

Timber Buyers' Secrets

Every landowner who wants to sell their timber, naturally wants to be sure they are getting the best value for their timber. They may have even heard stories about how a friend lost thousands of dollars on a timber deal. You, of course, don't want to be one of them.

So, each section that follows will reveal a few of the ways that timber buyers can give you less (maybe even far less) than what your timber is worth. Now this won't be an exhaustive list, but the most common ways.

50/50 Deals (60/40...)

Many landowners opt to go this route because they feel assured that they are going to at least get a fair deal and a lot of times they do. The problem is 50% of what? Do you know the amount of timber being taken out of your woods? Are you really aware of how many truckloads are being hauled off your property?

Quick story: Several years back my uncle offered \$100,000 to a landowner who was worried about getting the most value from his timber. The man rejected the offer for a 50/50 deal that seemed to offer more security. My uncle saw the farmer a couple of years later and asked if he would mind telling him what he got for the timber. He said: "\$20,000." Will this happen to you? Depends on the company. Do you really want to risk it?

Guesstimations

Most timber companies make an educated guess as to what your timber is worth. There are many reasons for this. The main one is that the landowner wants a ballpark figure which he or she can use to "shop" the timber with other companies. No timber person in his right mind would scale timber (which represents \$500 and up fees so a customer could use his hard work to go shopping.

So what happens? The timber buyer almost always guesstimates on the lower end, to make sure his company is profitable and so that he can keep his job.

End result: You, the landowner, lose more often than not.

Beware of the Figures

If you see a spreadsheet of figures from a timber company listing the species of the trees and the board footage you can almost always be sure that they are not true. This goes back to the shopping list we talked about above. It is so important that I must repeat it:

No Timber Buyer In His Right Mind Shows The Exact Figures...He Will Lose Every Time

Here is what is really happening: The timber buyer scales one log of the tree that goes on the sheet that you see. There is a separate sheet that contains the real scale of the tree. So now the landowner feels so good that he has hard evidence of the value of his/her timber and can make an informed decision. How informed is it really?

Discounting One Species To Pay For The Other

When most people sell their timber they naturally expect the full market value from all the various species of their timber. Some timber buyers discount what they pay (less full market value) to pay for other more valuable species. Or they pay a really good price for a high value species and get the lower grade on the cheap or for nothing. Nothing more really needs to be said on this one.

I'll Go Get A Forester To Be Sure

I'll be the last to knock foresters, but quite a few of them work for timber companies on the side. Even if they give you the correct value of your timber at least 10% of the value of your timber would be going to them when you pay their fees. That is a lot of money on a large tract of land.

Plus, a salaried forester (who is not working for a particular lumber company on the books) has much more to gain by working deals with timber companies to receive a kickback. They can lower the real value of your timber, so that when your timber is sold, the company with the right information can pay "over market value for it" and get it every time.

Could this happen to you? Maybe...maybe not. But it does happen.

The fact is, there are many other ways that timber buyers use. It is not that all timber buyers are crooks. It is that timber buyers have to be really careful what they pay for timber, because prices can rise and fall quickly. The companies could lose thousands by paying too much if markets turn or the trees have defects inside them when they go to the mill.

The moral of the story is find someone you can trust and be paid in full before any harvesting takes place.

After reading this, it may seem like a tall order.