



# FORECON INC. Woodland News

Specialists in Forestry and Natural Resources Management Consulting for Over 47 Years

## Bidding Brings the Highest Prices

Year in and year out we use different catch phrases to illuminate this column. Nothing, however, says it any better than "Bidding brings the highest prices" because it's true.

Whether you own 5 acres or 5,000 acres of timber, you are not achieving the best value in the marketplace if you don't place your timber out for competitive bidding. This doesn't mean getting 3-5 prices from local mills or from procurement people who sent you a letter in the mail; it means determining all of the potential players in the current market and inviting them to bid. In today's market, buyers are reaching as far as 100-125 miles from their base of operation to procure timber. It's not uncommon for a mill 100 miles from a prospective piece of timber to out-bid a mill within 10 miles of the same piece. You need to be certain that you have invited these people to bid on your timber.

As in past years, the market continues to favor the seller. The demand for quality hardwoods has not diminished and neither has the need to procure that volume from private forestlands. Therefore, with careful preparation and planning, your timber harvest can be both profitable and pleasurable.

Due to the positive response that this

column receives, we will once again showcase two (2) sales that we marketed through the prospectus and bid process during 2001.

### Sale 1 Profile

The date of this sale was June 13, 2001. It contained approximately 84,100 boardfeet of timber with about 65% of the volume being hard maple and 10% in black cherry. The sale was sold on a "lump sum" basis. We received fourteen (14) bids, ranging from a low bid of \$39,729.00 to a high bid of \$80,700.00.

Bidder1	Bid Received
1	\$80,700.00
2	\$78,500.00
3	\$58,350.00
4	\$55,879.61
5	\$55,330.00
6	\$55,131.00
7	\$54,672.38
8	\$50,800.00
9	\$47,531.00
10	\$46,666.00
11	\$46,125.00
12	\$44,888.00
13	\$40,100.00
14	\$39,729.00

### Sale 2 Profile

The date of this sale was November 7, 2001. It contained 9,045 boardfeet of

timber with red maple, sugar maple and black cherry comprising 86% of the volume. The sale was sold on a "lump sum" basis. We received seven (7) bids, ranging from a low bid of \$3,475 to a high bid of \$6,704.

Bidder	Bid Received
1	\$6,704.00
2	\$6,423.00
3	\$6,188.00
4	\$5,634.00
5	\$5,450.00
6	\$3,500.00
7	\$3,475.00

Both timber sales were conducted through a competitive bidding process. Forecon, Inc. was hired by the landowners to mark, cruise and appraise the volume and value of the timber being sold. The species, diameter and merchantable log height of each tree marked for sale is tallied by the forester or forest technician. The information collected is then processed using forestry software to provide the total number of trees by

species and the volume they contain. This information is analyzed with respect to the current market conditions and prices paid for the species involved, resulting in an appraisal of the stumpage (standing timber) value. A timber sales prospectus is then prepared which details the terms and conditions of the sale. The prospectus is generally mailed to 50-80 bidders on any given sale. The bids are opened at a time and date specified in the prospectus. The landowner always reserves the right to reject any or all bids.

Keep in mind that in each of the sale profiles above, the timber buyers are bidding on the exact same trees given the same circumstances for removal, markets, etc. The results speak for themselves. Put our knowledge of the forest industry and our reputation and contact base to work for you. Let Forecon truly get you the highest price by bidding your timber! ♣

## Timberland Realty - Bidding Gets Results Here Too

In the past we have discussed that our initial focus with Timberland Realty was to assist our clientele in the sale of their forestlands. Now it's time we showed you what we are talking about. Much like our timber sales, the timber on the subject property is cruised, generally using a 100% inventory. A prospectus is developed similar to that of a timber sale. The value of the timber and the value of the land are appraised and a fair-market value is estimated. The prospectus is sent and bids received as in a timber sale. The results from two (2) recent sales are summarized below:

### Sale 1

105 acres; 305,260 boardfeet of red oak, soft maple, white oak and hard maple.

Appraised Value: \$137,800

Bidder	
1	\$154,877
2	\$133,850
3	\$116,100
4	\$103,015
5	\$ 90,600
6	\$ 59,168

### Sale 2

100 acres; 224,899 boardfeet of red oak, black cherry, red maple and white oak.

Appraised Value: \$148,000

Bidder	
1	\$158,666
2	\$132,056
3	\$130,000
4	\$113,000
5	\$113,000
6	\$ 92,600

The message is simple: don't think that you have to cut your timber before you sell the property. There is an active market for it and we have the knowledge and the process to bring about the desired results.

Timberland Realty specializes in the sale and appraisal of vacant land, recreational property, camps, cabins and, of course, timberland. If you are looking to sell or to buy, or if you need an appraisal made on property you own or wish to purchase, call any of our offices today. ♣

## The More Things Change...

Forecon, Inc. has undergone a major transformation over the last several years. Since 1997, we've grown significantly in both the size of our staff (from 14 to 35 people) and the geographic locations (from 2 to 7 offices) we serve. We have greatly increased our technological capabilities as well, investing in state-of-the-art computer hardware and software, and have developed a unique timber growth and database management system (TIGER®) to accommodate the complex data management issues that face owners of hardwood timberlands. Besides our forest management suite of capabilities, we've also expanded the types of services we offer, now branching out into such diverse areas as herbicide application, construction of deer exclosures, and urban/shade tree appraisal and management to accommodate the increasing needs of our clients. We also have a CPA on our

staff to assist in economic analysis, property management, and planning for income and estate taxes.

In many ways, Forecon has certainly changed significantly since it was founded by Curt Bauer in 1954. But in one particular way - **we haven't changed a bit.**

We are still dedicated to Curt's position of providing our clients with the very best **professional** service at the most **reasonable** cost in the most **efficient** manner possible. Whether it's a shade tree on your front lawn, a ten acre patch of woods in your backyard, or a 200,000 acre forestland investment, we stand ready, willing and able to work for you in any regard. Although our capabilities have changed, we haven't - **our clients' satisfaction has always been our most important goal - and it always will be.** ♣

**Forecon Mapping Services**—Forecon is now offering additional mapping services for any property or location of interest in New York or Pennsylvania. Forecon is utilizing color digital orthophoto data in New York and black and white digital orthophoto data in Pennsylvania. We currently have coverage for nearly all of New York and Pennsylvania. A digital orthophoto is a scanned image of traditional aerial photography in which displacement in the image due to sensor orientation and terrain relief has been removed. Digital orthophotos combine the image characteristics of a photograph with the geometric qualities of a map. Thus a map created with digital orthophotography can be printed to any scale and used to make accurate distance and acreage measurements. Forecon is offering this service to those interested in obtaining high quality aerial maps of their property, neighborhood or a favorite recreational area, etc. The date of flight for most of these photos falls between 1993 and 1995 but does vary by geographic region.

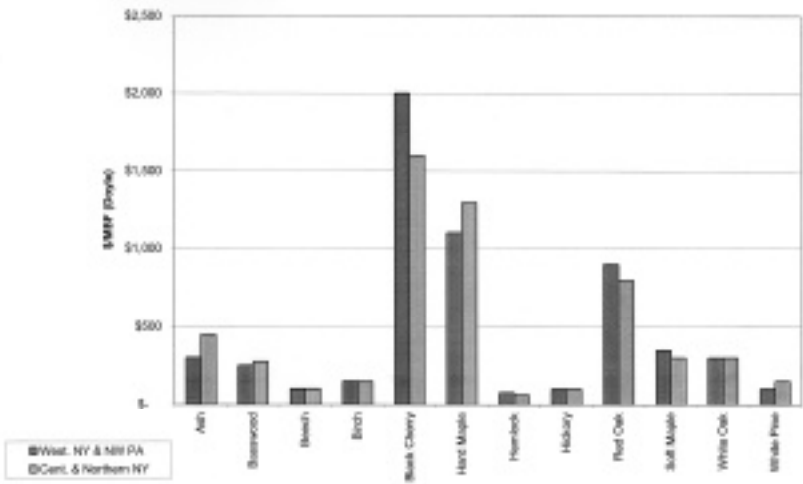
The costs for these photos are as follows:

Five 8.5" x 11" copies- \$45.00 (includes initial setup fee) Additional copies- \$4.00 (8.5" x 11") \$6.00 (11" x 17")

The initial setup will be saved for a period of one year. If in that time frame you wish to order another copy, you will not be charged for the setup costs. For specific questions about price and availability please call Mike Darr at the Jamestown office.

# Stumpage Prices 2001

AVERAGE HIGH-BID STUMPAGE PRICES SEPTEMBER - DECEMBER 2001



During Calendar 2000 timber prices were the "talk of the town," with many species reaching unprecedented high values. Black cherry prices averaged \$2,000 per thousand boardfeet (MBF) for the year, with prices of \$3,000/MBF (and more) being paid for high quality cherry on the Allegheny Plateau of Northwestern Pennsylvania. Hard maple, likewise, was a "hot" commodity bringing values of \$800-\$1,000/MBF and more.

During calendar 2001 we have experienced a more "sluggish" economy which has precipitated much talk about lower timber prices than in 2000. The lumber market for many species tailed off sharply in late winter and early spring. Moving stocks, particularly in the common grades of lumber, have made 2001 a difficult year for many a sawmill. One interesting fact about our industry, however, is that it usually takes several months for a declining lumber market to affect stumpage prices.

There is no question that as of December 2001 stumpage prices for the key species of black cherry, hard maple, soft maple, red oak and white ash have fallen some from the previous highs of

2000. Bidding, however, tells a much different story of the current status of the marketplace. It is our experience that good quality timber always commands the highest value the market has to offer. This year has been no exception. As of December, we are still receiving bid values as high as \$2,400/MBF for black cherry, \$1,200/MBF for hard maple, \$950/MBF for red oak, \$350/MBF for soft maple, and \$350/MBF for white ash. Keep in mind that these values represent the current high-end of the market.

Black cherry is once again leading the way and setting the standard for high value northern hardwoods. Average stumpage values range from \$1,200-\$2,000/MBF. Veneer prices are keeping the market intact with values of \$6-8/boardfoot being commonplace. Hard maple is holding its own as well at an average of \$600-800/MBF, with the demand for "white" hard maple continuing to hold at a favorable price level. Red oak has experienced some sluggish activity, yet still maintains an average pricing of \$600-800/MBF. The demand for this species is somewhat reduced from early 2001. Soft maple continues to be an attractive substitute

to other high priced hardwoods in furniture manufacturing. The current average pricing reflects \$250-350/MBF with steady demand. White ash has been the dog in the market. Demand fell sharply as has the price. The 2000 prices of \$450-550/MBF have been replaced with values of \$150-300. This is a good time to hold onto your white ash and let it grow.

The stumpage price graph in this article shows the average high-bid prices received by Forecon, Inc. for timber sales administered from September to

December 2001. The prices listed represent the average amount per thousand board feet (MBF), as measured by the Doyle Log Rule. The values reported do not necessarily reflect the value of your timber resource. Average tree size, species mix, quality, access, proximity to mill, contract length, value of the species at the time of sale and contract conditions, to name a few, all impact the value of your particular sale. Call us for a free consultation. Put our experience to work for you. 🌲

## Urban Tree Management

Forecon is now happy to be providing professional services within the urban forestry realm, and is pleased to announce that we have hired a forester and Certified Arborist, Joy Shaffer, to consult with our urban and landscape forestry clients. In this article, we thought it would be interesting to have Joy answer a few questions concerning the appraisal of "urban"/shade trees.

### How are shade tree values estimated?

Like jewelry and antiques, trees are assets. Not only do they provide physical raw material (lumber, etc.), but also in a shade or urban tree setting, they provide architectural, engineering and aesthetic benefits that can be converted to value. Factors such as species, condition, size and location are the four primary features used to estimate the values of shade trees and landscape plants. Forecon, Inc. uses the Council of Tree and Landscape Appraisers standards and methods for these valuation projects. The International Society of Arboriculture and many other national societies in the green industry support these standards. Most insurance companies, the court system and the IRS recognize these methods when awarding claims.

### What are some reasons for having a shade tree appraised?

Shade tree appraisals by certified arborists are quite useful in courtroom settings when cases involving tree damage are involved. In particular, the loss of property value due to tree damage (whether man-made or not) is best justified by a detailed appraisal following the standards mentioned above. Dealings with utility companies negotiating rights-of-ways and neighbor disputes are also often the reasons why appraisals are necessary. Municipalities with park and street trees often benefit from a shade tree inventory and valuation to help with greenspace planning and budgeting. Insurance companies dealing in loss claims often want to assess the health and value of certain shade trees, particularly ornamentals, in certain situations. Real estate developers and municipal highway departments also often need to decide which trees to leave and which to remove during construction projects. Such appraisals should be updated regularly, as values can often change due to a tree's condition and size.

If you have any specific questions about shade tree appraising or urban forestry matters in general, please call our Certified Arborist, Joy Shaffer, at the Jamestown, NY office. She would be glad to help you. 🌲

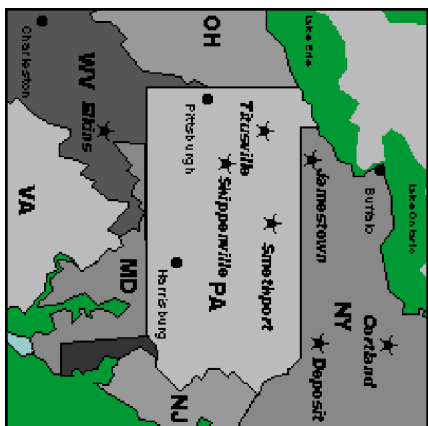
## Forecon, Inc. A Multi-Faceted Resources Management Consulting Firm

Through a good share of our consulting centers around forestry concerns, many folks don't realize that Forecon is an organization with multi-faceted environmental / ecological services to offer those interested in the conservation of their natural resources. To better illustrate this, we thought it best to provide the following summary of our service offerings; remember, this is by no means an exhaustive listing — don't hesitate to call and ask about services which you may desire that are not mentioned here.

- GENERAL ENVIRONMENTAL WORK**
  - Erosion and Sediment Control Planning
  - Environmental Impact Statements
  - Environmental Impact Assessments
  - Watershed Protection/Management
  - Wetland Protection/Enhancement
  - Protected Stream Crossing Permit Acquisitions
  - Resources Utilization Studies
  - Forest Engineering
- WILDLIFE MANAGEMENT**
  - Habitat Management for Songbirds, Gamebirds, Deer, Bear, Turkey, etc.
- FOREST RECREATION**
  - Nature Trail Development
  - Cross-Country Ski Trail Development
  - Interpretive Trail Planning and Implementation
- FOREST INSECT/PEST CONTROL**
  - Gypsy Moth Suppression Programs
  - Forest Insect/Res Assessments
- SUBSURFACE RESOURCES MANAGEMENT**
  - Acquisition
  - Gravel Mining Plan Preparation/Permit
  - Oil and Gas Well Lease Preparation
  - Oil and Gas Well Site Damage Assessment
- URBAN FORESTRY SERVICES**
  - Tree Appraisals
  - Inventories
- FORESTRY**
  - Forest Management
  - Planning/Operations Scheduling
  - Timber Sale Administration / Operations Monitoring
  - Timber Stand Improvement Work (TSI)
  - Timber Appraisals
  - Tree Planting Services
  - Christmas Tree Farm Management
  - Boundary Line Maintenance
  - Timber Trespass Assessments and Arbitration
  - Expert Witness Testimony
  - Forestrand Investment Counseling
  - Shade Tree Damage Evaluation
- REAL ESTATE**
  - Forest and Recreational Land Marketing Services
  - Appraisal Services
  - Essential Acquisitions
- TIMBER TAXATION PLANNING**
  - Assessed Value Reduction Planning (480-a and "Clean & Green" plans)
  - Timberland Estate Planning
  - Timber Income Taxation Planning
- GIS SERVICES**
  - Map Digitization
  - Resource Analysis
  - Utilities Mapping
  - Topo Maps
  - Aerial Photographs

## Forecon Directory

- Jamestown, NY (Main Office) - (716) 664-5602**  
100 E. Second St., Jamestown, NY 14701
- Cortland, NY (Branch Office) - (607) 753-3113**  
11 N. Main St., Suite 202, Cortland, NY 13045
- Deposit, NY (Satellite Office) - (607) 467-1802**  
135 Front St., Room #3, Deposit, NY 13754
- Titusville, PA (Branch Office) - (814) 827-4254**  
115 S. Washington St., Titusville, PA 16354
- Smethport, PA (Branch Office) - (814) 887-8731**  
215 Lone Alley, Smethport, PA 16749
- Shippenville, PA (Branch Office) (814) 227-5544**  
21119 Paint Blvd., Shippenville, PA 16254
- Elkins, WV (Branch Office) (304) 636-9336**  
219/250 & Chenoweth Creek Rd., Elkins, WV 26241
- Timberland Realty (Main Office) - (716) 664-5604**  
100 E. Second St., Jamestown, NY 14701



Visit Our Website:  
[www.foreconinc.com](http://www.foreconinc.com)  
e-mail address:  
[foreconinfo@foreconinc.com](mailto:foreconinfo@foreconinc.com)

CROWN BUILDING 100 E. SECOND ST. JAMESTOWN, NY 14701  
716/664-5602 FAX 716/664-6648

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