



Timber Talk

SFC Newsletter

Quarterly Newsletter for Southern Forestry Consultants, Inc.
Clients & Customers
Summer 2006

www.soforest.com

From the President's Desk:

Greetings from all of us at Southern Forestry. We are well into the Summer months and our focus is already on the Fall and Winter activities as we plan ahead. You will notice in this issue that although the timber markets are somewhat flat, there are ways to markedly improve your growth rates with herbicides, burning, and fertilization. The resulting yields/returns on investment can be quite impressive even in times with no net increase in per unit prices. Remember that trees make money through growth in volume, growth in product classes, and growth in marginal increases in real dollars. We can strive to maximize the first two through good forest management and let the market take care of itself while we monitor it and respond to even subtle increases achieved from time to time. If it sounds somewhat complicated, it is, but not many investments in commodities are simple.

Land prices have stabilized of late while interest rates have increased and speculation has decreased. The good news is coastal investments have really dropped off thus moving more money and investment focus inland to the acreage market. If you have ever considered investing in this market or if you are already in the market, you are poised to be "in the right place at the right time." The Wall Street Journal ran an article recently detailing the virtues and benefits of being in the acreage business on an individual basis, so now what institutional investors and many of us have known (or at least purported to know) for years is catching the eye of and gaining credibility with even the truly sophisticated investor. Annualized returns are quite good and considering the ancillary virtues of land ownership that we all know to be true, there is a broader and deeper conviction from more people to realize the overall benefits of land investment. To say the least we remain very bullish on land.

On a final note, we are disappointed to acknowledge that one of our partners, Brent Williams, will soon be leaving us. Brent has decided to pursue other interests and we wish him the very best, but he leaves the Enterprise operation in good shape. Holmes Hendrickson, who is known to many of you Alabama folks, will assume immediate management duties of the Alabama region. Holmes has been with SFC for many years and achieved partner status in January of this year, so he is very capable and well qualified to carry on in Brent's absence.

We appreciate the opportunity to be of service to all of you through Southern Forestry Consultants, The Wildlife Company, Southern Forestry Realty, and Southern Development Group. We hope we can continue to meet all your land oriented needs in a timely and professional manner. We very much value our relationship with you.

Michael J. Dooner, President

Southern Forestry Directory

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Timber Market Report

In the midst of a lingering spring and early summer drought, the timber market has gone into somewhat of a slump to match the hot, dry weather. Just about all wood using mills are full of wood and on quota following practically no rain since late February. Tight quotas are normal for this time of year but the situation is magnified this year following a very dry spring. In addition, some sawmills have tightened up on their log specifications. Most of these weather related issues can be solved with some significant rainfall.

In addition to the weather related problems, signs are emerging that higher interest rates are beginning to take their toll on the housing and lumber markets. Reports are circulating that area sawmills are having trouble moving lumber and some have cut back hours. Even plywood has been hurt, mostly by competition from oriented strand board (OSB), which is made from lower quality wood.

Despite the clouds hovering over the timber market, prices have held up surprisingly well, so far. Many timber companies have been taking advantage of the dry weather to “clean up” tracts of timber that they were not able to cut or were partially cut during the wet first nine months of last year. This has taken them out of the immediate buying market, but they are still looking for good tracts that can be cut at a later time. Also, there are still some good “spot” markets based on individual needs, and even though quotas are tight, wood is continuing to move on a regular basis, for the most part.

During times like this, more than ever, you need the timber marketing expertise that Southern Forestry Consultants can provide. Let us advise you on when and what to sell to maximize your timber returns and avoid the pitfalls that are out there in the marketplace.

FAQ'S: “What is the best tree to plant?”

As foresters, we are asked this question on a regular basis. The answer, like many things in life, is: It depends. A good general answer to this question is that it is the tree best adapted to a particular site (soil) and that best meets the landowner's objectives. A brief review of the major commercial pine species would be helpful in shedding some light on this question.

Loblolly pine - This is by far the most commonly planted species. The loblolly pine (*pinus taeda*), sometimes called “black pine,” grows best on heavier clay based or hammock type soils with high fertility but will thrive on most any soil except sandy and very wet soils. Loblolly grows very fast, survives well when planted, and competes well with competition. It can usually be grown to rotation in a shorter time period than any other species. However, it also tends to have an abundance of limbs and knots, often does not grow very straight, and tends to be more susceptible to beetle attacks, damage from fire and annosus root rot and its needles are usually not marketable for pine straw raking. Loblolly responds very well to cultural practices such as thinning and fertilization.

Slash pine - This species grows naturally in pond margins and on flatwoods sites where hardwood competition is light. Slash pine (*pinus elliottii*) also grows fast, although not as fast as loblolly, grows straight, and has fewer knots, making it desirable for lumber and poles. However, it tends to be more susceptible to fusiform rust and pitch canker diseases (unless genetically improved seedlings are used) and does not tolerate competition as well as loblolly. Slash pine will perform better than loblolly on sandy soils but will not thrive on deep sands or extremely wet soils. It is by far the most common species for pine straw raking and is more resistant to bark beetles and more tolerant of fire than loblolly. Slash pine's growth will stagnate if it is not thinned at the appropriate time and the proper manner, so good management is essential.

Longleaf pine - This was the dominant tree at one time in the lower Coastal Plain, primarily because of its high fire tolerance. Longleaf pine (*pinus palustris*), often called “yellow pine,” is usually more difficult and expensive to establish but has a higher degree of resistance to bark beetles and disease (not disease proof!) and is much more tolerant of fire than slash or loblolly pine. It also generally offers better wildlife habitat, especially quail habitat, because of its lack of shading of the understory and the ability to prescribe burn it at an early age. Longleaf is generally the most preferred species for lumber and poles largely due to its slower growth rate and the resulting more dense wood. It will grow and thrive on lighter, sandy soils, and its needles bring a premium price on the pine straw market. In recent years, longleaf has

been promoted and planted on sites that it is not well suited for. It is very sensitive to herbaceous competition in its early stages.

Getting back to our question of what is the best tree, when answering this question, our foresters take into account the strengths and weaknesses of each species as outlined above, study the available soils, and factor in the landowner's goals, financial constraints, and time horizon for investment. Often two or more species will grow on the site but often only one will thrive and be the best fit for that particular site and situation. When you are trying to decide what species to plant, don't make that long term decision in a haphazard fashion. Let our foresters and biologists put their years of training and experience to work for you.

Integrating Forest Fertilization and Wildlife

A forest fertilization program is not just for investment purposes anymore. We all know that fertilizing any plant or tree will make it grow faster. If you don't believe that, just take a look at the pine tree growth in Conservation Reserve plantings in old fertilized fields vs. non-fertilized site-prepared cutovers. Fertilizing your pine stands can increase growth by up to one cord per acre per year (NCSFNC Regionwide 13 Study) and give you a 10 to 25 percent annual return on investment over a six-year period (try getting that out of the stock market the last six years). Here's something else you probably didn't know: Forest fertilization can also be integrated with any wildlife management program. Researchers have a fancy name for combining forest fertilization with a wildlife objective, its called "Quality Vegetation Management " (QVM).

To have an effective forest fertilization program, all unwanted hardwoods should be controlled. This is also true for QVM. QVM involves controlling unwanted hardwoods, usually through the use of herbicides and prescribed burning. Once the unwanted hardwoods are controlled the site can be fertilized.

QVM not only increases pine tree growth, which leads to shorter pine rotations and higher rates of return for pine plantations, it also has many wildlife benefits. QVM areas become natural, high quality deer food plots. The nutritional carrying capacity for deer increases dramatically in these managed

and maintained areas. Research from QVM sites indicates, total biomass production of deer foods can double, with considerable increases in forbs and grasses. QVM areas exhibit increased leaf biomass and higher digestible protein, which leads to higher quality diets necessary for antler growth and fawn production. QVM also increases seed production, important for bobwhite quail and turkey diets. Increased forbs and grasses are prime contributors to good nesting and brood rearing habitats.

The financial aspect of a fertilization investment can be illustrated as follows:

Background: Landowner T.J. Smith has a cutover site that was site prepared using herbicides and fire. The site is planted with the best available loblolly pine seedlings (many of you have had similar, if not identical treatments). In year 14 he performs a first thinning operation which nets Mr. Smith approximately \$320.00 per acre. He reinvests approximately \$100.00 per acre fertilizing the site, one year post harvest (after he has prescribed burned the site).

Scenario: Invest in fertilizer in year 15 (after thinning and prescribed burning); thin again in year 20.

<u>Year</u>	<u>Cashflows</u>	<u>Costs/Revenues</u>
15	1	-\$100 (initial investment)
16	2	0
17	3	0
18	4	0
19	5	0
20	6	+\$325 (additional net income)

In this investment scenario, the fertilization netted Mr. Smith an extra 3/4 cord (2.1 tons) per acre per year. Using an average rate for chip-n-saw over the past year and a half, this computes out to a net gain of \$325.00 more than he would have received if he had not fertilized.

The Annual Rate of Return on his investment is 21.71% (Had any stocks do this well recently?)

The bottom-line is you can have your cake and eat it too. Fertilize your pines to improve the health, vigor and growth of your stand. This will shorten your rotation age, allow you to receive good rates of return on your investment, and improve the carrying capacity of your property for deer, quail and turkey. If you would like to include forest fertilization in

your financial portfolio or you would like more information regarding forest fertilization or QVM contact your local SFC representative.

Now is the time...

To plan for this winter's reforestation needs. Will you need site preparation work done? Seedlings, especially any containerized seedlings, need to be reserved now, as they may be in short supply later this year. Contact your Southern Forestry forester to make plans for this winter's reforestation activities.

IS YOUR WEED DEFENSE ARSENAL LOADED?

You might remember an article from the early fall issue of the newsletter in 2005 titled "Did You Grow Weeds in Your Food Plots This Summer?" Building on that we would like to take the opportunity to share with you some specific remedies for problems food plot farmers commonly face. To preface, a warning should echo clearly that using herbicides is a tedious task and it is of utmost importance that respect and attention is given to the fine details. Sprayer calibration, specific herbicide type, herbicide rates, and crop and weed type can make or break the program. It is always advisable to get professional help before you start a herbicide program. You'll save time, money, and in some cases, your crops.

Legume Crops

Legumes are species like cowpeas, soybeans, lab lab, American jointvetch (*aeschynomene*), and alyceclover. In these crops, a pre-plant incorporated treatment of Prowl can be used to ward off troublesome grasses and broadleaf weeds. Pursuit herbicide can also be used by itself or in combination with Prowl. The combination gives a broader spectrum of weed species control. Dual is another preplant incorporated herbicide used to control yellow nutsedge in legume crops. The post emergent herbicide, Poast, can be used over the top of legume crops for grass control.

Grass or Grain Crops

Grass or grain crops (i.e., browntop millet, corn, and milo) also have some selective herbicide options. 2, 4-D is a post emergent herbicide to control broadleaf weeds in grass or grain crops. While 2, 4-D is an excellent herbicide one must pay

particular attention to its label and legal use properties. Another post emergent herbicide for grass and grain is Permit, which is used for control of yellow nutsedge.

Chufas

Chufas are closely related to yellow nutsedge, and in fact they are just yellow nutsedge that grows more and larger tubers! However, they do not compete well with grasses and fast growing broadleaf weeds. Fortunately chufas inherited a high degree of herbicide tolerance from their pesky cousin commonly called nutgrass (yellow nutsedge). So there are many herbicide options to keep chufa plots weed free. Unfortunately there are no herbicide options to keep nutgrass out of your chufa plots! Preplant incorporated herbicides such as Prowl and Treflan are good options for controlling grass and broadleaf weeds. Other post emergent herbicides like Poast for grass control and 2, 4-D for broadleaf weeds can be used over the top of chufa.

If you have weed problems in your food plots or dove fields let us know. We would be glad to help!

Pine Production Reaches All-Time High

Southern pine lumber production in 2005 totaled 19 billion board feet (BBF), the highest volume on record. This was a 5% increase over the previous year. Treated southern pine production also recorded healthy gains during 2005. Treated production reached 7.02 billion BF.

Year-long demand from new residential construction and repair and remodeling of existing homes drove production.

Broken down by Southern states, Arkansas was the lumber production leader at 2.67 BBF, followed by Georgia, 2.66 BBF; Mississippi and Alabama, both 2.47 BBF; North Carolina, 1.90 BBF; Texas, 1.81 BBF; South Carolina, 1.52 BBF; Florida, 1.26 BBF; Louisiana, 1.24 BBF; and Virginia, 0.57 BBF. *Southern Loggin' Times, July, 2006*

The difference between genius and stupidity is that genius has its limits.
Albert Einstein



Southern Forestry Realty, Inc. is pleased to welcome Wheat Kirbo to our team of sales professionals. Wheat was born and raised in Bainbridge, Georgia. He graduated from Bainbridge High School in 2001 before moving on to receive his Bachelors degree in Business Administration, majoring in Marketing, from Valdosta State University in 2006. At Valdosta State, Wheat was a member of the Sigma Alpha Epsilon Fraternity. He was a founding member of the Valdosta State Chapter of Ducks Unlimited and a participant in Students In Free Enterprise, a service based organization aimed at promoting the values of the free enterprise system to young people in the local community. Wheat's interests include hunting, fishing, and golf. He is a licensed Georgia Real Estate Agent, very knowledgeable of the South Georgia market, and can be reached at 229-254-0348.

Properties for Sale

Florida

250± acres in Gadsden County. Finished quail plantation located 3 miles north of Quincy. Beautiful views. \$7500 per acre

200± acres in Leon County. Near Woodville. Rolling topography with mature longleaf pines. \$6,000 per acre.

58± acres in Madison County. Frontage on the Aucilla River and Highway 90, 30 acres of 12-year old planted pines.

50± acres in Jefferson County. Natural woods with great hunting. Several beautiful ponds. \$3,000 per acre.

105± acres in Jefferson County. Beautiful high hill, 40 acres of 15-year old loblolly. \$5,000 per acre.

80± acres in Leon County. Near Woodville, beautiful rolling hills. Planted pines. Development potential. \$6,500 per acre.

Two 7.8 acre wooded tracts on Highway 65 north of Quincy. Tracts are high and dry with paved road frontage. \$75,000 each.

Georgia

225± acres in Mitchell County. Cultivated fields, a pond and hardwoods. Paved road frontage. \$4,250 per acre.

350± acres in South Georgia. Rolling hills, cultivated fields, dirt and paved road frontage. \$4,200 per acre.

105± acres 25 minutes north of Thomasville. Pecan groves, cultivated fields, pasture and hardwoods. Paved road frontage. \$4250 per acre.

194± acres in Seminole County. 150 acres in 18-22 year old planted pines, 5 ponds surrounded by beautiful oaks. \$4,725 per acre.

Preserves at Willacoochee Creek – 5 tracts, 25 acres each. Paved road frontage with planted pines. Creek frontage. \$180,000 - \$200,000.

25.5 – 32 acres 15 minutes north of Quincy, FL. Planted pines with a creek and pasture. Rolling hills, dirt road frontage. \$200,000 - \$225,000

Alabama

250± acres in Geneva County. The tract surrounds a grass air strip. Excellent hunting tract, can be subdivided. \$2,450 per acre.

160± acres in Houston County. Pine plantation with a 2400 square foot home. There is a nice pond on the property and the property can be subdivided. \$955,000

394± acres in Henry County. High hills with beautiful views. 10 acre stocked lake, excellent hunting with food plots. \$3,100 per acre.

40± acres in Houston County. Great hunting and timber tract, complete with hunting camp. Located on a paved road and has county water.

123± acres in Geneva County. 49 acres of 23-year old planted pines, 19 acres of 24-year old planted pines. Great deer and turkey hunting. \$2,600 per acre.

100± acres in Geneva County. 30 acres of hardwoods, 75 acres of cut-over ready to reforest. Excellent deer hunting. \$1,800 per acre.

LAND FOR SALE – GEORGIA

Riverwoods Plantation – S. Grady County – 15 min. south of Cairo and 30 min. north of Tallahassee – 14 “country living” lots remain ranging in size from 5+ acres to 12+ acres – all estates share an 1,100 foot Common Area that provides access to the Ochlocknee River. \$63,720 to \$186,800.

1,333± Acres – Mitchell County – 766 acres in cultivation – 416 acres of woodlands – 29 acres in pecans – 5 ponds. \$3900/ac
Call Bud Holleman 229-416-5607

LAND FOR SALE – FLORIDA

525± Acres – Jefferson County – 125 acres CRP longleaf planted in strips – 260 acres pasture – 200 acres wetlands/hardwood bottoms, 12-acre stocked pond, barns – 2 lodges. \$6995/ac

291± Acres – 3 miles southeast of Marianna, FL – 50 acres pasture, 20 acres cultivated fields, 150 acres planted pines, Rocky Creek runs through property – 25-acre cypress pond. \$5500/ac

Call Rob Langford at 850-556-7575

LAND FOR SALE – ALABAMA

71± Acres – Geneva County – mature and growing timber – 1424 square foot newly renovated manufactured home – greenhouse – storage building. TREASURE Forest. \$6850/ac

123± Acres – Geneva County – 49 acres of 23-year old planted pines – 19 acres of 24-year old planted pines in quail hunting condition – food plots – great hunting – fishing on the Pea River. \$2600/ac

Call John Taylor at 334-797-9010



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