

# Timber Market Outlook

## Mapping the Course

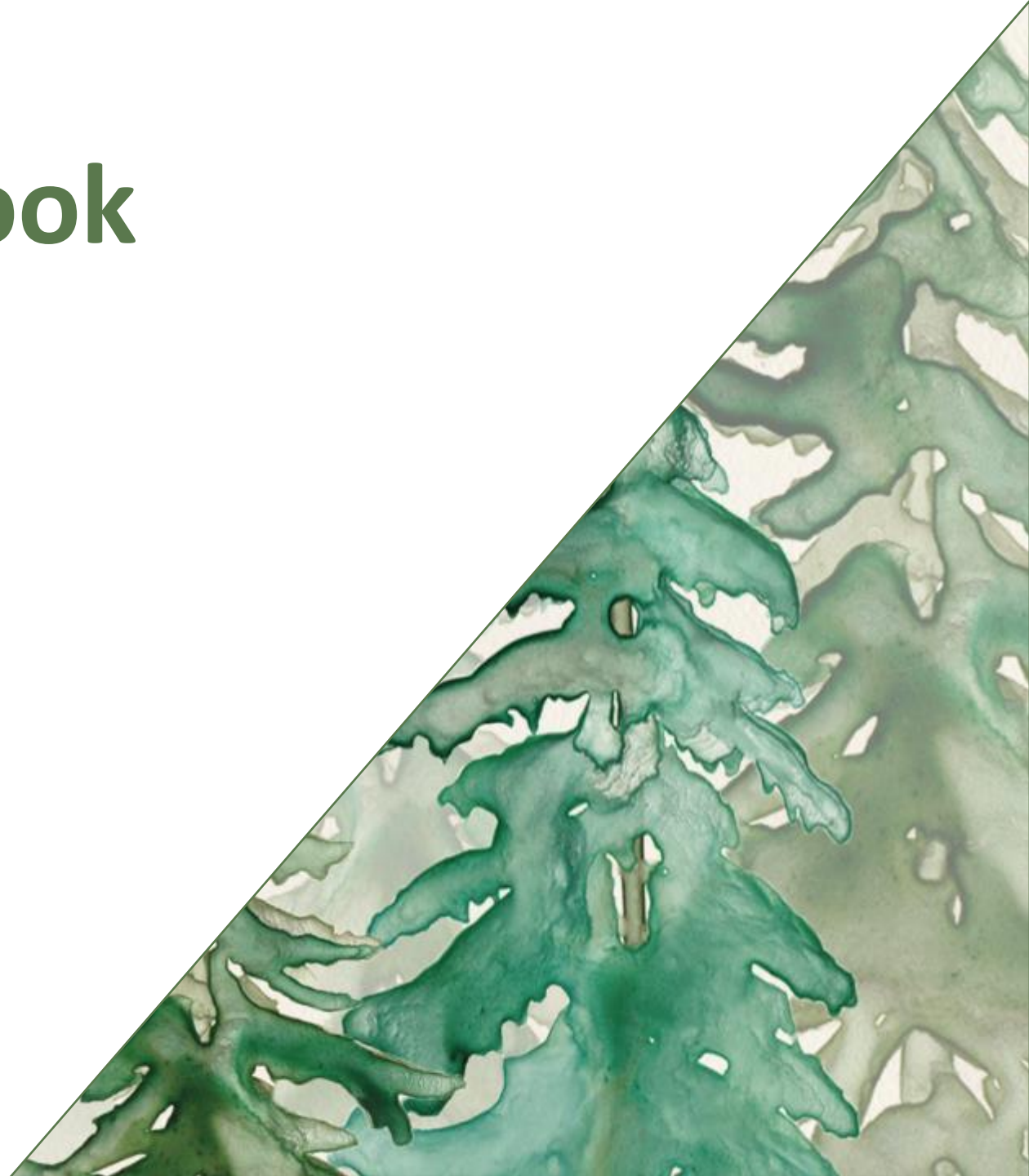
Mike Buffo

May 12, 2026



**MASON  
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Natural Resource Consultants



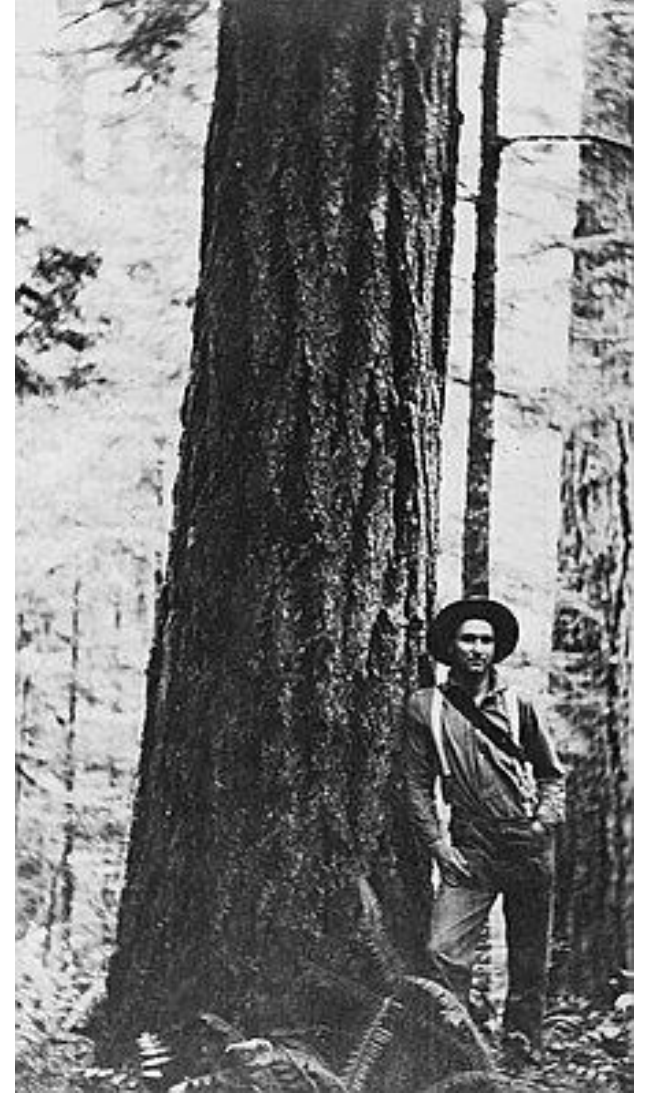
# Mason, Bruce & Girard, Inc. 105

Natural resource consulting services for the private and public sectors.

Founded in 1921 by David Mason, we have earned the reputation for providing scientific-based cost-effective solutions that meet our clients' long-term goals.

Services:

- Forestry
- Environmental Services
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# Outline

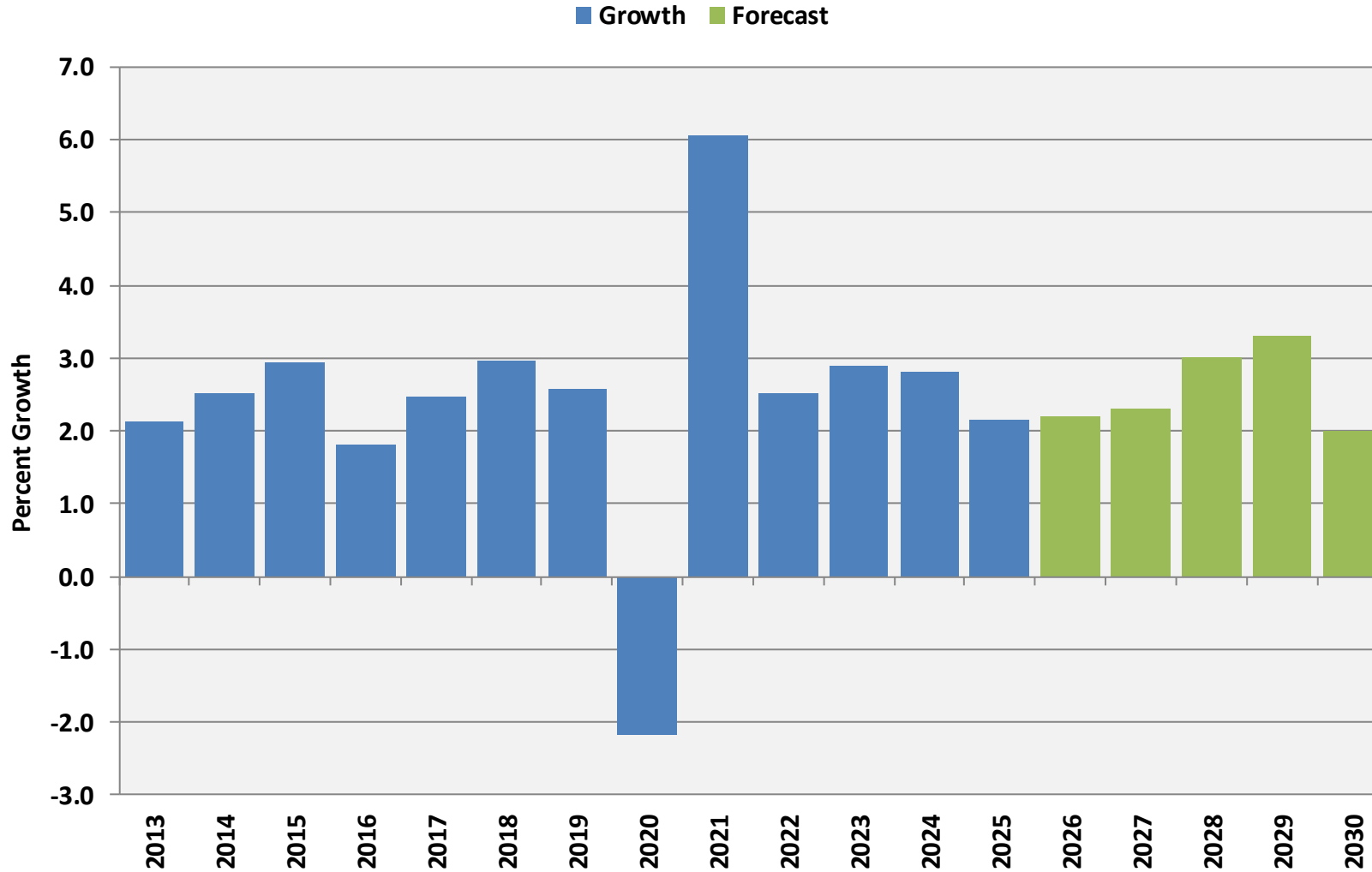
- General Economy
- Housing Sector
- West Coast Log Markets
- Outlook



# Economic Conditions

War in the Middle East reverses previously expected growth improvements for 2026 as oil and gas supply shock causes inflation and unemployment to move moderately higher. Risks to the growth outlook are to the downside.

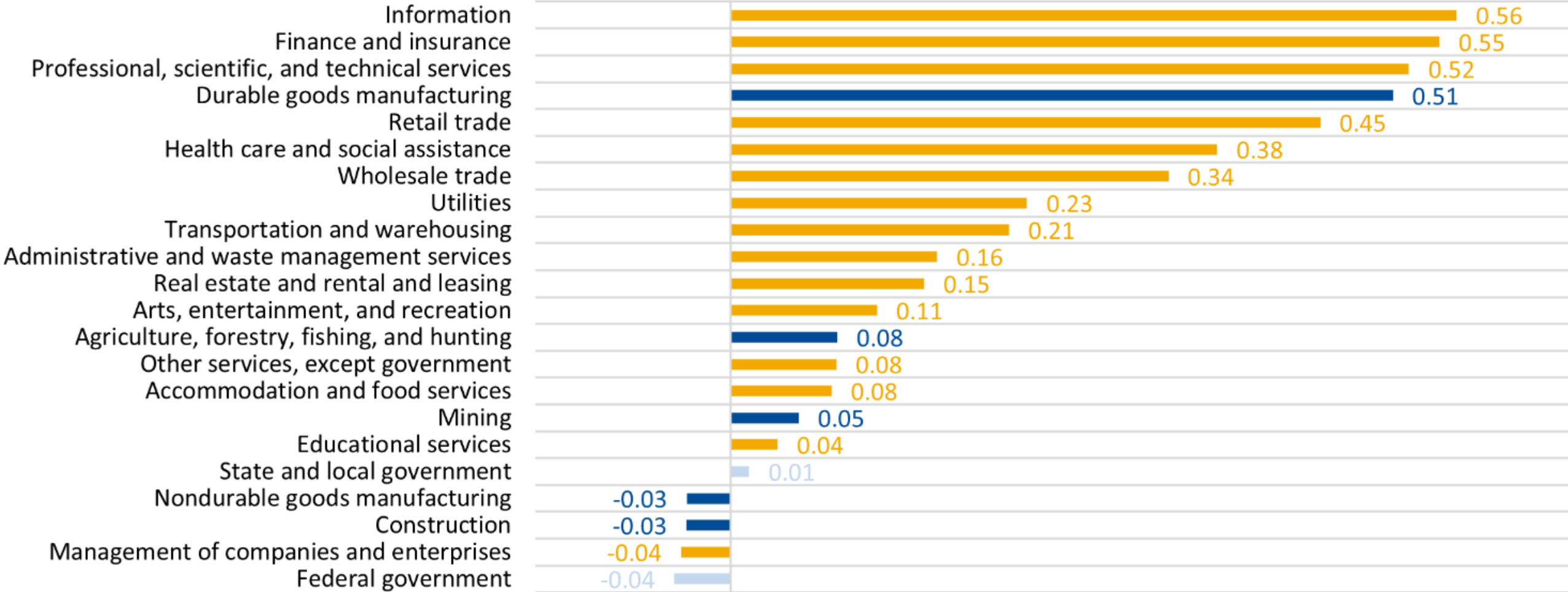
# U.S. GDP Growth



# Contributions to Percent Change in Real GDP by Industry Group, 3rd Quarter 2025

Real GDP increased 4.4 Percent

■ Private goods ■ Private services ■ Government

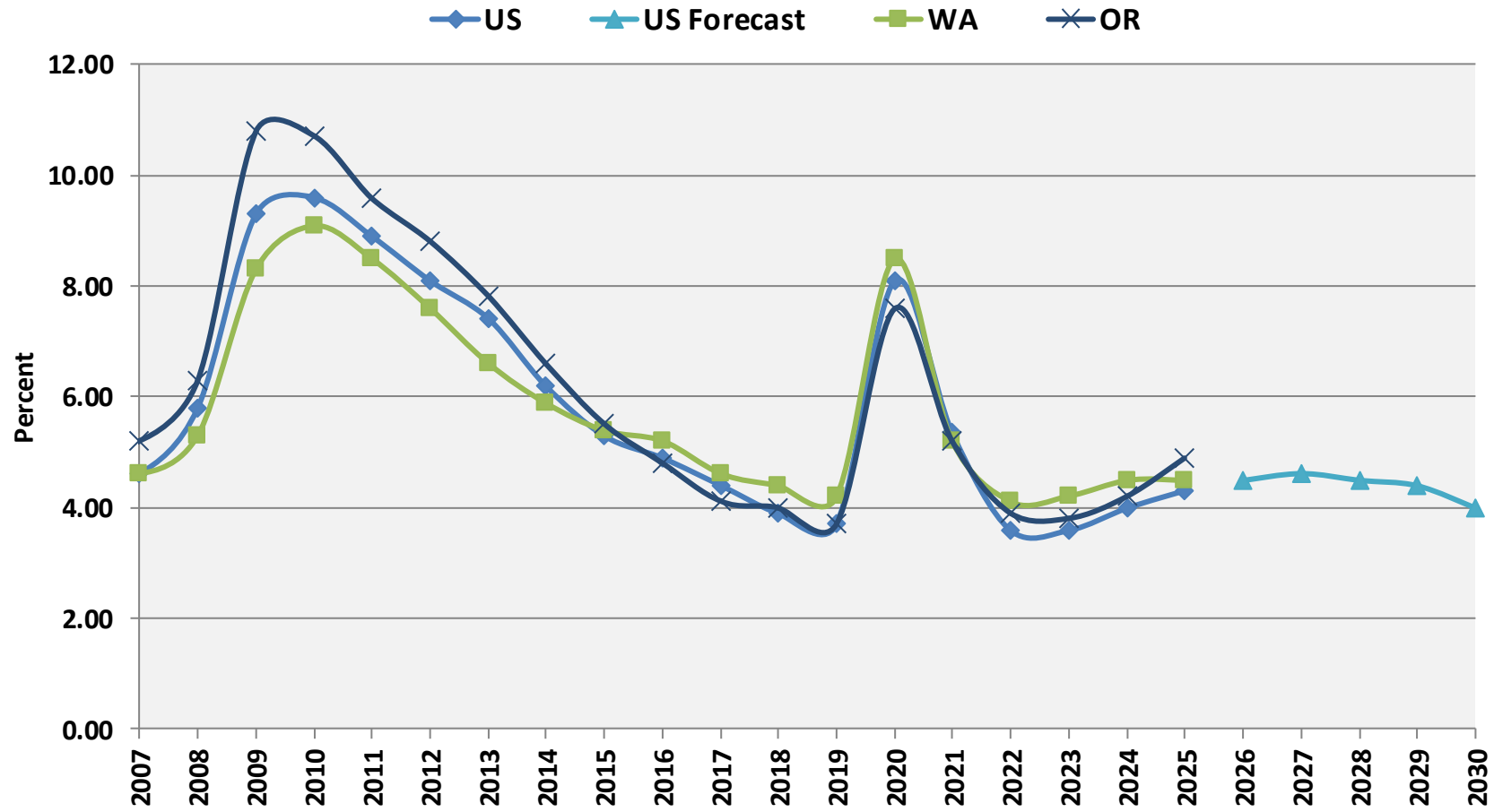


Percentage points

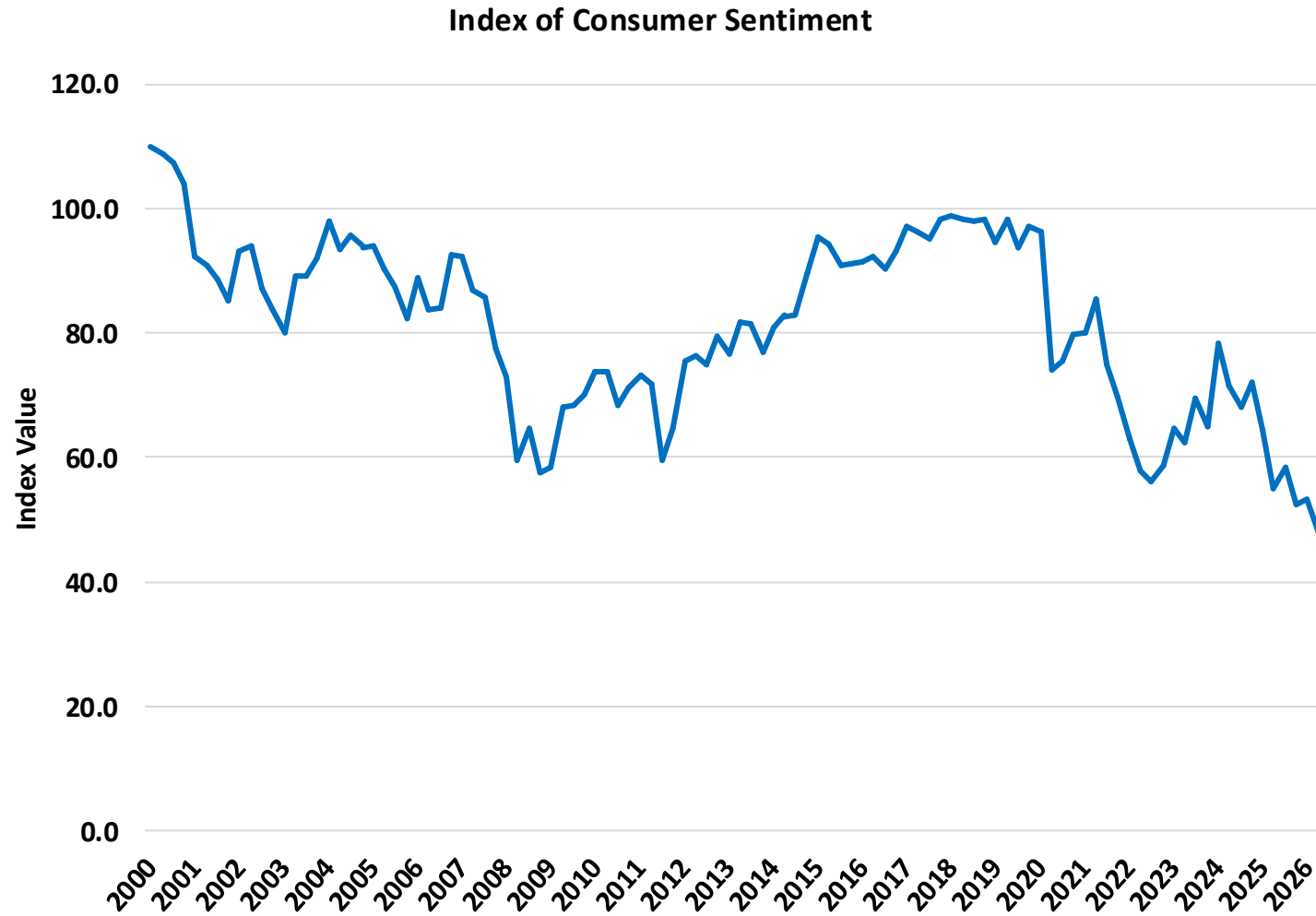
Seasonally adjusted annual rates

# Unemployment

National, Washington & Oregon

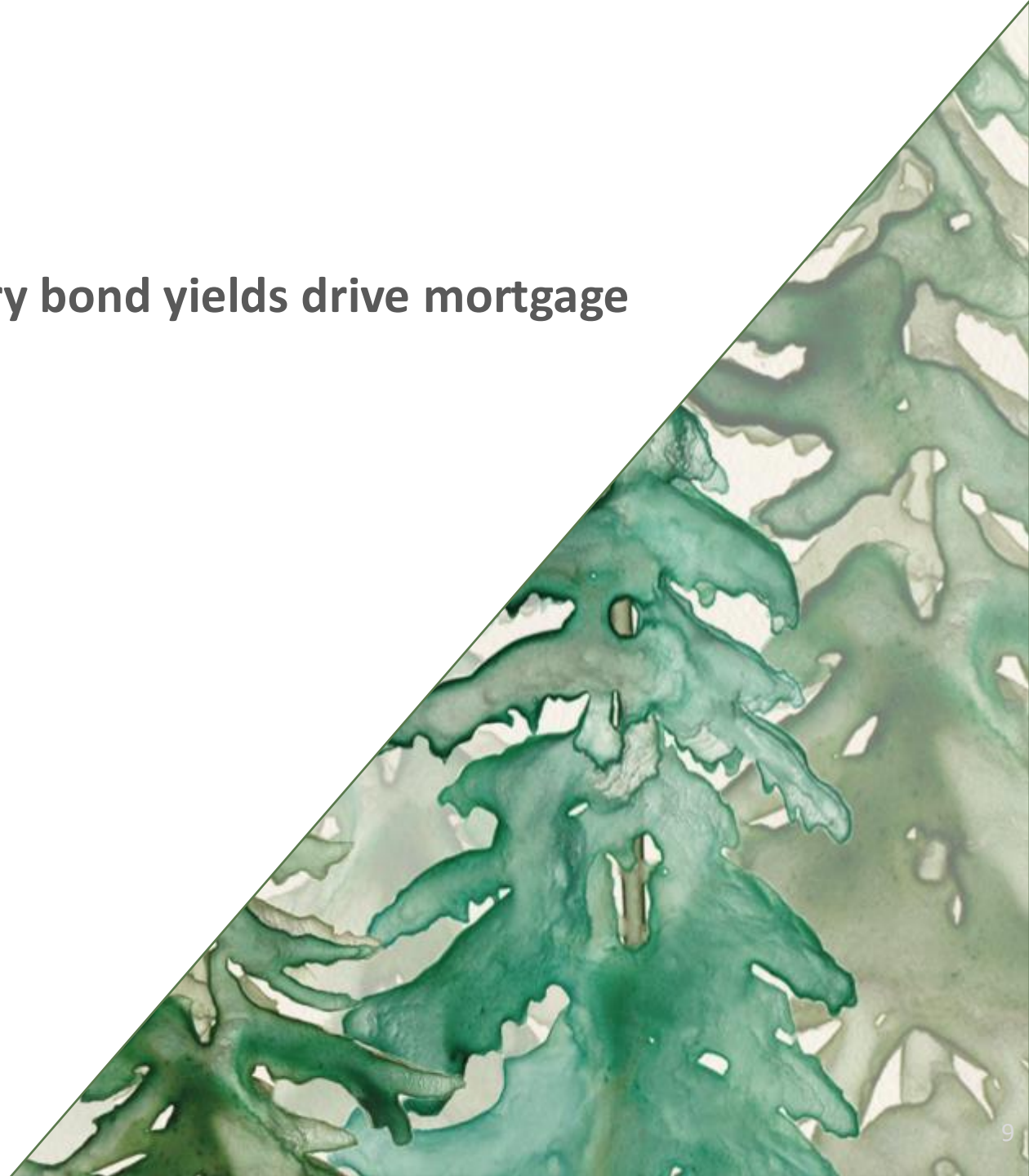


# Consumer Sentiment



# Housing Sector

Affordability gap persists; long-term Treasury bond yields drive mortgage interest rates; builders offer incentives



# Housing Market

- New construction demand has not strengthened. The affordability gap is the biggest deterrent to buyers.
- One sign that prices may be softening - the Case-Shiller Home Price Index has declined by 1% in the last 6 months.
- 30-year fixed-rate conventional mortgages averaged 6.2% in Q4 2025. Rates are expected to average 6.1% in 2026.
- Large home builders have had to resort to two main strategies to move inventory; smaller, simpler homes and buyer incentives.
- Further Fed rate cuts will do little to lower mortgage rates below a floor of 5.5%. Long-term Treasury yields control mortgage rates because they are tied to long-term lending.

# Housing Starts

- Starts revised for 2025; expected to remain roughly flat in 2026.
- Top 3 concerns of home builders expected for 2026.
  1. High mortgage rates
  2. Buyers expecting prices or interest rates will decline if they wait
  3. Cost/availability of developable lots
- Additionally, builders expect to be heavily impacted by:
  - Buyer concern about the employment/economic situation
  - The cost/availability of labor
  - Cost of materials

# Affordability Gap

Gap Between Actual Median Household Income and Qualified Income

(Qualified Income = Income needed for annual homeownership cost to equal no more than 30% of annual income)

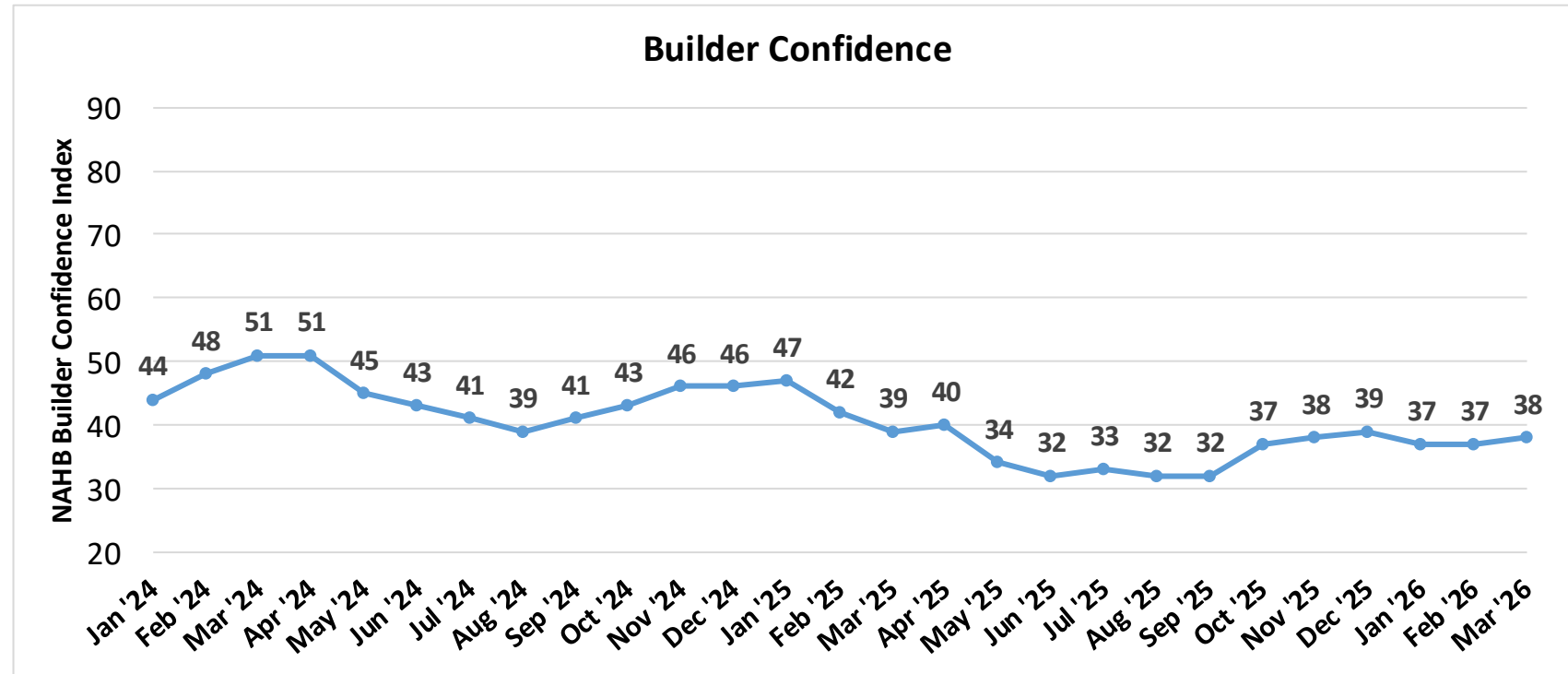


Source: Federal Reserve Bank of Atlanta

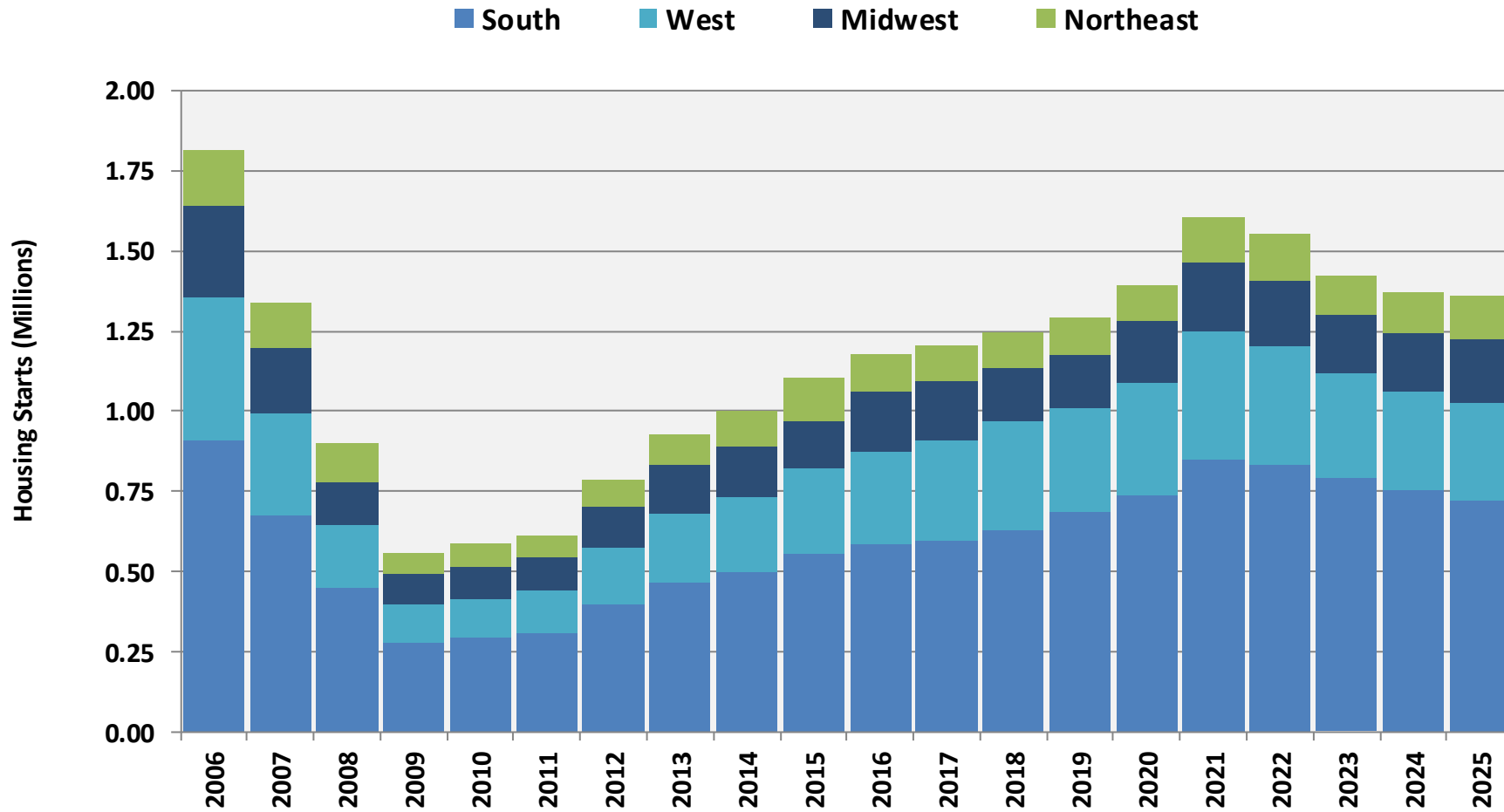
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# NAHB Housing Market Index

- Builders are pessimistic
- The builder confidence index rose 1 point to 38 in March 2026
- Above 50 is a favorable outlook



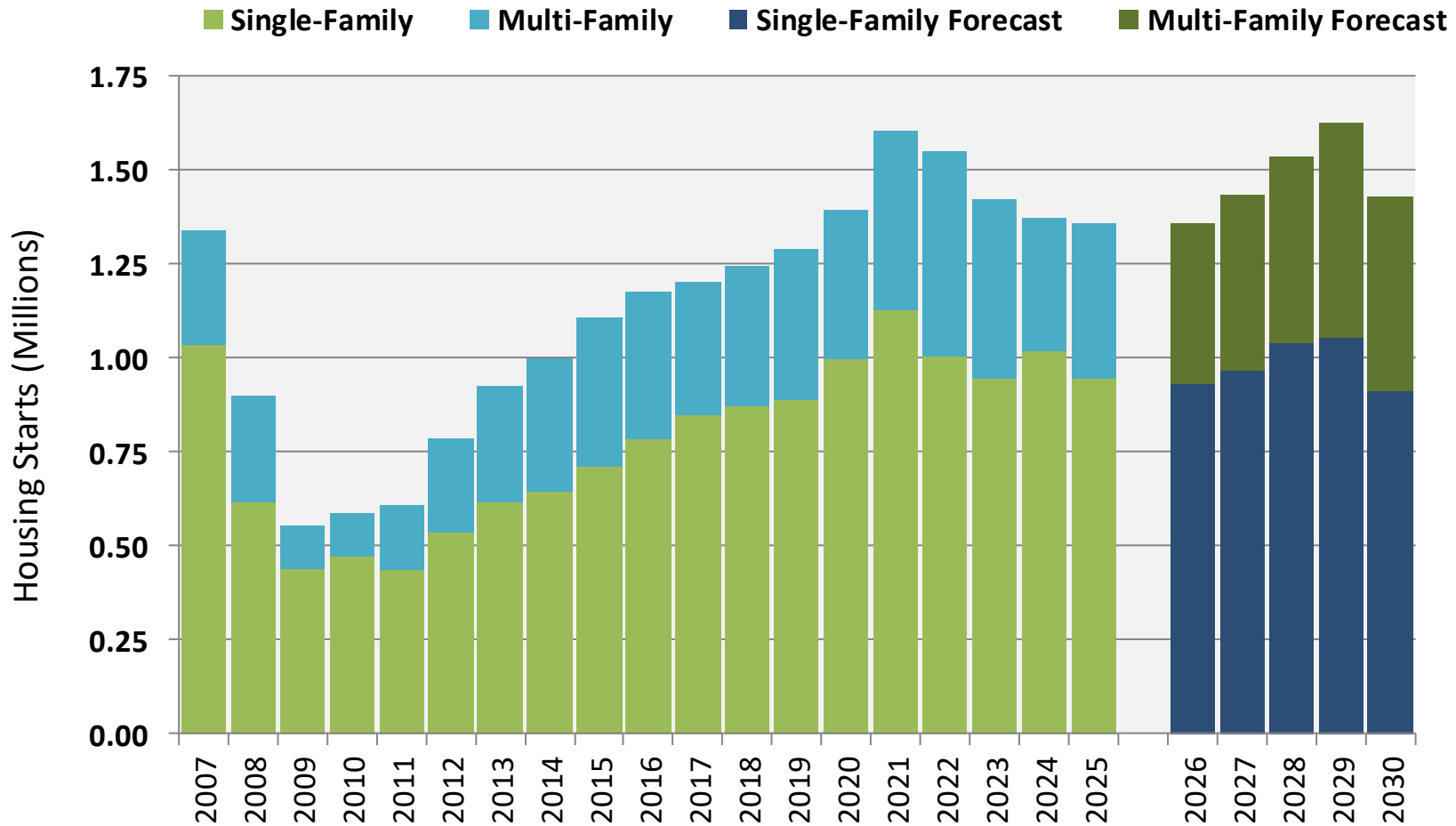
# Housing Starts by Region



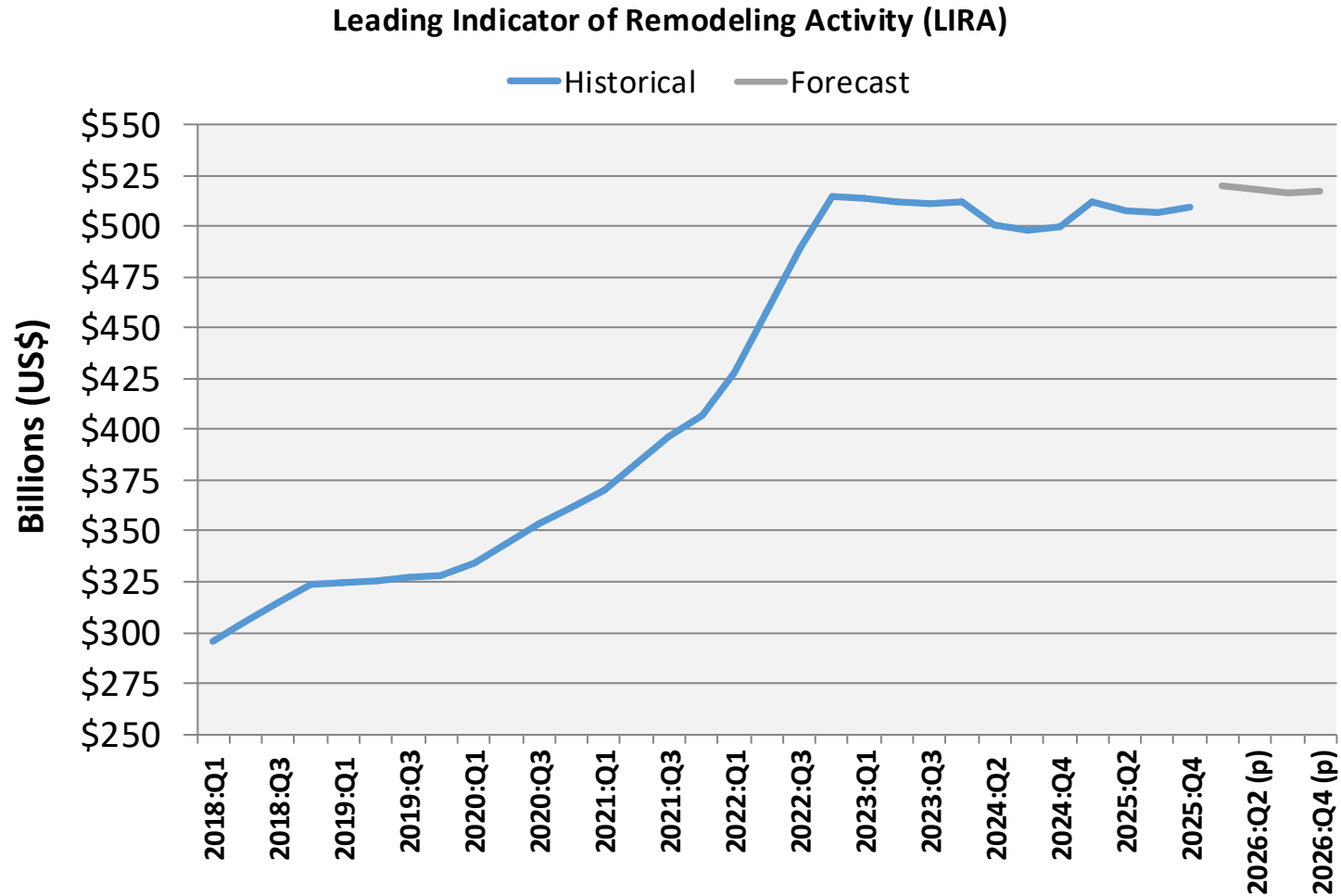
# Forecasts for 2026-2028

Forecast	2025	2026	2027	2028
	--- Million Units ---			
FEA (Jan 2026)	1.358 (actual)	1.360	1.435	1.538
RISI (Jan 2026)		1.300	1.390	1.550
NAHB (Feb 2026)		1.333	1.335	1.370
Fannie Mae (Jan 2026)		1.270	1.318	N/A
<b>AVERAGE</b>		<b>1.345</b>	<b>1.370</b>	<b>1.486</b>

# Housing Starts History and Forecast

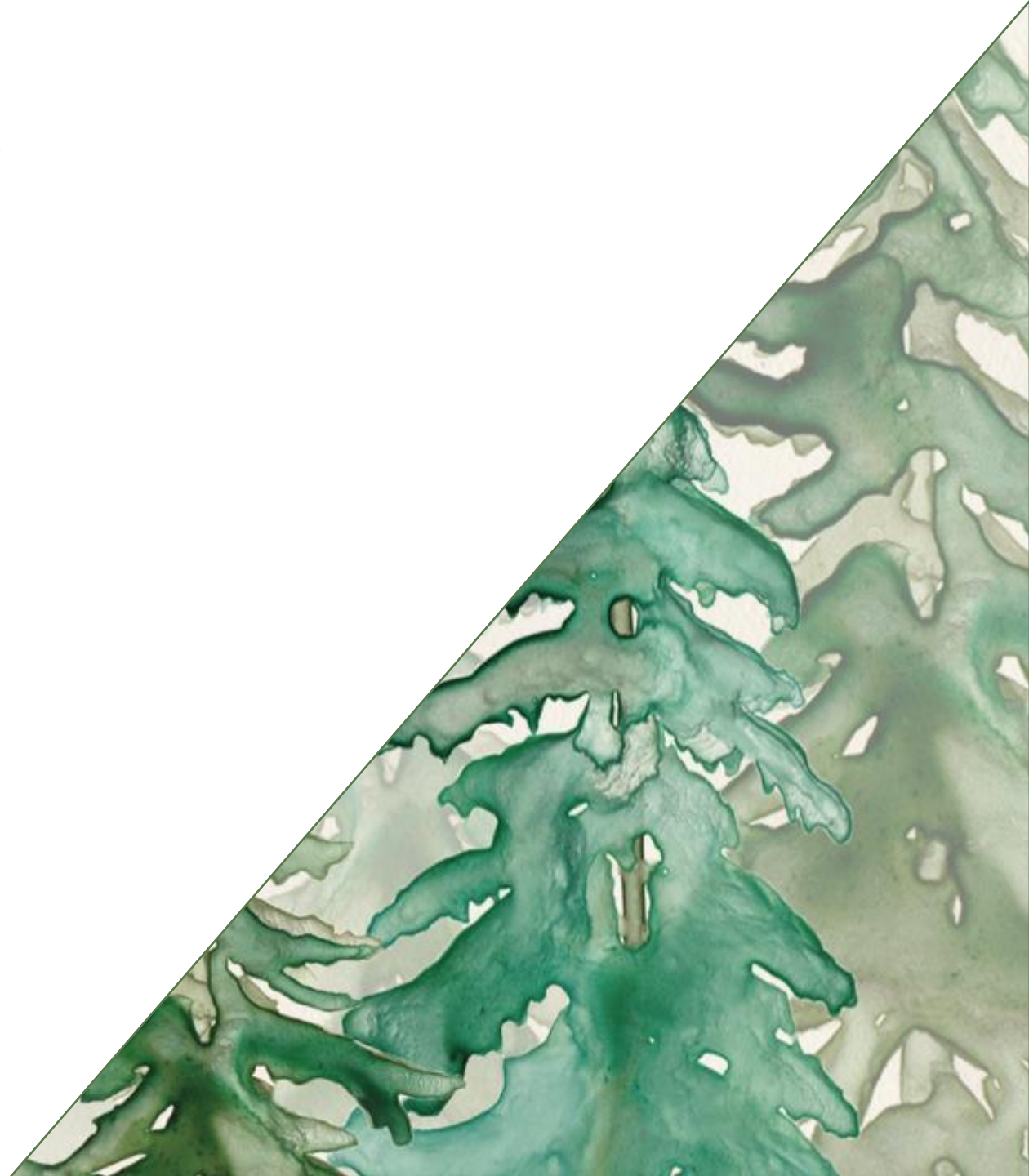


# Repair & Remodeling (LIRA)

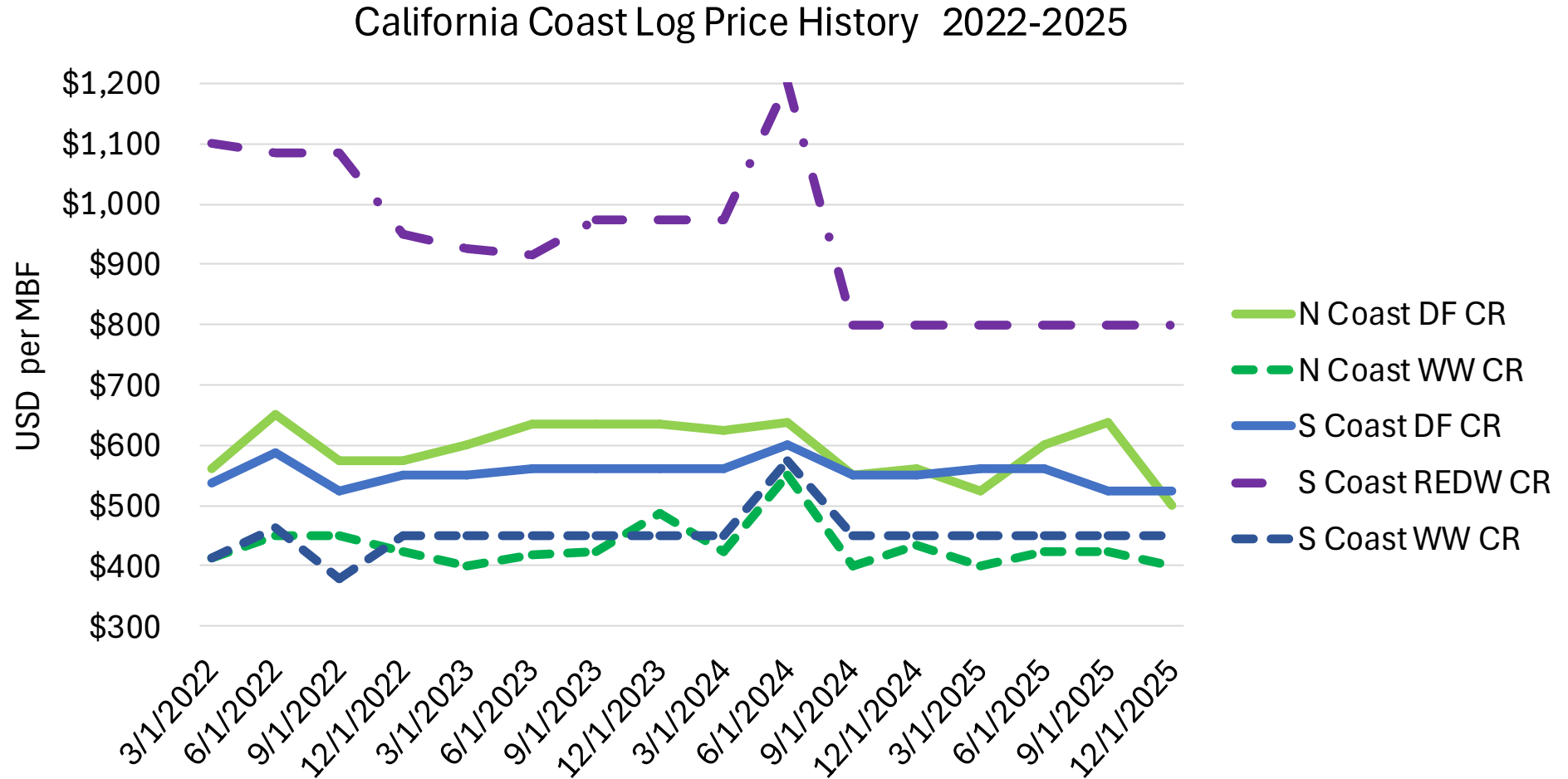


# West Coast Log Markets

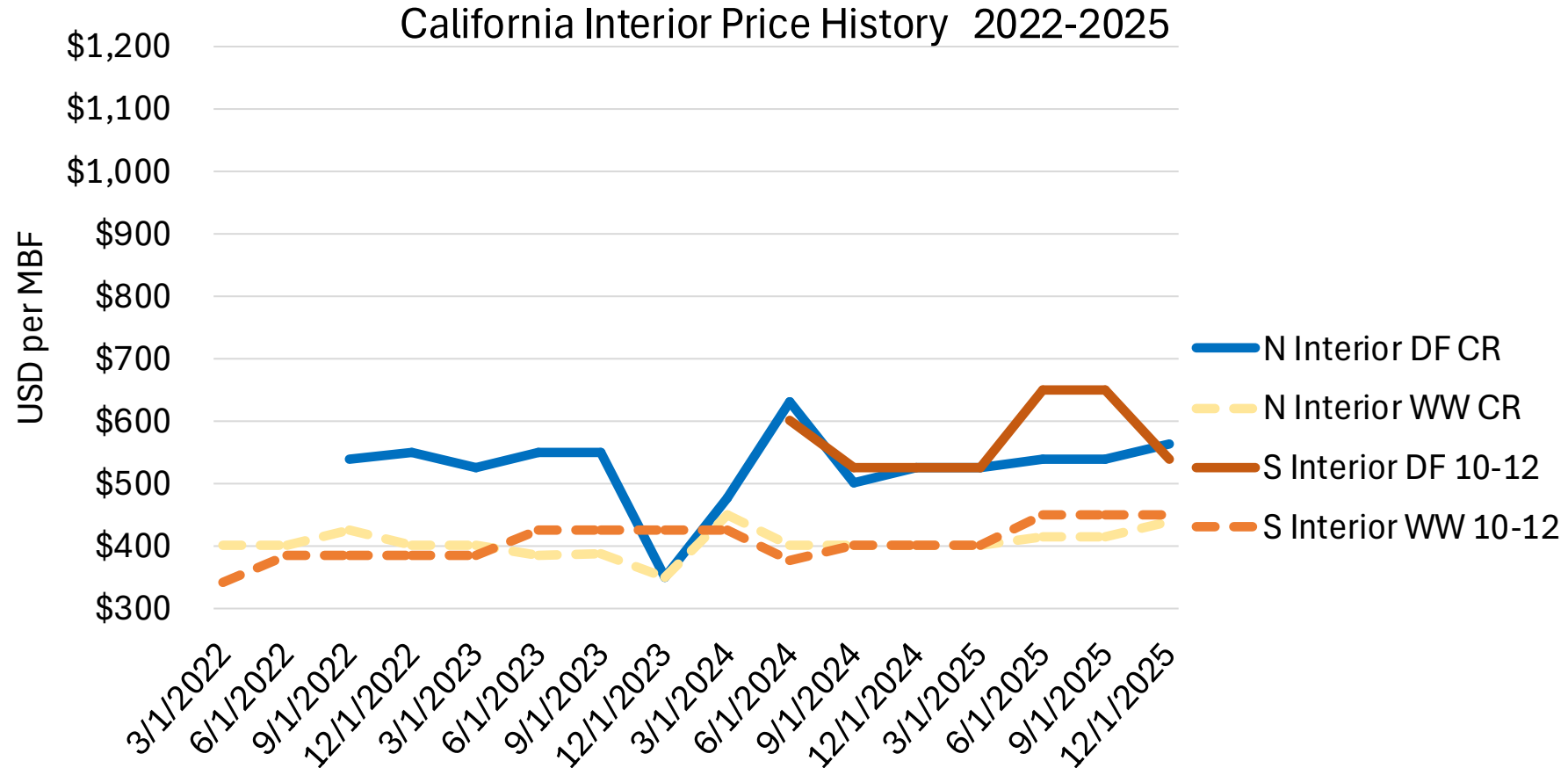
Log price trends



# California Log Price Trends

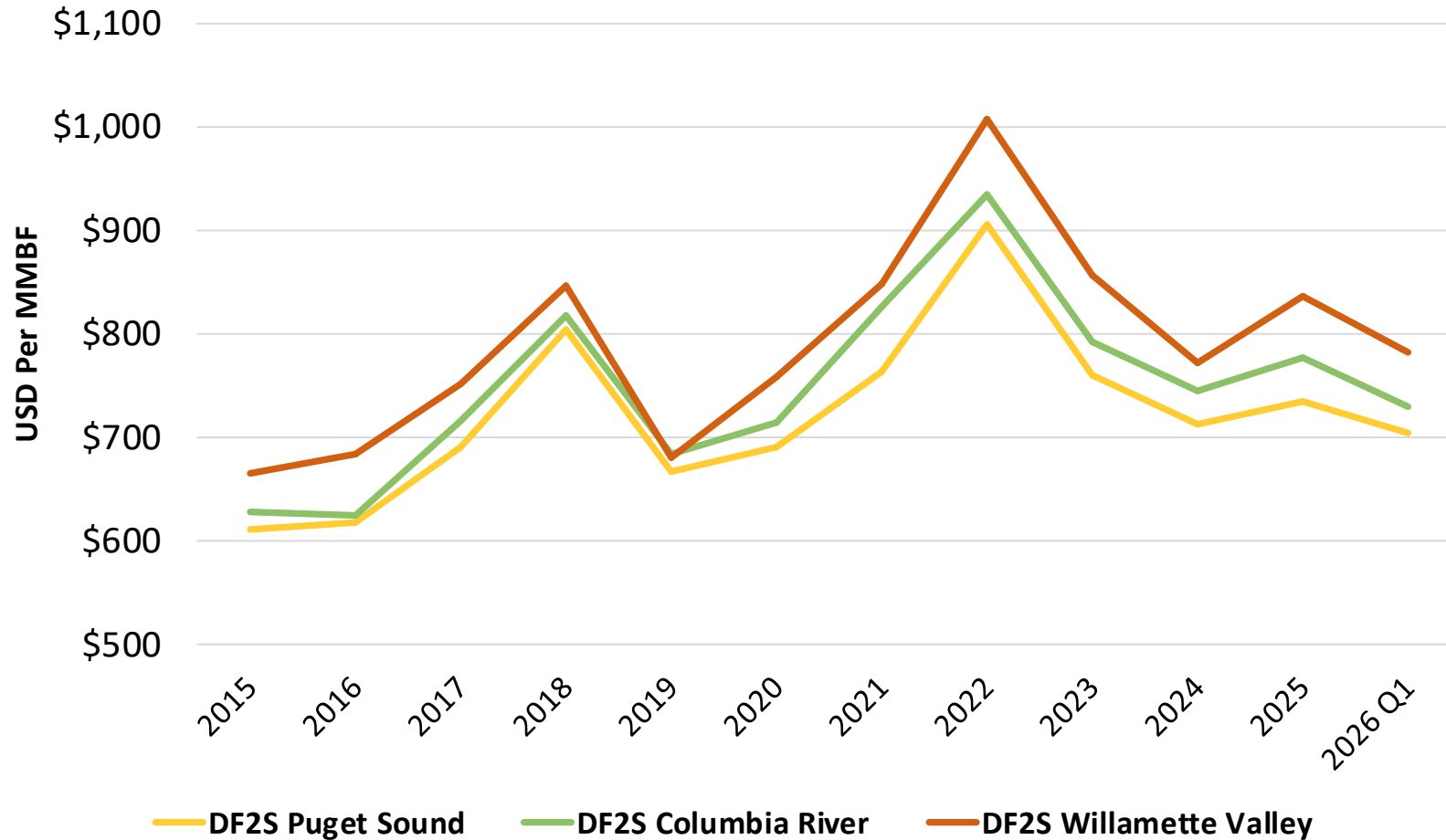


# California Log Price Trends



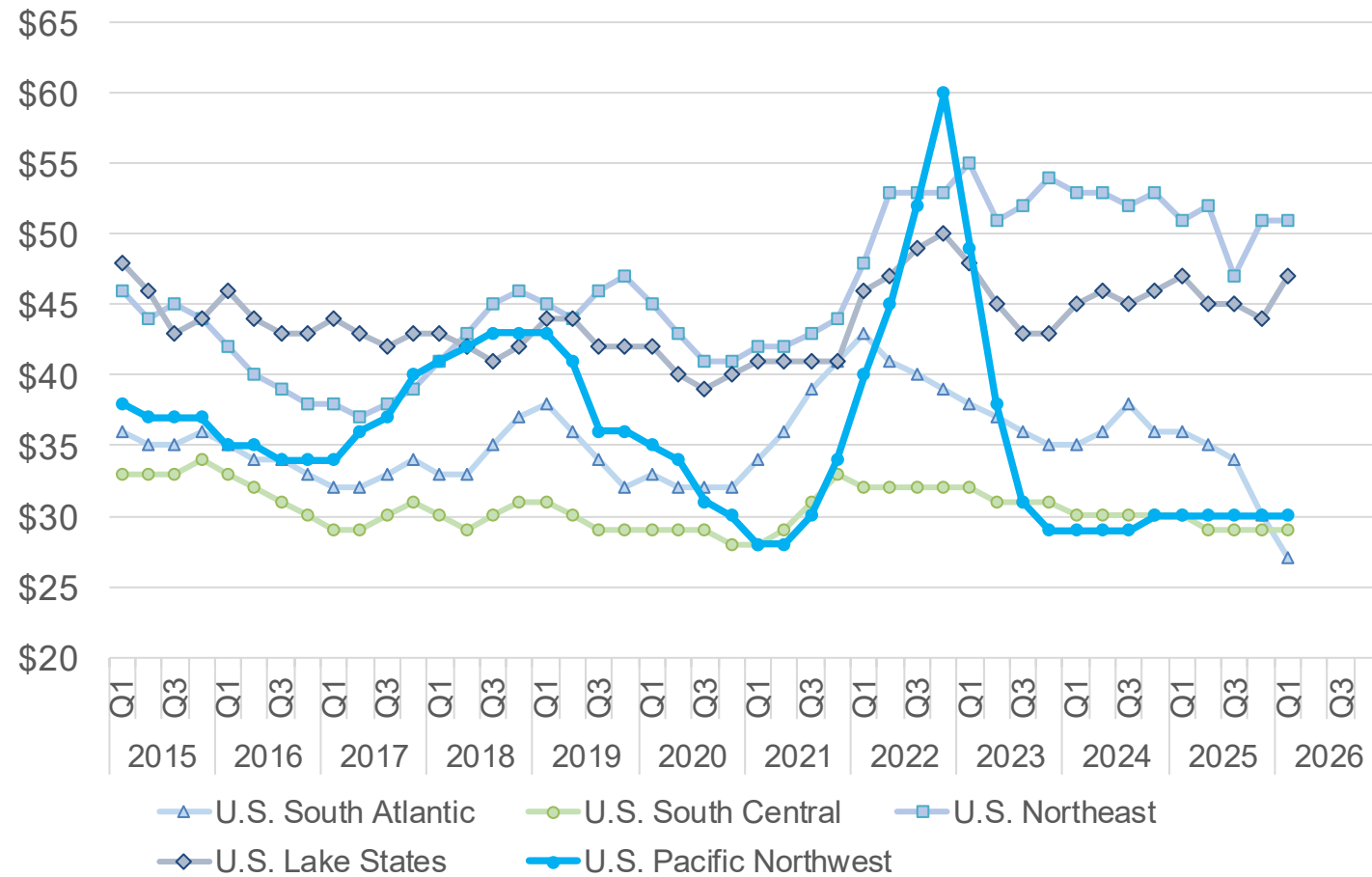
# Washington and Oregon Log Price Trends

## Oregon Doug-Fir 2-Saw Nominal Price Averages

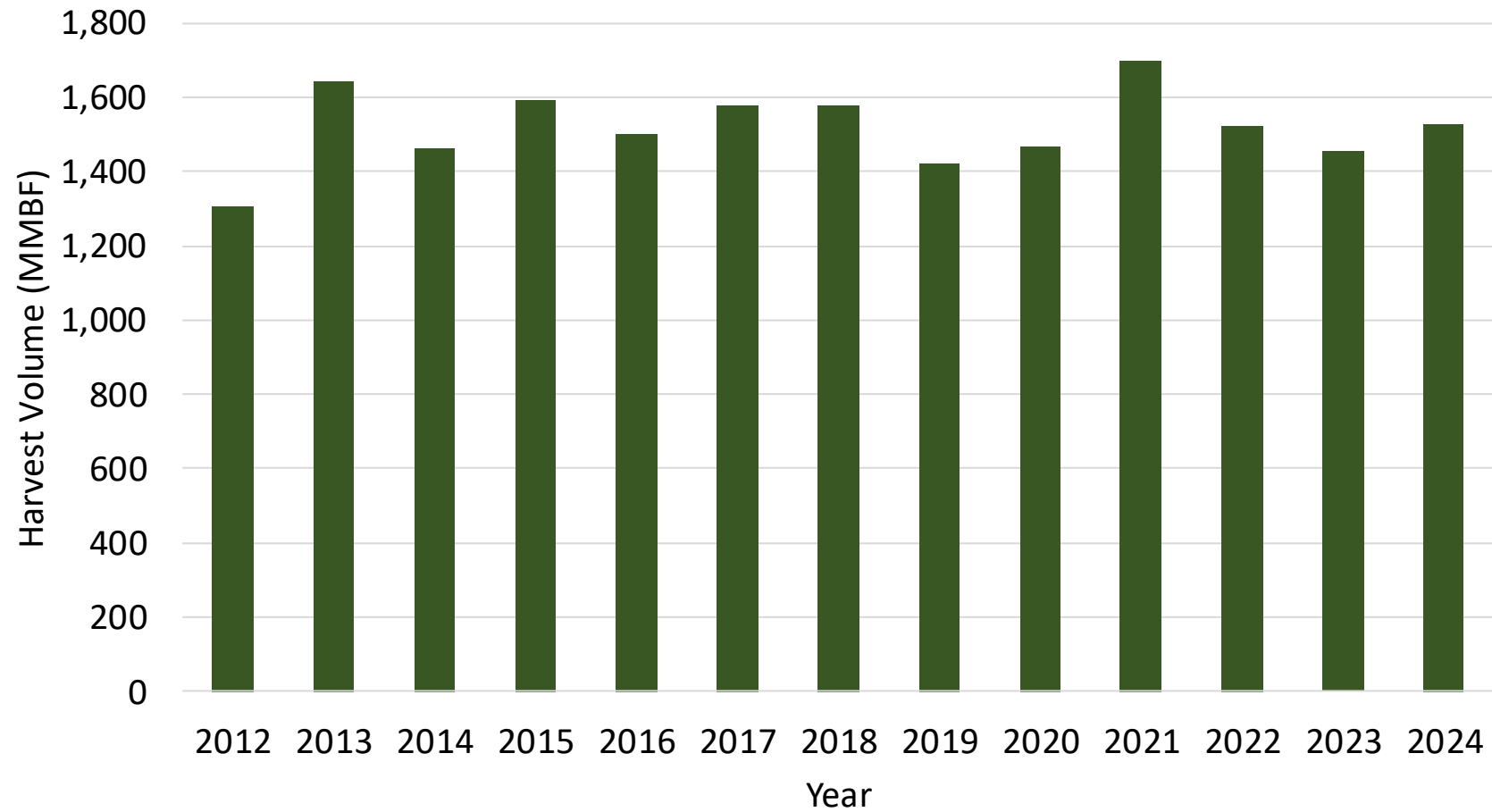


# Pulpwood Price History

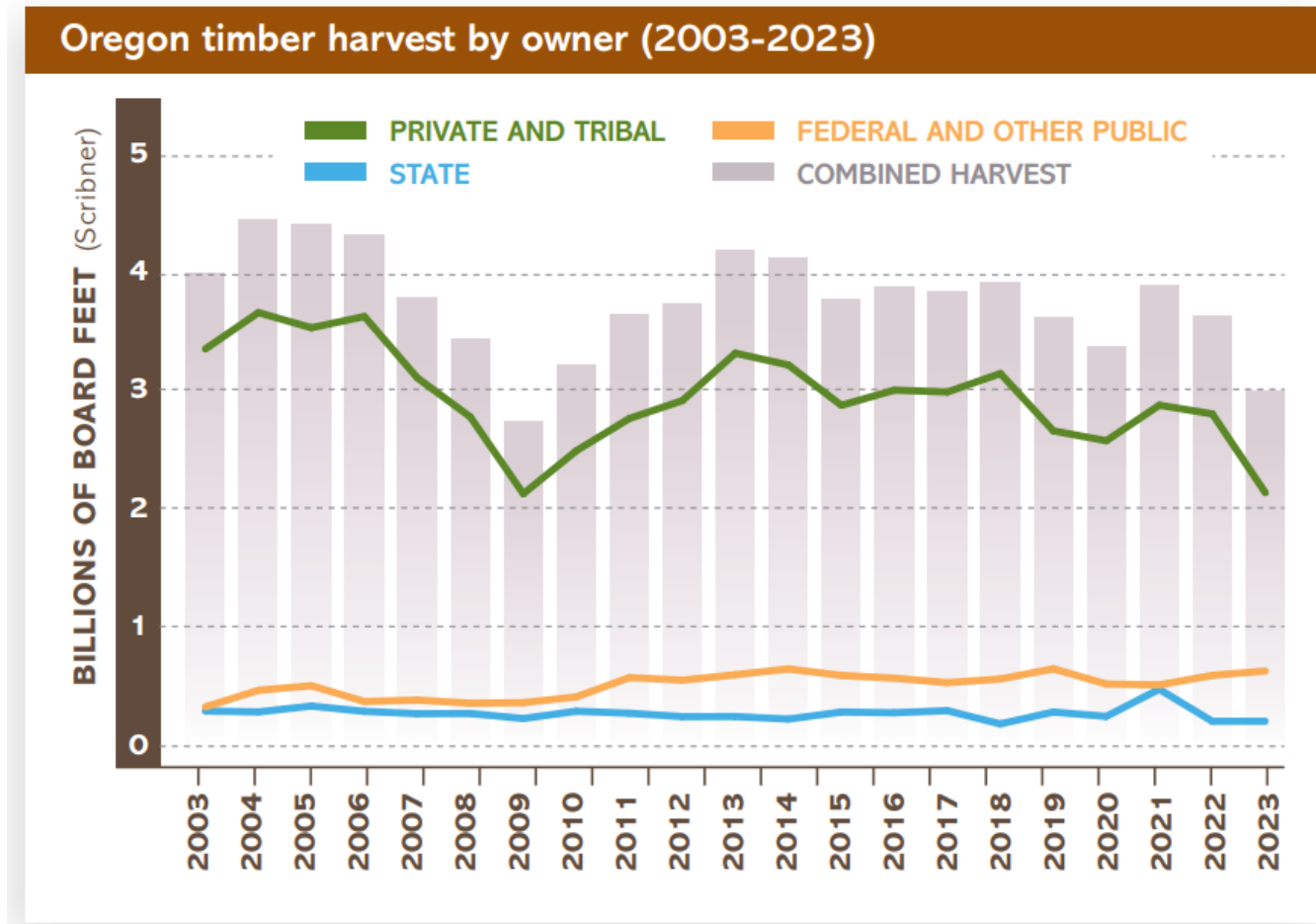
Per Green Ton, Delivered



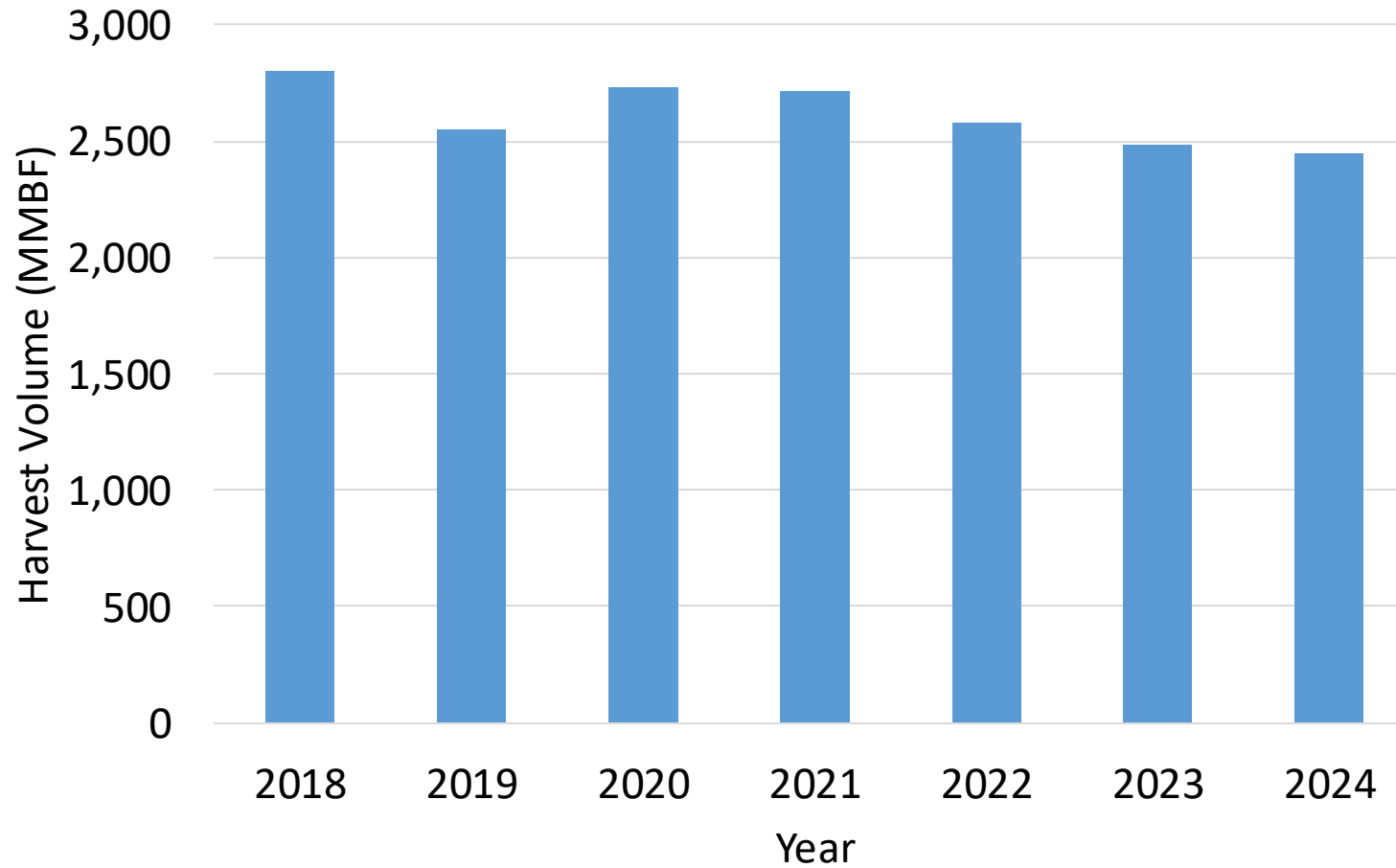
# California Harvest Volume



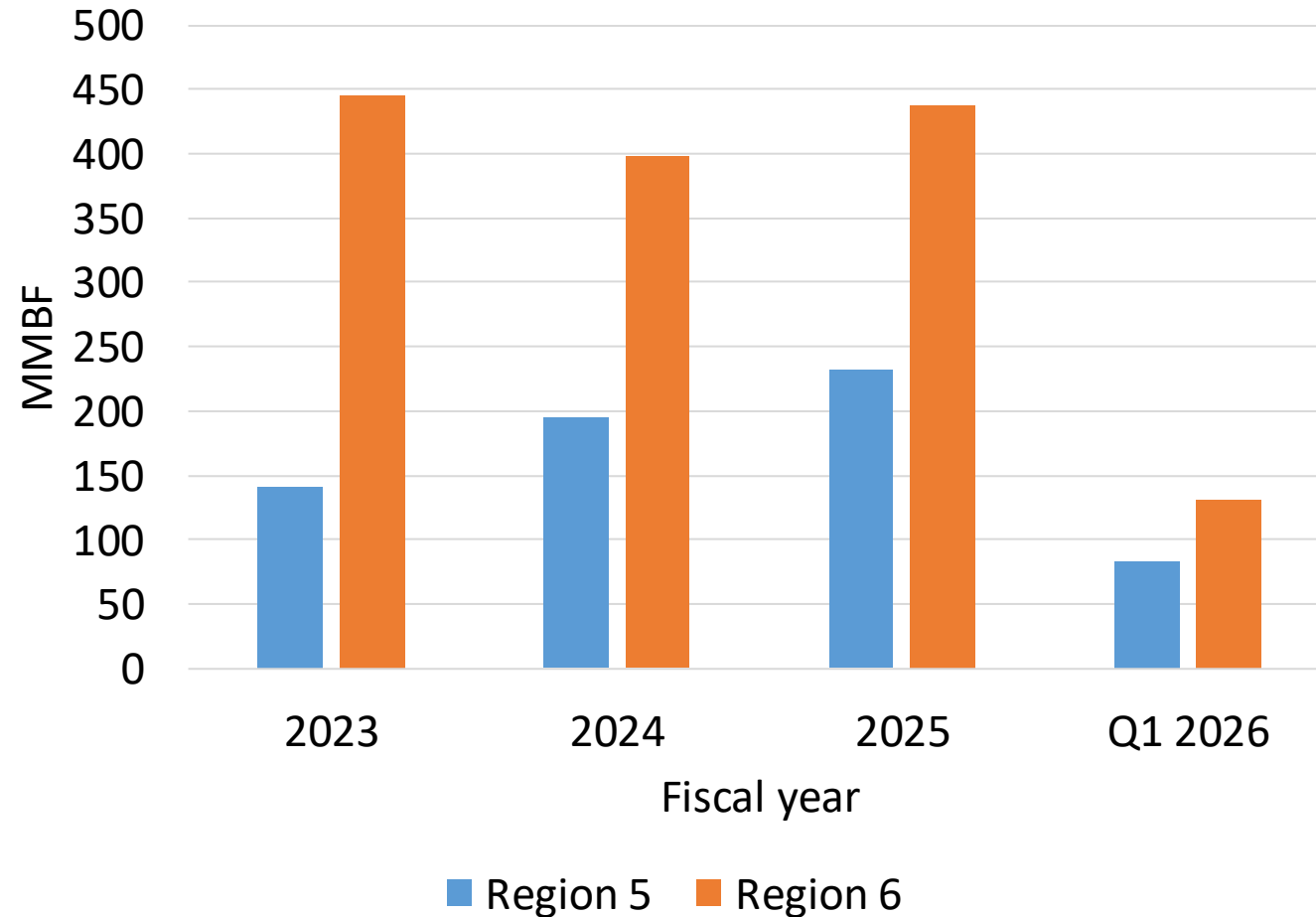
# Oregon Harvest Volume



# Washington Harvest Volume

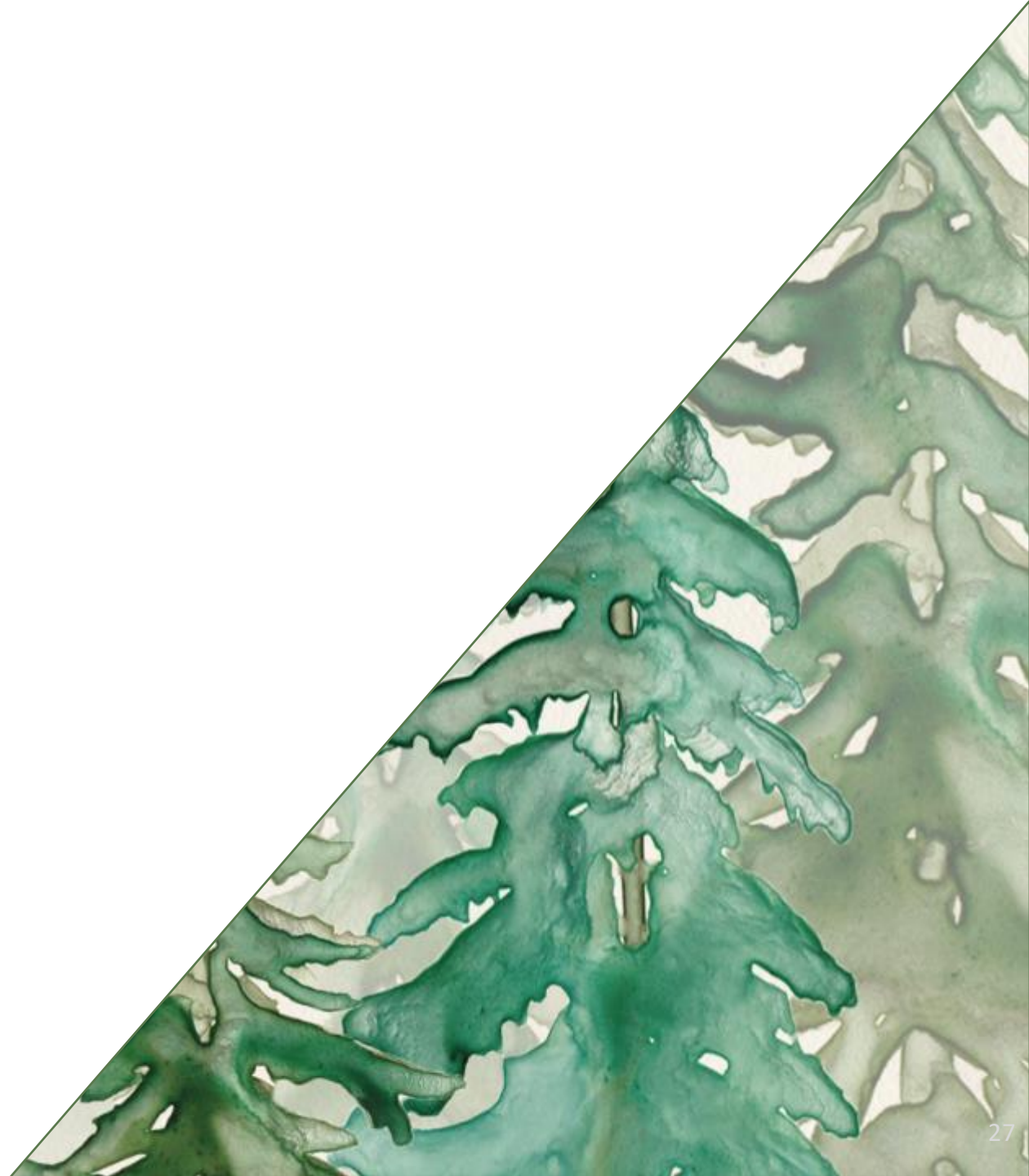


# USFS Harvest Volume Regions 5 and 6



# Outlook

Long term trends – up (eventually)



# Outlook – as of May 2026

- Stable, if relatively weak, rates of new home construction in 2026.
- Moderate long-term economic outlook.
- Duties on Canadian lumber will push up US lumber prices and log prices.
- Stable to increasing log prices in 2026.