

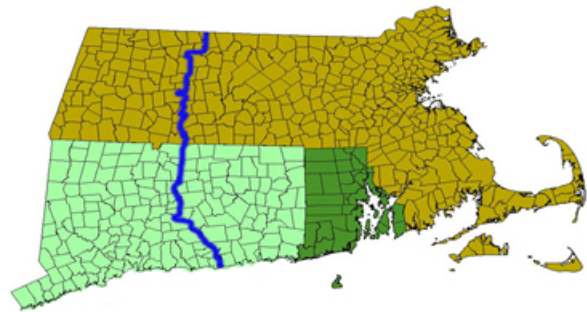


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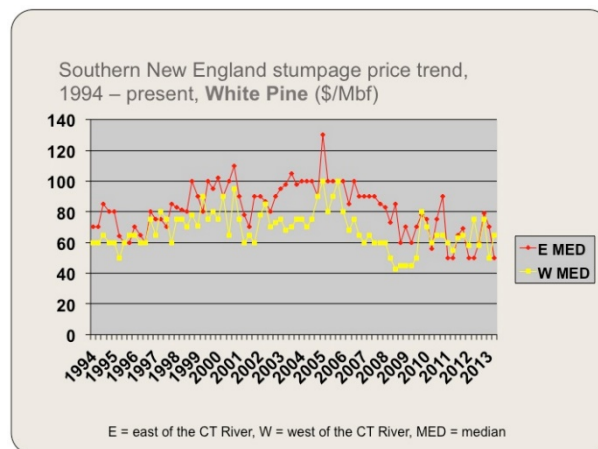
Timber prices and price projections for southern New England

We are fortunate in Connecticut to have the University of Massachusetts host *MassWoods*, which includes pages on the [Family Forest Research Center](#) (a useful link for small farm forest owners) and the [Southern New England Stumpage Price Report](#). The price report has consistent data from 1994 to the present, which are reported quarterly for 14 hardwoods, 5 softwoods, poles, fuelwood, pulpwood and biomass. Some stumpage price data series go back to 1959.

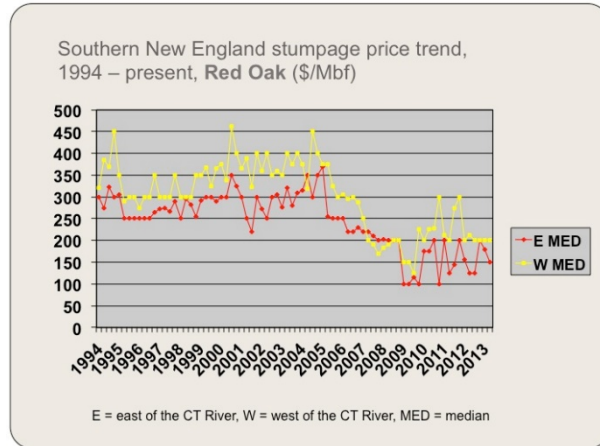
The data is collected by Cooperative Extension at the Universities of Massachusetts and Connecticut, and the state forestry agencies in CT, MA, and RI. Over the years, the evidence is that the markets east of the Connecticut River are different from west of the river. In general, quality hardwood prices are higher west of the river and white pine prices are higher east of the river.



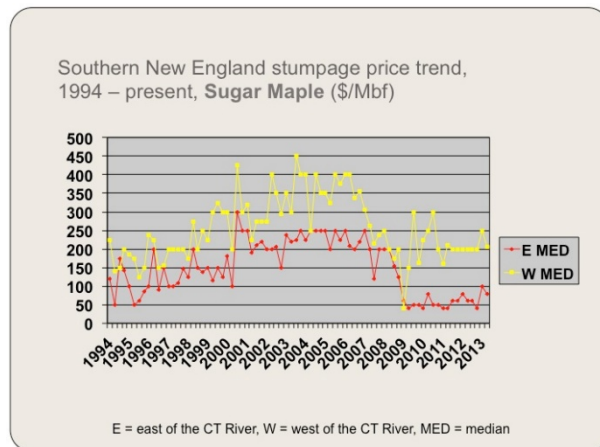
The *Trends* section is useful for a feel for the recent price dynamics. The white pine graphic tells the common story for quality stumpage. From 1994 to 2006, the trend was upward – Bentley (2005) estimated the real price increase at 1.7% per year. The trend abruptly fell in the early recession years to about the 1994 level and has oscillated around a flat trend since then. This is unlikely to change until the next major housing boom.



Red oak has consistently been the most valuable Connecticut species in terms of dollars per board foot of stumpage. Its real price, however, was declining by the late 1980s, and dropped 1% to 2% per year over the 1994 to 2008. While year to year variation is observed, red oak real stumpage prices have been flat over the period since 2008 – about \$200 per 1000 board feet west of the river and \$150 east of the river.



Sugar maple demonstrated value growth during 1994 to 2008 from physical growth, quality improvement, and price increase. Using a 20-inch tree as an example, an overall real return of 10% per year was likely. The 12 and 14-inch trees were growing even more rapidly – perhaps as much as 15% real per year for the short period of time during which grade 3 logs are growing into grade 2 logs. Following the sharp price decline in 2006 to 2009, west of the river prices stabilized around \$200 per thousand and east of the river prices are in the \$50 to \$75 range per thousand.



The contrast between the high value species and low-value is dramatic. Except for the birches, all hardwood species had negative real price trends from 1994 to 2008 and at best since the recession that prices are flat and low. For examples, beech declined 5.5% per year 1994-2005 and hemlock declined almost 4% per year (Bentley 2005).

Final Points

Bill Bentley began work on real stumpage price trends and explanations in 1980. His hypothesis that real prices were increasing globally for quality timber. Over the years, however, he has found increasing evidence that real prices are no longer increasing except for a few very high quality and scarce timbers. Southern New England is a good example. Low value species real

prices will continue to be flat to falling. Price trends for quality timber are flat and are unlikely to change in the foreseeable future:

| | |
|-------------|---|
| White Pine | \$60 per 1000 BF with slightly higher prices east of the river |
| Red Oak | \$200 per 1000 BF west of the river; \$150 per 1000 BF east |
| Sugar Maple | \$200 per 1000 BF west of the river; \$50 - \$75 per 1000 BF east |

This does not mean value growth is flat or falling. Physical growth and improved log quality will still lead to considerable rates of return. This point is developed further in Factsheet No. 5, *Trees as an investment*, which is being released at the same time as this factsheet.

References

For current prices and trends, see <http://masswoods.org/southern-new-england-stumpage-price-report>. The following are references from research in Connecticut

Holmes, T. C., W. R. Bentley, T. C. Hobson, and S. Broderick. 1990. *Hardwood stumpage price trends and characteristics in Connecticut. N. Jour. Applied Forestry* 7(1):13-16.

Wagner, John E., and Paul L Sendak. 2005. The annual increase of Northeastern regional stumpage prices: 1961-2002. *Forest Products Journal* 55(2): 36-45

In 2005, W. R. Bentley wrote several research notes on stumpage price trends in southern New England for the Connecticut Forest and Park Association:

White Pine Stumpage Price Trends in Southern New England. CFPA Research Note No. 1.

Quality Hardwood Stumpage Price Trends in Southern New England. CFPA Research Note No.2.

Price Trends for Low Quality Stumpage in Southern New England. CFPA Research Note No. 3

These were hosted on the CFPA website, but now can be found on the Wilhelm Farm website – <http://wilhelmfarm.com/>