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Quarterly Management Calendar

July:

- Make plans for herbicide application
- Make plans for cool season wildlife food plots

August:

- Apply site preparation
- Make plans for prescribed burning
- Prepare wildlife food plots for planting

September:

- Apply site prep herbicides and / or hack and squirt herbicide application
- Conduct site prep burns
- Plant wildlife food plots

Wood Demand On The Rise

Not what you expect to hear in light of the recent mill closure at Courtland, but yes, wood demand is on the rise. Courtland made white paper, and white paper is going the way of newsprint but other wood products are strong. The improving economy means more is being shipped – in boxes made out of wood pulp. Housing has picked up to the point that harvests of southern pine sawtimber have surpassed the pre-recession levels in 2005. The demand for cross ties has driven hardwood sawtimber prices to new highs. The market for grade hardwood sawtimber is high. All this makes us happy.

What makes us excited is that we see an emerging market that we expect will soon create a new, significant and sustained demand for fiber. This market is for energy. For the coastal regions, there are already a large number of pellet mills that produce fuel for European power plants. This demand is mandated by the EU, and will continue to increase through 2020. The EU has determined what we have known forever, that wood is a renewable resource and burning it does not add new carbon to the atmosphere. As the gulf coast becomes saturated with these pellet mills, expect more to be located inland (the Tennessee Valley perhaps?). In addition to this market, what is even more promising is the conversion of wood fiber into liquid fuel, (hydrocarbon or alcohol based). There is a plant in Columbus, MS that went into commercial production of crude oil in 2012, oil made from pine pulpwood. Once the process gets streamlined (and it eventually will), this will be a tremendous market for wood fiber.

When To Sell Timber

This seems obvious, but timing the market is absolutely key to maximizing your investment returns. Timber markets can make huge swings in price, we've seen them more than double, and they can do so almost overnight. They can drop as fast too. And remember, your timber stand will likely have many products (pulpwood, chip-n-saw, cross ties, grade lumber, poles) and species (loblolly, white oak, ash, etc.) and be in the drain area of several different mills.

Before you can decide when to sell, you have to find out what you're selling by having a timber cruise and then match what you have with the best markets at the best time. This is one of the most valuable services we offer for our clients. Making money puts smiles on faces.

CONSIDER: Often, two other things drive a landowner's decision to sell timber.

- 1) I need money,
- 2) My trees are mature.

The need for money sometimes can't be postponed, but make sure you take every advantage you can to minimize the hit if the markets are not at a peak.

As for the second reason, remember that mature doesn't always mean valuable. Mature usually means that the biological growth of trees have peaked, but in all our years of managing timberland investments for clients we have yet to meet a landowner who wants to maximize growth. It's value they want the most.



Is your property “landlocked”? This can be a big challenge, but we have lots of experience solving these problems for clients. Give us a call.

Timber Markets Hot or Not?

Pine pulpwood (NOT) – Although Courtland is no longer a player, we still have good markets for pine pulpwood. Problem: plenty of product to satisfy the demand so prices will likely stay low until new demand adds pressure (our estimate is 18-24 months?). If you “*have*” to sell, take advantage of seasonal peaks where you can. With that said, be careful and don’t let price be the driving force of your decision to thin.

Hardwood pulpwood (NOT) – This product has taken a harder hit from the Courtland closure, but as you get farther away from Lawrence County, the effect is less. Let the young hardwood stands grow for now.

Pine sawtimber (NOT) – Demand is increasing, but supply is keeping stumpage prices low. Once the inventory has been reduced, we should see healthy increases in prices; most predictions say 18-24 months. The lack of wood available in Canada (a traditional source for softwood sawtimber) should amplify the recovery for the southeast and may bring back prices sooner.

Hardwood sawtimber (HOT) – In general, stumpage prices across the board for this diverse product are excellent. Most hardwood stands in this part of the world generally contain lower grade sawtimber and crossties. The great news is that prices for crossties are at historic peaks, and even lower grade oak sawtimber prices are very good. You’ll want to take advantage of this market.

When To Sell Timber continued ...

An example might explain the difference. Let’s say you plant pine, expecting to thin at age 16, then have a final harvest at age 22. The models show that this will maximize the volume of sawtimber that your stand can produce. By using historic data about prices, you can predict that your investment will return 10% per year. Now let’s say that when the trees reach 15 years of age, a very wet winter and a high demand for pulpwood has doubled stumpage prices for pine. You run the numbers and quickly see that if you sell the timber now your investment will have made you over 13% per year. Is a 15 year old pine stand biologically mature? Far from it, but does it matter? (BTW – we would recommend selling!)

Boundary Marking



A very critical but often overlooked part of owning timberland is keeping boundaries clearly marked. Two reasons make this important:

1. It’s the best way to lower the risk from unauthorized timber harvests (whether from theft or negligence) and adverse possession claims by neighbor’s intent on acquiring some of your land.
2. Re-painting at regular intervals prevents evidence of the lines from being lost. Once lost, the only way to reestablish them is with a much more expensive survey.

A good quality paint on well blazed trees should be expected to last 8 to 10 years and still be visible. Beyond that, the painted evidence becomes more difficult to see, although an experienced boundary line marker can still piece together evidence of blazes and old paint for twenty years or longer. The harder it is to find though, the more it costs.

REMINDER: Make sure you paint boundary lines after a survey. You’d be surprised how often this gets forgotten.

ALSO: We suggest having your boundary lines mapped with industry grade GPS. These units are accurate enough to map boundary locations to within a few feet or less, making future searches for boundary line evidence much easier. Be sure to include notes of how corners are marked – by a pile of rock or a steel fence post for example.

We have recruited and trained an excellent boundary line marking team. Let us know if you need their services.

“If you are planning for a year, sow rice; if you are planning for a decade, plant trees; if you are planning for a lifetime, educate people” – *old Chinese proverb*
 (“cut your trees to pay for it” – *Growing Assets*)

Since days are longer and families come together, get out and enjoy this refreshing summer drink in your own backyard.

SUMMER FRUIT DAIQUIRI

Ingredients:

3 cups of sliced peaches, strawberries, cubed mango, and seeded watermelon
 ½ 12 ounce can (¾ c) frozen limeade or lemonade concentrate, thawed
 ¼ cup (2 oz) light rum or orange juice
 2 tablespoons powdered sugar
 2 cups ice cubes/glasses.

Directions:

In a blender combine the 3 cups fruit, limeade concentrate, rum, and powdered sugar. Cover and blend until smooth. With blender running, gradually add ice cubes through opening in lid until mixture is desired thickness. Serve in glasses. If desired, garnish with fresh fruit cubes threaded on wooden skewers.



Real Estate Listings

See more of our listings at www.naturalrg.com



JSN01 – Fayette County, Alabama
 190.6 acres - \$1,200 / acre
 Apx. 88 ac. of pine
 102 ac. of merchantable hardwood timber
 Great population of deer and wild turkey
 Great interior trails and county road access



PNC01 – Alcorn County, Mississippi
 160 acres - \$1,195 / acre
 14 year old loblolly pine plantation
 merchantable hardwood timber
 Nice open fields for wildlife management
 Tranquil creek for thirsty wildlife



DS03 – Prentiss County, Mississippi
 55.5 acres - \$895 / acre
 Affordable water frontage on the levee of large watershed lake
 Half mile of paved road frontage
 Naturally regenerated pine/hardwood mix
 Great place to build and for recreation



LRL01 – Lawrence County, Alabama
 263 acres - \$1,410 / acre
 Great ATV trails and interior woods roads
 Pleasant stream surrounded by tall limestone bluffs
 70 ac. of 20 plus year old planted pine; beautiful hardwood timber ranging in age, species, and size

GOT LAND? We probably have a Buyer. Got young pine? We probably have lots of buyers.



GROWING ASSETS™

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WE WANT TO KEEP YOU INFORMED!

If your address changes give us a call or email us at info@naturalrg.com and we'll update our records.

Who We Are

Growing Assets, LLC does just that. Your timberland is one of the best investments out there. We manage that investment to make it even better. If it needs to be done, we do it.

Natural Resources Group, Inc. specializes in timberland real estate. We not only represent Sellers as their agent, but we just as often represent Buyers who are looking for timberland to purchase. Being foresters as well as real estate professionals, we are uniquely qualified to see the forest investment in the trees.

Why Do I Thin?

Beginning in the mid 1990's with the development of truly selective chemicals, landowners have been able to inexpensively establish solid stands of pine, and they did so in large numbers. Now, 16 or so years later these pine stands are ready to be thinned, but do they need to be? The assumption is that if you don't thin you are losing a huge benefit. Not necessarily. With only a few exceptions there are two reasons to thin:

1) improve the average tree quality in the stand, and 2) reduce the risk from insects.

That's it. If you can't do the first, don't thin unless your trees are about to be eaten.

The simple truth is that a lot of thinnings do little more than reduce the volume in a stand. What you want though is to only cut low quality pulpwood trees from your stand, leaving the best quality crop trees to grow into sawtimber. The way you do that is to get a crew that is well trained, is experienced, has the proper equipment, and specializes in thinning.

Just remember, every potential sawtimber tree that is cut during a thinning could be worth two or even three times as much if allowed to grow until the final harvest.

Don't forget China! A few years ago it was estimated that the Chinese used one roll of toilet paper per person per year (don't try to think about this too long). Can you imagine how much wood we can sell if they started using two?