Prentiss & Carlisle
LANDOWNER update
2nd Quarter 2026

Industry Overview

Forestland Operations

The second quarter in the Northeast felt, in many ways, like a fairly typical spring. That may sound uneventful, but after the last several quarters of market disruption, weather surprises, and supply chain recalibration, "typical" is not such a bad thing.

A stroke delimber processes and piles up tree-length wood for summer delivery in central Maine.

We entered the quarter coming off one of the better winter operating seasons we have had in some time. The woods froze well, crews were productive, and most operations were able to hit their winter production targets — and in some cases exceed them. That is an important backdrop to understanding the second quarter. Because winter targets were fulfilled, there was little urgency to restart operations immediately after mud season lifted. Across much of the industry, the productive winter had left landowners, suppliers, and mills with adequate volume, and the continued market uncertainty made patience a little easier to justify.

April and May were generally workable by spring standards. There were some opportunities to move wood and start spring jobs where the sites and roads allowed it, but much of the activity was opportunistic rather than urgent. June, however, reminded us that spring in the Northeast does not always leave quietly. Wetter conditions slowed the ramp-up, and while we have been able to move wood, the start to summer operations has been somewhat uneven.

As of the beginning of July, our contractors are still in the gear-up phase. Northern operations appear to be roughly on pace, and in some cases perhaps a little ahead of normal, while other areas are muddling through wetter conditions and lingering winter inventory. We are also still cleaning up some winter wood. That is not entirely unusual, and in many parts of the region winter inventories have been cleaned up reasonably well, but we still have pockets of timber to move before the seasonal transition feels complete.

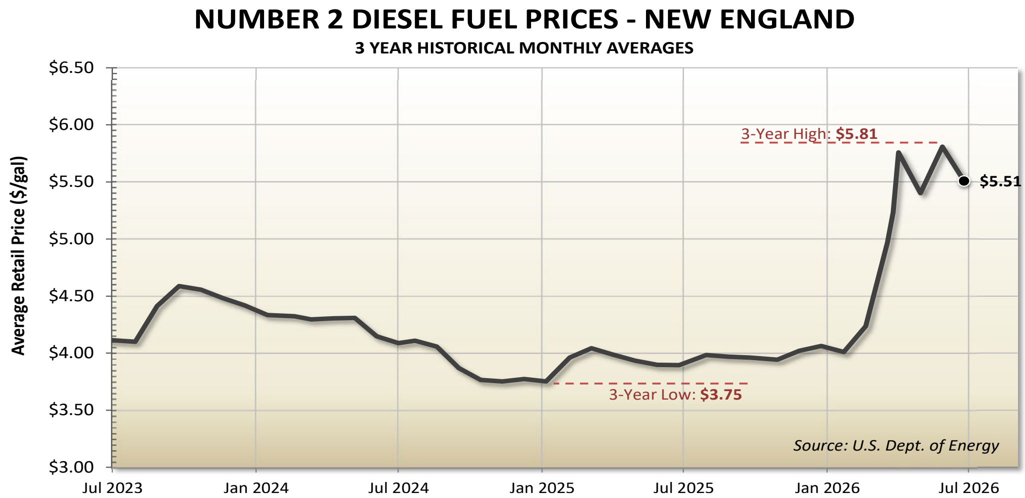
Industry News

- ***Surging diesel prices squeeze Maine truckers and loggers, as Iran war rolls on***
  (*March 30th*)
  Diesel prices jumped more than 30% in Maine, increasing pressure on truckers and loggers while raising broader costs throughout the forest products supply chain.
  — *Bangor Daily News*

- ***Milo sawmill will close this month due to rising costs, owner says***
  (*April 15th*)
  Lumbra's closure removes a long-standing hardwood outlet, underscoring how energy, machinery, insurance costs and poor markets continue narrowing landowner options.
  — *Bangor Daily News*

- ***America's Largest Landowner Is Using AI to Digitize the Forest***
  (*April 23rd*)
  Weyerhaeuser is using AI, drones, lidar, satellite imagery, and digital mapping to create detailed forest "digital twins," improving inventory, harvest planning, logistics, safety, and market responsiveness across its timberlands.
  — *Wall Street Journal*

- ***American Loggers Helped Write Trump's Lumber Order. Now It Wants New Markets to Match***
  (*May 1st*)
  The American Loggers Council helped shape a federal timber-production order, but says loggers still need better markets, predictable quotas, and new outlets as mill closures and costs squeeze margins.
  — *Wood Central*

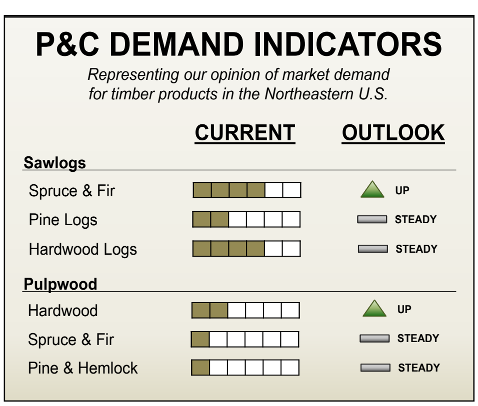


Fuel costs remain a consideration, though the timing has muted the impact. Diesel prices increased during the late winter and early spring, but much of that occurred just as harvesting activity was winding down for mud season. As operations ramp back up, fuel pricing has eased from the highs, and current market-based fuel adjustments are near the lower thresholds where they begin to fall away. In short, fuel costs were felt, but they did not hit at the same time as peak production, which limited the immediate impact on landowners and contractors.

At this point in the year, the focus is straightforward: finish cleaning up winter inventory, ramp up summer harvesting where conditions allow, and stay flexible enough to respond to markets that are still very uneven.

Forest Products Markets

The general market story for the quarter is one of cautious improvement, not recovery. Markets are better in some areas than they were six months ago, but it would be premature to call them strong. The better way to describe the quarter is flat, with some light tailwinds.



Most mills entered the spring with adequate inventories following a very productive winter. That reduced the incentive to restart wood flow quickly after mud season. With the exception of hardwood logs, most product classes were not suffering from a lack of wood at the start of the quarter. In fact, several markets were still working through the consequences of having too much inventory earlier in the year.

Across product classes, one theme continues to stand out: the supply chain is fragile. Mills can restrict deliveries for only so long before logging capacity, contractor availability, weather, and transportation begin to matter in the other direction. If demand improves meaningfully, the region may discover that it does not have the same surge capacity it once had. That point has been made before, but each quarter seems to make it more relevant.

Pulpwood Markets

Pulpwood markets showed some modest improvement during the quarter, but the wood flow remains heavily managed. For the past year, low-grade markets have been the limiting factor for many harvest operations, and while conditions are not as restrictive as they were during the winter, mills are not exactly opening the floodgates.

There are some encouraging signs. We hear that hardwood pulp order files appear to have improved, and there is generally

LANDOWNER update

2nd Quarter 2026

- ***Twin Rivers acquires New York specialty paper maker***
(*May 5th*)

Twin Rivers acquired Potsdam Specialty Paper in New York, adding 26,000 tons of annual specialty-paper capacity and broadening its product mix without immediate staffing or operational changes.

— *Bangor Daily News*

- ***State, county lands barred from carbon sequestration projects***
(*May 8th*)

New Hampshire barred state and county-owned lands from carbon sequestration projects, reflecting concern that carbon contracts could reduce timber supply and local timber-tax revenues.

— *New Hampshire Bulletin*

- ***One dead, at least 10 people injured in explosion, fire at Robbins Lumber Mill in Searsmont***
(*May 15th*)

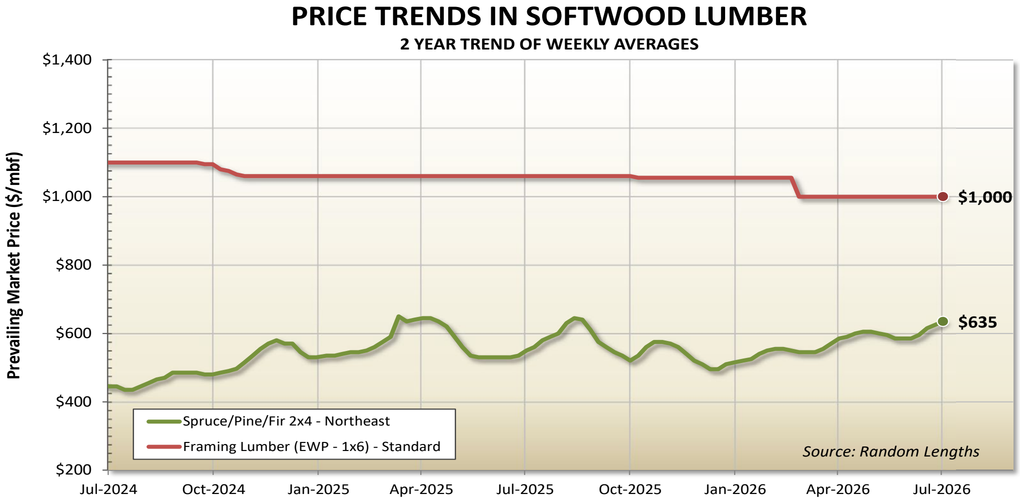
An explosion and massive fire at Robbins Lumber in Searsmont killed a firefighter and injured at least 10 people. Multiple fire departments, LifeFlight, police, and state agencies responded to the mass-casualty incident.

— *Maine Public*

- ***Maine is working to avoid a catastrophic spruce budworm outbreak***
(*May 20th*)

A growing spruce budworm outbreak spreading from Quebec into northern Maine threatens forests and billions of dollars in economic activity, echoing the devastating infestation that damaged millions of acres and heavily impacted the timber industry decades ago.

— *Bangor Daily News*



more confidence in the low-grade market than there was earlier in the year. Some of that optimism is tied to end-market improvement, and some is tied to continued capital investment in the regional supply chain. Recent investments at pulp and chipping facilities are positive signals, even if they were planned before the current market shift became evident.

That said, regional inventories remain elevated. Each mill has its own explanation. Some had planned outages. Some are dealing with equipment, wood room, or yard constraints. The result is a mixed bag: better than winter, but still cautious.

Quotas and delivery restrictions remain part of the system. They are not as severe as they were, but mills are carefully metering deliveries. In some cases, wood suppliers are held closely to weekly commitments. In others, there is room to exceed committed volume. The larger point is that mills appear to be trying to maintain the health of the supply chain without being overwhelmed by inventory.

Pricing for hardwood pulpwood has improved somewhat, though it is difficult to separate fiber price from fuel-related adjustments over the past quarter. Some markets added money during the spring in response to fuel costs, but as fuel pricing eases, we do not expect all of that value to disappear. If that holds, the result is a modest real improvement in pulpwood pricing compared with the low point.

Panel producers, which consume a similar grade of low-quality material, also moved through the quarter cautiously. Several manufacturers have been dealing with large finished goods inventories, production adjustments, and periodic downtime. These markets remain useful when the freight and price make sense, but they are not strong enough to solve the low-grade problem by themselves.

Sawn Products

Softwood Sawstock

Spruce and fir sawlog markets improved during the second quarter, driven by healthy demand on the lumber side. Published lumber prices moved up meaningfully late in the quarter, and that has changed the tone among mills. It is not a full-throated boom, but it is a more encouraging picture than we have had during the past year.

The tariff environment continues to divide the market between Canadian and domestic mills. Canadian mills remain cautious. Many have used shared-time or government-assisted labor arrangements to reduce production while retaining employees, which allows them to stay flexible without fully returning to normal production. Tariffs and duties continue to make the economics difficult, and border mills remain less aggressive than domestic mills in both pricing and demand.

Domestic mills, on the other hand, are in a better position. They do not face the same

LANDOWNER update

2nd Quarter 2026

- ***Aroostook sawmill expansion will double space and production***
  (*June 6th*)

  The Finance Authority of Maine (FAME) approved $16.5 million in tax credits to help fund a major expansion of Irving Forest Products' mill near Ashland, Maine, creating about 80 new jobs. Company officials say the investment will strengthen Aroostook County's economy and support continued growth in Maine's wood products industry.

  — *Bangor Daily News*

- ***Grant program incentivizes landowners to help make Maine forests more resilient_***
  (*June 10th*)

  The new WoodsWISE program offers reimbursements for thinning, planting, invasive control, and planning, creating practical funding for smaller owners improving resilience.

  — *Maine Public*

- ***$1M grant will help Aroostook pallet maker expand to Houlton***
  (*June 12th*)

  A $1 million federal grant and $800,000 in private funding will will help Kearney Pallet expand to Houlton, increasing production by about 45% and adding demand for low-grade Maine timber.

  — *The County*

tariff burden, and improved lumber pricing gives them room to increase production. Several domestic mills have already committed to higher output, including extended shifts and plans to move toward full second-shift production. For landowners within reach of those mills, that is a welcome development.

However, the upside for landowners is not evenly distributed. Proximity still matters. In northern Maine and other border-dependent wood baskets, Canadian mills have historically been the closest and most logical markets. Even if domestic mills are stronger, freight can limit how much of that benefit reaches certain properties.

The other constraint is logging capacity. Domestic sawmills are increasingly focused on securing enough volume to support higher production. That is a good problem compared with weak demand, but it is still a problem. After several years of contractor attrition and market instability, the question is not only whether mills want more logs, but whether the region can produce and deliver those logs consistently when they are needed.

Spruce budworm also remains part of the softwood story. Landowners in northern Maine are continuing treatment and monitoring efforts, and the ongoing outbreak in Quebec keeps the issue close to home. Early intervention remains the right strategy, but it requires coordination and vigilance. It would be a mistake to assume the threat has passed simply because mortality has not yet become widespread here.

Pine is moving on a separate track from spruce and fir. Pine mills entered the spring with heavy inventories, and those inventories remained higher than would normally be expected as wood flow slowed during mud season. Incoming volume was enough to offset production in some cases, and there has been discussion of quotas or tighter intake through the summer. Pricing has been generally flat. Mills may have wanted to push pricing lower, but fuel costs and supply considerations appear to have kept prices steady for now.

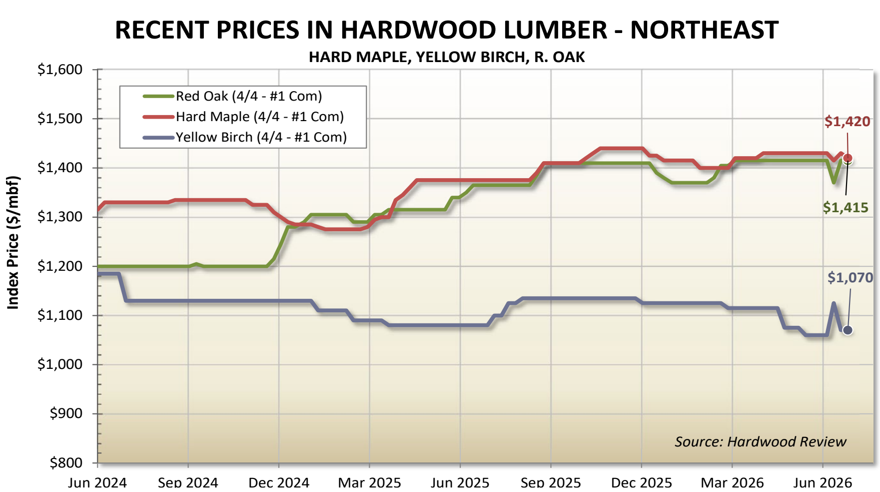
The Robbins Lumber fire and explosion in Searsmont was a tragic event for the industry and for the firefighting community. While the mill has reportedly resumed operations, events like this are a sobering reminder that our markets are not abstract dots on a map. They are family businesses, employees, truck drivers, foresters, loggers, millwrights, and volunteer firefighters who know each other by name and show up when something goes wrong. While the market effect appears to have been temporary, the human effect is not measured in board feet or log inventories. Our thoughts remain with the families of the firefighters who were lost, those who were injured, the Robbins family, and the broader community as they continue to recover.

Hardwood Sawstock

Hardwood sawstock remains the most uncomfortable part of my market report. The mills need logs, but their lumber markets are not strong enough to let them simply raise prices and pull wood from farther away. That creates a difficult middle ground: low inventories, weak finished-product pricing, and limited ability to pay more for raw material.

Several hardwood sawmills are operating with very thin inventories. In some cases, yards are as low as they have been in many years. That is not only because of mud season. The deeper issue is that hardwood pulpwood markets have been restricted, and when suppliers cannot move the low-grade portion of a hardwood stand, they avoid those stands entirely. Hardwood sawmills may want more logs, but those logs do not appear by themselves. Demand appears higher than the last quarter, but it is not the kind of demand that comes from a healthy lumber market. It is demand created by low inventories and the need to keep mills running. That distinction is worth making because it affects how durable the demand may be and how much pricing power landowners should expect.

The shutdown of Lumbra Hardwoods in Milo was another difficult development for the region. Lumbra was a long-time hardwood customer and a familiar name in the regional wood basket. The public explanation for the closure included high energy



costs, insurance costs, and poor market conditions, and industry conversations also point to the impact of tariffs and duties on its Canadian customer base. Whatever the precise weighting of those factors, the result is the same: one fewer regional outlet for hardwood logs and one fewer family business in a sector that cannot afford to lose many.

Industrial hardwood markets are also cautious. Pallet and mat log markets have not seen meaningful price improvement, and in some cases mat pricing has pulled back slightly. Demand is not robust, but the larger concern is still supply. These markets need material, but the same hardwood pulpwood problem limits the harvest activity that produces it. As with grade logs, demand exists, but it is constrained by the economics of the whole tree.

Veneer and upper-grade hardwood markets are becoming more selective. Buyers are focusing on the best logs, longer lengths, and higher-margin products. This selectivity makes sense from the mill's perspective: if wood is hard to source, they want to focus on the logs that produce the best margin. For landowners, it reinforces the importance of species mix, quality, and merchandising.

Summary

The second quarter of 2026 was a transition quarter. Operations moved from a productive winter into a fairly normal spring, with a slower and wetter June tempering the summer ramp-up. Contractors are getting back to work, winter inventories are being cleaned up, and foresters are once again matching harvest plans to markets that remain uneven. As we head into the summer season, the work remains the same: stay flexible, match the right acres to the right markets, and be ready to move when the window opens. In this business, timing is rarely perfect, but good planning gives us the best chance to make use of it.

Benjamin D. Carlisle
President