

2025 Forest Products Industry Outlook

Tuesday, March 25, 2025



FARM CREDIT



Disclaimer

Farm Credit East Disclaimer: The information provided in this webinar is not intended to be investment, tax, or legal advice and should not be relied upon by recipients for such purposes. Farm Credit East does not make any representation or warranty regarding the content, and disclaims any responsibility for the information, materials, third-party opinions, and data included in this webinar. In no event will Farm Credit East be liable for any decision made or actions taken by any person or persons relying on the information contained in this webinar or its materials.

CEU Credits Information

SAF (Society of American Foresters) Cat 1: 1.0 / Cat 2: 0.0

Connecticut: 1.0 CEU

Please email Chris.Laughton@farmcrediteast.com for information if you require credits.

Paul Jannke



Principal, Lumber



Forest Economic Advisors



Business Resources

Keep up with markets, weather, economic outlooks, Northeast ag news, events and management ideas by visiting our resources.

Contact My Office



- Today's Harvest Blog
- Industry Trends & Outlooks
- Events & Webinars**
- DTN Markets & Weather
- Northeast Farm Fresh Guide
- Calendar Photo Contest
- RESOURCES OVERVIEW

CEU Credits Information

SAF (Society of American Foresters) Cat 1: 1.0 / Cat 2: 0.0

Connecticut: 1.0 CEU

Please email Chris.Laughton@farmcrediteast.com for information if you require credits.

North American Lumber Markets

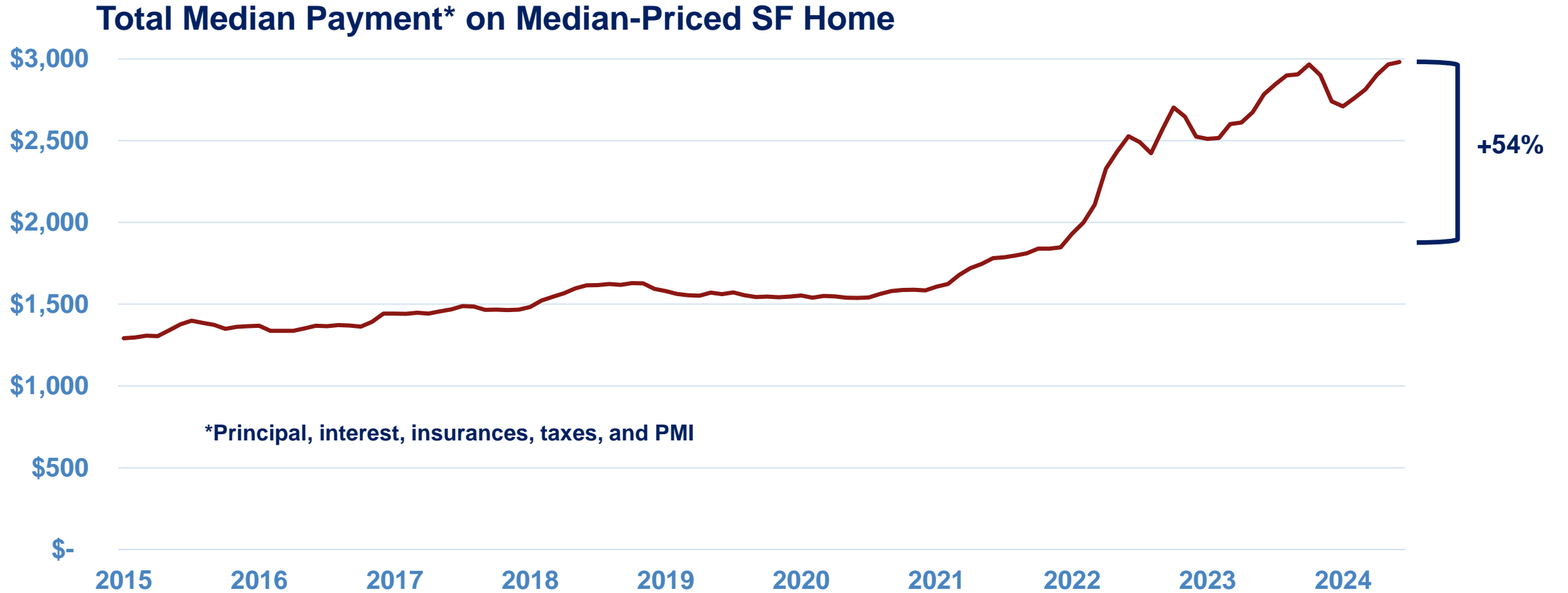
Are Duties And Tariffs Enough To
Counter End-Use Market Stagnation

Paul Jannke

Farm Credit East Forest Products Outlook Webinar

March 25th, 2025

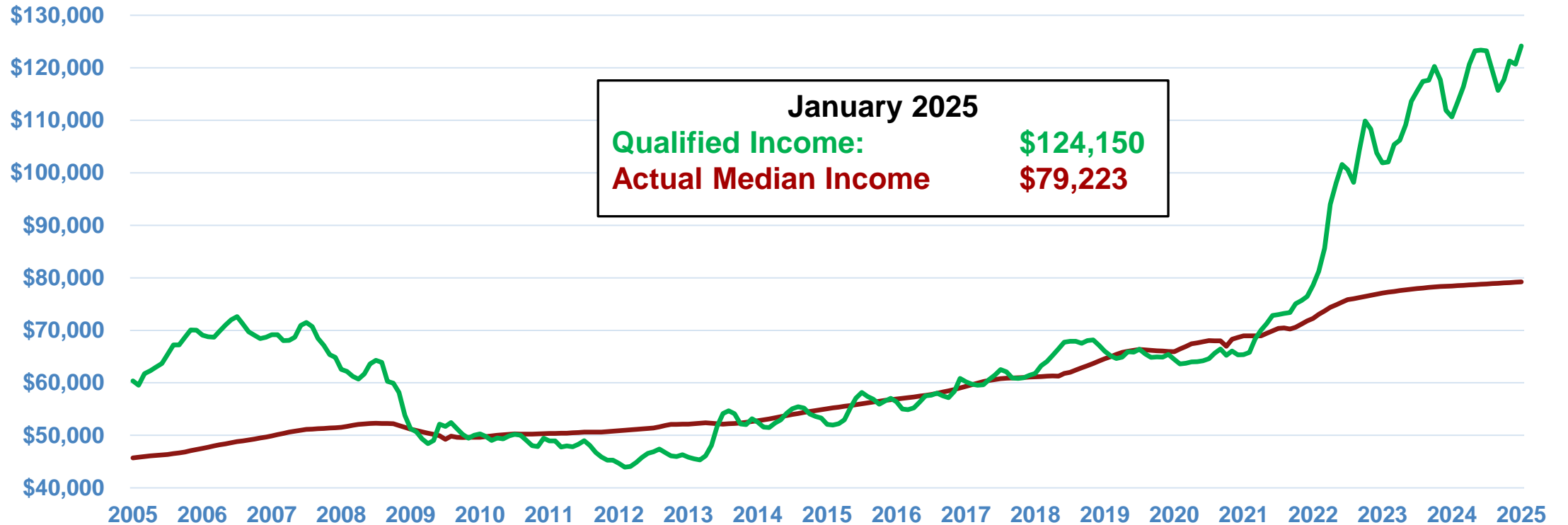
Home Affordability Has Deteriorated Massively Since Early 2022



Source: Atlanta Fed's Home Ownership Affordability Monitor

Homeownership is a Stretch for Middle-Class Households

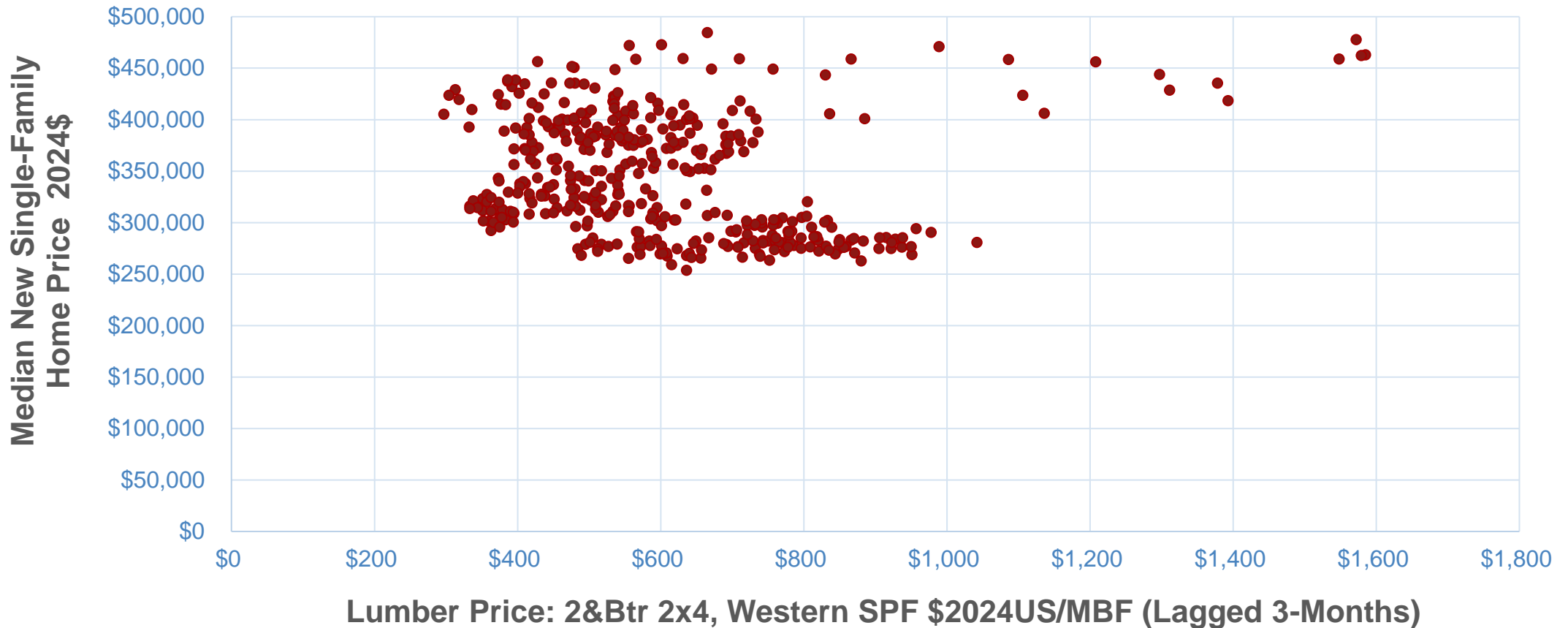
Gap Between Actual Median Household Income and Qualified Income
(Qualified Income = Income needed for annual homeownership cost to equal no more than 30 percent of annual income)



Source: Federal Reserve Bank of Atlanta

Wood Products Prices Are Not Causing The Lack Of Affordability: Lumber Prices Bear Little Relation to New Home Prices

Data Range: 1990- January 2025



Tariffs 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 ²	400	500	452	565	\$ 4,756	\$ 5,945	\$ 1,189	0.3%	
Plywood (15/32 inch) Southern	1,589 Ft ²	580	725	655	819	\$ 1,041	\$ 1,302	\$ 260	0.1%	
Total						\$ 16,016	\$ 20,020	\$ 4,004	1.0%	\$23.28

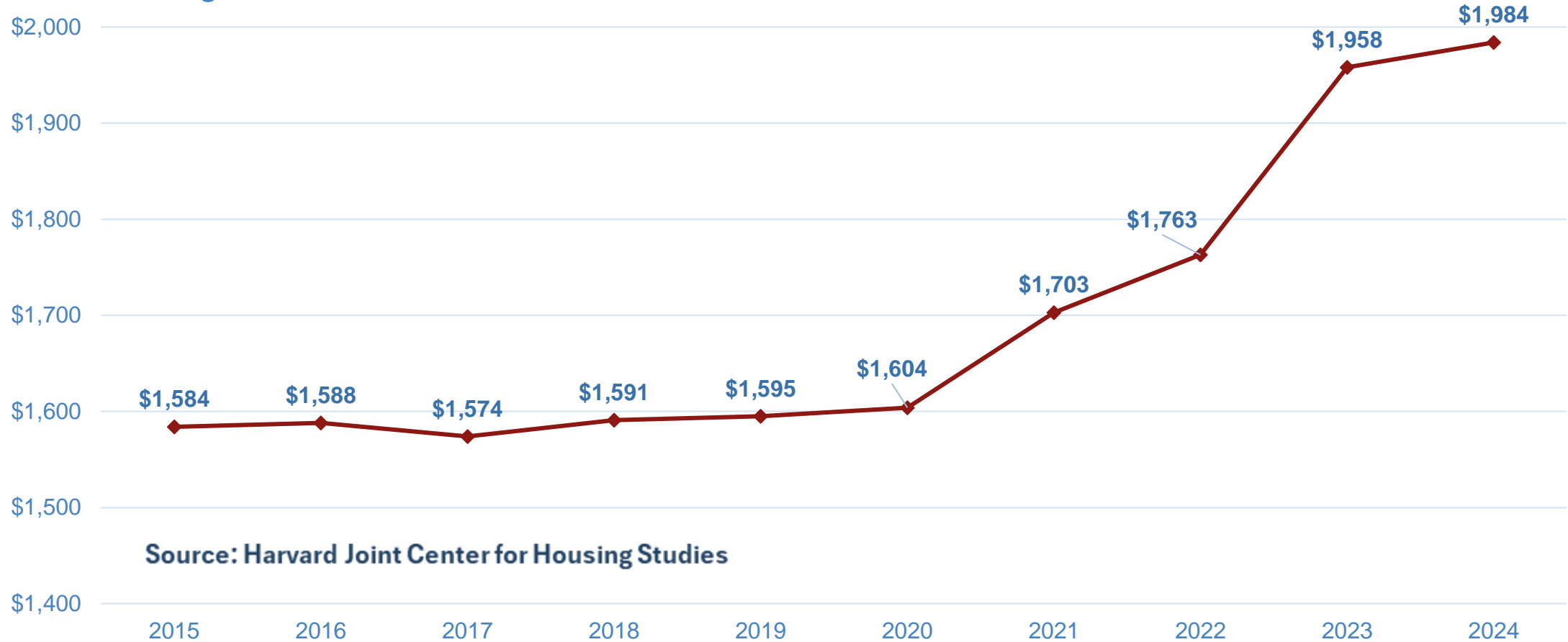
* Assuming new home is 2,410 square feet and costs \$420,000

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

Source: FEA

Home Insurance Premium Surged by 24% in Inflation-Adjusted Terms Between 2020 and 2024

Average Home Insurance Premium 2024 USD

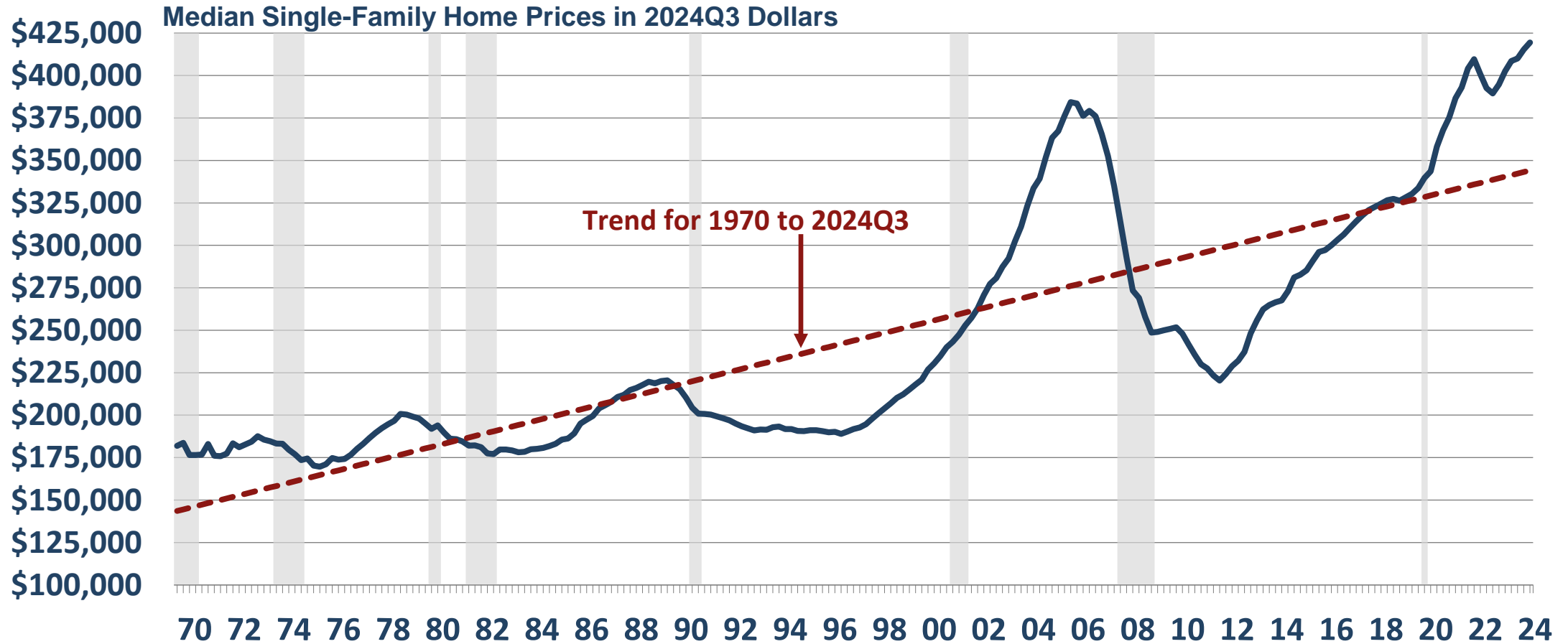


Source: Harvard Joint Center for Housing Studies



Forest Economic Advisors

Real Home Prices Bounced Back in 2023



Trend for 1970 to 2024Q3

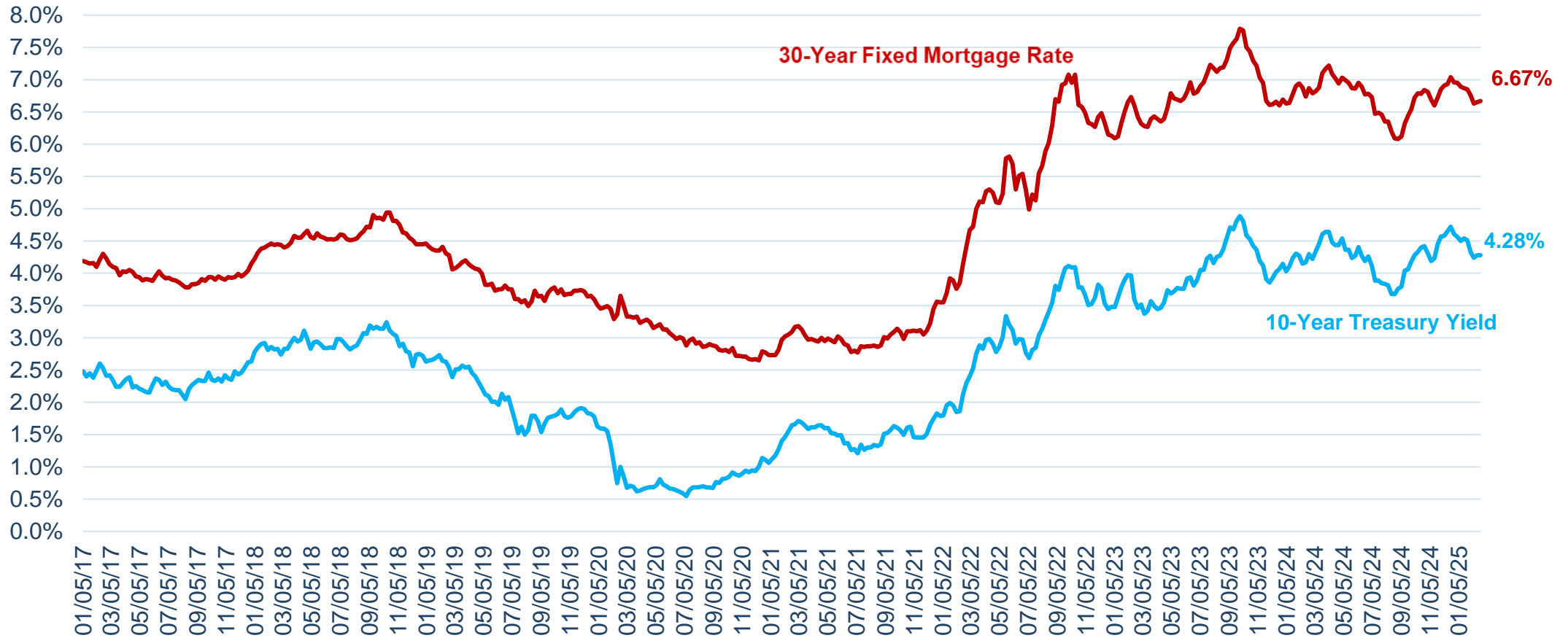


Source: Federal Reserve, FEA calculations



Forest Economic Advisors

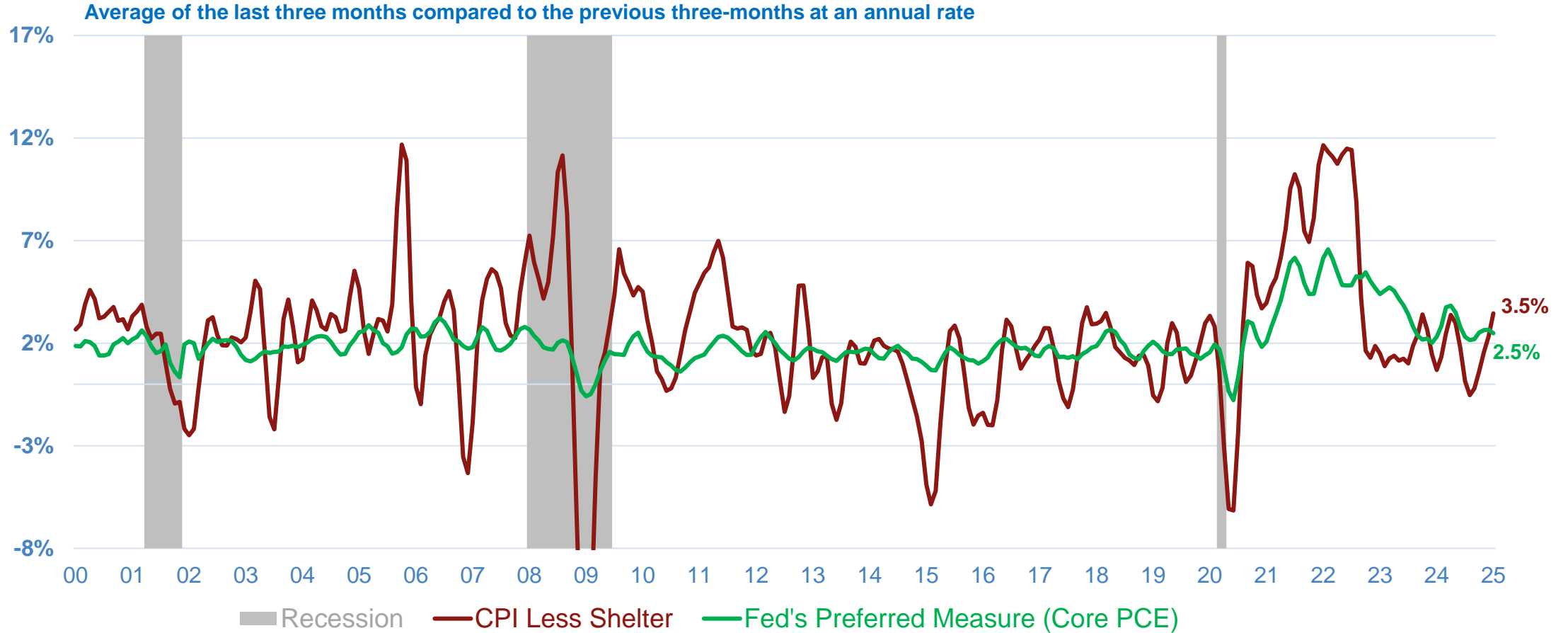
Hope For Lower Mortgage Rates Have Been Dashed





Forest Economic Advisors

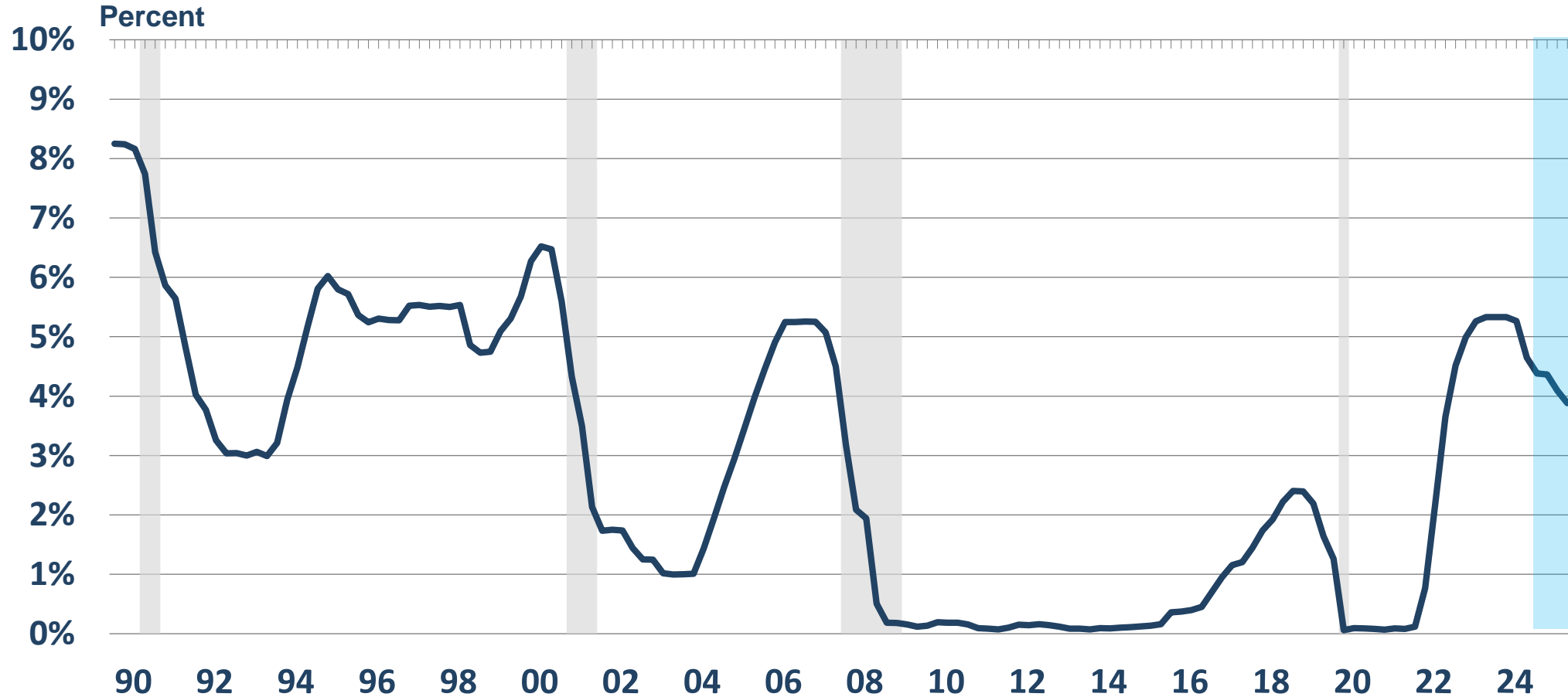
The Progress Against Inflation Has Stalled





Forest Economic Advisors

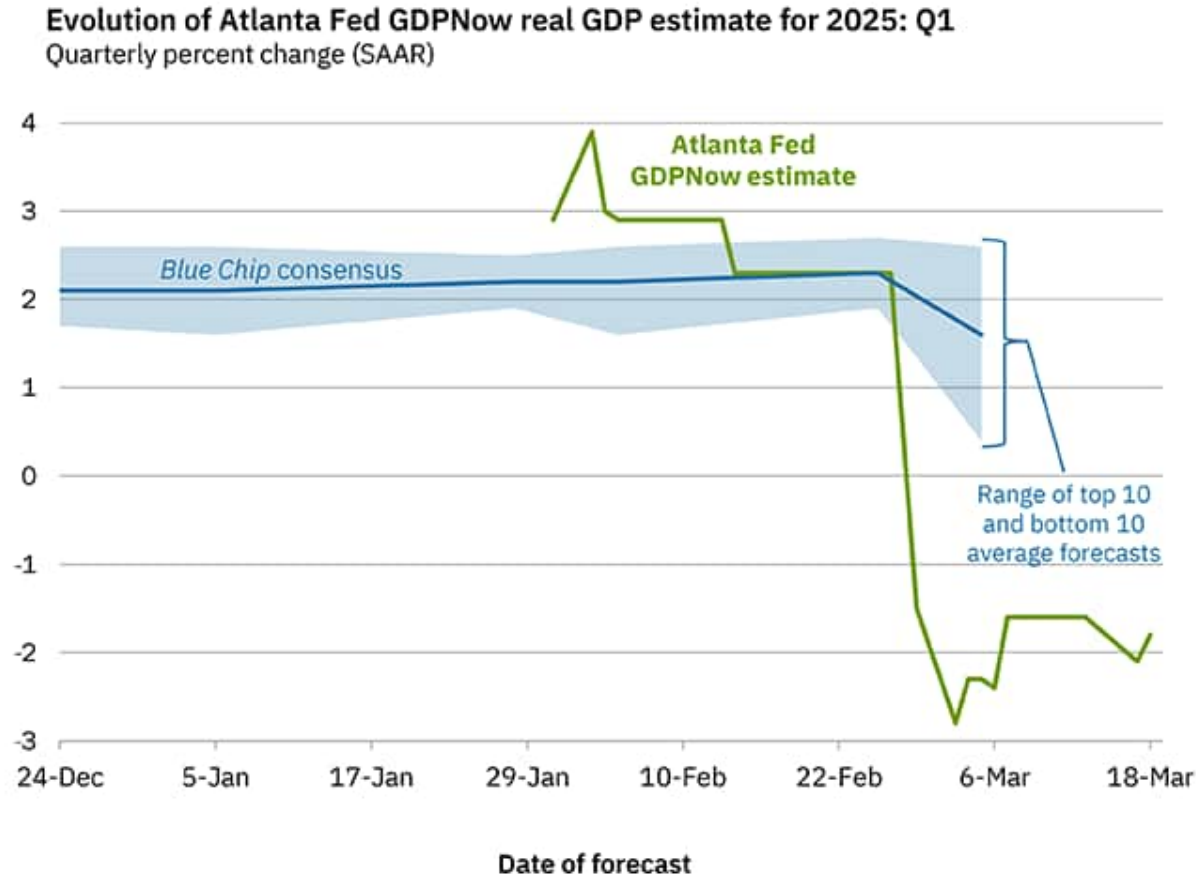
The Fed Will Pause Their Easing Cycle



Source: Federal Reserve, FEA forecast



The US Economy Is Doing Worse Than Most Analysts Think

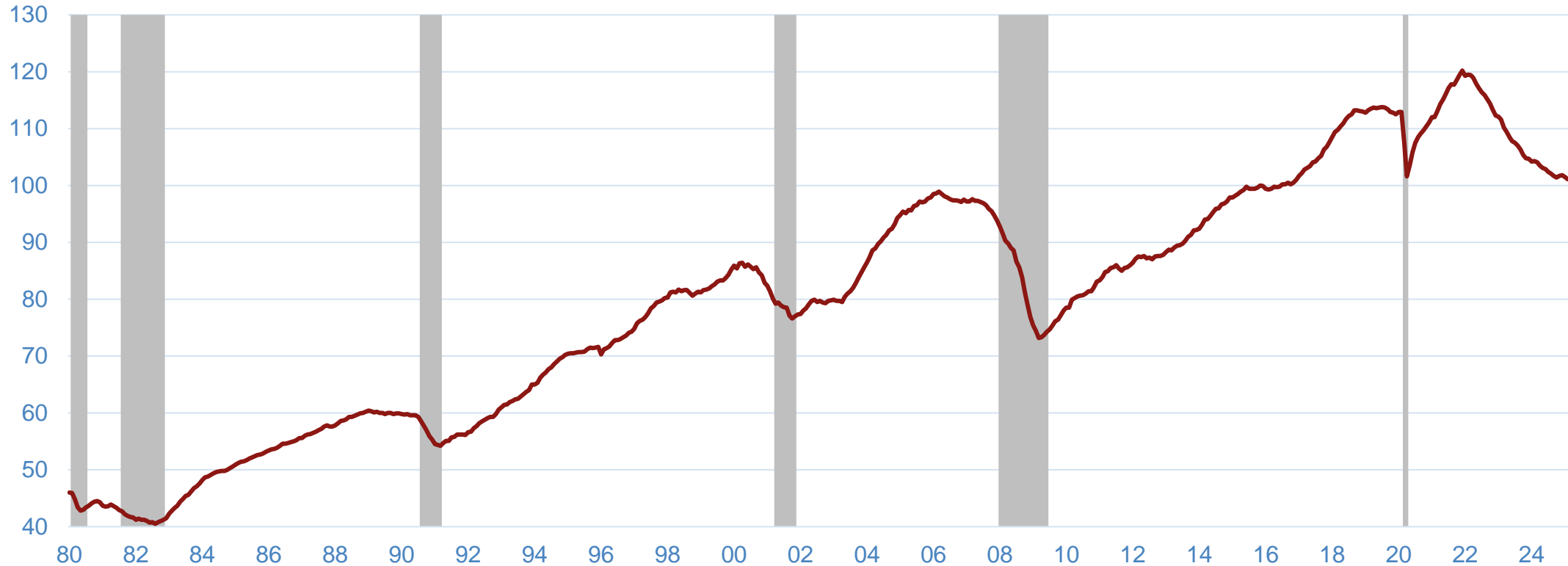


Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

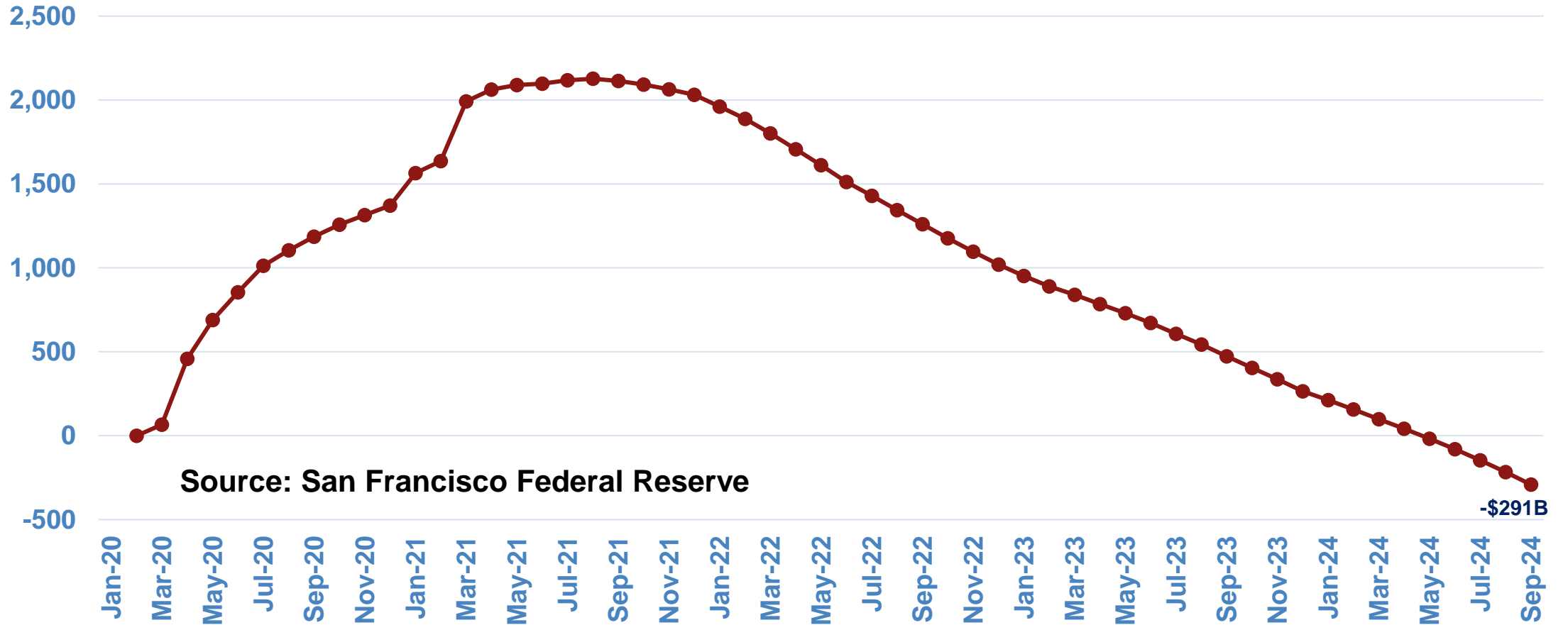
The Index of Leading Indicators Resumes Its Three-Year Downtrend

Index of Leading Indicators – Conference Board



Excess Savings of US Households Have Dried up

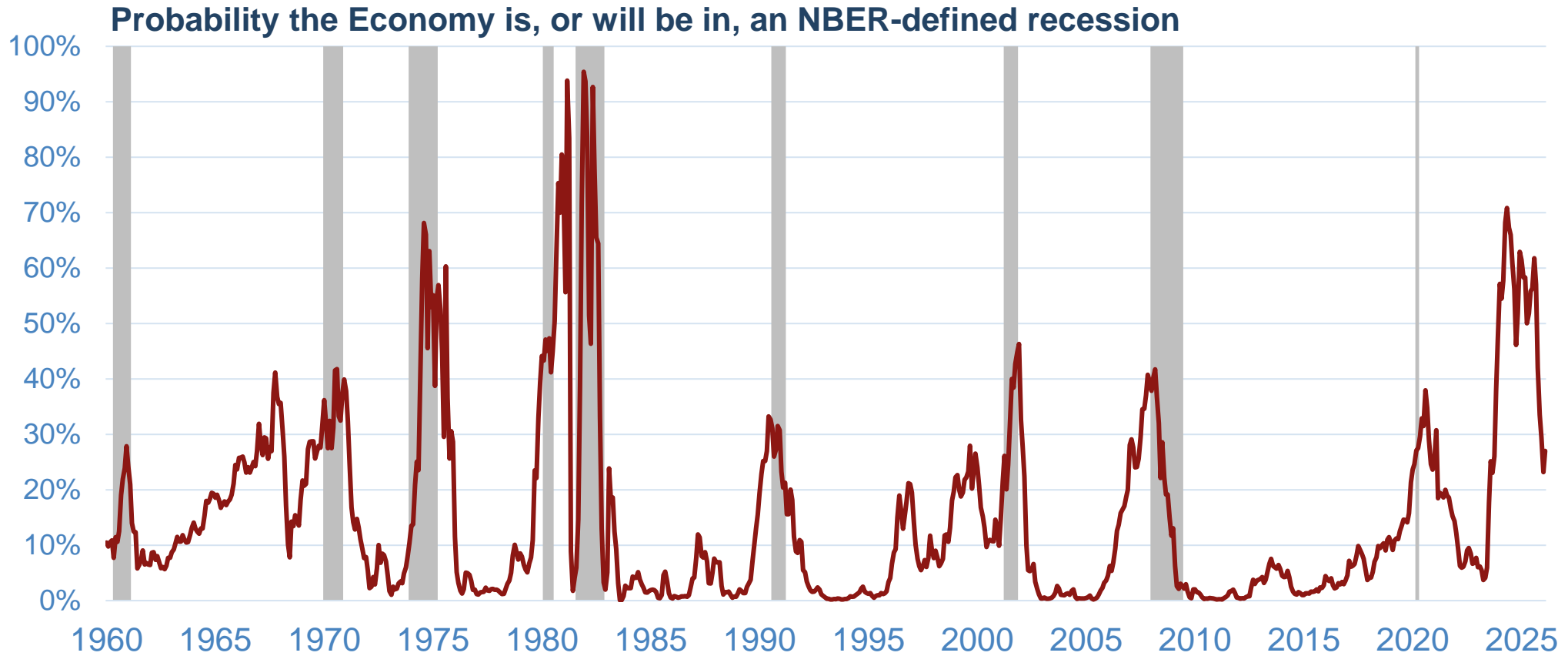
Stock of Excess Savings in Billions of USD



Source: San Francisco Federal Reserve

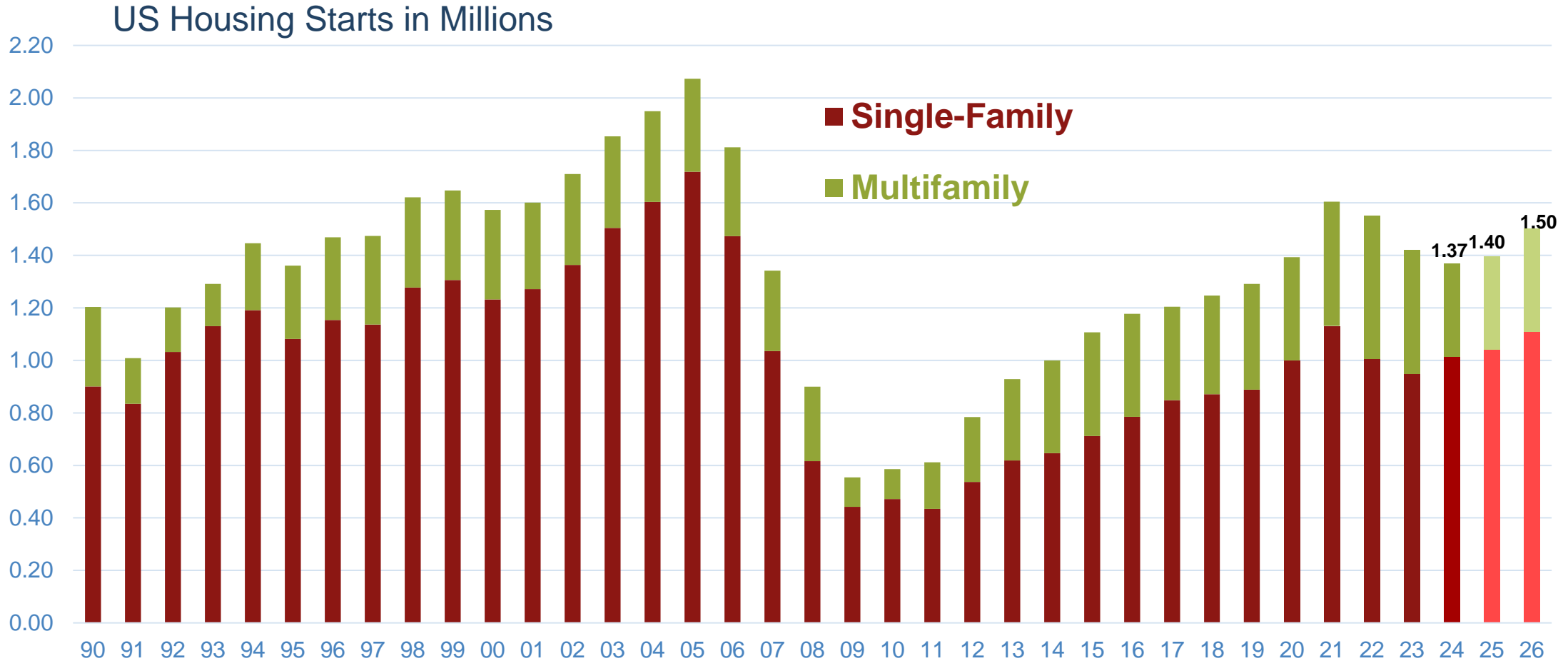
-\$291B

New York Fed Indicator Shows a 27% Chance of Recession Within Next Year



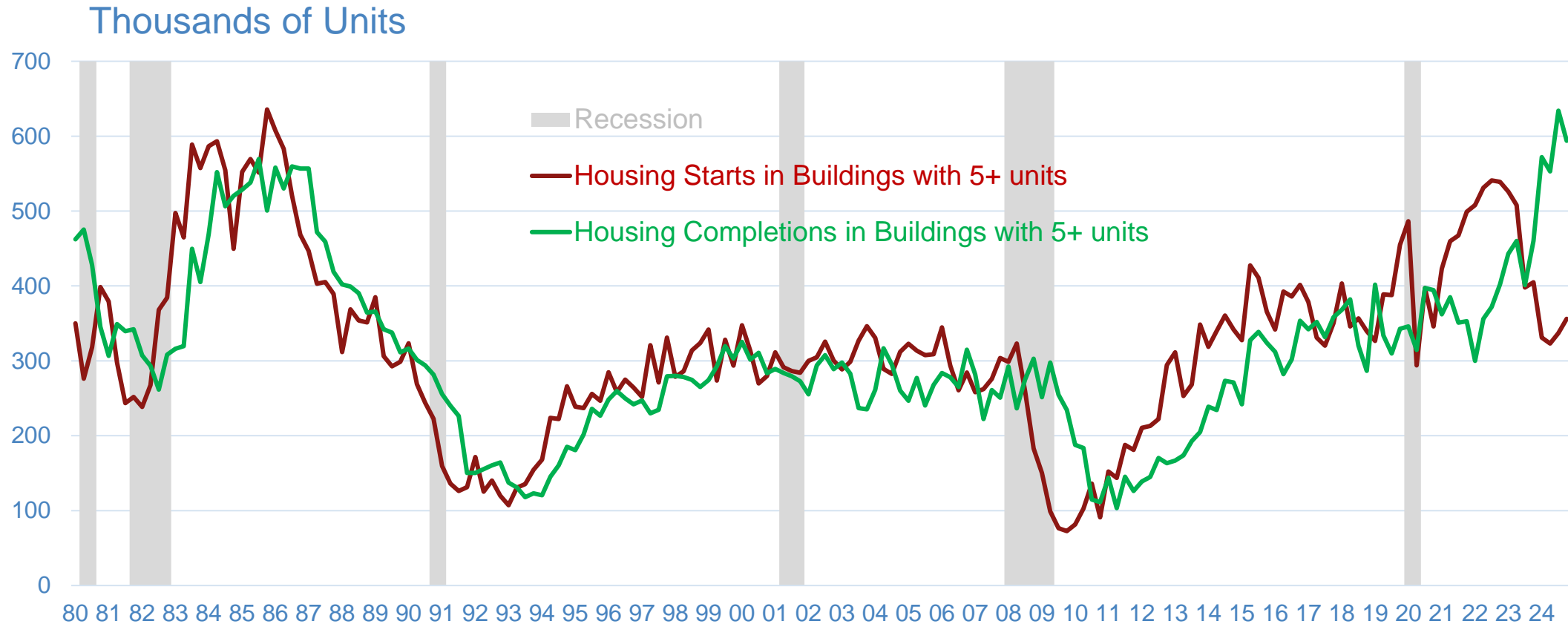
Source: New York Fed

After Declines of 8% in 2023 and 4% in 2024 Housing Starts Projected to Tick Up by 1% in 2025



Source: Census Bureau, FEA Forecasts

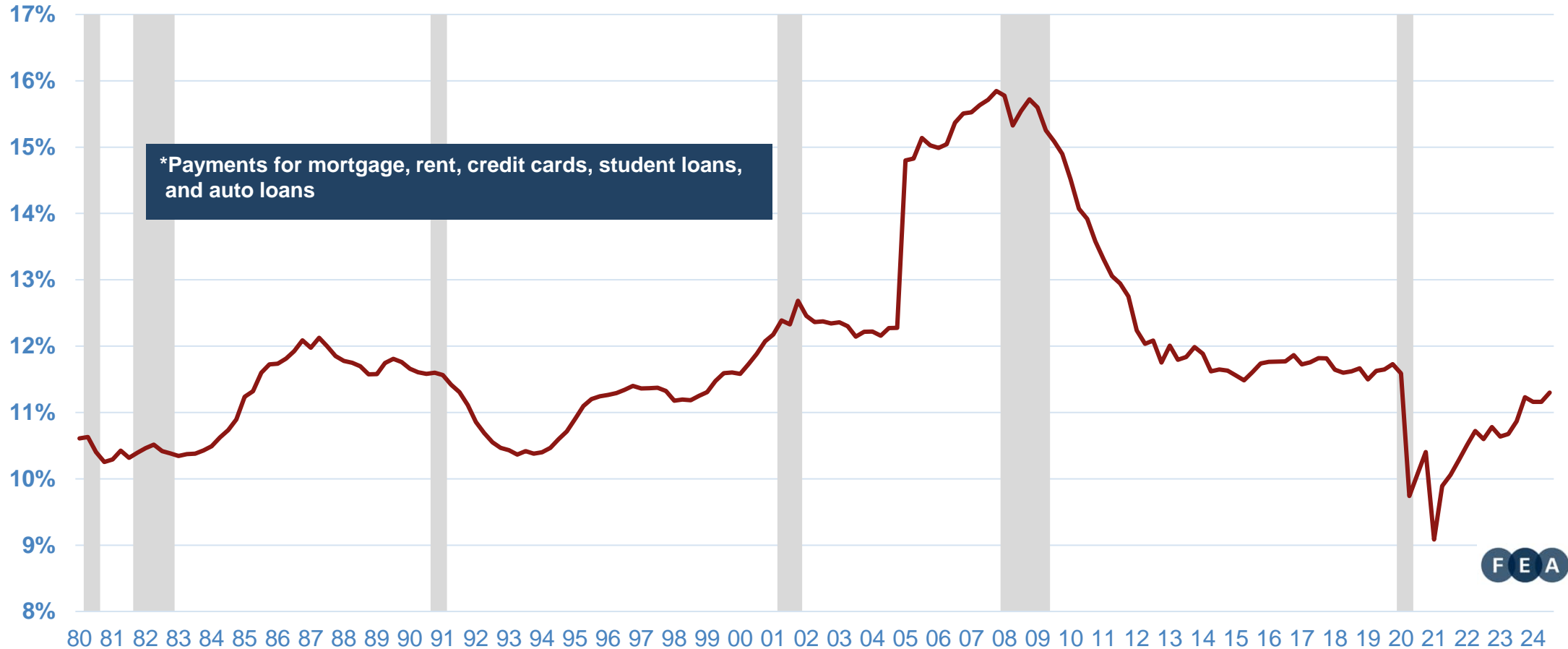
US Apartment Starts are Tanking as Completions Come On Line



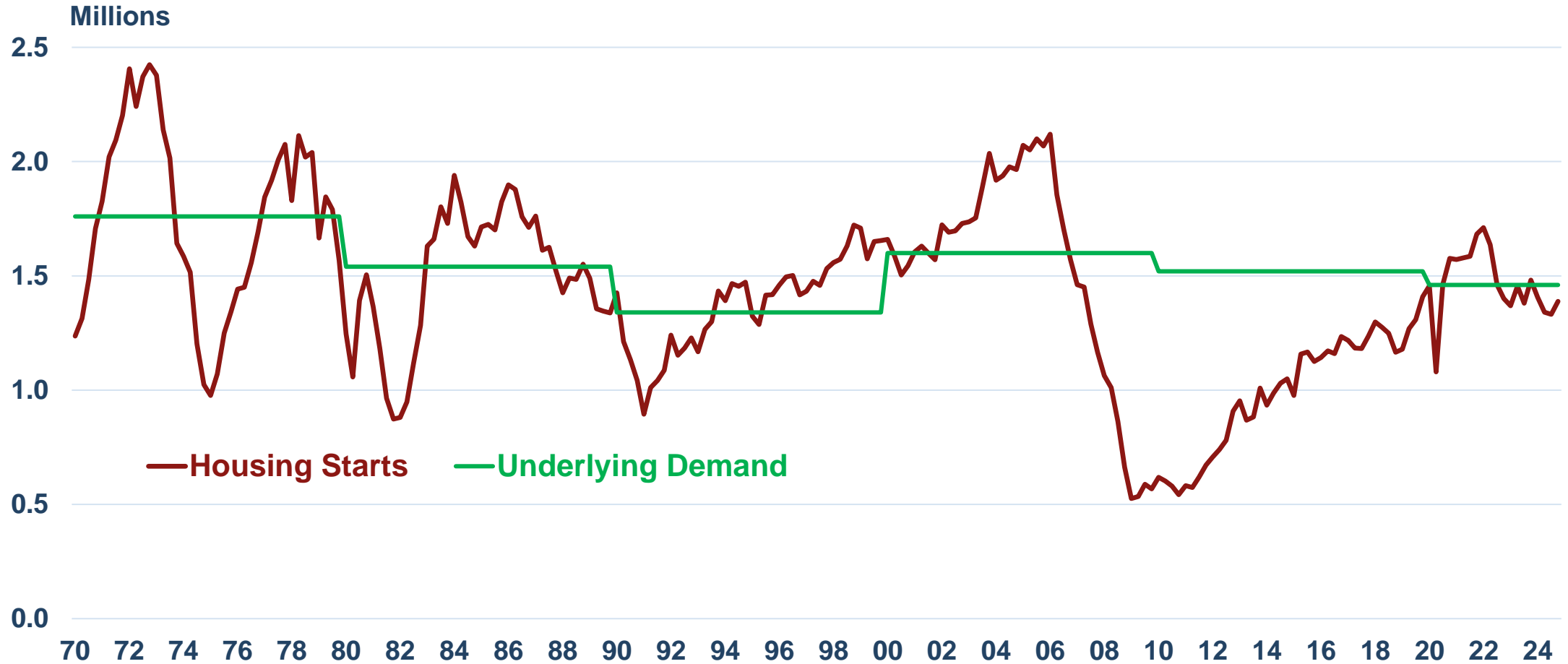
Source: US Census Bureau

US Household Balance Sheets Are In Good Shape

Household Debt Service* as a percent of Disposable Personal Income

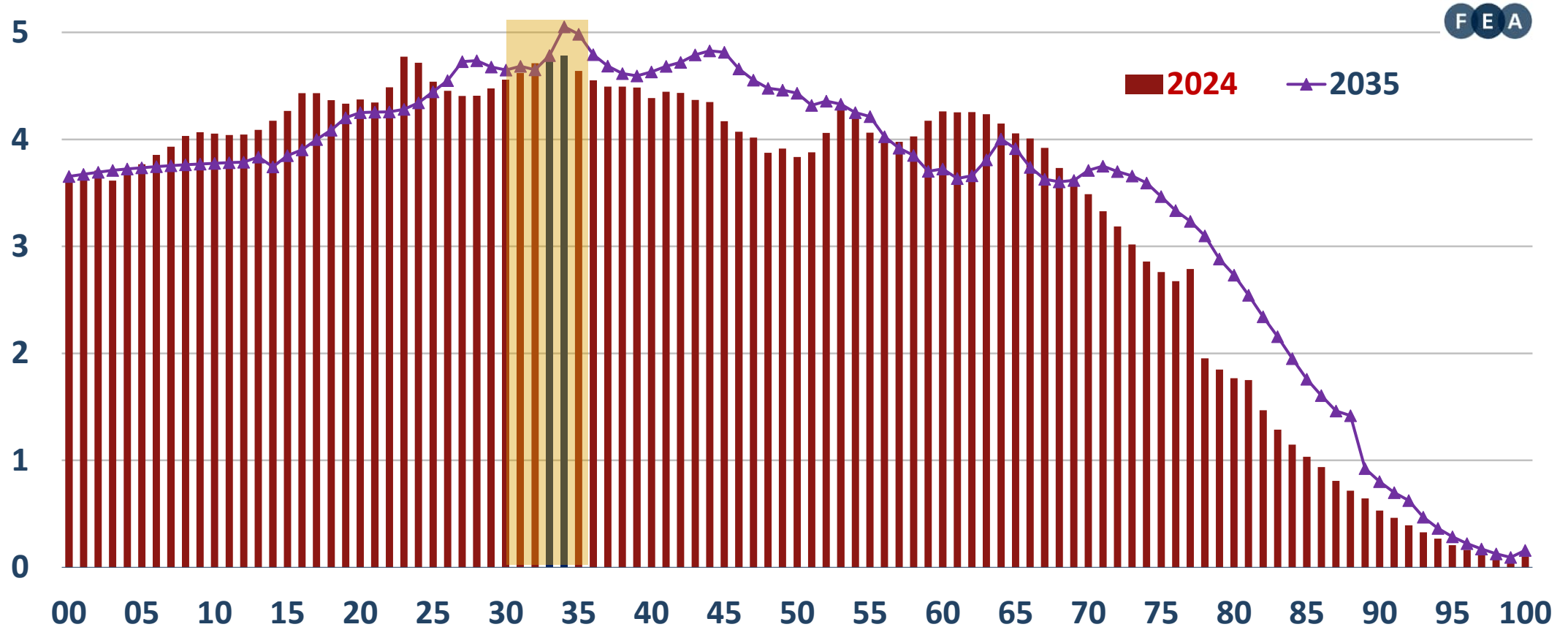


US Housing Starts Exceeded Underlying Demand for Fleeting Moment



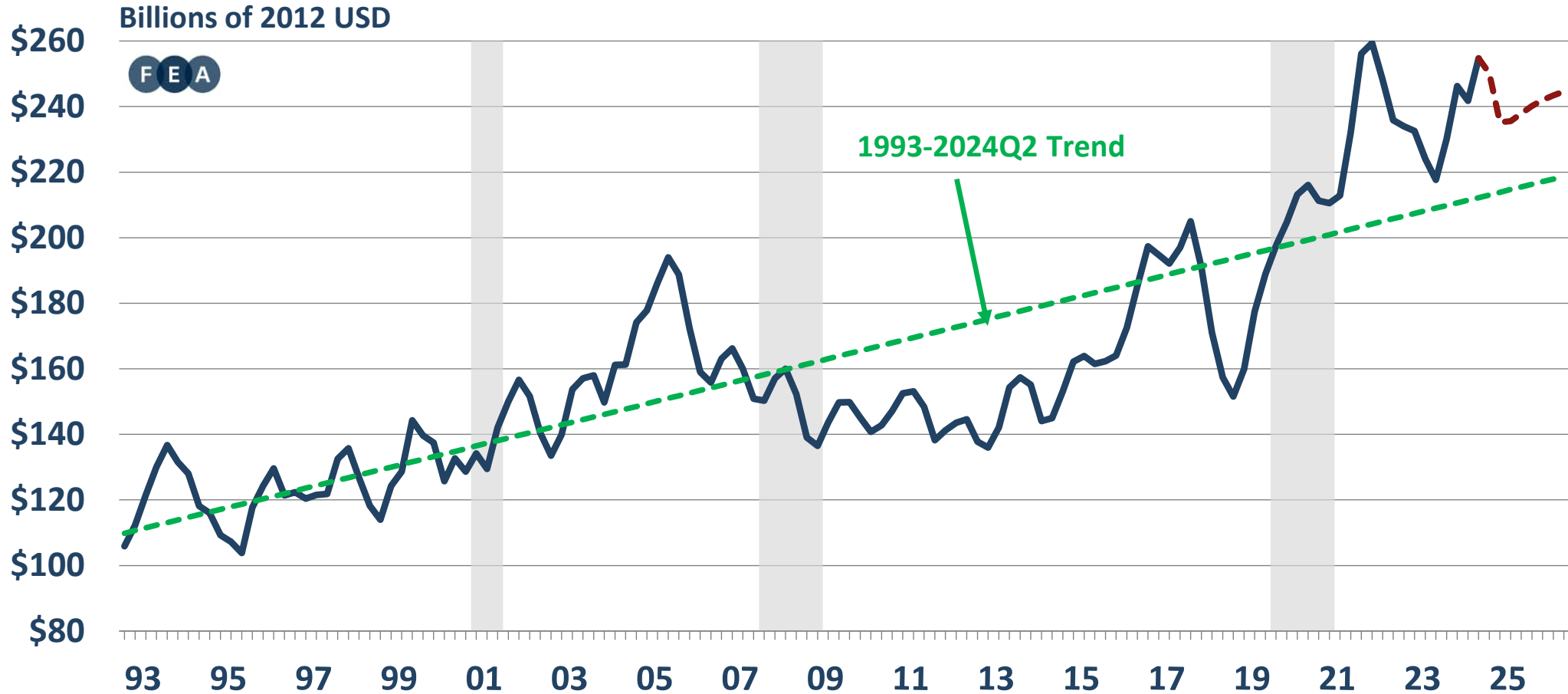
2024 – Strong Demographic TAILWIND 2035 = A Modest Tailwind

US Population by Age, Millions



Source: Census Bureau

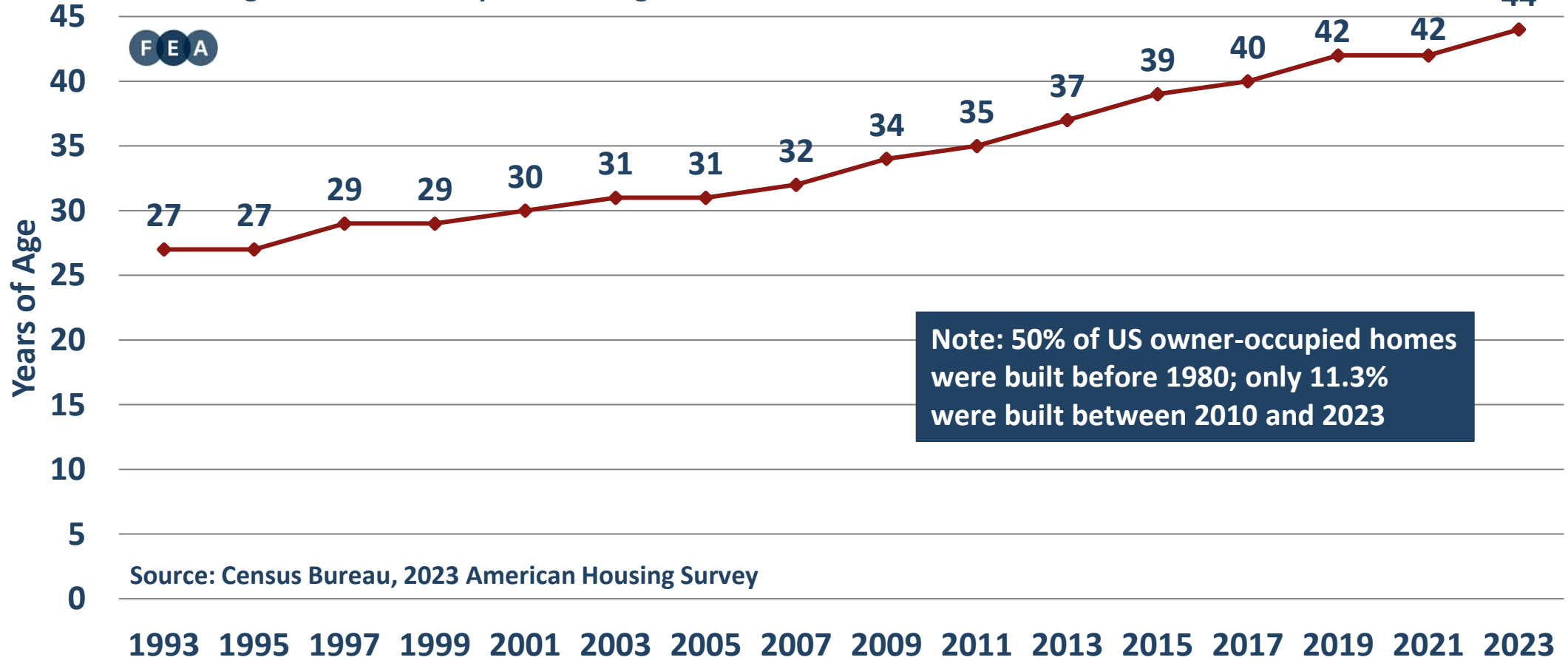
Improvement Expenditures Will Decline But Remain Elevated



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

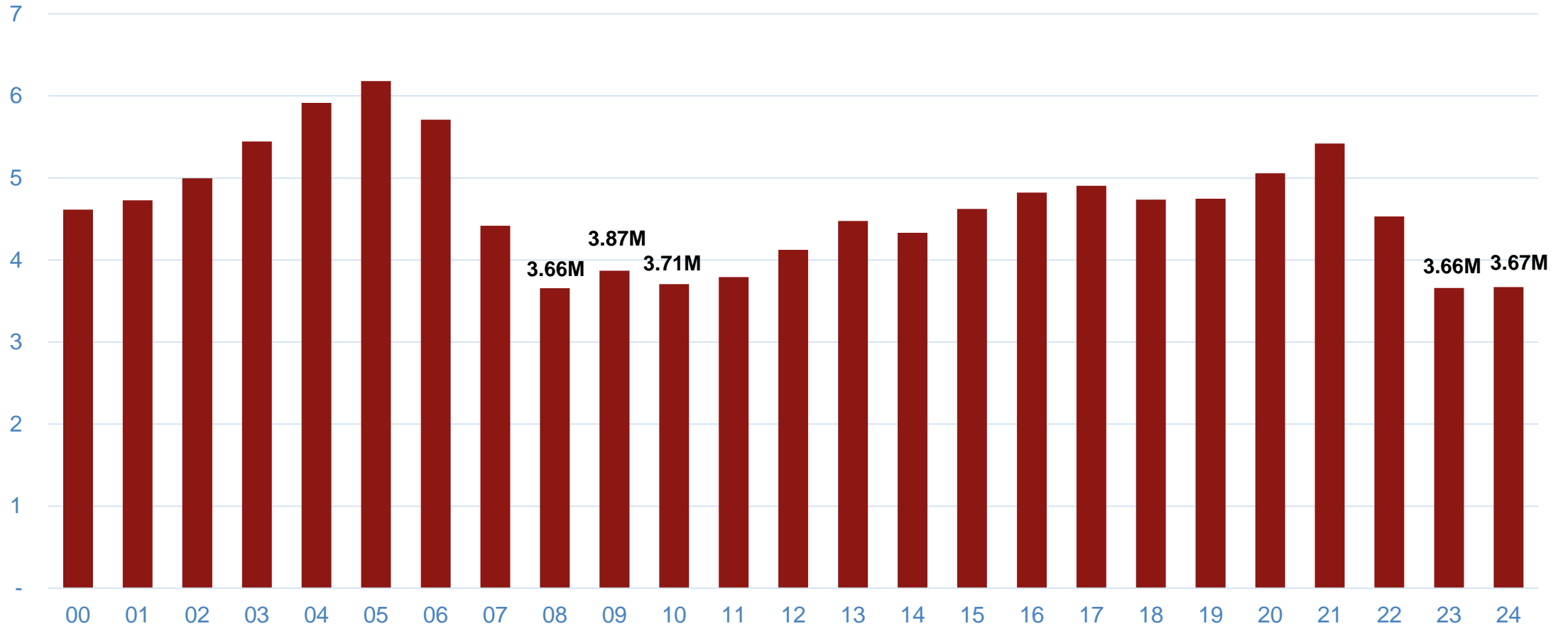
The US Housing Stock Has Aged Considerably

Median Age of Owner-Occupied Housing



Existing Single-Family Home Sales Were Close to Great Recession Levels in 2023 and Remain There in 2024

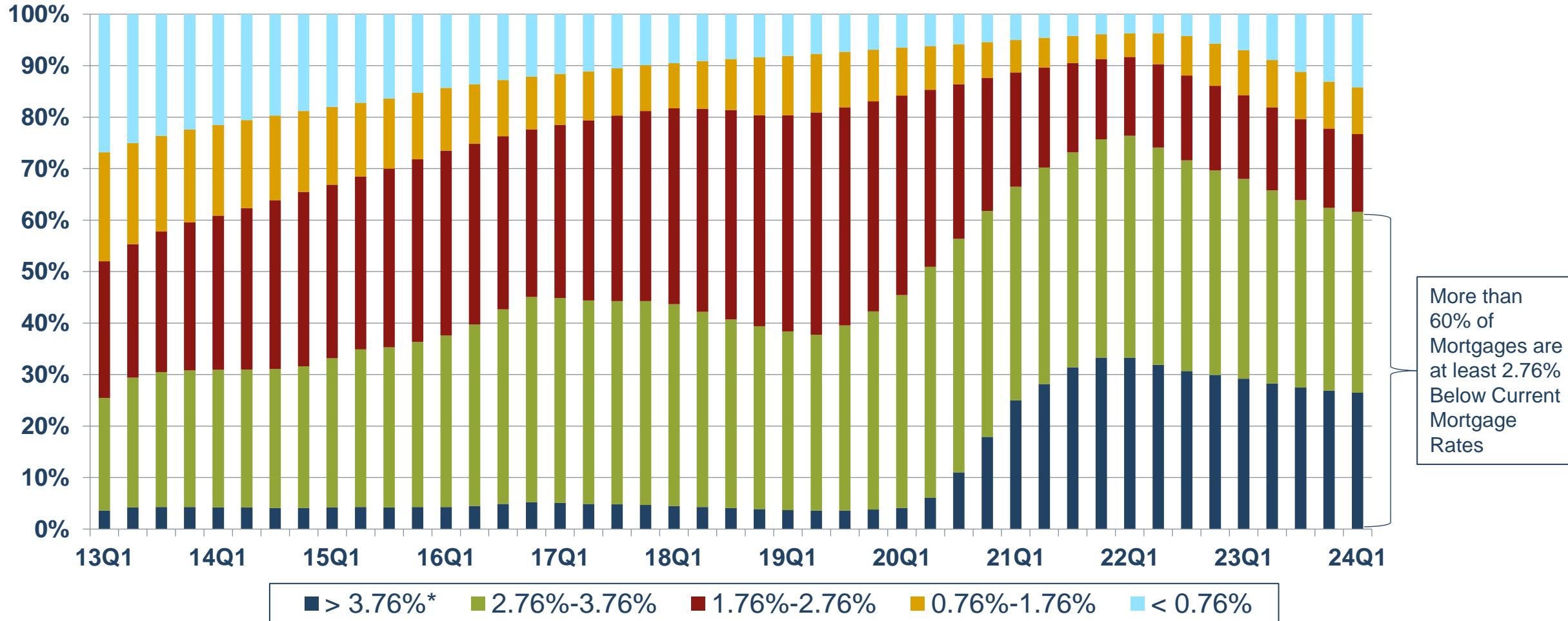
Existing Single-Family Home Sales in Millions



*YTD

Rising Mortgage Rates Are Causing Rate Lock

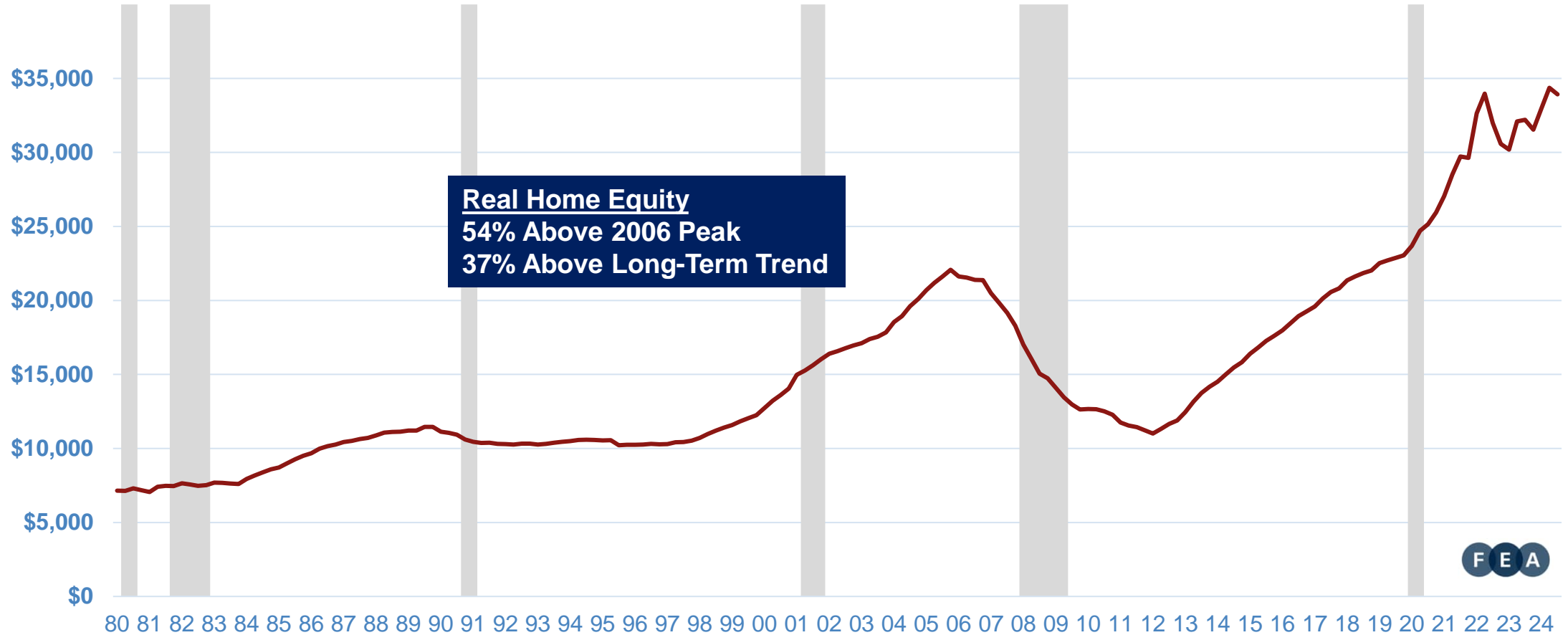
Share of Mortgages



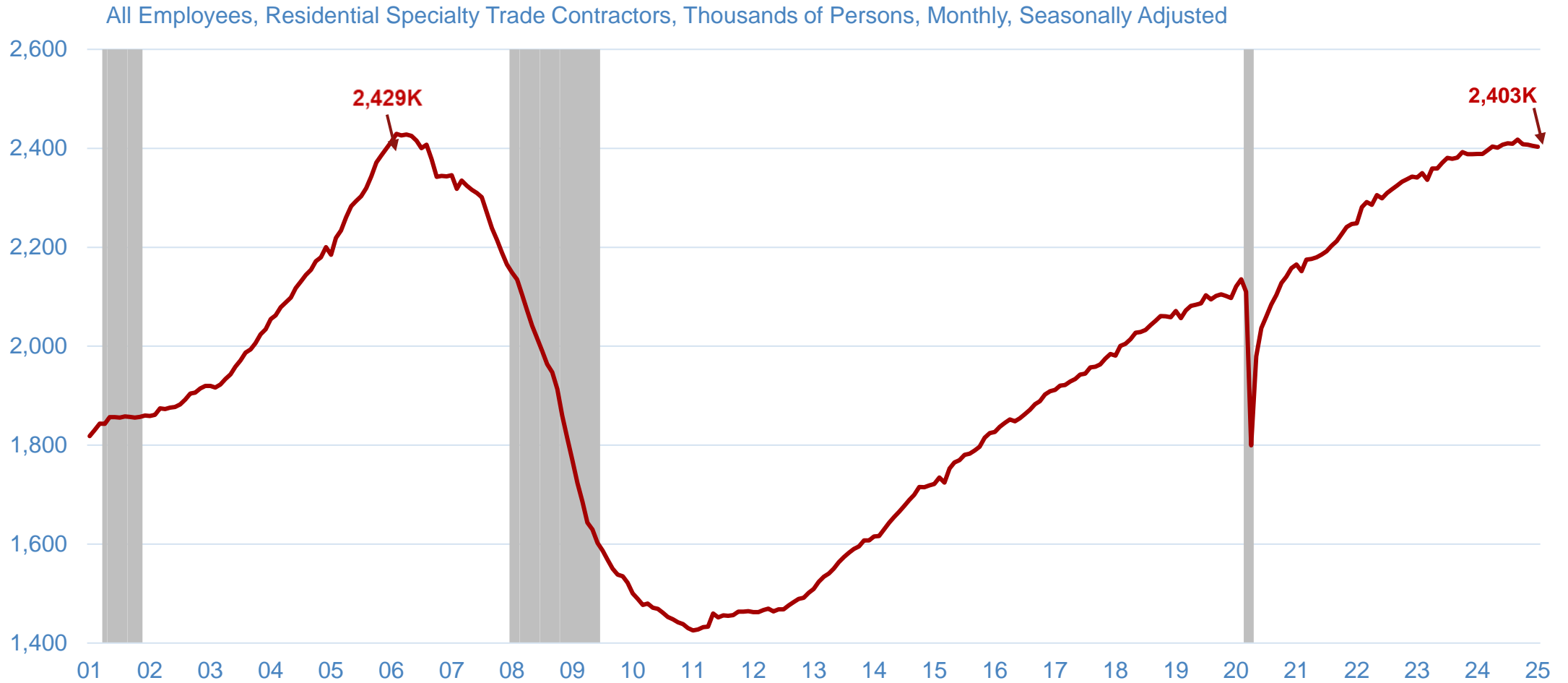
*Difference of Existing Mortgages from Current Rates
www.getfea.com

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

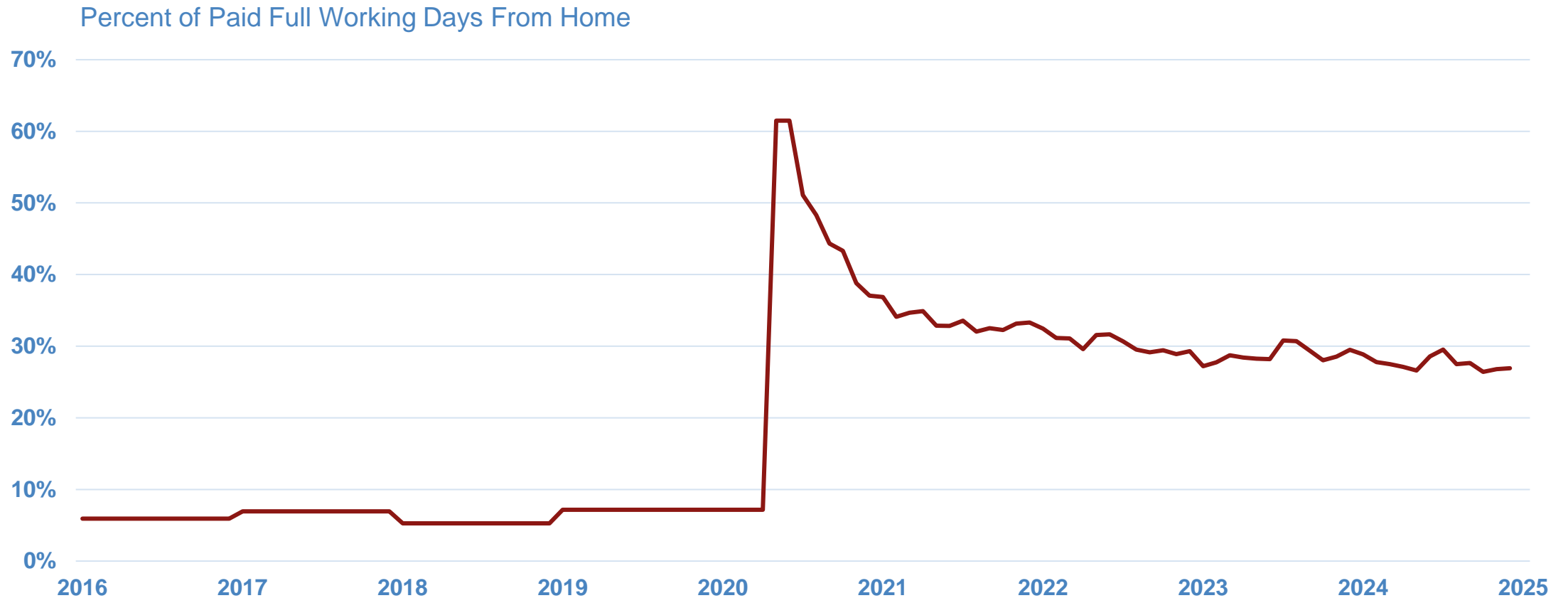
Real Homeowners' Equity in Real Estate in Billions of 2023 US Dollars



The Number of Specialty Trade Contractors is a Whisker Below 2006 Peak

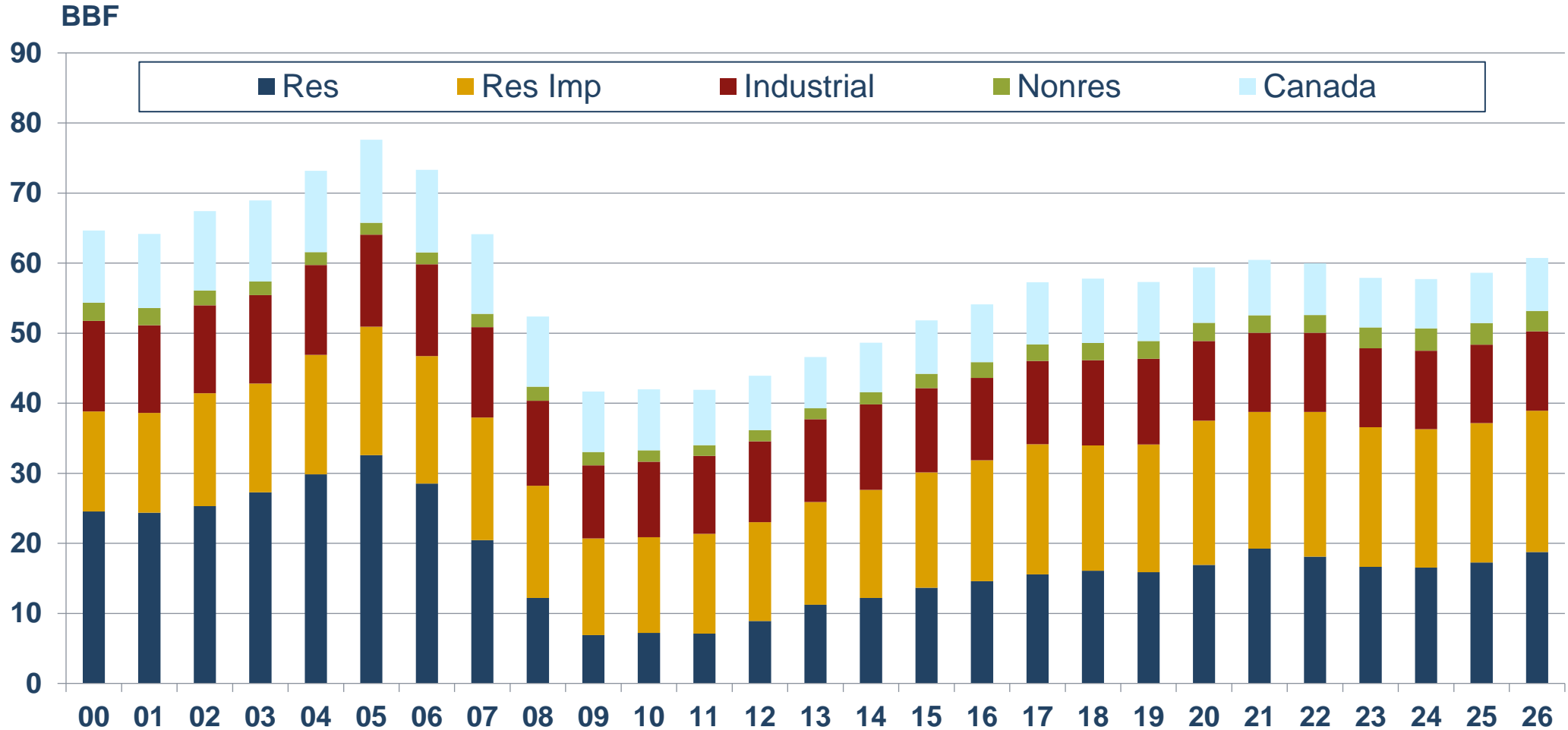


The Work From Home Trend Has Stuck

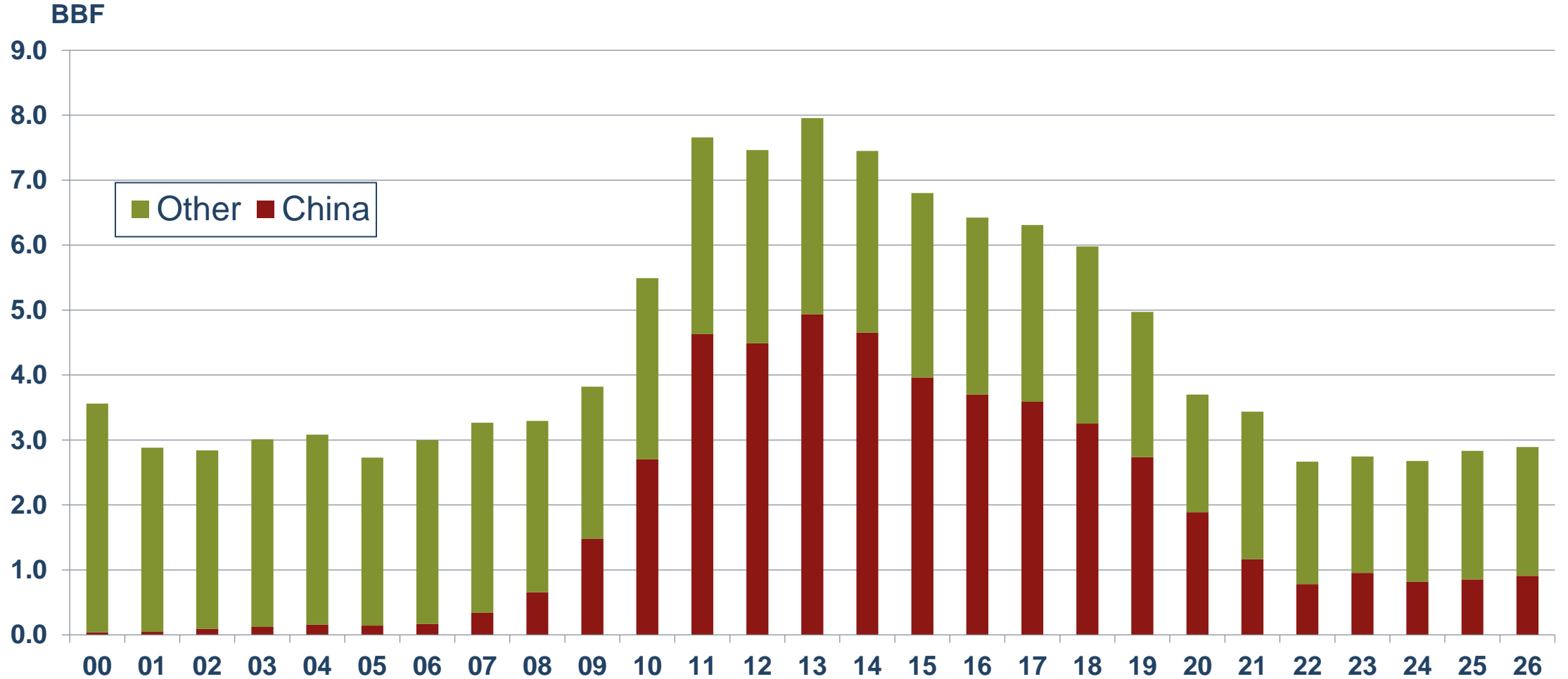


Source: www.wfhresearch.com

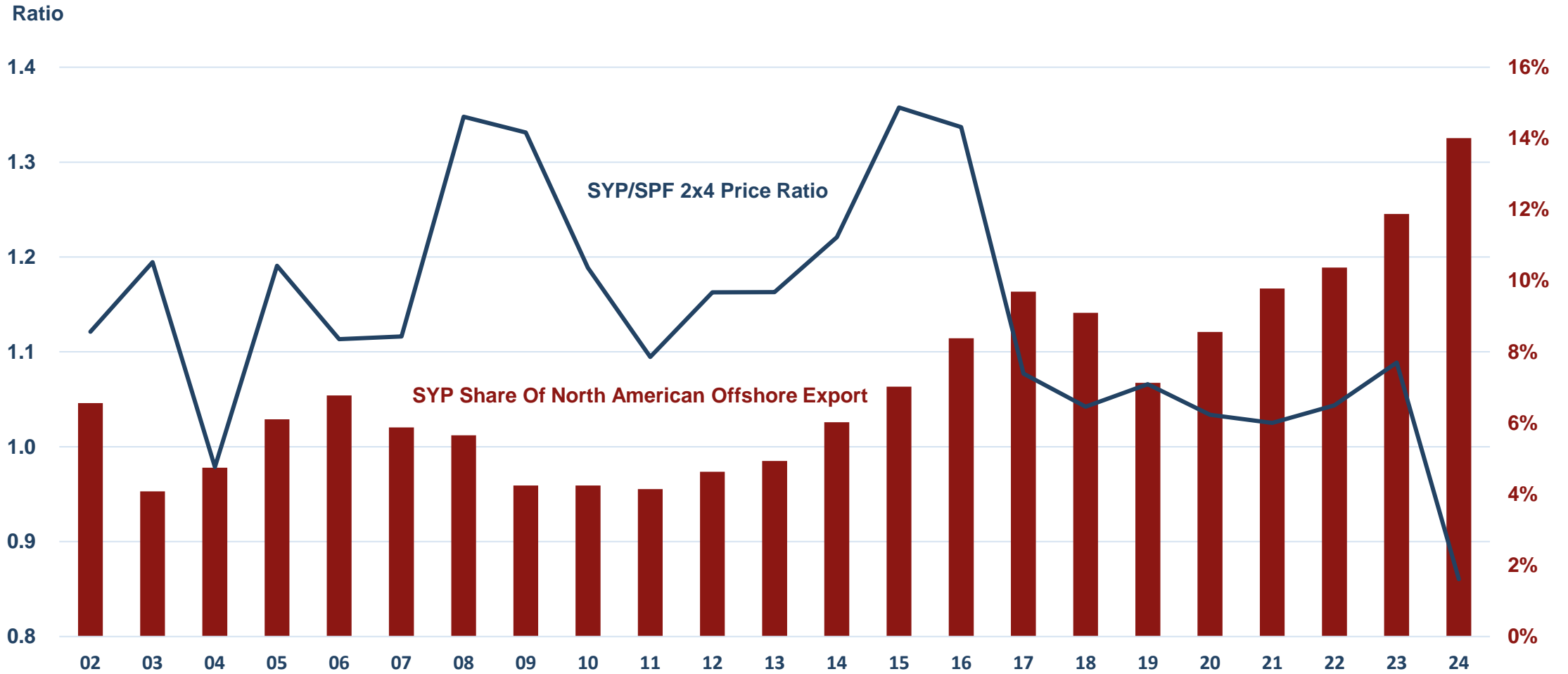
Lumber Consumption Will See Little Growth Until 2026



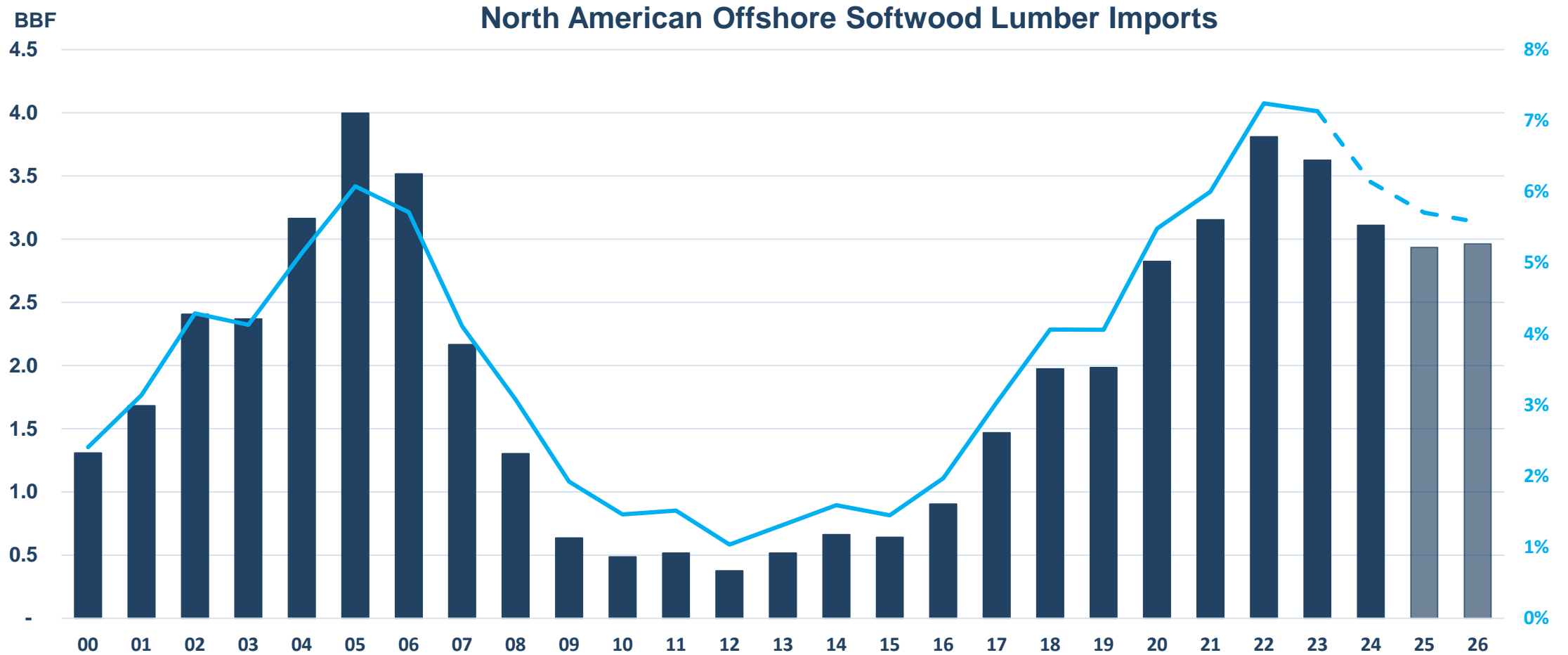
North American Lumber Exports Will Increase But Remain Weak



Exports Are Increasingly Being Driven By Southern Yellow Pine



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



Indefinite and Permanent Mill Closures

Company	Location	Region	Date	Capacity (MMBF)
Boise Cascade	Chapman, AL	US South	24-Jan	70
West Fraser	Maxville, FL	US South	24-Jan	105
West Fraser	Huttig, AR	US South	24-Jan	165
West Fraser	Fraser Lake, BC	BC	Q1 2024	160
Tolko	Lakeview, Williams Lake, BC	BC	24-Feb	80
Rosboro	Springfield, OR	US West	24-Feb	230
Riverside Forest Products	Surrey, BC	BC	24-Feb	100
Interfor	Philomath, OR	US West	24-Mar	220
Pyramid Mountain Lumber	Seely Lake, MT	US West	24-Mar	100
Neiman Enterprises	Spearfish, SD	Other	Apr-24	20
C&D Lumber Company	Riddle, OR	US West	May-24	100
Canfor	Bear Lake, BC	BC	May-24	300
Canfor	Jackson, AL	US South	Jun-24	130
Weyerhaeuser	New Bern, NC	US South	Jul-24	100

Source: FEA

Indefinite and Permanent Mill Closures (Cont.)

Company	Location	Region	Date	Capacity (MMBF)
Stimson	Plummer, ID	US West	Aug-24	35
Western Cascades Industries	Toledo, OR	US West	Aug-24	55
Malheur Lumber	John Day, OR	US West	Sep-24	45
Interfor	Meldrim, GA	US South	Q3 2024	200
Interfor	Summerville, SC	US South	Q3 2024	130
Georgia Pacific	Camden, TX	US South	Q3 2024	173
Georgia Pacific	Prosperity, SC	US South	Q3 2024	125
Canfor	Darlington, SC	US South	Q3 2024	60
Canfor	Fort St. John, BC	BC	Q3 2024	210
Canfor	Plateau, BC	BC	Q3 2024	460
West Fraser	Lake Butler	US South	Q4 2024	110
Hancock Lumber	West Ossipee, NH	US Other	Oct-24	20
Lynx Equity	Everett, WA	US West	Q4 2024	35
Teal Jones	Martinsville, VA	US South	Dec-24	145
Midway Lumber Mills	Thessalon, ON	Canada, EOR	Dec-24	18

Source: FEA

Temporary Curtailments

Company	Location	Region	Date	Capacity (MMBF)
Tolko	Vernon, BC	BC	12/4/2023-1/31/2024	35
Western Forest Products	Chemainus, BC	BC	12/23/2023-1/06/2024	1
Rosboro	Springfield, OR	US West	2/5/2024	230
Dunkley	Strathnaver, BC	BC	1/29/2024	245
San Group	Port Alberni, BC	BC	2/2024	
Teal Jones	Surrey, BC	BC	2/2024	
Interfor	BC	US West	Q1 2024	30
Western Forest Products	Chemainus, BC	BC	3/18-3/31/2024	1
Vaagen Brothers	Washington	US West		25
San Group	Delta, BC	BC	4/7/2024	
Interfor	All		5/2024-9/2024	175
Aspen Planers	Merritt, BC	BC	5-?/2024	
Conifex	Mackenzie, BC	BC	6/17-6/30/2024	8.5
Canfor	Fort St. John, BC	BC	6/28-7/15/2024	9

Source: FEA

www.getfea.com

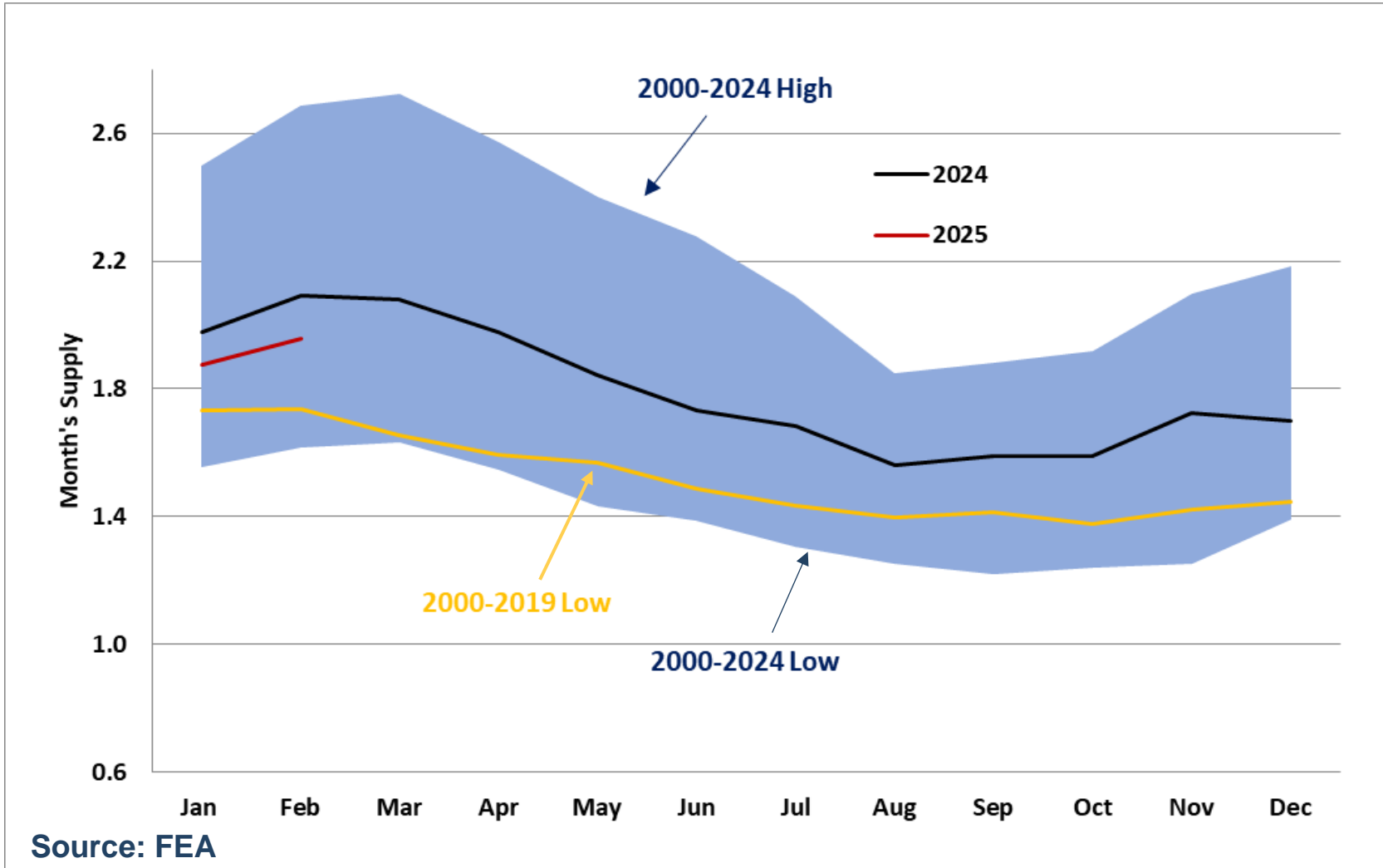
Temporary Curtailments (Cont.)

Company	Location	Region	Date	Capacity (MMBF)
Canfor	Fort St. John, BC	BC	8/26-9/6/2024	8
Arbec	L'Ascension, QC	Canada, EOR	6/17-7/12/2024	10
Hampton Affiliates	Fort St. John, BC	BC	7/29-9/2/2024	29.8
Interfor	All		8/2024-12/2024	280-350
Conifex	Mackenzie, BC	BC	8/26/2024	
Canfor	Estill, SC	US South	9/24/2024	88
Canfor	Moultrie, GA	US South	9/24/2024	67
Tolko	Armstrong, BC	BC	9/16-10/12	9
Tolko	Williams Lake, BC	BC	9/30-10/30	15
Western	BC	BC	Q424	30
San Group	Port Alberni	BC	10/16-Nov 24	
Domtar	Quebec	Canada, EOR	10/17-Mar-25	94
West Fraser	Quesnel, BC	BC	12/16-12/31	
Domtar	Maniwaki, QU	Canada, EOR	12/20-6/20/25	94

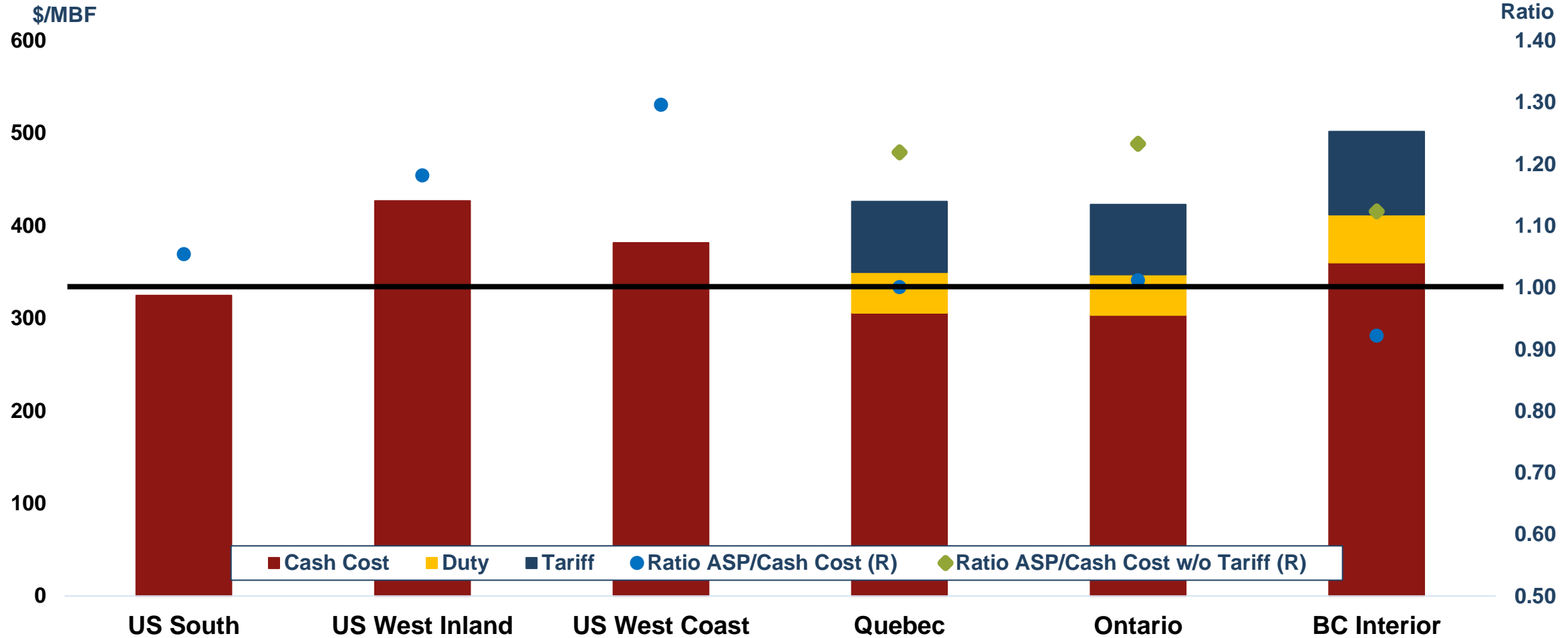
Source: FEA

Inventories Are Rising

North American Inventory/Consumption Ratio & Range

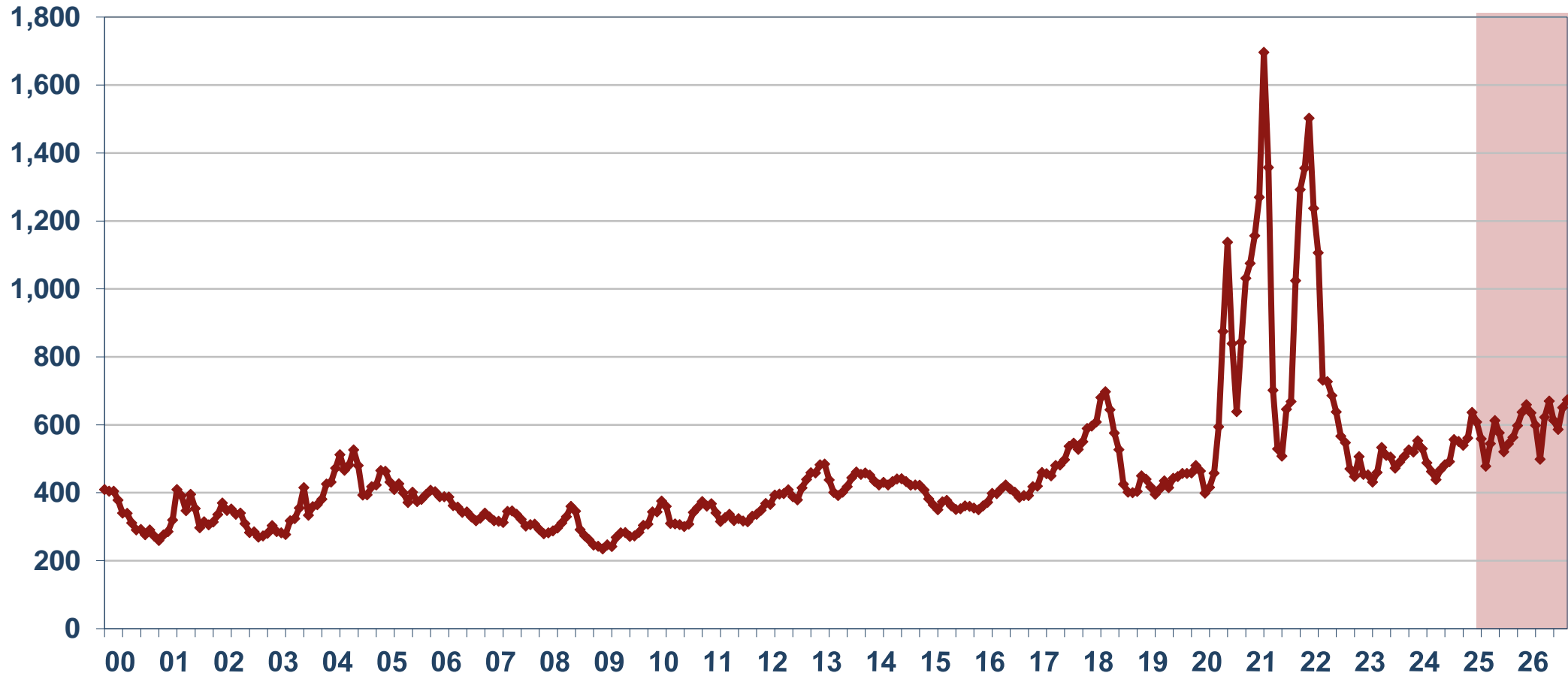


Prices Have Risen Across All Regions

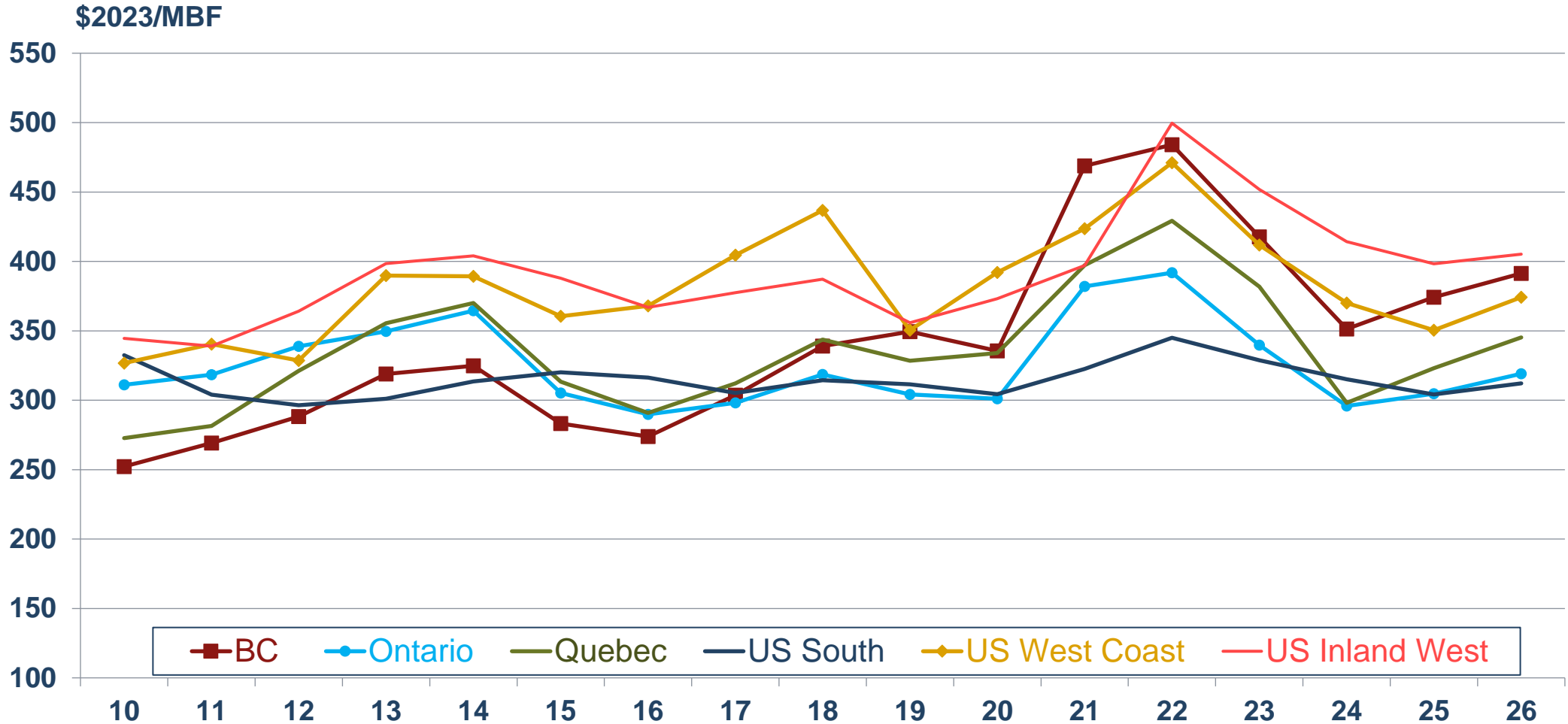


SPF Prices Will Edge Higher in 2025 Before Seeing More Sustained Growth in 2026

E.SPF 2x4, Del. Boston, \$US/MBF



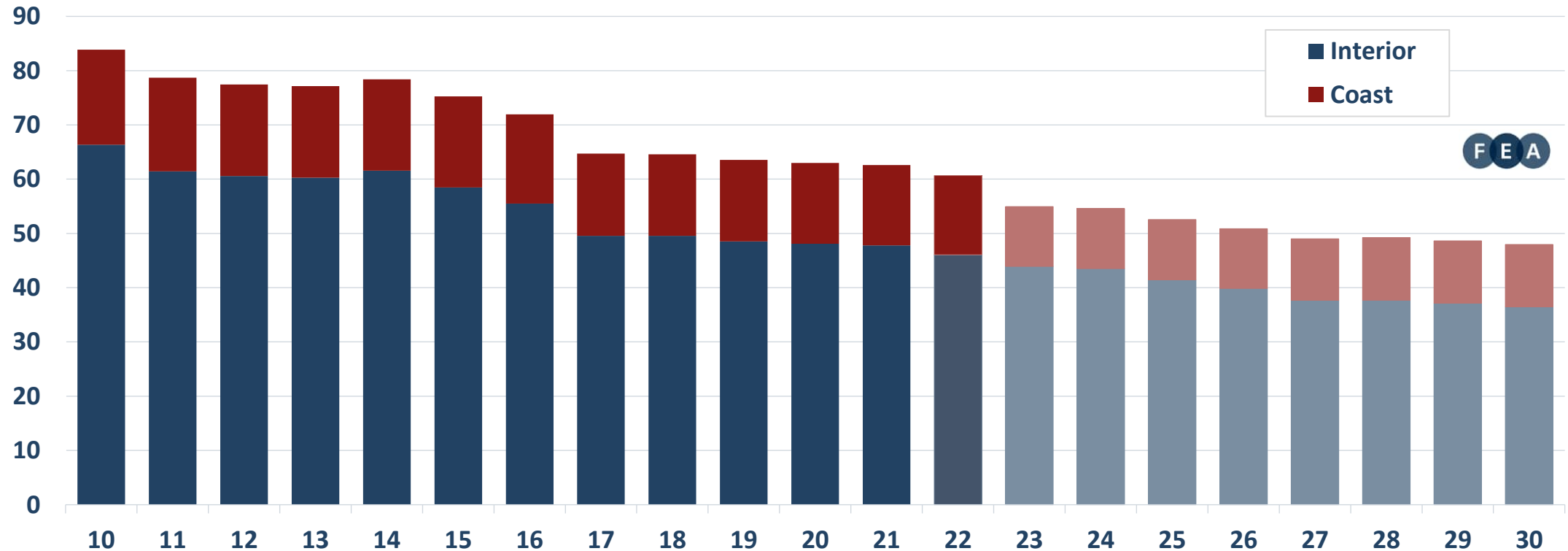
Western Lumber Production Cost Remain Elevated Relative To The East



Multiple Factors Will Constrain Timber Harvest and Lumber Production in British Columbia

Annual Allowable Cut, British Columbia

Million m³

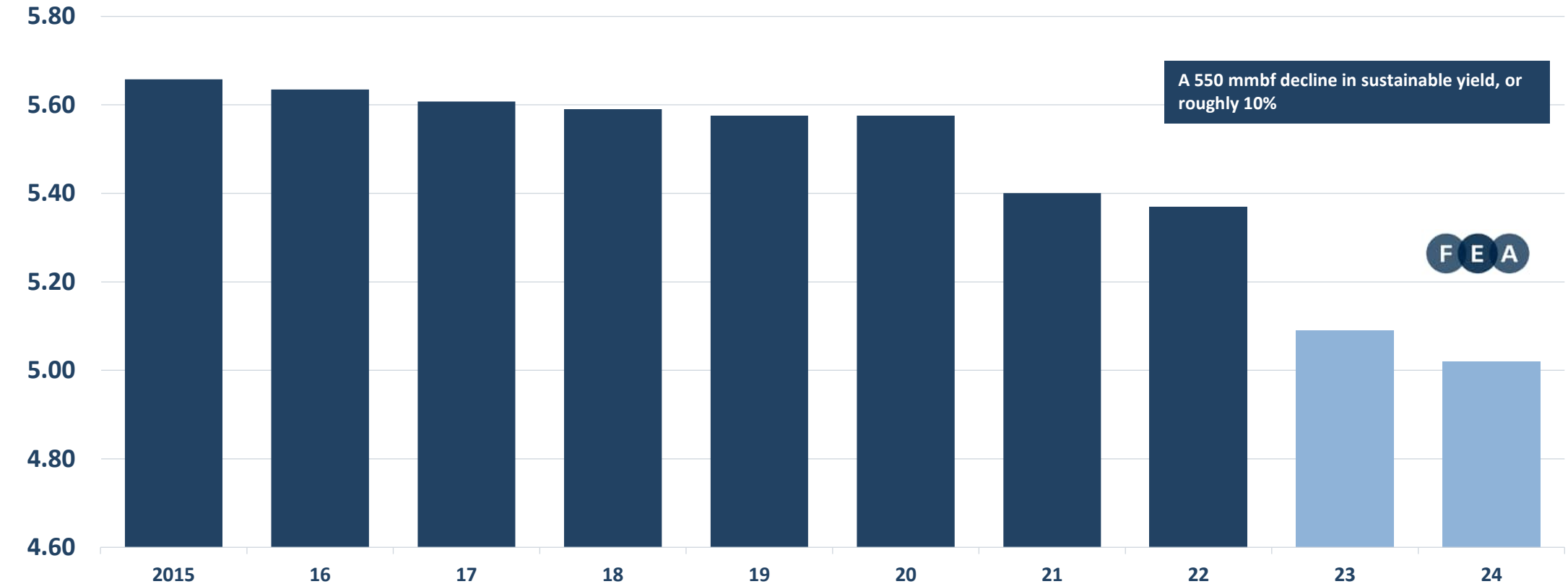


Source: BC Ministry of Forests, Land, Natural Resource Operations and Rural Development, FEA

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

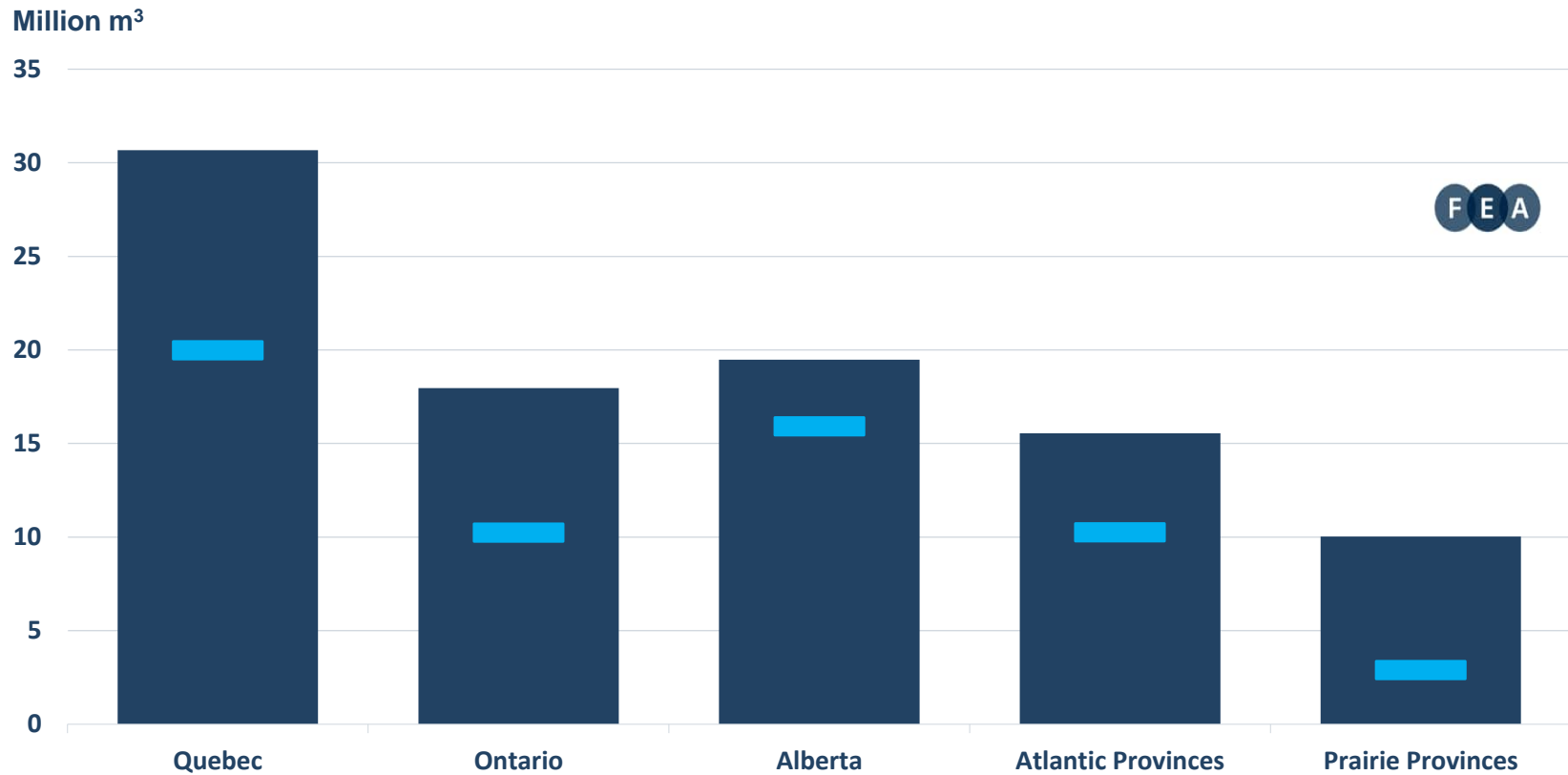
Private Softwood Sawtimber Sustainable Yield, US West Coast

BBF, Int'l 1/4"



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

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

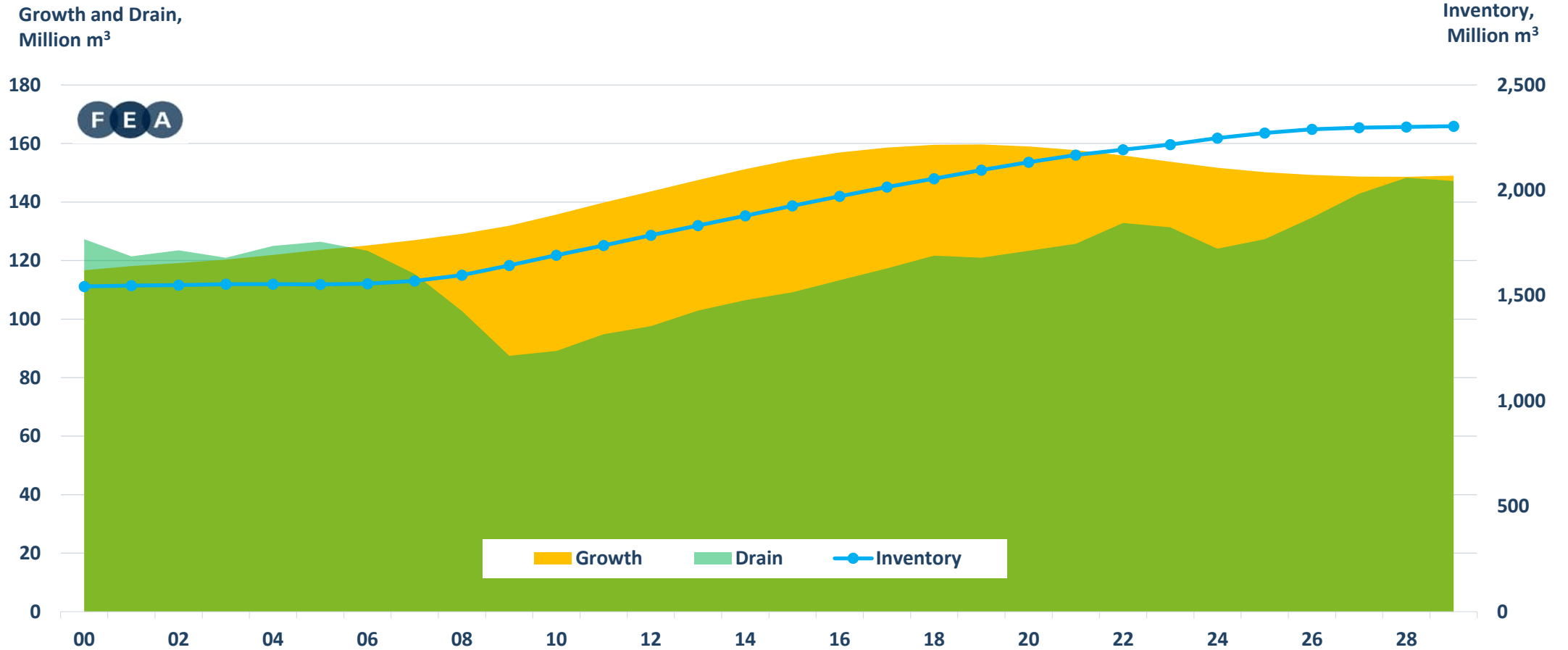


Source: FEA

■ Current AAC — 2023 Estimated Harvests

© 2025 Forest Economic Advisors

The Softwood Sawtimber Supply Conditions in the US South Is Much Different



Source: FEA's North American Timber Forecast Service

© 2025 Forest Economic Advisors

Oh Brave New World,

AR5 Final Determination

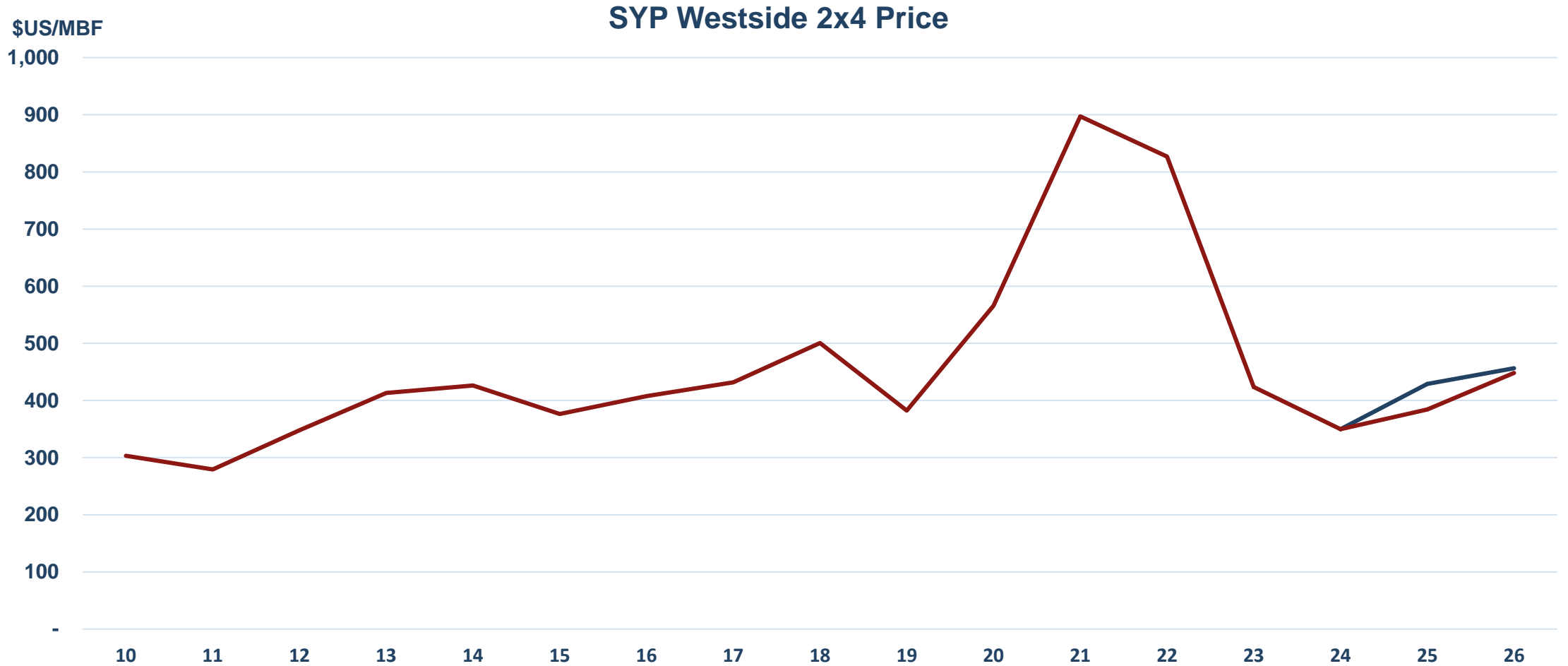
	Tariff	Antidumping	Countervailing	Combined Duties	Total Import Tax
Canfor	25%	10.44%	6.14%	16.58%	41.58%
West Fraser	25%	5.04%	6.85%	11.89%	36.89%
J.D. Irving	25%	7.80%	3.88%	11.68%	36.68%
Tolko	25%	7.80%	9.61%	17.41%	42.41%
All Others	25%	7.66%	6.74%	14.40%	39.40%

AR4 "All Others" Rate: 8.05%

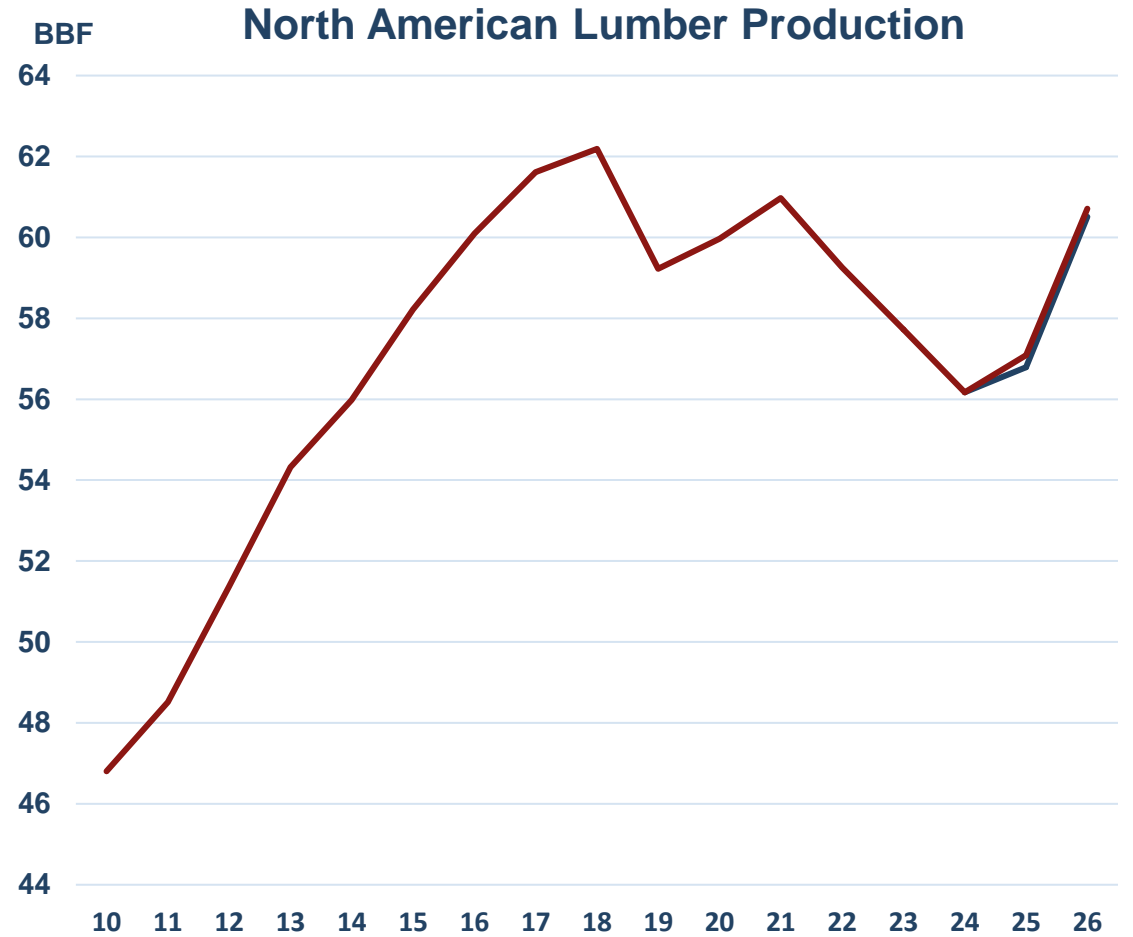
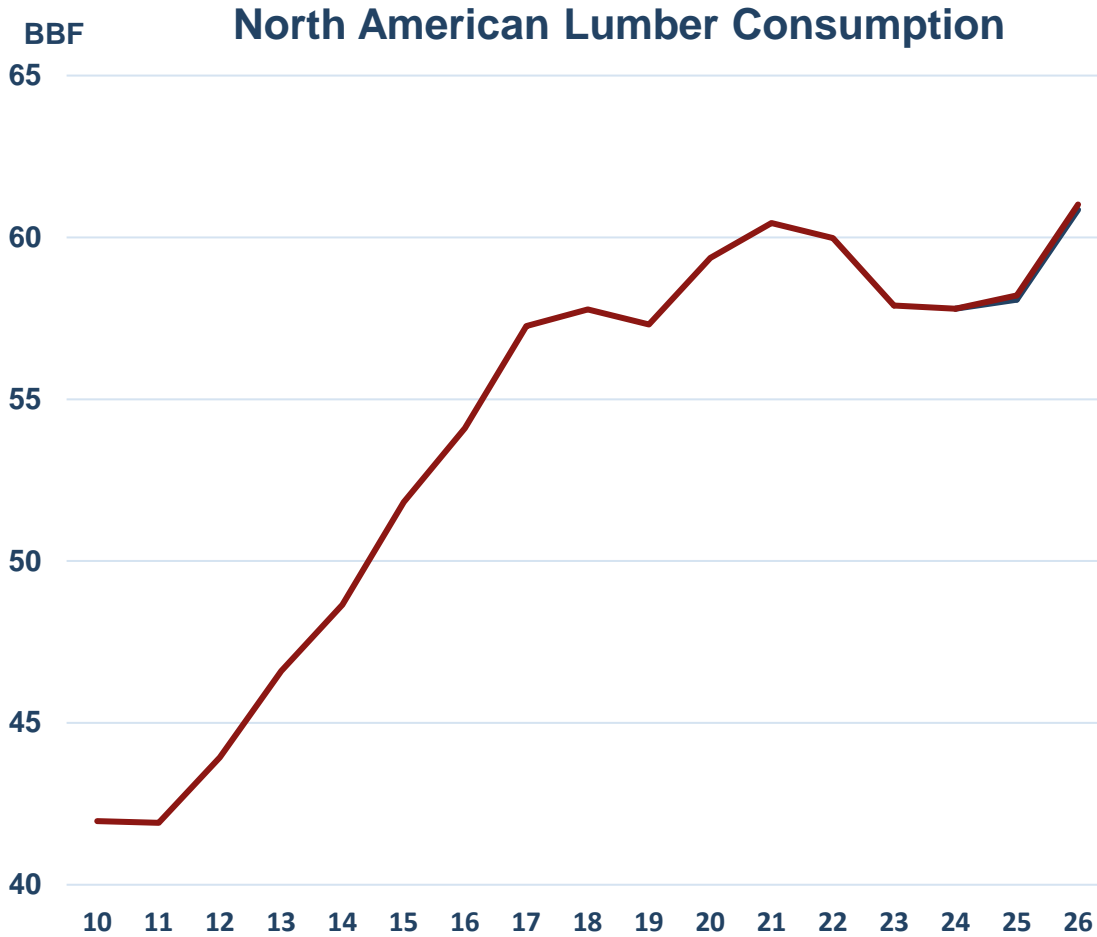
AR6 Estimates

	Tariff	Combined Duties	Total Import Tax
Canfor	25%	41%	66%
West Fraser	25%	16%	41%
All Others	25%	27%	52%

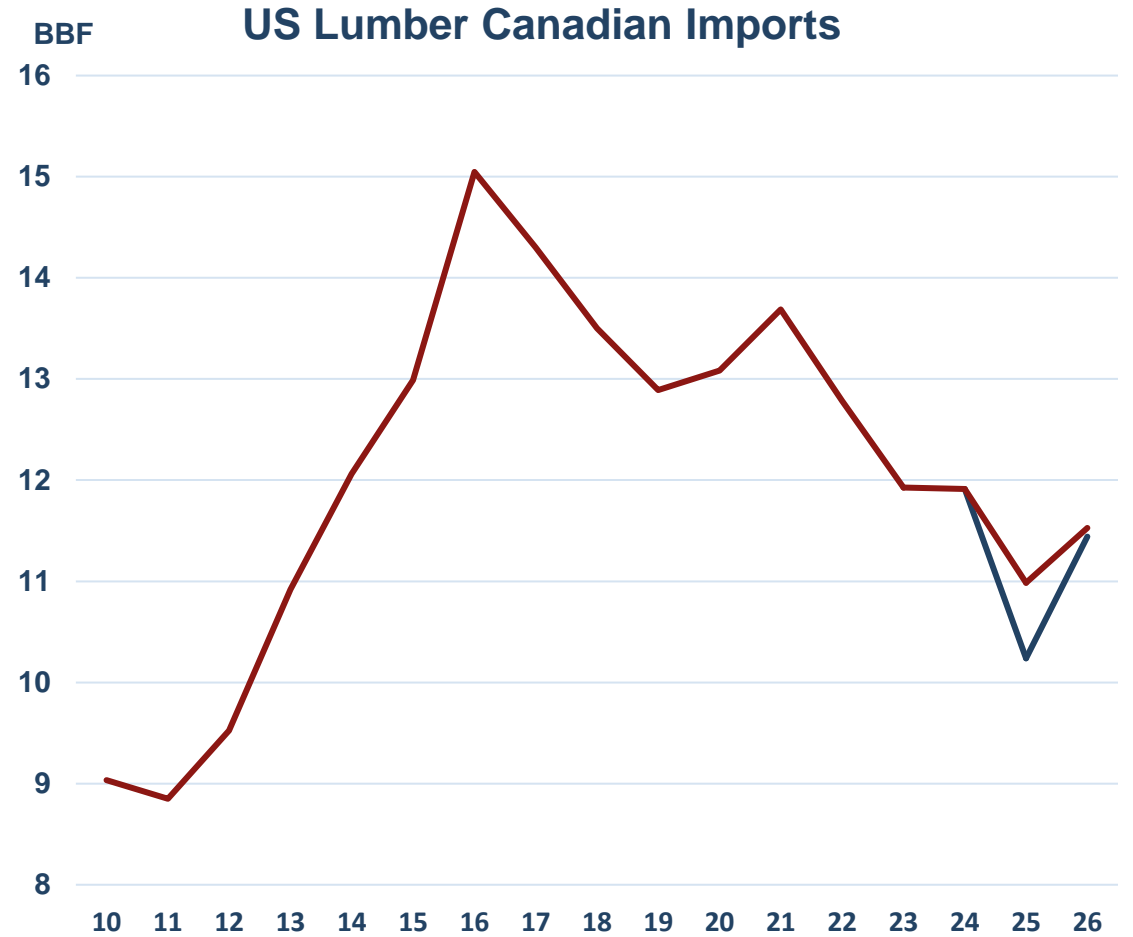
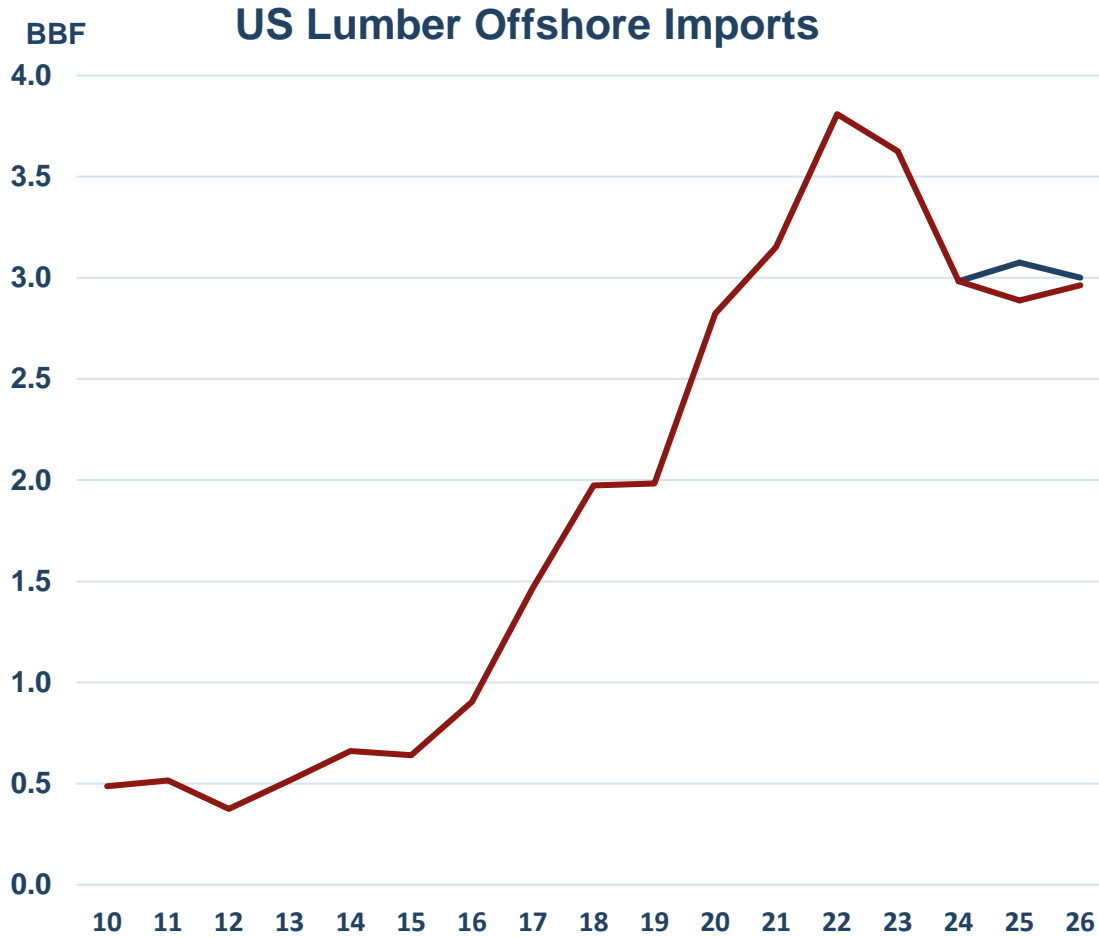
Higher Import Taxes Will Drive Prices Higher



Higher Prices Will Nudge North American Consumption and Production Lower

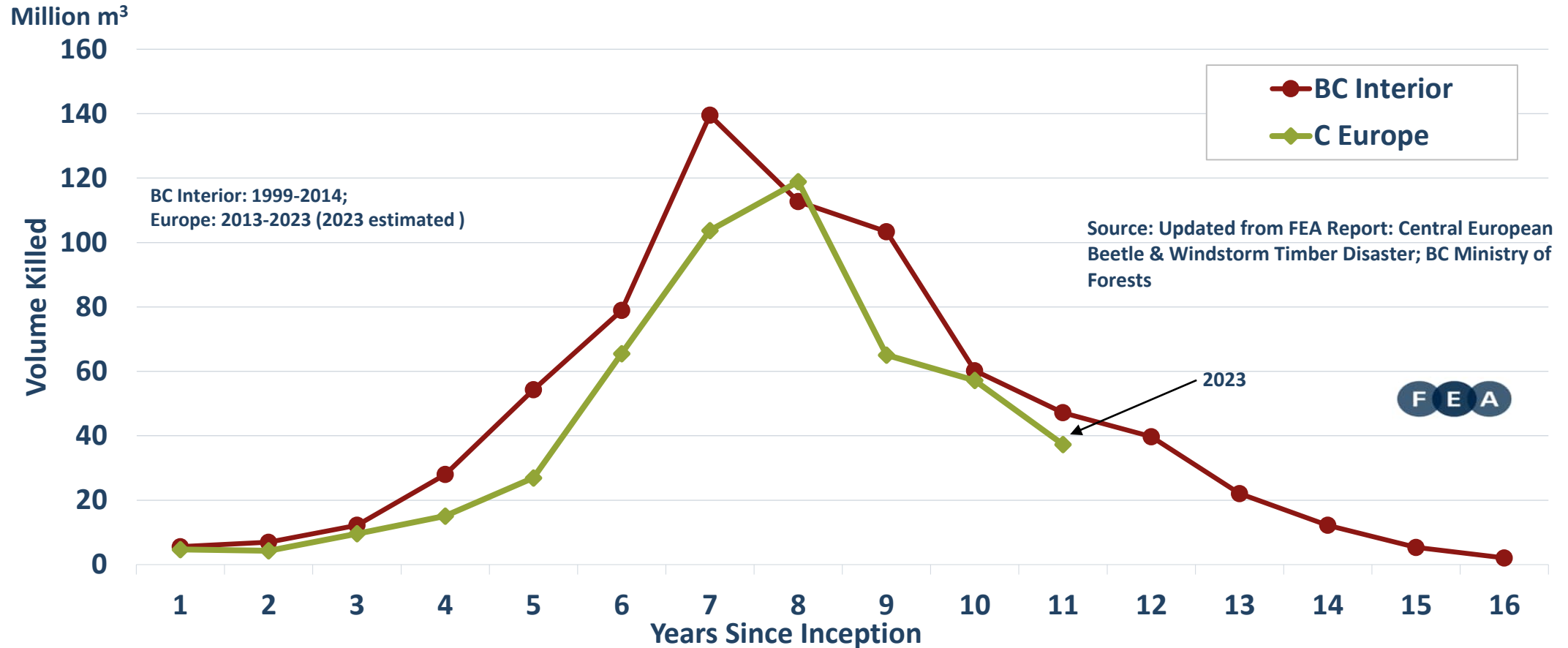


US Imports Of Canadian Lumber Will Fall While Offshore Imports Increase



The Scale of the Spruce Bark Beetle in C.Europe is Comparable to the Mtn. Pine Beetle in the BC Interior

Years Since the Inception of Bark Beetle Epidemics

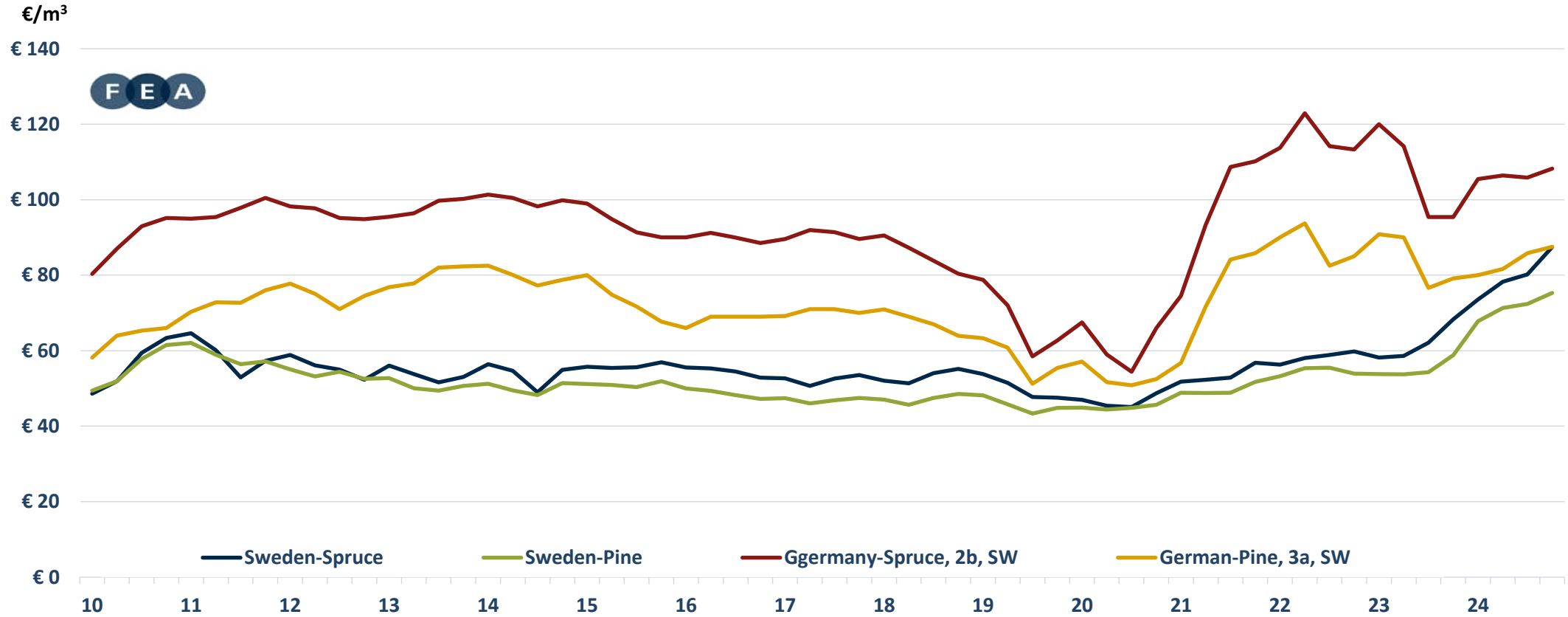


European Union Policy Changes Will Likely Impact Harvest Levels

- Land Use, Land Use Change, and Forestry (LULUCF)
- Biodiversity Strategy for 2030
- Nature Restoration Regulation
- EU Forest Strategy for 2030

Bottom line: Policies aimed at climate change and biodiversity will create stricter regulations on timber harvesting in the European Union. The LULUCF will likely have the greatest impact. The effect on harvest levels expected to be limited in the near-term but expected to increase beginning in 2026.

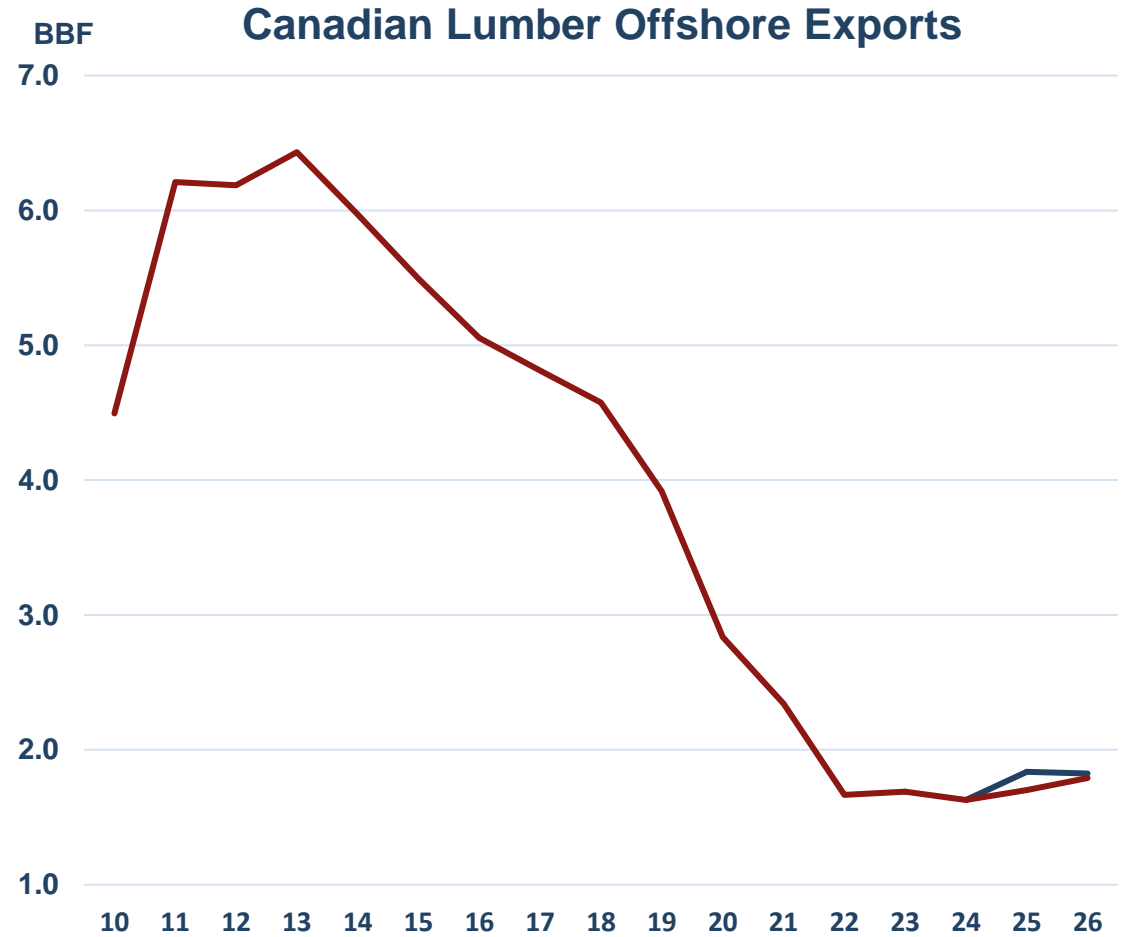
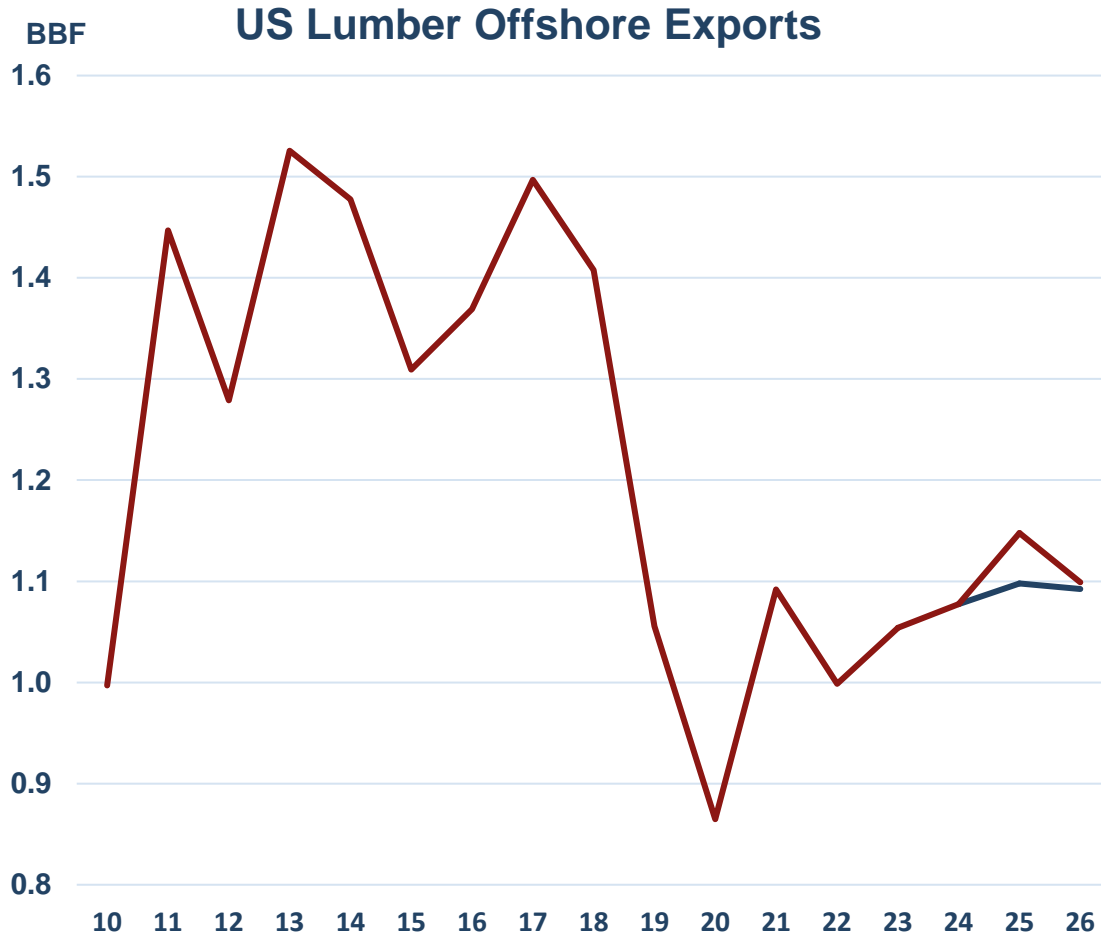
European Log Costs Have Risen



Source: Euwid, Skogstyrelsen

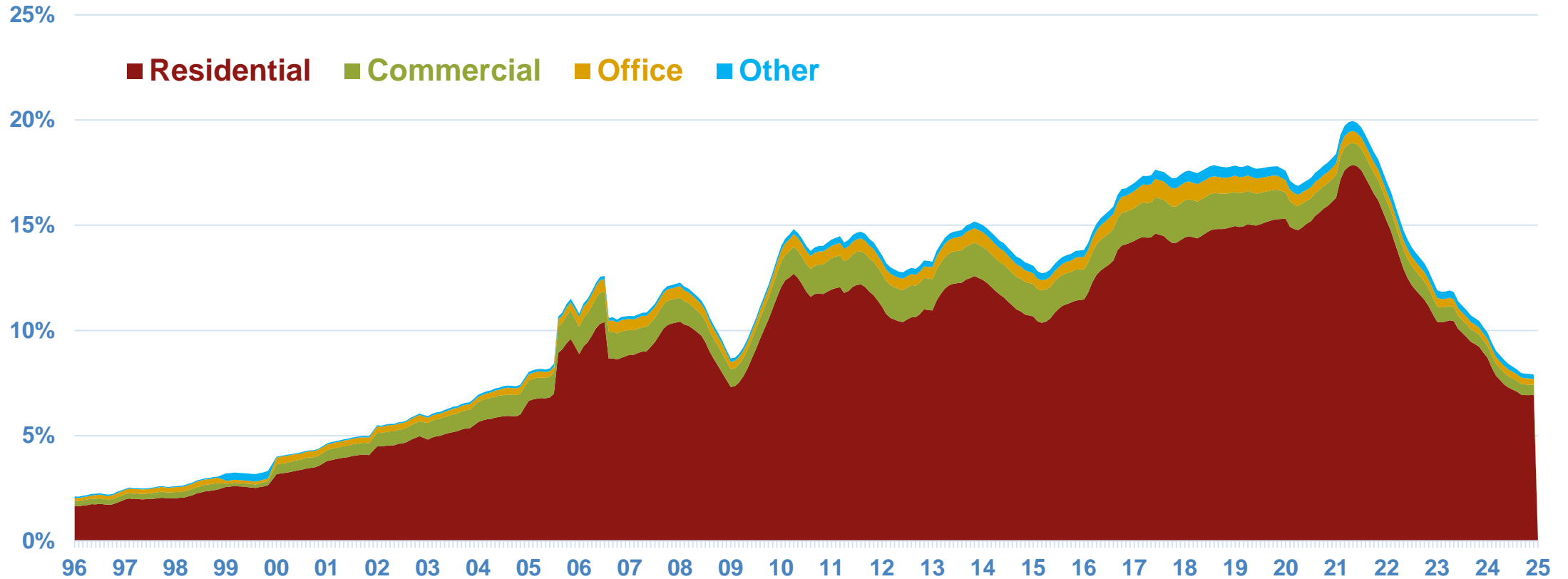
© 2025 Forest Economic Advisors

US Offshore Exports Of Lumber Will Fall While Canadian Offshore Exports Increase



Chinese Real Estate Transactions as a Percent of GDP

Chinese Real Estate Transactions as a Percent of GDP, 12-Month Moving Average



Lumber 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 southern yellow pine.
- Imports will fall, but remain elevated as European and Chinese consumption continues to struggle.
- Tariffs and rising duties will bolster lumber prices.
- Costs remain elevated, especially for western species.

2025 Forest Products Industry Outlook

Tuesday, March 25, 2025



FARM CREDIT

Disclaimer

Farm Credit East Disclaimer: The information provided in this webinar is not intended to be investment, tax, or legal advice and should not be relied upon by recipients for such purposes. Farm Credit East does not make any representation or warranty regarding the content, and disclaims any responsibility for the information, materials, third-party opinions, and data included in this webinar. In no event will Farm Credit East be liable for any decision made or actions taken by any person or persons relying on the information contained in this webinar or its materials.

CEU Credits Information

SAF (Society of American Foresters) Cat 1: 1.0 / Cat 2: 0.0

Connecticut: 1.0 CEU

Please email Chris.Laughton@farmcrediteast.com for information if you require credits.

Paul Jannke



Principal, Lumber



Forest Economic Advisors



Search Calculators Office Locator Contact Us

Sign in

FINANCING SERVICES INDUSTRIES RESOURCES ABOUT

Business Resources

Keep up with markets, weather, economic outlooks, Northeast ag news, events and management ideas by visiting our resources.

Contact My Office



- Today's Harvest Blog
- Industry Trends & Outlooks
- Events & Webinars**
- DTN Markets & Weather
- Northeast Farm Fresh Guide
- Calendar Photo Contest
- RESOURCES OVERVIEW

CEU Credits Information

SAF (Society of American Foresters) Cat 1: 1.0 / Cat 2: 0.0

Connecticut: 1.0 CEU

Please email Chris.Laughton@farmcrediteast.com for information if you require credits.



The QR Code Sends Me An Email Request For The Presentation

Paul Jannke
Principal, Lumber
1-978-496-6336
pjannke@getfea.com
www.getfea.com

