

 UI Extension Forestry Information Series

## Selling Your Forest Products

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Today more and more landowners are managing their properties for the long term. Selective harvesting and commercial thinnings are producing a high percentage of medium to small logs, particularly in the Inland West. These sales are often a combination of pulp-type material (fiber logs) and sawlogs and may include 5-7 commercial species.

Marketing your forest products is the key to ensuring that you receive the most dollars for your timber. Knowing what mills prefer, and why, helps in selecting the facility that can do the best job of manufacturing your logs into specific products. Mills that produce high grade boards or molding prefer the larger ponderosa pine and spruce, and may use the higher grade Douglas-fir. Mills that produce veneer prefer peeler logs with 9"-12" and larger diameters on the small end of a log, and can generally pay more than a mill that produces studs from the same log.

Many mills have switched to producing metric lengths for export lumber. The lengths and bucking specifications are different, but the price can be substantially higher if you have the right species and log size. Very often, specialty products are overlooked. For instance, western red cedar can be bucked to meet utility pole specifications. Many loggers shy away from processing poles, due to the increased work and the decisions to be made on which logs will make poles. Most pole purchasers will visit your property and explain log lengths, quality, and grade. Even medium size cedar can be made into 30' poles and often will pay dividends of \$50-\$200 more per thousand board feet. It does cost more to process, but the increased value is generally worth the expense.

In the past, pulp was a product that was sold to the

closest facility to remove it and make room for more productive trees. There are more pulp facilities and pulp yards purchasing today, making the price for round wood pulp more competitive than ever. With mechanized harvesting, such as cut to length systems and slide boom processors, the small fiber-logs can be harvested at a reasonable cost (and sometimes a profit) and will improve the stand's growth potential tremendously.

With all these changes in the market, how do you know where to go when you are selling forest products? Marketing logs on a competitive bid basis will result in the best prices for your forest products. Marketing is a combination of sale preparation, advertisement, and contracts.

Sale preparation includes marking the sale trees and placing timber sale notices on the sale premises so potential purchasers can locate the timber designated for harvest and the sale area. Property lines must be identified if the timber is not readily identifiable. Marking the timber is very critical. The purchaser must know the species, quality, and approximate volume of the timber to be removed. If the trees are not properly marked in a thinning, and the purchasers have to guess or assume the outcome, the bid will reflect the uncertainty and the result will be a lower price offered for the logs. Marking also controls which trees are cut or left during harvest.

Advertisement should be in the form of a competitive bid. This can be done using an oral or sealed bid process. The prospectus must provide a location map, sales area map, harvest prescriptions, volume

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amounts, and any other constraints or deadlines associated with the timber sale. Bids can be secured with some form of performance bond to insure that contract obligations are met. Once bids have been received, evaluate the offers as compared to other similar sales. Many consultants have log sales information to make this evaluation. Address questions such as: “How does it compare to the highest prices ever offered?”; “Is the market improving or softening?”; “How does the market look for the major species on my sale?”; “When was the market high for this species and who purchased the wood?”; and “How does it compare to today’s offer?”. Generally, the 1st and 2nd quarter of each year produce the highest prices, although some species have sold for more during the 3rd and 4th quarters. The lumber and log market reacts to many factors and can be similar to the stock market. Factors such as weather, housing starts, and interest rates effect prices regionally and nationally. There are many conditions that provide a spot market where the price and value is much higher at a particular location due to purchaser needs. For example,

locally low inventories combined with poor weather conditions may provide excellent markets for certain species and locations.

The last requirement of marketing is to secure the purchaser’s offer with either a *Log Purchase Agreement* for delivered logs, or a *Timber Agreement* or *Timber Deed* for stumpage sales. These documents outline the sale and specifics of the harvest. These documents are provided by most consulting foresters and can be drafted by your attorney.

It is important to plan and evaluate timber harvests to take advantage of the market and to ensure the outcome. The log market changes constantly. Preparing a sale for harvest, scheduling the advertisement, and securing the outcome at the right time will return the highest value for the timber you want to remove.

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This information first appeared in Woodland NOTES, Vol. 8, No. 1.

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