

plant-a-tree fund - Forestry and Timber Info Sheet

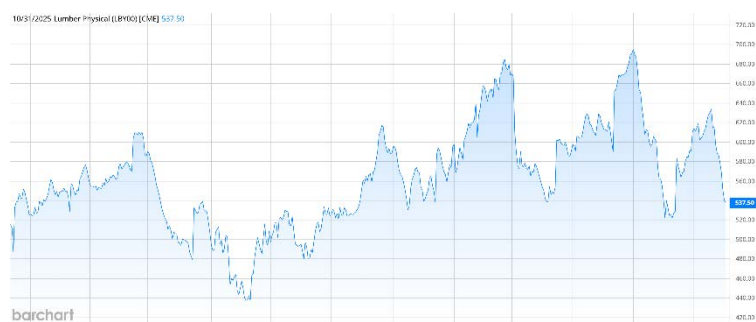
Trends in Timberland and Wood Industry Investing

Welcome to this 14th edition of “plant-a-tree fund – Forestry and Timber Info Sheet”! More than presenting a global snapshot of the forestry and timber industry at the moment of publication, this short brief aims to present useful information on trends in timberland. These topics may cover diverse areas, such as geographies, species, markets, and price trends.

The timber sector weathered a volatile year as lumber prices reflected both trade policy uncertainty and the uneven recovery of the housing market. U.S. lumber futures averaged near US\$525 per 1,000 board feet through the third quarter—down around 25% from their mid-summer highs.¹ Falling housing starts and rising tariffs weighed on sentiment, even as interest-rate cuts later in the year helped steady demand.

The re-imposition of broad tariffs by the Trump administration, including a 10% duty on Canadian softwood lumber on top of preexisting duties, pushed combined rates above 45% for many producers.² The measures reignited a decades-long softwood dispute, drawing opposition from both Canadian exporters and U.S. homebuilders who warned of higher housing costs.³ Despite these pressures, U.S. producers gained market share as imports from Canada fell to multi-year lows.⁴

U.S. Lumber Futures – 2-Year Chart



Source: CME Futures Data / barchart.com

West Fraser and Canfor faced challenges, with steep losses and mill curtailments in British Columbia due to weak demand, high fiber costs, and policy constraints.⁵ West Fraser reported a US\$204 million loss in Q3/2025 and warned that elevated tariff exposure and oversupply could prolong weakness. Interfor likewise highlighted short-term volatility from tariff hikes and soft housing starts but noted that its diversified North American footprint—60% of production within the U.S.—offered a modicum of protection.⁶

The U.S. housing market continued to set the tone for lumber demand. U.S. housing starts were restrained by worsening affordability even as mortgage rates eased.⁷ Builders maintained cautious optimism, citing pent-up demographic demand and aging housing stock as supportive factors. In the U.S. South, low-cost pine regions continued to attract investment and outperform western producers, benefiting from abundant timber supply and efficient logistics.⁸ Industry consolidation advanced with the announced US\$8.2 billion merger of Rayonier and PotlatchDeltic. The combined company will manage 4.2 million acres of timberland across 11 states—second only to Weyerhaeuser. The deal underscores a trend toward scale, integration, and diversification of revenue sources, including renewable-energy leasing and carbon opportunities. Solar leases can net over US\$1,000 an acre per annum, five times the timber’s value.⁹

Across the Atlantic, European timber markets remained subdued. Stora Enso cited “low consumer confidence and persistent construction weakness” in Q3/2025, with wood-product demand falling amid high log costs and slow housing activity.¹⁰ The company’s sale of 12% of its Swedish forest assets reflected a strategic pivot toward packaging and renewable materials while highlighting ongoing margin pressure in European markets.

Technology adoption accelerated as mills sought to offset cost inflation and improve yields. Investment in automation, AI-driven optimization, and predictive maintenance expanded, especially among large integrated producers in the U.S. South.¹¹ Digital scanning and real-time process controls improved mill efficiency and recovery rates, allowing producers to maintain competitiveness even under tariff and cost pressure.¹² Engineered wood products such as mass timber continued to gain market share in mid-rise and commercial construction.

The timber market enters 2026 balancing tariff-related drag against the long-term tailwinds of housing under-supply and pent-up demand. Technological innovation will play an increasing role in shaping profitability, particularly through automation and advanced data systems that reduce waste and optimize production. Longer term, timber is likely to remain a core component in housing and infrastructure build outs as well as the push toward decarbonization.

Andrew Miller, Independent Forestry Consultant

¹ Dezember, R. “Lumber Prices Are Flashing a Warning Sign for the U.S. Economy.” *Wall St. J.* 8 Sept 25.

² Rankin, A. “Tariff hike triggers confusion, concern in N.B. forestry sector.” *National Post.* 17 Oct 25.

³ Dlouhy, J. “Trump’s Lumber Tariffs Take Hold, Threatening to Hike Home Costs.” *Bloomberg.* 14 Oct 25.

⁴ Dezember, R. “‘We Have All the Trees We Need.’ Trump Wants to Revive the Lumber Industry.” *Wall St. J.* 27 Jul 25.

⁵ Penner, D. “West Fraser’s \$204M loss hints at forest sector woes.” *Vancouver Sun.* 24 Oct 25.

⁶ Interfor. Second Quarter Report. 30 Jun 2025.

⁷ West Fraser. Third Quarter Report. 22 Oct 25.

⁸ Ibid 4.

⁹ Dezember, R. “South Rethinks Swapping Pines for Solar - Renewable energy comes at a cost, stirs opposition in areas known for timber.” *Wall St J.* 2 Jun 25.

¹⁰ Stora Enso. Third Quarter Report. Sep 25.

¹¹ Van Brimmer, A. *Atlanta Journal Constitution.* “Paper mill closures hit like ‘ax chops’ in timber industry: 3 mills have shuttered in Georgia since August, 11 across the South since 2022.” 5 Oct 25.

¹² Ibid 4.