

Income Possibilities from Farm Woodlots

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How do you use your woods?

- Recreation: camping, hunting, hiking, wildlife watching ...
- Firewood, timber harvests
- Craft items like vines, foliage, flowers, seed pods, moss ...
- Foods and herbals like nuts, fruits, fungi, greens, syrup, ginseng, goldenseal ...
- All these and more present some income possibilities



Why Should I Manage My Woodlands?

- Productivity and health can be enhanced.
- Specific benefits and products can be actively encouraged.
- Can increase economic value and your enjoyment of forest benefits.
- Derive income from acres not suited to other agricultural systems.
- Natural processes have been disrupted by past and present activities/conditions.

How Do I Begin?

- **You need a target to take aim!**
- Create a prioritized list of objectives.
- What benefits, products, or future conditions do I want from the woods?
- How can the woods fit into my farm operation?
- Evaluate your resources and the potential for improvement.
- **Get some professional help!**

Professional Forester Categories

- **Public Sector** – IDNR District Foresters
- Extension Foresters
- NRCS Foresters, other public agencies
- **Private Sector Foresters** –
- Private Consulting Foresters - ACF
- Industry Foresters
- NGO Foresters – conservation or landowner organizations
- <http://www.findindianaforester.org/>

Indiana Forests Today

- 4.7 million acres of forestland – 20% of Indiana land base
- 95% Hardwood forest – Oak/Hickory & Beech/Maple are the major cover types
- 87% private ownership ~ 190,000 owners
- Wood volume growth exceeds removals by over 3 times
- Re-introduction and recovery of wildlife species

Motivation to Manage Timber

- Indiana hardwoods are among the highest in quality and value regionally.
- There is a well developed primary and secondary industry providing good local and regional markets.
- Timber can grow in value three ways: volume, unit value, and real price increase.



What trees do I want to grow?

- Historically good timber markets:
- Black Walnut
- White and Red Oaks
- Black Cherry
- Sugar Maple
- Tuliptree



Many others have markets as well, although values may vary widely or be consistently low.

Species Ranking - Indiana

| Species | Prime Log Price \$/MBF '10 | Prime Log Price \$/MBF '13 |
|--------------------------|-------------------------------|-------------------------------|
| Premium Species | | |
| B. Walnut | \$1,375 | \$1,430 |
| Cherry | \$827 | \$788 |
| W. Oak | \$717 | \$804 |
| Hard Maple | \$677 | \$832 |
| R. Oak | \$617 | \$633 |
| Mid-Value Species | | |
| T. Poplar | \$405 | \$459 |
| W. Ash | \$457 | \$520 |
| Soft Maple | \$387 | \$355 |
| Hickory | \$398 | \$485 |
| Basswood | \$310 | \$305 |
| Pallet Species | | |
| Beech | \$262 | \$280 |
| Pine | \$223 | \$233 |
| S. Gum | \$228 | \$225 |
| Elm | \$243 | \$239 |
| Sycamore | \$240 | \$231 |
| Cottonwood | \$194 | \$211 |

- **Comparison of sawtimber values – 2013**

| White Oak | | Tuliptree | | Sweetgum | |
|------------------|--------|------------------|--------|-----------------|--------|
| Log gr. | \$/MBF | Log gr. | \$/MBF | Log gr. | \$/MBF |
| Pr. | 804 | Pr. | 459 | Pr. | 225 |
| #1 | 550 | #1 | 375 | #1 | 226 |
| #2 | 405 | #2 | 287 | #2 | 218 |
| #3 | 275 | #3 | 212 | #3 | 218 |

You want to grow desirable species of good quality!

Quality Matters!



- **Black Walnut
Prime Veneer**

- **Log Dia. (\$/MBF)**

- 12-13 1879
- 14-15 3363
- 16-17 4456
- 18-20 5875
- 21-23 6571
- 24-28 7500
- >28 7500

- **Black Walnut
Sawtimber**

- **Grade \$/MBF**

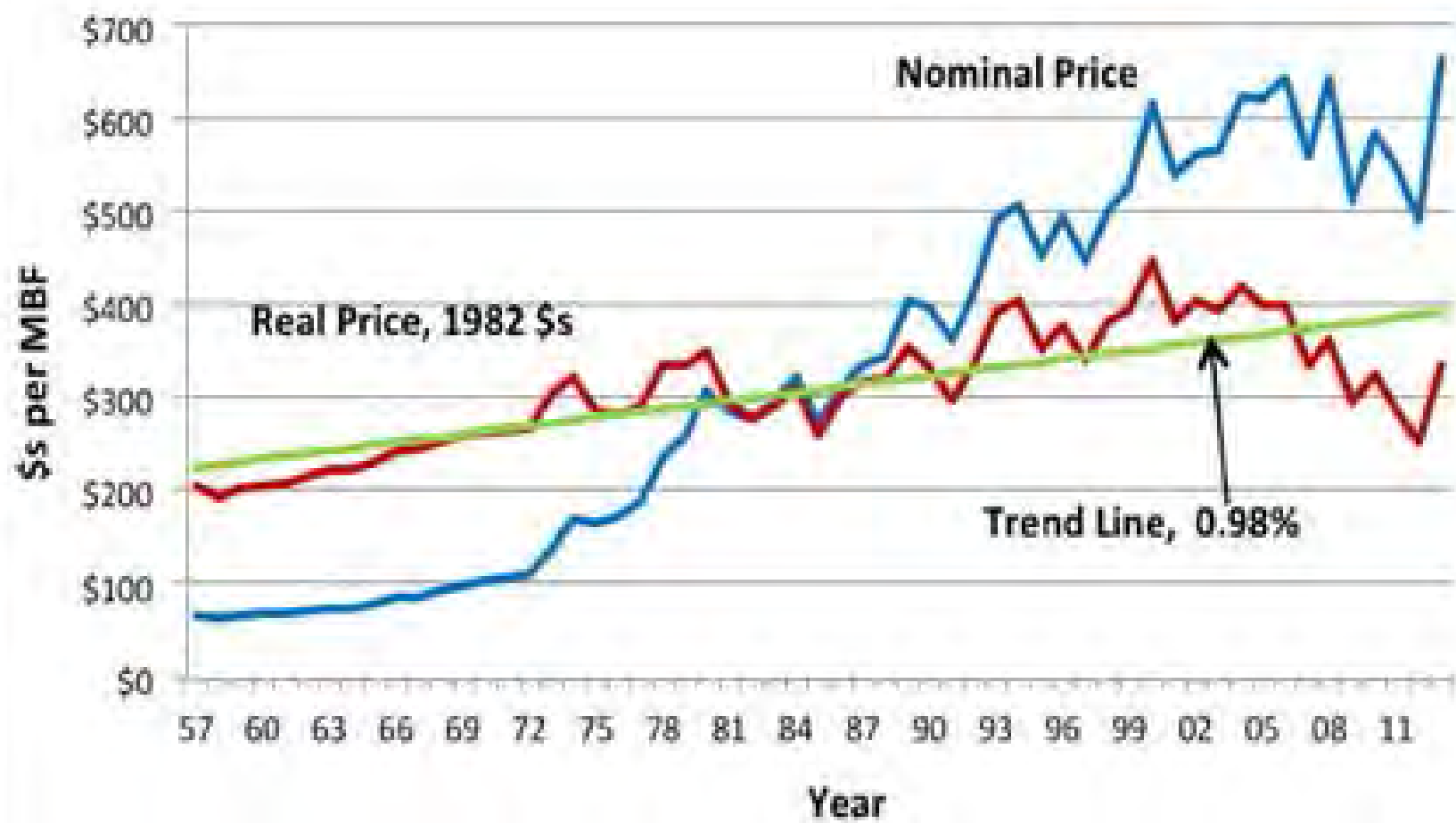
- Prime 1430
- No. 1 1113
- No. 2 719
- No. 3 376

**High quality and large
diameter logs may
yield more money!**

Average stand of timber, nominal, deflated, and trend line price series, 1957 to 2013



Quality stand of timber, nominal, deflated, and trend line price series 1957 to 2013





Selling your Timber? Get a Pro!

- Know what you are selling
- Get your product in front of the market
- Deal only with licensed, bonded buyers
- Set up a contract
- Get paid before the saw starts
- Understand tax implications
- Use Best Management Practices (BMP's)
- Reinvest in your woods

Get in the marketplace to get a better price

BUNYAN TIMBER SALE – WEST CO.

| | |
|-------------|--------------|
| • Buyer #1 | \$132,252.00 |
| • Buyer #2 | 123,860 |
| • Buyer #3 | 106,805 |
| • Buyer #4 | 102,364 |
| • Buyer #5 | 100,750 |
| • Buyer #6 | 100,350 |
| • Buyer #7 | 98,462 |
| • Buyer #8 | 96,850 |
| • Buyer #9 | 96,000 |
| • Buyer #10 | 91,776 |
| • Buyer #11 | 87,279 |
| • Buyer #12 | 82,000 |
| • Buyer #13 | 80,989 |
| • Buyer #14 | 70,250 |
| • Buyer #16 | 70,126 |
| • Buyer #17 | 64,848 |
| • Buyer #18 | 61,000 |
| • Buyer #19 | 60,237 |



Make sure the right people know about your sale!



Selection of the trees to harvest is critical to current and future income

- Knowledge of local and regional market outlets and major players
- Hot and Cold species in the market, or species under threat – ash and EAB
- Improving the future forest quality, composition, and vigor with harvest decisions
- Increasing your **LONG-TERM** income.
- Avoiding unnecessary damage.

Timber Harvesting

- Harvesting can capture the value in trees that are of poor quality or vigor and make room for the growth of higher quality trees, as well as harvest valuable trees as they mature. Take the bad with the good – it's tough to sell only bad.



Getting started with management actions

Many woodlands still suffer from past poor management or lack of management and need actions to correct problems. Some examples of problems:

- Grazing or burning history resulting in many hollow trees
- Poor species or quality composition due to selective harvests that take the best and leave the rest, called high-grading
- Competition from invasive species
- Competition from grapevines
- Overcrowded conditions causing slow growth.

Timber Stand Improvement (TSI)

- Deadening some trees to provide space for more desirable trees.
- Cutting vines that may compete with desirable trees.
- Thinning some areas of desirable trees where more space is needed for continued vigorous growth.
- Several examples across Indiana of well-managed woods adding \$100 to \$200 per acre per year in wood value.



The USDA can help you with your woodland management costs

- Cost-sharing may be available for TSI, invasive species control, pruning, planting, road rehab and many other conservation activities
- Contact your Natural Resources Conservation Service office



Some Helpful Information

- For timber tax info: **www.timbertax.org**
- Purdue Extension has many forest management publications – visit the Education Store: **1-888-EXT-INFO** or **<https://mdc.itap.purdue.edu>**
- Find local foresters: **www.findindianaforester.org**
- Check out the Hardwood Tree Improvement and Regeneration Center at **www.htirc.org**

Products from the Forest

- Portable sawmills provide some options for harvesting and utilization
- Woodmizer - <http://www.woodmizer.com>
800 553-0182, can refer you to a local custom sawyer









- **Forest Farming** – producing crops under the shade of forest trees. These crops could be specialty food items like shitake mushrooms or ramps, herbal medicine plants like ginseng or goldenseal, and ornamental materials like grapevine or running cedar





Food items from woodlands

- Fruits – persimmon, paw-paw, wild plum, black and raspberry, crab-apple, juneberry
- Nuts – walnut, hickory and pecan, hazelnut, chestnut, butternut ...
- Syrups – maple, black walnut, birch
- Oils – walnut, hazelnut, other nut trees

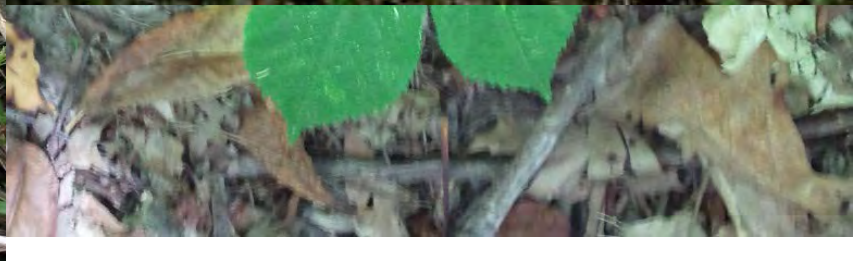




Fruits and nuts from trees and shrubs like persimmon, paw-paw, black walnut, hickory, hazelnut, plum and others can be collected and sold as-is or in specialty food items.



Plants like ramps (wild leek), ginseng, or goldenseal can be collected or cultivated in forest understories



Fungi – wild-collected and cultivated: Morels, Shitake ...

Correct ID is critical!





People will pay for the privilege to hunt. The amount of land, quality of hunting, and exclusivity of access can influence how much.





The opportunity to view rare wildlife, or to enjoy wildlife in a unique setting may represent a business opportunity.



Recreation and Retreat



Woodlands as Part of a Farm

- Capital Gains Treatment
- Property tax – classified forest program
- Forest Products – Firewood, farm lumber, timber sales and value-added products.
- Non-timber income opportunities – ginseng, lease hunting, maple syrup



Forest Management Advantages

- Low cost inputs.
- Flexible harvesting schedules.
- Flexible management schedules.
- Opportunities for adding value.
- Self-perpetuating.
- Incentive programs.
- Good markets.
- Diversification.
- Environmental Services



Indiana forests and tree plantings prevent wind and water erosion of soils and provide protection of valuable water resources





Indiana's Forest-Based Economic Sector

- \$8 billion in value of shipments
- \$1 billion activity from rec. and tourism
- \$164 million paid to forestland owners
- 35,000 jobs in the hardwood industry
- 1 bd.ft. of timber processed = \$51 impact
- Maple syrup - 17,000 gal. at \$38.91/gal.
- 200,000 harvestable Christmas trees/year
- Firewood, fruits, nuts, herbs...?

Oh Deer!



7.5 foot deer exclusion fence. Planted to black walnut, black cherry, red and white oak in 2008

Same species and planting date without deer protection

**Photo taken summer 2010
West Lafayette, IN**

Thanks for your time!

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