

Stumpage, Log and Lumber Prices

Often, landowners will see pricing information for forest products from different sources and they will try to use this information as a comparison to what they have in their woodlot. These values are often expressed as stumpage prices, mill gate prices for logs or a price for rough sawn lumber.

Confusion will often arise when a landowner tries to compare the price of one type of product to another (e.g., stumpage price vs. mill gate prices for logs). Adding to the confusion are the different units of measure being used in quoting the price (e.g., board feet, cords and tonnes). Also, prices for most forest products will vary from one region to another, even within some smaller localized markets, and across the province.

Trying to compare stumpage prices to mill gate prices for logs or lumber prices is at best extremely difficult – if not impossible. The best approach to avoid confusion is to compare “apples to apples”...

stumpage prices vs. stumpage prices, log prices vs. log prices, etc. Even then, there are a number of elements that will affect these prices.

The following information will assist you in trying to sort out some of the terms used in selling and measuring forest products and the factors that will influence prices.

Stumpage Price

Stumpage prices are the fees paid by a logger to the landowner for the right to harvest standing timber. The price paid (stumpage fee) is generally based on the local market value and volume of the trees, as they stand uncut in your woodlot.

Standing timber is generally sold by volume (measured in board feet or cords) or by weight (tonne). For example, logs are measured in board feet and the price quoted is expressed in units of a thousand board feet (i.e., \$350 per mfbm). In some cases, small logs (e.g., the first thinning of plantations) or low value products (e.g.,

Common Forest Product Measures

Board foot (fbm) – one board foot measures 12 in. x 12 in. x 1 in.

Thousand board feet (mfbm) – is a common measure used to describe the unit price for sawlogs. For example, a logger may be offered \$650 mfbm for maple logs delivered to the mill.

Tonne – one tonne is equal to 1,000 kilograms. This is a common measure used to describe the unit price paid for pulpwood. It is important to note that tree species have different densities, and their mass to volume relationships will differ. For example, 1 cord of maple weighs 2,695 kg; poplar weighs 2,203 kg and white pine weighs 2,050 kg.

Cord – one cord measures 4 ft. x 4 ft. x 8 ft.

Face cord – the most common face cord dimension measures 16 in. x 4 ft. x 8 ft. (3 face cords equals 1 cord).



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... Stumpage continued



Log landing filled with sawlogs ready to be trucked to the mill.

Shared value sale – the landowner is paid based on an agreed-upon split of the income received (mill gate prices) from the various

products harvested.

More information on these methods of payment and about selling standing timber can be found in *A Landowner's Guide to Selling Standing Timber*. The guide is available free of charge to OWA members (\$5.00 for non-members) by calling 1-888-791-1103, ext. #221.

One thing that every landowner should keep in mind is that no two woodlots are alike! Stumpage values will vary across the province and can vary within your local area. This is because there are a number of elements that will influence what a logger will pay for standing timber. Some of the factors that will influence stumpage prices for a given timber harvest include:

- species to be harvested;
- volume per acre or total harvest volume;
- percentage of logs and pulpwood;
- log quality;
- average diameter of trees to be harvested;
- distance to the mill;
- time of year;
- ease of access (i.e., logging terrain, road construction, proximity to public roads, etc.);
- landowner's needs or special requirements; and
- current market trends.

All these contributing factors will dictate how much stumpage a logger will offer you for your standing timber.

Mill Gate Price

The mill gate price is the amount a logger or landowner would receive from the mill owner for forest products (e.g., logs, pulp, etc.) delivered to the mill. The mill gate price will be higher than the stumpage price because it must take into consideration the costs associated with the

harvesting operations. For example, some of these costs would include felling (cutting the tree down), skidding (extracting the log from the woodlot to a landing), bucking (cutting the tree into logs) and hauling (transporting the log from the woodlot to the mill). This is in addition to the costs associated with operating a business, such as workman's compensation, liability insurance, etc.

As with stumpage prices, mill gate prices for logs are generally based on volume or by weight. Some of the factors influencing mill gate prices include species, quality (grade), local supply and demand and wholesale/retail lumber markets.

Lumber Price

Lumber prices are the amount a mill sells its product for in the marketplace (wholesale or retail). The prices will reflect the cost of purchasing raw material (stumpage, logging costs, transportation, etc.) and production costs (milling, drying, planing, etc.). Prices

pulpwood) are measured by weight and the price quoted is expressed in tonnes.

Payment to the landowner can be made in several ways – a lump sum payment, payment by scale, or payment based on a shared value basis. Here is a quick look at these three forms of payment:

Lump sum bid sale

– the landowner is offered one price for all products (veneer, logs, and firewood) harvested from his woodlot. The volume and payment is based on a volume estimate.

Scaled volume sale

– the landowner is paid based on an agreed-upon price (e.g., per thousand board feet or per tonne) according to a scaled volume after harvest.

Non-Fibre Values: Broken Networks with Garlic

By Frederick W. Schueler

are generally expressed in thousand board feet (mfbm) for either green or kiln dried lumber and will vary according to market trends, species and by lumber grade (i.e., FAS, No. 1C, or No. 2A). For more information on lumber grades, you may want to read the article “Hardwood Lumber Grades - An Introduction” posted in the Library on the OWA web site at <www.ont-woodlot-assoc.org>.

The *S&W Report* provides members with a condensed look at the current and historical prices of hardwood lumber for a few key species (by grade). The comparative prices cover the northern United States and eastern Canada and allow the reader to track historical trends by comparing the current price to those from different intervals over a two-year period. This information is provided to the OWA courtesy of the *Hardwood Market Report*.

Summary

There are sound reasons why the old proverb comparing “apples to apples and not apples to

oranges” is good advice to heed when comparing various prices of forest products. It is important to closely examine the source of the pricing information you are reviewing to ensure that you are comparing similar information that is applicable to your situation.

As discussed, there are a number of factors that will influence the stumpage, log and lumber prices. Prices will vary because of the processing costs (e.g., standing timber to log; log to lumber; lumber into marketplace) and the various elements specific to each individual woodlot (e.g., species to be harvested, volume, ease of access, local markets, etc.). With this in mind, the prices that you are reviewing should be used as a guide (to look at local, regional and provincial market trends) and not necessarily as a direct indication of the value of the timber in your woodlot.

On the 5th of May, as I patrolled the north slope of the Chatsworth Ravine, at the Lawrence Park School Complex, in Toronto, seeking the introduced snail *Arianta arbustorum*, I was appalled by the bareness of the silty soil, and the dominance of garlic mustard (*Alliaria petiolata*), green and tender, and just breaking into tiny white blooms. There were no native spring-flowering herbs. Only the bright golden eyes of common dandelions (*Taraxacum officinale*) were conspicuous among the mats of fallen green flowers of Norway maples (*Acer platanoides*). I checked my revulsion at these alien plants, realizing that they weren’t alien to the object of my search, but were rather creating a European ambiance in which a European snail might thrive. I wasn’t focused on trees. This spring’s leaves were just opening, and last year’s fallen leaves had been eaten up by (alien) earthworms, but I felt a growing unease at my inability to recognize many of the small trees filling in the slope below the planted trees of the fenced

yards, and the older native woods along the stream.

This spring, I have been surveying chorus frogs (*Pseudacris triseriata*), a nocturnal pursuit that left plenty of time to wander during the days. Everywhere that I journeyed – from Windsor to Skunks Misery to Collingwood to Beaverton to Ottawa to Morrisburg – there was garlic mustard. The soft rounded mounds of green foliage with little balls of white flowers seem to easily displace the native forest floor vegetation. Where it hasn’t

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Recent research has shown that garlic mustard can impact the growth of some tolerant hardwood seedlings.