



Prentiss  
& Carlisle

100  
YEARS

LANDOWNER  
update  
2nd Quarter 2025

## Industry News

### ■ **Trump tariffs on Canada lumber could chop US wood supplies** (March 31<sup>st</sup>)

President Trump is threatening to raise tariffs on Canadian softwood lumber to 27 percent as soon as this week. The move could impact everything in the U.S. from lumber needed to build affordable housing to wood chips used to make toilet paper.

— *Detroit Public Radio*

### ■ **New Hampshire timber industry officials say uncertainty around tariffs causing problems** (April 16<sup>th</sup>)

Some New Hampshire businesses, including in the state's timber industry, are worried about the ongoing effects of tariffs. The timber industry has deep roots in New Hampshire, but businesses said it's a scary time for them with so much uncertainty caused by the tariffs..

— *WMUR.com*

### ■ **With new techniques, landowners in Maine shape forests for maximum carbon storage** (May 5<sup>th</sup>)

Changing management practices and careful selective harvesting may present an opportunity to cultivate a variety of benefits, including carbon storage.

— *News Center Maine*

## Industry Overview

### Forestland Operations

Wood deliveries in the northeast ground to a halt quickly at the start of the second quarter, and by the end of the quarter had only grown to a trickle. The weather conditions of the spring mud season severely limited the wood flow into our forest products markets. This is a far cry from the short spring we experienced last year.

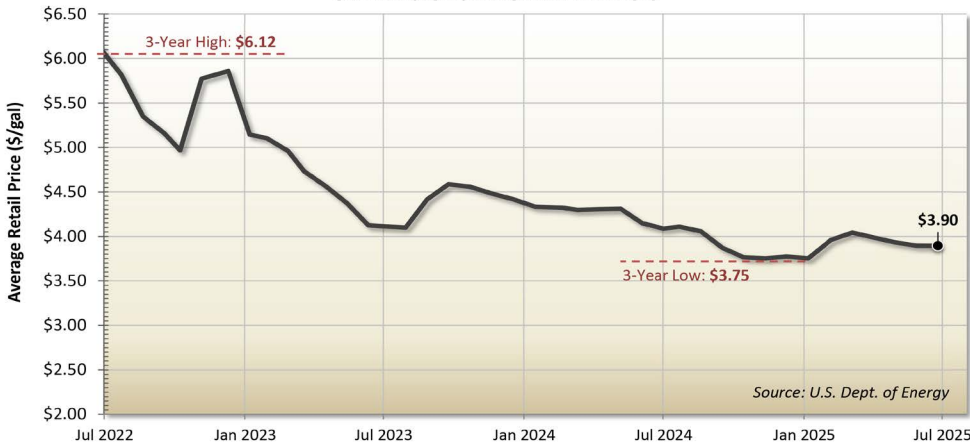


P&C foresters, Mike Treat and James Ryan inspect a pile of spruce & fir logs prepared for delivery.

There were places during mud season where the soil was dry enough that we could begin harvesting, but it was the roads that held us back. This mud season was consistently wet in the northeast with steady stretches of rain that never really allowed the roads to dry out. The private road networks -- the arteries for much of Maine's forest products -- were shut down for longer than usual as landowners attempted to limit damage. Spring is always a push-pull between contractors getting anxious to get started, and foresters delaying the hauling to protect the roads. Too early, and it can cause significant and costly damage. Foresters constantly balance the need to get timber to markets with the need to limit unnecessary damage and expenses in repairing the roads. In an effort to be prudent with our clients' investments in road repairs, we fell far short of our anticipated deliveries this quarter.

## NUMBER 2 DIESEL FUEL PRICES - NEW ENGLAND

3 YEAR HISTORICAL MONTHLY AVERAGES



At this point -- the beginning of July -- deliveries are just starting to pick up. With the setback during the second quarter, we've got a lot of ground to make up. Contractors are primed and ready, and the markets are just as anxious as the raw material supply chain.

## Forest Products Markets

After a winter of being oversupplied, forest products markets in the northeast found themselves with a consistently dwindling pile of raw materials during the second quarter as they continued consumption and deliveries effectively stopped. That said, consumption levels were lighter than usual for a variety of factors, so at this point inventory levels at our regional mills are a mixed bag.

Discussion around the effect of tariffs has quieted down among market participants. We are now close to the end of the 90-day reprieve on the implementation of tariffs, but no closer to any kind of certainty regarding cross border trade. It seems most folks in

the industry have resigned to adopting a cautious approach rather than attempt to anticipate the whims of the administration. Regardless of how things unfold, significant trade restrictions will reshape how forest products move through the market.

## Pulpwood Markets

This spring felt like the season of the pup mill maintenance outage. Whether planned or unplanned, there was significant production cutbacks at our regional pulp mills. Several have invested millions of dollars in upgrades and improvements, only to fall victim to start up delays and newly uncovered problems. In the last few years we have seen new paper machines, retooled paper machines, and experimentation with an evolving wood mix between hardwood and softwood. Over the past few months we saw some unplanned accidents as well, like a fire in the supply end of a pulp mill, which disrupted the normal spring production cycle. It turns out that runnability was the primary issue at pulp mills during the quarter -- not wood supply.

Despite a strong buildup of inventory during the productive winter, during the spring we have had no problem moving the small amount of pulpwood we produced. Occasionally we had to modify our plans to deliver to alternative markets to respond to short term outages, but it was an easy proposition to do so. While mill consumption was lighter than usual, mills generally elected to continue to purchase pulpwood during the downtime in recognition of the



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### New Maine law requires forest carbon program reporting (June 2<sup>nd</sup>)

A new state law requires Maine forest owners to report contracts they've entered with forest carbon offset programs. University of Maine forest resources professor Adam Daigneault said the law will help policymakers and others better understand Maine's changing forest industry and clarify the state's greenhouse gas reduction goals.

— Maine Public

### Maine lawmakers try to thread the needle on forest protections (June 6<sup>th</sup>)

A bipartisan bill introduced by state Sen. Rick Bennett (R-Oxford) aims to reverse the trend of the state's old forests while also protecting Maine's undeveloped lakes and ponds through prescriptive conservation measures.

— Associated Press

### Paper mills in Maine and across the U.S. releasing more greenhouse gases than federal data shows (June 24<sup>th</sup>)

An environmental group claims greenhouse gasses are undercounted by federal estimates because of a loophole in the reporting process: the U.S. Environmental Protection Agency doesn't include greenhouse gas emissions from "biogenic" fuel sources like biomass.

— Maine Monitor

## P&C DEMAND INDICATORS

Representing our opinion of market demand for timber products in the Northeastern U.S.

|                 | CURRENT  | OUTLOOK |
|-----------------|--|---------|
| <b>Sawlogs</b>  |  |         |
| Spruce & Fir    | <div><div></div><div></div><div></div><div></div><div></div></div> | STEADY  |
| Pine Logs       | <div><div></div><div></div><div></div><div></div><div></div></div> | STEADY  |
| Hardwood Logs   | <div><div></div><div></div><div></div><div></div><div></div></div> | UP      |
| <b>Pulpwood</b> |  |         |
| Hardwood        | <div><div></div><div></div><div></div><div></div><div></div></div> | UP      |
| Spruce & Fir    | <div><div></div><div></div><div></div><div></div><div></div></div> | UP      |
| Pine & Hemlock  | <div><div></div><div></div><div></div><div></div><div></div></div> | UP      |



## PRICE TRENDS IN SOFTWOOD LUMBER

2 YEAR TREND OF WEEKLY AVERAGES



need to keep their supply chain as steady as possible. As such, hardwood inventories at pulp mills remain relatively elevated. Pricing for hardwood pulpwood has been consistent, and we do not expect much change in the immediate term. There may be a small amount of upside in the pricing for softwood pulpwood as mills are expected to dial up their softwood mix to consume more of it.

## Sawn Products

### Softwood Sawstock

As our regional dimension sawmills proceeded through the second quarter of the year, concern about tariffs slid to the back burner in favor of concerns about wood flow. Because of the slow startup this spring, sawmills were unable to get the supply of wood across the scales and into the woodyard. Spring is always light on deliveries, but what was planned for a 6 week mud season turned into a 9 week mud season and buyers became anxious. We did what we could to help the situation, but once again, marginal road systems limited our options.

So far, headwinds in the housing market have not shown up in the regional demand picture for spruce & fir logs. Despite a slowdown in homebuilding and waning builder sentiment, regional spruce & fir mills have solid orders and logs are in high demand. Over the quarter we saw slightly improved mill pricing due to supply constraints and prevailing local demand. We

expect this to continue to improve through the summer. We are once again reminded of the separation between the national and local markets - the two are related, but often exhibit contrasting demand cycles.

Canadian sawmills are particularly nervous about the possibility of tariffs, but demand remains strong for the time being. It is still too early to tell who will win and lose in a prolonged trade war, but industry participants are getting accustomed to the uncertainty and continuing along with trying to do business with predictable partners.

The Canadian spruce budworm outbreak remains a complication for both landowners and markets. As the insect continues to cause the mortality of balsam fir and landowners (primarily the Canadian government) salvage the trees, the market has become oversupplied with fir. Softwood lumber mills always prefer spruce over fir, but because of the glut of fir on the market, that preference is becoming much more pronounced and suppliers have been pressured to limit the amount of fir being sent to mills.

During the second quarter, a group of landowners in northern Maine began a coordinated treatment program to quell the insect outbreak on our side of the border. The so-called Early Intervention Strategy has proven a success in New Brunswick by limiting spraying to certain identified hot spots, monitoring the response, and repeating each year. The spray program in Maine went smoothly, but the results will be measured when insect sampling is



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### ■ **How Maine is impacted by Trump administration's plans to rescind rule blocking national forest logging** (June 24<sup>th</sup>)

U.S. Agriculture Secretary Brooke Rollins announced Monday that the Trump administration plans to rescind the Roadless Rule, which blocked logging on national forest lands for nearly 25 years. The Roadless Rule has affected 30% of national forest lands nationwide, or about 59 million acres, according to the U.S. Department of Agriculture, the agency over the Forest Service.

— WMTW.com

### ■ **TimberHP exits Chapter 11 with long-term growth plan** (June 26<sup>th</sup>)

TimberHP, a Madison-based maker of wood-fiber insulation, said it has emerged from Chapter 11 bankruptcy protection with a strengthened balance sheet and long-term growth plan.

— MaineBiz

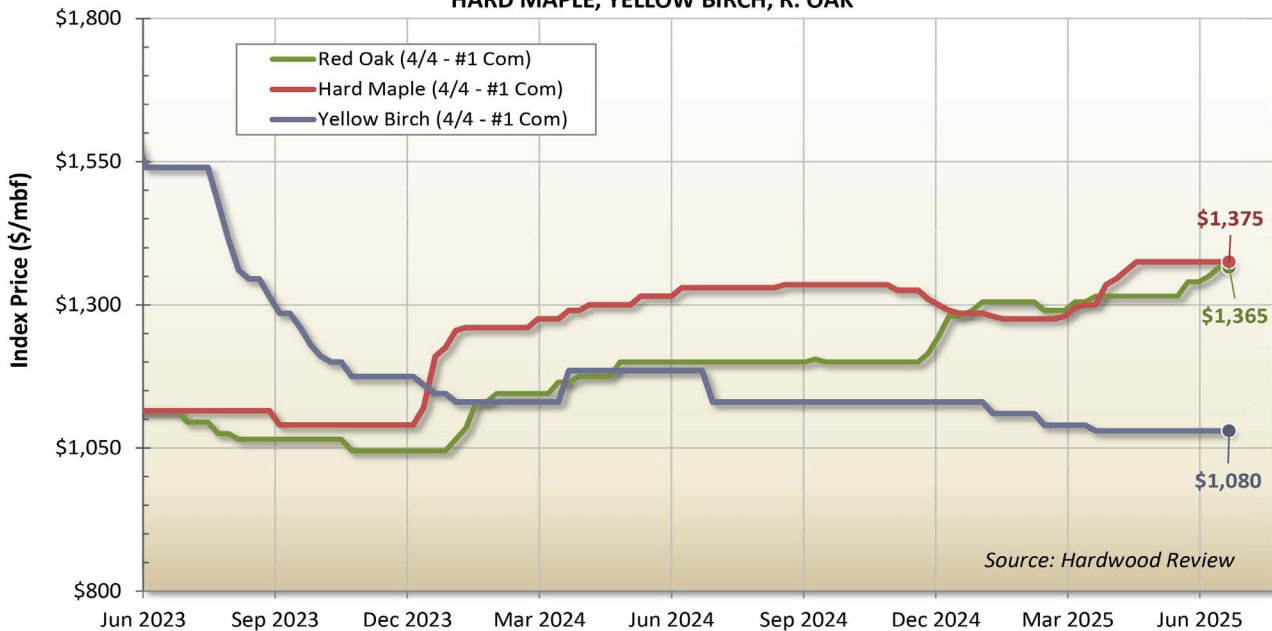
### ■ **Opinion: Media got it wrong when it comes to Maine's pulp and paper mills** (July 5<sup>th</sup>)

The Executive Director of the Maine Forest Products Council responds and rebuts the claims made from the Environmental Integrity Project regarding the greenhouse gas emissions from the nation's pulp and paper manufacturers.

— Bangor Daily News

## RECENT PRICES IN HARDWOOD LUMBER - NORTHEAST

HARD MAPLE, YELLOW BIRCH, R. OAK



conducted this summer and lab results are processed. Thankfully tree mortality related to the outbreak here has not yet been observed.

### Hardwood Sawstock

During the quarter the faint heartbeat in the hardwood market got stronger. This market is starting to feel a little more stable again after a long period of languished demand. Mills are becoming more confident in their orders and activity has picked up. If there is a problem child in this whole equation, it is in the lower quality grades.

The market for hardwood logs is also gradually improving, both in demand and in price. In part, this is because mills are currently operating with extremely low inventories and fear running out of wood in a recovering lumber market. Hard maple remains the bulk of the logs produced and

sold, and is where most of the recent upside has been.

Demand for ash logs is healthy, but the quarantine for the emerald ash borer is complicating wood flows. Ash harvested in a quarantine zone must remain within it, which can restrict market options. The quarantine has expanded in recent years, and at this point the most significant ash markets are actually within quarantine zones. Further expansion, while it would signal failure to contain the pest, could ironically open the market even further.

We saw a little weakness in the industrial log segment during the winter, but regional demand has bounced back this spring. This important market provides suppliers with a way to market logs that are below lumber grade but above pulpwood grade, and – spoiler alert – the northeast forest grows a lot of

these trees. This is a great relief valve for suppliers, particularly as lumber markets steer clear of lower grades.

### Summary

Spring road conditions in the northeast brought wood deliveries to a near standstill, setting operations well behind schedule and forcing tough decisions between moving wood and protecting infrastructure. By quarter's end, activity had only begun to recover, and now, as we enter the summer stretch, contractors and markets alike are eager to make up lost ground. Forest products markets tightened in the second quarter as wood deliveries slowed to a crawl during an extended and muddy spring. If the weather holds and mills stay hungry, we may yet turn a frustrating spring into a productive second half. 🌲

Benjamin D. Carlisle  
President

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