



PRESS RELEASE

Timber Mart - South

Warnell School of Forestry & Natural Resources • The University of Georgia
Athens, Georgia 30602-2152

For Immediate Release

Date: April 26, 2011

Contact: Tom Harris, (706) 542-2832

Writer: Sara Baldwin, (706) 542-4760

US Timberland Ownership Shifts Have Changed Timber Markets

Athens GA April 26, 2011 (press release) Private timberland ownership in the United States has changed structure over the past ten years. More than 40 million acres of US timberland have shifted ownership in approximately 600 large transactions since 2000. The global timberland investment community gathered in March at Reynolds Plantation, Georgia, for the Warnell Center for Forest Business (CFB) Timberland Investment Conference 2011 to discuss the current timberland investment climate and challenges ahead.

Jacek Siry of the CFB presented "Private Forestland Ownership Change in the US". He summarized findings from his new book *US Timberland Markets: 2000 to 2010* which was jointly authored with Tom Harris and Sara Baldwin of Timber Mart-South. Siry included some of the following points.

In 2000, forest products companies owned approximately 20 percent of privately owned US timberland, of which 36 million was in the US South.¹ By the end of 2010 much of these Southern US timberland holdings had changed hands, some more than once, and most of the rest had moved to different ownership structures.

The top ten companies owned 38.7 million acres in 2000. Today, after a historic divestiture by nearly all of the large forest products companies, private corporate timberland ownership in the US is more diverse and less integrated. The top ten forest products company owners hold only 21.5 million acres and four of the top five are Real Estate Investment Trusts (REITs), tax advantaged entities

with timberland/real estate as their principal business.

Timberland Investment Management Organizations (TIMOs) purchased many of the acres sold by the forest products companies. Only one TIMO, Hancock Timber Resources Group, held more than 3 million acres under management in 2000. In 2010, the three top TIMOs each held more than 3 million acres, and the top ten TIMOs held more than 20 million acres.

In general, timberland appears to have been traded more frequently than in the past. Transition activity peaked mid-decade. The timberland acreage sold per year in large transactions increased from about one million acres in 2000 to peak at about 7 million acres in 2006. By 2010, sales had fallen back to 2000 levels.

Timberland prices also increased over the period. Prices averaged around \$800 per acre nation-wide from 2000 through 2004, peaked in 2007 at almost \$1,800 per acre in 2007, and fell back by 2010. However, prices only returned to 2006 levels.

REITs and TIMOs are widely thought to manage their land held for timber production in a similar manner to industrial owners. However, portions of the land may be managed less intensively or set aside for environmental purposes. Sales of non-core timberland and acquisitions that compliment holdings can be part of the business model.

One implication of forest industry divestiture of timberland is that more wood is now sold on the open market. This trend has increased the role of consulting foresters in timberland management. Further, there are new market dynamics for both buyers and sellers. Supply chain instruments such as supply agreements and timber leases have become prominent parts of timberland transactions. Wood supply chain efficiency has changed but how the new relationships affect wood flow and costs are still under scrutiny.

¹ Smith, et al. Forest Resources of the United States, 2002.
United State Forest Service publication GTR- NC-241.

To learn more about the new book or to order, please visit our website at <http://www.timbermart-south.com> or contact Sara Baldwin by phone at +1.706.542.4760 or by email at sbaldwin@warnell.uga.edu.

Timber Mart-South publishes quarterly news and timber price reports by subscription or individual issue covering 22 areas of the southeastern timber market. Timber Mart-South (TMS) quarterly and annual reports are used by private companies, consultants, landowners, and others to assess market prices in the Southern U.S. TMS has been surveying and reporting timber prices for more than 30 years, and publishing timber market news for more than 13 years. The University of Georgia, Warnell School of Forestry & Natural Resources compiles and publishes Timber Mart-South under contract from the Frank W. Norris Foundation.

The Warnell Center for Forest Business (CFB) pioneers academic research and sound financial methods to provide education and service to forest industry, investors and landowners throughout the world. It has previously held similar conferences in Munich, Germany; London, England; and has held four in Georgia, including the March 2011 conference at the Ritz-Carlton Lodge at Reynolds Plantation.