FORISK CONSULTING

Forestry Markets Outlook

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Florida Forestry Association
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ABOUT FORISK

Forisk helps the forest industry make better decisions.

Founded in 2004 near Athens, Georgia

Timber Market Analysis class Sept. 30 – Oct. 1

Forisk's Products and Services

Analysis and forecasts.

Price and industry data.

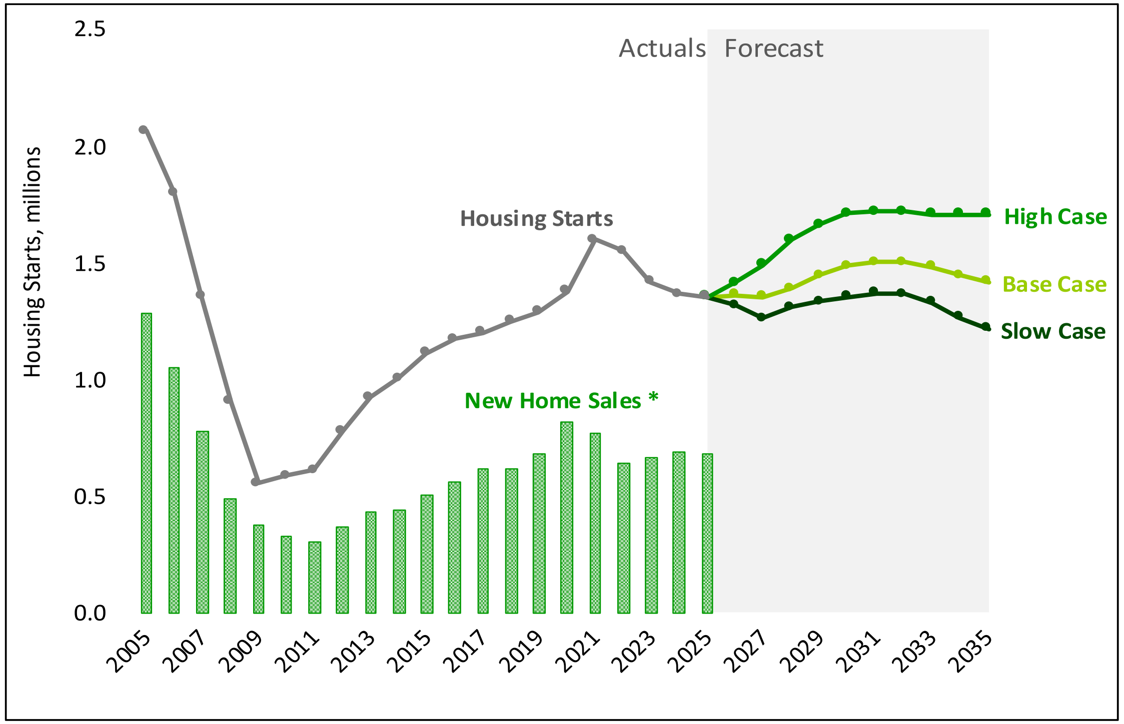
Resource studies and consulting.

Educational workshops.

HOUSING UPDATE

- As of Q2 2026, Forisk projects U.S. housing starts of 1.36 million for 2026, up 0.5% from 2025.
- Forisk's Base Case falls 0.5% in 2027 before rising towards a peak of 1.50 million starts in 2031.
- An aging population, low birth rates, and lower levels of immigration lower housing demand after 2031.

U.S. Housing Starts Outlook

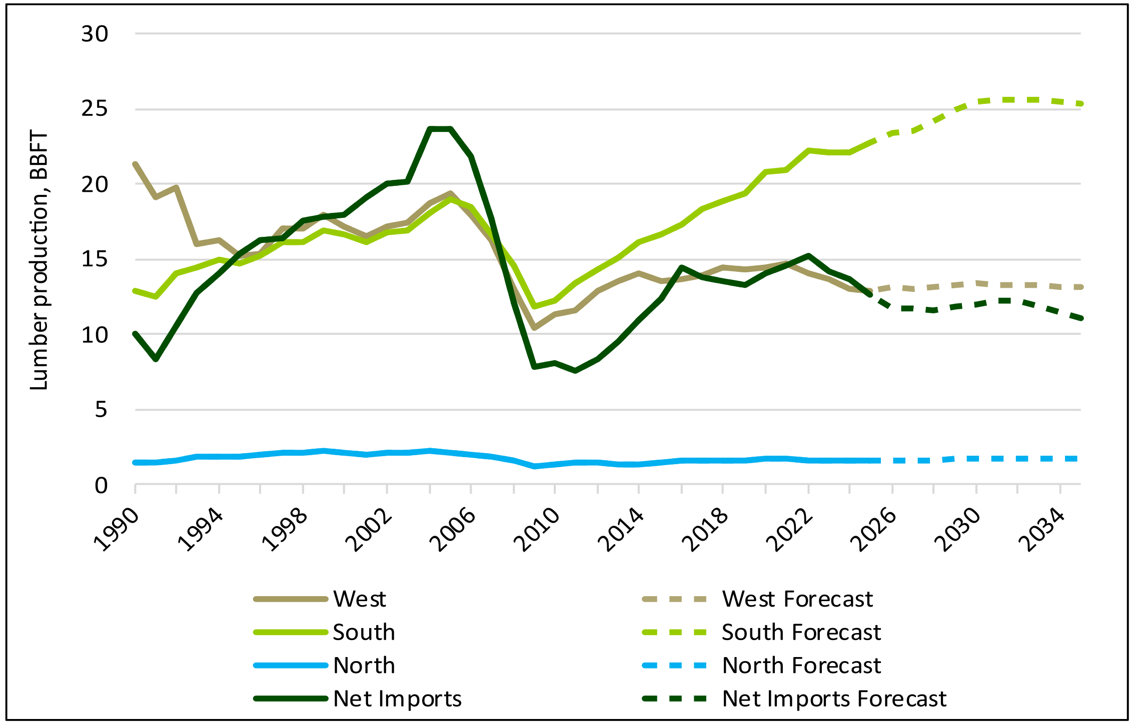


Data Sources: U.S. Census, Forisk
* Single-family homes

LUMBER UPDATE

- U.S. softwood lumber production increases 3% to 38.2 billion board feet (BBFT) in 2026 and remains flat in 2027.
- The U.S. South continues to capture market share representing 47% of U.S. lumber consumption in 2026.
- Sawmill expansions and openings in the U.S. South would add 2.1 BBFT of capacity from 2026-2028.

U.S. Softwood Lumber Production Forecast, Base Case



Data Sources: USDA, WWPA, SFPA, Forisk

Pulpwood Demand in the U.S. South

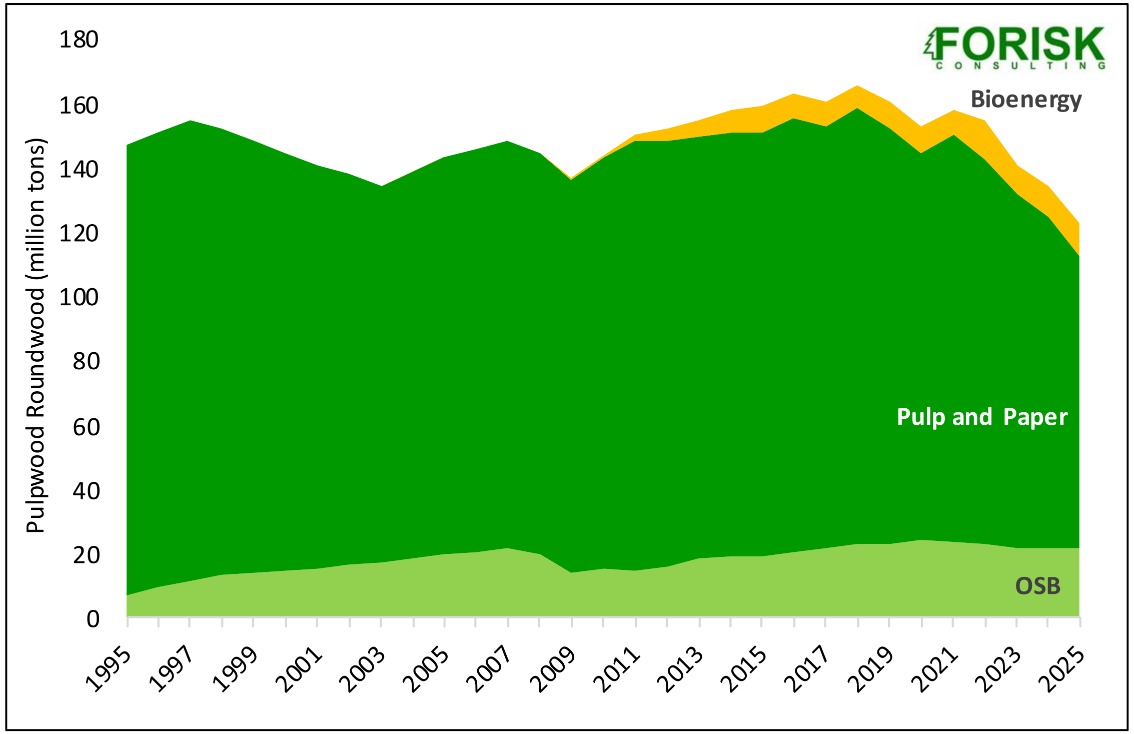
Pulpwood demand fell 23% over the past decade, from 2015 – 2025.

Contracting demand from the pulp sector dwarfed growth in wood pellets and OSB production.

Forecasted roundwood pulpwood demand does not return to 2015 levels.

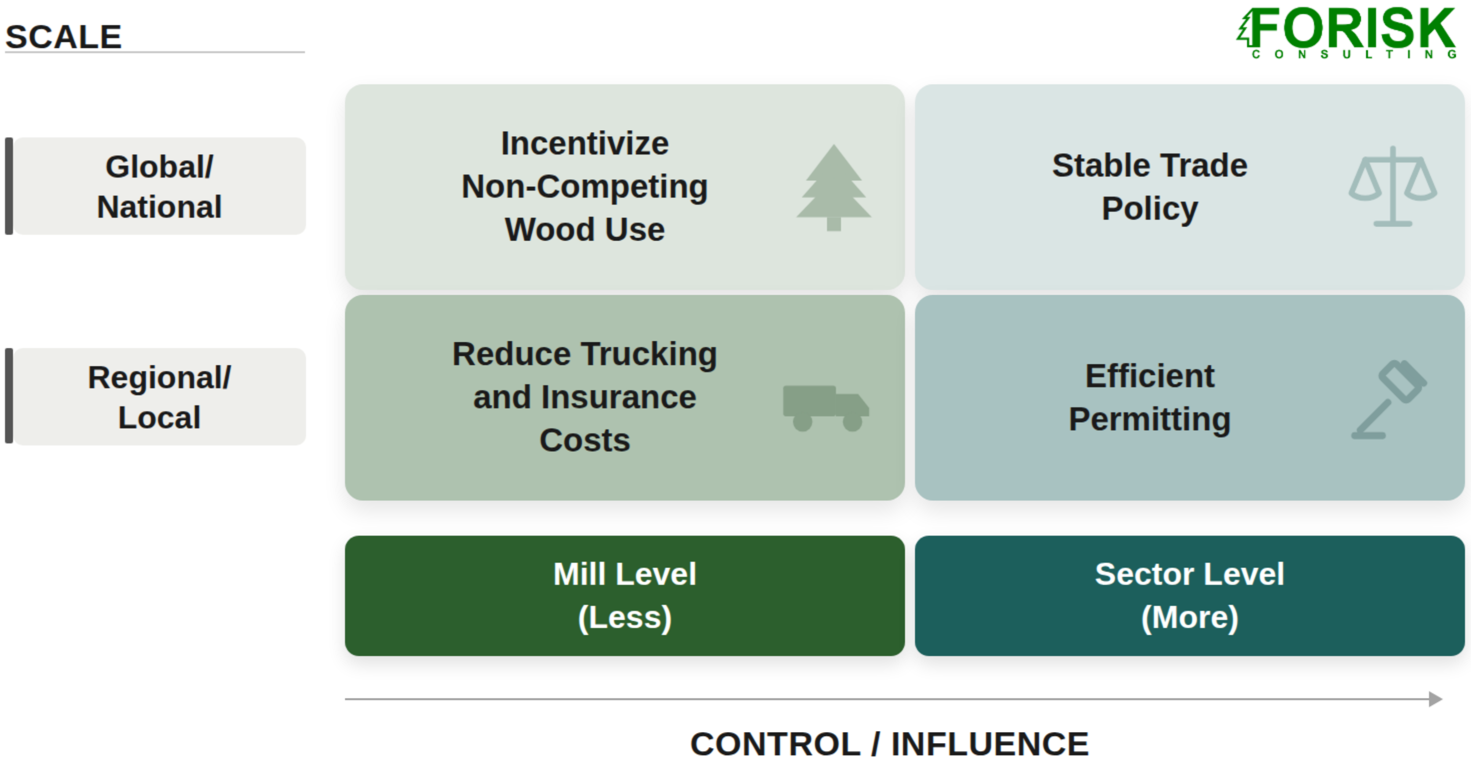
Pellet plants use 10 million tons of roundwood in the South, 8% of pulpwood.

Pulpwood Roundwood Demand in South
Pine and Hardwood



Data Sources: Forisk Consulting, U.S. Forest Service, APA

Pulp Industry POV



Forisk communicated with over a dozen firms and organizations and conducted eight structured interviews with pulp and paper industry executives and managers. Of the participating firms, all own operating, wood-using assets in the United States.

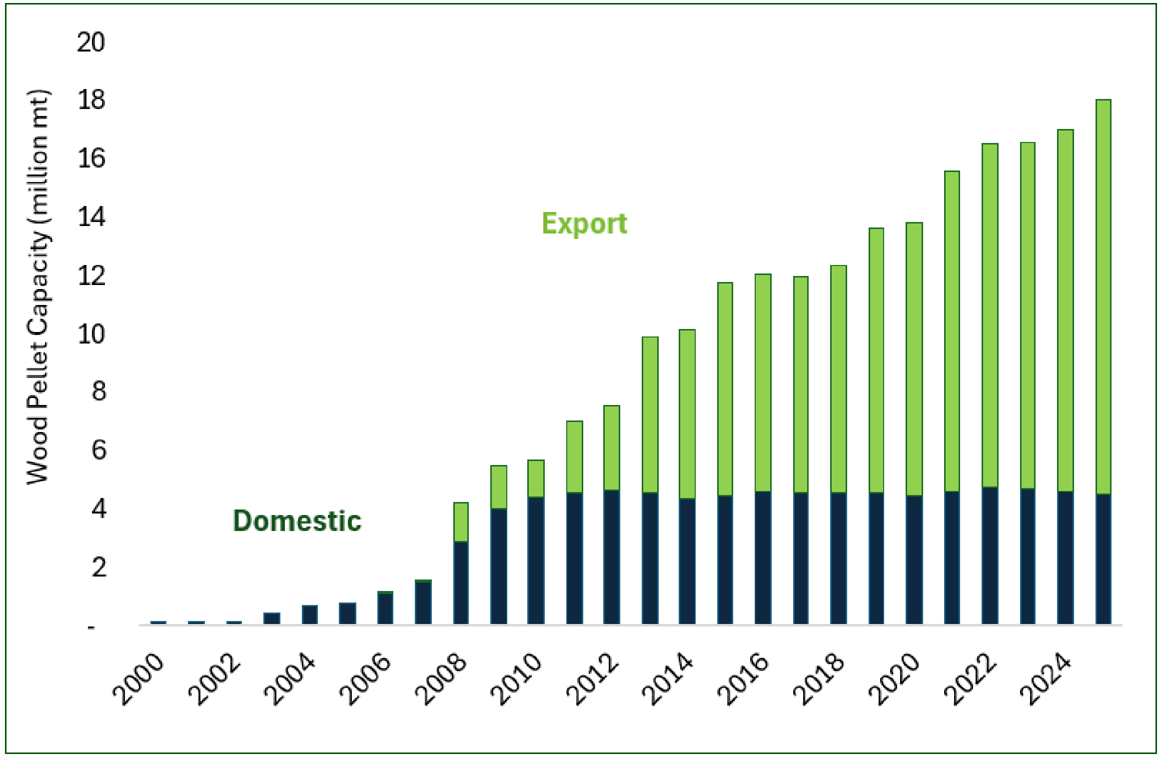
Pulp and paper is a capital-intensive sector. Firms compete nationally and globally on end-products but operate locally with respect to wood fiber economics and state-level policies.

Wood Pellets

Our U.S. South pellet production forecast decreases by more than half by 2032. We analyzed 34 U.S. South export-oriented pellet mills using six factors to assess their closure risk:

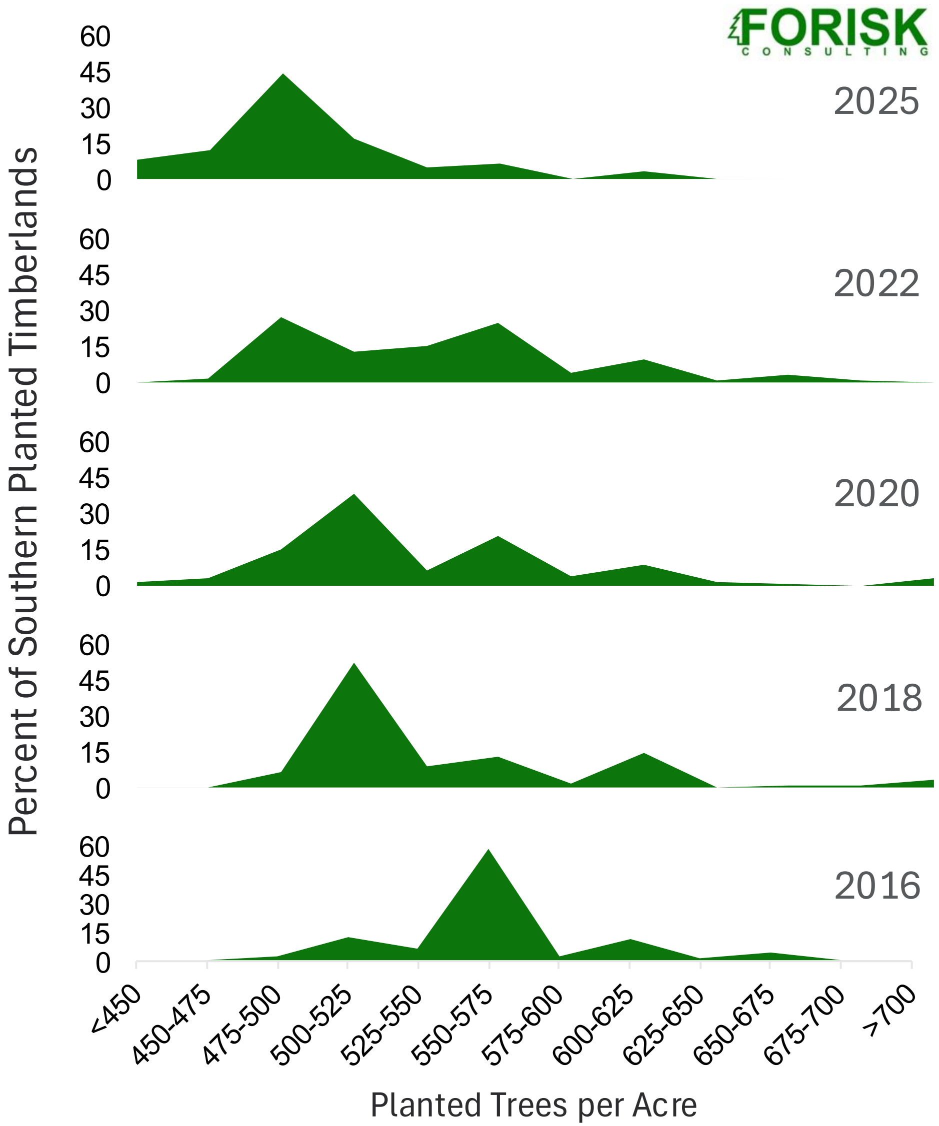
- Transport cost from mill to port
- Weighted wood fiber price
- Years since last CAPEX
- Average mill age
- Parent company vertical integration
- Control of the port facility

U.S. Wood Pellet Production Capacity



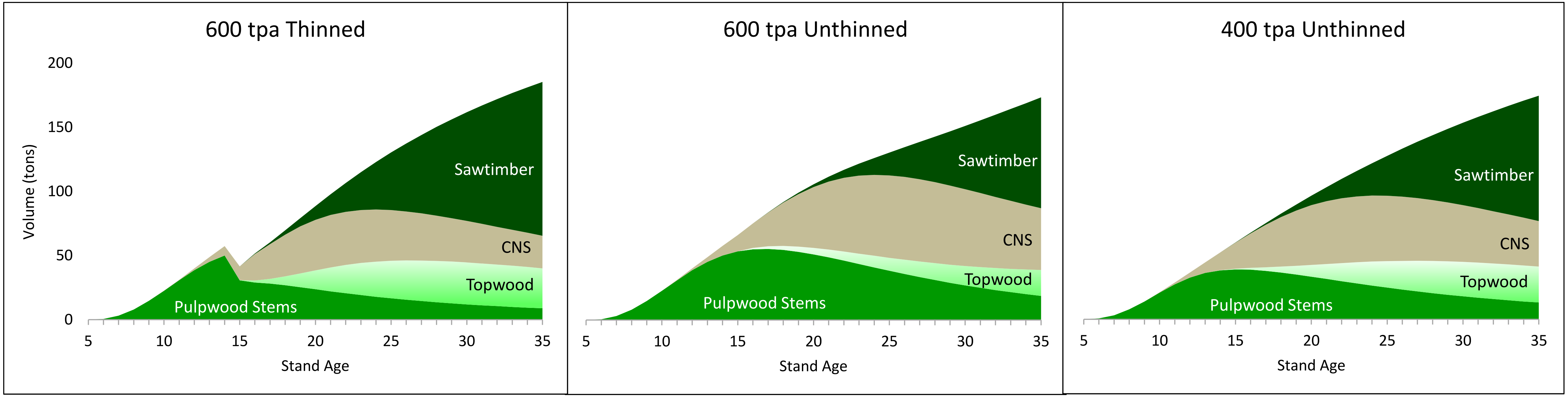
Data Source: Forisk Consulting

Planting Densities are Declining



Data Source: Forisk

Planting Densities

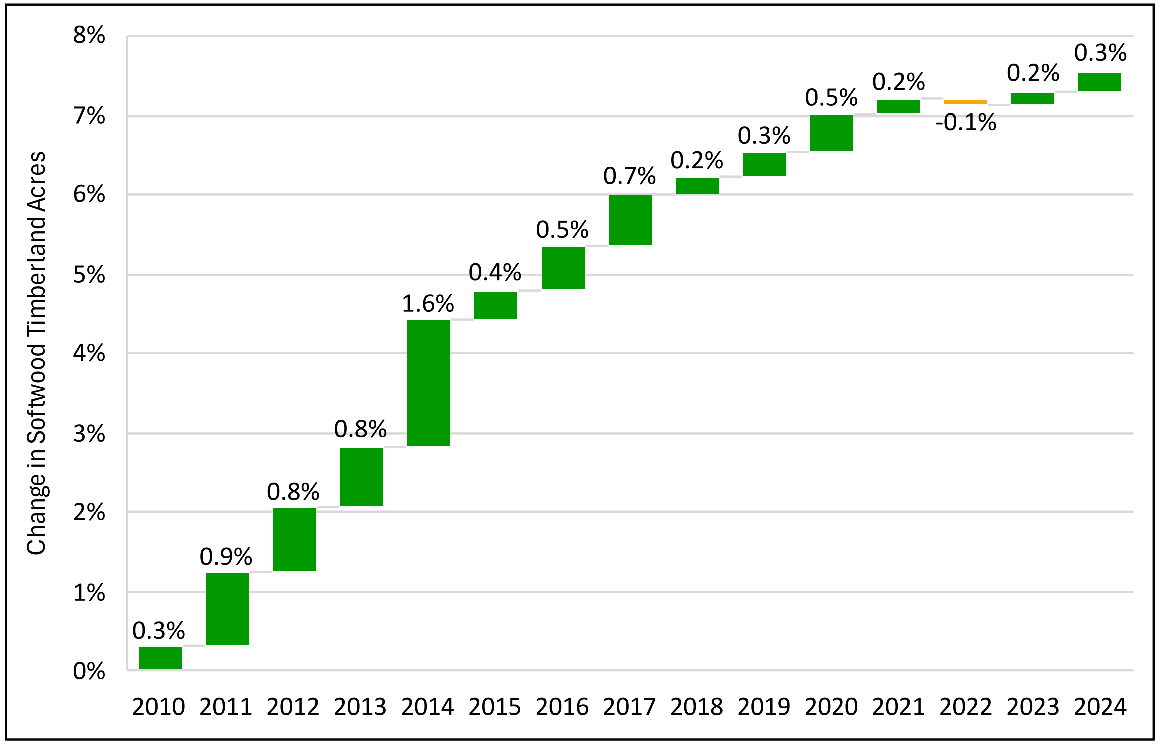


Landowners are planting fewer trees per acre in anticipation of fewer pulpwood outlets. A stand planted at 600 trees per acre (tpa) and thinned at age 15 reaches age 28 with 54% of its volume in sawtimber, compared to 29% if a thinning cannot be performed. Plant 400 tpa without thinning and the product mix approaches the higher sawtimber proportions.

Pulpwood is still generated at final harvest at 400 tpa, just from culls and tops of sawtimber-sized trees.

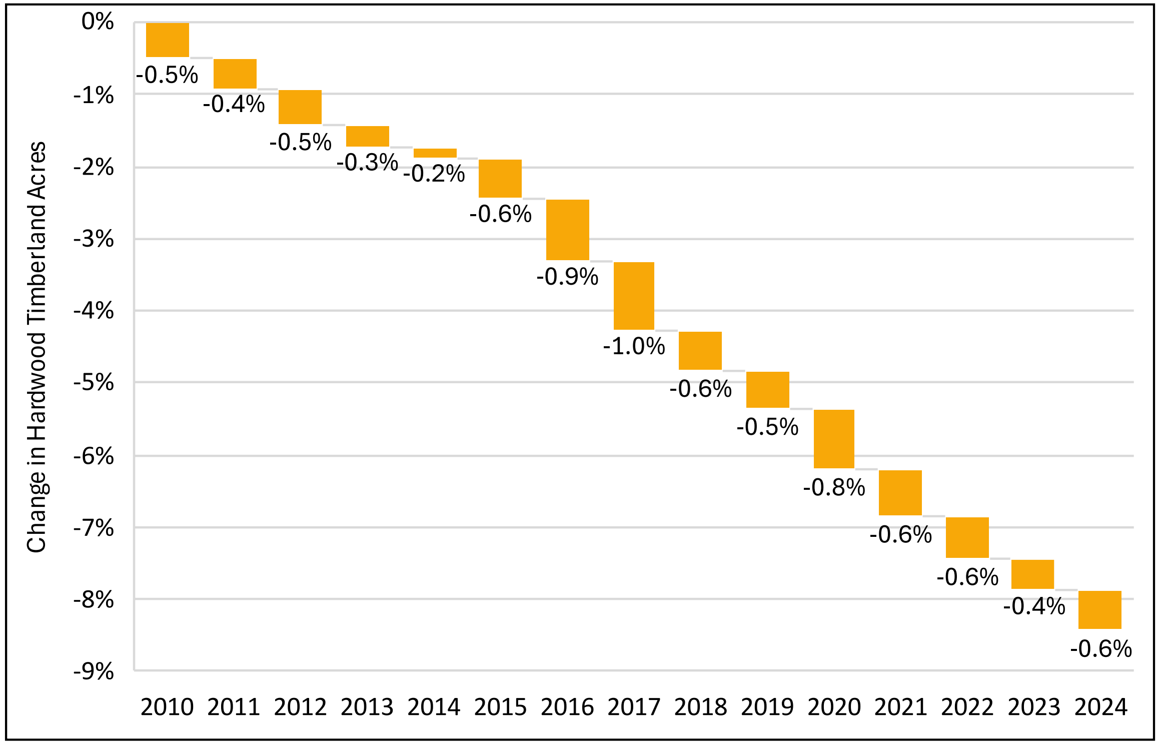
Land Use Change

Annual Percent Change in Private Southern Softwood Timberland Acres, 2010-2024



Data Source: U.S. Forest Service

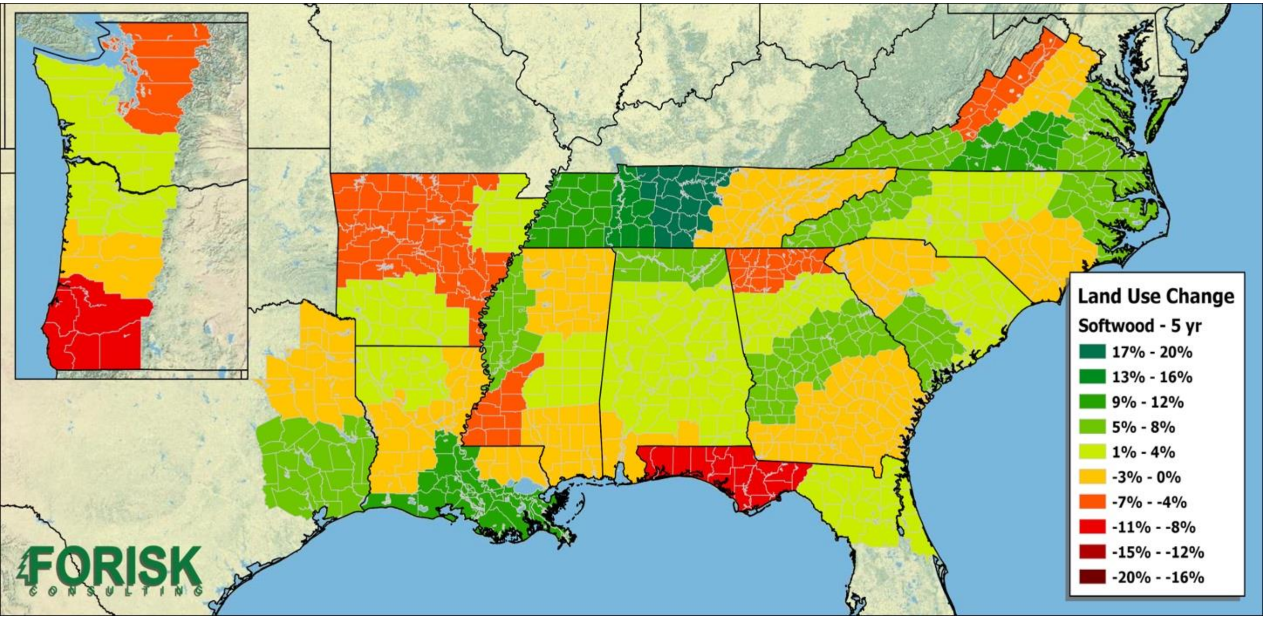
Annual Percent Change in Private Southern Hardwood Timberland Acres, 2010-2024



Data Source: U.S. Forest Service

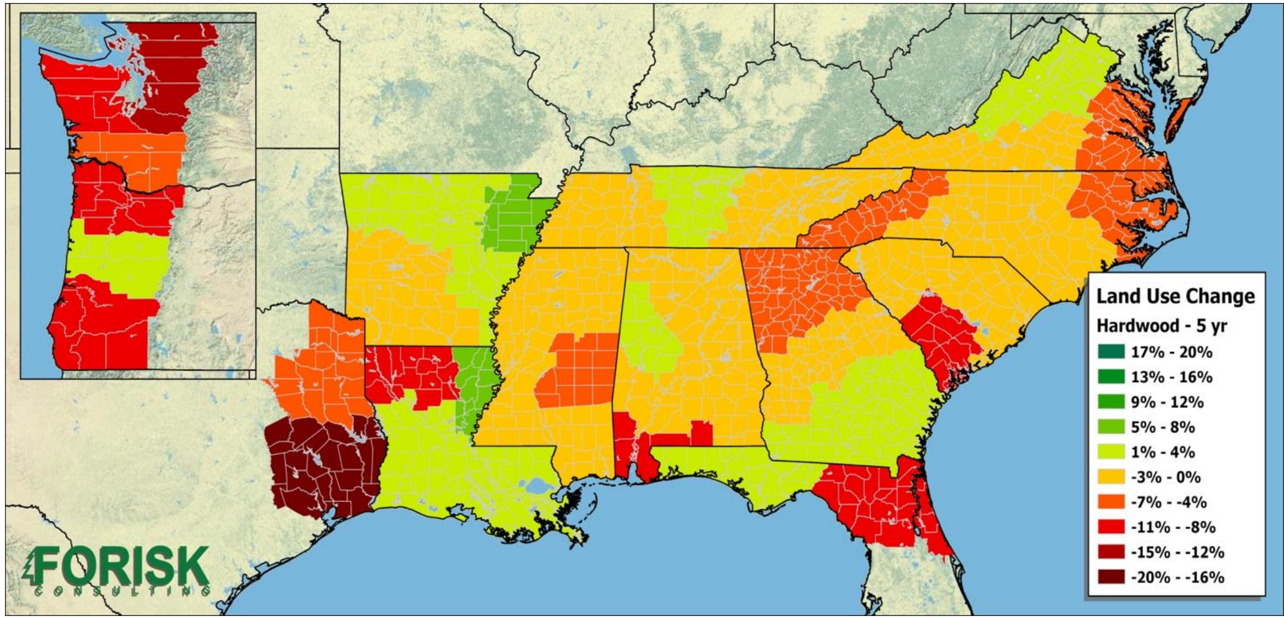
Land Use Change

Softwood Land Use Change by FIA Unit



Data Source: U.S. Forest Service

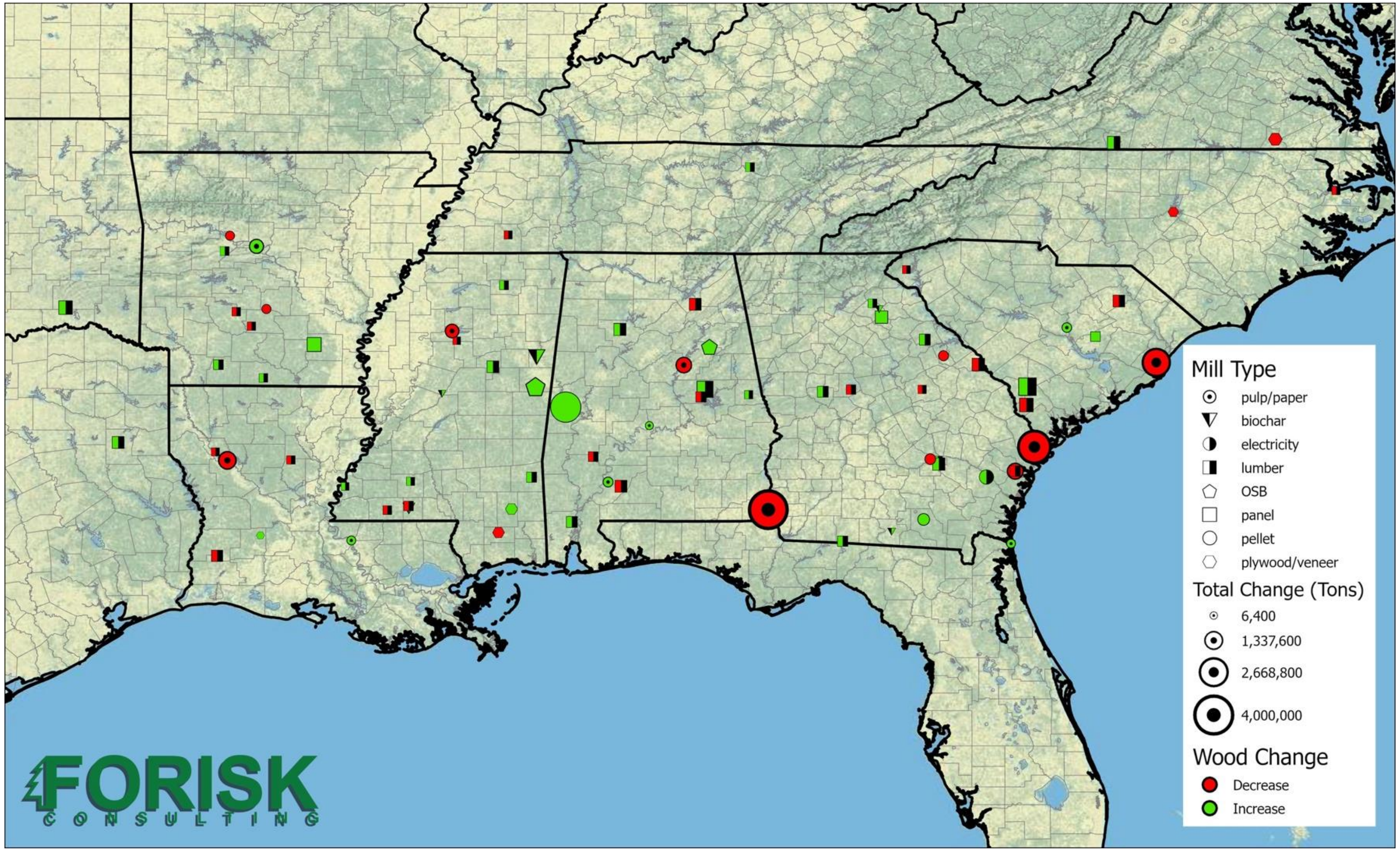
Hardwood Land Use Change by FIA Unit



Data Source: U.S. Forest Service

Context for Local Markets

Announced Mill Projects 2025+



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- 7 mill closures
  - Pulp/Paper: 3
  - Lumber: 2
  - Pellet: 2
- 6 openings and expansions.
  - Biochar: 1
  - Electricity: 1
  - Lumber: 2
  - Pellet: 1
  - Pulp and Paper: 1
- 3 announced bioenergy projects in South Georgia

Source: Forisk Mill Capacity Database

What's Next?

- Q4 FRQ: Market review of new fiber consuming industries.
- Research will classify and profile wood-fiber using industries.
- Will include a viability assessment of the technologies

Dr. Charles Herty