

SAWMILL FOCUS

Log Inventories Help & Hamper Appalachian Production

By Tom Inman

Log supplies at Appalachian hardwood sawmills in 2023 vary widely based on weather and “whether.”

The Weather

The weather is easy to explain. It has been an unusually warm and wet winter, and too many logging crews were not able to work because of muddy conditions.

This climatological winter, from December 1 to February 28, ranked as the fourth warmest on record in North Carolina, according to the National Centers for Environmental Information. It was warmer than the 1991 to 2020 average.

In the winter outlook issued in November, the ongoing La Niña pattern was expected again for the third consecutive winter. The weather phenomenon brought an overall warmer and wetter winter.

La Niña’s pull on the jet stream brought rain in January and early February. Wet weather limits logging and inventories reflect it.

Across the Appalachian region, there have been sections that received more rain. The National Weather Service reports that in 30 days (Feb. 28-March 29, 2023) the observed precipitation across New York, Pennsylvania and western Maryland was 1.5 inches above average. Rainfall was above in Kentucky and Tennessee.

“It was just too wet to log the timber we have bought,” said one Tennessee sawmill operator. “Crews could get in for a few days and then out for several days because of rain. Everything was slow coming in, and we were not able to build regular inventory.”

The Whether

The “whether” is a little more challenging:

- Whether a landowner is interested in selling.
- Whether a logger is willing to continue operating with rising fuel, labor and equipment costs.
- Whether all parts of the log can be merchandised profitably.

The first of the “whethers” depends on the owner of the trees. The access to timber is determined by the sawmill or logger’s ability

to convince a landowner to sell, win the bid at a public or sealed auction OR willingness to pay more than a competitor.

On a recent trip in eastern Kentucky, I visited sawmills. The first mill has been working a week and then off a week because of log supply in 2023.

The log buyer explained that forest landowners often have farms. He said corn and soybean prices are high, and these owners are less likely to sell timber this year.

“They may not need the money,” he said. “That makes it hard for us to buy logs because our lumber prices are down. We need to adjust the costs of the timber. The landowners are not interested in that, so many of them are waiting.”

Carbon credits are influencing landowner decisions to sell timber. The rise in carbon markets have these tree owners delaying timber sales if they can be paid for “growing trees.”

Carbon merchants determine the volume of carbon stored in a forest and then pay the landowner for maintaining the forest. The contracts have dozens of criteria and payments are made over 20 to 100 years. These values do not exceed the total from a timber sale but can postpone harvests.

The second “whether” is the rising costs of timber operations. Fuel, equipment and wages have increased dramatically in the past three years, and timber values improved in 2021 and 2022. The value of hardwood logs stabilized in 2023 as lumber markets declined. The profit margin has narrowed.

Landowners and loggers are factoring these numbers when making harvest decisions.

The final “whether” is based on markets for all log products. When grade lumber, ties, cants, pallet material, chips and bark markets are strong, a sawmill pays more for logs and can cover the first two “whethers.”

Most of these markets were very strong in 2021 and the first half of 2022. The final two quarters of 2022 and early 2023 have been down.

“We have found that if you want to maintain log inventories this year, you have to be willing to pay for the logs,” a Kentucky saw-



mill owner said. “We watch that very closely and know what we can pay to be successful.”

His log yard was the exception of four I visited on a recent trip. One mill was not operating, and the other two had been off the previous week.

“We just don’t have the logs, and our foresters are out there talking to loggers and landowners,” one of the mill owners said. “It has not been quite like this in the past.”

The lack of supply has impacted the industrial markets, and the value of ties and pallets remains steady. Sawmills are producing more of these materials with softening of grade lumber demand.

The industry in the central Appalachian region has also lost markets for pulpwood materials with the closing of the Evergreen paper plant in Canton, N.C., and reduction in operations for Domtar in Kentucky and WestRock in Virginia.

“We need good markets for all of our products, not just ties or pallets,” one mill owner said. “The industrials are really helping the sawmill industry now, and we hope that continues.”

The forecast for most industrial markets is positive for the remainder of 2023. Sawmills that can meet this demand should have success this year.

For more information, please email info@appalachianhardwood.org or visit www.appalachianhardwood.org.

Tom Inman is president of Appalachian Hardwood Manufacturers, Inc. (AHMI), a regional trade association headquartered in High Point, North Carolina. The group has 200 member companies and was formed in 1928 to promote the Appalachian hardwood resource and ensure a future supply.