Marketing Your Timber

Bob Petrzelka
Gretchen Cline
“It needs to be fair for both the Timber Seller and the Timber Buyer for the sale process to be effective...”
Why landowners decide to sell trees?

- “We’ve never sold any trees and wonder if we should be doing something out there…”
- “It looks like some of my oaks are dying…”
- “The windstorm that came through in July broke a lot of the tops out of my big trees…”
- “Things were tight this last year and we could use the cash…”
- “A timber man stopped buy and offered to buy some trees and I just don’t know what to do?”
Reasons to Sell Trees

- Forest Management
- Biologically Mature
- Economically Mature
- Income
There is a BIG difference between when a tree can be sold and when it should be sold.
Where to Begin?

- Meet with a professional forester to determine if a harvest is recommended

Gifford Pinchot
1st Professional Forester in the U.S.
Skinned by fallen branch

Dead/dying
Knobby

Frost crack
Multiple-stemmed

Wind damage
Cherry tree to harvest

Cherry tree to keep
Measuring DBH
Determine Merchantable Height
Marking Tree For Harvest
Recording Information
NOTICE OF TIMBER FOR SALE

Sealed bids will be received by Geode Forestry, Inc., which will be opened on February 5, 2003 at 1:00 pm at the Geode Forestry Office. This notice refers to the following marked timber:

Owner: Landowner Inc.  
C/o John Doe  
11 Universal Drive  
Cedar Rapids, IA 52404  
Phone: 555-555-5555

Location: Part of Sec. 4,9&10, T-70-N/R-6-W Township.  
County Name. Iowa

(See enclosed plat map)

<table>
<thead>
<tr>
<th>Species</th>
<th>No. of Trees</th>
<th>Avg. Bd. Ft.</th>
<th>Volume (Doyle)</th>
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<tbody>
<tr>
<td>Black Walnut</td>
<td>22</td>
<td>168</td>
<td>3,700</td>
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<tr>
<td>White Oak</td>
<td>407</td>
<td>167</td>
<td>68,140</td>
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<tr>
<td>Silver Maple</td>
<td>94</td>
<td>189</td>
<td>17,720</td>
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<tr>
<td>Red Oak</td>
<td>43</td>
<td>220</td>
<td>9,480</td>
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<tr>
<td>Hard Maple</td>
<td>36</td>
<td>238</td>
<td>8,560</td>
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<tr>
<td>Bur Oak</td>
<td>15</td>
<td>271</td>
<td>4,060</td>
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<tr>
<td>Basswood</td>
<td>17</td>
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<td>2,660</td>
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<td>Black Oak</td>
<td>13</td>
<td>194</td>
<td>2,520</td>
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<tr>
<td>Cottonwood</td>
<td>5</td>
<td>360</td>
<td>1,800</td>
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<tr>
<td>Hickory</td>
<td>26</td>
<td>162</td>
<td>1,780</td>
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<tr>
<td>Hackberry</td>
<td>11</td>
<td>162</td>
<td>1,780</td>
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<td>Ash</td>
<td>10</td>
<td>154</td>
<td>1,540</td>
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<tr>
<td>Red Elm</td>
<td>7</td>
<td>151</td>
<td>1,060</td>
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<tr>
<td>Honey locust</td>
<td>8</td>
<td>120</td>
<td>960</td>
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<td>Shingle Oak</td>
<td>8</td>
<td>80</td>
<td>640</td>
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<td>Black Cherry</td>
<td>2</td>
<td>150</td>
<td>300</td>
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<tr>
<td>Buckeye</td>
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<td>100</td>
<td>100</td>
</tr>
<tr>
<td>White Elm</td>
<td>1</td>
<td>100</td>
<td>100</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>726</strong></td>
<td></td>
<td><strong>126,900</strong></td>
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<tr>
<td><strong>Cull</strong></td>
<td><strong>15</strong></td>
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<tr>
<td><strong>Total Trees</strong></td>
<td><strong>741</strong></td>
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<tr>
<td><strong>Marked</strong></td>
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</table>
Aerial Photo of Timber Sale

Trees for sale: 34 trees marked w/yellow paint.

Trees for sale: 42 trees marked w/yellow paint.

Access

180th St
## Sale Results

<table>
<thead>
<tr>
<th></th>
<th>Landowner 1</th>
<th>Landowner 2</th>
<th>Landowner 3</th>
<th>Landowner 4</th>
<th>Landowner 5</th>
<th>Landowner 6</th>
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<tbody>
<tr>
<td>Timber Buyer 1</td>
<td>$38,007</td>
<td>$6,107</td>
<td>$10,000</td>
<td>$3,700</td>
<td>$8,700</td>
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<td>Timber Buyer 2</td>
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<td>$6,000</td>
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<td>Timber Buyer 3</td>
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<td>$6,000</td>
<td>$3,800</td>
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<td>Timber Buyer 4</td>
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<td>$6,555</td>
<td>$15,560</td>
<td>$4,360</td>
<td>$11,107</td>
<td>$4,250</td>
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<td>Timber Buyer 5</td>
<td>$97,556.10</td>
<td>$8,624</td>
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<td>Timber Buyer 6</td>
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<td>$15,420</td>
<td>$4,160</td>
<td>$13,182</td>
<td>$6,481</td>
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<td>Timber Buyer 7</td>
<td>$6,250</td>
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<td>Timber Buyer 8</td>
<td>$6,430</td>
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<td></td>
<td>$3,110</td>
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<td>$13,301</td>
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<td>Timber Buyer 9</td>
<td>$38,050</td>
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<td>$8,670</td>
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<td>$11,500</td>
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<td>Timber Buyer 10</td>
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<td>$9,801</td>
<td>$18,590</td>
<td>$3,501</td>
<td>$10,725</td>
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<td>Timber Buyer 11</td>
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</table>
TIMBER SALE CONTRACT

This contract made and entered into this 15th Day of January, 2009 by and between John Doe of Fair Plains, Iowa, hereinafter referred to as the Timber Seller and Blue Ox Logging of Cripple Creek, Iowa, hereinafter referred to as the Timber Buyer.

WHEREAS, the Timber Seller is the owner in fee simple of the following described real estate:

Part of Sec. 6, T74N/R10W, Railway Twp.

located in Sioux County in the State of Iowa and,

WHEREAS, the Timber Seller is desirous of selling certain timber on the above described real estate, consisting of 230 trees which have been marked with multiple spots of blue paint and said markings have been pointed out, examined by the Timber Buyer and understood by the undersigned Timber Buyer as the trees to be harvested under this contract and,

WHEREAS, the Timber Buyer is in the business of buying timber for sawing into lumber for processing or for resale.

NOW THEREFORE IN CONSIDERATION of the covenants herein it is agreed as follows:

1. Purchase Price. The Timber Buyer agrees to pay to the Timber Seller the sum of Eighteen Thousand Dollars ($18,000.00) for such standing timber so marked and designated, under the following terms and conditions:

A. Payment of Purchase Price. The Timber Buyer agrees to pay the above designated purchase price in cash for such timber to the Timber Seller at the address listed in the signature block of this agreement as follows:

i) 25% of the purchase price ($4,500.00) due by January 30, 2009, and the 75% balance ($13,500.00) due by October 1, 2009 or before any trees are cut, whichever occurs first.

2. Inspection and Acceptance of Timber. That the Timber Buyer has inspected the area and timber described herein and has estimated to their own satisfaction the quantity, quality, accessibility and value of the timber to be removed and accepts the timber with all faults, if applicable.
What to Expect???
The Cutters: Rob & Mike Stoffel
Selective Harvest

White Oak Tree
Timberrrrrrr...
De-limbing Tree
Skidding tree out of woods
Cottonwood log protecting walnut along skid trail
Timber buyer entering in data
Loading trees for transport
Lump Sum vs. Grade & Yield

- **Lump Sum Sale.** Trees marked and tallied by a forester are sold outright, with payment in advance. Potential buyers know which trees they are bidding on and the estimated volume. Lump sum sale is the best method for most forest owners.

- **Grade & Yield.** Payment is based on the quality and quantity of the logs removed after the harvest is complete.
How is the Economy affecting Timber Prices?

There currently is a global drop in demand for all species and all grades…
Appalachian Green and Kiln Dried
4/4 #1 Common Red Oak and White Oak

© 2009 Hardwood Market Report
If You Have to Sell…

- Extend the terms of your contract
  - Length given for the harvest
  - Payment terms

- Lower your financial expectations
Important Points to Remember

- Determine what your individual objectives are for your timber.

- Work with a professional forester to mark, scale and administer the sale.

- Be aware of fluctuation in timber market prices.

- Harvesting your timber should be seen as a **beginning** not an **end** to the management of your woodland.