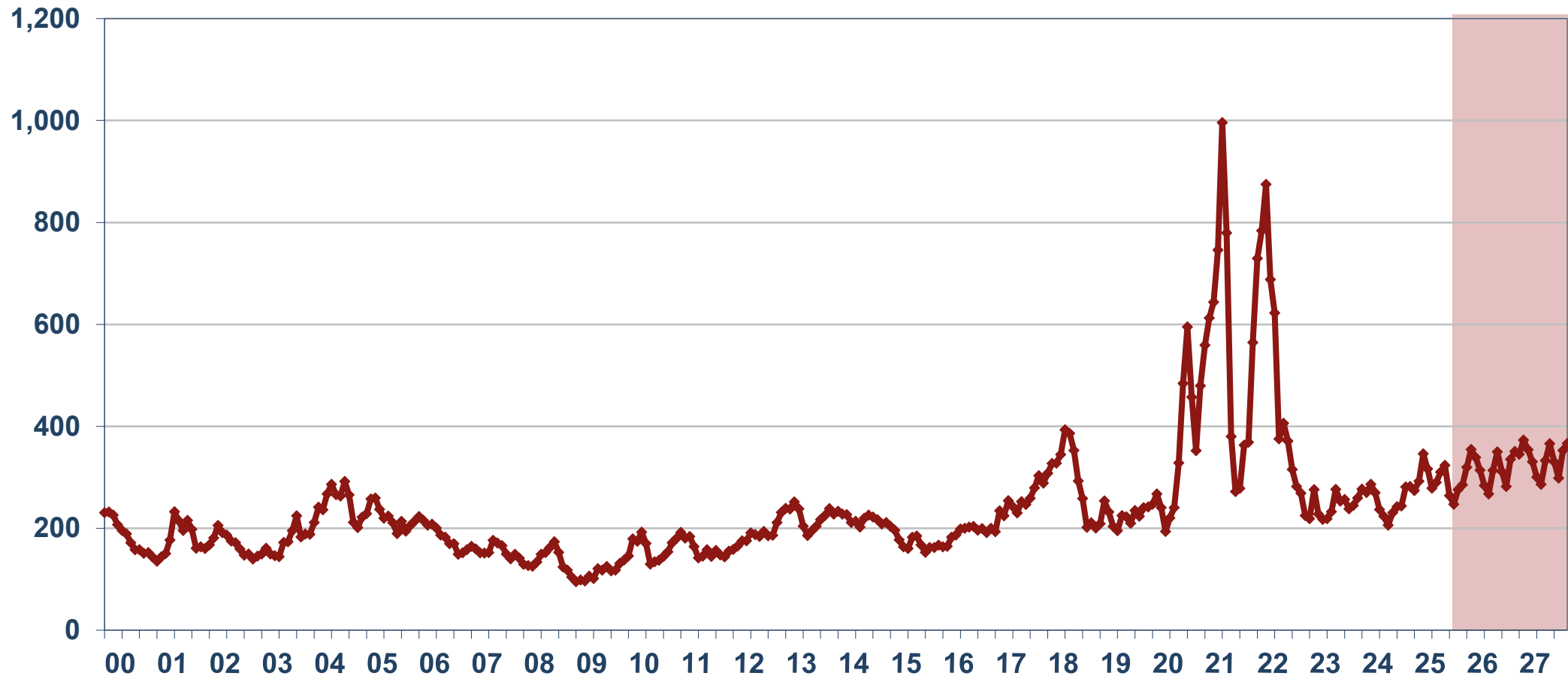
# Duties And Tariffs Are Up Sharply

## AR6 Final Determination (Revised) & Section 232 Tariffs

	Antidumping Duty	Countervailing Duty	Section 232	Total
Canfor	35.47%	12.12%	10.00%	57.59%
West Fraser	9.65%	16.82%	10.00%	36.47%
All Others (Canada)	20.53%	14.63%	10.00%	45.16%
Offshore Imports	N/A	N/A	10.00%	10.00%

# Prices Will Continue Moving Higher in 2026-27

Western SPF 2x4, \$US/M<sup>3</sup>







## LUMBER | COMPOSITES & PRICE CHANGES

Kiln-Dried | FOB Mill | US\$ per Thousand Board Feet (MBF) | Unless Otherwise Noted

### FRAMING LUMBER COMPOSITES

	THIS WEEK	LAST WEEK	W/W CHG	4-WK AVG	YEAR AGO	Y/Y CHG
Southern Pine	306	323	-17	325	324	-6%
Western SPF	457	501	-44	489	446	2%
Eastern SPF	588	608	-20	603	503	17%
Douglas-Fir (Green)	419	411	+8	423	415	1%

### SOUTHERN PINE

	THIS WEEK	LAST WEEK	W/W CHG	4-WK AVG	YEAR AGO	Y/Y CHG
WESTSIDE						
2x4 #2, RL	321	349	-28	347	347	-7%
CENTRAL						
2x4 #2, RL	319	336	-17	338	347	-8%
EASTSIDE						
2x4 #2, RL	347	366	-19	369	386	-10%

### SPRUCE-PINE-FIR

	THIS WEEK	LAST WEEK	W/W CHG	4-WK AVG	YEAR AGO	Y/Y CHG
WESTERN SPF   MILL						
2x4 #2&Btr, RL	480	519	-39	517	397	21%
2x4-9' Stud P.E.T.	424	465	-41	455	336	26%
EASTERN SPF   DELIVERED BOSTON						
2x4 #2&Btr, RL	618	629	-11	626	479	29%
2x4-9' Stud P.E.T.	554	592	-38	582	427	30%
EASTERN SPF   DELIVERED GREAT LAKES						
2x4 #2&Btr, RL	627	644	-17	647	506	24%
2x4-9' Stud P.E.T.	604	617	-13	608	442	37%

EASTERN SPF   DELIVERED TORONTO, CANADIAN DOLLAR						
2x4 #2&Btr, RL	636	663	-27			
EASTERN SPF   DELIVERED MONTREAL, CANADIAN DOLLAR						
2x4 #2&Btr, RL	628	643	-15			

### US WEST SPECIES

	THIS WEEK	LAST WEEK	W/W CHG	4-WK AVG	YEAR AGO	Y/Y CHG
DOUGLAS-FIR (COAST)						
2x4 #2&Btr, RL	545	556	-11	551	461	18%
2x4-9' #2&Btr P.E.T.	431	458	-27	468	364	18%
DOUGLAS-FIR, GREEN (COAST)						
2x4 #2&Btr, RL	427	446	-19	446	452	-6%
2x4-9' #2&Btr P.E.T.	435	409	+26	430	367	19%

Kiln-Dried | US\$ per Thousand Board Feet (MBF) | Unless Otherwise

	SOUTHERN PINE			SPRUCE-PINE-FIR				
	WEST	CENTRAL	EAST	WESTERN CANADA	SOUTH	EASTERN CANADA	DOUGLAS-FIR	DOUGLAS-FIR
WESTERN CANADA								
Edmonton, AB	—	—	—	57	—	—	56	—
Vancouver, BC	—	—	—	61	—	—	20	—
US WEST								
Denver, CO	—	—	—	135	—	—	108	128
Los Angeles, CA	—	—	—	146	—	—	84	99
Phoenix, AZ	—	—	—	168	—	—	116	137
Portland, OR	—	—	—	63	—	—	15	17
Salt Lake City, UT	—	—	—	112	—	—	67	79
MIDWEST								
Detroit, MI	161	129	86	354	—	—	150	143
Chicago, IL	126	101	85	144	—	—	134	127
Columbus, OH	142	108	68	168	—	—	152	145
Kansas City, KS	75	90	96	141	—	—	113	108
Minneapolis, MN	128	141	135	116	—	—	309	304
SOUTHWEST								
Dallas, TX	21	73	124	147	—	—	122	120
Little Rock, AR	68	47	84	153	—	—	132	130
SOUTH CENTRAL								

### GREEN DOUGLAS-FIR (GDF)

As the gap between green GDF std&btr and #2&btr and KD Doug-fir continues to widen, producers capable of manufacturing both have transitioned production to the more lucrative KD products. This has led to reduced GDF availability, but limited buyer interest has producers quoting prices firm on the wides and lower on narrow widths.

Demand for low-grade GDF remains weak, with producers quoting #3 and #4 dimension lumber firm to lower. Lower-priced GDF studs continue to attract buyers able to switch between KD and green, enabling mills to maintain prices near last Friday's levels.

GDF mills quoted shipment for the week of September 1.



### SOUTHERN PINE (SYP) LUMBER

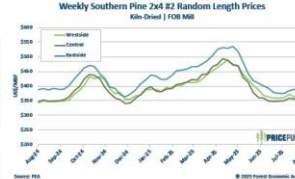
The Southern pine #1 and #2 dimension lumber markets continue to lack urgency. An influx of imported European spruce and lower-priced pine products from South America did little to encourage speculative buying. Sluggish sales led to an inventory buildup, and producers and secondaries started the week searching for a new trading level. Construction-grade SYP is being quoted firm to lower, with producers encouraging firm counteroffers.

Sales of SYP high-grade continue to outperform those of construction-grade items. Reduced availability enabled producers to quote high-grade firm to higher.

SYP low-grade sales and availability vary between zones. Producers are quoting #3 and #4 dimension lumber—depending on the region—close to last Friday's levels. Slower price appreciation in other stud trim species is creating downward pressure on the SYP stud trim market.

Sales of 4x6 #2 remain a bright spot, although upward pressure is easing. Buyer interest in 4x4 and 6x6 is "hit or miss," and mills are quoting these items firm to lower. Sales of 5/4x6 standard and premium-grade radius-edge decking (RED) remain subpar, with producers in both zones quoting RED firm to lower.

SYP mills quoted shipment for the week of September 1.



## LUMBER | SOUTHERN PINE

Kiln-Dried | FOB Mill | US\$ per Thousand Board Feet (MBF) | Unless Otherwise Noted

### SOUTHERN PINE DIMENSION & MSR LUMBER

	RL	8'	10'	12'	14'	16'	18'	20'
WESTSIDE								
2x4 #1	374	400	333	326	379	399	400	402
2x6	317	305	305	305	337	355	323	336
2x8	341	332	348	354	323	355	318	329
2x10	330	335	369	341	304	352	299	300
2x12	380	386	368	361	315	371	325	447
2x4 #2	339	355	313	303	337	385	336	332
2x6	295	264	283	315	306	317	291	270
2x8	308	290	282	302	315	330	284	313
2x10	272	277	277	276	277	290	239	261
2x12	382	310	339	333	302	393	327	480
2x4 #3/Unl.	312	299	299	285	319	357	—	—
2x6 #3	222	211	208	221	239	232	—	—
2x8	238	227	229	237	247	251	—	—
2x10	215	211	213	213	218	211	—	—
2x12	228	218	218	231	242	239	—	—
2x4 Eco/4	194	186	209	—	—	—	—	—
2x6	169	156	157	—	—	—	—	—

### SOUTHERN PINE DIMENSION & MSR LUMBER

	RL	8'	10'	12'	14'	16'	18'	20'
EASTSIDE								
2x4 #1	380	371	364	350	384	398	420	428
2x6	319	311	312	361	334	318	353	398
2x8	351	341	343	369	337	344	365	363
2x10	370	331	362	388	359	371	343	415
2x12	407	425	412	430	367	383	503	779
2x4 #2	360	352	328	332	378	377	360	384
2x6	308	255	314	318	330	301	318	302
2x8	306	285	317	311	301	310	299	312
2x10	293	226	286	292	297	305	284	342
2x12	339	290	303	364	311	350	366	449
2x4 #3/Unl.	299	260	301	311	327	323	—	—
2x6 #3	232	210	240	234	246	252	—	—
2x8	242	233	238	244	251	253	—	—
2x10	209	191	205	205	222	230	—	—
2x12	255	248	250	242	266	267	—	—
2x4 Eco/4	183	168	188	185	193	195	—	—
2x6	189	185	194	199	212	206	—	—
2x8	217	215	226	234	241	236	—	—

### SYP STUDS

P.E.T.	SOUTH
2x4-9' Stud	411

## COAST DIMENSION

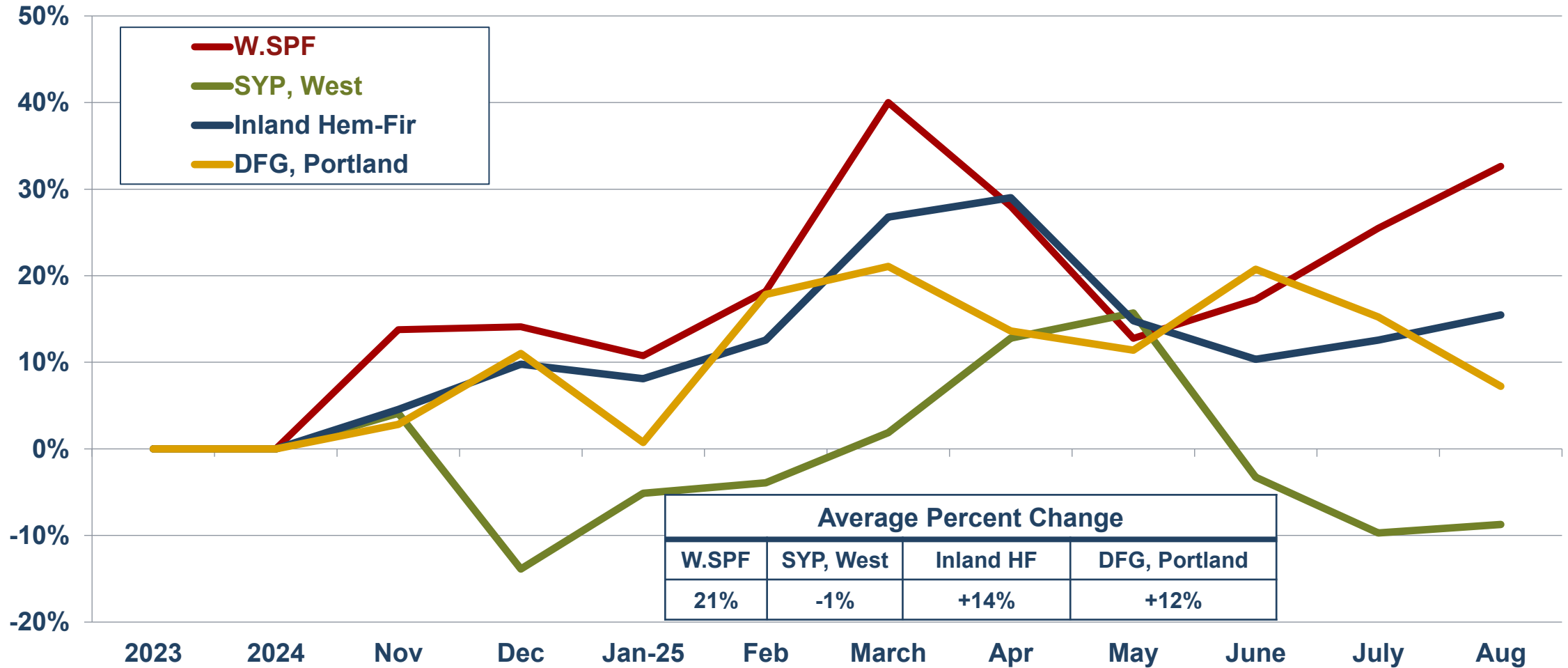
### HEM-FIR

	8'	10'	12'	14'	16'	18'	20'
2x4 #2&Btr	504	369	474	496	516	527	525
2x6	387	285	383	375	383	411	419
2x8	401	292	349	383	393	457	437
2x10	377	246	338	346	405	389	392
2x12	377	264	290	364	372	438	386

FEA Prices  
Are From  
PricePulse

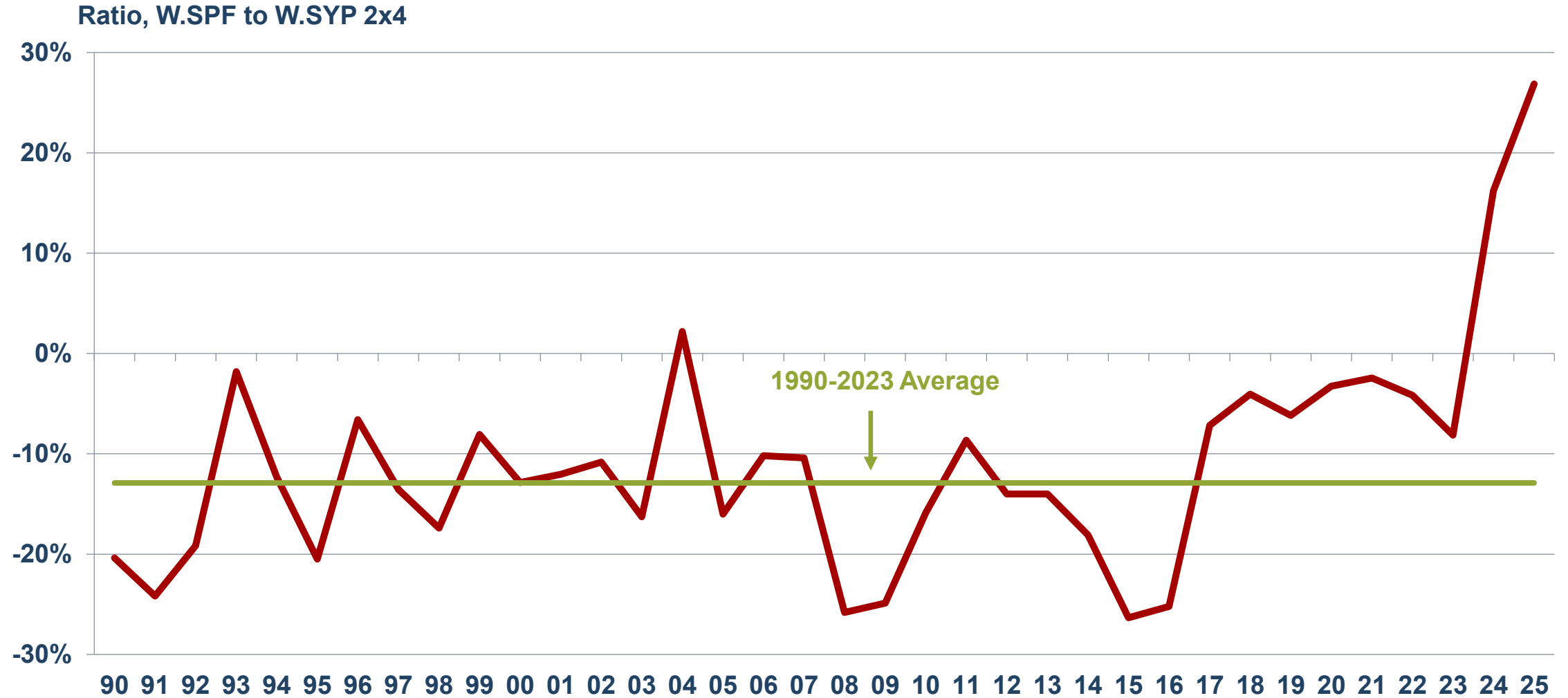
# Duties And Mill Closures Have Caused Prices To Surge

Change From 2023-Oct 2024 Average





# US Consumers Are Willing To Pay Higher Prices For SPF



# Big Changes In Lumber Prices Decrease Affordability Less Than A 10 Basis Point Increase in Interest Rates

## A 25% Increase in All Lumber and Panels Prices Would Add about \$23 to a Typical Mortgage Payment on a New Home

	2024Q4 Usage Rate*	End of Feb. 2025 Del. Price	Post- Tariff Del. Price	End of Feb 2025 Price w/ Markup	Post- Tariff Price w/ Markup	Cost at Feb 2025 Prices	Cost at Post-Tariff Prices	Change in Costs	% New Home Price*	Change in Monthly Payment**
Western SPF	13,974 BF	625	781	731	914	\$ 10,218	\$ 12,773	\$ 2,555	0.6%	
OSB (7/16 Inch) Southern	10,522 Ft <sup>2</sup>	400	500	452	565	\$ 4,756	\$ 5,945	\$ 1,189	0.3%	
Plywood (15/32 inch) Southern	1,589 Ft <sup>2</sup>	580	725	655	819	\$ 1,041	\$ 1,302	\$ 260	0.1%	
<b>Total</b>						<b>\$ 16,016</b>	<b>\$ 20,020</b>	<b>\$ 4,004</b>	<b>1.0%</b>	<b>\$23.28</b>

\* Assuming new home is 2,410 square feet and costs \$420,000

\*\* Assuming 30-year term, 6.65% interest rate, and 10% downpayment

Source: FEA

# Sawntimber Take Home Points

- We have likely seen the bottom to the current cycle, but consumption will not see strong growth over the next year.
- Exports will remain weak, driven mainly by an increase in SPF from Canada and southern yellow pine.
- Imports will fall, but remain elevated as European and Chinese consumption continues to struggle.
- Tariffs and rising duties will bolster sawntimber markets.
- Costs remain elevated, especially for western species.

# Question?

**Paul Jannke**  
**Principal,**  
**1-978-496-6336**  
**[pjannke@getfea.com](mailto:pjannke@getfea.com)**  
**[www.getfea.com](http://www.getfea.com)**