

Matre Forestry Consulting, Inc.  
Newsletter  
August 12, 2016  
from the desk of Mike Matre, ACF, ALC



Established in 1999, Matre Forestry Consulting, Inc. of Albany, Georgia is a full service forestry consulting company and real estate brokerage. On behalf of our clients, our services include timber sales & management, land sales and acquisitions, timber inventories/cruising, appraisals, marking, prescribed burning, reforestation, GPS & GIS mapping, investment & market analysis, contract forestry services, wildlife habitat improvement, and hunting plantation development.

Featured Article: Woodland Security - Trust, but Verify!



Also, in this issue, land & timber market commentary, useful seasonal management recommendations, and Matre Forestry land listing highlights.

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## What's New at Matre Forestry

It has been a hot summer, but that is nothing new in the beautiful south. We are looking forward to fall. Just a few things about fall and winter that gets us excited (in no particular order): football, hunting, camping, better timber markets, increased land transactions - ah yeah!

Office Space Available: Matre Forestry has an office space available for a professional, in the best location in Albany GA. Contact Mike Matre if interested at 229-869-1111. We are not mass marketing this space, but putting it out word of mouth, so we decided to share it with our newsletter subscribers.

## Featured Article: Woodland Security - Trust but Verify

Woodland Security is a critical topic for all involved in the timber industry, from the landowners all the way to the mills. It is in everyone's best interest that everything is on the up and up, because that is what will foster a healthy timber industry, and healthy forest. The focus of this article is per ton timber sales, but Woodland Security encompasses the whole cycle of forest management:

- Reforestation: For example, if you pay for certain herbicides at a certain rate and certain seedlings at a specified trees per acre, it must be verified that the job is done to specifications.
- Timber and Land Improvements: Whether it be fertilization, burning, road work, pond building, etc., it takes dealing with reputable people plus supervision to make sure the job is done correctly and billed appropriately. You may receive a bill for 30 hours dozer work, but was 30 hours of work really done? If you deal with reputable folks and inspect well, the bill should be accurate.
- Timber Sales: Lump Sum sales where timber is paid for up front works great for some timber sales, but not for others. Many sales, such as thinnings, lend themselves to per unit

(ton) sales to maximize your bottom line, as long as the wood is properly merchandised and all loads are accounted for and paid for.

- Posting & Gating Property: To reduce the risk of accidental or on purpose timber trespass where a logger crosses the property line, as well as poaching and dumping, post and gate your property. Here is one idea for a sign:



Above: That is one way to post your property!

Regarding day to day management, such as reforestation and other projects, request and check vendor/contractor references, and stop in randomly and frequently for project inspections.

Regarding timber sales, which is the focus of this article, most timber buyers and loggers are God fearing honest business people who want to be in the business long term, and to achieve that end, those that fit that description do not steal. Although thieves are the minority, they are lurking and they are slick, so beware. Just google "timber theft" and read about some of the horror stories. A good woodland security system will not only deter theft, but it will minimize accidental clerical errors that do happen more often than theft.

As mentioned earlier, some timber sales are better sold per ton, especially thinnings, but also less desirable sales, hard to inventory sales, sales that must be cut quickly, difficult sales, etc. Per ton

sales are a great sale method in many instances, and the key is to sell to reputable buyers, then trust, and verify.

Sadly, many seller's lack in the verify department, because with most timber sales once a load of timber is loaded and hauled away, it could easily be gone baby gone, unless that load can be identified and traced back to the landowner on the highway and all of the way to the mill scalehouse. And the only way to identify a load of wood and trace it back to the property it came from is to have either a security ticket attached to the load, or a unique painted ID# on the load. The system used can be simple or sophisticated. Something as simple as writing basic load data such as tract/timber sale ID, loader name, trailer and truck ID, product, destination, date, and time on an index card with a unique woodland security load # number for each ticket, and painting the load # on the side of the load on the bark and/or butt of a tree on the load can suffice. Or, you can get fancy with very expensive handheld computers that print out tickets at the ramp and communicate with the office via cellular or satellite every time a load is recorded, and even have the log trucks GPS equipped. Granted, such a sophisticated system is not affordable for most timber sellers, and most loggers have enough on their plates to deal with that type of system.

No matter how simple or sophisticated you do get with your woodland security timber system, it should identify the load all the way to the mill, and a load should never leave the ramp without the identification on the load. Also, the logger should also be maintaining his own load record so that he is keeping two records, yours and his. Whenever you inspect the logging, which should be as often as you can and at random unannounced times, pick up your filled out tickets and keep them somewhere safe. When your timber settlement comes in, reconcile the buyer's settlement with your filled out load tickets for the settlement time period to make sure every load is properly accounted for and paid for.

The system we use is a 3 stubbed ticket, where the 1st stub stays in our load book until we pick those stubs up, the 2nd stub is stapled to the load, and the 3rd ticket is stapled to the mill scale ticket, which is mailed back to us with the weekly settlement. This system not only deters theft, but also catches clerical errors sometimes made by the timber buyer when preparing settlements. Sometimes we find a load not accounted for, and occasionally we have found loads paid to us that should've been paid to another seller. We are very pleased with our system, and we have never had a buyer object to using our woodland security ticket system (we would not sell to a buyer that objected). Some buyers have commented that our woodland security tickets makes settling our timber sales easier because of the extra paper trail, and one timber company used our system as a template to design their own internal woodland security tickets, because yes, timber buyers and mills need to deter theft also.





Above: The above ticket is load number 77 from Matre Forestry timber sale # 1062. With that little bit of information, we can go back to our load book to determine tract, buyer, logger, who loaded it, product, date, time, driver/trailer ID, destination, etc.. And if needed, we can even go to the mill and look at pictures of that load at the scale house (if too much time has not passed since delivery). The handwritten Load # 33 refers to the loggers load record, as it was his 33rd load for that week, and it was the 77th load for the entire sale.

Another measure of security some foresters are implementing are cameras, mainly retail wildlife cameras. For those who really want to rely on imagery for woodland security, it is probably worthwhile to consider purchasing higher quality commercial surveillance cameras rather than consumer grade wildlife cameras. We have talked to one consulting forester that has had some success with time lapse photography, where he has situated a camera overlooking a ramp and with the time lapse, he can not only see loads leaving and coming, but also see the loader merchandizing and loading trucks. While camera surveillance is intriguing, it is not economically feasible to do correctly for most timber sales, and we are comfortable simply dealing with trustworthy timber buyers, frequent inspections at random times, and woodland security load ticket systems. Most firms using sophisticated camera surveillance are timber security specialist that are hired to investigate suspected timber theft, or hired to randomly audit contractors.



Above: Some foresters are using retail wildlife cameras or more expensive commercial surveillance cameras for enhance their woodland security efforts.

Photo credit: <http://prohunters.net/>

[www.matreforestry.com](http://www.matreforestry.com)

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But load accountability is not the only concern in a per ton timber sale. Product utilization is critical. We consider it timber theft to utilize a tree as a lower valued product that meets the specifications of a higher valued product, unless the landowner has granted permission to downgrade due to quotas for certain products. We have had certain circumstances where a market dried up for a particular product, and a landowner agreed to have trees utilized as a lower valued product to get the sale completed quickly. For example, some years ago, we sold timber for a quail plantation in the spring and they wanted it cut immediately so that the ground cover could greenup during the summer. At that particular time, there was very tight quota for young pine sawtimber and we were selling a couple of hundred loads of it, so the landowner gave the logger permission to merchandize some of the young sawtimber as pulpwood to get the sale completed quicker, because his ground cover for quail was more important than the timber money. Anyway, the point is, not only should your woodland security efforts focus on accounting for every load of wood, it must be verified that the various products are properly utilized.

In conclusion, in all matters regarding managing timberland and selling timber, deal with trustworthy people, trust, and verify!.

If you suspect you are the victim of timber theft, call the Georgia Forestry Commission at 1-800-GA TREES (428-7337) to talk with a forestry investigator. For great tips on selling timber, see the following pamphlet produced by the Georgia Forestry Commission is a great resource:



# Selling Your Timber



A timber sale is a serious matter requiring careful preparation. The results of many years of past timber growth are at stake, and the condition of the forest after the sale profoundly affects its productivity for many years to come.

## Basics to Consider

*Your best interest should be the top priority of anyone you hire to assist in your timber sale. They should fully disclose and resolve any existing or potential conflicts of interest.*

### 1. Hire a Registered Consulting Forester to Help With the Planning and Sale of Your Timber

Selling timber can be a source of great satisfaction to a landowner. It may also be surprising, frustrating and stressful, especially for landowners who conduct timber sales infrequently.

Relying on the expertise of a registered consulting forester for help with harvest planning and timber sales reduces the likelihood that sellers or buyers will be caught off guard - and that helps landowners get the highest return for their timber.

Georgia laws require individuals practicing forestry to be registered with the state as foresters. To find a registered consulting forester, visit the Georgia Forestry Commission's website at [www.GaTrees.org](http://www.GaTrees.org) or the Association of Consulting Foresters at [www.acf-foresters.org](http://www.acf-foresters.org). To confirm that an individual is registered, check the Georgia State Board of Registration for Foresters at [www.sos.state.ga.us](http://www.sos.state.ga.us).

### 2. Develop a Forest Management Plan

Properly managed forests yield more timber, have a higher net present value, suffer fewer environmental impacts and provide richer wildlife habitat than non-managed forests.

Forest management plans are also required for third-party certification, including the American Tree Farm System (ATFS), Sustainable Forestry Initiative (SFI), Forest Stewardship Council (FSC) and future markets, such as woody biomass and carbon sequestration. These plans are the first pieces of evidence federal, state and local regulators examine to determine silvicultural exemptions.

### 3. Plan the Pre-Harvest

Pre-harvest planning ensures that your forest management objectives and goals are not

If profit is your primary objective, avoid the temptation to make a "quick sale." Think about what you are going to do, and don't be pressured into making a decision. Using the competitive bid process can maximize your profits.

compromised. It reduces opportunities for misunderstandings between you and the buyer and/or logger, helps ensure the harvest will maximize financial returns for all parties, protects water quality and maintains or enhances forest productivity. Reforestation alternatives should also be planned prior to timber harvests to ensure that the specific harvest methods used complement long-term forest management goals.

Clearly marking sale boundary lines helps ensure that loggers don't cut non-designated trees or trespass on neighbors' property.

The use of USGS topographic and NRCS county soil survey maps are valuable tools that identify streams, existing roads, property boundaries, steep grades, road access, wet areas and soils that can be easily damaged during the logging process. The use of these maps also helps in planning the best time of year to harvest, and the potential location of logging decks, stream crossings, culverts and temporary roads. Areas adjacent to streams should be clearly designated as Streamside Management Zones, where timber harvesting should be controlled or avoided.

All of the items identified during pre-harvest planning should be written in a pre-harvest plan that includes a map of the timber sale area. Before harvesting begins, you or your representative should conduct an on-the-ground meeting with the buyer and logger to review the pre-harvest plan.

Potential consequences of not having a pre-harvest plan include time and money spent on unintended problems, degraded post-harvest forest and soil conditions, illegal activities, declining water quality, excessive forest land impacted by skidding, trees more susceptible to disease and insect damage, reduced regeneration of seedlings and stunted sapling growth.

## Tax Implications

Competent tax advice should be sought well before a sale. It is recommended that prior to making the sale, you contact your CPA for clarification of the current tax laws.

There are also various sources of information that you can access on the Internet. The Georgia Cooperative Extension System, [my-forest.com](http://my-forest.com), the U.S. Forest Service Cooperative Forestry, and the National Timber Tax websites provide tax information that may help you better understand the tax implications of selling your timber.

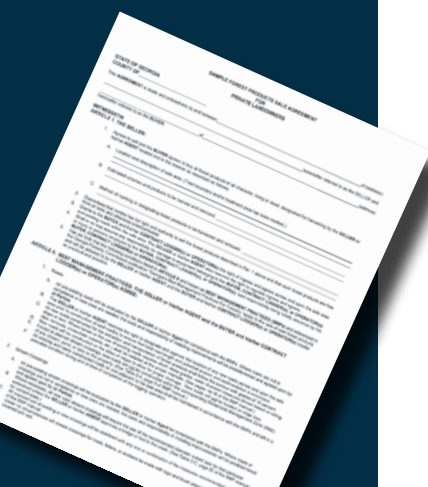
Those sites are:

- [www.caes.uga.edu/extension/anr](http://www.caes.uga.edu/extension/anr)
- [www.my-forest.com](http://www.my-forest.com)
- [www.fs.fed.us/spf/coop/](http://www.fs.fed.us/spf/coop/)
- [www.timbertax.org](http://www.timbertax.org)



Properly managed forests yield more timber, have a higher net present value, suffer fewer environmental impacts, and enhance wildlife habitat more than non-managed forests.

You should always check with a registered consulting forester when drafting a timber sale contract.



Sample contracts are available on our website at [www.gatrees.org](http://www.gatrees.org), under the "Forest Management" menu.

Whether you're dealing directly or indirectly with a timber buyer, wood supplier, logger, registered forester or consultant, you should always request references, experience, applicable licenses and certifications.



## 4. Determine a Selling Method

Timber is generally sold by one of two methods: negotiation or sealed bid. You should seek the advice of your registered consulting forester to determine which method best achieves your harvesting objectives.

- **Negotiated sales** involve face-to-face bargaining between you (the seller) and the buyer. The negotiated sale is used more frequently for specialty products such as high-value hardwoods, in which there are typically few bidders. These sales usually involve selling timber by the unit; in Georgia, the unit is calculated by the ton for each species and product class (pine pulpwood, hardwood sawtimber, etc.). A price per ton is negotiated for each species and product class. A timber cruise by a registered consulting forester to determine the species, volume and current market price for each product class is critical to knowing what you are selling.
- **Sealed bid sales** require that prospective buyers submit confidential lump-sum offers in writing for your timber. Generally, the sealed bid method returns the highest dollar value to you, the landowner, especially if you are unfamiliar with local markets. Payment is typically made in full at the time of sale, unless installment payments are preferred for tax purposes. Contracts should be signed and executed, and performance bonds may be considered. Landowners are required to pay county ad valorem taxes on timber sales.

Whichever sale method is chosen, always confirm the buyer is a current Georgia Master Timber Harvester (MTH). A trained MTH ensures that trees are effectively harvested and merchandised in a manner that fully utilizes Best Management Practices (BMPs). This is particularly important as more emphasis is placed on protecting and enhancing water quality. It is a good idea to take time to know the prospective logger by asking for references, business experience and whether they have completed MTH training. You or your agent can verify that your buyer has attended Georgia's MTH course by visiting <http://ga-mth.forestry.uga.edu/db>.

## 5. Have a Contract

A written contract is essential and will reduce unwanted surprises for you and your buyer and/or logger. Preparing

Preparing a contract encourages forethought and planning, which will minimize difficulties and ensure that the transaction meets your expectations.

a contract encourages forethought and planning, which minimizes difficulties and ensures that the transaction meets your expectations. A contract is not a substitute for good faith and fair dealing between parties; it is a framework in which good faith and fair dealing operate in an orderly and effective manner. The following items should be included in a timber sale contract:

### Timber Description

- **An Accurate Legal Description:**  
State the exact location and legal description of the timber sale area.
- **Certified Wood Products**  
Landowners who participate in forest certification systems should consider including a contract clause or attachment listing the certification numbers or documentation associated with the harvested timber. This provides additional confirmation of participation in the certification program.

### The Type of Harvest

Specify the type of harvest you desire. If the timber is marked, explain how it's marked. For example, if you are making a seed tree cut, you may specify that all trees banded with blue paint 4-1/2 feet above ground (Diameter at Breast Height, DBH) are seed trees and will not be cut or damaged. If you are thinning or using a select cut, you may want to designate the trees to be cut with one paint spot above DBH and another below the stump height. If you are doing an operator-select harvest, specify selection guidelines in the contract.

### Payment, Damage Clauses and Penalties

The following are provisions to consider including in a timber sale contract. Be aware that some restrictions placed on harvesting may lower the price prospective buyers are willing to pay for your timber. Be reasonable in your expectations.

- **Selling Timber on a Lump-Sum Basis:**

*(A lump-sum sale is the outright sale of standing timber for a fixed dollar amount agreed upon in advance. The sale price is not a function of the volume cut.)* If you are selling your timber on a lump-sum basis, specify that you desire payment in full at the time of contract execution; or if you are deferring payment, the exact date(s) you expect payment.





As important as it is, the contract is only one of many issues that needs to be considered when the decision to sell timber is being made. The following concerns should have a bearing on the content within the contract:

• **Selling Timber on a Per-Ton Basis:**

*(A per-ton price is determined in advance, but the amount of timber to be harvested is not. Sorting logs into highest-value products is critical to maximizing profit.)* If selling on a per-ton basis, specify the payment per unit for each species and product, as well as timing of payments. Payment is typically based on weight at first point of delivery. Landowners should receive a copy of each scale ticket (required by OCGA 12-6-23\*). The contract should also specify that the buyer provides a complete accounting of all harvested species and products by delivery point. This should include any harvesting of logging residues for biomass energy purposes and should detail the specifications of each product in the contract, such as minimum top and butt diameter, minimum length, etc.

• **Time Period for Cutting Timber:**

Timber cutting is typically completed within 12 to 24 months of contract signing. Provisions can be made for extensions, but details and timing should be defined. There is usually a cost to the buyer for an extension, and you may consider the value of additional growth if the buyer holds for longer than 12 months.

• **Changes to Your Land or Remaining Timber:**

A certain degree of aesthetic change should be expected. You may want to visit a comparable site that has been recently harvested by your chosen logger. You may also want to state your expectations, such as no more than a maximum number of trees per acre having visible skidding damage, or the expected condition of roads after harvesting is complete.

• **Access Restrictions:**

Specify any restrictions you have for ingress and egress to your property. For example, if you do not want the logger to use a certain entrance to your property, such as through your pasture or beside your house, specify this requirement in the contract.

• **If You are Making a Partial Cut:**

Include a penalty for cutting or damaging non-designated trees. If you specify in the contract a dollar value per merchantable tree volume for the cutting of non-designated trees, future problems may be more easily resolved. The customary penalty for such damage is double or triple the stumpage rate.

• **Removing Canopy or Overstory:**

If you intend to remove a canopy or overstory to allow growth in the future stand, you should likewise specify a penalty for failure to cut designated trees.

• **Logging Notification:**

Agree on when logging can begin and ask to be notified prior to the logger moving on the sale site.

**Logging Clauses**

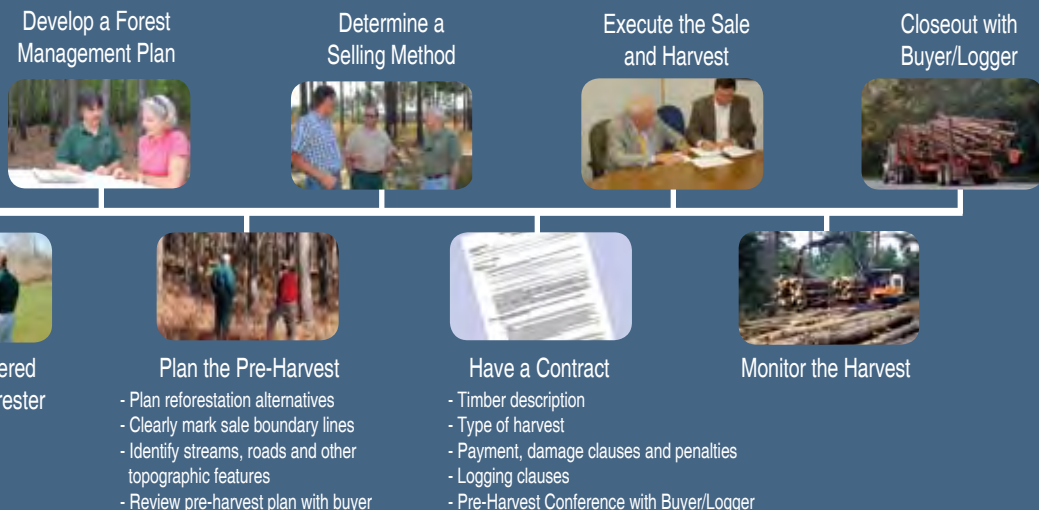
• **Method of Logging:**

To minimize damage to your residual stand during a thinning operation, you may specify a certain method of logging be used, such as a forwarding system instead of tree-length skidding.

1. Do you have a clear title for the timber being sold?
2. Have you established your tax basis for the land and timber you plan to sell to claim your capital gains treatment?
3. What are the market conditions for the products being sold or retained?
4. How will the sale be marketed to receive the best price or the best job?
5. Will there be any environmental issues (i.e. cemeteries, wetland management or threatened & endangered species) involved in the sale area?
6. How will the sale area be accessed? You would not want large equipment utilizing trails or traveling on property outside the sale area.
7. Site preparation and reforestation options.

These topics are not all inclusive but show why pre-harvest planning is important.

**Timber Sale Timeline**



Develop a Forest Management Plan



Determine a Selling Method



Execute the Sale and Harvest



Closeout with Buyer/Logger

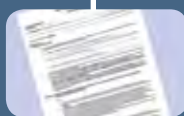


Hire a Registered Consulting Forester



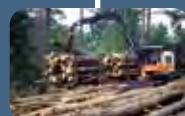
Plan the Pre-Harvest

- Plan reforestation alternatives
- Clearly mark sale boundary lines
- Identify streams, roads and other topographic features
- Review pre-harvest plan with buyer



Have a Contract

- Timber description
- Type of harvest
- Payment, damage clauses and penalties
- Logging clauses
- Pre-Harvest Conference with Buyer/Logger



Monitor the Harvest



## Monitor the Harvest Operation

Check the logging operation on a regular basis to ensure contract requirements are being met. Always require as part of pay-per-unit sales that you are provided with a full accounting of what's being harvested. This information should be provided to you by the buyer. The frequency with which you receive this information is up to you, but it's recommended that it be provided on a regular time schedule, i.e. weekly, monthly, etc.

Record-keeping on per-unit sales:

- Load number
- County and state of origin
- Landowner's name
- Date and time
- Scale ticket number
- Species and product
- Destination
- Purchaser

### Acknowledgements:

- Dr. Richard Brinker, Auburn University
- Alabama Cooperative Extension System
- Arkansas Forestry Commission
- Association of Consulting Foresters
- North Carolina Department of Forest Resources
- Cornell Cooperative Extension
- Steve Nix, About.com Guide
- USDA Forest Service, Cooperative Forestry
- [www.forestry.alabama.gov](http://www.forestry.alabama.gov)
- [www.GaTrees.org](http://www.GaTrees.org)

- **Road Maintenance and Skid Trail Layout:**  
If you want roads maintained to a minimum standard, refer to that standard in the contract. A typical requirement is to "return roads to as good or better condition than before logging occurred." Address your expectations for repair of fences or other special places that may be damaged during the harvesting operation.
- **Reduce the Possibilities for Water Pollution:**  
Specify that all logging should be done in accordance with "Georgia's Best Management Practices (BMPs) for Forestry." For more information on BMPs, visit the GFC website at [www.GaTrees.org](http://www.GaTrees.org).
- **Stump Height and Top Diameter Harvested:**  
If stump height and top diameter harvested are important to you, then specify, in inches, the maximum stump height or top diameter allowed. If you want to easily machine-plant your next timber stand, allow a maximum stump height over which the tree planter can easily maneuver.
- **Cleanup:**  
Include a statement requiring removal of all litter and trash from the logging operation. You may also want to specify that logging debris be scattered back over the site, versus piled at the logging deck.

## 6. Execute the Sale and Harvest

- Arrange a meeting with the buyer, consultant and/or logger so that you or your representative can point out any special restrictions that you have imposed. Walk the sale site to ensure sale boundary lines and other restrictions are understood.
- Check the logging operation on a regular basis and inform the logging supervisor if you think terms of the contract are not being followed.
- Be reasonable in your expectations and assignment of damage penalties. The amount that you receive for your timber could be reduced due to excessive restrictions.

### Other Contract Provisions to Consider

- Name, address and phone contacts of buyer and logger;
- Date contract is executed;
- Declarations of the seller's ownership and right to convey (may include a title abstract and insurance);
- Clarify ownership of by-products;
- Liability and workers compensation insurance of all contractors and sub-contractors;
- Name of party responsible for paying ad valorem tax\*;
- Name of party who suffers the loss if timber is destroyed or stolen;
- Provision for or against assignment of the contract;
- Notarization of the contract;

\*OCGA 12-6-23 requires buyers to furnish the seller all load tickets on timber purchased on a per-ton basis.

- Recording of the contract at the county courthouse;
- A performance bond or deposit collected from the buyer prior to the commencement of harvesting to be held by a third party until provisions of the contract are met.

## 7. Monitor the Harvest

You or your agent should frequently inspect the harvesting operation to ensure the contract terms are being fulfilled.

When you sell on a per-ton basis, a full accounting of what was removed during the harvest should be provided by the buyer. You can designate how frequently you want the information: weekly, monthly or at the end of the sale. Per OCGA 12-6-23\*, the following information must be included on all load tickets:

- Each load of timber leaving a cutting site must be assigned a load number. Load numbers for each job site should be in numerical sequence.
- The county and state where the timber was cut.
- The landowner's name, or if multiple owners, the name of the estate where the timber is being cut.
- Date and time the product was loaded on the truck.
- The scale ticket number that corresponds to each load number, verifying delivery of individual loads of forest products.

### Additional Information You May Wish to Request

- The forest product type identified;
- Destination of the first wood-receiving facility to which the forest product is being transported;
- The name of the logging company, wood dealer or producer removing the forest product(s).

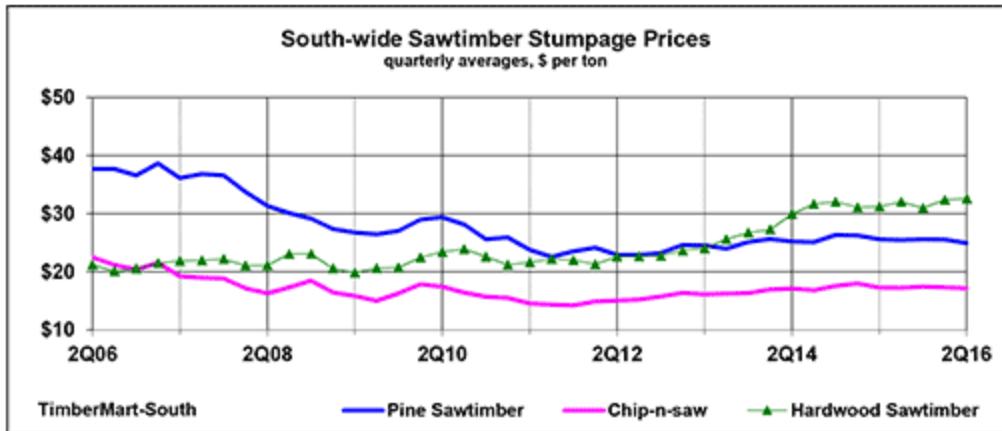
## 8. Closeout with Buyer/Logger

- A notice of completion of harvest from the buyer can be helpful, confirming the buyer considers the harvest complete and relinquishes remaining biomass back to owner.
- Review and agree on action and timing limits to address any land or timber damages related to harvesting operations.
- Address any other issues related to non-compliance of the contract.
- Ensure compliance with BMPs.
- If a performance bond was required, make sure to return it once all contract terms are met.



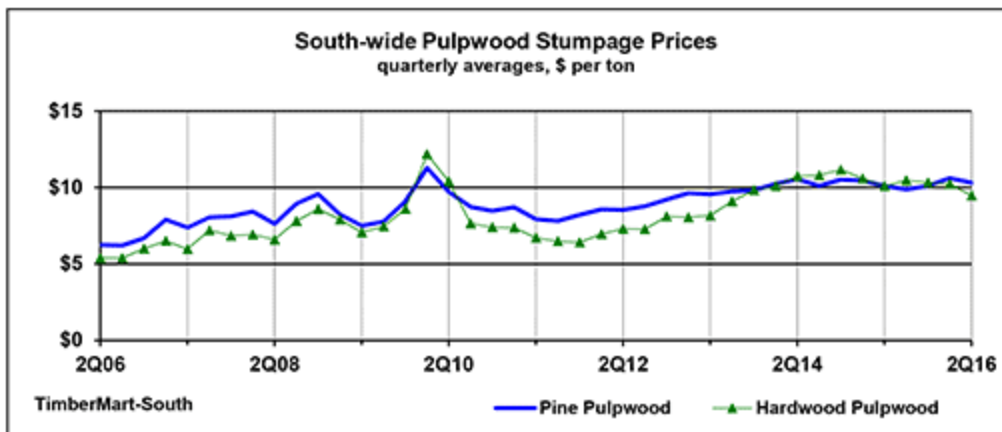
## Timber Market Commentary

\*Note: We do not disclose specific prices we receive in our newsletter, but we do provide a detailed timber market analysis for our clients before each timber sale.



Source: <http://www.timbermart-south.com/>

Comment: In our primary operating area of within +/-100 miles from Albany GA, we are seeing pine chip-n-saw prices a little higher than the southwide average. Average quality planted pine sawtimber in our area is higher as well, and premium mature pine sawtimber can bring a +-\$10 premium over the above south-wide average pine sawtimber price. Good mixed hardwood in our operating area is also bringing a premium over the southwide average.

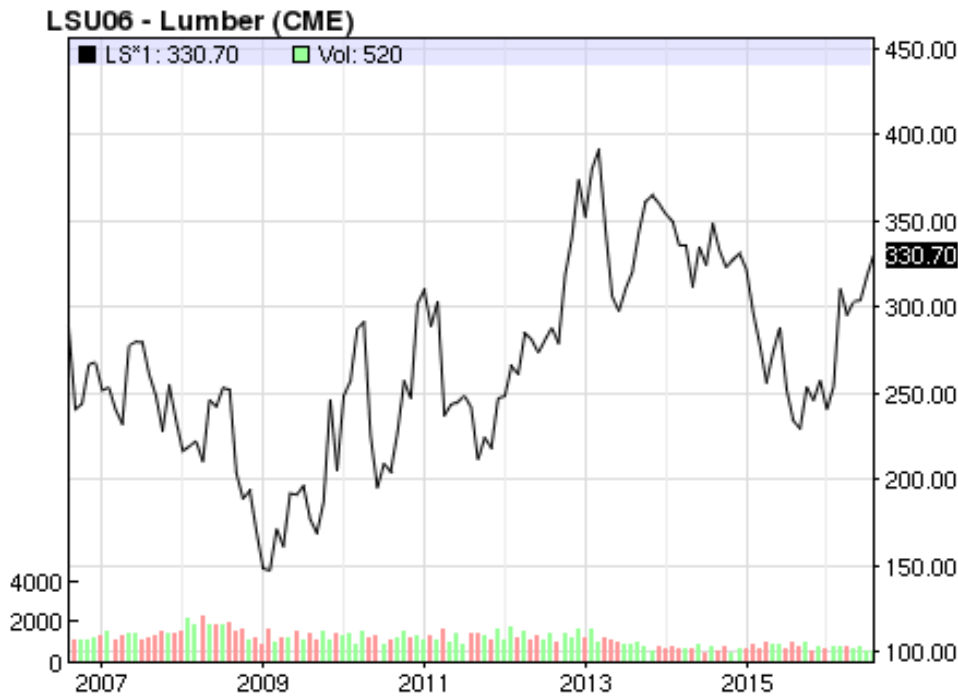


Source: [http://www.timbermart-south.com](http://www.timbermart-south.com/)

Comment: In our primary operating area of within +/-100 miles from Albany GA, for pine pulpwood we have been enjoying a significant premium over the south-wide average, but this summer pine pulpwood has declined some. Hardwood pulpwood seems to be a very finicky



product, and the price is heavily influenced by location and timing and type of sale. Small hardwood pulpwood growing underneath pines usually brings a low price, but quality hardwood pulpwood in a hardwood dominated sale usually brings a good hardwood pulpwood price. We have seen hardwood pulpwood prices comparable to the south-wide average, and well below the south-wide average. Occasionally in certain micro markets at the right time, hardwood pulpwood in our area can sell for +-\$5 over the south-wide average.



Source: <http://www.nasdaq.com>

Comment: Lumber futures are a good indication of the general lumber market, but it does not correlate well to pine sawtimber stumpage prices. Why not? The big factor is supply of pine sawtimber stumpage. In most of the south, there is a lot of standing planted pines in the sawtimber class, with owners delaying final harvest for better pine sawtimber prices. As soon as demand at sawmills picks up and delivered and stumpage prices rise, plenty of pine sawtimber hits the market, the mills fill up, and the prices trickle back down. This high supply of planted pine sawtimber stumpage has been appropriately described as a “wall of wood”. So real measurable sustained pine sawtimber price improvement won't occur until demand for lumber improves further and/or some of the “wall of wood” gets cut. In recent years, pine sawtimber harvest rates have increased, compared to +-2008 thru +-2013 when so many landowners were delaying harvests.

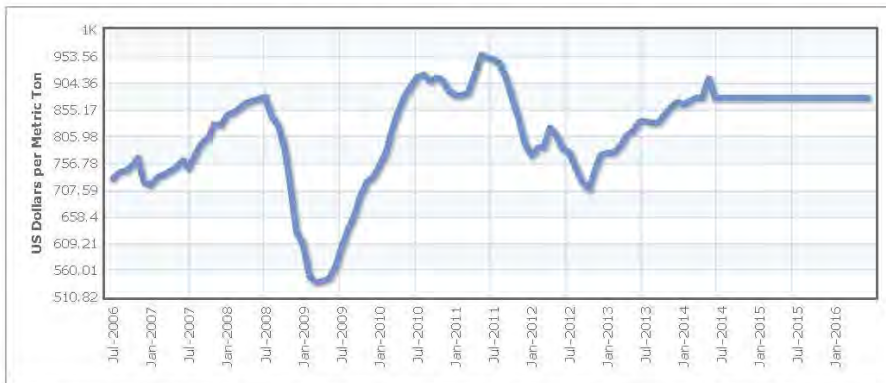
Another reason pine sawtimber stumpage prices do not correlate very closely to lumber futures is the length of the supply chain from stump to lumber. The pine sawtimber stumpage is purchased from landowners, then the timber is harvested and loaded, then the load is trucked to a mill, then the mill processes the trees into lumber. Improved lumber prices after a prolonged downturn in

the lumber market improves cash flows for mills. The cash has to be put into mill maintenance and improvements to stay competitive, make payroll, cover other overhead, and deal with government regulations. After that, cash trickles down to wood procurement to supply the mill with logs. Wood procurement has to pay loggers cut and haul rates that will allow them to cover their overhead and hopefully make some profit, and finally pay us as timber sellers a good enough price to entice us to sell. That's a lot of trickling down from end product to raw material.

**Wood Pulp Monthly Price - US Dollars per Metric Ton**

Range

6m (?commodity=wood-pulp)	1y (?commodity=wood-pulp&months=12)	5y (?commodity=wood-pulp&months=60)	10y	15y (?commodi
20y (?commodity=wood-pulp&months=240)	25y (?commodity=wood-pulp&months=300)	30y (?commodity=wood-pulp&months=360)		



**Description:** Wood pulp (Sweden), softwood, sulphate, bleached, air-dry weight, c.i.f. North Sea ports

**Unit:** US Dollars per Metric Ton

**Currency:** US Dollar

**Compare to:** Nothing

**Source:** World Bank (<http://data.worldbank.org/data-catalog/commodity-price-data>)

Source: <http://www.indexmundi.com>

Comment: Pulp market prices, like lumber, also do not correlate well to pulpwood stumpage prices. Supply of pulpwood stumpage is a huge factor, and so is weather. Wet weather slows logging production, driving up pulpwood prices. Dry weather has the opposite effect. Also, in the summer heat, mills keep less inventory on the yard.

The best example of supply is when the first round of CRP (Conservation Reserve Program) pine plantations started coming into first thinning age around +-1999, pulpwood prices plummeted by +-50% in some areas. \*Note the negative effect of the government manipulating free market enterprises with their government programs. They paid some landowners a lot of money to grow pines, which lead to dismal pulpwood prices for all landowners. Right now, thankfully there seems to be a more limited supply of pulpwood, which has pushed pulpwood prices fairly close to pine chip-n-saw prices. In some timber sales in recent years, pine pulpwood has equaled pine chip-n-saw prices.

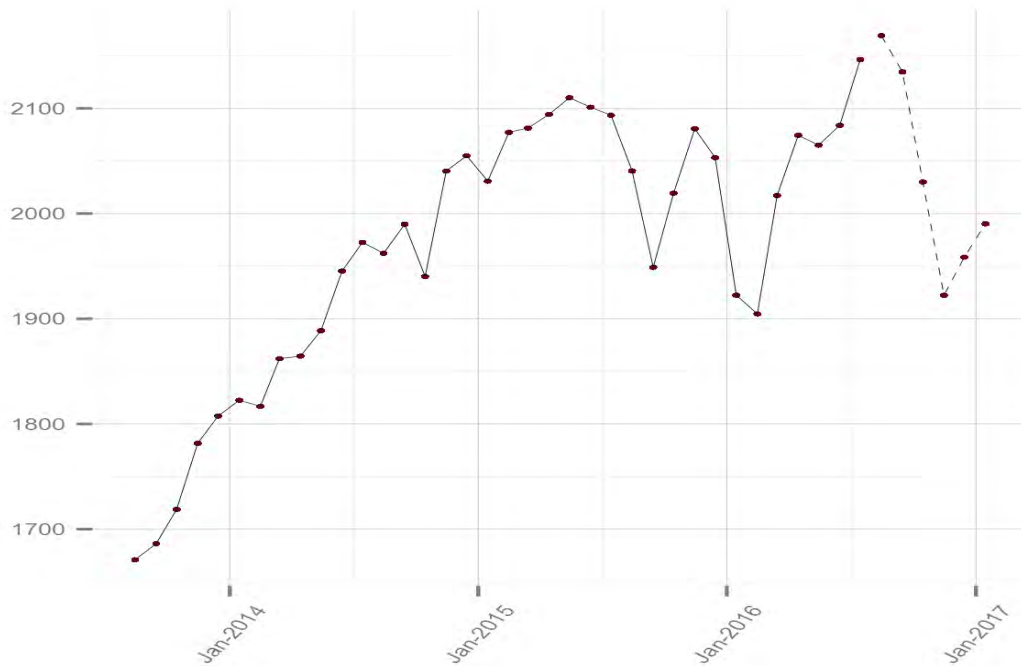
One can only wonder what effect the newer CRP longleaf program may soon have on pulpwood prices, and pine straw rental rates and prices. In our opinion, CRP longleaf will probably not have as big an affect on the pulpwood market like the CRP loblolly program did. A tremendous amount of CRP loblolly was planted over a short period of time, but not so with the CRP longleaf program.

No matter what the current and future timber market conditions are, we always recommend doing management driven timber sales such as thinnings and wildlife harvests when it needs done from a silvicultural perspective. Delaying those type harvest anticipating higher future prices usually does not payoff. Final harvest and some mature timber select harvests can be delayed or done sooner than expected according to market ups and downs, but go ahead and proceed with management driven sales and get the best price the current market can support.

## Economic Indicators

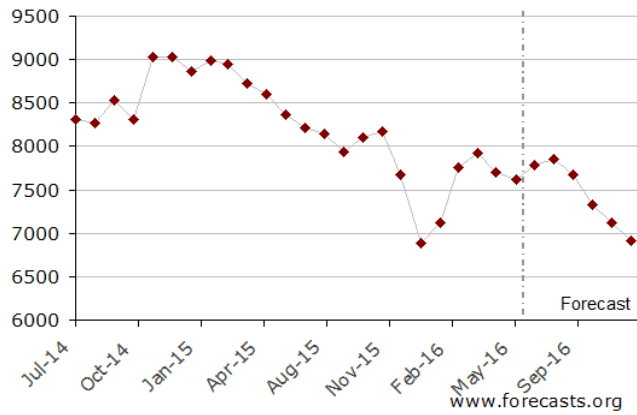
Affecting our niche of timber and land, is the overall economy. Following are some relevant key economic indicators from <http://www.forecasts.org/> .

S&P 500:

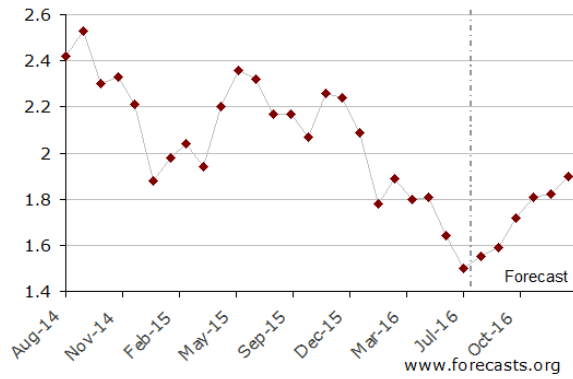




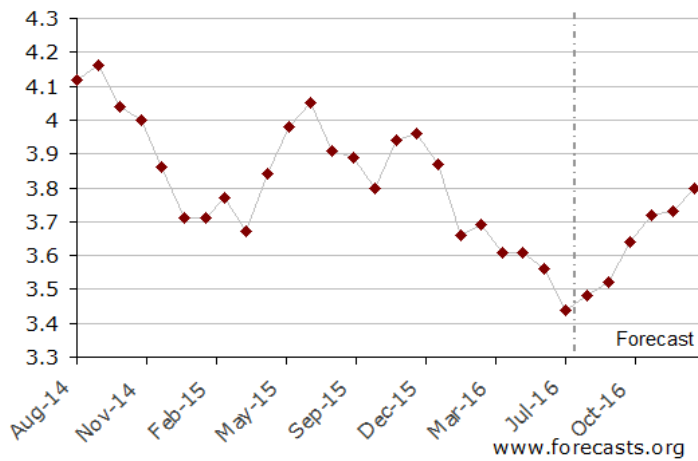
### Dow Jones Transports:



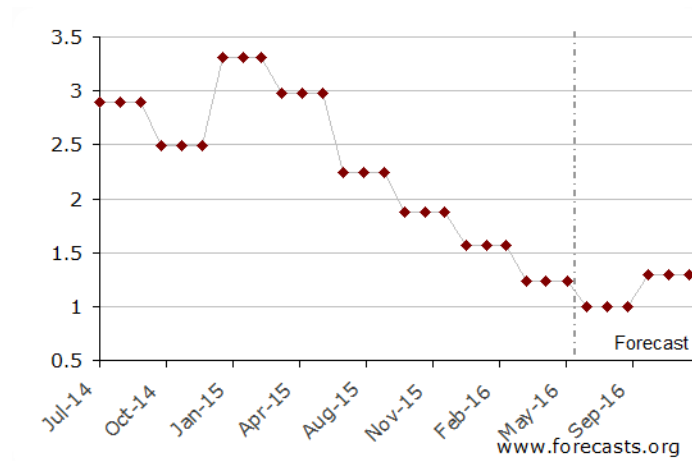
### 10 Year Treasury:



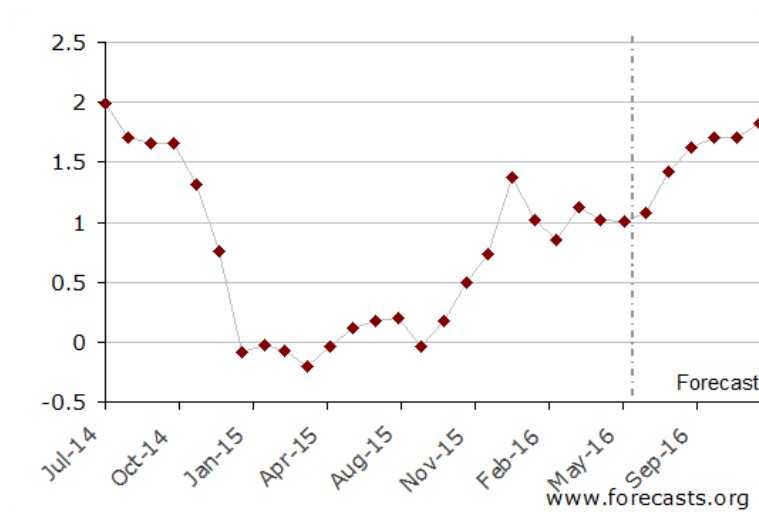
### Mortgage Rates:



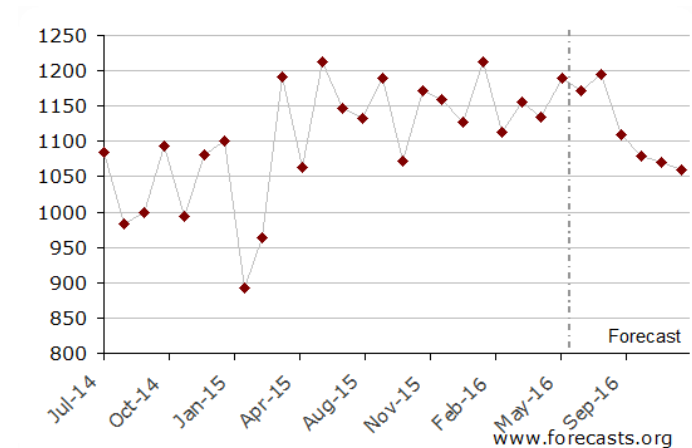
### US GDP:



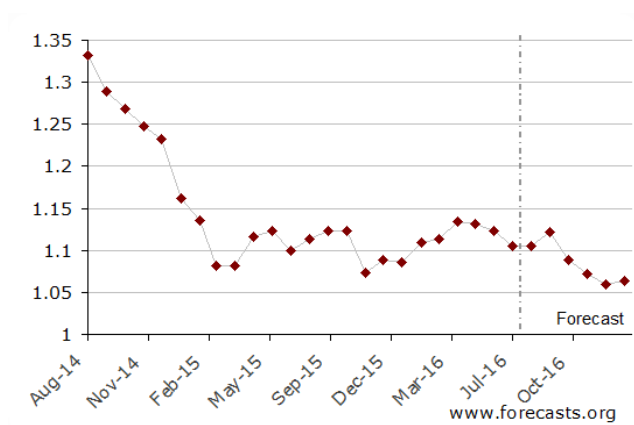
### US Inflation:



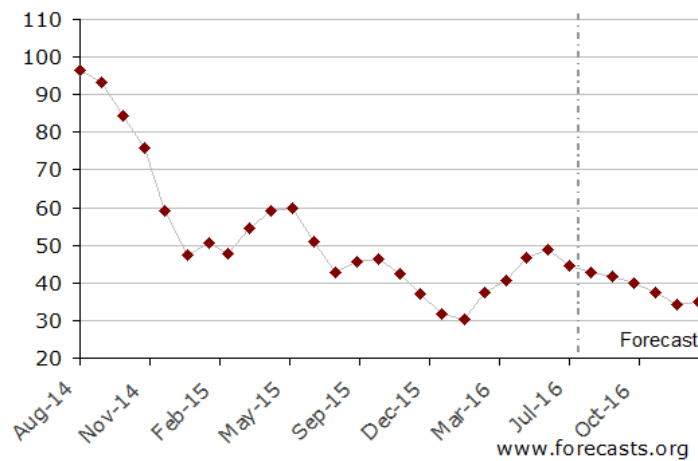
### US Housing Starts:



### Euro to Dollar:



### Crude Oil:



What do all of the previous graphs mean? Well, I look at these key economic indicators and forecasts, and use common sense to analyse the current state of the economy, society, politics, etc. And what does my analysis conclude? Investors need to move money into land! Not only can a good land investment provide good income and asset value appreciation over time, but you can enjoy land, and you can survive off of land! Contact Matre Forestry today so that we can help you find a good piece of land or a package of multiple land properties for you.



## Land Market Commentary

As has always been the case, well priced quality tracts that can demonstrate a realistic and good return on investment will sell, and can sell fairly quickly. There is money out there ready to be spent on sound land investments, especially with uncertainty in the stock market, and the odd political environment. Land investors are searching for sound land investments, but they are not easy to find. So price a tract right according to income, and sell it quickly!

What is selling slower is higher priced properties that do not provide a good measurable return on investment. The best examples are retail "recreational tracts". That is not to say you can not sell your tract at full retail price, but strap yourself in for a possible long ride. It takes patience to find the right buyer when selling a tract as a recreational property. Not only do you have to find a buyer that falls in love with your property, he has to be willing and able to pay full retail for it. Over the past year we have seen an uptick in recreational buyer activity, but has cooled off lately. Usually we get an increase in activity right before deer season, but that bump hasn't happened yet. Maybe recreational buyers are too busy following the Trump Vs Clinton fiasco.

## Matre Forestry Sold Properties

Select Matre Forestry land sales during 2nd Qtr. 2016

County	State	Acres	Price	Price per Ac	Description
Randolph	GA	48	\$85,000	\$1,771	Woodland recreation
Webster	GA	30	\$52,000	\$1,733	Woodland recreation, small creek

## Matre Forestry Exclusive Listings for Sale

Matre Forestry Exclusive Listings for Sale as of 8/11/16:

Matre Forestry Listings	County	State	Acres	Price per Ac	Total Price	Package Code	Status
<a href="#">WorthGA759</a>	Worth Turner	GA	759	\$4,611	\$3,500,000	0	Available
<a href="#">QuitmanGA390</a>	Quitman	GA	390	\$1,350	\$526,500	0	Available
<a href="#">WebsterGA368</a>	Webster	GA	368	\$1,221	\$449,023	0	Available
<a href="#">StewartGA332</a>	Stewart	GA	332	\$1,358	\$450,856	720	Available
<a href="#">TerrDougGA252</a>	Terrell Dougherty	GA	252	\$2,775	\$699,300	0	Available

<a href="#">RanTerrGA223</a>	Randolph Terrell	GA	223	\$1,995	\$444,885	0	Available
<a href="#">ChattahoocheeGA210</a>	Chattahoochee	GA	210	\$1,746	\$366,660	720	Available
<a href="#">CalhounGA205</a>	Calhoun	GA	205	\$1,900	\$389,500	513	Pending
<a href="#">StewartGA178</a>	Stewart	GA	178	\$1,548	\$275,544	720	Available
<a href="#">CalhounGA89</a>	Calhoun	GA	89	\$1,850	\$164,650	513	Available

\*Information is deemed reliable, but is not guaranteed. Offerings subject to change or withdrawal at any time.

\*Great new listing may be coming soon in Alabama! We will let you know.

\*Tracts with package code indicate a possible packaged discount.

Continued next page

## Featured Properties

Worth & Turner Counties, GA; Smoking Gun Plantation; +/-759 Acres; \$3,500,000 per Acre,  
Agent: Matre Forestry Team Listing, contact Mike Matre, Chad McGrath, or Zack Geer at  
229-639-4973. [mike@matreforestry.com](mailto:mike@matreforestry.com) or [chad@matreforestry.com](mailto:chad@matreforestry.com) or [zack@matreforestry.com](mailto:zack@matreforestry.com)  
NEW LISTING, TURNKEY QUAIL PLANTATION: See details at  
<http://www.matreforestry.com/worth-turner-ga-759.html>

- Drop dead gorgeous quail hunting preserve plus trophy deer, turkey, & bass!
- The price is all inclusive, everything from the lodge furnishings to the bird dogs included in the price.
- Currently ran as a commercial pay quail hunt operation, but would also be a perfect private shooting preserve and a great heirloom property.
- Heavily timbered

Smoking Gun Plantation Aerial:



[www.matreforestry.com](http://www.matreforestry.com)

2549 Lafayette Plaza Dr., Suite 204, Albany GA 31707  
(229) 639-4973

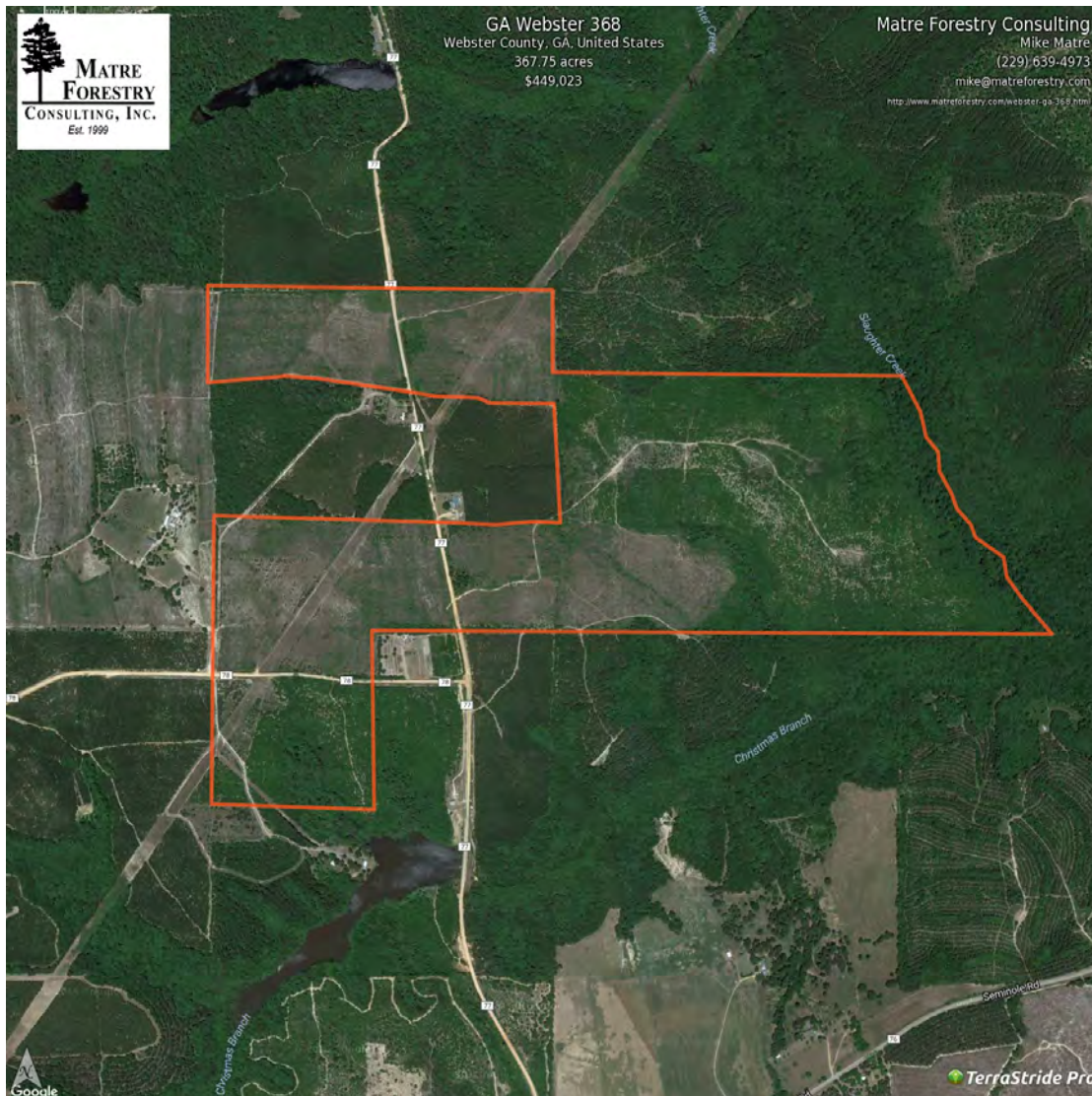


Webster County GA; +368 Acres; \$1221 per Acre, Agent: Mike Matre,  
[mike@matreforestry.com](mailto:mike@matreforestry.com) , 229-869-1111

BRAND SPANKING NEW LISTING. See <http://www.matreforestry.com/webster-ga-368.html> for the details.

- Affordable hunting land with Slaughter Creek and growing planted longleaf.
- Upland cutover that provides good thick deer cover. Leave the cutover as is for continued upland natural hardwood and some pine regeneration, or replant in pines.
- Some subdivision may be possible.
- Possible solar project property (transmission line on property and substation very nearby)

Webster 368 Aerial:



[www.matreforestry.com](http://www.matreforestry.com)

2549 Lafayette Plaza Dr., Suite 204, Albany GA 31707  
(229) 639-4973

Quitman County GA; +390 Acres; \$1350 per Acre, Agent: Chad McGrath,  
[chad@matreforestry.com](mailto:chad@matreforestry.com) , 229-881-6067

NEW LISTING. See <http://www.matreforestry.com/quitman-390-west-georgia-land-for-sale.html>  
for the details.

- Beautiful views of Lake Eufaula and beyond
- +/- 110 acres of bottomland / hardwood cove forest
- +/- 270 acres of upland recently cutover
- +/- 8 acre cultivated field
- 1.25 miles paved road frontage
- Two small beaver ponds
- Outstanding deer, duck, and turkey habitat
- 5 miles from public boat ramp on Lake Eufaula

Quitman 390 Aerial:



[www.matreforestry.com](http://www.matreforestry.com)

2549 Lafayette Plaza Dr., Suite 204, Albany GA 31707  
(229) 639-4973



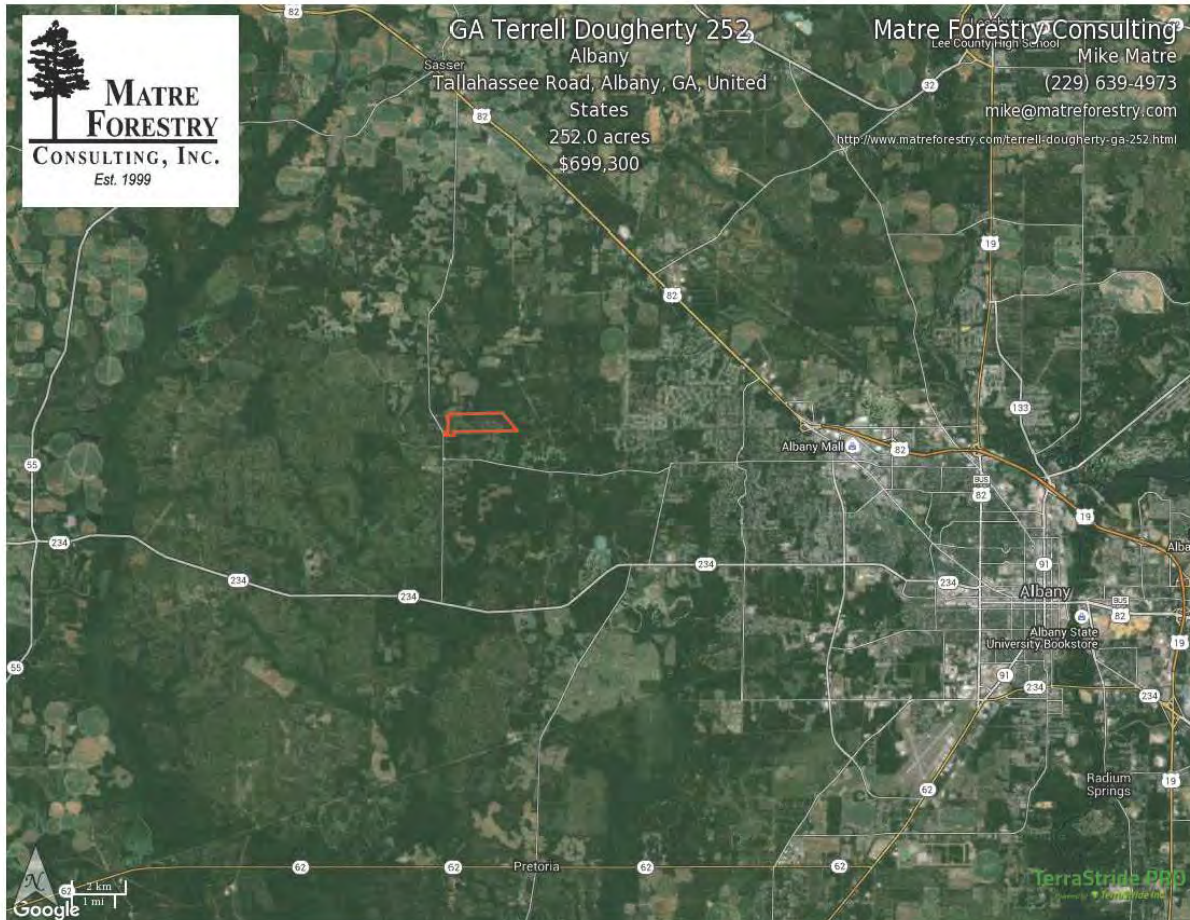
Terrell County GA; +252 Acres; \$2875 per Acre, Agent: Mike Matre, [mike@matreforestry.com](mailto:mike@matreforestry.com) 229-869-1111

Hard to find quality acreage very close to Albany GA city limit. See

<http://www.matreforestry.com/terrell-dougherty-ga-252.html> for the details.

- We are getting a lot of interest lately, and we feel like it is going to sell soon, so do not let it slip away.
- Minutes from golf courses and northwest Albany GA shopping and restaurants.
- About 14 miles, or 20 minutes, to Phoebe Putney Hospital.
- Intensively managed for timber, deer, turkey, and quail.
- Ideal for large acreage personal estate
- Ideal for future residential development.
- +6 acres is in Dougherty County GA with paved road frontage on Tallahassee Rd. +246 acres is in Terrell County GA on Kiokee Church Rd. All +252 acres is contiguous.
- Property formerly part of Ecila Plantation, which is just to the west.

Terrell 252 Aerial:



[www.matreforestry.com](http://www.matreforestry.com)

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(229) 639-4973

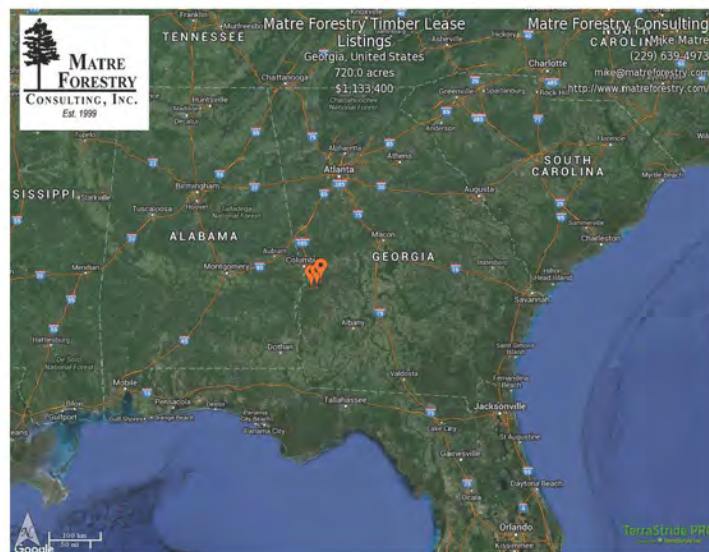
Stewart & Chattahoochee County GA; +-720 Acres in three non-contiguous tracts; \$1518 per Acre asking price for individual tracts (package discount available), Agent: Matre Forestry Team Listing, contact Mike Matre, Chad McGrath, or Zack Geer at 229-639-4973.

[mike@matreforestry.com](mailto:mike@matreforestry.com) or [chad@matreforestry.com](mailto:chad@matreforestry.com) or [zack@matreforestry.com](mailto:zack@matreforestry.com)

For the investor seeking cash yield, and/or the hunter wanting timbered hunting property with great annual income. See <http://www.landsofamerica.com/share/kBh> for the details.

- Under long-term timber lease expiring in 2035. Lease is available for review upon request.
- Lease details can not be disclosed without a signed non-disclosure agreement (NDA). Contact us and we will send you the NDA.
- At full asking price, annual cash yield exceeds +3% per year. You can opt to lease out the hunting rights, pushing cash yield to +4% at full asking price. Seller is willing to negotiate the asking price.
- Lease rate is adjusted every four years based on a major economic indicator. Lease payment history and the index history can be provided after signing the NDA.
- Tenant is responsible for all land and timber management. Unless you decide to lease out the hunting rights, you can purchase these tracts and not have to worry about any management expenses whatsoever.
- Tenant pays the property taxes through 2035.
- Tenant is a rock solid corporation that is reputable and a common household name, with an Investment Grade credit rating.
- Tenant, per the terms of the lease, must manage the land and timber in accordance with commonly accepted sound management practices, and can not leave any areas clearcut at the end of the lease.
- Commercial & Residential Real Estate Investors should give this opportunity serious consideration. With these properties under timber lease, you will not have to concern yourself with vacancy, annual lease negotiations, evictions, maintenance, deteriorating buildings, etc.

720 Aerial:



Contact Matre Forestry anytime if we can assist with land acquisition, land sales, and/or management. We want to go to work for you!

[www.matreforestry.com](http://www.matreforestry.com)

2549 Lafayette Plaza Dr., Suite 204, Albany GA 31707

(229) 639-4973



## Seasonal Timber Management Tips

We are in late summer, trying to wrap up site prep for tree planting. If you have waited until now to start reforestation, you better hurry. You may be able to get a last minute herbicide application in, but seedlings are about sold out.

Now is a good time of year to freshen up those firebreaks, and get to work on some food plots. Also, if you have a timber sale planned, it is a good time to start preparing it so you can take advantage of hopefully better timber market conditions come fall and winter.

**Root Rot:** In the past, we and many other foresters on high root rot risk areas, such as the sandhill region and other areas, have limited pine thinnings to summer time to reduce root rot risk. However, with better market prices often occurring in fall and winter, we are starting to thin more in the winter on root rot sites, but we are treating the stumps with borax. The premiums received for allowing winter time thinning and deer season thinning more than pays for the borax treatment. There is a limitation to how many acres we can treat during the winter time due to the intensity of the labor and the logistics, because the treatment must be done almost immediately after trees are cut, or at least within +/-24 hours. So, if you want to thin and treat the stumps, you have to plan early.

Fall is also a great time to conduct a timber inventory. The summer growth is complete, and the temperatures and critters (tics, skeeters, snakes, yellow flies, etc.) are becoming more bearable. It amazes us how many landowners do not have a current timber inventory on their property. I would bet most landowners know pretty darn closely their account balances and approximate value of stocks, bonds, and other traditional investments. So it is hard to understand someone not having a good estimate of their timber value, which is often one of their most valuable assets. Having a current timber inventory also can help with tax and estate planning, building a detailed timber management plan, projecting future timber cash flows, measuring investment performance over time, etc.

We appreciate your taking some time to review this issue of the Matre Forestry Newsletter, and we hope it is informative. We welcome your feedback, and your suggestions for future newsletter topics. Sign up or update your email address for our mailing list at <http://www.matreforestry.com/newsletter.html> . We send out our full newsletter approximately four times per year, and occasionally send out email blast regarding our listings, hunting leases, and important current events related to forestry and land. We keep our subscribers contact information confidential, and we will not bombard your email inbox with frequent emails.

Sincerely,

Mike Matre, ACF, ALC  
President, Matre Forestry Consulting, Inc.  
Georgia & Alabama Registered Forester  
Georgia & Alabama Licensed Real Estate Broker  
Mobile (229) 869-1111  
[mike@matreforestry.com](mailto:mike@matreforestry.com)



Established in 1999, Matre Forestry Consulting, Inc. of Albany, Georgia is a full service forestry consulting company and real estate brokerage. On behalf of our clients, our services include timber sales & management, land sales and acquisitions, timber inventories/cruising, appraisals, marking, prescribed burning, reforestation, GPS & GIS mapping, investment & market analysis, contract forestry services, wildlife habitat improvement, and hunting plantation development.