



MARKET NEWS

Housing starts in 2025 remained relatively flat and are tracking about 7% below 2024. The most recent report showed 1.31 million starts, with year-end expectations near 1.35 million. Forecasts for 2026 suggest slight improvement due to better economic sentiment and easing interest rates but starts are still not projected to exceed 1.4 million, keeping overall lumber demand subdued.

Interest-rate cuts have provided minor optimism, and analysts expect possibly another 0.5% reduction over the next year. However, new homebuyers accustomed to the 3–4% mortgage rates of the pre-2022 era have struggled with 7% rates. This “sticker shock” continues to weigh on new construction activity and, in turn, on lumber and timber pricing.

A longer-term structural shift is also shaping markets: demand has moved from single-family housing toward multifamily development. Over the past two decades, U.S. multifamily construction has increased by roughly 35%. Millennials, the largest living generation, are renting more and delaying homeownership compared to earlier generations, further muting long-term single-family starts and lumber demand.



Mill activity across the South reflects these conditions. Domtar-Glenwood sawmill in Arkansas and Hixson Lumber in Gladewater, Texas have enacted temporary curtailments while assessing market conditions. Shields Sawmill in Arkadelphia has closed with its long-term future unknown. International Paper’s Campti, Louisiana paper mill closed permanently in April 2025, creating significant downward pressure on pulpwood demand and pricing throughout the region.

There are encouraging developments as well. Twain Lumber has restarted the former Teal Jones mill in Antlers, Oklahoma, adding a solid small-log outlet. The Weyerhaeuser TimberStrand mill near Monticello, Arkansas is progressing toward an expected 2027 opening. Teal Jones completed the construction of the new mill in Plain Dealing, Louisiana and it was acquired by Sumitomo Forestry. They are beginning to receive wood.

PotlatchDeltic and Rayonier have announced a merger that will likely be finalized in mid-2026. They have indicated that there will likely be a name change. Their new headquarters will be in Atlanta, Georgia.

Kingwood foresters are deeply familiar with local timber markets. Please contact us or refer a friend if we can assist with timber sales, management, or valuations.

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REAL ESTATE MARKETS

Real estate markets in our region are expected to continue with a gradual upward trend. Investors and end-users are increasingly looking to rural lands as both stable investments and attractive home sites, especially as they migrate from states with higher taxes and heavier regulatory environments. With ongoing stock market volatility, many buyers continue to place their capital into hard assets, driving competition for quality investment-grade timberland, recreational tracts, and rural residential properties.

Unlike other parts of the country that have experienced sharp market swings, our region has enjoyed remarkably steady land values. Over the past 25 years, bare land prices have increased steadily, creating one of the most stable and attractive real estate environments in the United States.

For properties purchased primarily for timber investment, proximity to wood-using mills remains a key factor affecting returns. Increased haul distances reduce timber buyer interest and directly lower stumpage revenue. In some cases, pulpwood located too far from mills has no market value because logging and hauling costs exceed what mills pay for delivered wood. Buyers evaluating land for timber production should consider mill distance as a major component of long-term investment performance.

For recreational or rural residential buyers, the strongest values continue to be found on properties with:

- Good access
- Gently rolling terrain with appealing natural features
- Utilities in place
- Building potential

These characteristics consistently command the highest prices in our market.

Kingwood's Real Estate Brokers maintain broad marketing reach and deep experience across the region. If you are considering selling, or know someone who is, please contact us. We would value the opportunity to assist you with marketing and selling your property.

INTRODUCTION TO THE EUDR

In 2023, the European Union introduced the EU Deforestation Regulation (EUDR), a new policy aimed at preventing deforestation tied to the production and trade of key commodities, including wood, rubber, palm oil, soy, beef, coffee, and cacao. This recently was adopted by the European Commission, and we expect implementation throughout 2026, although there may be delays. The EUDR requires that any timber or wood products entering the EU market must be deforestation-free, legally harvested, and fully traceable. While the U.S. is not considered a high-risk country, companies buying your timber may begin requiring detailed documentation about your property, harvest practices, and forest history.

This means that companies, and by extension, their suppliers (our clients) must prove their products did not contribute to deforestation or forest degradation. The regulation applies not only to raw logs but also to processed wood products, paper, and furniture.

As we watch how verification develops in the U.S., this could mean additional steps for landowners to prove they are managing timberland with sustainable practices. Some may argue this is overregulation or duplication since many of the timberland properties we manage are already certified under FSC, SFI and ATF. The fact is, compliance is going to be a necessity for any wood going to the EU.

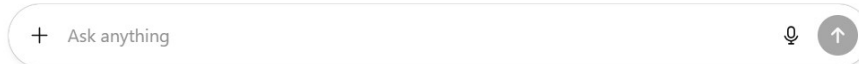
Your Kingwood Forester can help you comply and will be a good source of information for the practical impact of the EUDR as the US moves forward with compliance. More changes to EUDR are coming soon.

AI (ARTIFICIAL INTELLIGENCE) IN REAL ESTATE

Keep that in mind that the “A” in AI stands for Artificial. A recent search from Chat GPT yielded some wild data, and we thought it would be helpful to share some lessons regarding the use of AI in our industry.

It started with a simple search from a potential client in Chat GPT: “what are average timberland prices in northeast Texas”. The answer: “\$8,200/acre is a good rough average.”

What can I help with?



At the bottom of the search results are links that cite the source from which the data is pulled. Very helpful. One could easily think that if data is cited and the source is legitimate, and therefore the answer is correct. But wait. The reason those links are there is to look at the data source yourself.

In the above search, one link sourced a real estate listing website, and the other link sourced a data collection center. Both are legitimate websites. However, AI did a terrible job interpreting the data. For example, on the real estate listing website, AI included timberland as anything that listed “trees, timber, woods or wooded” in the description. The first data point included a gorgeous 6,000 sq ft log home on 8 acres with a “wooded” front yard. Clearly, this was an incorrect interpretation. Of over 300 real estate listings sourced, roughly 2% could have been considered timberland.

The second link cited published information at a data center which classifies “northeast Texas” as starting 100 miles west of Fort Worth, east to Texarkana, then south to about 50 miles from the coast, an area about 250 miles east to west and north to south. The data points included land sales sold for uses varying from development to solar projects to ranches. Not only is the region impractically large for the search entered, but the data points were irrelevant to the search since many were in the DFW complex and sold for development.

AI has its uses, but you are better off using “Real Intelligence” and contacting your Kingwood Real Estate Broker & Forester with first-hand knowledge and experience.



STAFF NEWS

- ⇒ John McAlpine was elected chair of the Arkansas Forestry Commission at the October 2025 Commission meeting. He will serve in that capacity for at least the next two years.
- ⇒ Annette Watson retired earlier this year after almost 30 years with Kingwood. We wish her well in this next phase of life. We'll miss you Annette!
- ⇒ Bill Whiting is retiring at the end of 2025. He's been with us since retiring from PotlatchDeltic. We wish him all the best as well. Enjoy retirement, Bill!
- ⇒ Congrats to Courtney and her husband Nash on the birth of their second child, Reese Evelyn Branson, born May, 2025. Courtney works in our Monticello office.
- ⇒ David Stanton from our Texarkana office was married in November, 2025. Congrats to him and his new bride, Alex.
- ⇒ Amber Barentine, also in Texarkana, was married in December, 2025. Congrats to her and new husband, Austin.
- ⇒ Pete Prutzman received the 2025 Service Above Self Award from Arkadelphia Rotary Club for his work with Clark County Ecumenical Food Pantry and Arkansas Log-a-Load for Kids.

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Jimmy Don Thomas celebrated his 25th work anniversary at Kingwood in 2025. To honor him and as a thank you, we sent him, and his family, on an all-expense paid trip to the FedEx St. Jude Championship golf tournament.

Jimmy Don started his career with us in our Monticello office (he is a 2000 graduate of UAM) before moving to Arkadelphia. He is one of the most solid, hardworking, and consistent foresters we have ever known. He loves hard work and dives into large projects with zeal and unmatched efficiency. For those who know him, he's just an all-around great guy. His only affliction is his love of golf...thus the trip. Congrats, Jimmy Don, you are one of a kind and we are proud to work with you!



Don't forget to check us out online at www.kingwoodforestry.com