



PRESS RELEASE

Timber Mart - South

Center for Forest Business, Warnell School of Forest Resources • The University of Georgia
Athens, Georgia 30602-2152

3rd Quarter 2005

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TMS Celebrates Ten Years at WSFR

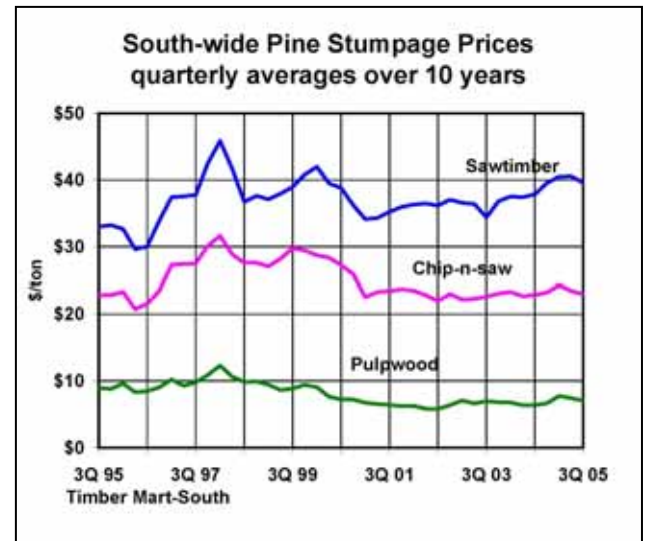
Ten years ago, Timber Mart-South (TMS) moved from Highlands, North Carolina to Athens, Georgia. Founder and long-time editor Frank W. Norris wanted to retire. A group of industry sponsors formed a not-for-profit corporation, the Frank W. Norris Foundation, to purchase the publication's assets and data from inception in December 1976. In order to institutionalize and ensure unbiased data collection and reporting, as well as to improve the overall value of TMS, the Norris Foundation contracted with the University of Georgia's Warnell School of Forest Resources to continue the survey and publish quarterly reports.

Under Professor Thomas G. Harris, Jr. as publisher, TMS issued its first price report from Athens for the 4th Quarter 1995. TMS soon developed its reputation as the record of timber market activity in the South, adding first a quarterly newsletter to report events affecting market activity and then a web presence that facilitated online product delivery. Today, TMS research and reporting keeps forest industry's history in mind even while seeking out the stories of current interest and impact.

Timber Markets in the 3rd Quarter 2005

In spite of the shock and dislocations in the wake of a disastrous Gulf Coast hurricane

season, south-wide average stumpage prices in the 3rd Quarter were relatively flat, with some seasonal adjustment, compared to the previous quarter. TMS timber prices, summarized here, include mostly pre-storm prices from the hurricane-damaged areas; however, the majority of timber markets in the South were outside the directly-affected zone. As usual, storm effects are hard to quantify as valuable timber came to market at discounted prices in salvage operations but reconstruction activity boosted demand.



Pine Stumpage Prices

South-wide average stumpage prices for all three major pine timber products declined slightly this quarter. The pine sawtimber stumpage price eased 2.4 percent, the first decline in six quarters, but markets remained

	South-wide Average Stumpage Prices \$/ton						
	one quarter ago			1 year ago		10 years ago	
	3Q 05	2Q 05	%Δ	3Q 04	%Δ	3Q 95	%CAGR*
Pine Sawtimber	\$39.57	\$40.53	-2.37%	\$37.83	4.60%	\$32.98	1.84%
Pine Chip-n-saw	\$22.95	\$23.47	-2.22%	\$22.89	0.26%	\$22.81	0.06%
Pine Pulpwood	\$7.06	\$7.41	-4.72%	\$6.35	11.18%	\$8.94	-2.33%
Hardwood Sawtimber	\$21.85	\$21.56	1.35%	\$20.15	8.44%	\$15.61	3.42%
Hardwood Pulpwood	\$7.22	\$7.03	2.70%	\$5.47	31.99%	\$5.60	2.57%

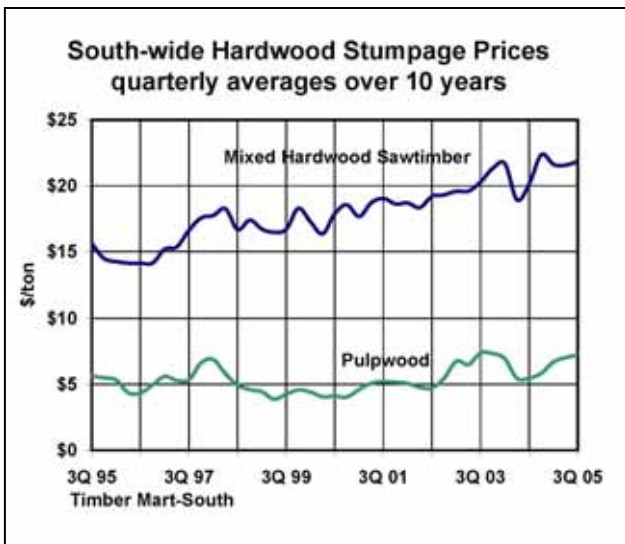
* Annual average growth rate, compounded annually.

strong. Over ten years, pine sawtimber has increased at an average 1.8 percent, compounded annually. Pine chip-n-saw continued a gradual decline, begun last quarter, but has changed little in the last four years. In fact, after a bubble 1996 through early 2001, chip-n-saw has not changed, in current dollars, since ten years ago. The average pine pulpwood stumpage price declined 4.7 percent quarter-over-quarter but has also remained within a narrow range since 2001. In the four to five years before that, pine pulpwood prices had been relatively stable however at a higher level. Closing pulp mills, falling pulp production and shifting production techniques all combined to lower demand for small-diameter pine timber over the period, even as improved forest management and competitive markets have ensured a stable wood supply.

declined, first as a substitute for more expensive pine, and more recently as a product with its own demand dynamics in competition with hardwood species in other markets, such as South American eucalyptus and Northern European birch.

For more information, please contact TMS at 706-542-4756 or visit our web site at www.TimberMart-South.com

Timber Mart-South is a 29-year-old price reporting service publishing quarterly reports used by private companies, consultants, landowners, and others to assess market prices in the Southern U.S. The University of Georgia, Warnell School of Forest Resources is under contract with the Frank W. Norris Foundation to compile and publish Timber Mart-South quarterly reports.



Hardwood Stumpage Prices

Hardwood timber markets strengthened further this quarter and south-wide hardwood stumpage prices averaged higher compared to the 2nd Quarter as well as one year ago and ten years ago. Compared to last quarter, the average mixed hardwood sawtimber stumpage price increased 1.4 percent and the hardwood pulpwood stumpage price increased 2.7 percent. In addition, hardwood pulpwood regained its premium over pine pulpwood again this quarter.

In comparison to pine trends, hardwood products have a higher compound annual average increase over the past ten years. Markets for both products have strengthened, with hardwood sawtimber exhibiting a steady upwards trend while pulpwood surged and