



Prentiss
& Carlisle

100
YEARS

LANDOWNER
update
4th Quarter 2025

Industry News

- **Rayonier, PotlatchDeltic to form timber products giant in \$8.2 billion merger** (October 14th)

U.S. land managers Rayonier and PotlatchDeltic said they would merge in an all-stock deal worth about \$8.2 billion, including debt, forming the country's second largest publicly traded timber and wood products company. The merger was announced by the companies on the same day the Trump administration began enforcing 10% tariffs on imported timber and lumber.

— Reuters

- **Woodland Pulp pausing mill operations until end of December** (November 7th)

Woodland Pulp announced that they will pause manufacturing at their Baileyville pulp mill and wood chip plant from late November to mid-December. The month-long hiatus is attributed the "extended downtime" to declining prices in the global pulp market, not an additional 10 percent tariff that the Trump administration added to Canadian timber products in mid-October. The company will temporarily lay off 144 employees at both facilities.

— Bangor Daily News

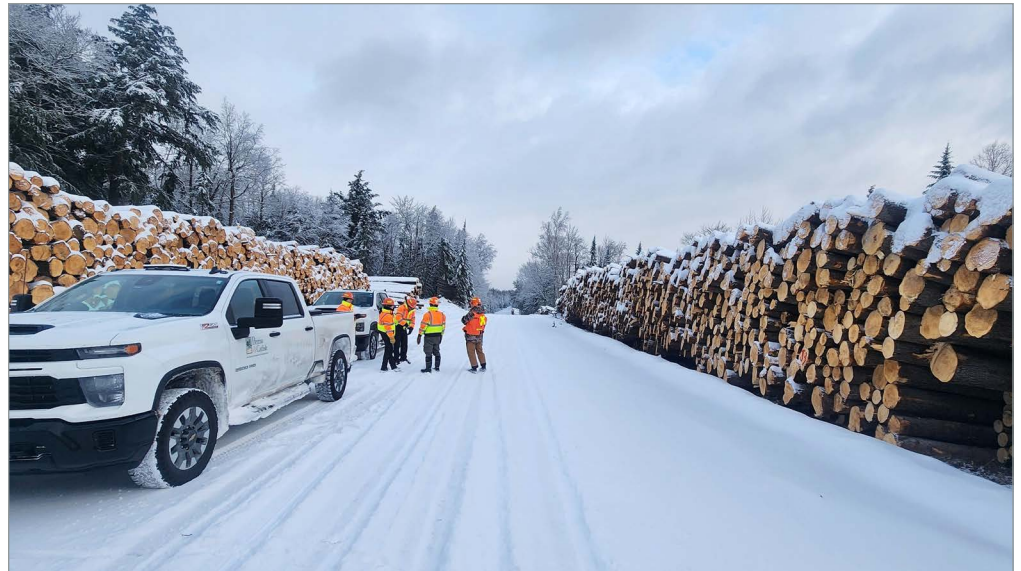
- **Forget Tariffs — The U.S. Lumber Deficit Will Take Decades to Close** (November 7th)

The U.S. has a "structural deficit" in lumber and will lean on softwood imports years after Trump's presidency, irrespective of

Industry Overview

Forestland Operations

I have traditionally begun this newsletter each quarter by reflecting on how much the external conditions in the forest are influencing our operations, and how we are responding to the challenges of running a forestry operation. That said, for the latter half of 2025, it was not the weather conditions that was on everyone's mind - it was the difficult timber markets. At the risk of burying the lead, but hopefully because it offers insight, I will continue with my normal routine, and we will cover the markets shortly.



A group of P&C foresters assess a harvesting operation during the early winter of 2025.

Operating conditions in the Northeast remained exceptional during the fourth quarter, similar to the third. The weather was extremely supportive and we had a favorable fall with very little rainfall and earlier than normal freezing conditions. This kind of weather is perfect for setting up a productive winter –our crews can build a good road base, our trucks can move unhampered, and our crews in the woods can harvest areas that aren't normally possible without risking damage to the soils. There were comparatively few weather-related downtimes, so our team remained productive. The bottom line - we never found ourselves engaged in the typical seasonal fight with Mother Nature.

Our forestry staff also responded to the increasing shifts and many plan changes brought on by the challenging timber markets. When Plan A does not pan out because of a market change, we need to have a Plan B at the ready. Having several options in the playbook can keep the crews efficient and can help production stay on schedule to meet budget expectations. Both of these are ever-present in the mind of a forester.

Forest Products Markets

Despite the productive season of harvesting and working in the woods, actual wood deliveries to mills (a.k.a. where the rubber meets the road) was hampered by poor markets and low demand, particularly for low-grade products. As a result, much of the timber that was cut and prepared for delivery was left roadside, waiting for an opportunity to be delivered. As the timber inventories built on the landing, landowners were forced to choose – stay put and keep harvesting products that are difficult to sell, or try to find a different area with better markets in order to pick up and move, or shut down. In some cases, options were limited and we saw all three of these strategies at play during the season.

With a backlog of inventory on the ground and with weather conditions enabling steady wood flow, low-grade markets had no problem sourcing the material they needed through the fall and early winter. In fact, they worked hard to stem the tide of timber coming into their facilities – limiting deliveries to try to manage the feedstock and keep their own inventory in check.

Pulpwood Markets

In the forests of the Northeast, no logging operation can be completed without producing a significant amount of low quality pulpwood. It's both the way the forest grows and also a remnant of how our forest has been managed in the past. For certain, some areas are more concentrated to pulpwood than others, but there will always be some of it. Therefore, when pulp markets are restricted, the amount of pulpwood present – and what to do with it

– is a critical consideration for any harvest operation.

In areas where it is economically viable to do so, the obvious preference is to sell it to a pulp mill. Economic viability, however, can change quickly based on a variety of factors, and the interconnected forest products supply chain is much like a large oil tanker: it carries a lot of momentum and can't turn on a dime.

I say all that in order to say this: many logging operations during the summer and fall got caught producing pulpwood that could not be sold. That means that not only was there pulpwood sitting in the woods, but importantly, costs were incurred (by loggers and landowners alike) for which there was no offsetting revenue. This oversupply problem will eventually sort itself out, but it's going to take some time.

There is some good news, however. The operability challenges and that our regional pulp mills have been plagued by appear to have eased, and consumption appears to show signs of consistency. The ND Paper mill in Rumford appears to have found its footing and is running steadily, and the SAPPI mill has had sustained uptime except for the occasional hiccup. The surprise news this fall was the unexpected shutdown of the Woodland Pulp mill in Baileyville, ME, which idled temporarily blaming soft pulp markets. This threw the supply chain into disarray for a large portion of the region, and postponed or relocated many planned harvests. They have since restarted the mill, much to the relief of the industry, but with a fresh reminder of how tentative things are.

Pricing on pulpwood remained flat through the tumult, and once again pulp mills relied on the careful application delivery restrictions to manage their inventory rather than leveraging down the price of pulpwood. We interpret this move as a recognition that quotas are less damaging to the health of their supply chain. If the prices move much lower, that may substantially affect the mills' ability to procure adequate supply, particularly if (read: when) the weather starts to impede wood flow.



LANDOWNER

update

4th Quarter 2025

global tariffs or presidential orders to “free up forests for lumber production.” That is, according to a new report, which reveals that even if the U.S. stopped exporting lumber abroad, it would still have a 7% gap between supply and demand. As it stands, the United States accounts for 27% of softwood lumber demand but produces only about 20% of global supply.

— Wood Central

■ Fire causes heavy damage at Maine sawmill (November 9th)

A fire at the Irving Forest Products sawmill in Dixfield caused heavy damage to part of a building on Saturday. No one was hurt in the fire. The damage is extensive but contained to the northwest side of the sawmill building. Mill personnel are assessing damage and already planning repairs.

— Bangor Daily News

■ Sappi Launches North America's Most Advanced Paper Machine, PM2, at Somerset Mill (November 10th)

Sappi North America announced that it is delivering commercial product to customers following the completion of Project Elevate, the \$500 million conversion and expansion of Paper Machine No. 2 (PM2) at its Somerset Mill located in Skowhegan. Qualification processes are being completed with several customers, and production will ramp up to full volumes through 2026.

— Paper Age

■ Students in logger training program have jobs waiting when they graduate (November 12th)

Through the years, there have been more than 100 graduates:

P&C DEMAND INDICATORS

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

CURRENT

OUTLOOK

Sawlogs

Spruce & Fir	<div><div></div><div></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>	<div><div></div></div> STEADY
Hardwood Logs	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div></div> STEADY

Pulpwood

Hardwood	<div><div></div><div></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>	<div><div></div></div> STEADY
Pine & Hemlock	<div><div></div><div></div><div></div><div></div><div></div></div>	<div><div></div></div> STEADY

PRICE TRENDS IN SOFTWOOD LUMBER

2 YEAR TREND OF WEEKLY AVERAGES



Sawn Products

Softwood Sawstock

The accommodating weather also played an important role in strengthening timber supplies at our regional spruce & fir sawmills. Log inventories are generally very healthy going into the holidays, with mill production keeping pace and preventing any meaningful buildup or shortage. Prices for spruce & fir sawlogs remained flat over the quarter, and when looking back over the past year, it is clear that—aside from minor, short-term fluctuations—regional market conditions have changed very little since the start of 2025.

Of course, when suppliers can't sell all of their pulpwood, they tend to relocate into forest stands dominated exclusively by other products whenever they can - and spruce & fir stands are the obvious choice when possible. For one, these harvests produce comparatively small amounts of low-grade pulpwood, but also because the value of spruce & fir hydrate is higher. However, there are two downsides to this outcome: 1) there aren't enough areas in the forest that are made up entirely of spruce & fir to keep this sustainable long term, and 2) the spruce & fir markets have capacity limits just like the pulp markets, and it too can become oversupplied. This is what we are watching out for in 2026.

We have seen several different responses in the spruce & fir lumber marketplace due to the imposition of steep tariffs by the U.S. executive administration. For the most part,

Canadian sawmills have downshifted their production and run fewer shifts because the import costs have muted demand for their lumber. Therefore, limiting expensive long distance volume, being conservative with commitments, and relying on Canadian government assistance programs to support operations. For a business that thrives on volume to keep unit costs low, it's not ideal.

Our regional domestic sawmills do not appear to have dialed up their production substantially to fill in the gap, but that could take some time. Additionally, the lumber prices are largely unchanged since the additional tariffs went into effect, so domestic mills may be waiting for prices to improve.

In short, tariffs have reduced Canadian production without yet creating meaningful upside for domestic producers.

Hardwood Sawstock

Hardwood log demand in the region remains somewhat subdued. Several secondary hardwood species common to the northeastern forest, including yellow birch and red oak, have lost momentum as buyers continue to focus on a narrower range of products. In contrast, hard and soft maple are holding up better, supported by their versatility across flooring, cabinetry, and millwork applications and their ability to adapt to a wide range of finishes. As a result, demand for these "white woods" is expected to remain relatively steady, while interest in darker-toned hardwoods continues to soften.



LANDOWNER
update
4th Quarter 2025

60% are working in the industry and demand for additional logging and forest trucking operators in Maine is high and projected to remain so for the foreseeable future. Students also received hands-on experience operating commercial trucks, loading log trailers and gaining knowledge critical to forest trucking.

— *Maine Biz*

■ **Maine loggers are used to hard times. Then came the tariffs** (December 14th)

As the important winter logging season begins, people are seeing the values for their timber fall, while their costs to operate are going up. From loggers to the woodlot owners who open their land to timber harvests, almost every link of New England's forest products supply chain has been hit hard by a perfect storm of tariffs and falling market values.

— *The Maine Monitor*

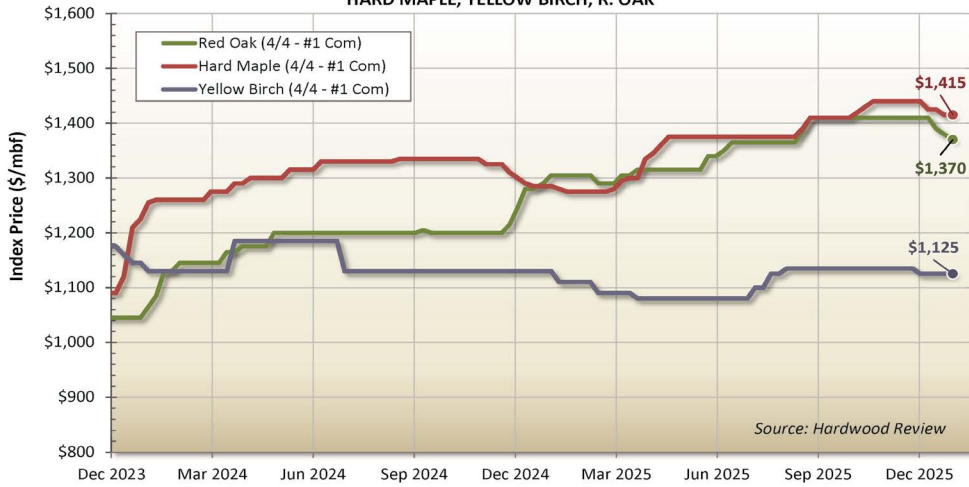
■ **Woodland Pulp reopens on schedule after temporary layoffs in November** (December 16th)

The largest employer in Washington County is set to reopen next week after a monthlong pause in operations. All 144 employees who were laid off last month are expected to return by Wednesday, representing about one-third of the mill's workforce. A spokesperson for the mill attributed the "extended downtime" during the layoff period to falling prices in the global pulp market, not to the additional 10% tariff the Trump administration imposed on Canadian timber products in mid-October.

— *The Maine Monitor*

RECENT PRICES IN HARDWOOD LUMBER - NORTHEAST

HARD MAPLE, YELLOW BIRCH, R. OAK



Inventories at our regional hardwood sawmills are currently steady. However, concern over log supply grows as loggers and suppliers naturally gravitate to softwood instead of dealing with the headaches with pulpwood generated in hardwood areas. If this happens in large magnitude, hardwood grade log mills could have a difficult time sourcing the wood they need. This selectivity reinforces the importance of species mix and long-term silvicultural planning.

Summary

The fourth quarter of 2025 closed with excellent operating conditions in the woods but continued challenges in the forest products markets. Favorable weather allowed crews to remain productive and flexible, yet weak demand, particularly for low-grade pulpwood, constrained deliveries and created difficult decisions at the landing. While pulp markets showed signs of stabilization toward year-end, supply chain disruptions and mill downtime underscored how fragile conditions remain. As we move forward, careful planning, market awareness, and adaptability will remain essential to navigating these evolving conditions.

P&C News

2025 wraps up the careers of two longtime employees of Prentiss & Carlisle, and we would like to wish them the best as they transition to retirement:

Dave Maddocks held almost every job title in the forest products industry during his career, but ended it as P&C's Vice President of Forest Products Marketing. Dave wore his passion for the Maine woods on his sleeve, relentlessly advocated for our clients' interests and helped build P&C into what it is today.

Kevin Dow dedicated nearly four decades to the forests of Maine and beyond, showing up day after day through long miles (he estimates he walked nearly 35,000 of them in his career) and hard work. As the self-proclaimed "Mayor of T2R12", his steady commitment, dry humor, and love for the woods – often shared with a peanut butter sandwich and a dog – leave a legacy we won't forget.

Thank you both for your contributions and friendship over the years. 🌲

Benjamin D. Carlisle
President



LANDOWNER
update
4th Quarter 2025

- **New report says Maine's wood product manufacturing sales rose 45% between 2019 and 2024**
(December 28th)

Maine's wood product manufacturing sales increased by 45% in a five-year period. During that period, Maine saw a lot of investment in sawmills, both in the expansion of existing infrastructure and in new facilities that are able to process lower grade lumber that would have previously gone to pulp and paper.

— *Maine Public*

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Please note: This report is intended to be an unbiased and accurate source of information on timber markets and timberland investments. However, timber market conditions and the forest products industry vary greatly within and across regions and depend on a substantial number of factors that this publication does not cover. Therefore, anyone using information published in this report for any specific purpose, sale or contract does so at his or her own risk. Information included in this report and provided by other sources is believed to be reliable and accurate. Prentiss & Carlisle assumes no responsibility for errors or omissions.