



# News Advisory

## September 2020 Update on Timber Investing

Timberland Investment Resources Europe investing outlook September 2020

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### Overview

After a sharp correction in Q2, the US economy will see a gradual recovery, with some segments of the economy rebounding faster than others. The effects of Covid-19 outbreak are being felt in the U.S timberland investment market in the short-term, but looking ahead the key economic fundamentals are supportive of timber.

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### Housing Market

Following on from the correction in April the U.S. housing market is showing renewed signs of life and strong demand from buyers. Firstly this is coming from home buyers returning to the market and existing home sales jumped 20.7 per cent in June from May.

Secondly home construction is seeing clear signs of recovery. Housing starts in July 2020 hit 1.50 million on a seasonally adjusted annual basis, 23 per cent about the July 2019 rate. DR Horton the largest home builder in the U.S saw net orders in July 2020 about 50 per cent above year-ago levels. Similarly Taylor Morrison, the fifth largest builder reports net orders up 80 per cent in July year-over-year.



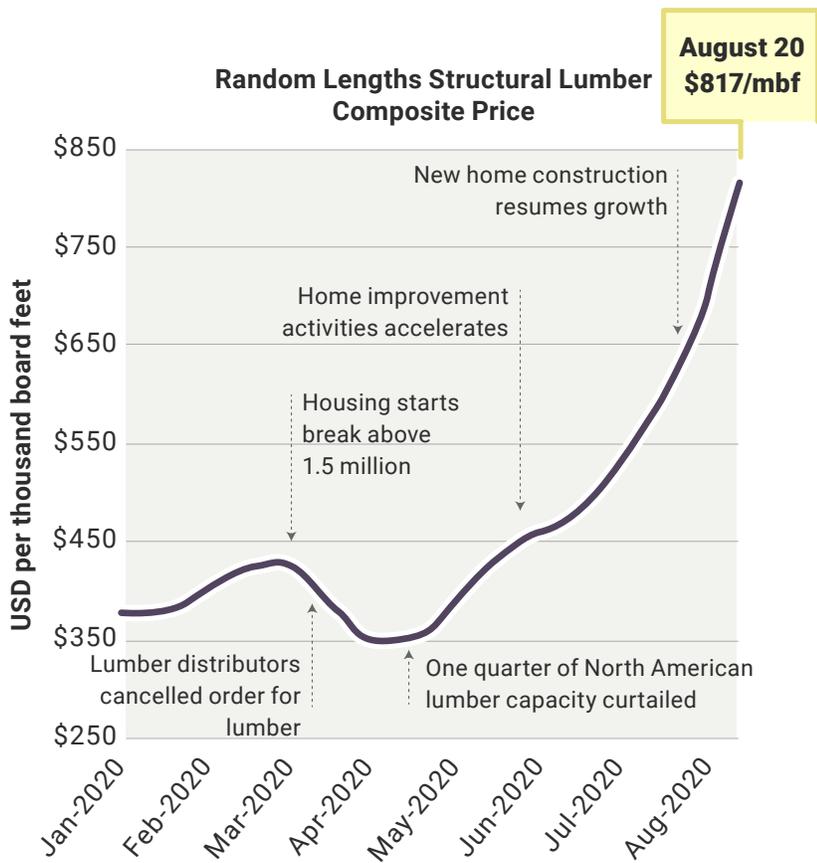


### Wood Product Markets

We have seen lumber prices explode to record levels as home improvement activity outstripped the supply chain’s ability to supply lumber in sufficient quantities. Many homeowners started home improvement projects whilst at home during this period. This demand from home repair and remodeling stressed the lumber chain that had already had limited inventory in the face of the coronavirus outbreak.

TIR Europe believes the strong lumber prices will push timber mills to run close to capacity with prices hitting an all-time record high. Nearly all sawmills in North America that can run at full production are doing so now and order files at mills have extended into September 2020. We think this will lead to strong pricing in lumber for the remainder of the third quarter.

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## U.S. South Timber Market

Mills in the U.S. South have the potential to capture market share from other regions due to a series of capital investments over the past five years.

Although second quarter markets of southern pine sawtimber were weak due to mill curtailments across March and April, we expect prices to stabilize over the fourth quarter and show upward momentum as we enter 2021.

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Looking ahead, the key economic fundamentals are supportive for timber. Demographic growth and rising income levels will drive wood demand long after the pandemic passes. The key for timberland investors is to have a long-term view and to be ready to strike and capitalize on opportunities that could emerge as a result of the market volatility that will be experienced.



### For More Information

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### About TIR Europe

*Timberland Investment Resources Europe (TIR Europe) is dedicated to providing investors with superior risk adjusted returns through the acquisition, management and sale of forestry and related assets. We make and operates timberland investments on behalf of institutional investors. Our global clientele includes pension funds, foundations, university endowments and charitable organizations. We are an affiliate of Timberland Investment Resources LLC (TIR) which at 31st March had an AUM \$1.628bn and managed 812,355 acres of land.*

*We are committed to managing your timberland holdings with a strong stewardship ethic. Our senior team average over 25 years of experience and have a long track record of delivering consistent, sustainable returns for pension funds and institutional investors. TIR is 3rd party certified under the Sustainable Forestry Initiative (SFI). Investors can participate either directly or via a fund structure.*

*TIR is authorized and regulated by the SEC and TIR Europe is authorized and regulated by the Financial Conduct Authority. We are a privately owned investment management partnership headquartered in Atlanta, Georgia. We maintain offices in Boston, Massachusetts; Charlotte, North Carolina; Dalton, Georgia; Lufkin, Texas; and London.*