



Matre Forestry Consulting, Inc.

2/13/2020

Dear Matre Forestry Newsletter Subscribers,

I believe it has been the busiest January we have ever had. Lots of people are looking for land, all of the rain has increased demand and prices for accessible timber, and all of the rain has made logging, burning, and tree planting difficult. So needless to say, we are wide open, and we are blessed every day to do what we do.

We are so busy, and we know you are two, so I am going to try to keep this newsletter short and sweet, yet informative.

In this Matre Forestry Newsletter issue:

1. Social Media
2. Matre Forestry selected for the 2020 class of the Bulldog 100
3. Guest article on Opportunity Zones: *New Opportunity? The Opportunity Zone Program, Part of the New Tax Law, Offers Tax Incentives That Could Impact Forest Landowners*, by Chris Miller, Forester, Land Broker, and Accredited Land Consultant with American Forest Management, Charlotte, NC
4. Listing Updates and Land Market Information
5. Timber Market News
6. Management Tips

1. Social Media:

We invite you to follow us on social media, since more and more people are communicating via social media more than email these days. On Facebook and Instagram just search for Matre Forestry & Land Sales and like/follow us, and on LinkedIn search for Mike Matre and do the same. Thank you. Don't worry, we will always send out larger newsletters by email also, but some smaller and quicker notices plus interesting things we see out in the middle of nowhere may only hit our social media pages. We appreciate you helping us grow and better serve our clients by giving us a social media like.

2. Bulldog 100:

Matre Forestry was selected as a member of the 2020 class of the Bulldog 100, a UGA program recognizing the 100 fastest-growing businesses owned or operated by UGA alumni each year. We had a great time last weekend celebrating in Athens style at Sanford Stadium. We couldn't achieve our growth without our clients, and everyone else in the land and timber industry we do business with. Thank you all! Below are a few pics:



My wife Joy & I hanging with Harry.



Dean of UGA Warnell School of Forest Resources Dr. Dale Greene, myself, & Joy. Cool backstory is Dr. Greene was one of my favorite forestry professors just a "short" while ago (mid 90s).





3. Guest article on Opportunity Zones:

A hot topic lately is Opportunity Zones, and is something most of us in the land and timber business need to become more familiar with. Recently, I came across a great article on the subject: *New Opportunity? The Opportunity Zone Program, Part of the New Tax Law, Offers Tax Incentives That Could Impact Forest Landowners*, by Chris Miller, Forester, Land Broker, and Accredited Land Consultant with American Forest Management, Charlotte, NC. We appreciate Chris letting us include it in this newsletter, so here it is:

By Chris Miller, Land Broker, Charlotte, NC

There has been much attention given recently to the Qualified Opportunity Zone Program in the 2017 Tax Cuts and Jobs Act. Opportunity Zones are tax incentives to encourage those with capital gains to invest in low income and undercapitalized communities. The intent of the program is to encourage investment into areas where investors normally would not invest. Any corporation or individual with capital gains can qualify. This program potentially provides benefits to investors in three ways:

1. Temporary deferral of taxes on previously earned capital gains. Investors can place their capital gains into qualified opportunity funds. Those gains are not taxed until the end of 2026 (sunset of the program unless it is renewed) or when
2. the asset is sold.
3. For capital gains that are placed into a qualified opportunity fund and remain in the fund for at least 5 years, the investors basis in the original investment increases by 10%. If the capital gains stay in the fund for 7 years, the investor's basis in the original investment increases by 15%.
4. Potential for permanent exclusion of taxable income on new gains or appreciation of the asset. If an investment stays in a qualified opportunity fund for at least 10 years, investors pay no taxes on any capital gains produced through their investment in the qualified opportunity fund.

The opportunity funds can finance a broad variety of activities and projects. The focus

is on creating businesses that create jobs. Examples include industrial and commercial real estate, housing, infrastructure, and improvement/expansion of existing business or start-up businesses. For any real estate project to qualify it must result in the substantial improvement of the property.

The zones or areas where investments can be placed are designated by US census block in each state. The governors of each state nominated the zones and they were officially designated by the US Department of the Treasury. You can view the location of the zones in each state at this website: <https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx>. In general, the zones are located in distressed communities.

Investors can create their own qualified opportunity fund by self-certifying the fund with IRS or they can invest into an existing qualified opportunity fund with others. The fund must hold at least 90% of the assets in the qualified opportunity zone property. To defer a gain, the investor has 180 days from the date of sale of the appreciated asset to invest the gain into a qualified opportunity zone fund. The interesting way this program differs from a Section 1031 exchange is the investor can re-invest only the capital gain from the sale into the fund, not the entire proceeds from the sale as required for a 1031 exchange. The qualified fund then invests into the qualified property.

So how can this potentially help forest landowners? This is not a program to invest gains into timberland or farmland solely for the purpose of passively growing timber or a crop. However, many landowners likely own land that is within qualified opportunity zone areas and there may be potential for some of that land to be sold into qualified funds for higher uses and values above timberland. In fact, properties located within Opportunity Zones have seen some appreciation in value and marketability already. There may be opportunity for landowners to create or expand businesses that support their forestry/ farming operations. They may be opportunities to create forest product businesses that utilize resources from the landowner's property. There may be opportunities for investment into logging and trucking businesses that the industry desperately needs in many of the timber producing regions. Finally, the program may be a way for landowners to re-invest capital gains realized in the sale of timber from their property or the sale of tracts of land they hold in a tax effective way.

One major success story of the legislation has been the reopening of a shuttered sawmill in Vicksburg, Mississippi. In fact, the President invited Roy James, the Plant Manager of Vicksburg Forest Products, to attend his 2019 State of the Union address to highlight the success of the legislation. The hardwood sawmill mill was previously called the Anderson-Tully mill and was closed. Roy James, a 26-year veteran of the company and the vice president of operations at the mill at that time, lost his job along with many others when the mill closed. The area was designated a qualified opportunity zone under the Tax Cuts and Jobs Act and a new investor purchased and re-tooled the mill, re-opening it as a southern pine sawmill using this new program. Mr. James was rehired by the new mill owner along with 100 others.

This legislation is new and is evolving rapidly. The purpose of this article is make forest landowners aware of this new program and spur thought into its possibilities. I am not a tax advisor and none of the information contained herein should be interpreted as professional advice. I encourage you to investigate the possibilities in your area with the help of your tax and legal advisors. Our trees often grow in areas considered "undercapitalized communities." Perhaps there is an opportunity in the Opportunity Zone Program for forest landowners as well.

This article originally appeared in the January/February 2020 issue of Forest Landowner Magazine.

[Click here for an interactive Interactive Opportunity Zone Map](#)

4. Listing Updates and Land Market Information:

The land market is active. I believe we have had the busiest January we have ever had, with lots of serious land shoppers looking. We have several of our listings under contract, and several of our buyer broker deals under contract, and deals in the making.

In this hyper political world we live in as of late, some are doubting the "Trump Economy". Well, in our little world of land brokerage and forestry consulting in Georgia and Alabama, it is hot. And yes, markets correct, they always do, but with the momentum we are seeing, I believe a correction is further away than most may think. We could deep dive into all kinds of economic indicators and market data, but the unemployment rate of under 4% really says it all. Right now, essentially anyone who is willing and able to work can get a job, and that says a lot, and according to government statistics, over 96% are working - and that folks, makes a healthy economy.

To view our exclusive listings, please see <https://www.matreforestry.com/properties.html> . If you are in the land market and these listings do not fit your needs, we invite you to let us know your search criteria, because we may be able to find what you want and/or need. If you would like to sell land, contact us anytime to discuss. If we are not able to assist you, we may know who can. With recent increased activity, we do need new listings.

Featured Listings:

[1408 Acres +/-; Stewart County Georgia;](#) Tracts 1 2 & 3 Combined for large contiguous acres of prime hunting and productive timber; Southwest Georgia Land for Sale; Excellent hunting and timber property; large contiguous acres, timber, ponds, creeks, fields, 50x100' steel frame shelter, stables, fencing, power, well, septic,gas line; WILL DIVIDE; SEE TRACTS 1 2 & 3; \$2,459,900 for all; \$1747 per acre for all; Contact Mike Matre 229-869-1111 or mike@matreforestry.com ; AVAILABLE NEW LISTING

[328 Acres+/-; Talbot County Georgia;](#) West Georgia Land for Sale northeast of Columbus GA, Prime recreational timber tract with +/-7.4 acre lake, significant timber, lake house, additional house ideal for guest or overseer, creeks, lake, excellent road network, very private, would make an excellent family legacy property; \$939,000, \$2,863 per acre; Contact Mike Matre 229-869-1111 or mike@matreforestry.com ; AVAILABLE

No Sold at Auction/Sealed Bid Sale - BRING OFFERS!

[1548 Acres +/-; Harris County Georgia;](#) West Georgia Land for Sale; Excellent Higher and Better Use (HBU) Timberland, all mature hardwood and pine timber;; Contact Mike Matre 229-869-1111 or mike@matreforestry.com ; CALL FOR PRICE

[320 Acres+/-; Harris County Georgia;](#) Consists of +/-121 acre Tract 1 and +/-199 acre

Tract 2; West Georgia Land for Sale just north of Columbus GA, Higher and Better Use (HBU), timber, timberland, hunting land, creeks, lake, residential development potential, investment ideal for permanent Conservation Easement; on Turntime Branch; will divide; Contact Mike Matre 229-869-1111 or mike@matreforestry.com ; CALL FOR PRICE

Note: We cooperate with buyer brokers

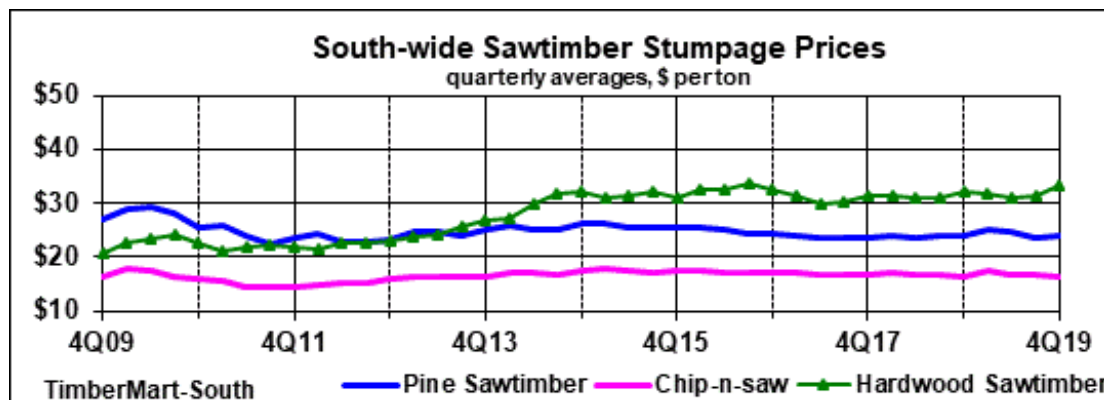
5. Timber Market News

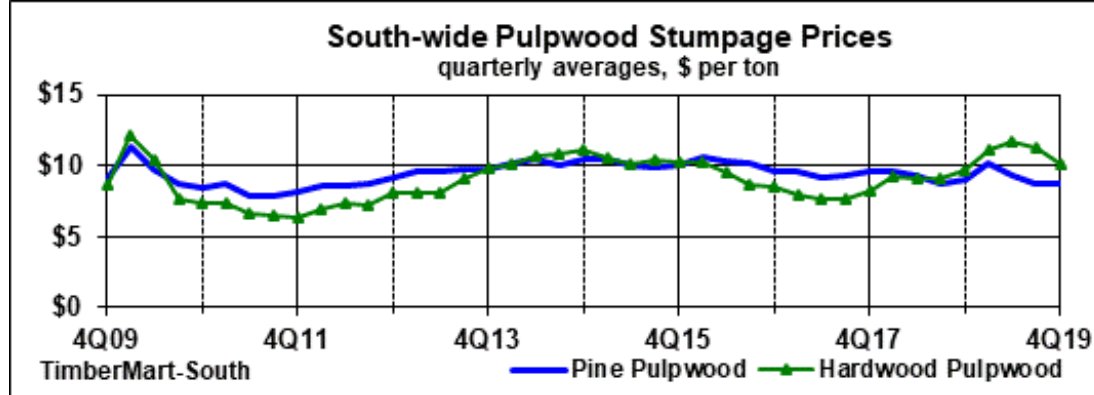
It is the same ol' weather song and dance in the timber market. The droughty end to the summer of 2019 really put a hurting on the timber market just as we were rebounding from Hurricane Michael. Now, we are so wet prices have climbed back up for sites that can be logged now, which does not help most properties and landowners. Site degradation such as from rutting and severe compaction can occur from logging in excessively wet conditions, making a few extra dollars per ton not worth it.

The new GP sawmill in Albany has gotten off to a slower start than expected, but is taking some wood, and the number of loads is expected to gradually increase until they reach full production. Elsewhere in the pine markets for most all products and southeast US locations, there is still an abundant (might as well say over) supply of pine fiber and logs, so significant pine price increases are not expected in the near term. We quit making long term predictions, lol (as the cool kids used to say and now dorky old people are saying). It would not surprise me if pine prices long term follow inflation, but timber prices could be somewhat plateaued until the oversupply of pine is churned through.

In the hardwood market, the trade war with China has hurt log prices, especially grade oak. Now we have the Coronavirus that is starting to negatively affect the economy in China and that region, which the world will feel also. In the long run, I believe better trade deals will be beneficial to American timber, agriculture, and other industries. Hopefully, the Coronavirus will settle down soon and hopefully some vaccines will be available soon, and not just for economic reasons, but first for humanity reasons. We pray for all of those directly and indirectly affected by this virus.

The southern US timber price graphs below are compliments of <http://timbermart-south.com/>, which Matre Forestry subscribes to. *Disclaimer: Timber prices vary greatly from one micro market to the next.*





6. Management Tips

Reforestation: While 2019/21 tree planting is in full swing, believe it or not, it is time to start planning for the 2020/21 reforestation season.

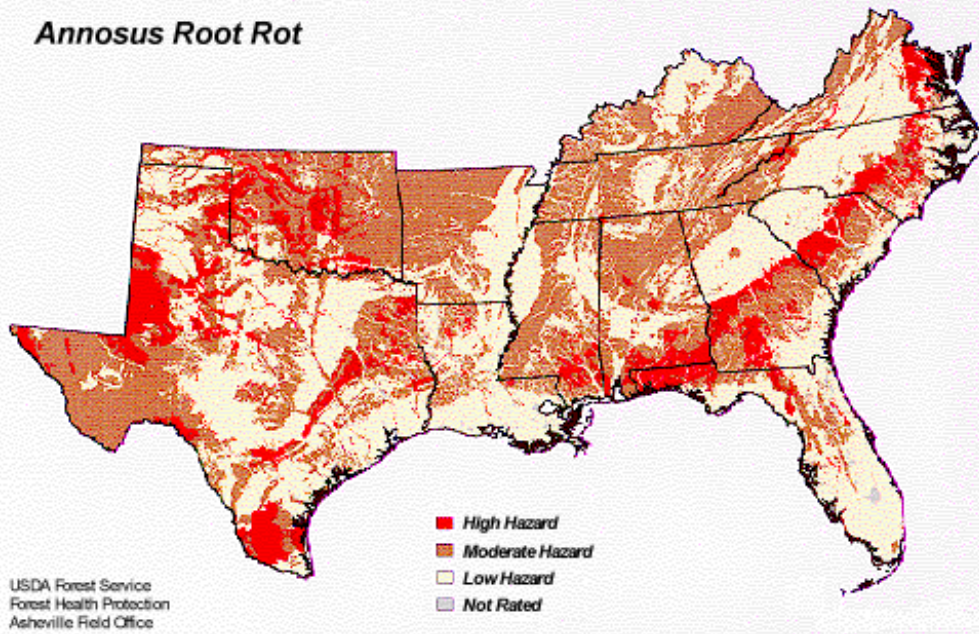
Burning: The frequent rains are making burning difficult, but if you try hard, it may not be too late to get some burning done this year. We like to have risky burns done in dormant season (winter), such as stands with heavier fuel load and stands with desirable hardwood. Pine stands with lighter fuel load, such as stands that are regularly burned, can be burned into spring, just watch for turkey and quail nesting. There are some that do summer burning, but be very very careful, as burning too hot in summer can put a hurtin' on your pines for sure.

Wildlife Management Driven Timber Thinnings: For those very serious about wildlife management, spring and early summer is a great time to get some thinnings done. Again, just watch for turkey and quail nesting. Spring and early summer thinnings give plenty of remaining summer for "green up" of ground cover for wildlife browse, bedding, and escape cover.

Thinnings on High Risk Root Rot Sites: Plan to thin high risk root rot sites in spring and summer. One rule of thumb is thin when average daily temperature is 80 degrees or higher, because the windblown spores do not survive in high temperatures. Alternatively, thin in winter and treat stumps with borax. And, avoid thinning in wet conditions.

Higher root rot risks sites tend to be sandier soils. On the map below you can see the higher risk sites following the sand hill regions across most of the southeast. To gauge root rot activity for a particular site, we look at nearby stands. If we have conditions for root rot such as sandier soils, and we are seeing a high rate of pine mortality in the area, it's a red flag. If we have conditions for root rot such as sandier soils but the general area is generally free from out of the ordinary pine mortality, we are a little less concerned about root rot. Keep in mind that high rates of pine mortality can be a result of other factors, such as drought stress followed by increased beetle activity, which we are seeing now on most any soil types and most any location in the southwest and west Georgia area.

Annosus Root Rot



We strive to provide an informative newsletter for those interested in timberland and hunting land and farmland investments, land and timber and agriculture market news and data, land management, and wildlife and habitat management, and related current events. If you were forwarded this email, we hope you will subscribe. We keep our subscriber list confidential and will not share or sell our list, and we will not bombard your inbox with frequent emails. We send our larger newsletter out occasionally throughout the year, and occasionally we send out short email blasts to inform our subscribers of available properties, available hunting leases, and share important current event news that affects the land and timber markets. You can unsubscribe at anytime. Please forward to a friend. We welcome your feedback, and guest writers. God bless.

Sincerely,

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