



TimberMart-South In Depth & In Focus

The following section of TimberMart-South's Market News Quarterly provides the following in-depth articles submitted for publication during the quarter.

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Southern Logging Business Trends: 1997-2017 68
By Joseph Conrad, Ph.D., UGA Warnell School of Forestry and Natural Resources

Logging businesses have consolidated over the past twenty years as a result of efficiency improvements and declines in timber demand. As a result of capital investment and innovation by logging businesses and business owners, sufficient and sometimes excess capacity is available in the South. However, many challenges remain, the most pressing one being timber transportation.

**The Influence of Export Markets on Domestic Hardwood Lumber and
Timber Prices: 1997-2017** 74
By Harrison Hood, Ph.D., TimberMart-South

Factors such as domestic production, consumption, and supply levels influence hardwood lumber prices, but in recent years export markets have contributed, as well. In addition, since 2014 evidence shows that changes in hardwood lumber prices eventually affect stumpage markets.

Discount Rates and Timberland Returns 82
By Robert Hagler, Principal, ForestEdge LLC

In the absence of robust performance data for timberland investments, investment managers and appraisers alike have tried to adapt traditional measures such as Weighted Average Cost of Capital (WACC) or Capital Asset Pricing Models (CAPM) to determine appropriate discount rates. An alternative discount rate calculation approach could be used until readily available data catches up with this unique asset class.