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The attached article (*Beyond Stumpage*) defines stumpage and begins to articulate the potential complexity that underlies the seemingly simple concept of selling trees. Selling trees is an unusual and infrequent event for the majority of forest owners. With thousands of dollars potentially on the line and the future conditions of the forest at stake, underestimating the mechanics of a timber sale can be a major risk.

## **Beyond Stumpage**

*by Bill Cook*

A request for the dollar value of timber is the most common question that I field over the course of a year. It is a very good question but not easily answered for a variety of reasons. Stumpage varies with species, tree size, tree quality, stand composition, stand volume, landowner objectives, site access, market access, geographical region, season, weather, and a host of other factors. There is no “blue book” of stumpage values and they range from zero to over 1000 dollars per thousand board feet. A single timber sale might net tens of thousands of dollars for a landowner.

The monetary value of standing timber is called stumpage. This is what the timber owner gets paid by the logging contractor. Trees are a source of raw wood material. The logger manufactures the trees into a product useable by a mill. The margin between stumpage and mill prices is where the logger makes a living, if possible.

Stumpage values are tracked by a couple of services. They provide ball park estimates for certain commercial tree species and products. For example, sugar maple veneer logs command high prices. Scrub oak and ironwood pulpwood may not be marketable at all. Small volumes of wood are the most difficult to move commercially, unless the trees have exceptional quality.

There are three basic products manufactured from trees, pulpwood, sawtimber, and veneer. Sawlogs and veneer have many sets of specifications, which can complicate pricing. Many sawlogs have grades, with somewhat regular price ranges. However, there are different scales for different species. Veneer specifications are often peculiar to a mill and quite market-sensitive.

Most commonly, timber is sold in volume units of either cords or 1000 board feet (mbf). A cord is a stack of 8-foot logs, usually pulpwood, which runs 4 feet high and 4 feet wide. A board foot is the equivalent of a piece of wood 1 inch thick and 12 by 12 inches. Board foot volume is an estimate of the lumber inside a log or tree. It does not include all of the wood in a log or tree. Lumber excludes wood volume that gets slabbed-off at the mill or becomes dust as the saw blade cuts through the wood.

So, how do landowners learn the value of their stumpage?

Three basic ways will unveil stumpage values in a specific stand of timber. The recent sale of a similar stand close by might be a good indicator, especially if the timber sale was a fairly simple one, such as an aspen clearcut. Talk to your neighbors. Second, timber buyers offer free estimates and can often buy timber on the spot. The catch is that they work for a company, not for you. Also, one buyer may make an offer based on a different set of trees than another. This can be confusing to a landowner. Lastly, you can hire a professional forester to help guide you through the process.

People familiar with timber values, or who aren't overly concerned about obtaining top dollar, will often use one of the first two methods. They work fine and many landowners are satisfied with the resulting sale.

Word about reputable loggers travels well by word of mouth.

However, most people are unfamiliar with forest ecology and timber values but want to receive top dollar

and protect forest quality. A professional forester, often a consulting forester, fills this role. They work for the landowner and are familiar with area logging contractors and mills.

A consultant will work with your objectives and prepare a strategic plan to get there. Timber sales are often a key element of a forest management plan. The consultant will work with both you and logging contractors to make sure a harvest follows the approved forest prescriptions. Always use a contract and know what should be in the contract.

Most times, there are many facets to a timber sale. Which trees? What method of harvest? When? Why? What about roads and landings? Wildlife habitat impacts? Visual quality? Income tax implications? Keep in mind that the highest bid might not be the best option. Many times, a logger will make concessions that reduce the stumpage value, such as building a road or agreeing to a more challenging harvest practice. A timber sale can go along way to achieving a wide range of management objectives.

For most people, a timber sale is a once-in-a-lifetime experience. If you're concerned about the future forest, then get the job done right. A timber sale is often a whole lot more than just cutting trees down.

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For additional information on timber sales and forest management:

USDA Forest Service: *What Is My Timber Worth; and How Do I Sell It?*

<http://www.srs.fs.usda.gov/econ/data/prices/wannano.htm>

USDA Forest Service: *Timber Prices on the Web*

<http://www.srs.fs.usda.gov/econ/data/prices/>

MSUE Fact Sheet: *How Much are my Hardwoods Worth?*

<http://forestry.msu.edu/extension/extdocs/facts10.pdf>

MSUE Fact Sheet: *Timber Sale Bids*

<http://forestry.msu.edu/extension/extdocs/facts25.pdf>

MSUE Bulletin on Timber Sales Contracts

<http://www.for.msu.edu/extension/ExtDocs/contract.htm>

Michigan Forest Association – forest management

<http://www.michiganforests.com/>

Michigan Society of American Foresters – forest management

<http://michigansaf.org/Business/MSAFguide/MainPage.htm>

Information on tax issues related to timber sales

<http://timbertax.org/>