

“I Have Timber to Sell”



A Guide to Selling Timber

PA Forest Web Seminar Center
November 9, 2021

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PennState Extension

Objective

- To assist forest landowners in maximizing stewardship benefits and revenues when harvesting timber.
- NOT to make you experts.....But, to raise your awareness.
- Will still need to get professional assistance

Don't just sell your timber, MARKET IT!

Why sell timber?

- Should be based on your objectives
- The timber sale should help you achieve them

Develop a List:

- Generate revenue
- Prepare for regeneration
- Increase growth rates
- Improve stand value
- Provide wildlife habitat
- Develop access
- Salvage dead/dying trees



Decision to Harvest Should be Planned

Aspects of Plan

- Short & long term objectives
- Descriptions
- Recommendations
- Property map
- Inventory
- Schedule of activities
- Professional input



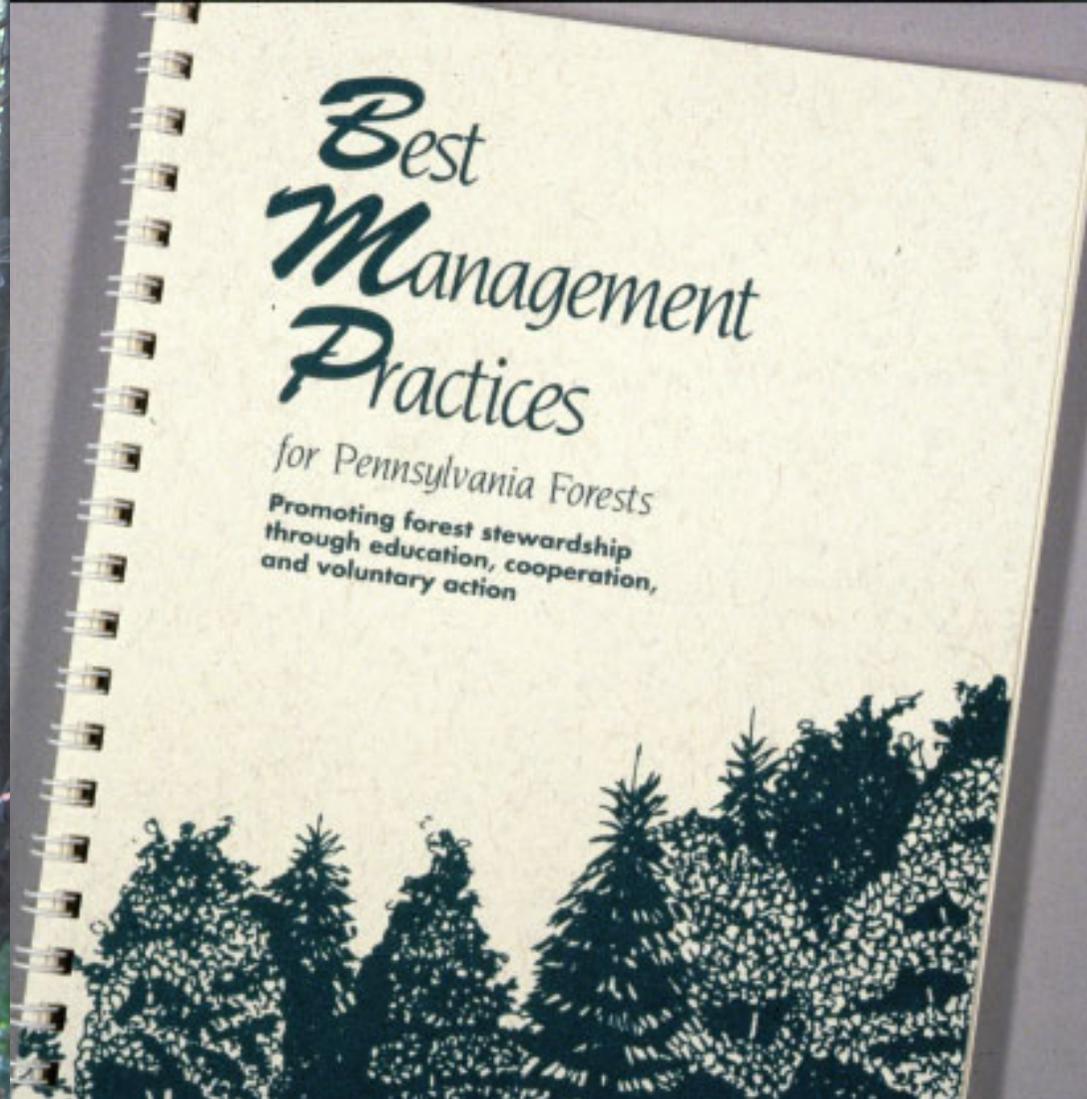
The Timber Harvest

- Not to be taken lightly
- Affects many stewardship values
- Can help you achieve your objectives

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Water





BMP's
The Minimum Standards
of "Good" Forestry

Relevant State Laws



- Department of Environmental Protection's (DEP) Chapter 102 Erosion and Sediment Control Regulations
- DEP's Chapter 105 Dam Safety and Waterway Management regulations

Wildlife



Different stages of forest growth provide habitat for different species of wildlife

Virginia Cooperative
Extension Service



Access: Roads and Trails



Sustainable Forestry

Timber sales need to be conducted
in a “sustainable” manner

“... to meet the needs of the present (**your needs**) without compromising the ability of future generations to meet their own needs ...”



Seller and buyer share this responsibility

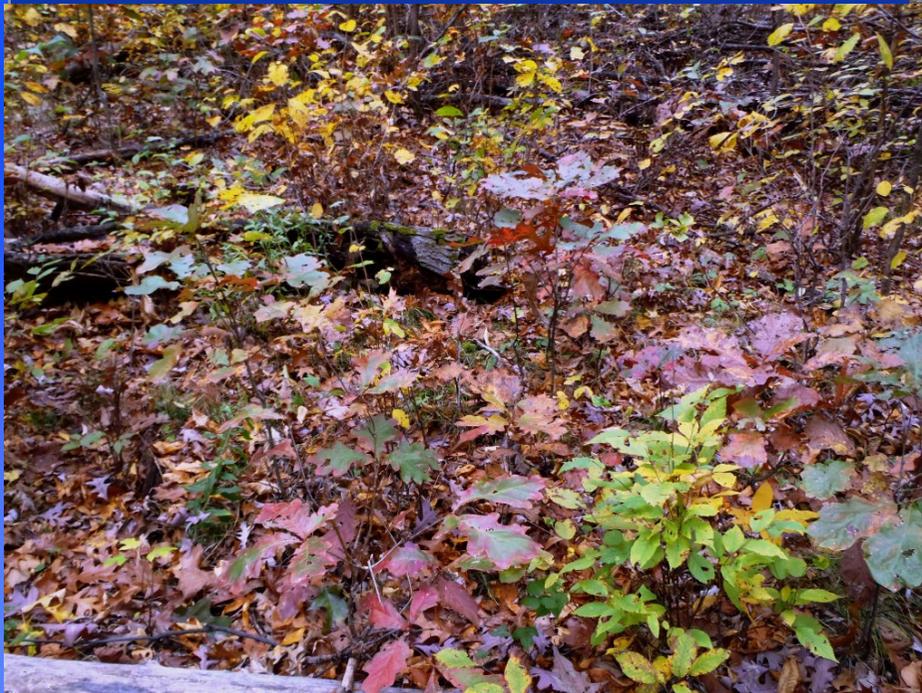
Proper Forest Management

“Silviculture”

The theory (**science**) and practice (**art**) of controlling forest establishment, composition, structure, and growth



**What Are
You Leaving?**



**Residual Trees
and/or
Regeneration**

Avoid High Grading

“Taking the best and
leaving the rest.”

Often known as:

- Select cut
- Diameter cut



High-Grading Reduces Options:

- ▣ Removes important seed sources
- ▣ Decreases long term income potential
- ▣ No consideration for:
 - Species
 - Density / Spacing
 - Quality
 - Health



IMPORTANT: Get Professional Assistance



FIND A FORESTER WHO UNDERSTANDS
YOUR OBJECTIVES AND IS ABLE TO
HELP YOU PLAN AND EXECUTE THEM

Why Hire a Forester?

- **Forest management training & experience**
- **Knowledge of local timber markets and buyers**
- **Timber appraisal**
- **Experience with loggers**
- **Sale oversight**
 - **Contract compliance**
 - **Knowledge of laws**
 - **Adherence to “Best Management Practices”**

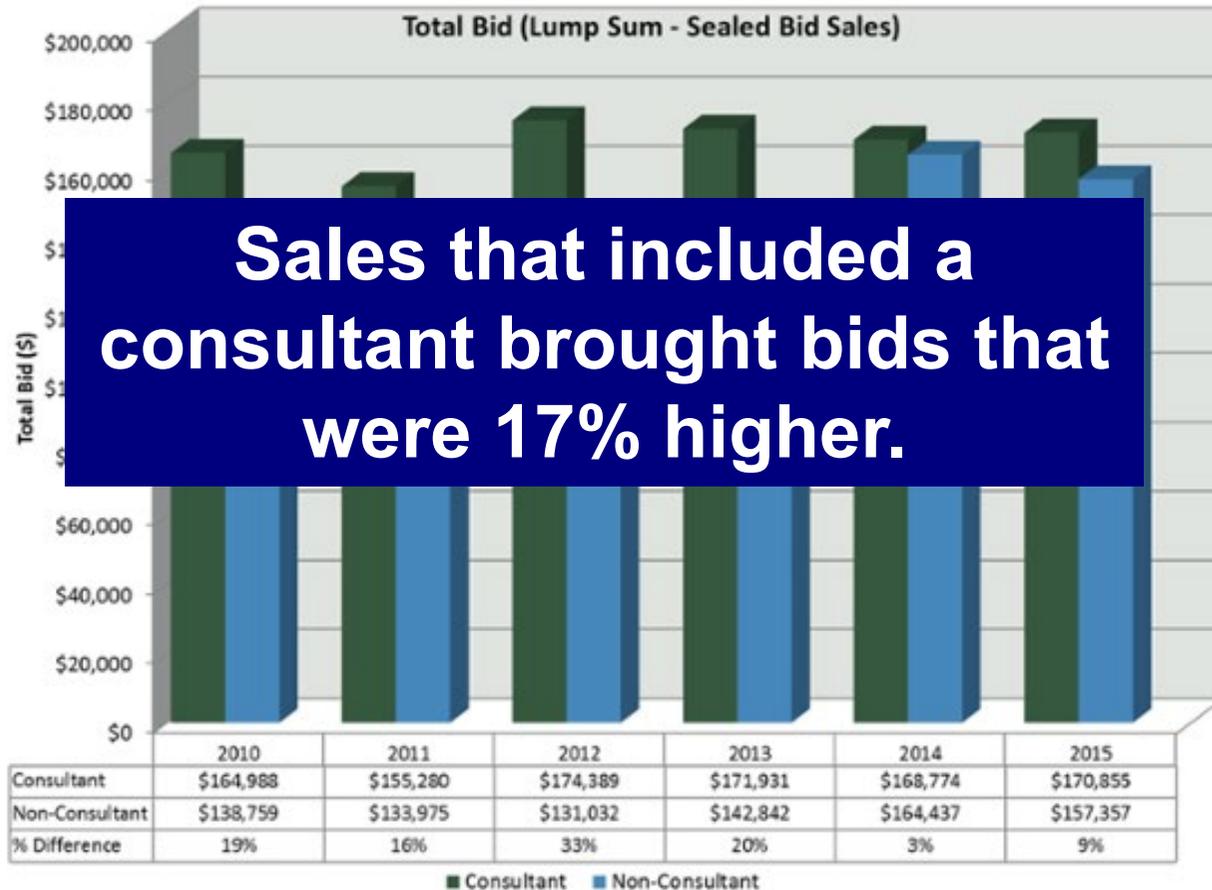


When Hiring a Forester

ASK ABOUT

- **Experience and education**
- **Professional certifications and memberships**
- **References**
 - Other woodlots managed in the area
 - Past three timber sales
- **A Written Agreement**
 - Fee structure
 - Services provided
 - Availability/Time frame

If I hire a consultant to sell my timber, will I get my money's worth?



Source:
Forest 2 Market
The Value of a Consulting
Forester
By Joe Clark
2015

The Timber Sale Process



- Define Sale Boundaries
- Determine Access
- Inventory/Appraisal
- Advertise Sale
 - Prospectus
 - Competitive Bidding
- Execute Contract
- Monitor Logging
- Close Out Sale

Properly Mark Boundaries



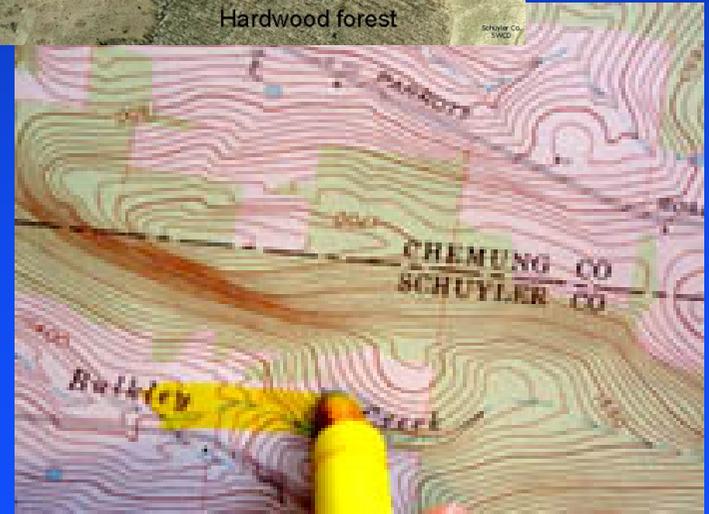
Determine Access



Site Planning Pre-Harvest Plan

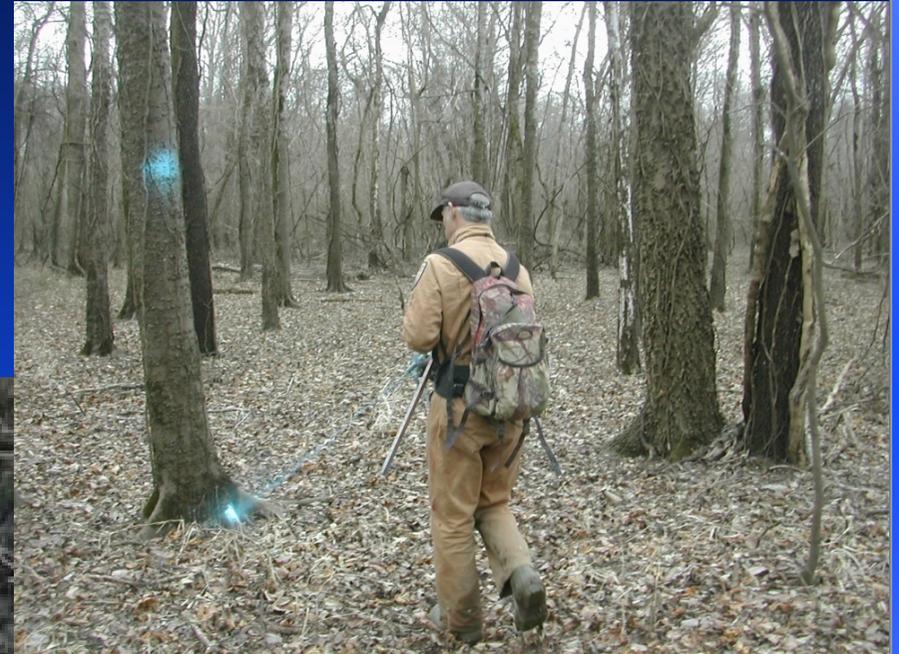
- Road and skid trail locations
- Log landings
- Streams and springs
- Steep slopes
- Soil(s) information
- Other environmental concerns
 - Wetlands
 - Rock outcrops
 - Talus slopes

Erosion and Sediment (E&S) Plan



Know What You Are Selling

Inventory and Appraisal
“Timber Cruise”



Mark Timber

Stand And Stock Table

DBH	Red Oak		Black Oak		White Oak		Chestnut Oak		Hickory	
	No.	Vol.	No.	Vol.	No.	Vol.	No.	Vol.	No.	Vol.
12							1	56		
14	1	78			1	105	2	183	1	105
16	2	360					2	360	2	316
18	8	2231	1	314	1	233	6	1455		
20	23	7907	2	644	3	992	4	1340		
22	15	7511	1	434	3	1225	9	3860		
24	30	16136			2	690	5	2177	1	441
26	29	18028	2	1056	2	1154	2	1056	1	725
28	10	6724					4	2196		
30	12	6113			1	854				
32	4	3284					1	826		
34	5	5410			1	521				
36	1	826								
Totals	140	74,608	6	2,448	14	5,774	36	13,509	5	1,587

Retain the trees YOU want to keep on your land....

- Meet your objectives for ownership
- Proper silviculture
- Wildlife considerations

Sell the trees you don't want!

**Important to not let the buyer
decide which trees you will
be left with!**



These trees were marked to keep.



Type of Sale

**Negotiated
or
Competitive Bid Sale**



**Either can be sold lump sum or
scaled product (pay as cut)**

Competitive Bid Sales Prepare a Prospectus

TIMBER SALE PROSPECTUS

Cold Brook Chance
Town of Wilmington
Washington County, Pennsylvania

TIMBER COMPANY
Corporation
RE 03278

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What is a prospectus?

- **Advertises the timber sale**
 - “Invitation to Bid”
- **Establishes what is being sold and where located**
 - Includes acres, volume tables, and map
- **Outlines the requirements of the sale**
 - Buyer’s responsibilities
 - “Terms” of Sale
 - Payment provisions (lump sum or per unit)
- **Used to generate competitive bids**

Competitive Bidding



Is it Worth It?

Competitive bids from three actual timber sales*

<u>SALE A (5 Bids)</u>	<u>SALE B (5 Bids)</u>	<u>SALE C (4 Bids)</u>
\$ 56,025	\$ 120,469	\$ 63,500
75,152	133,553	77,000
85,450	136,101	78,179
96,158	147,878	101,500
101,576	148,800	

South Central Pennsylvania

Competitive bids from three actual timber sales*

<u>SALE A (9 Bids)</u>	<u>SALE B (6 Bids)</u>	<u>SALE C (10 Bids)</u>
\$ 5,100	\$ 8,300	\$ 28,500
5,950	10,400	36,050
10,043	16,237	38,900
11,396	16,848	40,000
11,569	18,368	42,075
11,767	18,755	45,010
13,032		57,560
13,259		65,836
13,448		89,310
		105,550

*North Central Pennsylvania

Competitive bid from actual timber sale

SALE A (8 Bids)

\$ 51,000

86,643

98,282

124,500

152,000

161,650

222,950

505,910

Central Pennsylvania

A group of seven men are standing in a forest, looking towards a tree in the distance. One man in a green vest and hat is pointing towards the tree. The forest has many tall, thin trees and some green foliage. The ground is covered with dry leaves and twigs.

Showing Timber

Understanding Markets:

A photograph of a forest with many trees and a ground covered in fallen leaves. Several tree trunks have yellow markings on them.

Question:

How much would you pay for this timber?

Answer:

- What the market will bring!
- The market determines price.

“Stumpage Value”



What affects Stumpage Value?

- **Tract characteristics: size, location, accessibility**
- **Tree species, size, density, quality, end product**
- **Logging methods used or necessary**
- **Volume harvested**
- **Weather / Season**

What affects Stumpage Value?

(continued)

- **Distance to mills**
- **Sale conditions**
- **Insurance and other carrying costs**
- **Landowner requirements**
- **Buyer's needs / markets**

Price Reports

- Penn State's Timber Market Report

By Charles David Ray, Ph.D.

<https://extension.psu.edu/timber-market-report-archives>



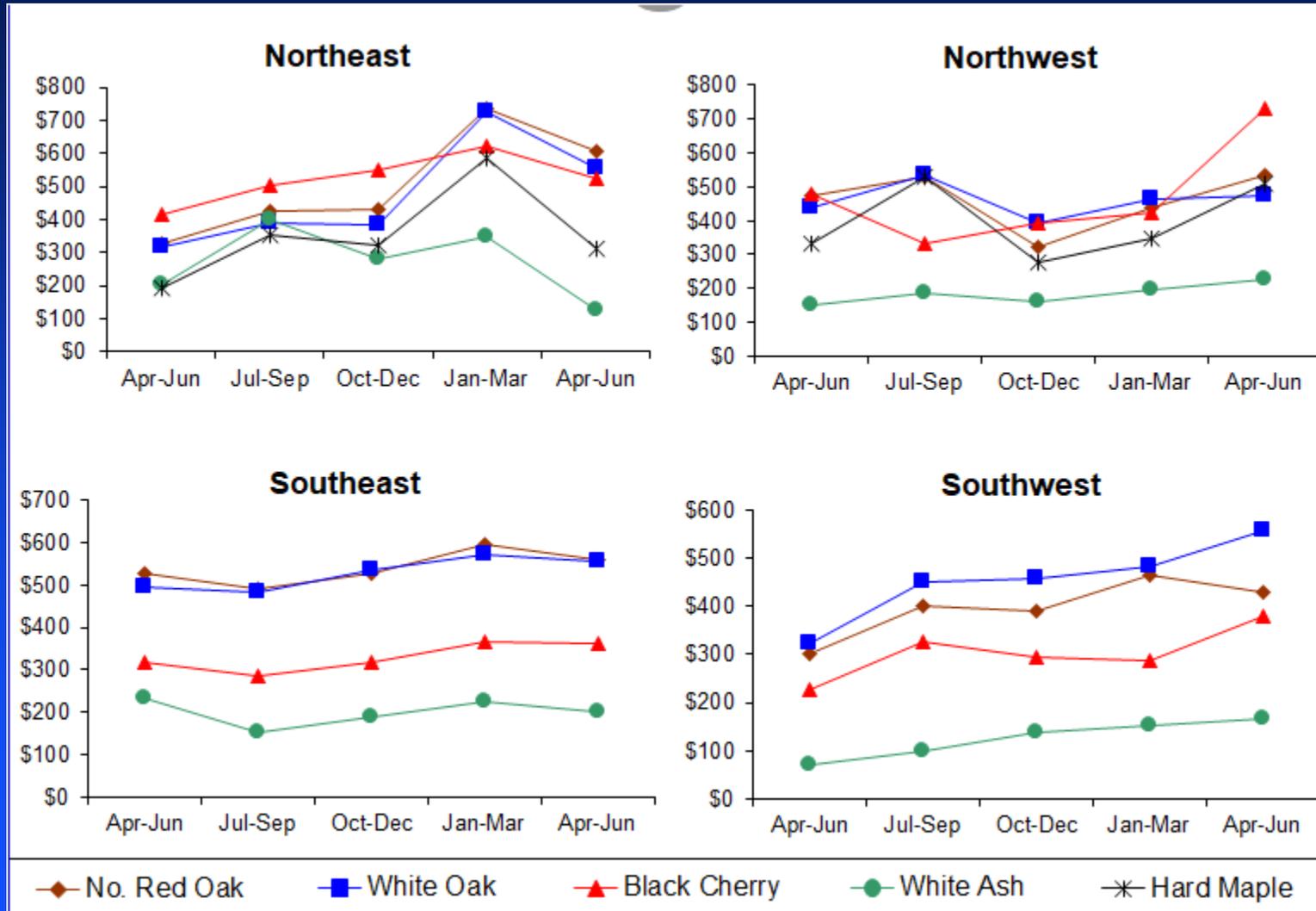
April - June 2021 Stumpage Prices

Northeast

<u>Species by Region</u>	<u>Minus 1 Std Dev</u>	<u>Average</u>	<u>Plus 1 Std Dev</u>	<u>N#</u>
Northern Red Oak	\$400	\$607	\$815	11
White Oak	\$385	\$553	\$720	10
Mixed Oak	\$329	\$448	\$566	10
Black Cherry	\$279	\$526	\$773	7
White Ash	\$24	\$125	\$226	4
Hard Maple	\$168	\$312	\$456	6
Soft Maple	\$216	\$356	\$497	13
Yellow-Poplar	\$224	\$270	\$315	2
Misc. Hardwoods	\$20	\$151	\$283	11
White Pine	\$17	\$74	\$131	6
Hemlock	\$18	\$31	\$45	4

\$ per MBF International 1/4"

Price Trends



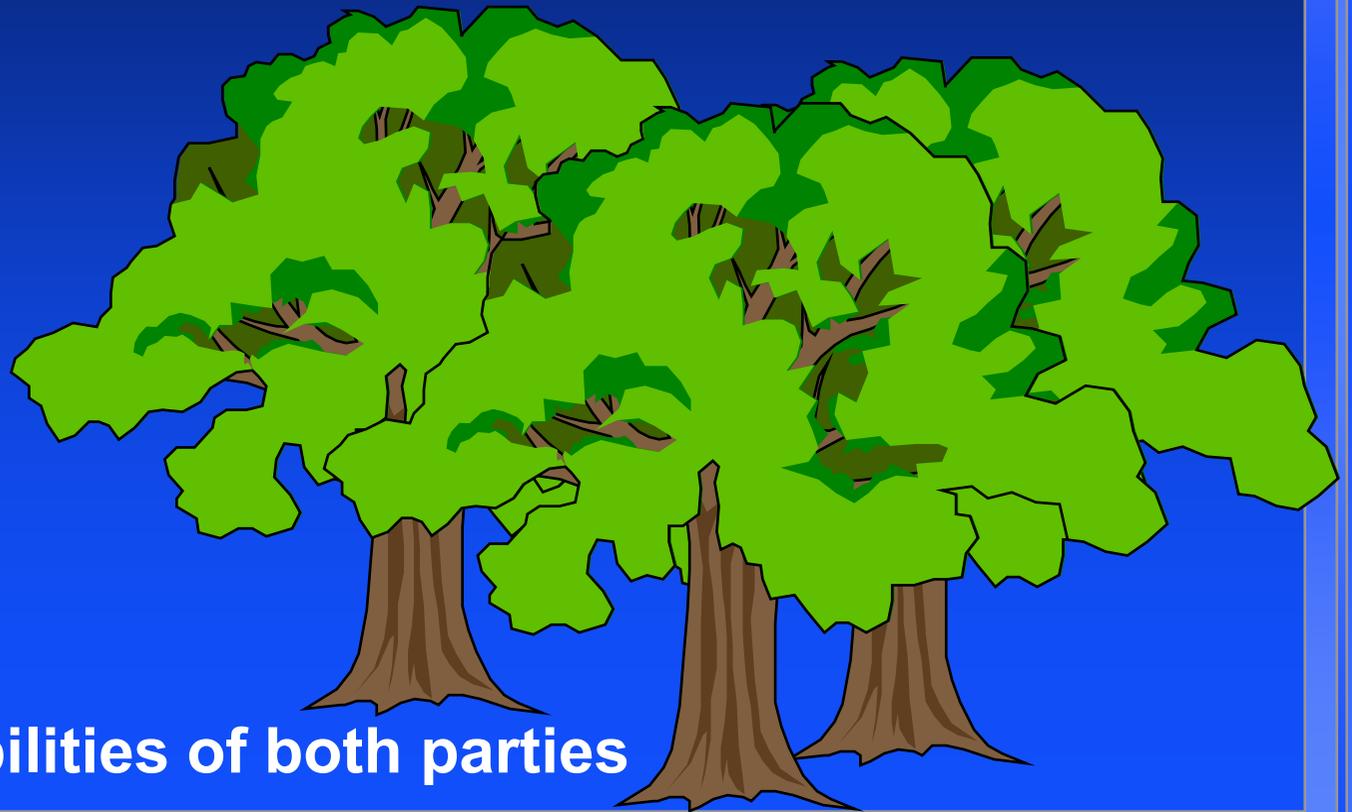
Remember, wood is not a perishable product

- You can decide when to sell
- Timing is important



Timber Sale Contract

Follows Bid Acceptance
before a single tree is cut



Clarifies responsibilities of both parties

**Don't Say It —
Write It!**



Protects both the seller and the buyer

Seller's Responsibilities

- **Designate timber to be sold**
- **Guarantee ownership**
- **Define property/sale boundaries**
- **Permit access**
- **Indicate type of sale**
- **Outline terms and dates of sale**

Buyer's Responsibilities

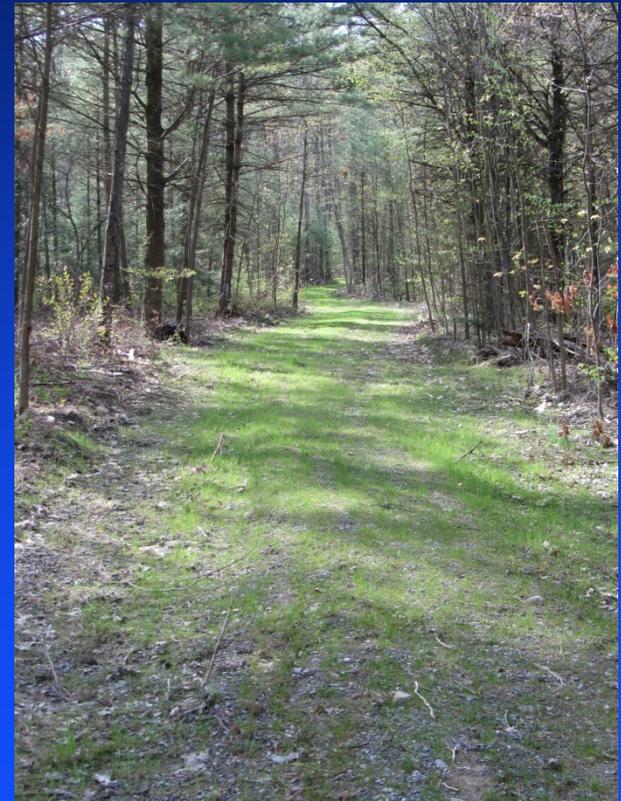
- **Meet terms of payment**
- **Follow effective and expiration dates**
- **Comply with laws, permits, and bonding requirements**
- **Protect the resource - Implement BMP's**
 - **Water, soil, and residual trees**
- **Provide Proof of Workers' Compensation and Liability Insurance**
- **Adhere to end of sale requirements**

Joint Responsibilities

- **Transfer of title**
- **Use of subcontractors**
- **Performance bonds**
- **Settlement of disputes**

Monitor Logging and Close Out Sale

- **Visit site regularly**
 - Shows you care
 - Check for compliance with contract
 - Address questions immediately
- **Complete Post-harvest Activities**
 - Post harvest BMPs
 - Post harvest “Timber Stand Improvement”
 - Encourage regeneration success
- **Release buyer from contract**
 - Return performance bond



During Harvest



After Completion



**In Summary:
Focus on what
you are leaving,**



Regeneration



Residual Trees

**Not what you
are taking.**

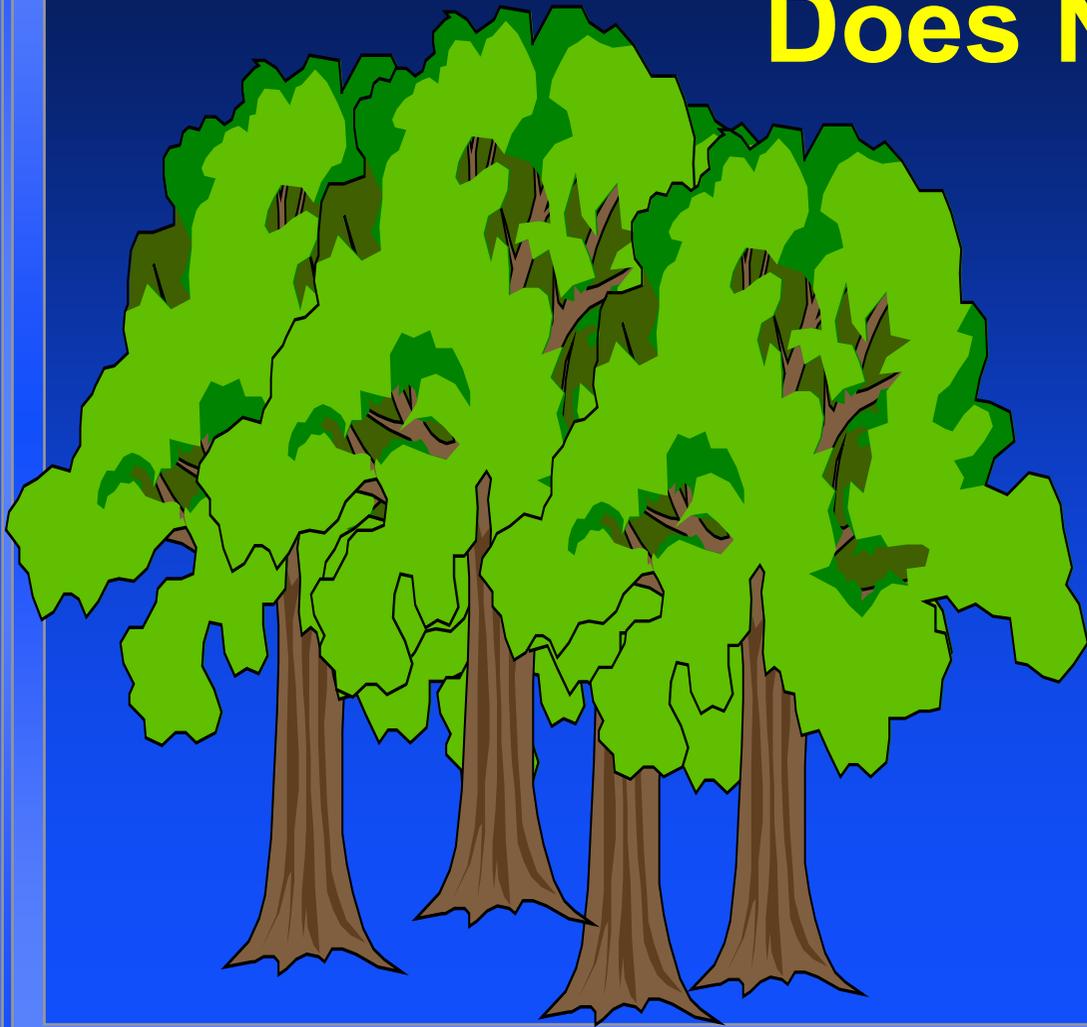
Get Professional Assistance





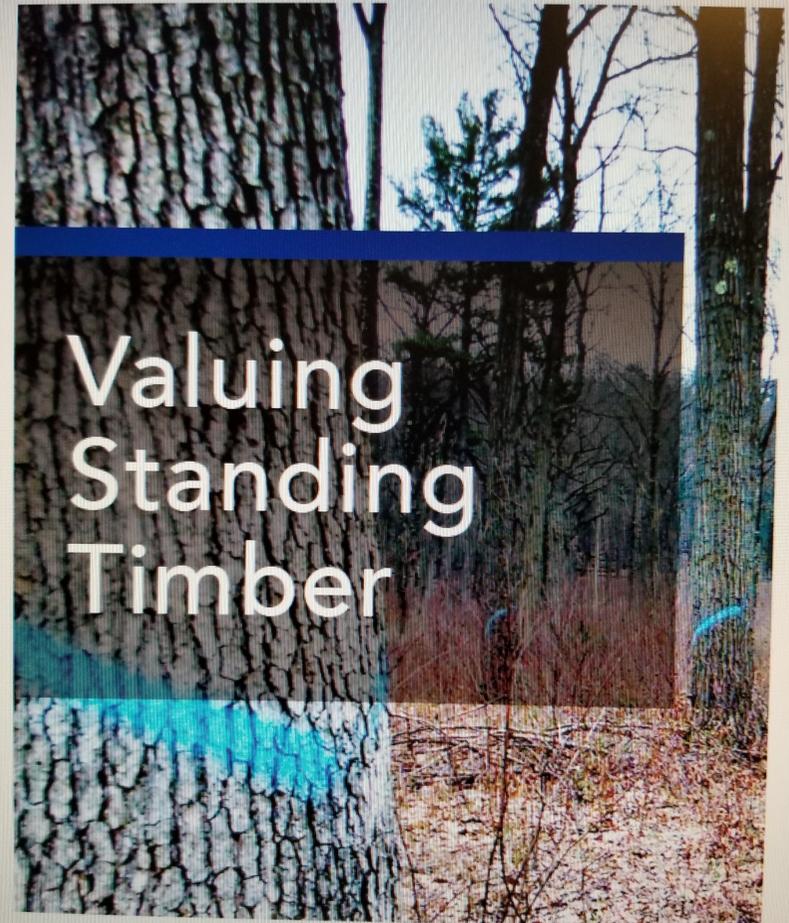
Put it in Writing

Good Forest Management Does Not Cost...



It Pays!

Two great sources of information



\$10,000 or \$100,000?



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Questions?