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The UK Forest Market Report

Issue 18 2016

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The Buyer's Perspective >

After a record year in 2015, the volume of UK forestry transactions has returned to around the same level as 2014. This change has certainly been dramatic with a virtual halving in the value of forestry sold. However, before drawing conclusions, it is worth examining the reasons behind it.

Firstly, the sale of the UPM portfolio in 2015 was an exceptional factor. This single transaction amounted to a third of all the 2015 transactions and, as expected has not been repeated.

Secondly, the Forestry Commission disposals programme, which has been running in Scotland for several years completed its current phase.

Then, of course, there was 'Brexit'. The forestry property market dislikes uncertainty and the long 'run-up' to the vote, followed by the surprise result certainly provided this uncertainty. Indeed, the reduction in activity was very similar to what happened in 2014 with the Scottish Independence referendum, except that this time the market did not like the result.

In our view however, there is also a more fundamental 'pause' in the market, driven by a view amongst many investors that the value of UK forestry is now finally reflected by its market value. This is emulated by the MSCI IPD UK Forestry Index (*Source: IPD 2016*) which reported an average return of 'just' 10.8% from UK forestry for the year ending 31 December 2015. Still pretty impressive, but well below the annualised average of 18.4% we have seen over the last decade.

However, the total figures hide the regional differences. The market in England has been brisk, with both the larger commercial forests and a range of smaller mixed woodlands attracting strong interest. Wales has been quieter, with relatively small woodlands coming to market in the year. We are re-introducing a section on Mixed Woodlands to our Report this year to reflect the strong interest we have seen in this segment of the market.

The nuanced view of many investors is that UK forestry is an excellent long-term investment, but that the years of 'credit card style returns' are over. There are still opportunities to make significant returns, but you need the focus of forestry investment specialists to find and develop the value.

So the big question is: What happens next?

We are expecting the Scottish government to commence another phase of forest disposals, which should increase supply. Meantime, the market is now recovering from the shock of Brexit and indeed some see it as a positive factor as the weakness of sterling should increase the competitiveness of the UK timber processing industry.

The big concern now is the prospect of another Scottish Independence referendum. The heart of the UK timber processing industry is in the Borders and logs, sawn-timber and co-products move backwards and forwards across the border. The prospect of a 'hard-border' between a small EU and a large non-EU state could be a serious problem.

Nonetheless, the UK forest property industry has matured and learned to get on with business. Political uncertainty is just another unwelcome risk, like a passing storm.

Jason Sinden
Bsc (For) Hons, MICFor, MRICS, MBA
Director of Investment & Property

Tilhill Forestry are the leading forest management and timber harvesting company in the UK

The Seller's Perspective >

Our report for 2016 records a quieter year than of late, although not uniformly across the UK. A lack of obvious alternative investments and low interest rates meant that existing owners were reluctant to sell. However, signs of increased activity are now apparent.

This year has been characterised by the sale of extensive conifer plantations in northern Scotland of lower quality than in previous years. The Barracks at 4,477 hectares came with challenging access issues and represents almost 12% of the market evidence (see case study page 8 for further details). At the time of writing this report the signs are of better quality assets being presented to the market in Scotland generating positive interest at levels indicative of continued steady growth in value. No plantations seem forthcoming to satisfy the demand for commercial forestry in Wales.

If you were the owner of commercial woodland, what drivers would encourage you to consider selling?

For some, it may be a significant change in circumstance, such as the death of the owner. The heirs might be children or grandchildren, often with different objectives and it becomes simpler to sell the forest and divide the financial proceeds.

For others, it may be that there is a reluctance to get involved in the harvesting and replanting cycle. This can be an ideal opportunity to sell a property because incoming purchasers have an opportunity to benefit from an immediate income stream.

The latest research on UK wood supply, prepared by John Clegg Consulting Ltd, shows potential timber supplies growing over the next fifteen years or so and then falling back to below current levels. This highlights the need for proper restocking of harvested crops and additional afforestation if we are to sustain raw material supplies. The Scottish timber industry is a £1bn sector with consequently a significant impact on the economy. Political support for new planting is vital for the long term. Despite the impending departure from Europe, we understand that forestry grants will be secure until 2020.

Given statistics showing that restocking of felled conifer crops is lagging behind the harvested area, we are at risk of losing productive forest area at a time when the demand for timber shows every sign of increasing. Paying attention to the quality of restocking is vital to the long term capital value of your forest. Scrubby mixed broadleaves won't generate commercial timber for the mills.

Marginal hill farming is just that. There are a number of farmers who, for generational reasons, or simple lifestyle changes, may wish to release land to the market and this could be brought into forestry planting. There are some very exciting opportunities to create outstanding forest resources for the future, potentially offering greater integration with farming.

As interest rates are now lower than when we reported last year we believe this strengthens the case for having a proportion of a portfolio's assets in forestry.

Fenning Welstead
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Partner, John Clegg & Co

John Clegg & Co are the leading forestry agent, particularly active in forestry sales.

Acknowledgements: Cover photo: ©Stephen Whitehorne. Maps: Contains OS data © Crown copyright and database right (2016)

Introduction >

The main section of The UK Forest Market Report focuses on completed sales of commercial forest properties over 20 hectares in size which are predominantly conifer. We refer to individual years (2016 etc.) but the actual period each year covers is the 1st October to the 30th September of the following year.

Other woodlands are covered in the Mixed Woodlands section.

The UK Forest Market Report has been produced since 1998 and the data series now covers 19 years, incorporating some 1,550 transactions totalling some £922 million and 240,000 stocked hectares. As such, we believe it is the most comprehensive publically available record of forestry transactions in the UK.

The following provides an overview of the forestry and woodland market.

Further details of our market analysis is available on request. Please email:

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Above: Harvesting operations at West Buccleuch, Scottish Borders.

Market Overview >

2016 SAW THE MARKET TAKING A SHORT BREATH AFTER THE HECTIC PACE WE REPORTED IN 2015. IN RECENT YEARS WE HAVE SEEN A STRONG UPWARDS TREND IN THE VALUE OF FORESTS SOLD, AND 2016 HAS SEEN A CHECK IN THIS TREND.

During 2016, we saw a total of £79.19 million of forest properties traded. This is a drop from 2015's record sales of £150 million, but that figure was heavily influenced by the sale of the UPM Portfolio for £50 million. The 2016 sales figure is in line with that from 2014 at £82.85 million (*see Fig 1*).

The market was once again dominated by **Scotland** with **67%** of the sales recorded. **England** recorded **29%** of the sales, an unusually high proportion, due to a number of larger properties than are normally seen in England coming to market. **Wales**, with the remaining **4%**, was characterised by smaller than usual properties coming to market.

In total some **17,444 gross hectares** (43,105 acres) of forestry was traded, of which 13,062 hectares were stocked or plantable. This is **down 29%** from last year's record of over 18,000 stocked hectares but is again influenced by the UPM Portfolio. The area traded is in line with the 2014 figure and is in line with a five year average of 13,400 hectares per year. Note that the UPM Portfolio contained 5,800 stocked hectares, suggesting that 2016 has seen a slightly higher than average area sold of lower quality/value.

This year has seen some very large properties marketed. In Scotland, the Forestry Commission Scotland sold the Barracks forestry complex at Rannoch Moor with a gross area of 4,477 hectares. This is the largest single property traded in the UK in recent years (*see case study*).

In England, we have seen an off-market sale in Cumbria of over 750ha, the largest property to be marketed recently in England. However, the market in Wales has seen smaller properties than usual coming to market with no properties larger than 100ha (stocked area) being sold.

The average size of a sold property this year has increased to 195 hectares (from 188 hectares in 2015) and the average cost of a property is now **£1.18 million**. These averages are affected by some larger forests in the north of Scotland which have larger areas and smaller unit prices. More meaningful is the average forest values by country and property size, shown in *Fig. 2*.

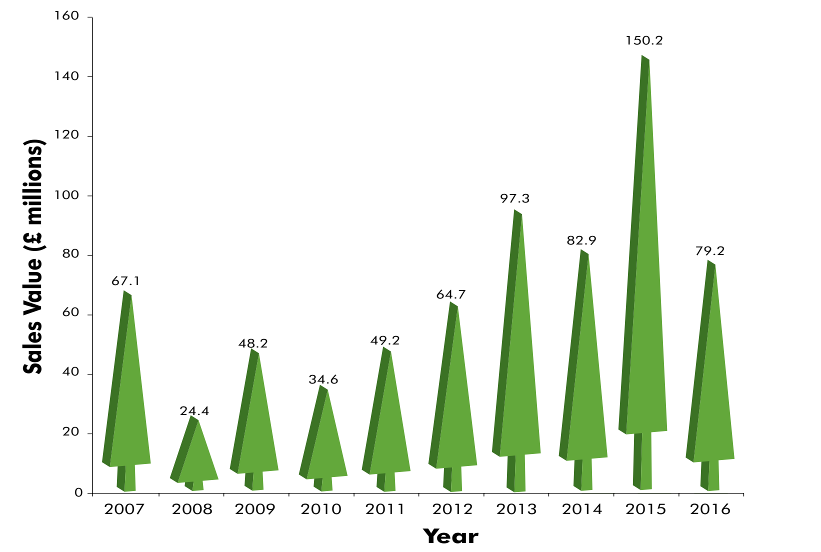


Fig 1: Total Annual Value of Forest Sold

KEY FACT:
Recorded sales
67% Scotland, **29%** England, **4%** Wales

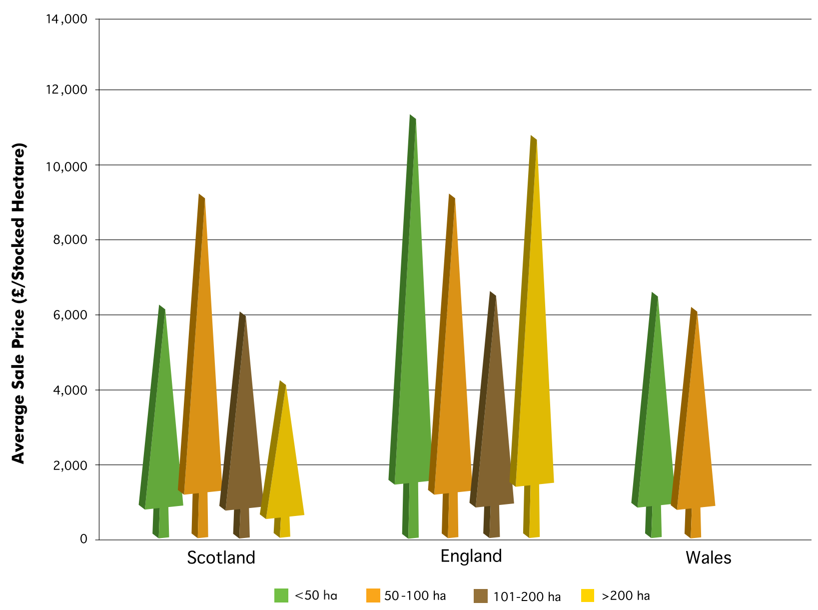


Fig 2. Average Sale Price per Stocked Hectare by Country and Size Class

Market Overview *continued*

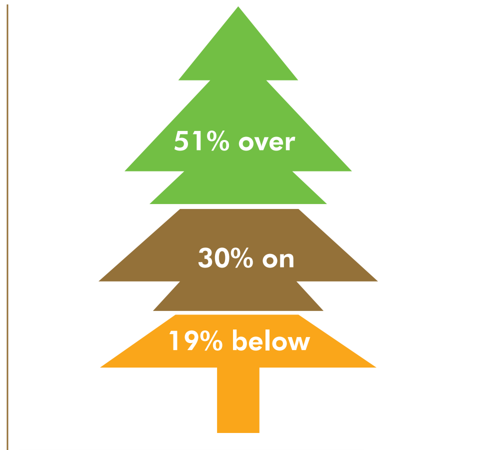
Average prices in Scotland have improved for the smaller forests, but dropped for the larger forests. This is discussed further below.

It is more difficult to see any pattern in average prices in England which may reflect the smaller sample size. Overall prices in England are consistently higher, no doubt driven by higher land values.

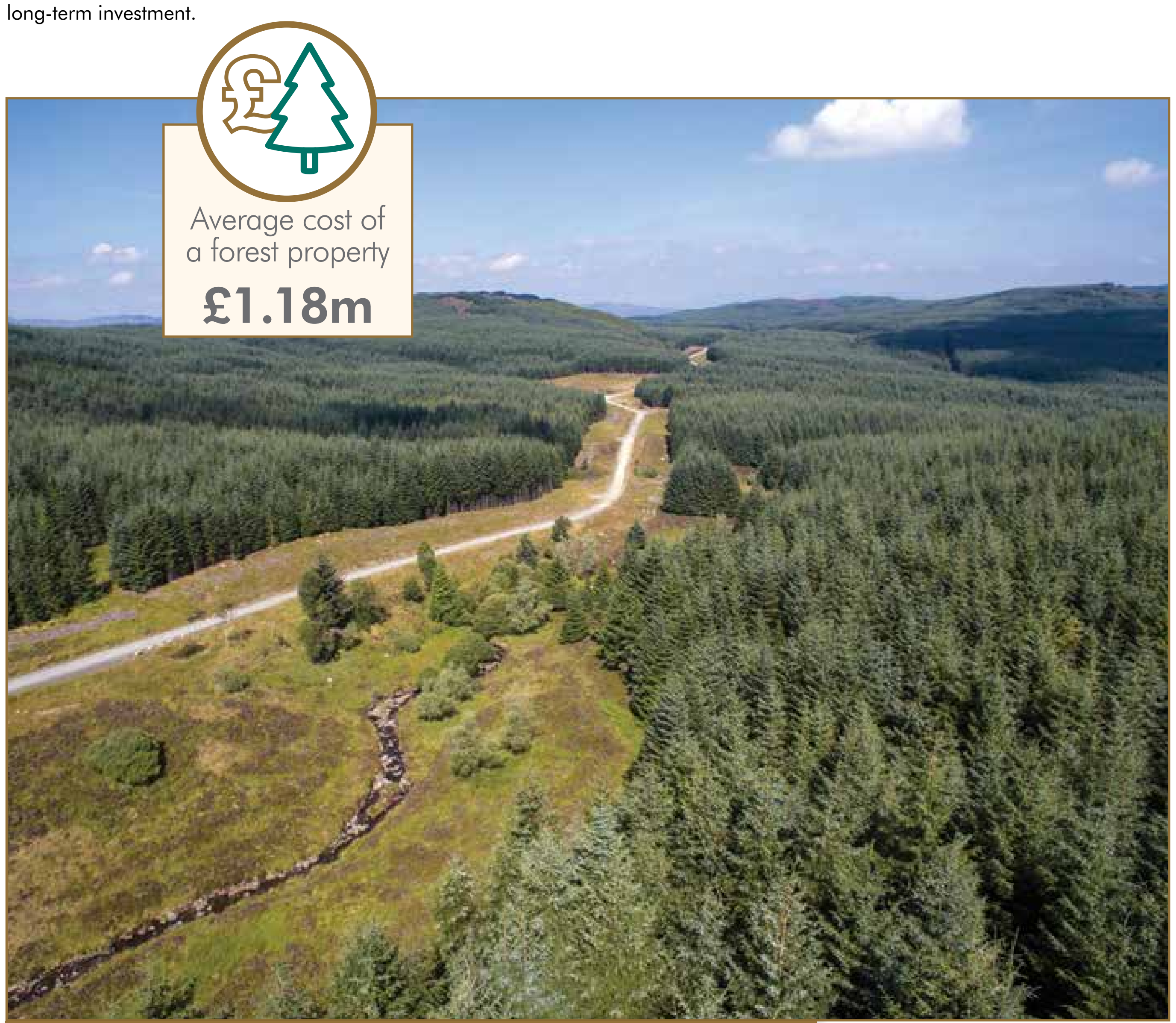
Average prices in Wales are similar to 2015, albeit without any larger forests in the sample. The lack of substantial properties to buy in Wales this year has driven an increased interest in buying land for afforestation projects.

Properties have tended to achieve prices closer to the guide price than in recent years, with **51%** of recorded sales **over the guide**, and only **19% below guide**. Partly this reflects differing marketing strategies in the different countries, with the majority of properties selling over guide being in Scotland. Unusually however we have also seen a small number of price reductions being offered.

Overall, we believe that the market has behaved robustly in the light of the wider economic environment, demonstrating the strength and resilience of forestry as a long-term investment.



Recorded Sales against guide price



Above: Moness Forest, an outstanding forestry, sporting and amenity estate located in Aberfeldy, Perthshire.

Market Conditions >

THIS YEAR HAS SEEN CONSIDERABLE TURBULENCE IN THE WIDER ECONOMIC ENVIRONMENT. THE FTSE 100 INDEX STARTED THE PERIOD AT AROUND 6,500, REACHED A LOW OF 5,500 IN FEBRUARY AND THEN HIT CLOSE TO RECORD HIGHS AT AROUND 7,000.

This reflected wider worldwide economic uncertainty at the turn of the year, more specific concerns with Brexit in mid-year, and the drop in value of the pound later in the year.

We have seen some slowing in the forestry property market due to this volatility. Partly this may be due to a reluctance to make major investment decisions at times of uncertainty, partly maybe a reluctance to realise other assets to fund a purchase. We have recorded a small increase in the average transaction time (from when a property comes to market to when the sale is completed) to six months.

However, **the forestry market has held up well throughout the period**. A combination of increasing capital values and an expectation of increasing timber prices over the medium term, together with the volatility seen elsewhere, has seen investors look for more secure land-based investments. Forestry typically has a low correlation to other asset classes and is seen as a potential hedge against market failure elsewhere. This is supported by the substantial number of property transactions being processed and continuing strong interest in quality properties which come to market, which demonstrates its attractiveness despite, or possibly because of, uncertainties in other investment markets.

Forestry typically has a low correlation to other asset classes and is seen as a potential hedge against market failure elsewhere

Location Underpins Value >

ONE FEATURE OF THIS YEAR'S FIGURES IS THE REGIONAL VARIATIONS SEEN IN SCOTLAND.

North Scotland this year has shown lower unit prices which fall as the property size increases.

This region has been dominated by two very large properties this year which, with poorer quality Sitka spruce, substantial proportions of lodgepole pine, longer transport distances to the processing mills and larger unproductive areas, have brought the unit price down.

However, it is encouraging to see that these properties can come to market and, more importantly, are finding buyers.

We believe this may be in part due to the investments being made by timber processors in the north of Scotland such as BSW Timber in Fort William and Norbord in Inverness which we expect will open up local markets for timber in the near future.

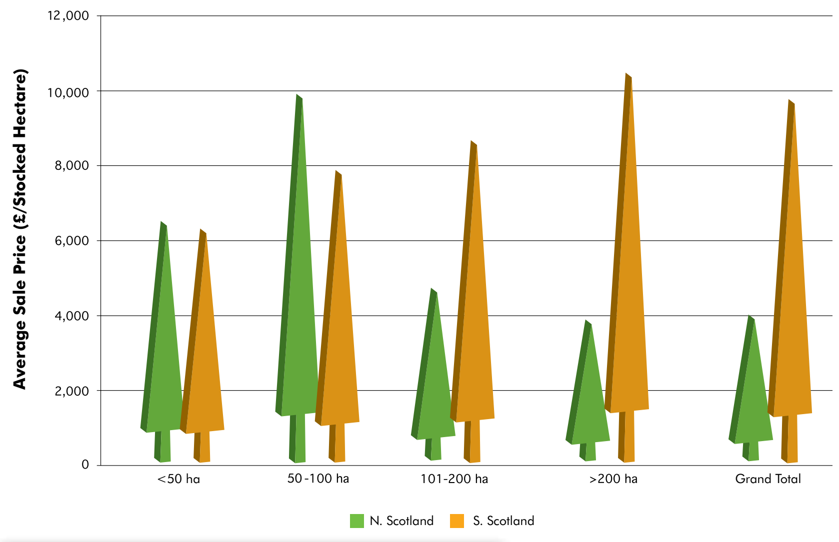


Fig 3: Average Sale Price per Stocked Hectare – Scotland

KEY FACT:
North Scotland lower unit prices compared to **South Scotland**

Location Underpins Value *continued*

South Scotland is a different story as it is always seen as a prime area for growing quality commercial crops and this is reflected in the prices paid.

Typical of these is Howpasley, a forest with over 400 stocked hectares in Central Borders, growing good quality Sitka spruce planted in 1988, close to the main road network and processing mills. This sold quickly at over **£17,000 per stocked hectare**, much on a par with the best prices seen in previous years.

Without question, sawmillers operate in a very fluid commodity market and they need to be competitive with spot market timber purchases.

To achieve market competitiveness, sawmillers want good log material which can be summarised as being medium to large log, uniform taper with little defect such as branch knotting.

Investors recognise sawmillers and timber buyers are willing to pay a premium for good quality timber parcels that are within convenient haulage distance of sawmills.

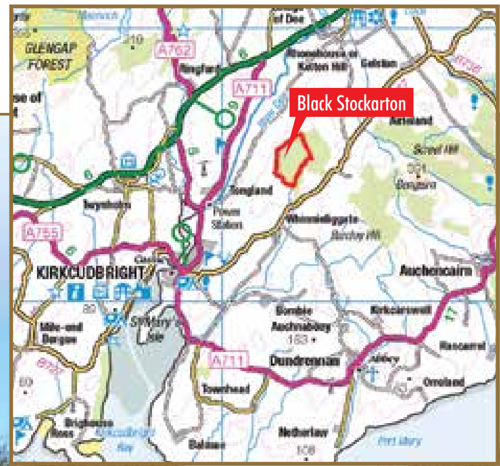
Case Study

Black Stockarton

Such is the current demand for well managed and located forest property that over the summer we saw Black Stockarton, a 143 hectare property in South West Scotland, achieving unrivalled interest amongst potential purchasers. The property sold quickly at over £14,000 per stocked hectare, nearly 40% over the guide price.

Black Stockarton has benefited from good establishment and meticulous forest management. It is exhibiting excellent biological growth and is located near to the UK's largest sawmill.

Undoubtedly, quality and location sells.



Location Underpins Value *continued*

Forestry Appraisal – A Fine Art

The largest single forest sold during the year was Barracks. At almost 4,500 hectares it is actually the biggest for many years. Barracks illustrates well the challenges of appraising commercial forestry:

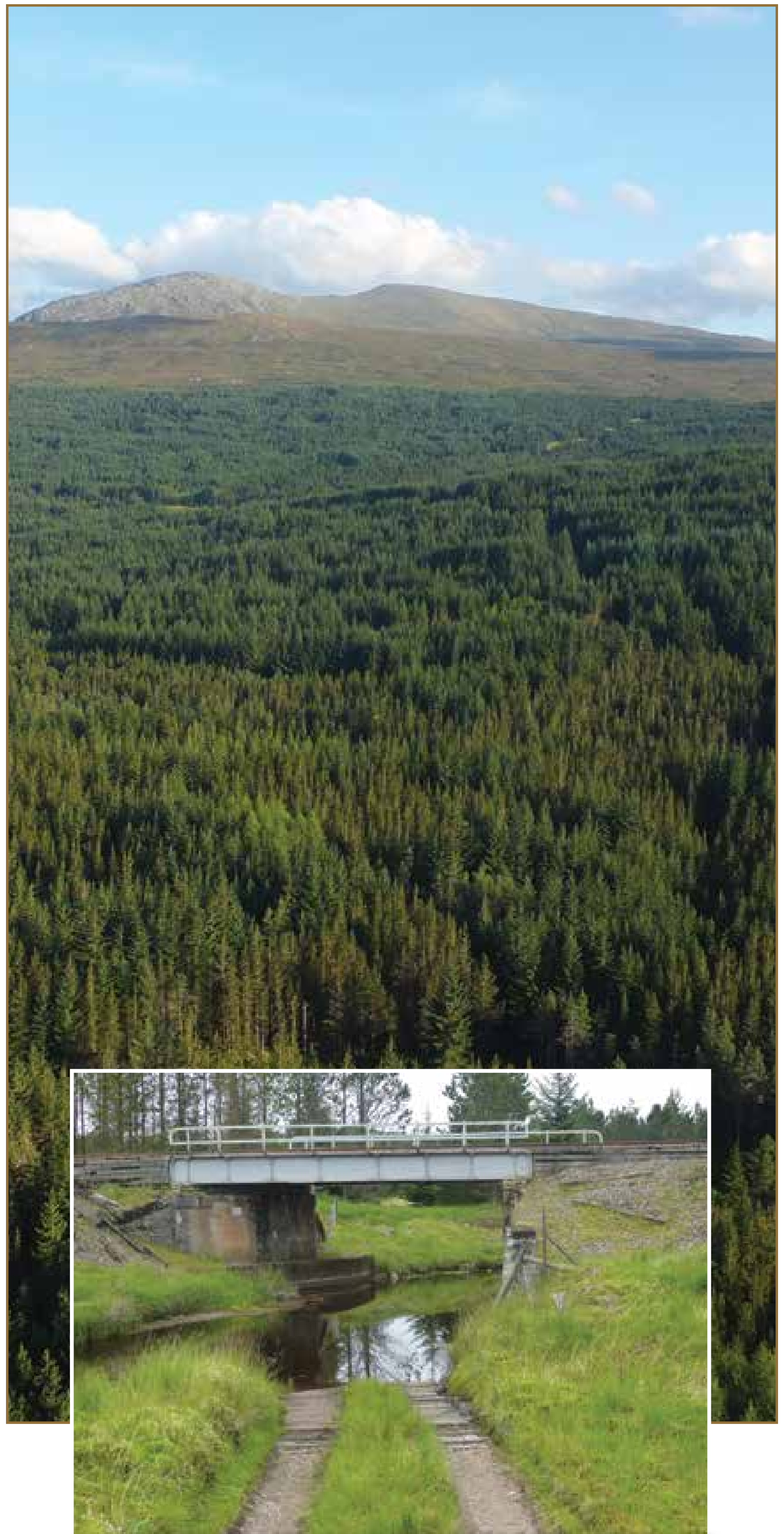
A large, Forestry Commission disposal, its location on Rannoch Moor in Scotland, is one of the most remote in the UK. Furthermore, the property is served by a single, relatively narrow public road, with a long haul to timber markets. The suitability of this road is a potential constraint on timber haulage.

Investigations into the use of rail haulage (on the rail line that bisects the forest) have been ongoing for many years without resolution. The result being that almost no harvesting had been carried out at the date of sale.

Internal access, with its many fords and roads, is challenging. For all practical purposes, around 404 hectares has no access, being beyond the said railway line.

With a high proportion of Lodgepole pine and parts of the crop suffering from windblow, The Barracks presents challenges. But its extensive scale offers opportunities to consider a more varied future, possibly including elements of recreation and wildlife management.

A number of professional forestry advisors assessed this property, attracted by the scale and arrived at a range of values. The Barracks sold well at the closing date. The range of prices offered reflected how different investors and valuers view the potential that such properties can offer.



Above: The only access to 404 hectares is through a ford under a bridge and along the river.

The Investment Story in England >

DURING THE YEAR WE SAW TWO LARGE, HIGHLY COMMERCIAL, FORESTRY PROPERTIES IN NORTH ENGLAND BEING SNAPPED UP OFF-MARKET.

Prices of nearly **£12,000 per stocked hectare** have been achieved in places.

This continues a trend we saw last year with excellent prices being paid for well-located properties stocked with quality timber. We expect this trend to continue as investors look further afield than the traditional areas in Scotland and owners realise the value of their forestry. Some investors see England as a safer investment area and are diversifying part of their portfolio here.

Since the flooding in North England last winter there has been much talk about the potential for forestry to lower flood risk in catchment areas, particularly in Cumbria, and we anticipate this will generate woodland creation activity in 2017.

KEY FACT:
SOLD: North England
£12,000 per stocked hectare

Timber Markets >

THE INDUSTRY IS BECOMING INCREASINGLY CONCERNED ABOUT THE LONG-TERM POSITION SURROUNDING TIMBER SUPPLY IN THE UK.

IN 2014, THE FORESTRY COMMISSION PUBLISHED A '50 YEAR FORECAST OF SOFTWOOD TIMBER AVAILABILITY' WHICH PREDICTED THAT LOCALLY GROWN TIMBER AVAILABILITY WOULD PEAK AROUND 2030, AND THEN DECLINE BY ABOUT 30% OVER THE FOLLOWING 20 YEARS.

The Forestry Commission has published two further reports, one on woodland creation and the second showing the poor level of restocking of commercial timber felled since 2006. Taken together, these have left a concern about the long term sustainability of commercial forestry at its current scale.

It is not yet clear that this concern is being reflected in the market. However, it is interesting to note that forestry in the age range 21-30 years is now showing strong values. Are investors anticipating an increase in timber values when these trees come to be harvested?

After a long period of buoyancy in the market we saw the market dip during 2015. This was been driven by exchange rates between sterling/euro and Swedish krona. The first half of 2016 saw something of a rebound, largely driven by the sawn fencing market but assisted by a weakening sterling. The relationship between exchange rates and the health of domestic timber industry is well documented.

June's vote to leave the EU has added uncertainty to the market. It also led to a weakening of the pound, although this has had the bonus of making UK produced timber relatively cheaper than imports.

We know the sawmilling sector is particularly exposed to the economy and, in particular, the construction sector and exchange rates. Biomass, and to some extent the board sector, are less exposed. This in turn creates an imbalance in both demand and payability between logs and roundwood, and we have seen plenty of evidence of this in the past couple of years.

At the moment, the only certainty is that change is inevitable!

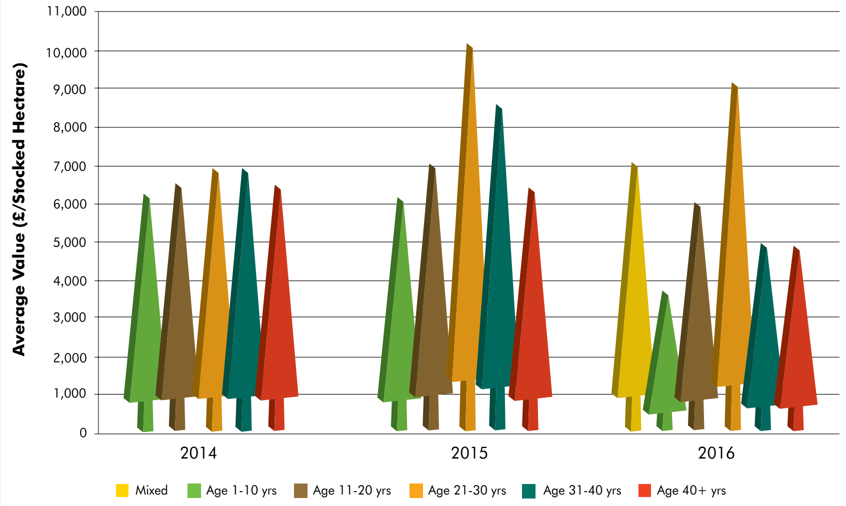
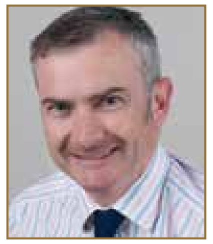


Fig 4. Average Values (£/stocked hectare) by Age Group

A more detailed discussion of standing conifer timber prices and their influencing factors can be found in the Tilhill Forestry Timber Bulletin published in summer 2016. A copy of this Bulletin can be downloaded from the Publications section of the Tilhill website: www.tilhill.com.

Forestry vs Other Asset Classes >



AN OVERVIEW BY JASON BEEDELL, PARTNER, STRUTT & PARKER

Forestry has been the top performing asset type in the UK over the last 15 years, generating returns of well over 10% a year over this period.

The performance has been almost exclusively due to the increase in capital values. Over the last ten years, capital growth has been just shy of 20% a year.

Since the late 2000s, the significant improvement in forestry returns has been driven by demand for timber and incentives to use wood as an energy source. Due to volatility and low returns in other asset classes, this increased investor interest in forestry.

Looking forward to the next five years, returns from property investments are expected to be lower.

Total returns from commercial property are expected to be around 3% a year as commercial property prices fall and demand for some types of property weakens due to economic uncertainties, at least partially due to the referendum vote. Retail and industrial property is expected to perform slightly better (3-4% total return per annum) than office property (1%).

Returns on farmland, the other recent rural high performer, are also likely to be lower. This is also an asset class where return is largely due to capital growth. Low commodity prices have affected farmers' profits and demand for land, which has reduced the upwards pressure on farmland prices. Uncertainty about the future of subsidies for farming will also negatively affect prices. We expect total returns to average 4-5% per year until 2020, mostly due to modest capital growth and income returns remaining at 1 – 1.5%.

In conclusion, forestry is still a solid investment vehicle for those wishing to diversify their portfolios to include a green investment that can be enjoyed in many ways.

Forestry. The top performing asset over the last 15 years

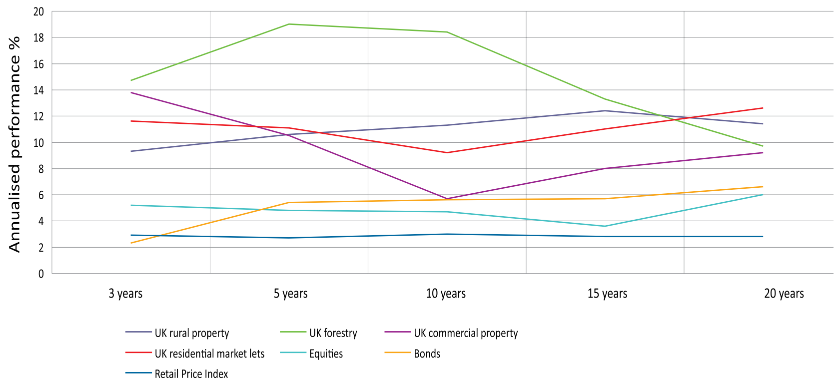


Fig 5: Investment performance of UK rural property and forestry compared with other core asset classes, over 3 to 20 year periods. *(Sources: Strutt & Parker, MSCI (all property classes), JP Morgan (bonds).*

	2015				2014
	Income Return (%)	Capital Growth (%)	Total Return (%)	Gross Rent Passing Growth (%)	Total Return (%)
UK rural property	1.3	4.1	5.5	4.0	10.4
UK forestry	-0.5	11.3	10.8	–	18.6
UK commercial property	4.8	8.0	13.1	3.0	17.8
UK residential market lets	2.6	4.4	7.1	5.5	13.1
Equities	n/a	n/a	-2.2	n/a	–
Bonds	n/a	n/a	1.0	n/a	–
Retail Price Index	n/a	n/a	1.2	n/a	1.6

Table 1: Investment performance of UK rural property and forestry compared with other core asset classes, in 2014 and 2015.

Whither Brexit? >

AT THE END OF 2016 THE GREAT IMPONDERABLE IS 'WHAT WILL BE THE IMPACT OF BREXIT?'

Currently, we have seen that the main impact of Brexit has been to exchange rates. We would expect to see this generally being positive, as it makes imported timber more expensive. This would particularly affect the saw log market, which ought to grow if the Government meets its targets for a vigorous housebuilding programme.

In the longer term, uncertainty about the availability of grants for woodland creation is making investors nervous about committing to creating new woodland. At the moment, some campaigners are proposing that the new agricultural grants structure that replaces the Common Agricultural Policy when the UK leaves the EU should favour smaller farmers, and if this is successful it will undoubtedly influence the land use debate in the UK. However, this type of 'capping' of payments has been strongly opposed in the UK in the past.

Brexit has also re-opened the question of Scottish Independence. Without taking a political view, it is worth noting that a 'hard border' would create difficulties for the many forestry operations and people who operate across the border, especially if border checks added costs or if tariffs were charged.

Unfortunately nobody in Government is in a position to answer questions on Brexit, and we have to assume that uncertainty will remain for some time now.

Mixed Woodlands >

FOR THE FIRST TIME SINCE 2005, WE ARE INCLUDING A SECTION WHICH COVERS THOSE WOODLANDS WHICH DO NOT MEET THE CRITERIA FOR THE MAIN REPORT.

This section covers mixed or broadleaf woodlands greater than 25 acres which are managed with mixed objectives. We believe that prices for properties under 25 acres in size are driven by local factors and therefore give no wider insight into the market.

Woodland owners tend to have a mixed set of objectives for this type of woodland. Woodland offers so much more than a simple monetary return derived mainly on timber income.

Diversification can include improving habitats for wildlife, developing leisure facilities such as walking and/or mountain biking, a camping site, or simply creating a beautiful place to spend time with the family.

Many see creating an improved woodland as a legacy to leave for future generations. Of course, many woodlands may form an integral part of a larger mixed farming or sporting property or estate.

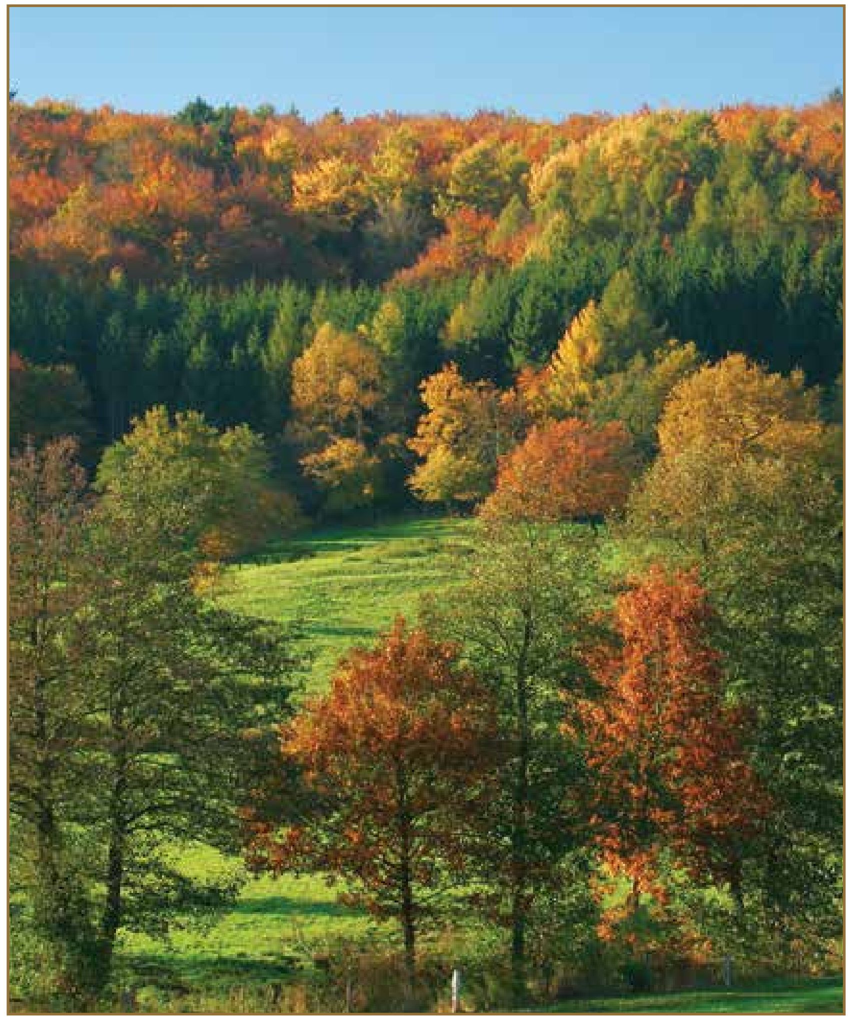
The woodlands ranged in size from 25 wooded acres to 85 wooded acres with an average size of around 45 wooded acres. Prices varied from **£1,200** per acre up to nearly **£8,000** per acre at these properties. However, on average they are realising between **£2,800** per acre and **£4,000** per acre.

A number of factors influence the prices realised by these mixed properties.

As always with land based investments, location matters. Buyers are looking for peace and quiet without having to travel too far. Woods that are more than an hour from centres of population take longer to find a buyer.

Generally, as with the larger forests, attention to the infrastructure (roads, fencing) pays off for a seller.

KEY FACT:
Attention to the infrastructure such as roads and fencing pays off for a seller



Above: Developing habitats for wildlife can improve the value of woodlands.

Mixed Woodlands *continued*

Privacy is important although many owners are happy to allow access to their woods by responsible members of the public. Ownership of the sporting rights can be important too, if only to control the exercise of those rights.

Most owners will require a commercial element to their woodland, which at a minimum should ensure that the woods 'wash their own face financially' and meet the criteria for the tax benefits available.

One trend we have seen in recent years is the way that responsible owners have increased the overall capital value of their woodland through a programme of improvement. This can relate to the commercial element, for example by putting in higher value species during restructuring. It is also possible to improve the amenity element, for example by improving access, developing habitats for wildlife, or 'glamping' to ensure time spent in the woods is more comfortable.

It is worth remembering that even smaller and more mixed woodlands can meet the criteria of 'commercial management' that is required to get the tax advantages from owning woodland. Please discuss with us for more information.

Average prices range from between
£2,800 – £4,000
per acre

Above: Camping pods – one of the many ways a managed woodland can create income.

Above: A well-managed woodland creates opportunities to improve sporting activities.

Mixed Woodlands *continued*

Case Study

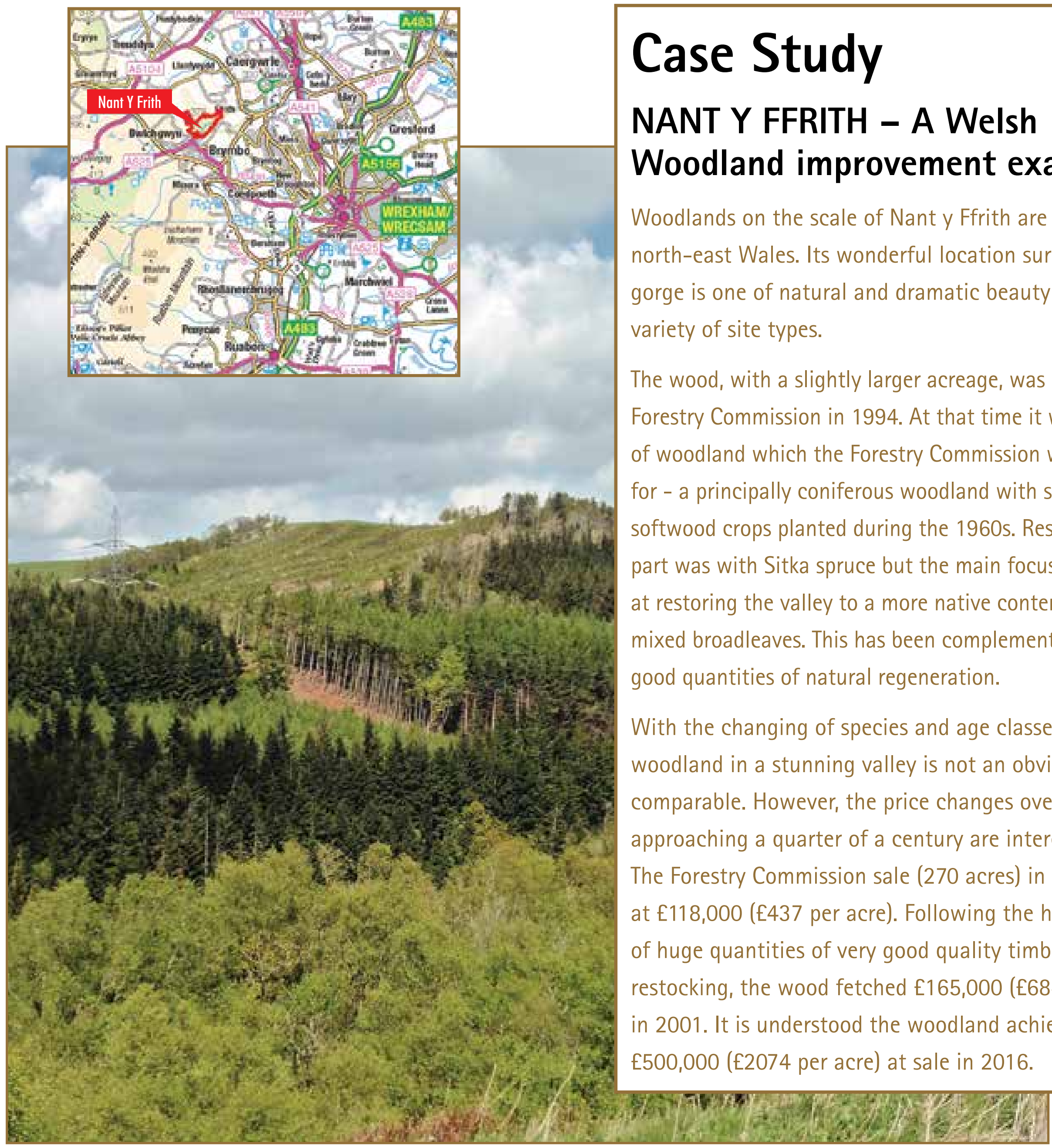
Maer Hills – an English woodland enhancement project

Maer Hills is a woodland in Staffordshire, on sandy loam soils over gravels. The current owner bought it in 2010, and at that time the woodland was dominated by 1950s Scots and Corsican pines. The pine was suffering heavily from needle blight and there was an infestation of rhododendron in the understorey. The woodland had great potential, but timber growth levels were low, and the property was difficult to access.

The first improvement was rhododendron clearance, which was funded through a grant aid programme. This greatly improved the woodland's accessibility. The second enhancement consisted of heavy thinning of the diseased Corsican pine. This was undertaken to improve the residual crop quality and also decrease stand humidity levels and hence the degree of fungal blight infection. Longer term, both owner and forest manager wanted to increase the woodland's timber productivity levels and resilience. So, in a number of places, Douglas fir was under planted to commence a species transition away from the lower yielding and blight prone Corsican pine. As a higher value and faster growing species, the Douglas fir greatly enhanced the property's future income potential and market value.

Today, the property has been considerably enhanced from the 2010 position and still further enhancement is possible through additional species diversification giving greater resilience and boosting productivity. Western red cedar will be added this year and another grant secured for further rhododendron clearance.

Mixed Woodlands *continued*



Case Study

NANT Y FFRITH – A Welsh Woodland improvement example

Woodlands on the scale of Nant y Ffrith are rare in north-east Wales. Its wonderful location surrounding a gorge is one of natural and dramatic beauty with a wide variety of site types.

The wood, with a slightly larger acreage, was sold by the Forestry Commission in 1994. At that time it was the type of woodland which the Forestry Commission was known for - a principally coniferous woodland with some good softwood crops planted during the 1960s. Restocking of part was with Sitka spruce but the main focus was aimed at restoring the valley to a more native content with mixed broadleaves. This has been complemented with good quantities of natural regeneration.

With the changing of species and age classes this woodland in a stunning valley is not an obvious comparable. However, the price changes over a period approaching a quarter of a century are interesting. The Forestry Commission sale (270 acres) in 1994 was at £118,000 (£437 per acre). Following the harvesting of huge quantities of very good quality timber and restocking, the wood fetched £165,000 (£684 per acre) in 2001. It is understood the woodland achieved over £500,000 (£2074 per acre) at sale in 2016.

Finally >

Many of the forests being traded today were originally planted between the 1960s and the late 1980s and contain predominantly Sitka spruce. Individual properties were typically planted in one operation to create an even aged forest which, as discussed earlier, are now becoming much more age diverse as the original crops are harvested and replaced. Current forest regulations restrict extensive harvesting within a single property so harvesting has to be undertaken in stages.

This research is a snapshot of the commercial forestry market in the year to September 2016, woods sold in previous years are therefore different from those analysed here. While these results show useful trends, readers should not base investment decisions on these comparisons alone and should always seek professional advice before committing to an investment.

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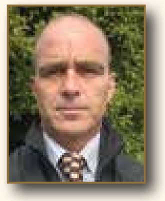
Scotland



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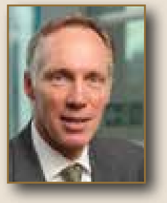

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