



Industry News

- **A New York paper mill is closing part of its operation. Vermont loggers are sounding the alarm.** (July 20th)

Finch Paper announced it would end pulp production at its Glens Falls, New York mill and instead purchase pulp from outside suppliers. The change removes a major regional outlet for low-grade wood—Finch had been receiving an estimated 50–80 truckloads of wood per day—raising concerns for loggers, truckers, foresters and landowners across Vermont, eastern New York and the broader Northeast.

— VT Digger

- **Forest bioproducts 'tech hub' lands \$20M to advance manufacturing** (July 22nd)

Maine's Forest Bioproducts Advanced Manufacturing Tech Hub received \$20 million in federal funding to accelerate commercialization of advanced wood-based materials, fuels and manufacturing technologies. The initiative is intended to expand commercial-scale production and create higher-value uses for Maine's forest resource, including products that could strengthen markets for lower-value wood.

— MaineBiz

- **In Rumford, one of Maine's remaining paper mills races to survive amid industry changes** (August 27th)

The article examines how Maine's remaining pulp and paper mills are adapting to declining printing-paper demand, competition, high energy costs and other structural pressures. At ND Paper's Rumford mill, more than \$330 million of investment since 2019 has supported

Industry Overview

Forestland Operations

For the second summer in a row, Mother Nature gave our forestry operations about as much cooperation as we could reasonably ask for. Conditions throughout most of the Northeast were unusually dry during the third quarter, allowing our logging contractors to maintain steady production and, in some areas, access marginal ground that would ordinarily be difficult to harvest during the summer months.



Vibrant fall colors provide a background for a woodyard with timber ready to move.

This is similar to what we experienced last summer, but there has been one important difference. Last year, excellent operating conditions eventually contributed to an oversupply problem: production continued while several low-grade markets became increasingly restrictive, and wood began accumulating on landings. So far this year, we have not seen the same bottleneck. Markets are certainly not booming, but they have generally remained open enough to absorb the material being produced.

The greater operational concern, however, continues to be the health and capacity of the logging and trucking force. We got the wood moved this summer, but there is noticeably less surge capacity in the system than there once was. During normal periods there may be sufficient capacity, but when winter production peaks or a mill suddenly needs additional wood, the system can become stretched thin rather quickly.

Compounding the problem is the rapid increase in diesel fuel costs. Logging is an extraordinarily fuel-intensive business: skidders, processors, forwarders, loaders and trucks all run on diesel. New England on-highway diesel averaged more than \$6.50 per gallon during

NUMBER 2 DIESEL FUEL PRICES - NEW ENGLAND

3 YEAR HISTORICAL MONTHLY AVERAGES



portions of September, up substantially from earlier in the summer.

We use a fuel adjustment mechanism with our contractors to help absorb some of those increases, and that adjustment has risen dramatically during the quarter. Even so, higher fuel costs work their way throughout the supply chain. They increase harvesting costs, trucking costs, road construction costs and, ultimately, reduce what is available to return to the landowner — particularly when moving relatively low-value wood over long distances.

Since the quarter closed, the federal government has also moved to temporarily ease some diesel tax restrictions through the end of 2026. Whether that produces meaningful relief for logging and trucking contractors remains to be seen, but the action itself demonstrates the magnitude of the current fuel cost problem.

P&C DEMAND INDICATORS

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

	CURRENT	OUTLOOK
Sawlogs		
Spruce & Fir		▲ UP
Pine Logs		▬ STEADY
Hardwood Logs		▬ STEADY
Pulpwood		
Hardwood		▲ UP
Spruce & Fir		▬ STEADY
Pine & Hemlock		▬ STEADY

Forest Products Markets

Taken as a whole, Northeastern timber markets during the third quarter could probably best be described as steady, with a few encouraging signs. That may not sound particularly exciting, but after several years of unusually volatile conditions, steady is not necessarily a bad outcome.

What is particularly interesting is why several timber markets currently feel reasonably strong for timber suppliers. In many cases, it is not because end-product demand is exceptionally good. Instead, it is because mills are increasingly concerned about securing enough raw material. Housing remains restrained, paper markets are hardly experiencing a boom, and buyers throughout the economy remain cautious. Yet regional mill inventories in several product categories range from adequate to uncomfortably low. When a mill needs wood and believes the logging system may have difficulty producing enough of it, it has an incentive to maintain or improve prices even if its finished-product market is only mediocre.

In other words, portions of today's timber market are increasingly supply-driven rather than demand-driven. That is an unusual condition. It also explains why some timber prices can look relatively attractive while the corresponding lumber or paper market does not.



LANDOWNER
update
3rd Quarter 2026

a shift toward specialty grades and products positioned to benefit from substitution of paper for plastics, offering some optimism for a sector that has contracted dramatically over several decades

— *The Portland Press Herald*

■ Tariffs creating difficulties for Woodland Pulp operations (September 11th)

Woodland Pulp says tariffs and new customs requirements are complicating the movement of roundwood from New Brunswick into its Baileyville mill. Canadian suppliers now face a 10% tariff, customs-broker costs and additional electronic manifest requirements; with roughly one-third of Woodland's fiber historically coming from New Brunswick, those barriers increase procurement and transportation costs on both sides of the border.

— *The Quoddy Times*

■ Maine continues to be under moderate fire danger (September 12th)

Maine remained at a moderate wildfire-danger rating despite roughly 40% of the state experiencing severe drought. Dry soils and vegetation were raising concern heading into the fall fire season, when lower humidity, drying leaves and grasses, and wind can increase the potential for forest and brush fires.

— *WMTW*

■ Major expansion of Ashland Sawmill announced (September 16th)

Irving Forest Products announced a major modernization of its Ashland, Maine sawmill that is expected to increase annual lumber capacity from 130 million to 250 million board feet. The project is expected to create or retain over a hundred full time jobs while supporting additional logging, trucking and forestry activity throughout northern Maine.

— *J.D. Irving / GlobeNewswire*

Pulpwood Markets

The pulpwood market showed modest improvement during the third quarter, particularly for hardwood. Deliveries were considerably less restricted than they were at this time last year, despite excellent operating conditions and reasonably steady wood production. That alone is an encouraging sign.

Raw material inventories at our regional pulp mills are a mixed bag. Some facilities have adequate wood on hand while others are carrying less inventory than they would prefer. The interesting part is that this is occurring after a very productive summer in the woods. The limiting factor increasingly appears to be harvesting capacity rather than the ability of the forest to produce wood.

Woodland Pulp in Baileyville was largely absent from the market for much of the summer as planned work and other operating issues reduced production. Despite effectively removing a substantial portion of regional pulpwood consumption for much of the quarter, the remaining markets generally continued to accept wood without the severe restrictions we experienced last year. Woodland began returning to the market late in the quarter, adding another buyer back into an already somewhat tight supply picture.

The improvement should not be confused with strong pulpwood economics, however. Prices for low-grade fiber have not kept pace with the inflation in harvesting and transportation costs. Wood that makes economic sense to haul 30 or 40 miles may make considerably less sense at 100 miles. For landowners, that has implications beyond simply receiving a lower stumpage return. Pulpwood is routinely generated during good silviculture. If the lowest-quality trees cannot be economically removed, some otherwise desirable treatments have to be postponed. We are not changing sound silvicultural prescriptions simply to respond to a weak market, but there are stands where we are waiting for better economics before doing

work that otherwise makes good forestry sense.

There was also significant regional news outside our immediate Maine wood basket. Finch Paper announced that it will permanently cease pulp production at its Glens Falls, New York mill, removing an important market for low-grade wood in New York and Vermont, while AV Group announced plans to temporarily idle its Nackawic, New Brunswick pulp mill later this fall. Neither facility is a primary market for most of our clients, but together they underscore how quickly regional pulpwood demand can contract and how disruptions in one wood basket can place additional pressure on neighboring markets, loggers, and landowners.

Sawn Products

Softwood Sawstock

Spruce & fir remains one of the healthier timber markets available to Northeastern landowners. Lumber prices improved over the past year and remained at levels where domestic mills appear able to operate profitably. At the same time, lumber buyers remain cautious. Customers are buying lumber, but few appear interested in making large, long-term commitments. That reflects continued uncertainty surrounding housing, interest rates, trade policy, and the broader economy.

Despite that caution, demand for spruce & fir logs in the woods is strong. Inventories at both domestic and Canadian sawmills generally range from adequate to low, and buyers remain concerned about their ability to procure enough logs. In some cases mills have increased fuel adjustments or otherwise improved their purchase programs simply to remain competitive for a limited supply of timber.

The tariff environment continues to create a divide between domestic mills and Canadian border mills. Canadian manufacturers selling lumber back into the United States face substantially



■ **AV Group NB Announces Temporary Idling of Nackawic Dissolving Pulp Mill** (September 18th)

AV Group NB announced that it will temporarily idle its Nackawic, New Brunswick dissolving-pulp mill beginning around the end of October, citing prevailing market conditions and broader macroeconomic pressures. The facility employs approximately 350 people and has annual capacity of about 190,000 tonnes, making the curtailment potentially significant for regional wood demand.

— *PaperAge*

■ **Record diesel prices put squeeze on Maine truck drivers** (September 23rd)

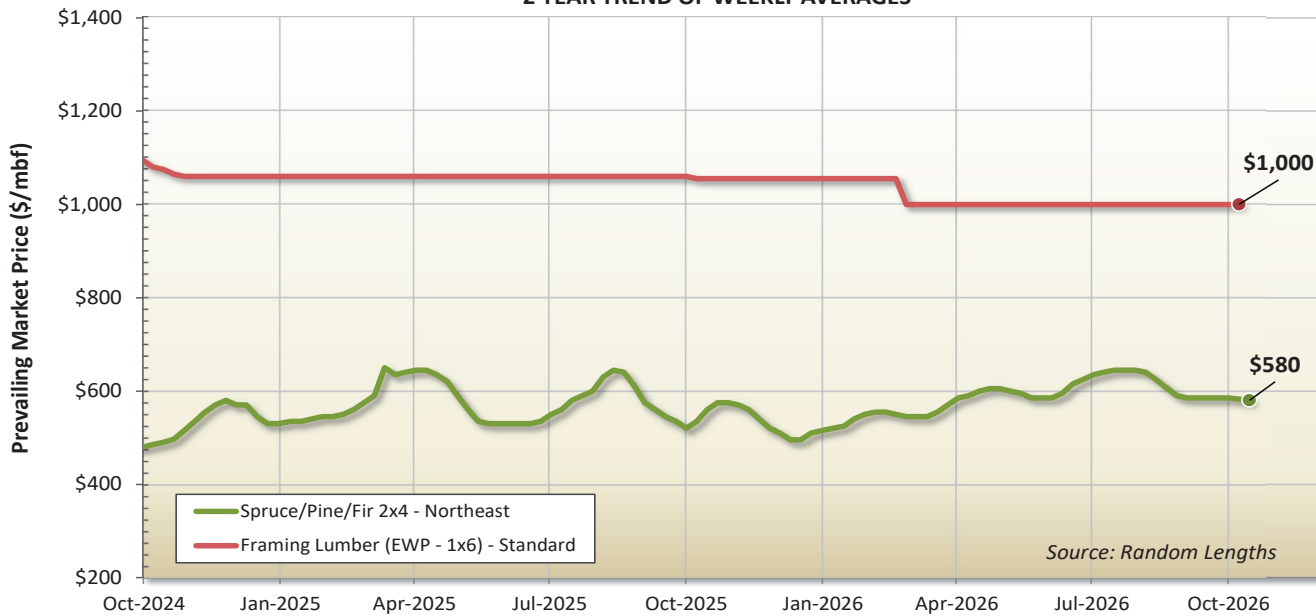
Maine diesel prices reached approximately **\$6.52 per gallon**, reportedly the highest statewide average on record and nearly 68% higher than a year earlier. The increase put substantial pressure on truckers and other fuel-intensive businesses and is particularly relevant to the forest-products supply chain, where harvesting equipment and long-distance wood hauling make diesel a major operating expense.

— *NEWS CENTER Maine*



PRICE TRENDS IN SOFTWOOD LUMBER

2 YEAR TREND OF WEEKLY AVERAGES



different economics than domestic producers, and that has affected what some Canadian mills can afford to pay for U.S. logs. Their prices remain competitive in portions of northern Maine where geography gives them a natural advantage, but in general the domestic market currently appears to have the stronger economic position.

One of the most encouraging pieces of news during the quarter came from Aroostook County. Irving Forest Products announced a major modernization of its Ashland sawmill that is expected to increase annual capacity from approximately 130 million to 250 million board feet. The project is also expected to support hundreds of direct and upstream jobs. For northern Maine landowners, this is good evidence of at least one sawmill's confidence in the region's spruce & fir resource and forest-products supply chain.

Pine remains a comparatively stable but less energetic market. Lower grades of pine lumber have faced some softness, including weaker cross-border demand, but that has not yet translated into a material change in log prices. With uncertainty

surrounding mill consumption — particularly following the tragic fire and explosion at Robbins Lumber earlier this year — suppliers were understandably conservative about producing more pine than they could move quickly.

Robbins has continued operating and rebuilding following the May accident, although portions of the facility have operated below normal capacity. The human cost of the event was substantial, and the industry continues to mourn the lives lost. From a timber-market standpoint, however, the disruption appears to be temporary rather than a permanent loss of pine manufacturing capacity.

Cedar markets have softened after strong winter production left shingle manufacturers carrying substantial inventories of both roundwood and finished goods. With inventories elevated and finished-product demand less robust, mills have less incentive to compete aggressively for additional logs. Because cedar is a relatively small market, modest shifts in supply or demand can move it quickly from shortage to surplus. Additional trade restrictions on

secondary forest products add further uncertainty heading into winter.

Hardwood Sawstock

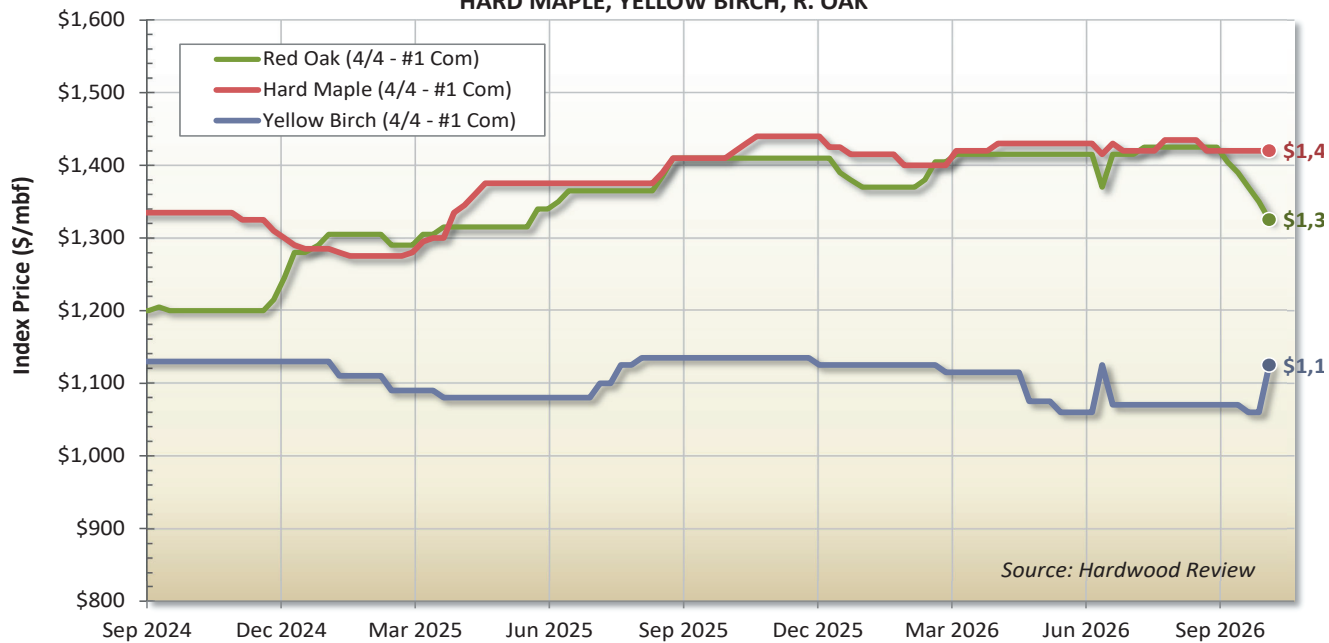
Hardwood markets are caught between two opposing forces. Demand for finished hardwood lumber remains soft overall, which limits what sawmills can afford to pay for logs. At the same time, log inventories at many of those mills are critically low. Some hardwood sawmills are operating almost hand-to-mouth, periodically curtailing production because they simply cannot acquire enough suitable raw material.

This is another example of the unusual supply-driven market we described earlier. The mills want logs — badly in some cases — but their finished-product markets do not justify dramatically higher prices. Consequently, the level of demand for hardwood logs can appear unusually strong even while lumber demand remains mediocre.

There are several reasons for the shortage. Difficult hardwood

RECENT PRICES IN HARDWOOD LUMBER - NORTHEAST

HARD MAPLE, YELLOW BIRCH, R. OAK



pulpwood economics caused suppliers to avoid some hardwood-dominated stands over the past year. Logging capacity is also limited. Even as hardwood pulp markets have become somewhat easier to navigate, that improvement has not yet produced enough additional harvesting activity to refill hardwood sawmill inventories.

Some hardwood manufacturers are responding by diversifying production into other species or curtailing their sawmill schedules. We are even hearing of traditionally hardwood-oriented facilities considering runs of spruce or pine when those markets offer better economics. That kind of flexibility makes sense for the mill, but it is also indicative of how challenging the traditional hardwood lumber business remains.

Industrial hardwood markets are somewhat healthier. Pallet-log demand has been fairly stable, and those consumers have increased fuel adjustments to remain competitive for wood. Timber mats, on the other hand, remain less predictable. There are fewer major regional infrastructure projects creating strong mat demand at the moment, and Northeastern producers also face competition from lower-cost mills farther south and west.

Summary

The third quarter brought excellent operating conditions across much of the Northeast, allowing harvesting and trucking to proceed efficiently and keeping wood flowing steadily to market. Unlike last year, that production did not overwhelm buyers. Instead, mill inventories in several product classes remain only adequate to low, and concern about future wood availability is increasingly supporting timber demand even where finished-product markets remain only moderate.

At the same time, the supply chain remains under pressure. Logging and trucking capacity is limited, diesel costs have risen sharply, and long hauls are increasingly difficult to justify for low-value products such as pulpwood. As we move into the unpredictable fall season, weather, contractor capacity, and transportation costs will remain important constraints. As has been the case for several years now, flexibility — in where we harvest, what we produce, and where we sell it — is one of the most valuable tools we have.

Benjamin D. Carlisle
President

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