Market feels effects of global events

TIMBER AUCTIONS MARKET REPORT
Oliver Combe
Timber Auctions

Domestic market

The domestic market continues to be significantly influenced by events elsewhere in the world. The global slowdown has led to large volumes of Swedish and Baltic timber being dumped into the UK at the same time as Central European producers (Austria, Germany, Czech Republic, Slovakia, Hungary and Romania) have increased deliveries to the UK. The net result has been a flood of imported carcassing timber into the UK which has put the domestic producers under significant price and volume pressure as they fight to defend market share in a slow market.

In the first three months of 2019, these problems were compounded by the pound strengthening on the back of optimism that Theresa May's Brexit deal might be accepted. Following Mrs May's resignation, Boris Johnson becoming Prime Minister and the Labour Party going into self destruct mode, global markets have lost confidence in the UK and the pound has been steadily falling since the beginning of May. There is now speculation that the pound will fall further in the next three months as Mr Johnsons attempt to leave Europe by 31 October becomes increasingly complicated.

UK softwood sawlogs

Prices for sawlogs have fallen through the first half of 2019 on the back of increased supply and very patchy demand for sawn timber in the spring of 2019.

The balance of supply and demand has been very varied.

In the south and midlands of England, demand has fallen and prices have reduced, however, there have not been large volumes of timber offered to the market and so most processors need to carry on buying.

Wales has seen substantial offers of timber to the market over the last six months and most processors are now well bought, although price still remains a serious issue for them as they have to be able to compete with the cheap imported timber being landed from Central Europe. To do this effectively, log prices will need to be around £70 per tonne delivered.

Whilst Natural Resource Wales offered 190,000m³ obs to the market in June, this was on the back of a reduced overall offer of 700,000m³ obs this year; so whilst in the short term there is plentiful supplies of round wood there continues to be concern over the longer-term picture.

Scotland and northern England have seen very high levels of harvesting activity but it is also here where the slowdown and associated price reductions of £15 to £20 per tonne standing are being reported. With the bulk of the private sales for the year brought to market, buyers can now take stock of their inventories and work out how they are going to dilute the remaining expensive wood on their books. Currently, there are still high stocks of small roundwood and sawlogs at roadside, many mills are only running at 70 to 80% capacity and looking to take extended holidays. Production levels are likely to remain low until the global glut of sawn timber has worked its way through the system and demand levels pick up.

In summary, price pressure on finished products has lead to reductions in sawlog

GLOBAL TRENDS

The Global sawn timber is currently in the process of finding a new balance as supply curtailments finally catch up with slowing demand. In North America and Canada there are weekly announcements of mill closures and production curtailments however this pattern is also now emerging in Scandinavia and in the UK, hopefully the holiday season will stem this.

Global tariff wars, Brexit and continuing tension in the Gulf have led to increased market uncertainty and reduced confidence which impacts on prices; are we seeing the end of the global free trade era and the emergence of a more "protectionist" trade era?

At the same time, as political market disturbance has been occurring, there have been a series of major environmental incidents that have had a global impact on timber supply. Wildfires, storm damage, tree diseases and insect infestations have all been evident over the last year.

In Europe, significant wind throw over the winter, exceptionally hot summers and many over mature stands have led to extensive spruce bark beetle attacks. The salvage operation has been rapid and has led to a significant increase in sawn timber production in Central Europe which is now being pushed into already crowded world markets.

The US market slowed in autumn 2018 which meant large quantities of Canadian carcassing timber were diverted to China, together with the European material and increased supplies from Scandinavia. The net result is

£ per tonne delivered to customers in Wales, central and south England (July 2019)

Product	*Lower price*	*Upper price*	*Trend*
Log 18	£65.00	£75.00	= ↓
Bar 14	£45.00	£60.00	= ↓
SRW	£40.00	£50.00	= ↓
Fencing	£50.00	£60.00	=
H Wood firewood	£50.00	£70.00	=

£ per tonne delivered to customers in north England and Scotland (July 2019)

Product	*Lower price*	*Upper price*	*Trend*
Log 18	£65.00	£75.00	= ↓
Bar / pallet 14	£45.00	£60.00	= ↓
SRW	£40.00	£50.00	= ↓
Fencing	£50.00	£60.00	=
H Wood firewood	£50.00	£70.00	=

a glut of timber on the docks in China resulting in falling prices.

Whilst the Chinese market remains the largest market in the world, consuming 600 million m^3 annually, of which 54% is imported, there have been significant short-term changes to patterns of consumption.

China has begun a programme of strict environmental regulation in 2018 and has continued this through 2019, this has led to the closure of large numbers of small and medium-sized primary producers (sawmills, veneer plants) and secondary processors (furniture and flooring). In time these plants will be replaced by more modern facilities that meet the tougher new environmental standards or relocate to inland China where they can take advantage of easy access to Russian timber but in the short term demand for timber is reduced at a time when global supply levels are high leading to rising stocks and falling prices.

The USA is seeing declining production in the north and west and increasing production from the Southern pine belt leading to prices increasing in the south and falling in the north.

All of which has combined to cause a downward price trend in sawlog prices during the second half of 2018 and the first six months of 2019.

The global sawlog price index is now back to the same level as it was in the second quarter of 2017 whilst the European sawlog index fell 3% in the first quarter of 2018 to euro 81.08 per m^3.

prices over the first six months of the year, supply levels have reduced and it appears that we are now at the bottom of the cycle and prices will stabilise at these levels.

Small roundwood

Demand and prices have fallen right back from the peaks of autumn 2018. Increased production from the forests has meant that most markets are now well supplied and can start to focus their efforts on reducing raw material costs.

Whilst in the short term this has been a successful strategy, in the longer term there are signs that roadside stocks are decreasing, productions levels in the forest are static and new sales being offered to the market have fallen right off so we could be seeing the bottom of the market cycle here.

Regional disparities in prices have become more pronounced, with prices of £30 per tonne roadside being offered by some areas where there are high stocks with others are still offering £40 to £50 per tonne. Again, supplies are most plentiful in the north, with less material available further south, the seasonal slowdown in the biomass sector is also most pronounced now coupled with technical problems at a couple of the larger small round wood users has made the small round wood market challenging in the north but more rewarding in the south.

Timber availability

Whilst prices have fallen from the peaks of late 2018, they remain at a very healthy relative to the last 10 years and it is still very worthwhile for woodland owners to undertake harvesting operations. The high prices did bring more timber to the market but there are now signs that supplies of standing timber to the market is reducing with less new sale instructions coming forward and merchants managing production levels in the forest.

Over the past five years, there has been a definite trend in the private sector for the bulk of the timber to be marketed in the spring, with very little being offered in the second half of the year.

Pheasant shooting, farming constraints, roading concerns and access constraints have all contributed to an increase in marketing for summer working and a noticeable slowdown during the winter

In England, there has also been an in- >>

>> crease in thinning activity, particularly in broadleaves as a response to the shortages of firewood that the market experienced in the winter of 2018 and 2019. This sort of work is less productive than conifer clear felling and will lead to lower output levels from the forest in the second half of the year, as well as pulling machines away from conifer felling jobs.

The outlook then is for reducing supplies in the second half of the year which will present challenges for the processors as they try to secure volume for winter 2019/20.

Hardwood saw logs

Those with 'oak fever' seem to have taken a collective cold bath this spring as there has been a noticeable stabilising of oak prices in the first half of 2019. Chinese demand for oak sawlogs from Europe has slowed down this year, leading to better availability from Europe at prices that are competitive. Oak sawlogs are now readily available from France at around £12.50hft delivered which has now put a ceiling on domestic roadside prices for around £11hft (£300m^3). Export demand for beech has remained steady with prices of £80m^3 underbark and upwards available for planning grade beech sawlogs. Despite increased supplies of ash sawlogs this market has held up very well throughout the season and into summer. Prices of between £90 and £100m^3 (£3 to £3.50hft) at roadside are available for 'export grade' ash, currently, and it is hoped that these prices can be maintained through into winter. In many ash woods the impact of ash dieback has become really pronounced in summer 2019 and it would appear to be wise to get felling plans in place to recover value from ash woods whilst it is both safe and economical to do so.

Firewood & Fuelwood

There has been a steady increase in firewood harvesting activity in 2019 and as supplies have increased, prices have stabilised in all areas and started to fall in some areas. In the midlands and south of England, prices have settled back to £50 to £55 per tonne at roadside as large volumes of diseased ash has been brought to market this year, whilst in the north, the supplies are only just starting to improve and prices are £60 to £65 per tonne at roadside. The supply of diseased ash and its impact on the market remains very much and unknown quantity. Developing systems to safely and effectively harvest diseased trees is still underway; this in turn will determine what products can be produced from the trees as they are felled. Will it be most practical to simply chip the material at stump or will it be possible to cut firewood? Once diseased, the timber becomes progressively more brittle leading to shattering on felling and concerns over how it will behave when run through a firewood processor.

Therefore, whilst ash dieback is going to have a significant impact on the timber market it seems likely that the biomass market will be the big winner from it.

It is difficult to quantity the true extent of the demand for biomass and fuel wood in the UK given the fragmented market and the varied feedstock's being used as domestically. The United Kingdom continues to be the largest importer of wood pellets in the world. In 2018, the country was the destination for 36% of globally traded pellets. In 2017, the UK imported 6.833 million tonnes of wood pellets according to the Department of Business, Energy and Industrial Strategy annual report. The 2018 figures are published on the 25th July 2019. Supply of wood from diseased ash is only a drop in the ocean compared to these vast quantities.

Summary

Domestically, the market appears to be settling down at lower activity levels and prices 10 to 20% back from the peaks of late 2018 but we still in a period of great uncertainty as the country tries to come to terms with Brexit's impact on demand levels and cheap wood from Central Europe puts pressure on end product prices so expect further market volatility in the short term.

Roadside hardwood prices (£ hft) July 2019

	Oak planking	Oak beam	Oak fencing	Export ash & beech	White ash sawlogs	Export sycamore	Large Douglas fir & Larch
High price	£12.00	£10.00	£7.00	£3.25	£4.00	£5.00	£3.25
Mid price	£10.00	£8.00	£5.00	£2.75	£3.50	£4.00	£2.90
Low price	£8.00	£7.00	£4.00	£2.00	£3.25	£3.00	£2.50

These prices are for guidance purposes only and are based on historic market information

TIMBER AUCTIONS

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Afforestation options drawing serious interest

Scottish forest market report and investment outlook by **Fenning Welstead**, John Clegg & Co

For the first time in many years the forestry planting targets in Scotland were exceeded last year. This is great news and confirms the high level of interest in creating investment in our future forest resource. Finally, the results of a positive grant scheme and a consultation process that seems to be viewing forestry more favourably are bearing fruit. It is notable that there are many marginal farms (and some not so marginal) being bought by afforestation interests.

Two farms acquired by forestry investors are at **Daljedburgh** (353ha) and **Shankston** (600ha). Both situated in southwest Scotland and bought with a view to afforestation. Comparing values is not straightforward as farmhouses, steadings, land quality and location are all variable factors. However, it would not be unreasonable to indicate that the potentially plantable land is likely to have been in excess of £4000 per hectare.

At the time of writing John Clegg & Co have just launched **Coulshill** and **The Corb** near Auchterarder. In total 1270ha of fertile upland farm set within the gentle valleys of the Ochil Hills. There is clearly an option to continue farming but the opportunity for afforestation is there and it will be fascinating to see how the market responds.

The sale of **Cliffhope** gave support and confidence to the value of young plantations. This young commercial property was planted in 2011. The total area of just over 600ha contains 412ha of stocked crop. At a sale price of over £5m, this equates to approximately £12,800/ha of stocked crop. With a well-developed access infrastructure, internal roading and located in the Scottish Borders it is a prime example of the value of location and getting the fundamentals correct.

For more mature crops, we must consider plantations established when we last had very active afforestation; during the 1980s and the final years of the Schedule D tax regime. The sale of two parcels of commercial spruce at **Ballyoukan**, near Pitlochry, is a good example. While it is still going through the legal process, it is perhaps not unreasonable to pass comment that the 220ha will have sold for something approaching £20,000/ha.

All of the forests above have as their prime objective the economic production of commercial volumes of timber. As we have seen over the last decade, the market value of such assets has increased markedly. I was recently asked to comment on an apportionment between crop and solum values for a spruce plantation. Having been acquired just after the turn of the century and sold some 13 years later, the property has comfortably more than quadrupled in value. At the point of purchase in 2000 the trees were about 15 years old and therefore at the point of sale they were 28 years old. Clearly part of the growth in value is simply to do with the physical growth of the trees, but there is also a growth in value in land and in timber values. When one considers that the management input during this period in a crop's life is relatively nominal, this has been, by any stretch of the imagination, a simple to manage and effective place to invest capital.

Turning now to smaller woodlands, John Clegg & Co sold **Binn Wood** in the Fife & Kinross area at a price of just under £10,000/ha, this for 23ha of mixed conifers and broadleaves approximately 40 years old. This represents an ideal woodland for an individual owner offering a place of recreation, physical activity, forestry management and enjoyment, together with potential capital value growth and a modest amount of income. It is not so long ago that we were seeing this sort of price paid for small woodlands in the south of England and wondering whether it would ever apply in Scotland. It appears that that time has now arrived. Other woodlands sold during the past six months to a year reinforce that view, with prices approaching £10,000/ha for woods that offer sensible access, amenity and prospects for reasonable timber growth.

Savills placed a slightly larger plantation at **Arnsheen** on the market earlier this year. In total 54ha of which 43ha carried a crop of 29-year-old Sitka this sold at a competitive closing date in May at a price equivalent to over £25,000 per hectare. True, there was local interest and possibly some marriage value but the close bidding suggests that there is some market depth for this type of asset. Despite the recent softening of timber prices there seems to be considerable confidence that the trend for timber is upwards. While there will be troughs

Coulshill and (below) Cliffhope

along the way the general direction is upwards. There are some current sales working through the system that reinforce this view.

Recreation

Looking ahead to a world where carbon sequestration is likely to be ever more important and the cost of holiday travel may become either prohibitive or politically unacceptable, is there a chance that 'stay-cations' become the norm and the demand increases to find recreational activity in our rural hinterland? If that is the case then forestry and woodland offers an excellent backdrop within which to accommodate considerable visitor numbers and the necessary facilities to cater for them. It has often been difficult to secure planning approval for any form of development within woodlands whereas the surrounding farmland has appeared more of an open opportunity. Perhaps that may change.

This morning I had a conversation with a potential woodland investor and once we had covered the obvious questions around trees, grant systems and so forth, we moved onto alternative uses for a woodland. He was clearly looking at ways of meeting what he saw as an ever-growing demand from the UK population for activities in the countryside and how he might be able to meet that with a commercial operation. It is stimulating to find ourselves in a world that is beginning to appreciate not only the fundamental production of timber but also the wider range of opportunities that woodlands and forests can provide.

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Productive woodland planting – it's happening in Scotland, will England follow suit?

by **Athole McKillop**,
Partner, Galbraith,
Edinburgh and Penrith

The forestry investment market has been very active over the last decade. We have seen properties change hands several times, each time at substantially increased values, often despite significant restructuring and reduction in timber volumes. The IPD UK Forest Index has shown strong increases in overall returns in recent years and better short and long-term performance than other UK property types, equities and bonds.

Timber prices form part of the growth measured by the IPD UK Forestry Index and, although subject to fluctuation, the long term has seen steady timber price growth. In the UK, we still import circa 80% of our timber products although we would have the land, climate and skills to grow more of our own supply needs. For many years, it has been recognised that the UK growing timber resource will peak towards 2030. Demand and processing capacity has, however, continued to grow. After many years of lobbying by Confor and industry players, Scottish Government and Westminster only recently recognised that timber availability, the associated economic activity, and all the non-market benefits of trees and woodland, particularly carbon sequestration, will decline unless we start planting more trees.

The Scottish Government has reacted positively, in word and action. As a result, the annual planting target of 10,000ha was exceeded in 2018. Positive words in England have yet to be translated into any really significant results.

The opportunity for new planting, both as an investment and as an alternative land use, is still gathering pace. Despite the Brexit farce, with very strong commitment to continued expansion of productive woodland playing a positive role the rural economy and the health and well-being of people and our planet, we will see continued support for more forests and woodlands across the UK.

The opportunities north and south of Hadrian's Wall are very different. The situation south of the border can be summarised fairly swiftly. Although private investment, government funding and enthusiasm to plant trees is evident, too many barriers remain in place. Confor, along with much appreciated support from Egger, arranged for the UK Forestry Minister David Rutley MP to visit Northumberland in mid-July to discuss potential for a Forestry Investment Zone and to focus on breaking down those barriers. As well as touring the Egger site and round-table meetings, the Minister visited Wallshield and Nunwick Estate to discuss new productive forestry proposals. Supported by the Tree Champion, Sir William Worsley, the Minister unequivocally expressed Government's desire to see more productive forest planting, particularly in Northumberland, where there is strong political support. The key going forward will be to ensure that Ministerial decisions are delivered and not lost in translation between and within government departments, especially given the conflicting roles of different parts of DEFRA.

In Scotland, the McKinnon review in 2016 highlighted barriers and proposed solutions to the Scottish Government to speed up the process of planting approvals - the result, planting targets are being exceeded for the first time in decades. Will Westminster learn from this?

Those planting are keen to participate in the successful financial performance of the sector, to make best use of the positive tax treatment and increasingly they are taking more interest in the fact that the underlying investment is in a truly environmentally friendly raw material, a net absorber of carbon, which helps to mitigate climate change and which has a positive impact on people and the environment. Equally, we are seeing more farmers looking seriously at diversifying their businesses to include significant elements of productive woodlands. The uncertainty about future support for the farming 'status quo' means the more forward-thinking are taking the opportunity to change whilst great opportunities exist. One farmer in the Borders has sensibly concluded that continuing to farm his 1000 acre hill farm, as it "aye haes", won't wash going forward. Farming is his life, so he wants to continue, and he can, by farming approximately two thirds of his stock more actively on the lower third of the farm, with limited, if any, reduction in net profit, leaving a very substantial area of hill to plant.

> We are seeing more farmers looking seriously at diversifying their businesses to include significant elements of productive woodlands

Tree planting is happening across Scotland but the focus is in mid, west and south Scotland. The latest Scottish Forestry statistics show some 70% of all approvals since 2016 have been within Central, Perth and Argyll and South Scotland Conservancies, rising to over 85% of all productive conifer approvals. The South Scotland Conservancy, perhaps not surprisingly, has accounted for nearly 50% of all productive conifer focussed approvals. Grampian and the Highlands and Islands continue to see a focus on less productive woodland types with approximately 80% focussed on broadleaves and native pine.

The opportunities, enthusiasm and support for productive woodland creation and investment are evident, principally in Scotland for now. The opportunities and support exist in England. We just need some of the enthusiasm from Scotland, along with clear direction and prioritisation from Westminster, to filter through to the decision makers closer to the ground in England.

Diverse factors influence UK forestry investment climate

It's late July and the year has been dominated by Westminster politics and a flagging Brexit strategy, with the lack of progress frustrating all and impacting markets in many sectors. So has this effected investor sentiment in forestry market? asks **James Adamson** of Savills

Well, no is the short answer. We continue to see demand from both existing and new investors, and in the recent marketing of Eldrick Forest in South Ayrshire, there was a notable degree of overseas interest. The drivers are varied but well documented; the bright future for timber, low interest rates, weak Sterling exchange rates, tax efficiency, alternative or 'green' investing and more. One of the common themes we hear is that the long-term nature of forest growth facilitates locking away capital in a 'safe' environment, effectively using timber as a biological bank based on the 'store of value' principle. You deposit your money, it appreciates in value as trees grow, and if you want to make a withdrawal you either fell or sell, both in a tax efficient manner.

Uncertainty impacts investment markets in different ways and sentiment is all important. We were concerned that post referendum the UK may look unattractive to foreign capital, seen as a hostile nation moving away from the European Union. While some consumer-focused investments may have seen downside from this, to an extent the reverse is happening in the land markets with sentiment among some overseas investors, savvy and global in outlook, considering the weak Sterling an opportunity to obtain value for money, and not overly looking at downside risk from Brexit. The picture is quite polarised however, with good quality and especially best-in-class attracting good interest, but run-of-the-mill, less so.

Shortage

We feel the UK forest market was a little slow to start this year, not through lack of investor interest, but in terms of product coming onto the market. Savills' annual Spotlight market research shows that, over recent years, the area of forest property marketed in the first half of the year has averaged just over 7000ha across Great Britain (sales over 20ha). Against this, H1 2019 saw only 5400ha recorded, but interestingly at an average guide price of £7348 per hectare, some 26% over the medium-term average. In terms of regional market share, 12% of this has been in England, 84% in Scotland and 4% in Wales where a high proportion of sales are in the sub-20ha category so not in the analysis, and for which the market share increases to 27%. This is a fairly typical distribution of market share where Scotland dominates with a medium-term average of 88% of the annual sold area.

Naturally, lack of product impacts values, which continue to rise as investors compete for good properties. An interesting pricing trend to emerge over the last few years has been the rise in value attributable to younger timber trees, once considered at worst a liability and at best of low latent value. The traditional price age curve is changing, with the best young timber now achieving the same capital values as poorer quality mature timber, leading to a flatter price-age profile. This is partially because restructured woodlands are increasingly multi-age and also because investors are extending their time horizons further with the expectation of future rises in timber price over 10, 20 and even 30-year timeframes.

Forest funds

The investors fall into two broad categories. Firstly, larger private and institutional investors seek scale, as this brings efficiency in the size and frequency of timber harvesting operations and therefore income, which allows payment of dividends or cash yields. Secondly, smaller private investors continue to look for long-term capital growth and tax efficiencies as part of their wealth management strategy. Over recent years it is clear that the former is starting to dominate the stocked woodland market, with some now very significant and well-run forest funds around.

Demand for planting land remains high too, although the conversion process remains elongated and not without risk; it needs to be made much simpler to encourage a wholesale shift in planted areas. While institutional money may dominate the stocked woodland market, the private buyer still dominates the planting land market. Purchasers are driven by long-term capital appreciation and can generally afford to forgo income, although objectives are varied from rewilding to succession planning.

Over the last year or two, another type of more holistic forestry buyer has been emerging and several recent land sales of what might not be considered typical planting land (better agricultural or sporting property) have been bought by forestry interests driven by a desire to develop integrated land use properties, not wholly driven by commercial afforestation, but where it is one thread of their investment strategy. Are we witnessing the arrival of the 'lifestyle forestry investor?' These purchasers are well capitalised and seem less inclined to follow traditional valuation models than the pure forestry investors. As it was put to me by an investor recently, they adopt a 'buy to hold forever' strategy, and see forests for what they really are; long-term, low risk stores of value.

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"Over the last year or two, another type of more holistic forestry buyer has been emerging

Investors back Finnish cutting-edge forestry technology company

Forestry tech company CollectiveCrunch has announced the closure of a €600k funding round led by Finland's Thominvest, taking the company's total funding to €1m. Existing and new angel investors also participated to complete the round. CollectiveCrunch will use the funds to finalise and launch the first commercial version of its Linda Forest platform in the second half of 2019.

With its long history in forestry, Thominvest has a solid understanding of the value CollectiveCrunch brings to this market. The firm's state-of-the-art AI-supported technologies help landowners to more accurately assess and manage their forestry inventory and buyers of wood resources to target the wood they actually need.

"We are following developments in AI closely and have been aware of CollectiveCrunch since 2017," said Thominvest Group's Mats Söderström. "CollectiveCrunch is focused on the forestry industry and we were convinced by the team's capabilities and the commercial progress they have made in the last quarters," he concluded.

CollectiveCrunch's Linda Forest AI platform utilises climate, geo, and customer process data to arrive at better predictions of forest inventory. The solution lets foresters know the volumes and species of wood they have on their land without having to drive out for inspection. CollectiveCrunch says traditional solutions can be cumbersome, time-consuming, expensive, and may have error rates of up to 30%.

Global ambition

"The funds raised in this round are essential in building the team and technical capabilities to fulfill our ambition of becoming a global leader in AI for the forestry industry," said CollectiveCrunch CEO Rolf Schmitz.

The round closure follows a multi-year partnership with Finland's Metsähallitus Forestry Ltd that aims to improve harvesting and forest development planning. The company has offices in Helsinki, Berlin, and Munich, and forestry customers in Finland, Sweden, Estonia, and Brazil.

Full house for investment seminar

Tilhill Forestry held its fourth Woodland Investment Seminar on the outskirts of Cheltenham. The seminar focussed on lowland woodland properties.

The event on 18 June proved popular with an audience of woodland owners, investors and their guests. It was therefore to a full house that Peter Chappell, forestry investment advisor at Tilhill Forestry welcomed delegates and outlined the theme of the event – the investment aspects of timber businesses for tree growers in the lowlands.

The session was opened by Bruce Richardson *(above)*, head of Investment and property at Tilhill, who took the audience on a contextual journey through recent years, illustrating the relationship between timber prices and woodland property values. A key area explored was that of tree species diversification. The investment aspects of this were unpacked during the seminar, alongside the usual silvicultural matters.

Taxation arena

Next to speak was Christine Tuckerman of the accountancy firm Bishop Fleming. Christine gained the avid attention of the audience, many of whom were directly affected by the latest developments in the taxation arena, and a lively discussion around the different VAT rates applicable to firewood growers ensued.

In an entertaining and educational presentation, Oliver Coombe of timberauctions.co.uk explored what factors could lead to significant variations in timber prices and how, with correct management, it could be possible to achieve superior pricing for quality products, both hardwood and softwood.

Finally, David Edwards, outgoing president of the Institute of Chartered Foresters gave an interesting talk about how to optimise the potential of lowland woodlands to successfully grow some of the tree species discussed by Oli and Bruce.

A question time to the speaker panel followed, and Peter Chappell, in summation described difficulties using traditional investment appraisal methodologies in accurately capturing value that could be gained in the lowland setting through management flexibility and creativity.

Tilhill Forestry intends to hold a second woodland investment seminar this year in Aberdeen in August.