THE LUMBER DAILY

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Desert Southwest Edition
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MARKET PULSE | Lumber $576.50 (-1.5%) | WTI $92 (+2.8%) | Diesel $5.61 | S&P 7,064 | 10yr 4.30%

TOP STORIES

QXO to acquire TopBuild for $17 billion in cash-and-stock deal

QXO Inc. announced an agreement to acquire insulation installer TopBuild for $17 billion, or $505 per share. The offer represents a 19.8% premium to TopBuild's prior close, with consideration split roughly 45% cash and 55% QXO stock. Combined, the companies would generate roughly $18 billion in annual revenue across more than 1,150 branches and 28,000 employees in building-products distribution and installation. TopBuild is the largest installer of residential fiberglass insulation in the United States and a major supplier of commercial and industrial insulation through its Service Partners arm. Closing is targeted for Q3 2026, subject to shareholder and regulatory approvals. The deal extends QXO's roll-up of building-products distribution following its 2025 acquisition of Beacon Roofing Supply.

International Paper to buy NORPAC containerboard mill at Longview, WA for $360 million

International Paper agreed to acquire North Pacific Paper Company (NORPAC) from private-equity owner One Rock Capital Partners for $360 million in cash. The Longview, Washington mill operates three paper machines producing approximately 1 million tons per year of containerboard and employs about 500 people. The acquisition adds West Coast linerboard capacity at a time when domestic corrugated demand is running roughly flat year-over-year and several integrated producers are tightening supply rather than building new capacity. One Rock purchased NORPAC from a predecessor in 2020 and invested in converting the mill from newsprint to containerboard. Closing is expected in the second half of 2026, pending customary approvals. The mill uses recycled fiber and virgin kraft pulp and draws wood fiber from the lower Columbia basin.

Forestar Q2 revenue rises 7% to $374 million as lot deliveries accelerate

Residential land developer Forestar Group reported fiscal Q2 2026 revenue of $374.3 million, up 7% year-over-year, with 2,938 finished lots delivered against 2,690 in the prior-year period. Net income was $32.1 million, or $0.63 per diluted share. The D.R. Horton subsidiary reaffirmed full-year guidance of 14,000 to 14,500 lot deliveries and $1.55 to $1.65 billion in revenue for fiscal 2026. Average sales price per lot came in near $118,000. Management flagged continued demand from national and regional builders for entitled, finished lots in Sun Belt markets, particularly Texas, Florida, Arizona, and the Carolinas. The earnings release follows D.R. Horton's own Q2 print showing slower single-family starts in coastal California and Oregon but stable volume across interior Western markets.

DEEP DIVE: THE DESERT SOUTHWEST — MIGRATION, HOUSING, AND LUMBER

Migration: California is still feeding Arizona, Nevada, and Texas

Internal Revenue Service (IRS) county-to-county migration data for tax year 2022 to 2023 shows California lost a net 251,000 tax filers to other states. Texas was the largest single destination at a net 56,000 filers, followed by Arizona at roughly 17,000 net and Nevada at 11,000 net. Los Angeles County alone sent 11,558 filers to Arizona during the period. Census Bureau state-to-state flows tell the same story at the household level: California-to-Arizona moves have averaged more than 70,000 people per year since 2020, with California-to-Texas running near 100,000 per year. Arizona's state population reached 7.62 million in 2025, up from 7.15 million in 2020. Maricopa County, which contains Phoenix and Scottsdale, added more residents during that span than any other U.S. county. For wood-products suppliers, the pattern matters because it concentrates household formation in framing-lumber-heavy single-family markets served largely from Pacific Northwest and British Columbia mills.

Housing demand arc: pre-COVID, pandemic boom, and the 2025-2026 plateau

Before the pandemic, Arizona was already absorbing California outflows at a pace of roughly 50,000 per year. The 2020 to 2022 window accelerated that flow sharply, with Arizona population growth hitting 1.7% in 2022 — the state's fastest since 2007 — and Phoenix-area single-family permits exceeding 40,000 in calendar 2022. Demand cooled as mortgage rates moved above 7% in 2023 and builder starts dropped roughly 20% off their peak. By 2025, rates had settled into the 6.25% to 6.75% range and starts stabilized. Year-to-date 2026, Phoenix-area single-family permits are tracking near 2024 levels, with resale inventory up roughly 15% year-over-year and median days-on-market extending from 28 to 42 days. Remodel activity is carrying more of the volume than it did in 2021 to 2022: older housing stock in Tucson, Mesa, and central Phoenix is seeing higher permit counts for additions and renovations as move-up buyers stay put.

Wealth pockets: Scottsdale, Paradise Valley, Flagstaff, Sedona

Custom-home and luxury-remodel demand is where the Desert Southwest matters most for specialty lumber. Scottsdale and neighboring Paradise Valley anchor the Phoenix-area luxury market: custom builds typically price between $400 and $700 per square foot, with high-end projects running well above $1,000 per square foot. Median single-family price in Paradise Valley is above $3 million. Flagstaff, at 7,000 feet elevation, serves a mix of second-home buyers and full-time residents: median sale price is near $798,000, luxury benchmark near $975,000, and the top end of the market now trades near $1.3 million. Sedona's median sits near $630,000, down roughly 15% year-over-year as pandemic-era second-home demand softens. Tucson's Catalina Foothills and the Oro Valley submarket add another pocket of custom-home activity, with per-square-foot build costs generally $325 to $525. These submarkets anchor the regional buy for clear grades, specialty species, and wide-plank flooring.

Species and build choices across the region

Framing across the Desert Southwest remains dominated by Spruce-Pine-Fir (SPF) from British Columbia and Alberta and by Douglas Fir-South from mills in Arizona, New Mexico, and the Mountain West. Arizona ponderosa pine from the Coconino and Apache-Sitgreaves national forests serves regional timber-frame and rustic-lodge builds around Flagstaff, Show Low, and Payson. Western Red Cedar (WRC) reaches the market through Phoenix-area distributors; major distribution yards in Phoenix and Tucson stock WRC, Alaskan Yellow Cedar, clear vertical-grain Douglas fir, and specialty hardwoods for custom-home and millwork accounts. Interior finish work in Scottsdale and Paradise Valley custom homes typically runs toward walnut, rift-and-quartered white oak, and alder for cabinetry and paneling. Rustic and ranch-style builds around Sedona and Flagstaff use reclaimed barnwood, mesquite flooring, and knotty alder heavily. Phoenix adopted the 2021 International Building Code (IBC) mass timber provisions in 2023, and a small but growing pipeline of Type IV-B cross-laminated timber (CLT) projects is moving through the metro's permitting system — mostly mid-rise office and multifamily.

■ WHAT YOU MISSED YESTERDAY

Tuesday, April 21 — business, markets, and the broader economy.

- Equities closed lower: S&P 7,064.01 (-0.63%), Dow 49,149.38 (-0.59%), Nasdaq 24,259.96 (-0.59%). Defensive sectors led; semiconductors lagged.
- U.S. 10-year Treasury yield closed near 4.30%. Freddie Mac Primary Mortgage Market Survey (PMMS) 30-year fixed held at 6.30% for the week.
- West Texas Intermediate (WTI) crude settled near $92 a barrel, up 2.8% on the day; U.S. retail diesel averaged $5.61 per gallon.
- May lumber futures on the Chicago Mercantile Exchange (CME) settled at $576.50 per thousand board feet, down 1.5% on the session.
- Forestar Group reported Q2 2026 earnings after the close; residential land developer affirmed 14,000-14,500 lot-delivery guidance for the fiscal year.

■ INDUSTRY & COMPANY NEWS

- QXO Inc. announced the $17 billion acquisition of TopBuild at $505 per share, a 19.8% premium, with Q3 2026 close targeted.
- International Paper agreed to acquire NORPAC's Longview, Washington containerboard mill from One Rock Capital for $360 million cash.
- D.R. Horton subsidiary Forestar reported Q2 revenue of $374 million and 2,938 lots delivered, up from 2,690 a year earlier.
- Phoenix-area single-family permits year-to-date are tracking near 2024 levels; resale inventory up roughly 15% year-over-year, days-on-market 42 versus 28.
- U.S. Department of Commerce Export Price Index for softwood lumber (March) rose 0.4% month-over-month on firmer Japan and Mexico shipments.
- Canfor announced a temporary two-week curtailment at its Polar mill in Bear Lake, British Columbia, citing log-supply constraints ahead of spring breakup.

HARDWOOD & SUPPLY SNAPSHOT

INDICATOR	VALUE	TREND
CME May lumber futures	$576.50 / MBF	-1.5% d/d
Madison's Lumber Prices Index	$523 / MBF	flat w/w
WTI crude (front-month)	$92 / bbl	+2.8% d/d
Diesel (US retail, EIA weekly)	$5.61 / gal	w/e Apr 20
CAD / USD	0.722	+0.2% w/w
10-year Treasury yield	4.30%	-3 bps d/d
PMMS 30-yr fixed	6.30%	flat w/w

THE BOTTOM LINE

Three things for your Wednesday: building-products distribution is consolidating in real time — the QXO-TopBuild deal layers a $17 billion insulation franchise on top of a roofing franchise, and the combined model pulls more specialty categories toward one distributor counter. The Desert Southwest remains one of the country's most durable single-family demand zones — Arizona keeps absorbing California outflows, Phoenix-area permits are running near 2024 levels, and Scottsdale and Flagstaff keep pulling clear grades and specialty species into the mix. Supply on the West Coast is tightening around packaging fiber, with the NORPAC sale concentrating containerboard capacity in fewer hands and a Canfor curtailment removing SPF framing from the BC supply curve through early May.

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