

What is the Value of My Standing Timber?



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What Is The Value of My Standing Timber?

(10 Points to Consider)

A landowner with standing timber to sell needs to know its value. Offers to buy may be above or below the average current price in the locality. How is he to know what a fair price is for his timber?

Logs of a particular size, quality and species usually command a uniform price at any one mill. However, when an operator buys a tract of timber marked or by the boundary, he must figure what products can be cut from the trees and how much it will cost him to get them to his mill (or to move the mill to the timber he has bought) before knowing how much he can pay for stumpage. Here are the important factors that determine stumpage values:

1. SIZE OF THE TREES TO BE CUT.

Small trees have less volume per inch of diameter than larger trees. The products which can be cut from small trees are limited. Only pulpwood, excelsior, mine props, posts, ties, and the like can be cut from small trees. Since the market value of these products is low, only a low price can be paid for the stumpage.



Recommendation: Let your trees grow a few more years to sawlog or veneer log size and to a much higher value. Sell small trees only when thinning to improve the stand.

2. SPECIES OF TREES TO BE SOLD.

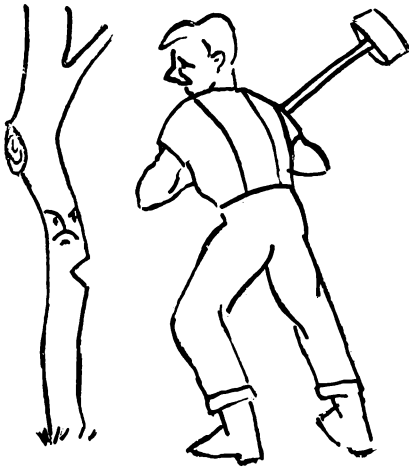
Some kinds of trees, as we all know, are much more valuable than others. For instance, black walnut as a rule is much more valuable than blackgum or red maple.



Recommendation: Don't expect too much from low value trees. Improve your woodlands to grow high value species by eliminating those of low value.

3. QUALITY OF THE MATERIAL IN YOUR TREES.

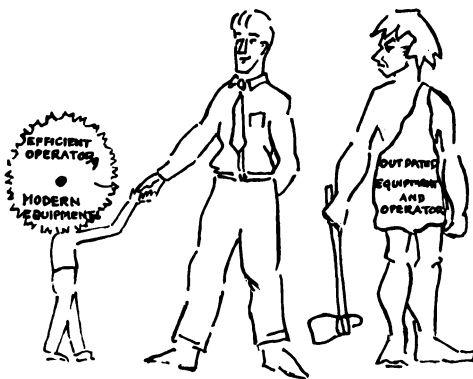
Sound, straight trees with few or no knots are needed to produce the highest grades of lumber or veneer. Very little knot-free material can be cut from hardwood trees under 18 inches on the stump or from pine trees under 14 inches. Crooked or defective trees have little value.



Recommendation: Let your trees grow until they produce quality material. Get rid of your crooked and defective trees.

4. EFFICIENCY OF OPERATOR AND QUALITY OF MILL EQUIPMENT.

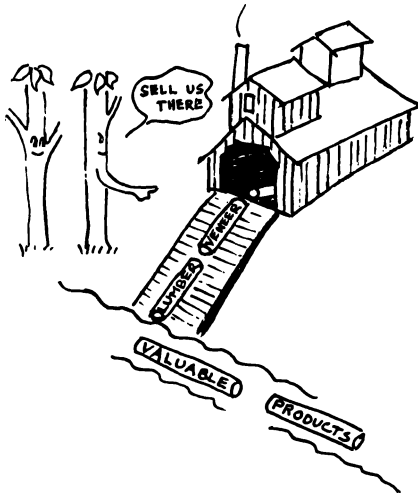
Inefficient operators cannot pay as much for good quality trees as efficient ones. You pay for the inefficiency. If the mill is a make-shift one or poorly operated, a good product cannot be manufactured. A mill operator has to operate at a profit to keep in business. If the operator manufactures a poor product, you can expect a low price for your stumpage.



Recommendation: Sell your timber to an efficient operator who has good equipment and who knows how to use it.

5. PRODUCT THAT WILL BE MANUFACTURED FROM YOUR TIMBER.

Some operators cut only such products as railroad tie material or pulpwood regardless of size or species purchased. Such operators can only afford to pay what such stumpage is worth.



Recommendation: Sell your timber to the operator who will turn your trees into the most valuable product which can be cut from them.

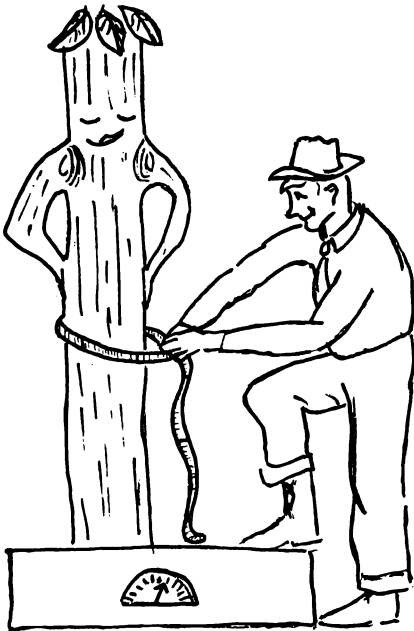
6. LOG RULE USED.

Log rules are designed to give the number of board feet of one-inch boards which can be cut from logs of various diameters and lengths. The one which comes closest to the mill tally of lumber sawed from logs is the International $\frac{1}{4}$ " Kerf Log Rule.

Two log rules in general use are the Doyle Rule and the International $\frac{1}{4}$ " Kerf Log Rule. The following table gives the board foot volume of 16-foot logs of specified diameters for each of these rules.

Top Diameter of log in inches	International ¼" Kerf Log Rule	Doyle Rule
8	40	16
12	95	64
16	180	144
20	290	256

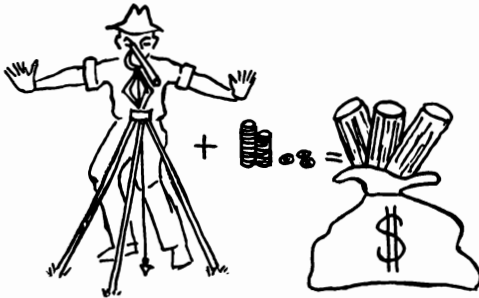
It is evident from the above table that there is considerable variation in the scale obtained from these log rules. A buyer who gives a quotation based on a Doyle Rule can offer a higher price per thousand than the buyer who uses the International ¼" Kerf Log Rule as his basis for estimating volume. The offer for the entire volume based on the Doyle Rule might be less, however, because of the lower volume estimate obtained from the Doyle Rule. For example, if a buyer offered \$20.00 per thousand board feet International Log Scale for a load of 16-foot logs, 12 inches in diameter, or \$30.00 per thousand Doyle Scale, the dollars received by the seller would be the same.



Recommendation: Know the log rule used by the buyer of your timber. Better still, have your timber marked for cutting by your service forester or a consulting forester. Consulting foresters will use the rule requested by the person for whom they are working. You can then advertise a volume of timber that will be very close to the mill tally of lumber which can be manufactured.

7. LOCATION AND TOPOGRAPHY OF YOUR WOODLANDS.

If your timber is off a main road or in an area difficult to log, logging costs will be greater for the operator and the stumpage returns less to you.



Recommendation: When a road is built into your woodlands for the first time, see that it is laid out and constructed for efficiency in logging. Also, see that it is built in such a way that it will not wash out with the first heavy rain. A small first investment in roads means higher stumpage values for later harvests. Your Soil Conservation Service farm planner can help you in road lay-out.

8. TOTAL VOLUME TO BE HARVESTED.

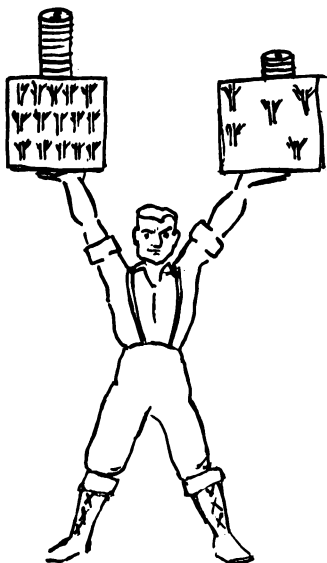
If you have only a small acreage or your stand needs only a thinning, the operator has to move his logging equipment and perhaps his mill for a small cut. It costs him as much to move his equipment for a small cut as for a large one. He cannot usually pay as much per thousand for a small volume as he can for a large volume.



Recommendation: Don't expect as much per unit for a small volume as for a large one. On the other hand, in the average farm woodland a well-managed stand with good growing stock should yield a profitable cut every five years or so.

9. VOLUME PER ACRE TO BE HARVESTED.

Small volumes per acre may be somewhat more expensive to log, especially where the operator must build his own roads through the woodland. Where there are existing roads in the woodland, logging costs should not be an important factor.



Recommendation: If you have a small volume of low grade trees per acre, the stumpage price may be reduced. On the other hand, low volume per acre should not reduce the price of quality timber. Aim to make occasional harvest cuts of high quality material. Also, develop a good road system in your woods. From then on, volume per acre, as well as volume to be harvested, should not affect the stumpage price.

10. MARKET CONDITIONS.

When the demand for timber is down, prices are lower and consequently stumpage has a lower value.



Recommendation: Don't sell when the market is down unless you must have the money. Growing trees continue to make more money, and at a faster rate, if they are left to grow to maturity.

Summary

Quality timber of species for which there is a demand always brings a premium price, even in small volumes. Your woodland can usually grow premium sawlogs and veneer logs if you treat your timber as a crop. Improve it to produce straight, sound trees of good species. Thin it when necessary for faster growth. Build a good road into it which will make repeated harvests more profitable. Consult your Extension Agent, Agriculture or service forester if you need advice or help.

BEFORE YOU SELL YOUR TIMBER

1. Know your timber boundaries.
2. Get a timberland examination and a recommendation for management from a forester. See your Extension Agent for details.
3. Have your timber marked and the volume estimated before you sell it. These services are provided by your service foresters. You may also hire a consulting forester to do the job.
4. Consider doing your own logging, especially in a thinning or pulpwood operation. The returns from your labor can be up to three times as much as for the stumpage alone.
5. Don't sell your timber by the boundary. You sell wheat by the bushel, beef by the hundred-weight. Know how many cords or thousands of board feet of timber you can harvest before you sell.
6. Get two or more bids for your timber. Timber on bid almost always goes higher than timber sold on first offer. Be sure also to get bids from efficient operators who are turning out quality products.
7. Have a written sales contract, specifying the amount of timber to be cut, location, terms of sale and cutting rules, time limit sale is to run, and other specific details.

**FOR FURTHER INFORMATION SEE YOUR EXTENSION
AGENT**

OR

SERVICE FORESTER