

This Complimentary Newsletter produced and brought to you by:



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- 24+ years Forestry Experience

"Everything Timberland"

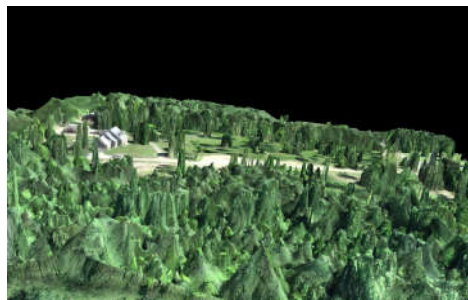
Company Highlights



We're proud to announce that we've recently received a FAA, Part-107 commercial drone license. This technology allows us to offer new services to landowners.

For Forestry our Clients:

- **Inspections:** By video or by picture, drones allow us to perform inspections quickly and efficiently. Uses include, pest inspections, timber sale compliance, timber trespass inspections and seedling survival. We've used this technology to locate timber damage from a recent tornado in Rankin County.
- **Aerial Photography:** Through the use of mapping applications, drones allow us produce up-to-date aerial photography with amazing detail. The drone takes multiple images and software applications stitch all the images to make one unified image. This can then be used in Geographic Information Systems to determine acreages, perform tree counts or to access the health of vegetation.



- **3 Dimensional Models:** Drone photography can be used by software applications to create a 3 dimensional model for whatever your subject is. When dealing with land this technology allows you view the property in three dimensions, from hills, to ridges, and bottomland, this gives the viewer a sense of the site topography. It can also be used to develop elevation contour lines which could help in placing roads or flood elevations. In forestry these models are also useful in determining the volume of log stockpiles or chip piles.

- **360° Panorama Photos:** These photos give the viewer a 360°, birds eye view with the ability to scroll all directions. These are extremely useful for real estate sales as it gives interested buyers a real world view from the convenience of their computer.

- **Aerial Video:** When selling Real Estate for our clients, nothing can peak the interest of prospective buyers like a professional looking property video which highlights the best features of the property. If you would like to see an example of some of our work in this area, simply go on the internet to bit.ly/bootslane or bit.ly/Cammack.

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Do you need help with any of the following?

- Selling your land
- Managing your timberland
- Selling your Timber
- Estimating the Value of your timber.
- Appraising your land
- Leasing Hunting Rights
- Drone Aerial Photography or Video, Inspections and Mapping
- Tract Inspections
- Replanting your land
- Valuing stolen timber
- Painting boundary lines

Then we can help!

We assist landowners with all aspects in the sale, appraisal, and management of timberland. To learn more go to www.theforestpro.com

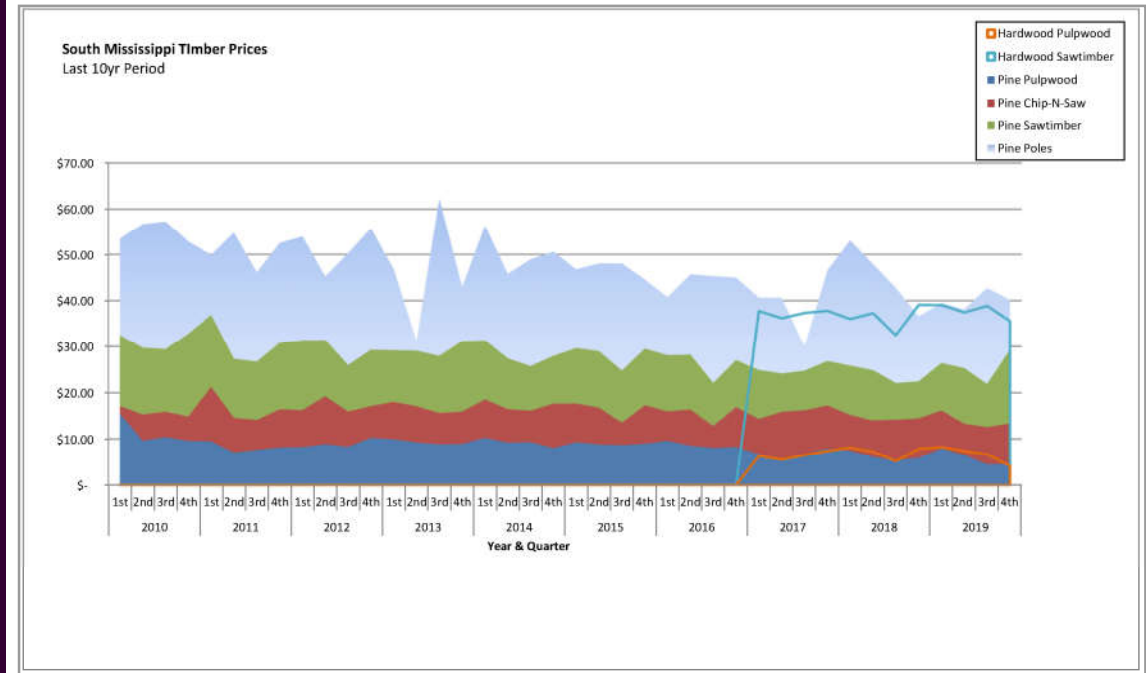


Volume 4, Issue 1

"Everything Timberland"

4th Quarter 2020

TIMBER MARKETS UPDATE



Fourth Quarter pulpwood markets remained sluggish, due to the continued oversupply in both pine and hardwood. The oversupply has also held down pine chip-n-saw markets, but there has been an uptick in pine sawtimber prices due to increased housing market activity. Hardwood sawtimber prices experienced a steady decline over 2019 as the impact of Chinese tariffs continue to hamper stumpage prices.

The outlook is to expect to see the ages old trend of higher prices for all products in the first quarter of 2020 as wet weather decreases supply to area mills. Pine Sawtimber tracts on winter ground should expect to see this years price premiums. The trend will be short lived though, as soon as ground conditions dry in the mid 2nd quarter.

WHAT IS THE BEST METHOD TO SELL YOUR TIMBER?

It depends on the situation.

There are various methods that a landowner can use when it becomes time to sell timber. The two most common methods are pay-as-cut and lump-sum, and to a lesser degree auction, and composite sales. In this two-part article I will discuss these methods as well advantages and disadvantages for each, and which method is best to use for your unique situation.

Pay-as-cut (P.A.C.) or Per Unit (ton/cord/MBF) method

The Pay-as-cut method is the most commonly used method. With this method the timber buyer offers to pay a certain amount (usually \$/ton) for each product cut, delivered, and scaled at the mill or woodyard. The timber cutting rights are conveyed by a Timber Sale Contract, which is signed by both the Seller and Buyer. In a Timber Sale Contract ownership of the timber doesn't occur until the tree is severed from the stump. Payment to the landowner is typically made within two-weeks of delivery, although state law allows up to 30 days for payment to be made. A variation of this method is a pay-as-cut with advance where the buyer advances a certain percentage (10-90%) of the expected value to be harvested.

The advantages of P.A.C method are;

- **Flexibility-** The landowner or logger can change the amount of timber to be harvested while the harvest is taking place. Say for instance you are performing a first thinning and you prefer more or less trees to be harvested per acre to get to a desired basal area, or you decide to leave a stand of oaks that were in the original sale area. That isn't a problem with this method as the final amount you are being paid will be determined by what's hauled.
- **Buyer Interest-** Because this method doesn't require the buyer to invest a large sum of money upfront, it increases the number of possible buyers available who would be interested in

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WHAT IS THE BEST METHOD TO SELL YOUR TIMBER? (Continued from Page 1)

your sale. It is also useful in generating buyer interest for marginal tracts that have that have lower tons/acre of available timber, or have wet soils which could hinder the harvest.

- **Fair Payment**- Assuming every stem cut is merchandized correctly, hauled to the mill, and the mill doesn't deduct for any defects, (perfect world scenario) the landowner is paid exactly what the timber is worth.
- **Contract Length**- This method can be used when, due to the circumstances, a shorter contract length is required as there is less risk to the buyer if the harvest can't be fully completed.

The disadvantages of P.A.C method are;

- **Supervision**- Due to the higher degree of abuse that is possible on tracts with multiple products, this type of sale requires higher levels of supervision to ensure products are being merchandised correctly.

It is important for landowners to understand how loggers are paid. They are paid a per ton cut & haul rate for the timber delivered. This rate is graduated based on the distance from the tract to the mill. There is usually a base rate for minimum distance hauls (mills less than 30 or 40 miles) and then an added amount for each additional mile hauled for more distant mills. Landowners should bear in mind that a logger's pay is based on production, more loads, more pay. It's in the logger's best interest to load trucks quickly, so product separation isn't always of highest concern.

Short-term mill closures can also affect merchandising. Assume you're a logger, it's Friday morning, and the saw log milled just called and isn't accepting any more deliveries for several days. Sometimes higher value products are mixed in with a lower value product for expediencies sake.

- **Trust**- The landowner is required to exhibit a high degree of trust that the buyer will do what they said they would do in the form of payment and timber utilization.
- **Harvest not Guaranteed**- P.A.C. sale contract without an advance is not guaranty that the harvest will actually take place. In its simplest form, it only requires the buyer to pay the landowner based on what's delivered. No delivery, No pay. A decrease in market prices may lead to non-harvest or a renegotiation of rates.
- **Risk**- The landowner assumes all the risk for loss due to poor product merchandising, theft, uncut trees, waste, insects, and storm damage. Since there is usually some delay in payment, on rare occasions I witnessed situations where the landowner has been under or unpaid for their harvested timber.
- **Confusion**- In a per ton bidding situation on a tract with multiple products it can be harder for the landowner to determine who is actually the high bidder. It is certainly rare with multiple timber bidders where one buyer is higher on all the products than the other bidders. Usually one bidder is high on one or two products but lower on others. What the landowner will need to know is how much of each product they have to correctly determine how it best benefits them. Assume that Mary has requested bids from three different buyers on a 32-acre mixed stand and she receives the following bids per ton (Figure 1).

From these results, it would appear to Mary that Buyer 2 was the high bid because they have the high price on four out of the seven products. Buyer 1 would appear to be the second highest bid as they are highest on two of the seven products, with buyer 3 being last as they are only high on one of the seven products. What Mary needs to know is the amount of each of the products they have on her property in order to evaluate the bids. Mary, being an astute landowner decides to hire a consulting forester to perform a timber cruise on her property and the foresters reports the following volumes (Figure 2).

Figure 1.

Product	Buyer 1	Buyer 2	Buyer 3
Pine pulpwood	\$6.00	\$8.00	\$7.00
Pine Chip-N-Saw	\$16.00	\$13.00	\$15.00
Pine Poles		\$57.00	
Pine Sawtimber	\$28.00	\$27.20	\$26.00
Hardwood Pulpwood	\$3.00	\$5.00	\$7.50
Oak Sawtimber	\$45.00	\$51.00	\$46.00
Misc. Sawtimber	\$39.00	\$42.00	

Using the product volumes and the prices/ton she calculates the following (Figure 3):

Figure 3.

Product	Buyer 1	Buyer 2	Buyer 3
Pine pulpwood	\$4,569.00	\$6,092.00	\$5,330.50
Pine Chip-N-Saw	\$13,945.60	\$11,330.80	\$13,074.00
Pine Poles	\$-	\$-	\$-
Pine Sawtimber	\$7,750.40	\$7,528.96	\$7,196.80
Hardwood Pulpwood	\$1,726.80	\$2,878.00	\$4,317.00
Oak Sawtimber	\$3,222.00	\$3,651.60	\$3,293.60
Misc. Sawtimber	\$6,821.10	\$7,345.80	\$6,996.00
	\$38,034.90	\$38,827.16	\$40,207.90

Figure 2.

Product	Tons
Pine pulpwood	761.5
Pine Chip-N-Saw	871.6
Pine Poles	0
Pine Sawtimber	276.8
Hardwood Pulpwood	575.6
Oak Sawtimber	71.6
Misc. Sawtimber	174.9

By having the additional information, Mary can now conclude that Buyer 3's bid results is the best bid for her particular situation. She can also see that the high price she received for pine poles was just eye candy, as she doesn't have any pine poles on her property. Hopefully by using the above scenario you can tell how confusing per ton bid results can be.

When to use the PAC method.

- On tracts with fewer products- This is usually the case when harvesting young stands as the timber has had less time to reach more valuable products. Because there is fewer product sorting there is less of chance of improper merchandising and the risk to the landowner is lower.
- When you need some flexibility during the harvest to change the size of the sale area or the intensity of the harvest.
- Time constraints- When you need timber removed quickly due to a change in land use or personal situation.
- Marginal tracts- Use this method when the timber property has a feature that buyers may find undesirable. An undesirable feature may include:
 - ◊ Low volumes per acre making it harder for the buyer to get a logger to harvest.
 - ◊ Difficult to access properties which require the buyer to acquire easements from adjoining landowners or perform roadwork to access the timber stand.
 - ◊ Wet natured properties which are only able to be harvested during the driest periods of the year.
 - ◊ Storm or Pest damaged timber.

Properties for Sale.

NEW - 102 acres Lawrence Co, MS "Boots Lane" Located in the Nola community of Lawrence County, "The Boots Lane Tract" at 102± acres, is a multiple use property that is an ideal get-a-way from the city hustle. The 8 acre field is presently used for hay production but could be easily converted to horse pasture, a food plot, or dove field. The tract also presents a prime timber investment with over 80 acres in a well managed, 24 year old, loblolly pine plantation. For the deer hunter, there are large Water Oaks dominating the 8.1 acre hardwood stand along the properties lone stream. \$357,000.

387 acres Lawrence Co, MS "Cammack Lake" Large Oxbow Lake & Pearl River Frontage: "The Cammack Lake Tract" at 387.5± acres, will make you feel like you're in the Mississippi Delta. It consist of wide open agricultural fields intersected by hardwood filled drains and bottomland. This offering has been family owned for several generations and has been subject to very light hunting pressure for the past several years. Deer, hogs, turkey, ducks, dove; you name the game and we've seen it on this property.

This habitat is made to order for growing large whitetails. There are 148 acres of agricultural fields that in the past have been planted in corn or soybeans (the current farmer would like to continue with the new owner) which is known to grow them large. The fields are surrounded 150 acres of hardwoods. This is deer heaven!

For the fisherman, located in the center of the property is the private 26 acre oxbow, Cammack-Young lake. Additionally, there is another 1.5 acre oxbow and over 4500' of frontage on the Pearl River. There's a boat ramp on the lake or launch your vessel off the sand bar into the river. \$1,006,200

358.8 acres Forrest Co, MS "Dixie-land" Located in the Dixie community and primed for development. The owners have added an additional 5 acres to provide access to Old Highway 49. Featuring: 23 year old pine stand, frontage on Aron-Clemts road & Old Highway 49, and 47 acres of potential lake sites. \$1,076,400

425 acres Lawrence Co, MS "Pearl River Overlook" Located on the high side of the river overlooking the bottoms, this rolling property also features the convergence of four different creeks and branches. This is the first time this property has been on the market as it has been family owned for generations. The hills on this property makes the property feel much larger than it's 425 acre size. Numerous streams and drainages make water plentiful. Each of the stream draws are loaded with mature White Oaks and Magnolias lending to wildlife food and natural beauty. The crest of the hills have a dense stand of natural regeneration which provides plenty of cover for critters. Crossing thru the center of the property is a gas pipeline ripe with food plot potential. For the duck hunter there is an ample river access as well as a oxbow slew in the Northwest part of the tract. Whitetail Deer and Wild Turkey abound on this property. Of coarse other recreational opportunities include fishing, camping, and ATV riding on the properties trails or on the sandbars along the Pearl River. \$764,575

82 acres Lawrence Co, MS "Longleaf Reserve" is a chance for one to purchase a tract with an established stand of Longleaf Pine, the queen of southern pines. Longleaf pine are a wildlife friendly species which are ideal for quail, fox squirrels, wild turkeys, deer and songbirds. These trees are adaptable, and more resistant to pest, fire, ice and wind. They are also economically sound and highly valued for their straight, dense, and rot resistant wood products. From utility poles to pine straw, longleaf offers a landowner a variety of profitable and flexible marketing options.

For the buyer looking for a property with a tree that has better wildlife qualities and the potential to have intermediate cash flow potential without all the hassle of establishing this species, this is the property for you. The adjoining company land has been recently harvested, which will be sure to hold excellent bedding cover for deer for years to come. \$271,300

100 acres Simpson Co, MS "The Hundred on Silver Creek" is a great recreational property. This long tract gives the feel of a much larger property. The rolling property is high and dry on the eastern side of the tract, along the road frontage, and gently slopes the further west one proceeds. This leads to a very diverse holding which is good for wildlife. Electrical utilities are located nearby for those looking to establish a campsite for added enjoyment from their property. The land is accessed via Hardy Williams road, a lightly trafficked country road, yielding quite enjoyment. Frequent sightings of Whitetail Deer and Wild Turkey are the norm on this property. Recreational opportunities other than hunting, include camping, and ATV riding on the properties trails. \$185,000

121 acres Lincoln Co, MS "Woolworth Road" The property features public road frontage, access to electric utilities, rolling topography, and a small creek. There is a large amount of investment grade pine timber on this property and it is estimated to be 20 years old. Large tracts of timberland surround this property which make for excellent hunting opportunities. Whitetail Deer and Wild Turkey abound on this property. With a little commitment, the Woolworth Road Tract could be transformed into great hunting destination. \$266,200

160.85 acres Pearl River Co, MS "Baughman Road" The majority of the property is currently planted in three year old, 2nd generation containerized loblolly pine. Hunters know that some of the best hunting opportunities occur looking over a 2-3 year old pine plantation. The trees are still young enough that it will take little time to clear some food plots wherever you may like. Whitetail Deer abound on this property and have been subject to very light hunting pressure for the past several years. The savvy investor realizes the fast growth potential of this professionally planted stand of trees will yield an attractive investment for the future. Other recreational opportunities include fishing in the pond located on the property, camping in the 1840 sqft camp-house, and ATV riding on the properties trails. \$417,600

[See more available properties on www.timberlandsales.com.](http://www.timberlandsales.com)

