Traditional Hardwood Market Structure

Opportunities for Small Producers

by

Daniel Cassens
Professor of Wood Products
Purdue University
Different Ways to Look at Hardwood Lumber Markets

- **Seasoning Level**
  - Green lumber
  - Air-dried lumber
  - Kiln-dried lumber

- **Market Categories**
  - Hardwood grade lumber
  - Industrial lumber
  - General construction
  - Misc.

- **Types of Suppliers**
  - Large and small sawmills
  - Wholesalers
  - Concentration yards
  - Distribution yards
  - Retail outlets
Green Lumber

- Quick turn over
- Heavy
- Shrinks and warps
- Low strength
- Will mold, stain and decay
- Insect vulnerable
- Limited markets
- Low value
Green Lumber Uses

- Sell to Other Mills
- Custom Drying
- Farm Lumber
- Timbers
- Railroad Ties
- Truck & Trailer Flooring
- Dunnage
- Bows
- Bridges

- Posts & Corner Posts
- Fence Boards
- Pallets & Crates
- Tobacco Stakes
- Guard Rails
Air-Dried Lumber

- Lighter
- Higher strength
- Will not mold, stain or decay

- Some shrinking, warping, and checking has occurred
- Value somewhat increased

- Seasoning time - one to several months
- Insect vulnerable
- Limited markets
Air-Dried Lumber Uses

- Unheated Buildings
- Recreational Uses
- Country Crafts
- Bending Stock
- Wagon Tongues
- Parks

- Utility Trailer Decking
- Sofa Frames
- Woodworkers
- Boat Builders
- Farm Uses
Kiln-Dried Lumber

▲ Light
▲ Highest strength
▲ Will not mold, stain or decay
▲ Shrinking, warping, and checking have occurred
▲ Highest value
▲ Many high-valued applications

▼ Increased cost of drying
▼ Increased seasoning time
▼ Will regain moisture
▼ May still be insect vulnerable
Kiln-Dried Lumber Uses

- Manufactured Products
- Furniture
- Cabinets
- Millwork
- Molding
- Reproductions

- Specialty Uses
- Country Crafts
- Plaques & Trophies
- Custom Woodworkers
- Signs
Major Domestic Market Categories

Hardwood Grade Lumber

• Wholesale quantities
  – Types of Buyers
    - End manufacturers
    - Larger mills
    - Concentration yards

• “Retail”
  – Types of Buyers
    - Custom manufacturers
    - Institutions
    - Contractors
    - Weekend woodworkers
    - Hobbyists
  – “Buy Local”
Major Domestic Market Categories

Industrial Lumber

- Pallets and Crates
- Blocking
- Timbers
- Railroad ties
- Truck and trailer flooring
  - Types of Buyers
    - Manufacturing plants
Major Domestic Market Categories

General Construction

• Framing lumber
• Post and beam
• Farm lumber
  – Types of Buyers
    - Farmers
    - Contractors
    - Recreational properties
    - Rustic applications
Major Domestic Market Categories

Miscellaneous

• Bending stock
• Sofa frames
• Boat builders
• Signs
Types of Suppliers

- Large End User
- Small End User
- Concentration Yard
- Distribution Yard
- Wholesaler
- Large Sawmill
- Small Sawmill
Domestic Markets for Kiln Dried Grade Hardwood Lumber

- Past and Present
- Residential furniture
- Institutional Furniture
- Stock Cabinet manufacturing
- Millwork
- Flooring
- Office and Store Fixtures
- Musical Instruments
- Games and Toys
- Sporting Goods
- Caskets
- Custom Woodworkers
- Retail
• Target Audience of Larger Secondary Companies
  – Wood Digest → out of business
  – Modern Woodworking → out of business, Purchased
  – Furniture Design and Manufacturing
  – Cabinet Maker
  – Wood and Wood Products
• Target Audience of Smaller Custom Woodworking Business
  – Woodshop News
  – Custom Woodworking Business
• Target Audience of General Public
  – Fine Woodworking
• Northern Logger

• Southern Lumberman

• Sawmill and Wood Lot Management
General Capabilities of Large and Small Hardwood Sawmills, by Marketing Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>Large Sawmills</th>
<th>Small Sawmills</th>
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<tbody>
<tr>
<td>Business atmosphere</td>
<td>Good</td>
<td>Limited</td>
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<tr>
<td>Inventory</td>
<td>Good</td>
<td>Limited</td>
</tr>
<tr>
<td>Services</td>
<td>Good</td>
<td>Limited</td>
</tr>
<tr>
<td>Industry contacts</td>
<td>Good</td>
<td>Limited</td>
</tr>
<tr>
<td>Specialty items</td>
<td>Limited</td>
<td>Good</td>
</tr>
<tr>
<td>Quality</td>
<td>Mostly known</td>
<td>Known</td>
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<tr>
<td>Price</td>
<td>Competitive</td>
<td>Negotiable</td>
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<tr>
<td>Timber base required</td>
<td>Large</td>
<td>Small (portable mills)</td>
</tr>
<tr>
<td>Custom sawing</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Mobility</td>
<td>No</td>
<td>Usually (portable mills)</td>
</tr>
<tr>
<td>Small quantity sales</td>
<td>No</td>
<td>Yes</td>
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Summary

• Large mills and traditional industry structure will continue but probably at a reduced level

• New generation of thin Kerf mills continue to expand (WM at 40,000)

• Scaled down woodworking equipment readily available

• Some smaller equipment is versatile and efficient

• Markets for small quantities, local available lumber at reasonable prices exist
“Using urban timber may provide a further opportunity to open a retail store in the community, where some of the less commercially appealing lumber might be offered to local woodworkers.”

(1) Hardwood Review Weekly, April 9, 2010