



## DOMESTIC AND GLOBAL HARDWOOD MARKET UPDATE

TIM KNOL, HARDWOOD REVIEW

NORTH CAROLINA TREE FARM

TIM@HARDWOODREVIEW.COM

APRIL 18, 2024

1

### OUTLINE



- Quick Overview of Hardwood Review
- Hardwood Lumber Price Trends
- Comparison to Great Recession
- Outlook

2

## FOR 39 YEARS—ANALYZING AND REPORTING ON HARDWOOD LUMBER MARKETS

- Weekly and historic pricing
- Market forecasting
- Monthly import/export trade data
- Market commentary and feature articles
- Issue and trend tracking
- Fully digital since 2021
- All for less than \$1/day



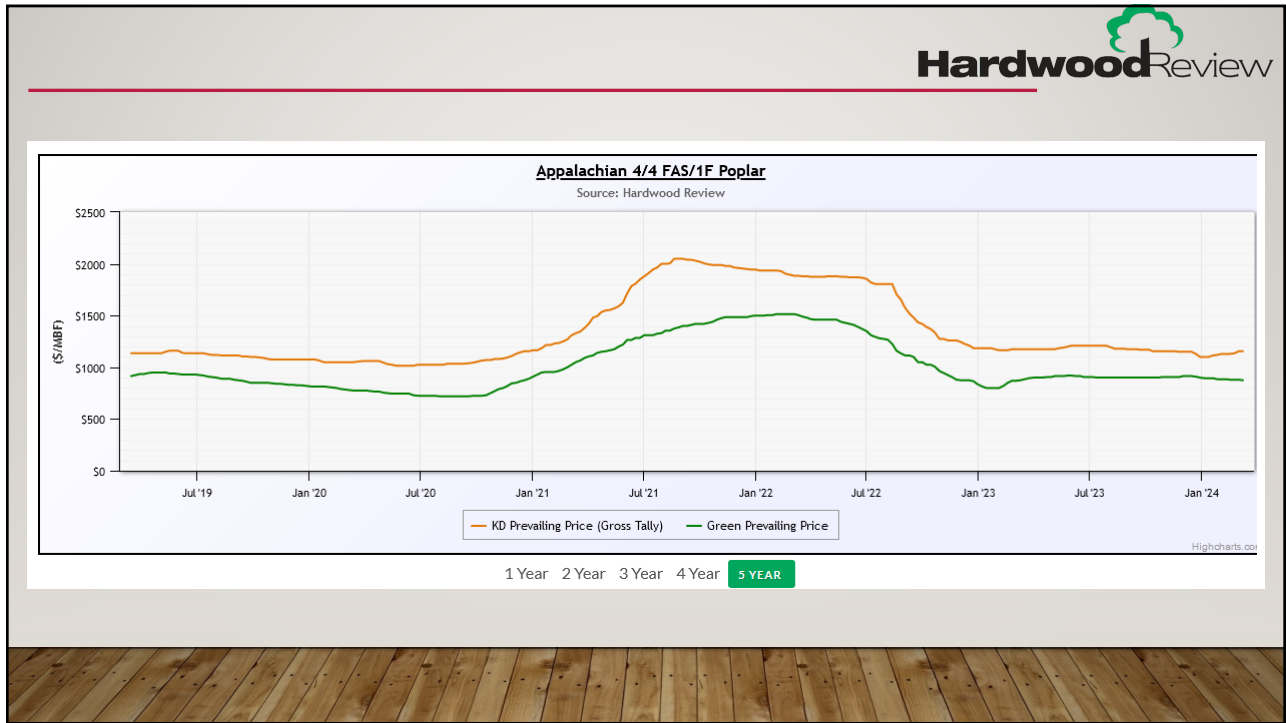
3



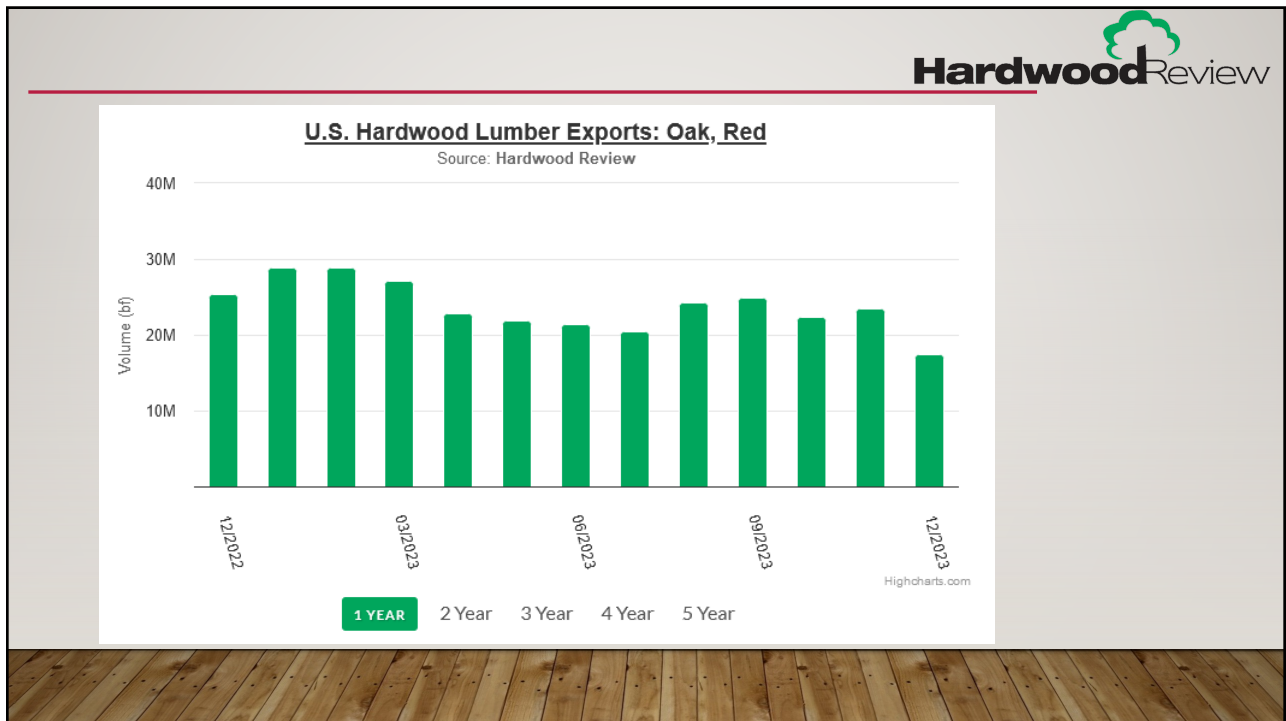
### Appalachian Pricing

| Th. Grade                                    | Kiln-Dried Gross Tally | Kiln-Dried Net Tally | Green   | Th. Grade                      | Kiln-Dried Gross Tally | Kiln-Dried Net Tally | Green    |
|--|------------------------|----------------------|---------|--------------------------------|------------------------|----------------------|----------|
| <b>ASH</b>                                   |                        |                      |         | <b>HARD MAPLE - SAP/BTR</b>    |                        |                      |          |
| FAS/1F                                       | 1790 (1655-1910)       | 1925 (1780-2055)     | 1275    | FAS/1F                         | 1820 +20 (1690-1960)   | 1955 +20 (1815-2110) | 1460 +20 |
| 4/4 #1 Com                                   | 1150 (1070-1230)       | 1235 (1150-1325)     | 750     | 4/4 #1 Com                     | 1165 +15 (1070-1255)   | 1255 +15 (1150-1350) | 910      |
| #2 Com                                       | 825 (755-885)          | 885 (810-950)        | 475     | #2 Com                         | 860 (790-915)          | 925 (850-985)        | 610      |
| FAS/1F                                       | 1985 (1795-2110)       | 2135 (1930-2270)     | 1515    | FAS/1F                         | 2090 +40 (1900-2215)   | 2245 +45 (2045-2380) | 1565 +20 |
| 5/4 #1 Com                                   | 1225 (1160-1325)       | 1315 (1245-1425)     | 885     | 5/4 #1 Com                     | 1200 (1100-1280)       | 1290 (1185-1375)     | 940      |
| #2 Com                                       | 925 (850-990)          | 995 (915-1065)       | 535     | #2 Com                         | 870 (810-935)          | 935 (870-1005)       | 675      |
| FAS/1F                                       | 2100 (1930-2235)       | 2260 (2075-2405)     | 1550    | 6/4 FAS/1F                     | 2335 +35 (2180-2530)   | 2510 +40 (2345-2720) | 1695 +20 |
| 6/4 #1 Com                                   | 1320 (1200-1430)       | 1420 (1290-1540)     | 905     | #1 Com                         | 1290 (1170-1385)       | 1385 (1260-1490)     | 1000     |
| #2 Com                                       | 1025 (925-1115)        | 1100 (995-1200)      | 580     | 8/4 FAS/1F                     | 2510 +35 (2300-2725)   | 2700 +40 (2475-2930) | 1800 +20 |
| FAS/1F                                       | 2380 (2230-2535)       | 2560 (2400-2725)     | 1675    | #1 Com                         | 1375 (1260-1470)       | 1480 (1355-1580)     | 1040     |
| 8/4 #1 Com                                   | 1445 (1310-1535)       | 1555 (1410-1650)     | 925     | <b>HARD MAPLE - UNSELECTED</b> |                        |                      |          |
| #2 Com                                       | 1090 (1020-1185)       | 1170 (1095-1275)     | 595     | FAS/1F                         | 1605 +20 (1515-1710)   | 1725 +20 (1630-1840) | 1285     |
| <b>BASSWOOD</b>                              |                        |                      |         | 4/4 #1 Com                     | 1015 (935-1085)        | 1090 (1005-1165)     | 810      |
| FAS/1F                                       | 1250 (1180-1360)       | 1345 (1270-1460)     | 775     | #2 Com                         | 650 (600-705)          | 700 (645-760)        | 455      |
| 4/4 #1 Com                                   | 660 (620-715)          | 710 (665-770)        | 360     | #3 Com                         |                        |                      | 400      |
| #2 Com                                       | 490 (440-520)          | 525 (475-560)        | 215     | <b>SOFT MAPLE - SAP/BTR</b>    |                        |                      |          |
| <b>CHERRY - 90/50 RED - Areas 1 &amp; 2</b>  |                        |                      |         | FAS/1F                         | 1860 +40 (1720-1985)   | 2000 +45 (1850-2135) | 1335     |
| FAS/1F                                       | 1490 (1410-1650)       | 1600 (1515-1775)     | 1085    | 4/4 #1 Com                     | 1150 +10 (1075-1235)   | 1235 +10 (1155-1330) | 790      |
| 4/4 #1 Com                                   | 965 (890-1035)         | 1040 (955-1115)      | 635 -15 | #2 Com                         | 730 (670-790)          | 785 (720-850)        | 395      |
| #2 Com                                       | 635 (585-680)          | 685 (630-730)        | 430 -10 | <b>SOFT MAPLE - UNSELECTED</b> |                        |                      |          |
| <b>CHERRY - UNSELECTED - Areas 1 &amp; 2</b> |                        |                      |         | FAS/1F                         | 1580 (1480-1695)       | 1700 (1590-1825)     | 1195     |
| FAS/1F                                       | 1425 (1320-1525)       | 1530 (1420-1640)     |         | 4/4 #1 Com                     | 925 (855-995)          | 995 (920-1070)       | 725      |
| 4/4 #1 Com                                   | 890 (825-960)          | 955 (885-1030)       |         | #2 Com                         | 610 (565-660)          | 655 (610-710)        | 300      |

4



5



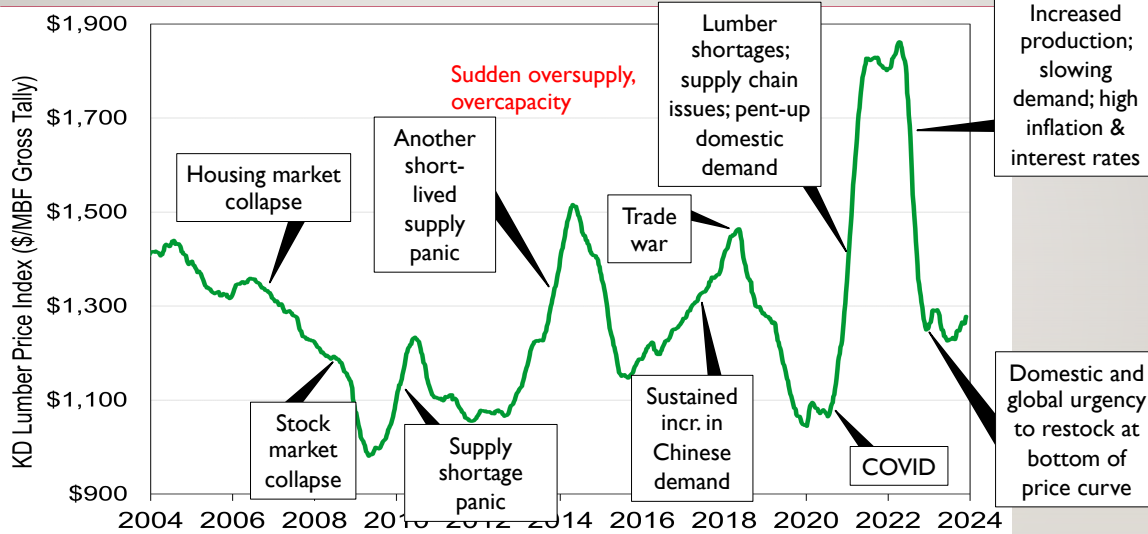
6

# HARDWOOD PRICING TRENDS

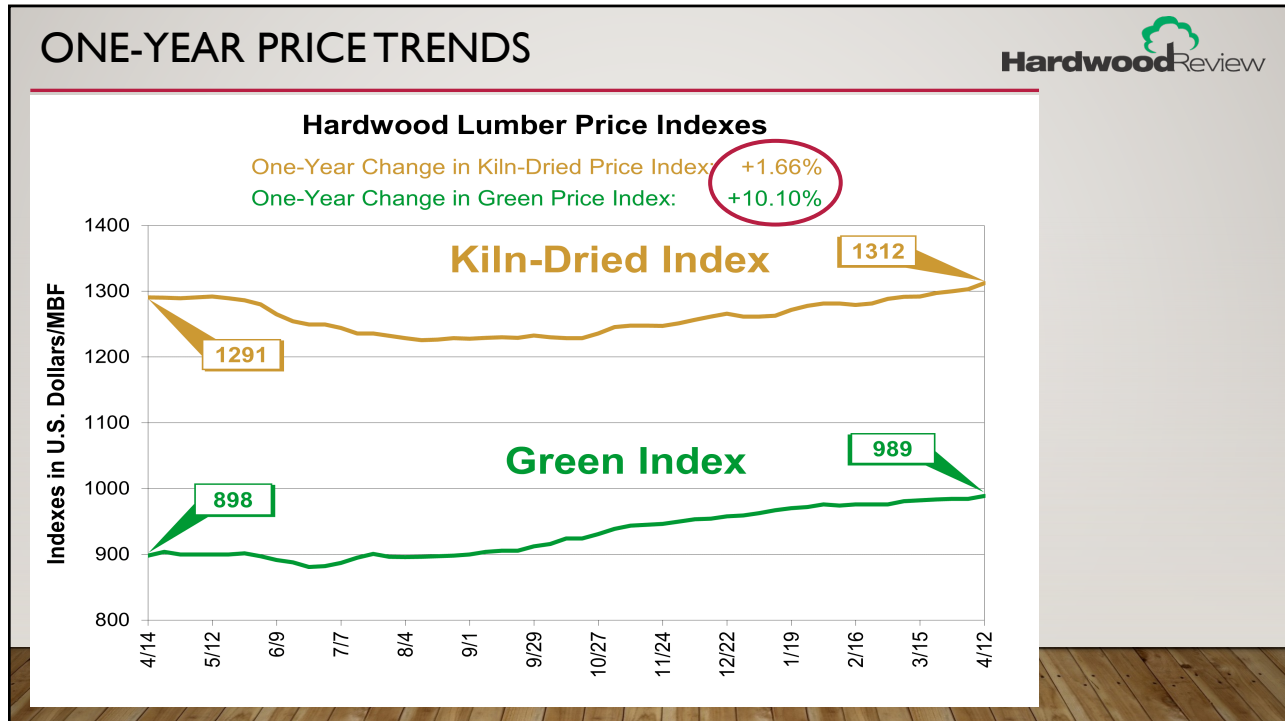


7

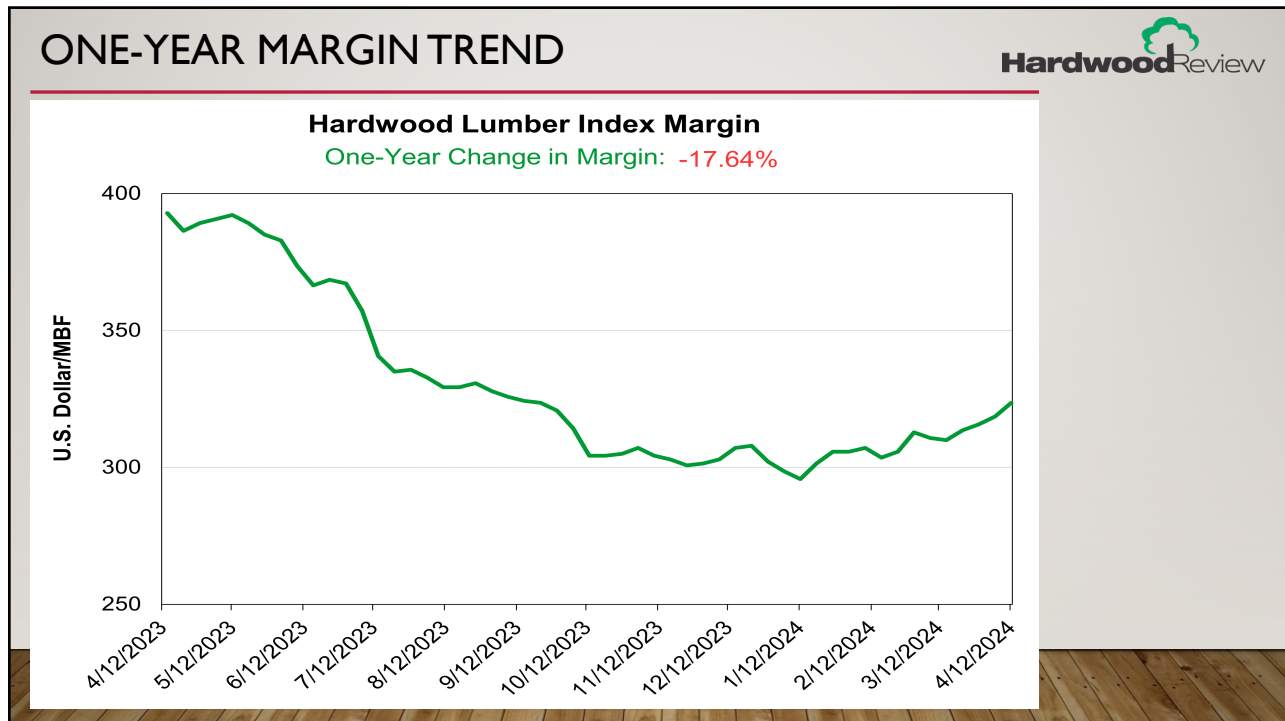
## HISTORY OF THE WORLD (ACCORDING TO LUMBER PRICES)



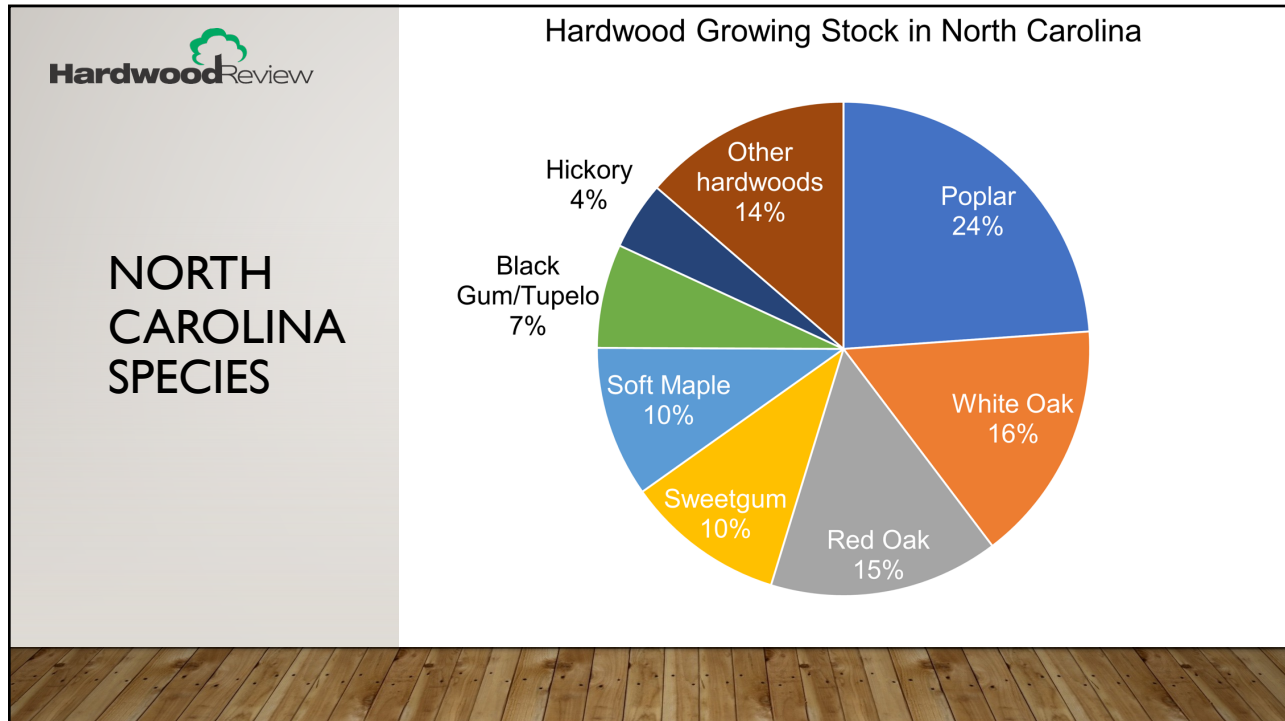
8



9



10



11

### A QUICK PRIMER ON LUMBER GRADES

**FAS**

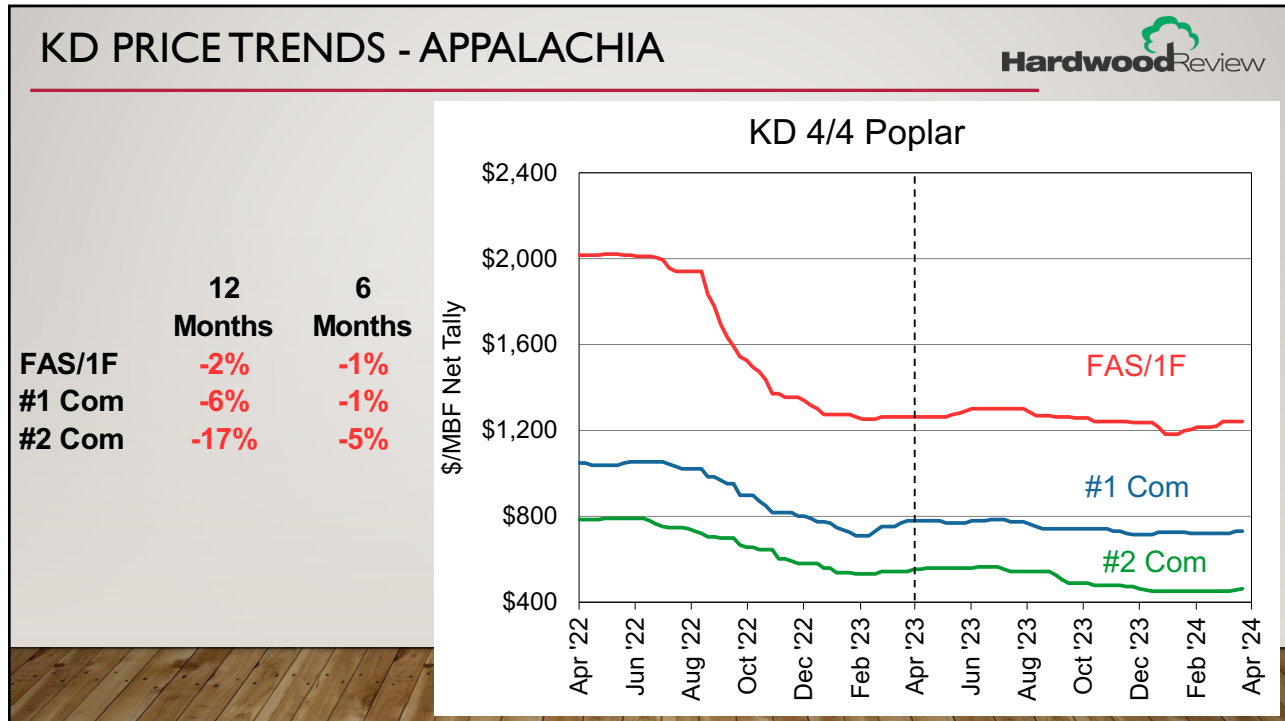
**No. 1C**

**No. 2AC**

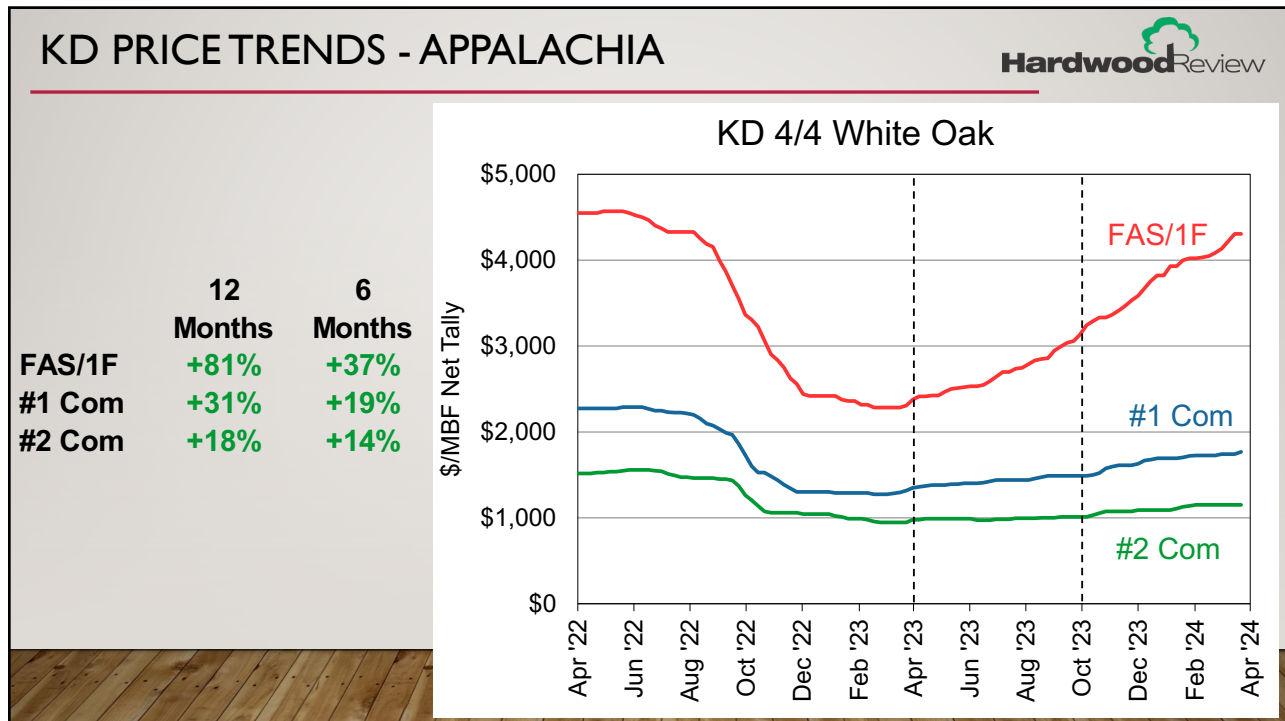
- FAS used for Furniture and Mouldings
- #1 Com is often considered a cabinet grade but has other uses
- Used in flooring & smaller wood parts

Photo Courtesy of American Hardwood Export Council

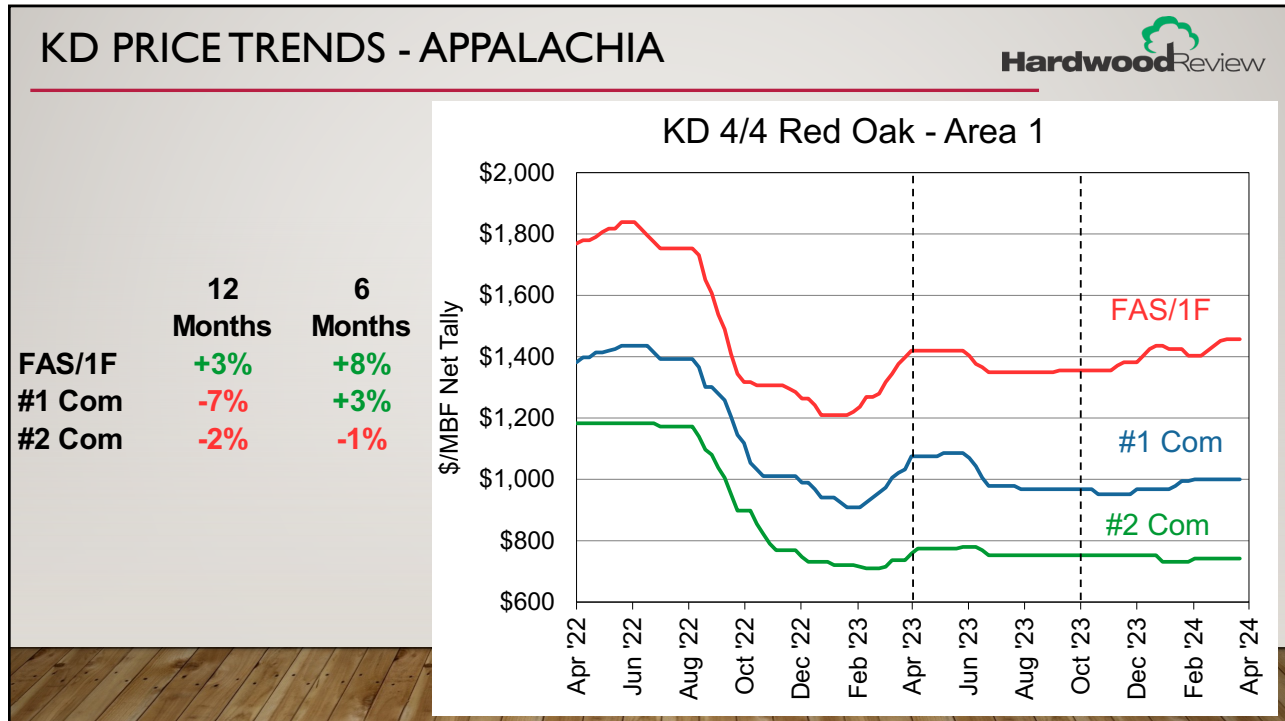
12



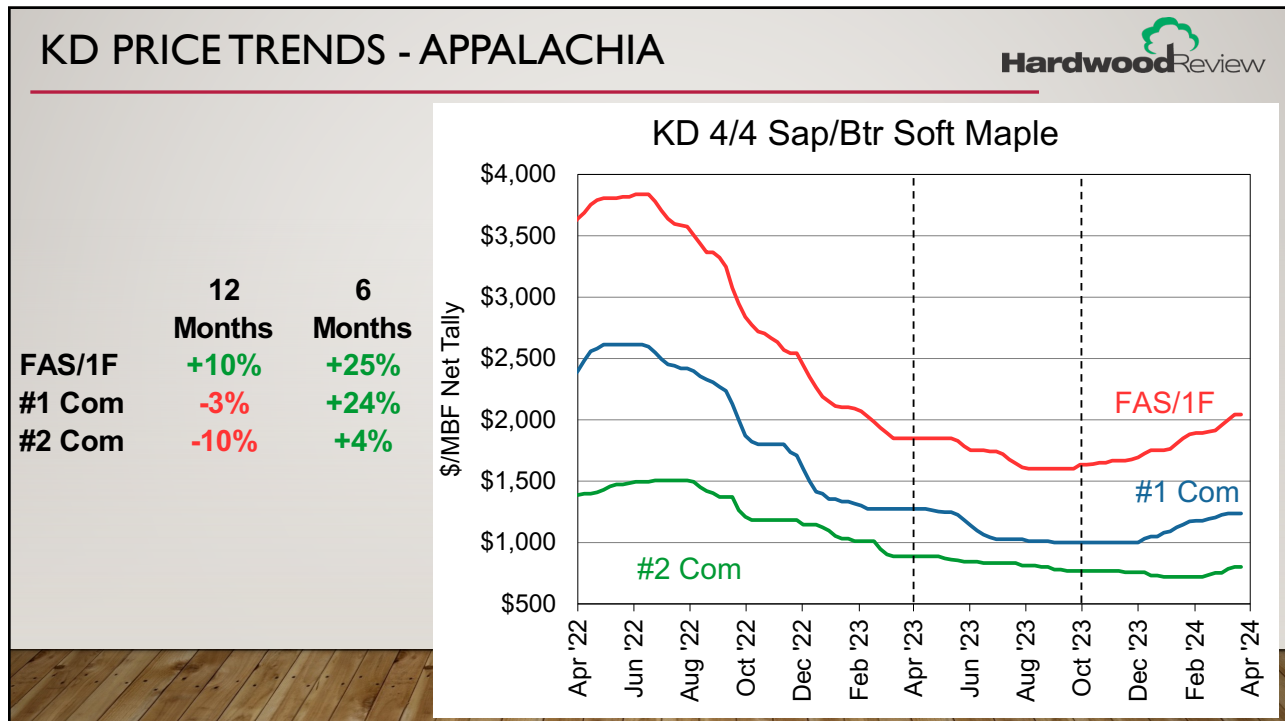
13



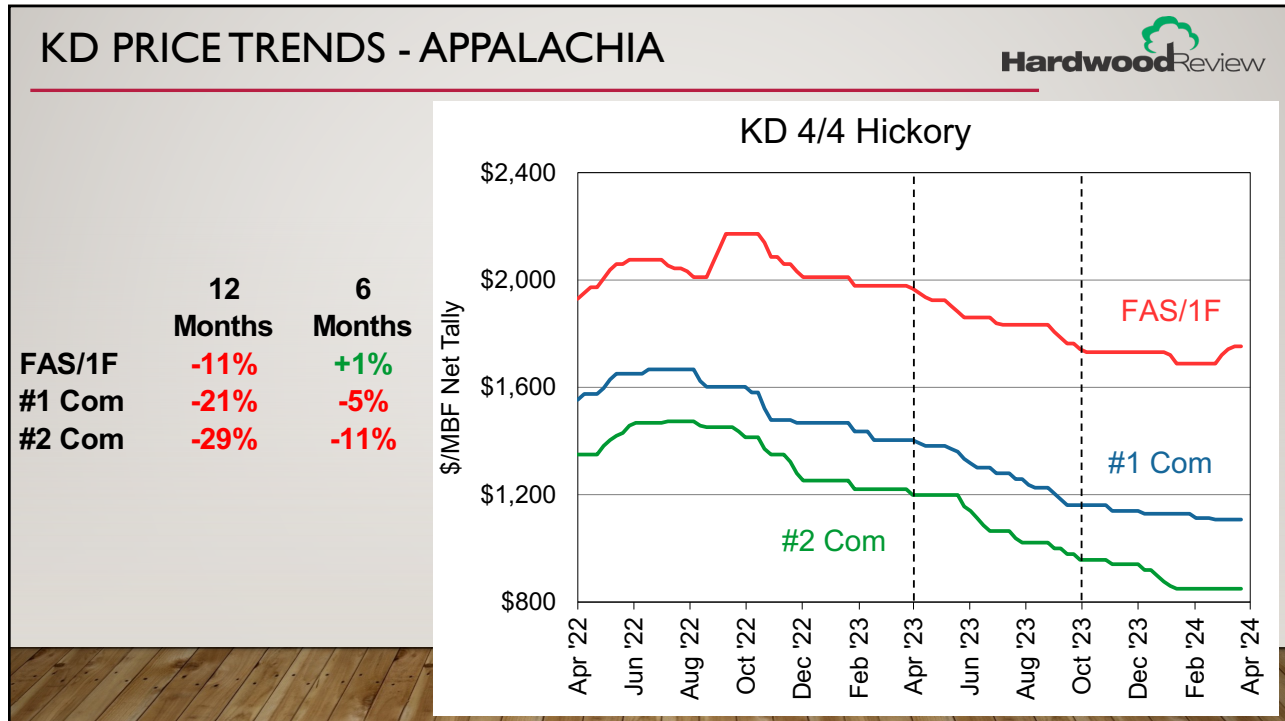
14



15



16



17

# GREAT RECESSION COMPARISON



18

## SIMILARITIES



- Worldwide Economic Slowdown
- Huge Drop in Lumber Prices
- Hardwood Lumber Production Declines Significantly

19

## LUMBER PRICE DECLINES COMPARED



### GREAT RECESSION

- ~3 Years Steady Price Declines
- KD Index Fell 28%

### POST COVID ECONOMY

- ~1 year of Price Declines
- KD Index Fell 34%

20

## INDUSTRY CONTACT LAST SUMMER



“No mills can stay in business at current price levels. There is nobody making any money.”

21

## PERMANENT PRODUCTION DECLINES COMPARED



### GREAT RECESSION

- Estimated 40% went out of business

### POST COVID ECONOMY

- 50+ Sawmills and Yards Auctioned or Closed in 2023/24
- Biggest of Sawmill Closures - Allegheny Wood Products (WV) In February (9 sawmills)
- 32 Wood Products Manufacturers Closed/Auctioned

22

## NORTH CAROLINA SPOTLIGHT

---

- Canton Sawmill (Auction - June 2023)
- T&S Hardwoods Sylva Mill (Auction June 2024)
  - 20 million board feet annually
  - “The lack of a pulpwood market with the shuttering of the Canton paper mill was also a contributing factor.” – *Sylva Herald*
- *Klaussner Furniture & Mitchell Gold + Bob Williams (Closed Aug 2023)*
- *Others – Custom Cabinet Shops, Millwork, Concentration Yard*

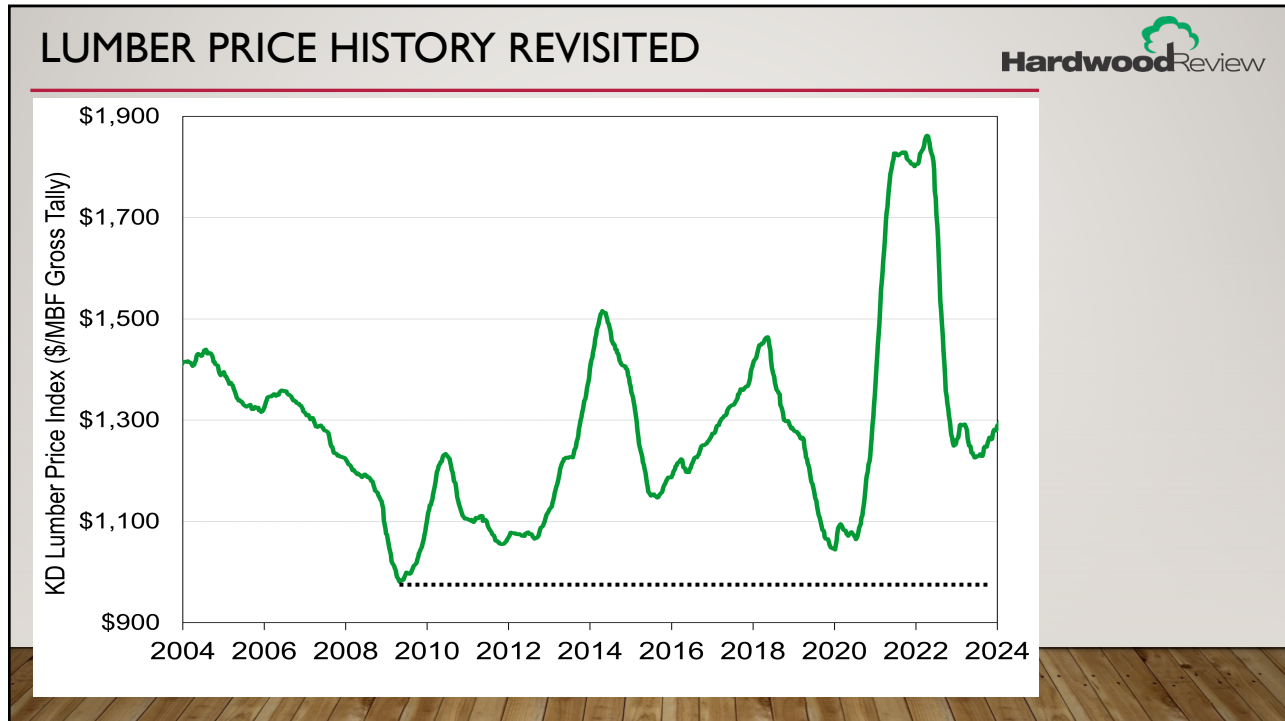
23

## DIFFERENCES

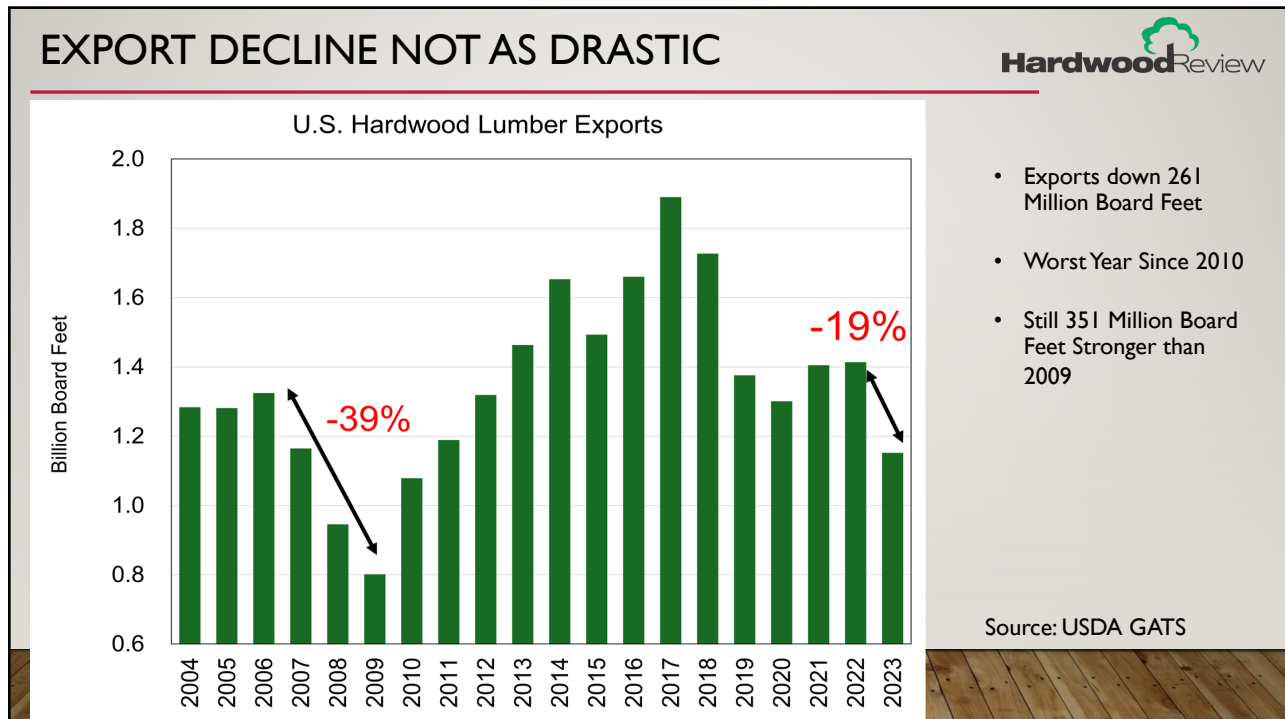
---

- Lumber Prices Not at Record Lows
- Export Decline Less Intense
- Home Building on Much Different Path

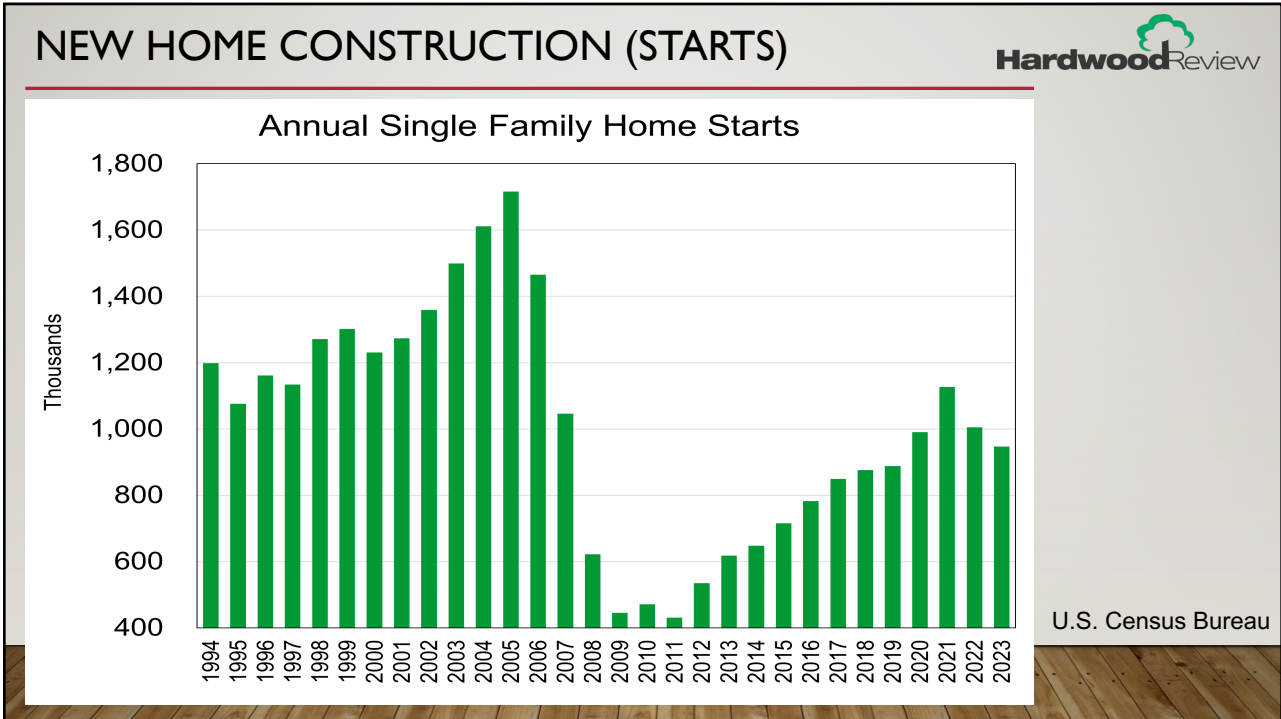
24



25



26



27

# HARDWOOD DEMAND TRENDS & OUTLOOK

28

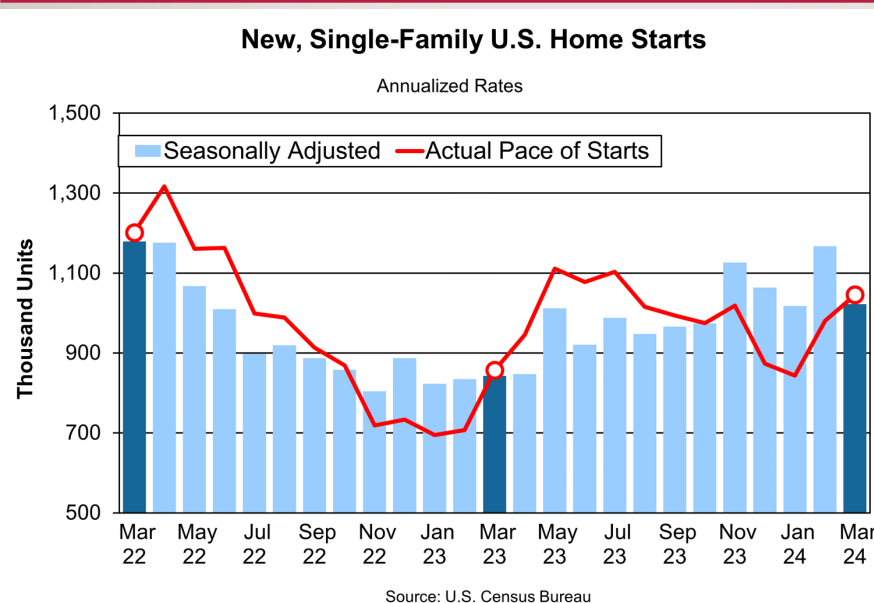
## DEMAND IN U.S. DOMESTIC MARKETS



- Directly or indirectly, housing is core driver
  - New Construction
    - Single-family starts slowed 11% in 2022; another 6% in 2023
  - Remodeling
    - Got a boost from COVID and the shift to working from home
    - Growth has been slowing since Q3 2022
    - Expenditures expected to contract in 2024 for first time since 2010
  - Existing Home Sales
    - Major driver of remodeling/furniture demand
    - Existing single-family sales slowed 17% in 2022; another 18% in 2023

29

## NEW HOME CONSTRUCTION (STARTS)



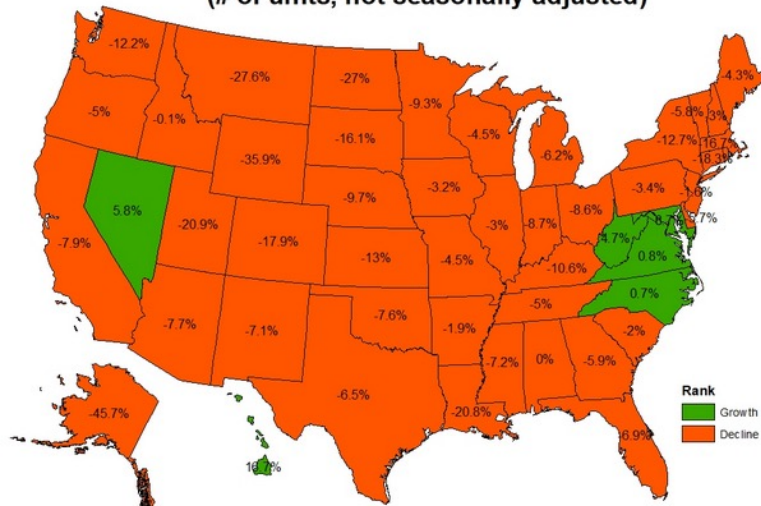
- Lack of Existing Homes for Sale Spurring New Builds
- Early Stats Suggest 2<sup>nd</sup> Half 2023 Growth Continues

30

## NEW HOME CONSTRUCTION (PERMITS)



**Change in Single-Family Permits, Jan-Dec 2023 vs. Jan-Dec 2022**  
(# of units, not seasonally adjusted)



- NC Continued to be an Outlier in 2023

Source: NAHB

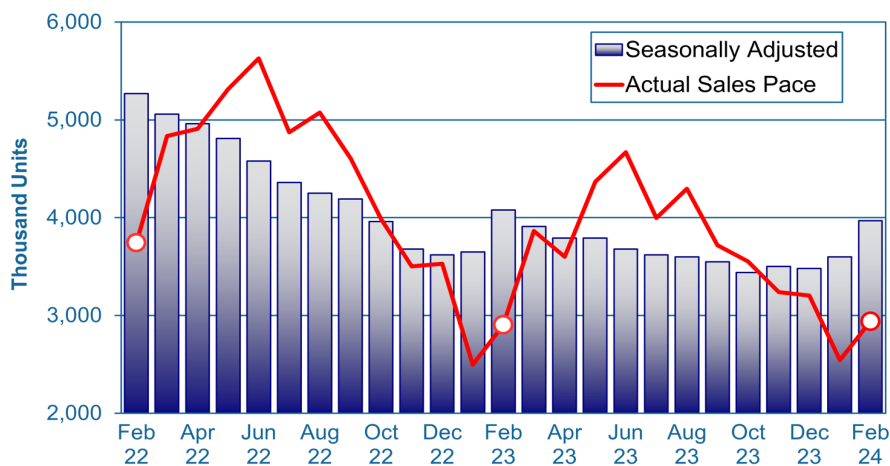
31

## EXISTING HOME SALES



**Existing, Single-Family Home Sales**

Annualized Rate



Source: National Association of Realtors®

- Estimated 62% of U.S. Mortgages are below 4% (Redfin)
- NAHB forecasting meager 3% growth in 2024
- Zillow says small decline

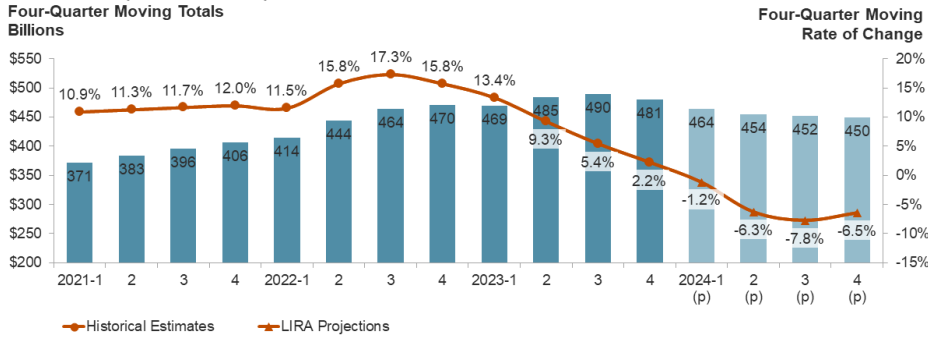
32

# REMODELING



## Leading Indicator of Remodeling Activity – Fourth Quarter 2023

Homeowner Improvements & Repairs  
Four-Quarter Moving Totals  
Billions



- Remodeling Activity Expected to Decline 6.5% in 2024

Notes: Improvements include remodels, replacements, additions, and structural alterations that increase the value of homes. Routine maintenance and repairs preserve the current quality of homes. Historical estimates since 2021 are produced using the LIRA model until American Housing Survey benchmark data become available.

© PRESIDENT AND FELLOWS OF HARVARD COLLEGE

Joint Center for Housing Studies of Harvard University JCHS

33

# U.S. HARDWOOD LUMBER EXPORTS

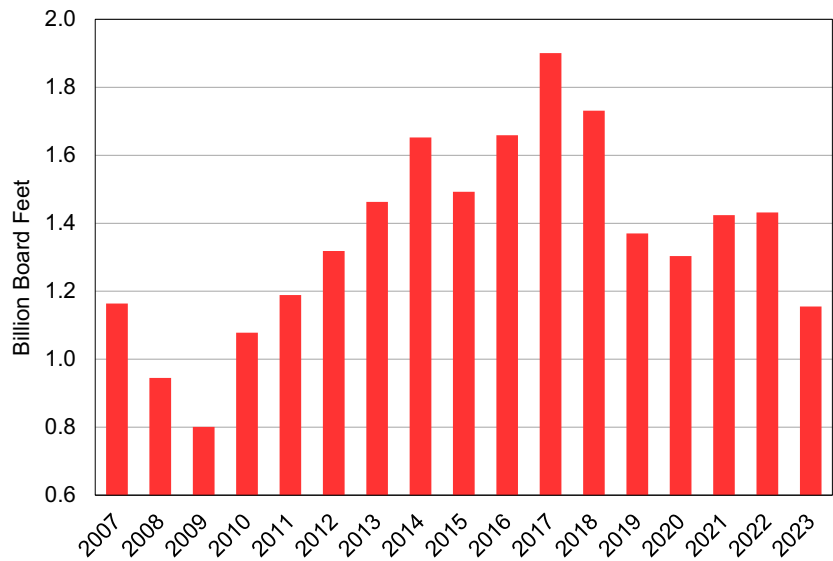


2023 export volumes were down 38% from the 2017 peak

Lowest in 13 years

All trade data sourced from USDA FAS or USITC (with corrections by Hardwood Review)

## Annual U.S. Hardwood Lumber Exports



34

## U.S. HARDWOOD LUMBER EXPORTS



Unfortunately, exports fell back to nearly every major global market in 2023

Change in U.S. Hardwood Lumber Exports Volumes, 2023

|               |               |                 |               |
|---------------|---------------|-----------------|---------------|
| <b>Asia</b>   | <b>-14.0%</b> | <b>Americas</b> | <b>-22.5%</b> |
| China         | -10.9%        | Canada          | -25.2%        |
| Vietnam       | -12.1%        | Mexico          | -19.1%        |
| Japan         | -27.7%        | Other Lat Amer. | -17.0%        |
| Other Asia    | -36.0%        |                 |               |
| <b>Europe</b> | <b>-34.3%</b> | <b>MENA</b>     | <b>-17.6%</b> |
| UK            | -22.5%        | Turkey          | -37.9%        |
| Spain         | -22.7%        | UAE             | +4.0%         |
| Italy         | -41.0%        | Other MENA      | -14.8%        |
| Germany       | -42.8%        |                 |               |
| Other Europe  | -42.0%        | <b>Oceania</b>  | <b>+22.0%</b> |
|               |               | Australia       | +48.8%        |
|               |               | New Zealand     | -21.2%        |

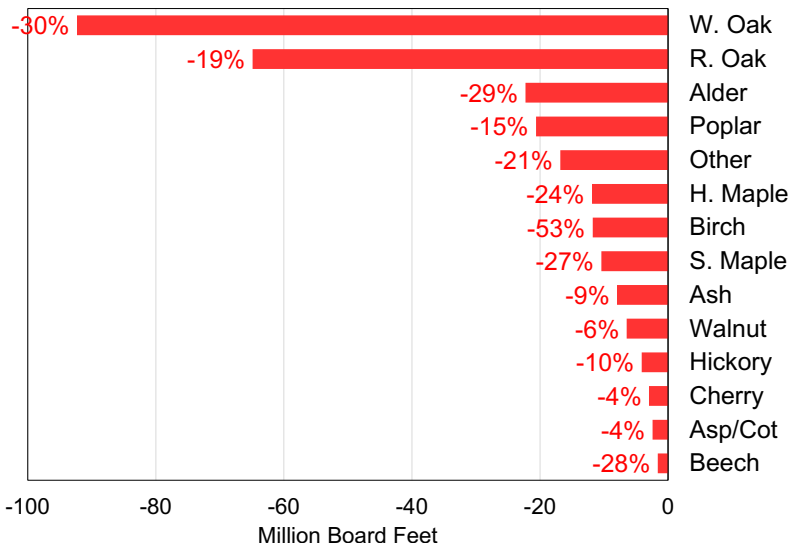
35

## U.S. HARDWOOD LUMBER EXPORTS



In addition, export volumes of every species tracked by government statistics fell in 2023

Change in Export Volumes, 2023



36

## U.S. HARDWOOD EXPORTS

### U.S. Hardwood Lumber Exports

By Species  Vol (bf)  Data is sorted in descending current YTD volume

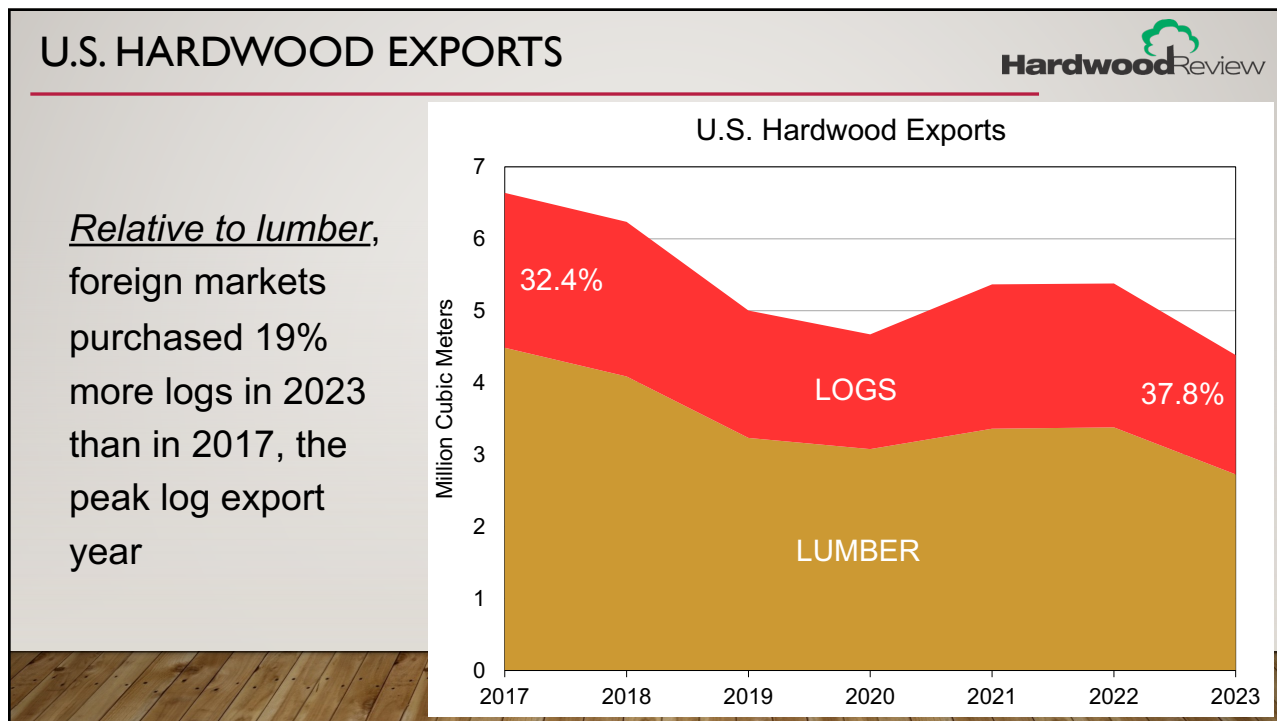
[VIEW IMPORT DATA](#)

[LUMBER](#) [LOGS](#)

[TOP 10](#) [TOP 20](#) [ALL](#)

| All Species        | Feb 2024    |               |         | Volume (bf)  |             |        | Value (U.S. \$) |               |        | Unit Value: \$/MBF |             |        |
|--------------------|-------------|---------------|---------|--------------|-------------|--------|-----------------|---------------|--------|--------------------|-------------|--------|
|                    | Vol (bf)    | Value \$      | \$/MBF  | Previous YTD | Current YTD | Change | Previous YTD    | Current YTD   | Change | Previous YTD       | Current YTD | Change |
| Oak, Red           | 28,637,421  | \$41,533,357  | \$1,450 | 57,711,371   | 56,215,354  | -2.6%  | \$76,582,904    | \$81,550,954  | +6.5%  | \$1,327            | \$1,451     | +9.4%  |
| Oak, White         | 19,976,218  | \$29,553,880  | \$1,479 | 38,840,399   | 37,354,131  | -3.8%  | \$62,254,634    | \$56,098,276  | -9.9%  | \$1,603            | \$1,502     | -6.3%  |
| Yellow Poplar      | 12,438,946  | \$11,943,209  | \$960   | 21,323,484   | 24,013,348  | +12.6% | \$20,759,491    | \$23,012,436  | +10.9% | \$974              | \$958       | -1.7%  |
| Walnut             | 8,300,532   | \$22,984,968  | \$2,769 | 18,214,486   | 17,622,434  | -3.3%  | \$51,390,530    | \$47,124,468  | -8.3%  | \$2,821            | \$2,674     | -5.3%  |
| Ash                | 6,607,031   | \$11,323,254  | \$1,714 | 15,537,763   | 14,247,718  | -8.3%  | \$25,389,919    | \$24,097,431  | -5.1%  | \$1,634            | \$1,691     | +3.5%  |
| Other              | 6,231,120   | \$5,928,318   | \$951   | 11,187,460   | 11,409,956  | +2.0%  | \$11,463,909    | \$11,176,486  | -2.5%  | \$1,025            | \$980       | -4.4%  |
| Aspen & Cottonwood | 5,811,986   | \$5,536,744   | \$953   | 10,014,382   | 11,098,466  | +10.8% | \$10,034,098    | \$10,718,110  | +6.8%  | \$1,002            | \$966       | -3.8%  |
| Cherry             | 4,907,598   | \$8,647,482   | \$1,762 | 15,630,583   | 10,650,512  | -31.9% | \$27,717,711    | \$18,633,642  | -32.8% | \$1,773            | \$1,750     | -1.5%  |
| Alder              | 4,821,144   | \$3,649,458   | \$757   | 10,664,074   | 7,729,683   | -27.5% | \$8,557,338     | \$6,004,748   | -29.8% | \$802              | \$777       | -3.2%  |
| Maple, Hard        | 3,243,759   | \$5,715,134   | \$1,762 | 6,088,725    | 6,861,316   | +12.7% | \$11,590,542    | \$11,897,429  | +2.6%  | \$1,904            | \$1,734     | -8.9%  |
| World Total        | 107,501,415 | \$153,274,938 | \$1,426 | 218,734,050  | 210,696,272 | -3.7%  | \$319,145,781   | \$303,199,609 | -5.0%  | \$1,459            | \$1,439     | -1.3%  |

37



38

## U.S. HARDWOOD EXPORTS



- +17% Y-O-Y
- +27% to China
- Walnut, White Oak, Ash, Poplar +37% or more

39

## OUTLOOK

- Domestic demand
  - Expect a modest spring demand bump; perhaps a bit better than in 2023, but significantly less than in 2021 and 2022
  - Inflation, mortgage rates will keep domestic housing markets and discretionary spending depressed
- Export demand
  - Little optimism for significantly increased demand w/economic growth slowing

40

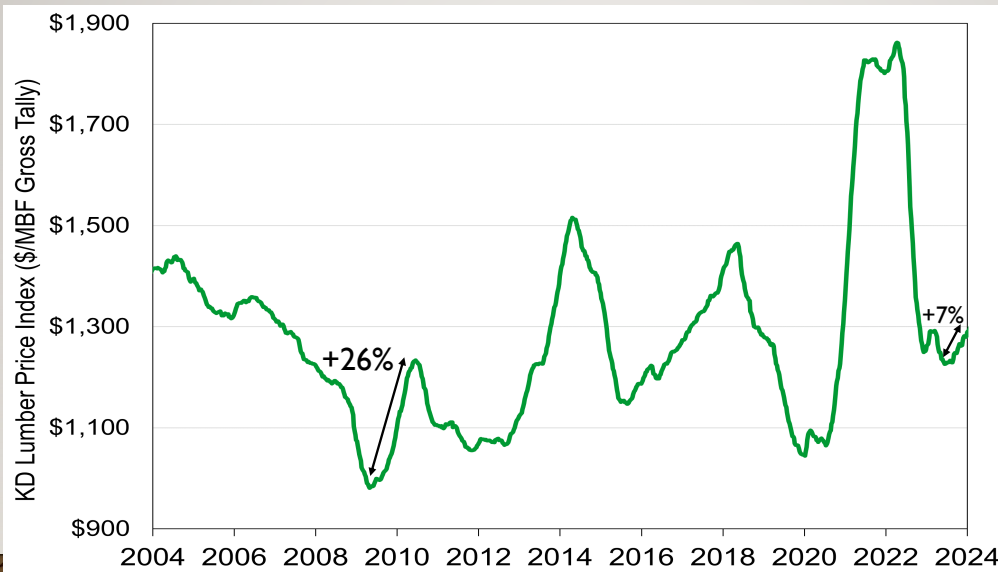
## OUTLOOK



- Production/Supply
  - U.S. hardwood production down ~60% from peak in 1999
    - Low lumber demand expected through 2024
    - Historically low profit margins will push more sawmills and yards out
  - Lumber supplies will accordingly remain relatively tight
    - Even for the hottest items (WO, WAL, HM) due to log competition and prices

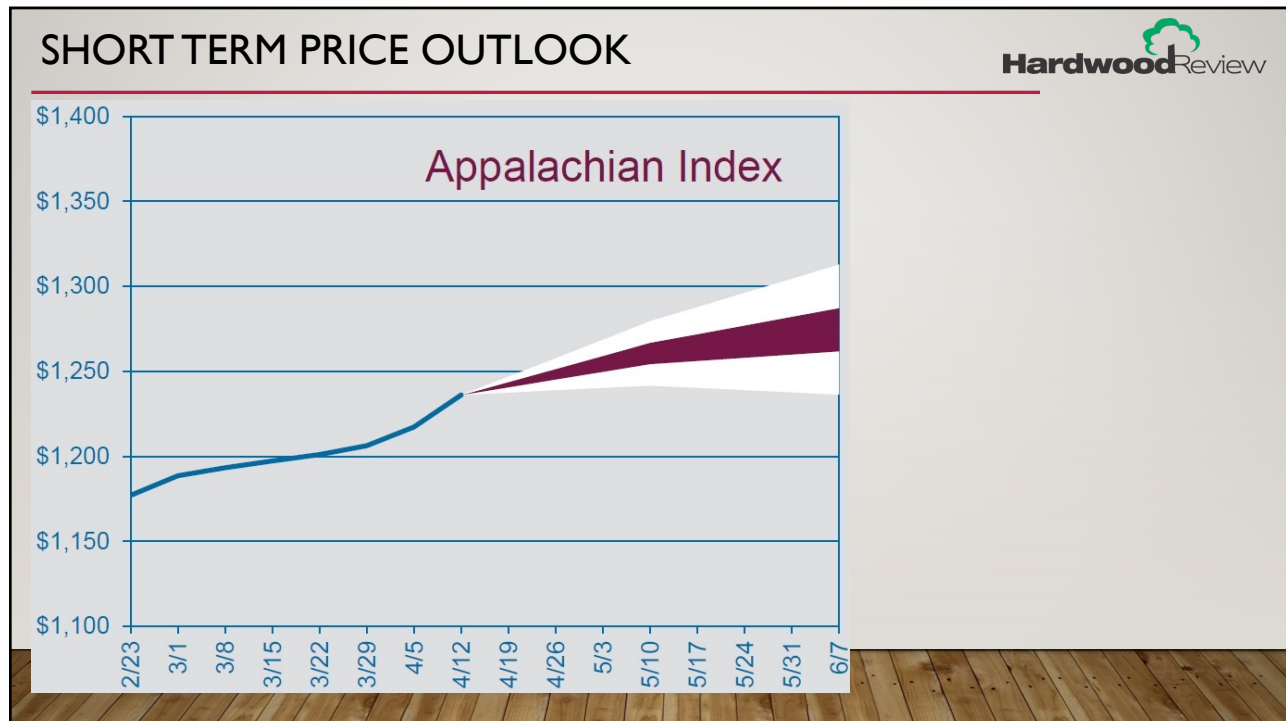
41

## LUMBER PRICE HISTORY REVISITED FOR PRICING




- 2009-10 = 13 months of rising prices
- Currently at 8 months of rising prices
- Rebound doesn't look as strong as 2009-10

42



43

## PRICE OUTLOOK



- KD prices will be relatively good, especially for upper-grades
- White Oak, Red Oak, Maples still have some room to run
- Poplar supplies will keep pace with spring demand, holding prices in check
- **Would take only modest production increases to upset the supply-demand balance and bring prices down again**

44

## QUESTIONS AND DISCUSSION

---

Tim Knol  
Editor and Analyst

[Tim@HardwoodReview.com](mailto:Tim@HardwoodReview.com)

