THE LUMBER DAILY

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Timber REIT Edition
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TOP STORIES

The Northwest Now Holds Almost Half the Nation's Burned Acres

Wednesday morning's national fire report showed the season still climbing nine days after the preparedness level went to 5, the top of the scale. The country counted 84 uncontained large fires with nine new large incidents overnight, and personnel committed nationally reached 26,036, up from 17,683 when the level-5 declaration came on July 18. Year-to-date burned area stands at 4,569,734 acres, 130 percent of the ten-year average. The Northwest remains the center of it: 49 large fires and 1,835,823 cumulative acres, more than every other region combined, with 16,506 personnel, 419 crews and 88 helicopters assigned. The Rowe Creek Complex in Oregon has reached 295,132 acres. Support is now arriving from overseas, with a 15-member incident management team and 59 fireline personnel from Australia and New Zealand on assignment.

Canfor Will Close Fox Creek, the Sawmill Built for the Beetle Fight

Canfor announced Tuesday it will permanently close its Fox Creek, Alberta sawmill in late summer, removing about 120 million board feet of annual production capacity. The mill was rebuilt in 2011 after a fire specifically to process timber from Alberta's mountain pine beetle management strategy; with that program concluding, the surrounding wildfire-damaged timber largely depleted, and the economics compounded by prolonged weak markets and US softwood duties, the company said operations are no longer sustainable. Canfor said it will help affected employees pursue openings at its Grande Prairie and Whitecourt sawmills and its Spruceland and PinkWood operations, and that it remains committed to Alberta beyond Fox Creek. The closure lands two weeks after the company said it will permanently close its Northwood pulp mill in Prince George by the end of the year.

Brussels Opens a Circumvention Case on Chinese Plywood

The European Commission opened a formal investigation Friday into whether Chinese producers are evading the EU's anti-dumping duties on hardwood plywood, which run as high as 86.8 percent. Industry complainants allege some exporters have been adding a thin outer veneer of softwood or bamboo to hardwood panels so the product classifies outside the duty's customs scope. The Commission ordered EU customs authorities to begin registering imports of the products under investigation, which opens the door to duties applied retroactively if circumvention is confirmed. The definitive duties took effect last November, following provisional measures imposed in June 2025; the case mirrors the layer-swapping disputes that have run through US plywood enforcement.

■ DEEP DIVE: THE REIT QUARTER

Ninety Percent Out the Door

A real estate investment trust (REIT) pays no corporate income tax on qualifying earnings so long as it distributes at least 90 percent of taxable income to shareholders, and at least 75 percent of its gross income comes from real-property sources. The tax code treats standing timber as real property, so gains from timber cutting contracts and stumpage sales qualify, which is why most large US timberland owners converted to REITs in the 2000s, with the biggest holdout converting only after shedding paper and packaging businesses that could not live inside the structure. The mills that remain do so in a wrapper: a taxable REIT subsidiary (TRS), which pays regular corporate tax. The result is one company, two tax regimes, untaxed trees upstairs and taxed lumber downstairs, with the dividend requirement setting the cash rhythm for both.

Two Companies in One Wrapper

Weyerhaeuser, the largest timber REIT, holds more than 10 million acres of US timberland, 9.7 million owned outright, plus long-term licenses on more than 14 million acres in Canada. The 2025 numbers show how the two halves differ: Wood Products generated $4.96 billion of the company's $6.9 billion in sales but only $250 million of its just-over-$1 billion in adjusted EBITDA, while Timberlands turned $2.1 billion of sales into $581 million. The dividend machinery sits on top: a base quarterly payout of 21 cents a share, supplemented by variable cash returns targeting 75 to 80 percent of annual funds available for distribution. In June the company told investors second-quarter lumber realizations were tracking about $65 per MBF above the first quarter, worth roughly $70 million of additional EBITDA; its stated sensitivity is about $50 million of annual EBITDA per $10 per MBF move in lumber.

The New Land Giant

Rayonier's merger with PotlatchDeltic, closed January 30, created the second big pole of the sector: more than four million acres, weighted 78 percent to the US South and 22 percent to the Northwest, with about $40 million of targeted annual synergies. Unlike the pre-merger Rayonier, the combined company kept manufacturing, six sawmills with about 1.2 billion board feet of lumber capacity plus an industrial plywood mill, all sitting in taxable subsidiaries under the same rules that govern its larger rival's mills. Its August 5 report will be the first full quarter of the combined company, and the first test of whether a land-heavy REIT with a meaningful sawmill arm gets valued like a landowner or like a lumber producer.

Why the Trees Can Wait

The structural argument for the model is patience: timber grows roughly 3 to 5 percent a year, so an owner facing weak prices can defer harvest and let value accrue on the stump, an option no sawmill has. The institutional market is behaving accordingly. Transaction tracking counted about 46 large US timberland sales in 2025 covering roughly 940,000 acres, against a ten-year pace near 3 million acres a year. These are portfolio-scale deals averaging more than 20,000 acres each; the small rural and recreational tracts that fill retail land listings trade constantly and are not part of that count. Owners of institutional ground are holding rather than selling. Disclosed transactions mark the spread in land values: recent portfolio moves priced mature, highly operable Washington timberland near $9,500 an acre against roughly $2,600 to $3,100 in the South. Layered on top is non-timber income: one company booked a $94 million conservation easement in the first quarter, and the merged Rayonier holds 79,000 acres under solar option and 154,000 acres leased for carbon capture and storage. The numbers land this week. The sector's biggest name reports Thursday, and Rayonier follows August 5.

WHAT YOU MISSED YESTERDAY

Tuesday, July 28 — business, markets, and the broader economy.

- The S&P 500 rose 0.4 percent to 7,444.88; the Dow added 1.2 percent to 52,839; the Nasdaq edged up 0.1 percent to 24,952.
- Oil kept falling: WTI settled down 4.1 percent at $79.26 and Brent down 4.8 percent at $84.09, a two-day slide near 10 percent, as Washington and Tehran moved toward broader de-escalation talks.
- The 10-year Treasury yield eased four basis points to 4.60 percent; the Federal Reserve's decision lands this afternoon, with futures pricing roughly a three-in-ten chance of a quarter-point hike.
- Semiconductor stocks lagged the rally on concerns over circular AI financing arrangements, while Coca-Cola raised its full-year outlook after a second-quarter earnings beat.

INDUSTRY & COMPANY NEWS

- **Balcas Timber**'s Enniskillen mill, Northern Ireland's largest sawmill, is shut down after about 150 workers began a seven-day strike Friday morning. It is the fourth and longest stoppage in an escalating pay dispute; three one-day strikes over the past month failed to move the company's offer.
- **Germany's Federal Court of Justice** sent the sawmill industry's cartel-damages claim against the state of Baden-Wurttemberg back to the Stuttgart appeals court this week. The ruling upheld the claim-bundling vehicle representing 36 sawmills, but found the alleged infringement and damages insufficiently established, restarting one of Europe's largest forest-sector competition cases.
- **Candelaria Industries**, which bought the former McKinley paper mill site in Port Angeles, Washington in June, is seeking up to $500,000 from the US Endowment for Forestry and Communities to study converting the site to biomass-to-electricity generation; Clallam County commissioners voted Monday to endorse the proposal.
- **Big C Lumber** of Granger, Indiana acquired Priebe's Creative Woodworking of Benton Harbor, Michigan, extending the dealer's reach in southwest Michigan.

■ MARKET & FIRE SNAPSHOT

INDICATOR	VALUE	TREND
WTI crude	**$79.26**	Settled down 4.1% Tuesday; near-10% two-day slide on US-Iran diplomacy
10-yr Treasury	**4.60%**	Eased 4 bps into today's Fed decision; ~30% hike odds priced
S&P 500	**7,444.88**	+0.4% Tuesday; Dow +1.2% as oil relief offset chip weakness
US acres burned YTD	**4.57M**	130% of the 10-yr average; preparedness level 5, 84 uncontained large fires
Northwest acres burned	**1.84M**	49 large fires, more than all other regions combined; 16,506 personnel

■ THE BOTTOM LINE

Fire is now the West Coast supply story, with the Northwest carrying nearly half the national burned acreage and crews arriving from two other continents. Alberta loses the sawmill that was built for the beetle program, a reminder that salvage-driven capacity has an expiration date. Brussels is testing whether a thin outer veneer can really move a Chinese panel out of an 86.8 percent duty. The timber landlords open their books starting tomorrow, and the deep dive above is the map for reading them. Oil's slide and a Fed decision this afternoon round out the backdrop.