

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

Trends in Timberland and Wood Industry Investing

Welcome to this 15th 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.

So far in 2026, supply, not demand, has driven lumber markets. Despite stalled housing activity, the Random Lengths Framing Lumber Composite reached its highest level since September 2022 in July, roughly 23% above a year earlier, as import duties and a wave of mill closures tightened supply.¹ Demand offered little support, as the war in Iran lifted energy costs and bond yields, pushing the U.S. 30-year fixed mortgage rate from below 6% in February to 7.4% in October, a three-year high.²

Lumber remained at the heart of the U.S.-Canada trade dispute. Most Canadian producers pay combined duties and tariffs of about 45%, although the rate has been a moving target. Canadian producers have paid more than US\$8 billion in duties since 2017.³ Canada’s share of the U.S. lumber market has shrunk to about 19% from over 30% in 2016.⁴ British Columbia’s lumber exports fell 40% by value and 21% by volume y-o-y in Q1/2026. A Canadian federal task force found that building more with wood at home could absorb a quarter of lumber now shipped south.⁵ Mass timber is central to that pivot, including a First Nations-led plant in Nova Scotia slated to produce 50,000 m³ a year.⁶

U.S. Lumber Futures



Source: CME lumber futures, weekly close (barchart.com)

Profitability improved from a dismal start to 2026 as producers held supply in check. Futures near US\$533 remain about 13% above their mid-2024 lows, yet this reflects curtailed supply rather than demand: high mortgage rates continue to suppress U.S. homebuilding, while duties and rising input costs keep margins thin. West Fraser, for example, cut lumber output 11% y-o-y in

H1/2026.⁷ In Q2, West Fraser’s adjusted EBITDA rose to US\$59 million from a US\$66 million loss in Q1, Interfor’s tripled to C\$92 million, and Weyerhaeuser’s wood products EBITDA rose 82% to US\$129 million. West Fraser expects stable 2026 demand but higher fuel and resin costs.⁸ Weyerhaeuser aims to roughly double annual profits by 2030 regardless of lumber prices, relying largely on AI, from forest mapping to semi-autonomous logging.⁹

The year’s most striking development was the U.S. South’s pulpwood collapse.¹⁰ As box makers turned to recycled fiber and imported pulp, and e-commerce giants such as Amazon trimmed packaging, the U.S. shed roughly 10% of its containerboard capacity last year. Consequently, southern pulpwood prices are at their lowest in nearly 40 years before adjusting for inflation; near Savannah they fell from US\$16 a ton to US\$5 or less, and some growers now pay to have pulpwood removed. Sawmills have also lost outlets for chips and sawdust. The glut is curbing replanting: ArborGen’s Southern seedling sales have fallen more than 20% in two years, potentially tightening the South’s future fiber supply. Weyerhaeuser is building plants to turn excess pulpwood into engineered lumber.

In Europe, soft prices, higher wood costs and energy costs tied to the Iran war squeezed margins; SCA’s H1 EBITDA margin fell to 24.4% from 34.9%. Pressure on returns promoted integrated groups to spin off divisions: Stora Enso plans to list its Swedish forests as Bergslagens Skogar in 2027, while UPM is spinning off its plywood business as WISA Group.¹¹ In Asia, China’s lumber imports fell 12% in H1/2026 and log imports 5.4%.¹² Japan’s sawn timber imports fell 13% in H1 as builders shifted to domestic wood.¹³ With a shrinking home market, Japanese builders, led by Sumitomo Forestry’s US\$4.5 billion purchase of Tri Pointe Homes, are set to own about 6% of U.S. home construction.¹⁴

The forestry market’s outlook hinges as much on geopolitics as on interest rates. An end to the war in Iran would ease energy costs and bond yields, while the U.S. midterm elections could reshape a tariff policy already drawing bipartisan backlash.¹⁵ Fastmarkets expects an upswing in 2027, while Harvard’s Joint Center for Housing Studies estimates a shortage of 1.2 million entry-level U.S. homes.¹⁶ Global softwood roundwood supply is forecast to grow only about 0.5% a year through 2035.¹⁷ Now leaner, the industry may be poised for a rebound once the external shocks ease.

Andrew Miller, Independent Forestry Consultant

¹ Dezenberger, R. “Lumber Prices Reach Highest in Four Years.” *Wall St. J.* 7 Aug 26.

² Schmidt, G. “Highest Mortgage Rates in 3 Years Chill Housing Market.” *New York Times*. 9 Oct 26.

³ Jang, B. “Ottawa expands aid for forestry sector.” *Globe and Mail*. 4 Jun 26.

⁴ Ibid 1.

⁵ Penner, D. “Task force urges forestry reforms.” *The Province*. 9 Jun 26.

⁶ Barraza, K. “Seeing the Forest for the Trees: Mass timber thrives in Atlantic Canada.” *Site Selection*. Jul 26.

⁷ Penner, D. “West Fraser Timber posts US\$61M second-quarter loss.” *Vancouver Sun*. 1 Aug 26.

⁸ West Fraser, Interfor, Weyerhaeuser. Q2 2026 Reports. 29 Jul–6 Aug 26.

⁹ Dezenberger, R. “America’s Largest Landowner Is Using AI to Digitize the Forest.” *Wall St. J.* 23 Apr 26.

¹⁰ Dezenberger, R. “Timber Was Southern Gold. Then a Market Collapsed.” *Wall St. J.* 29 Aug 26.

¹¹ SCA, Stora Enso, UPM. Q2 2026 Interim Reports. 22–23 Jul 26.

¹² Ross, J. “China Lumber Imports Fall 12% as Log Buying Holds Steady.” *Wood Central*. 20 Aug 26.

¹³ “Japan Housing Starts Rise as Wood Takes 61% of Homes.” *Wood Central*. 2 Oct 26.

¹⁴ Picciotto, R. “Japan Is Placing a Multibillion-Dollar Bet on the U.S. Housing Market.” *Wall St. J.* 30 Mar 26.

¹⁵ Chávez, S. “Trump faces backlash over Canada tariffs.” *Financial Times*. 24 Aug 26.

¹⁶ Donovan, B. “The outlook for the forestry sector – the most undervalued stocks.” *Globe and Mail*. 14 Jul 26, citing Fastmarkets and the Joint Center for Housing Studies.

¹⁷ Lauriat, G. “Hammer and nail – The ups and downs of the US lumber market.” *AJOT*. Sept 26.