



# The Phantom Recession & Timber Markets

Why FRASS is the Solution

# The Phantom Recession & Timber Markets: Why FRASS is the Solution

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## Introduction: The Phantom Recession and Its Impact on Timber Markets

The United States is facing a recession that remains largely unacknowledged by political and economic leaders. Unlike past recessions, where broad indicators like employment or GDP triggered recognition, this current downturn has emerged within a sector-specific dynamic: **the timber markets**. Because timber markets operate on a perfectly competitive basis, **timber values derive from the demand for lumber**, which in turn is directly tied to housing starts and construction markets. When those falter — as they have since 2022 — **timber prices collapse**, sending shockwaves through forestland asset valuations.

Unlike traditional market forecasts, which often miss the long-term cyclicity of timber values, the **Real Price Appreciation (RPA) Forecast Tool** (Schlosser W. E., RPA Forecast Tool, 2020), integrated within the **Forest Resource Analysis System Software (FRASS)**, has been **predicting these cycles with over 90% accuracy**. This forecasting tool (Figure 1) has already captured **two complete timber price cycles** and now aligns with the trajectory of what I call "**The Phantom Recession**."

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## Market Cycles and Forestland Implications

Forestland asset values are inherently tied to delivered log prices. Yet, these prices are **not stable** — they fluctuate in cycles driven by national and global economic dynamics. Because lumber demand (and thus timber value) is a **derived demand**, when housing markets slow, timber markets crash — regardless of forest productivity or available timber volume.

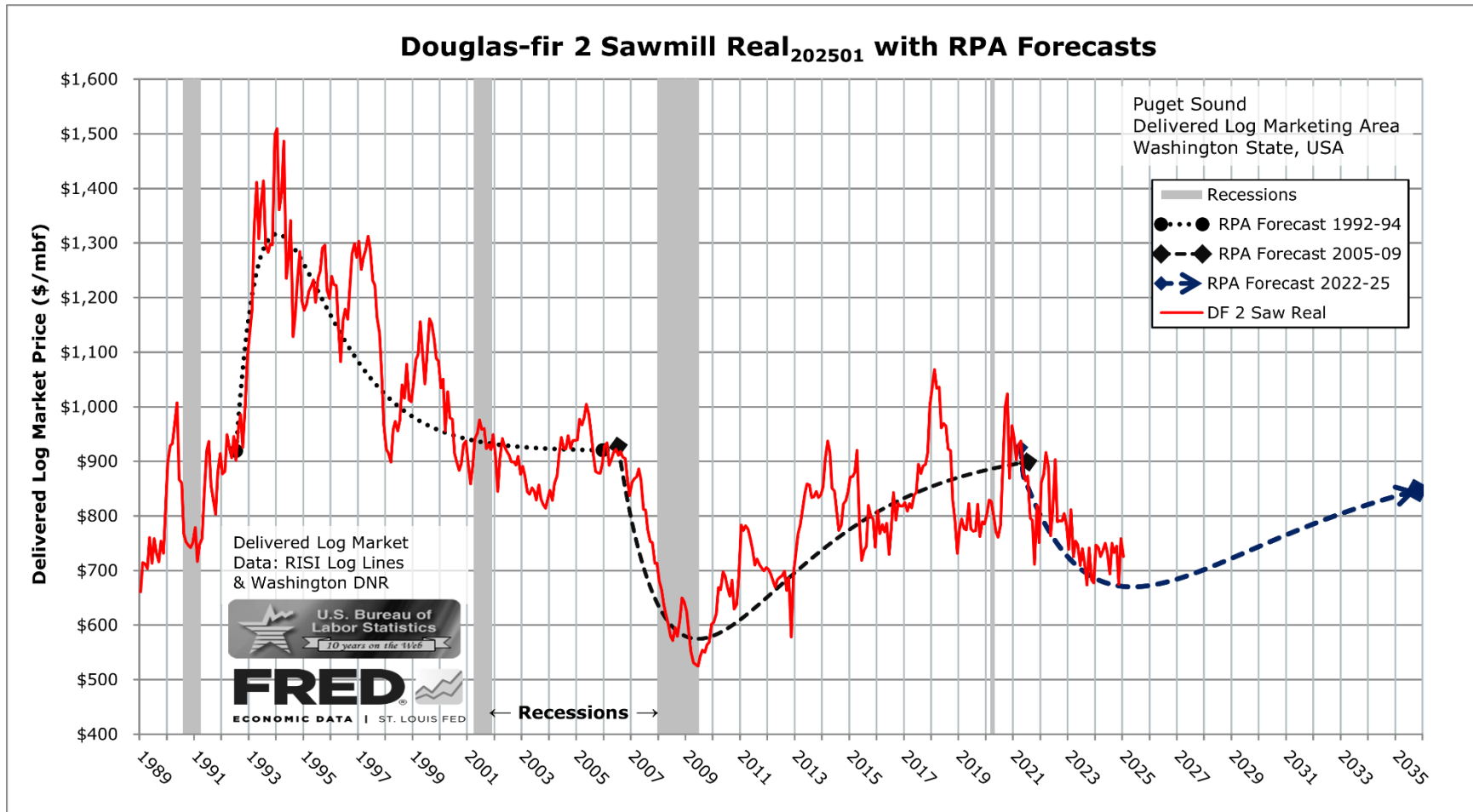
**Real timber prices from 1992 to present** are shown alongside **RPA Forecast projections for the Puget Sound marketing area** — one of the nation's key timber market hubs (Figure 1). This figure illustrates:

- **Two completed timber price cycles**, aligned with past economic events and market responses.
- The **current ongoing downturn (2022–2025)**, which reflects both real-time data and RPA-projected expectations.

These cycles are **predictable patterns of expansion, contraction, and recession**. The *Phantom Recession* is merely the **current expression of this repeating market structure**, but it remains invisible to traditional economists because it is **sector-specific and slow-moving across years**.

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Figure 1. Douglas-fir Sort/Grade log prices 1992-2025 in January 2025 real terms (Schlosser W. E., Douglas-fir RPA Forecasts 1994-2025, 2025).



## **Proven Accuracy: The RPA Forecast Tool**

First minted into operational use in 2010 and published in the *Journal of Forest Policy and Economics* (Schlosser W. E., RPA Forecast Tool, 2020), the **RPA Forecast Tool** successfully predicted timber market cycles from **1992 through 2019**, and **continues to match real price declines in the current recession**.

Unlike typical price forecasts, **the RPA Forecast Tool aligns timber markets with inflationary and recessionary pressures** — a critical insight for **forestland owners, public agencies, and Tribal authorities**. Through FRASS, these forecasts are **not just theoretical models**; they are **integrated directly into forestland appraisal reports, timber harvest timing schedules, and asset value projections**.

As Figure 1 reveals, this method **accurately tracked the past two market corrections** and now **forecasts the extent of the 2022–2025 downturn**, offering **unprecedented insight for public and private decision-makers**. Furthermore, the RPA Forecast Tool predicts that timber markets will **recover approximately 75% of their value by 2027**, and **90% by 2035**, **returning to long-term market equilibrium by 2045**. This provides landowners and agencies with a **critical timeline for decision-making and financial planning**.

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## **Economic Impact on Forestlands and the Need for Action**

Why does this matter?

Because **forestland value is derived from future timber cash flows**, a failure to recognize current market realities leads to **systematic overvaluation of state, federal, Tribal, and private forestland assets**. For **Tribal governments, state trust lands, and federal agencies**, this means budgets built on **projected timber revenue are misaligned with real markets**, risking underperformance of trust obligations, endowments, and conservation strategies.

Moreover, **timber harvest timing — when aligned with RPA-projected market highs — allows maximizing revenue while maintaining habitat protections under the Endangered Species Act (ESA)**. Without accurate projections like those in FRASS, **agencies are left guessing**, often harvesting when markets are down or holding timber too long as value decays.

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## **The Integration of Forest Econometrics and Biometrics**

The Forest Econometrics approach, embedded within FRASS, operates side by side with Forest Biometrics solutions like the Forest Projection System (FPS), developed and maintained by the Forest Biometrics Research Institute (FBRI, 2024), and the Forest Vegetation Simulator (FVS), developed and maintained by the U.S. Forest Service (USFS) (ESSA, 2021). These tools have been used for decades by industrial forestland owners, public agencies, and Tribal governments to generate precise growth and yield forecasts for timber stands.

**Biometrics tells us how trees grow. Econometrics tells us what that growth is worth — and when.**

Importantly, **FRASS applies landowner-specific discount rates**, recognizing that **federal agencies, Tribes, state trust managers, industrial forestland owners, and private timberland owners each have distinct financial and management objectives**. This flexibility is grounded in recent research published in the *Journal of Forest Business Research*, which demonstrates how differing impatience factors — and the resulting time preferences — shape timber harvest timing and land valuation (Schlosser W. E., 2023).

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### **Conclusion: A Call to Action for Policy and Leadership**

The **Phantom Recession (2022–2025)** is real, measurable, and already impacting the timber sector. Its effects ripple through every forestland owner's financial foundation — from **federal agencies to Tribal governments to private landowners**.

Tools like **FRASS and the RPA Forecast Tool** offer the **only market-proven method to forecast and align forest asset management with real market cycles — not political cycles, not assumptions, but real economic evidence**.

With **billions of dollars in forestland value at risk — and the need to meet public trust, Tribal, private, and industrial forest management goals — the time to act is now**. **FRASS is an American-made solution, ready for implementation**.

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*The real risk today is not recognizing how much value is left uncaptured — proceeding without market clarity, and missing the opportunity to fulfill forest stewardship responsibilities with purpose and precision.*

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## Contact Information

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*For federal, tribal, and state agencies seeking a data-driven approach to forestland management in today's volatile markets, FRASS provides a tested, powerful solution.*



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