

Will A Slowing Housing Market Affect Timber Prices?

By Jay Bear

Timber produces lumber, and the largest use of lumber is in housing. Therefore, one could logically conclude that there is a direct relationship between timber prices and the number of houses being built. As they said in the old Sherlock Holmes movies, "Not so fast, Watson."

For many reasons, the correlation between these two interconnected industries is not always logical. Timber is a local and sometimes regional product, while lumber-and housing-markets are regional or even national in scope.

Local pressures, totally independent from the U.S. housing market, can also affect timber prices:

- Mill startups or shutdowns.
- Weather conditions that increase or decrease logging production.
- The availability of reputable, qualified logging crews.
- Insect infestations or other natural disasters.

Additionally, the lumber market is much larger in a geographical sense than the timber market. Lumber hauling is much more efficient than log hauling; it can be conducted over much greater distances because much more product can fit in the same space. Last but not least, the market for pulpwood and sawlogs (for lumber) can move in opposite directions.



This could be good news if you own timber in Georgia, because it means you don't have to fret when you read some moderately depressing story about housing starts. Chances are good that these national statistics could have a muted effect on how much your timber is worth.

Instead, you should pay attention to local news or conditions that may affect you. For example, if you have good timber on accessible, "high and dry" land, you can command a premium price, particularly in winter or during extended periods of wet weather. Consequently, you might want to delay a sale in the dry summer months when prices trend lower.

If you have merchantable timber, call us at 404-325-2828 and we'll give you the benefit of our advice. We have also recently improved and redesigned our Web site, www.scofieldtimber.com, and invite you to visit for information that will be beneficial in marketing your timber. After 33 years in the business, we've seen a lot of cycles. We can help you focus on the current factors that can make a difference in your timber income.