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How Much Is My Timber Worth?

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This question is not an easy one to answer because there are so many different factors that vary by circumstance. Some of the most influential variables include the tree itself, the harvesting operation, and the timber markets. Each variable is important to consider for a better understanding of how much your timber is worth.

Value of a tree

Each species has its own place and value in the market. For example, walnut is among the most valuable species because it is used in fine furniture and paneling. The oaks have long been the staple of the solid wood furniture industry – white oak is usually worth more than red oak. The Ohio Division of Forestry and the Ohio State University partner to survey mills and report on timber prices semi-annually. That report is available online at www.oardc.ohio-state.edu/ohiowood.

Even after you have identified the species, the quality of the log will have as much influence on its value. If the log in question is not good quality, it will not produce valuable lumber. A walnut pallet-grade log is not better than a chestnut oak pallet-grade log, maybe even less desirable. Some of the defects that influence the value of a log are knots, stain, sweep, rot, burls, and crotches. While these defects most often lower the value, in the right market they can actually increase the value. For example, a solid burl is as good as gold in the hands of a bowl artist, but worthless if you are trying to make 1000 identical straight-grained kitchen tables. Aside from specialty pieces, the hierarchy of value for hardwood logs looks something like this: pulp logs, low-grade saw logs, grade saw logs, and veneer logs.

One more thought on the value of trees...the really valuable logs are rare, that is what makes them so valuable. Most woodland owners will not have multi-thousand dollar veneer trees, or even an abundance of high value saw logs. However, do not think that means your timber is not worth managing wisely. Remember that the largest company in the world got there by selling low value products.

Harvesting the logs

A slight twist on the words of Ben Franklin: “A log on the truck is worth two in the woods.” So there you are with the best walnut veneer log seen in Ohio for 30 years. The only problem is that it is in the middle of a swamp. You face a 75 percent slope to pull it out your side and an uncooperative neighbor on the other side. When you figure out how to pull it out of the swamp, the nearest road is a mile away, and there are no mills buying walnut veneer within 200 miles. Suddenly, that \$30,000 log is getting harder to sell and

worth significantly less money, especially since there is no other timber to harvest in the woods.

That story is realistic and highlights some of the factors that can influence log values. Location of the logs in the landscape, location of the property relative to the mill, and overall size of the timber sale will all change the value of your timber. While I used a high value log in the example, these factors have an even stronger impact on some lower value sales. Somebody will find a way to get that walnut log out of the woods and to market. If we replace that one veneer tree in the story with a three-acre stand of red maple, cottonwood, and pin oak, that stand will probably never be harvested.

Markets

Who would have thought bad lending practices at New York City banks could cripple the hardwood industry in Ohio? They did. If people aren't getting mortgages, they aren't building houses, and therefore not using as much wood which means many logs have no markets buying them. While furniture is historically the most significant outlet for hardwood logs, trim, flooring, and cabinets are all big players. These latter three forest products were certainly heavily impacted by the price drops associated with the housing markets. That was a domestic issue. Ohio's timber prices are influenced by markets all over the world. For example, it was pointed out to me on a tour of a veneer mill that if 10 percent of China starts living like the American middle-class, they will out-consume our country and place tremendous demand on our natural resources. That mill manager saw many of the best veneer logs exported both to Asia and Europe – not so they could make something and ship it back to the U.S., but rather to see their final use elsewhere.

In order to understand how value is placed on timber, it is important to understand all of these factors. Most often, the way to get the best price for your timber is to seek multiple bids on what you are selling. That starts with the seller dictating what is for sale, best done with the management assistance of a forester. Once those trees are marked, buyers are offered the opportunity to bid on the timber, providing the landowner better log value.

If you would like more information on setting up a successful timber sale that will improve your woods for the long-term, I recommend seeking the services of a professional forester. You can find a list of industry, state, and private consulting foresters online at www.osafdirectory.com. More information on timber sales is also available through the Call Before You Cut program at www.callb4ucut.com, or call 877-424-8288.

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