

# The UK Forest Market Report

Issue 19 2017

## The Buyer's Perspective >

After a relatively quieter year in 2016, we have seen the market return to its long term trends, both in terms of the areas sold and the prices achieved. Last year we saw the forestry market 'dip'. This was brought about by a combination of factors, including the mixture of properties offered to market and uncertainty from buyers after the Brexit vote. This year the MSCI IPD UK Index reported an average return from UK forestry of 10.7%. This remains a very impressive return, even if it is below the ten year annualised rate of 17.4%. UK forestry investment still outperforms most other asset classes, which largely explains the long-term attraction of this asset to many people.

During the year we have seen growing interest from a variety of investors. Several of the investment houses have been raising funds for further forestry investment, competing strongly to buy the better quality properties. We have been encouraged to see a steady flow of new investors into the market attracted by the good returns, the potential for tax planning and/or long-term capital growth, and frequently just a genuine enthusiasm for getting involved in forestry.

The market has been slightly mixed this year. Several larger properties such as the Stellar Portfolio of ten properties totalling some 1,550 hectares, or the Lethem Complex (see Case Study) lead the market, whilst we have seen fewer 'mid-range' properties in the £500,000 to £1,000,000 range. Some investors are hanging on to their better performing assets. We suspect that a greater than usual amount of forest properties are being sold 'off market' which, by their very nature, we are unable to track through The UK Forest Market Report.

Mixed woodlands, those that don't meet the commercial criteria for including in the main report, have had a good year. There is a growing recognition of the potential to improve capital values and realise income from properly managed woodlands. Together with the broader attractions for those with environmental or amenity interests these woodlands can make an exciting investment.

Farm land with potential for new planting schemes is much in demand, but suffers from limited supply. There is some expectation that changes in farming practice post Brexit may make forestry an attractive use for some farm land but this is clearly an imponderable at present. Strong political support remains crucial to meeting the ambitious targets set by each government's forestry and woodland strategies. Brexit remains a major concern and continues to create uncertainty. However, in this climate the attraction of owning real land based assets, the expectation of increasing timber prices over the medium term, and strong political support for forestry means that forestry remains attractive to a wide variety of investors.



**Peter Whitfield**  
BSc(For), FICFor, MRICS  
Director of Investment & Property

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

## The Seller's Perspective >

Forestry is in a good place, with political support for its economic contribution, green credentials, carbon sequestration and biodiversity. Investors like these attributes too, and the projected yields. As base rate increases are forecast to be at a 'gradual pace and limited extent' this may be a sustainable picture for some time.

Large scale commercial plantations have been in strong demand but the supply of such properties is decreasing. With some notable exceptions, none have been established for almost thirty years. Many of the larger private plantations are now in the ownership of collective funds and portfolios. Whether they will come to the open market again is debatable and these funds continue to seek further acquisitions. There have been some very strong sales this year as a result.

Post Brexit, the weaker GB£ has boosted timber prices. Demand for logs is strong and biomass markets have lifted the value of small roundwood. Investment in the processing sector has continued. For example, both Kronospan and Norbord have increased their demand capacity. It all looks good but depends on an active UK economy being sustained. The effects of Brexit and political pressures over the next period will affect that.

The future yields for investment forestry may be forecasted on a blend of physical growth rates, price growth and land value appreciation. The physical growth can be predicted with reasonable confidence and forestry has traditionally been a good hedge against inflation. If interest rate recovery remains limited forestry may still be competitive against other asset classes. However, this needs to be kept under review and the psychology of the market can change.

Forestry is a land based business that competes with farming for resource. How farming fares in the changing world of Brexit and generational succession will have a significant impact on forestry. There is a move towards exciting new afforestation programmes with positive support from grants and political will. Potentially, significant opportunity for afforestation may result either from existing farmland owners planting parts of their land or from changed ownership to forestry investors. The modernised and hungry processing sector offers the prospect of healthy demand for timber in the longer term and all predictions suggest a reduction in supply is less than fifteen years away.

For existing forest owners the last decade has been a successful one in terms of capital value growth. Some have crystallised those gains by selling, others remain invested for a variety of reasons.

Yes, forestry is in a good place with much in its favour, but we must always consider other parts of the economy and asset classes; retaining a balanced outlook is vital in such a long-term business. When did you last properly review your investment objectives?



**Fenning Welstead**  
BSc (For) Hons, FICFor, FRICS  
Partner, John Clegg & Co

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

## 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. The Report includes publically recorded sales and, where possible, off market sales. By their nature, off market sales are difficult to quantify accurately and may therefore be incomplete.

We refer to individual years (2017 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 20 years, incorporating some 1,643 transactions totalling some £1,032m and 254,000 stocked hectares. As such we believe it is the most comprehensive published record of forestry transactions in the UK.



Above: Active harvesting site in Wales

More detail on the data analysis is available on request from:

**Tilhill Forestry**  
enquiries@tilhill.com  
01892 861008.

**John Clegg & Co.**  
edinburgh@johnclegg.co.uk  
0131 229 8800.



Our database now exceeds  
**£1bn** recorded sales

## Market Overview >

2017 SAW THE MARKET RETURNING TO ITS NORMAL GROWTH AFTER A QUIETER YEAR IN 2016. IN 2017 WE RECORDED A TOTAL OF **£111.04 MILLION** OF FOREST PROPERTIES TRADED, AN INCREASE OF £31.8 M (40%) FROM 2016. THIS IS MADE UP OF **87** SEPARATE FOREST SALES AGAINST 67 IN 2016.

We have seen an upwards trend in the value of the UK forest market since 2008.

As usual, **Scotland** led the sales recorded with **78%** of the sales. **England** recorded **18%** of the sales, and **Wales** with the remaining **4%**. This is in line with the long-term averages and confirms Scotland's dominant position in the commercial forestry marketplace.

In total some **17,272 gross hectares** (42,680 acres) of forestry was traded, of which 12,985 hectares were stocked or plantable. This is almost exactly the same as last year. Perhaps surprisingly, given the increase in market value, there is no obvious trend in total area of forestry offered to market across our 20 year time series, although this year's results are very close to the long-term average at 12,700 stocked hectares.

This year has seen a good mixture of properties coming to market, which included not only several large forest estates but also a selection of smaller properties. In Scotland the Stellar Portfolio of ten good quality forests, totalling over 1,500 hectares mainly planted in the 1980s, generated a great deal of interest despite being marketed as a whole. In England, there was substantial interest in the disposal of Dunster Woodlands in Somerset by The Crown Estate, which was offered in three Lots totalling 525 hectares of which 183 hectares sold before coming to market with a guide price over £6,250,000 (see Case Study).

The **average size of a property sold** this year has decreased to **149ha** (from 195ha in 2016) and the **average sale price of a property** is now **£1.28 million**. These changes indicate that the balance of size and quality of property has changed relative to 2016, with smaller, higher value properties coming to market. More meaningful is the average forest values by country and property size, shown in Fig. 2.

Prices in Scotland show a remarkable consistency in the average unit price per hectare paid across all forest size ranges. This is unusual as larger forests have traditionally

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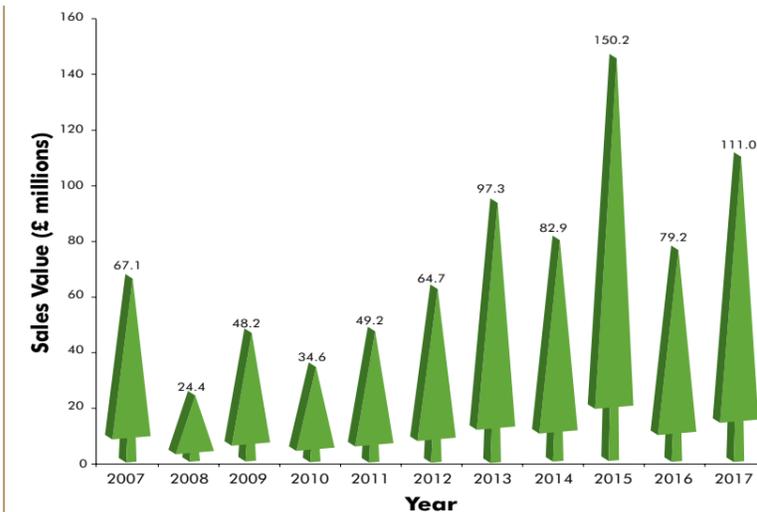


Fig 1: Total Annual Value of Forest Sold

**KEY FACT:**  
Recorded sales  
**78% Scotland, 18% England, 4% Wales**

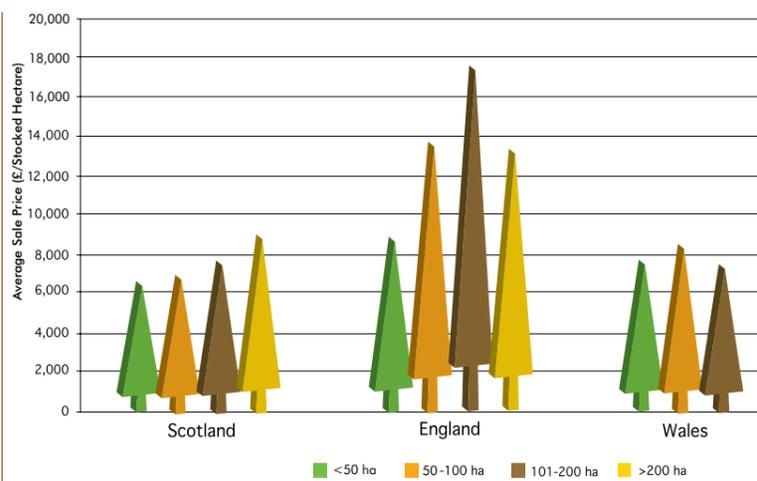


Fig 2. Average Sale Price per Stocked Hectare by Country and Size Class

## Case Study

### Dunster Estate – Somerset

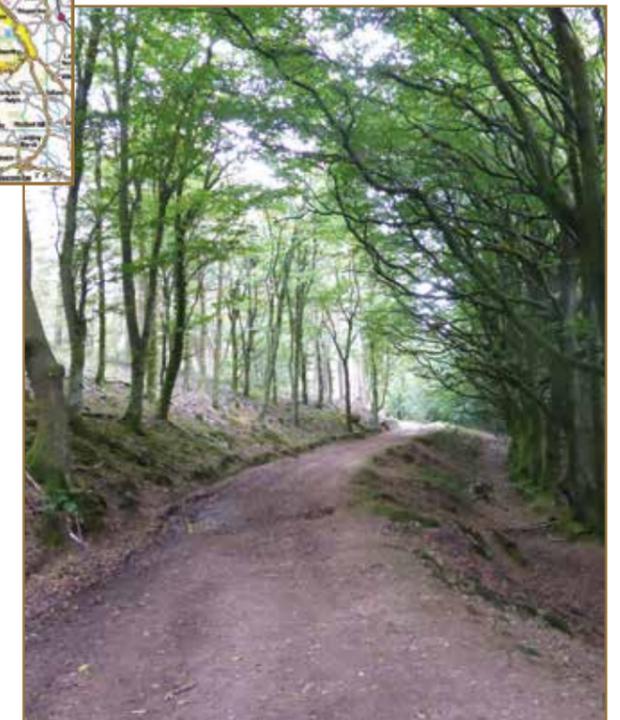
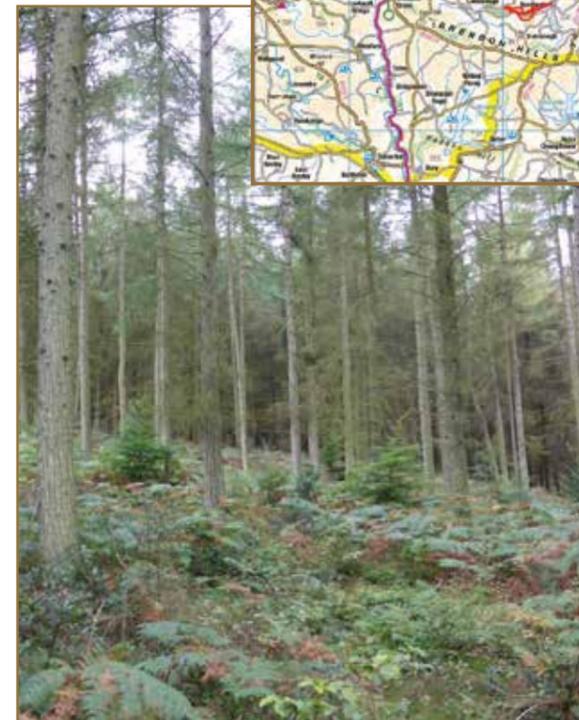
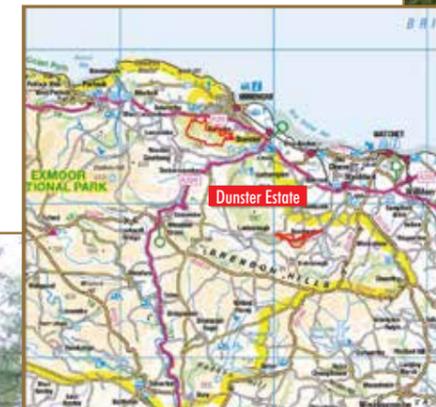
#### Market choice vs Value

The sale of Dunster commercial forestry estate close to Minehead in Somerset demonstrated with full clarity the real heat in the market when sensible commercial options are offered for sale due to a short supply of similar offerings.

This is a woodland that was offered for sale by 'The Crown Estate' with a guide price of £3,850,000 for the remaining two Lots totalling 341.56 hectares.

The buyer was prepared to pay a premium due to location and type of woodland.

The sale completed towards the end of April 2017 at a price rumoured to be well over the guide price.



## Market Overview *continued*

realised lower unit prices. This is probably driven by investors' willingness to pay for the commerciality of the property and that large size is no deterrent.

Average prices in England follow the expected pattern more closely with the best prices of nearly £18,000/stocked hectare being paid in the mid-range properties. Overall prices in England are consistently higher, no doubt driven by higher land prices.

Average prices in Wales, at around £7,900 per hectare, are now on a par with Scotland and closer to their 2015 peak average value of £9,000 per hectare. With a small sample size however it is difficult to draw any conclusions from this.

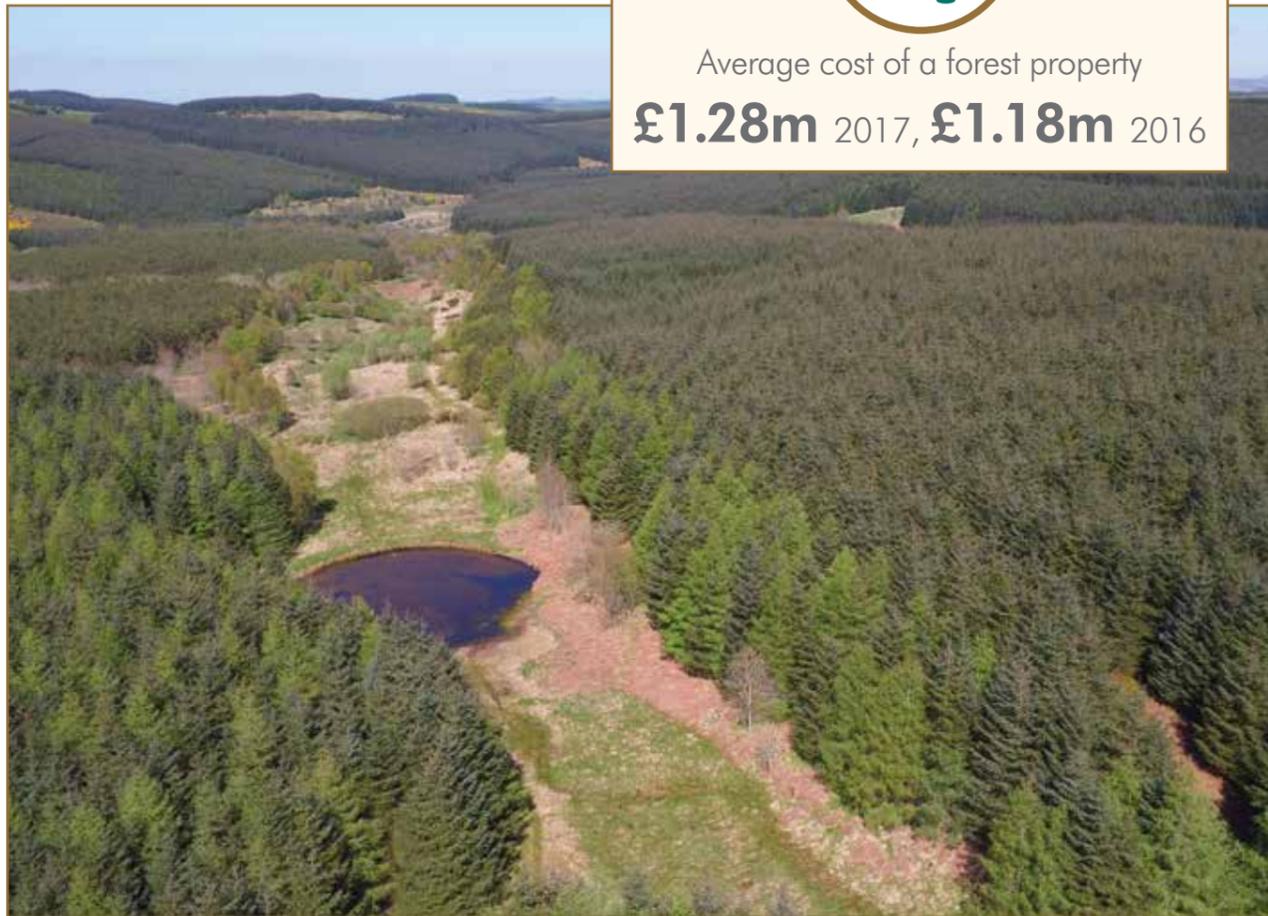
Properties have tended to achieve prices closer to the guide price than in recent years, with **51% of recorded sales over the guide** (of which 11% sold at more than 50% above guide) and only **27% below guide**. Partly this reflects differing marketing strategies in the different countries, with 85% of the properties selling over guide being in Scotland.

Overall, we believe that the market continues to behave robustly in the context of the wider economic environment, demonstrating the strength and resilience of forestry as a long-term investment.

Further details of our market analysis are available on request from Tilhill Forestry or John Clegg & Co. See contact details on page 19.



Average cost of a forest property  
**£1.28m** 2017, **£1.18m** 2016



Above: Premium quality Borders spruce forest.

## Market Conditions >

THE FTSE FINALLY BROKE THROUGH THE 7,000 BARRIER IN Q4 2016 AND DESPITE A BRIEF DIP AT THE END OF 2016 HAS REMAINED CONVINCINGLY ABOVE THE 7,000 MARK FOR THE MAJORITY OF THE PERIOD COVERED BY THIS REPORT.

This undoubtedly relates to the high proportion of foreign denominated earnings of the larger companies in the FTSE 100, rather than showing any underlying confidence in the UK economy, which is now expected to grow more slowly than was forecast before the Brexit vote.

The main story in the year (at least for forestry) has been the variation in exchange rates, with GB£:EUR rates varying from historically low values of around 1.08 to 1.20. As around 60% of the sawn timber used in the UK is imported, we would expect to see the price of imported timber rising commensurately. There has been some shift towards greater use of domestic sawn timber, but it would appear that Scandinavian and Baltic exporters have been prepared to push for volume in the UK and retain competitive prices despite the movements in exchange rates. Domestic sawmills struggle to achieve price increases to compensate for increasing log costs, as the UK merchants are reluctant to pass on price increases to the consumers.

Standing timber prices have improved in many areas and this is now being reflected in the strong prices being offered for the best quality forests. Some investors are expecting timber prices to be sustained or improved and are prepared to pay good prices on that assumption.

Against this backdrop, investors continue to look favourably on forestry investment. The market remains robust with both institutional and private investors looking for appropriate investments.



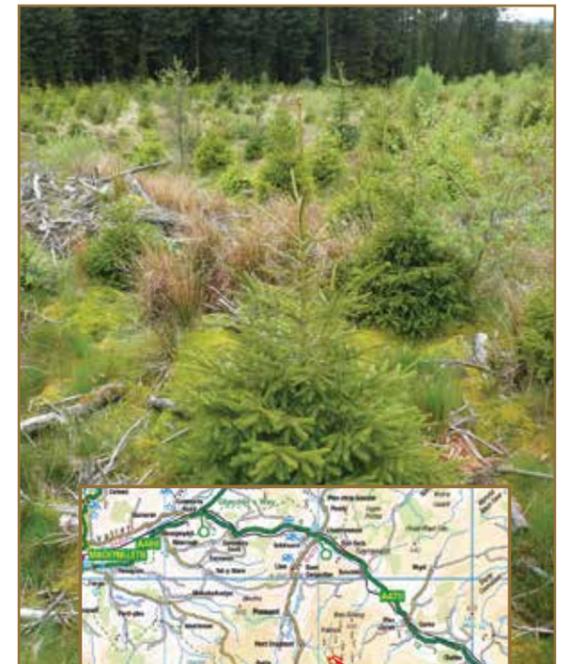
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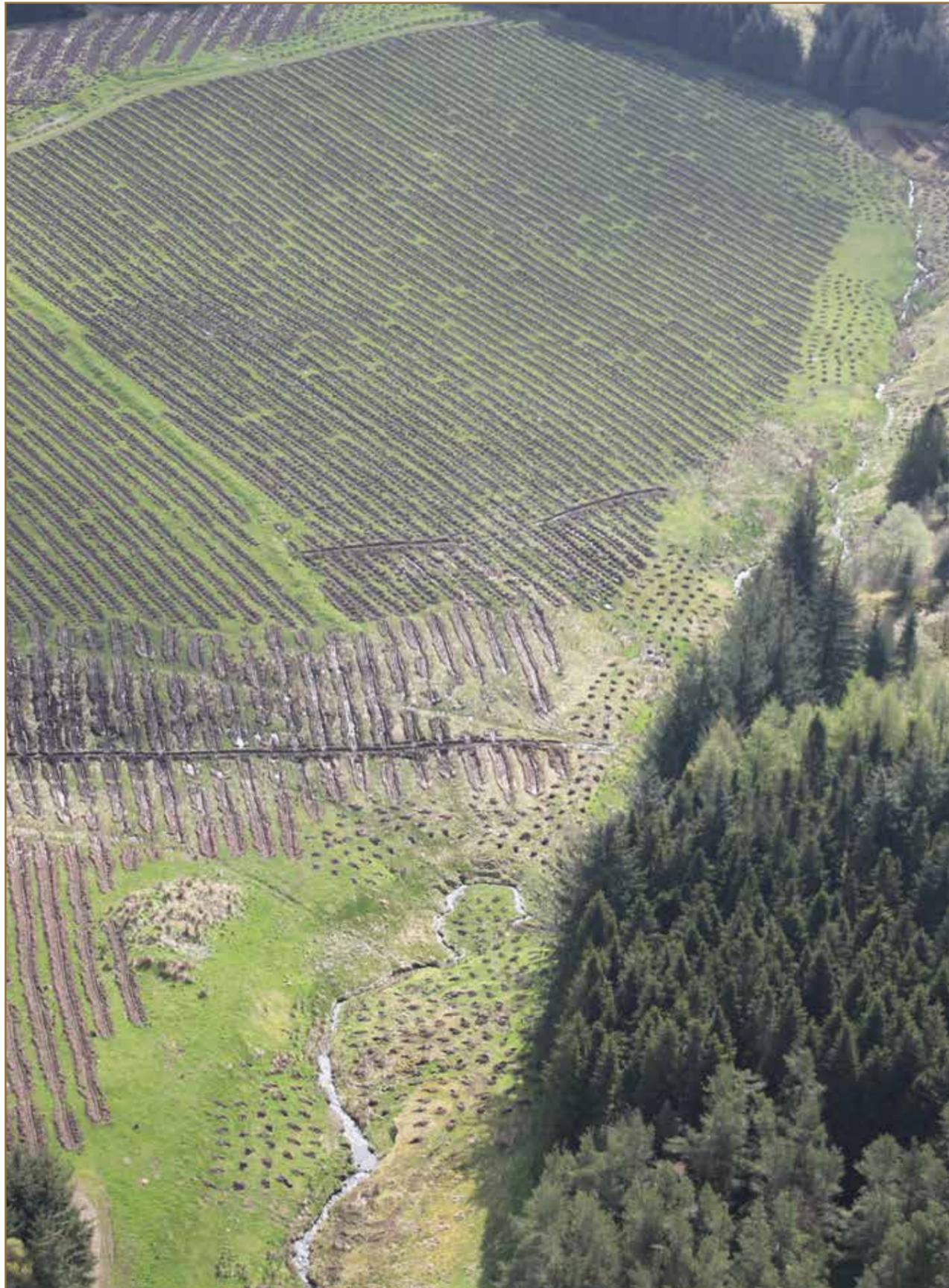
### Case Study

#### Cefn Pennant

#### Timber price underpins value

Cefn Pennant 34.6 hectares (16.5ha mature crops) situated within a larger commercial block close to Machynlleth sold off market at a sensible price of £7,500 per hectare. Lucky for the buyer and during the long and rather slow conveyancing process timber prices rose by over 20%. This situation provides a potential reason for the current and prolonged heat in the forestry market.





## New Planting >

### Locational Influences

THE PAST 12 MONTHS HAVE SEEN A WELCOME RENEWAL OF INTEREST IN NEW PLANTING OF COMMERCIAL CONIFER SCHEMES.

This has been in the doldrums since the changes to taxation nearly 30 years ago. Due to the long-term nature of a project of this type, it is difficult to say how many of these schemes will come to fruition, or over what timescale. However, in this period several large areas of land have been purchased for planting schemes, with prices in the range of £3,000-£5,000 per 'plantable' hectare being paid for the best land. Prices depend on the proportion of land that is deemed 'plantable', the capability of the land to grow good quality conifers, and the availability of alternative uses for surplus land and buildings. As always, location matters.

At present, investors take some considerable risk with new planting schemes, given the time consuming and expensive process for gaining approval to plant, and with no guarantee of the outcome, but with significant potential rewards. To deliver the ambitious targets for increasing woodland cover in the UK Governments need to demonstrate their firm commitment that they are serious about the delivery. The Scottish Government is doing this, with the Minister for Rural Economy and Connectivity in particular, driving the agenda forward. This needs to be replicated in England and Wales.

#### Scotland

In Scotland, where the majority of the interest lies, the Mackinnon Report reviewed the forestry planting approval procedures in 2016 with a view to reducing the complexity, duration and cost of tree planting applications. This was well received, but little change has yet been seen in the application process to date with project deadlines due by the end of this year. When there is a cultural shift to more streamlined decision making, the forest industry will be enabled to deliver. Tilhill Forestry were the largest single deliverer of the overall 3,200 ha<sup>1</sup> total of new conifer planting in Scotland last year. This represented over 90% of new conifer planting in the whole of the UK.

#### England

In England, the Countryside Stewardship scheme, which is focussed on delivering biodiversity and water objectives, has been seen by investors as being mainly interested in supporting small scale mixed woodlands rather than commercial conifers.

Indeed, with 100ha of conifers planted in 2016/17, and only 200ha of conifers in the last 5 years, it is difficult to disagree with them. However, the Woodland Carbon Fund Scheme which is directed at commercial plantings, and offers similar levels of capital support and a simpler approval process, will undoubtedly attract attention next year. There are some opportunities in England, especially in the north for reasonable schemes but to match Regulator expectations more diverse schemes are likely to have greater success.

#### Wales

The Glastir Woodland Creation scheme in Wales has been improved over the years and was oversubscribed in 2017. Generally, schemes in Wales are smaller and on less sensitive (and hence more expensive) sites, with an encouraging 200ha of conifers being planted in 2017, the same area as in the previous four years combined. There is untapped potential here, which could be realised when approval hurdles are reduced.

The Government bodies responsible for new planting must raise their sights and encourage and support larger productive schemes over 200ha to deliver the resource for the future. The average size of forest planting is woefully small to date.



### KEY FACT:

**Scotland** has over **90%** of the new conifer planting in the UK

<sup>1</sup>Forest Statistics 2017, Forest Research

## Timber Markets >

THE MARKET FOR STANDING TIMBER HAS REMAINED BUOYANT OVER THE PAST YEAR AND DEMAND CONTINUES TO BE STRONG.

This has been driven by strong levels of activity by the sawmilling sector where there has been an improvement in competitiveness driven by exchange rates and a weak sterling.

Historically, there has been a strong correlation between exchange rates and the health and profitability of the forest industry in general. In the current cycle this is less evident.

Carcassing mills report product prices moving up for both kiln dried and unseasoned timber. However, standing sales and thus log prices have been rising at a faster rate negatively impacting on sawmill margins. Small roundwood demand is also increasing with a new Estover plant online and Kronospan back up and running faster than before. Local biomass markets may also benefit as imported oil will be more expensive due to the weaker £GB. This currency effect is also pushing up hardwood prices with oak now 20-25% up on last year.

Other upsides to a weak currency are that exports of small roundwood are again more attractive from the UK and we are seeing renewed interest in demand from Scandinavia and mainland Europe recently.

Overall demand from UK processors remains very strong for all products. Availability of standing sales has been reasonable, although in the hotspots around North England and South Scotland there never seems to be enough standing timber at the right price.

The Office for National Statistics has recently reported the lowest net migration figures since 2014. We have become increasingly dependent of EU workers in forestry work, and have a poor record of attracting new entrants. This needs action if we are to maintain a viable workforce in forestry. A reducing pool of labour will likely push up wage costs and harm the industry.



Carcassing mills report product prices moving up for both kiln dried and unseasoned timber.



Case Study

Lethem, The Hass & Broombaulks Forest

An Investment for the Future – Capital Preservation/Appreciation

Extending to a total of 783 hectares/1,936 acres, the majority of the property was purchased shortly after the turn of the century. A couple of years later, Broombaulks, the missing part of the jigsaw, was added to complete the owner's investment.

At the time, the purchaser had a diverse investment portfolio but saw forestry as an attractive alternative asset class – he bought well!

Lethem, The Hass & Broombaulks are forests of exceptional quality, with high yielding Sitka spruce planted in 1987/1988 and 1993/1994/1995.

These commercial crops are complemented by attractive broadleaves, an excellent network of internal forest roads, one or two small lochs, river frontage and two ruined cottages; but it was the location that got the market so excited.

Situated one mile from the England/Scotland Border and bounded to the east by the A68 and to the south by the A6088, the property is perfectly positioned to access a number of timber markets, both north and south of the Border.

A lively marketing campaign resulted in eight offers for the whole at a most competitive figure. A clean title resulted in a swift contract and completion of the sale.

Timing, of course, is important in any investment and the early 'Noughties' were regarded by some as the 'bottom of the market'. The year-on-year growth from 2005-2017 has meant that the investment has performed phenomenally well.

In addition, it has been a successful vehicle for inter-generational wealth movement.



Forestry vs Other Asset Classes >

AN OVERVIEW BY JASON BEEDELL, PARTNER, STRUTT & PARKER



Forestry investments made a total return of 10.7% in 2016, a slight drop from 10.9% in 2015 and below the ten year average of 17.4% pa. However it remains one of the highest performing asset classes.

Capital growth remains the main driver of returns, at 10.9% in 2016, due to continuing strong demand for forest land as an investment.

Capital receipts from timber sales were equivalent to 4.7% of the total value of the index; this can be loosely considered an annual income yield from forestry, although the income is lumpy, with most generated when a forest is thinned or felled.

Some of the interest from investors is due to the favourable tax treatment of commercial forest investment, which has not changed and continues to be held constant by successive governments. Governments continue to want to support tree planting in the UK, and in Scotland in particular, which should also support capital values.

Looking forward to the next five years (2017 – 2021), 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, driven by e-commerce (3-5% total return pa), while office property is thought to have peaked in many markets (1-2%).

Returns on farmland are also likely to be lower than the 10% or more a year rises seen until 2014. While demand from farmers has weakened, many are still buying, and demand from non-farmer buyers remains strong.

The Government's commitment to guarantee farm subsidies until 2022 has increased certainty in the medium-term. After then, it is not clear what type and level of support a UK agricultural policy (rather than the European Common Agricultural Policy) will provide.

Our forecast therefore is cautious – for low but positive capital growth (say 2-4% real growth pa) in the medium-to long-term (5-20 years), reflecting past performance and the ongoing attractiveness of farmland as an investment.

A significant change in its favourable tax treatment would negatively affect these forecasts, as it would for forestry too.

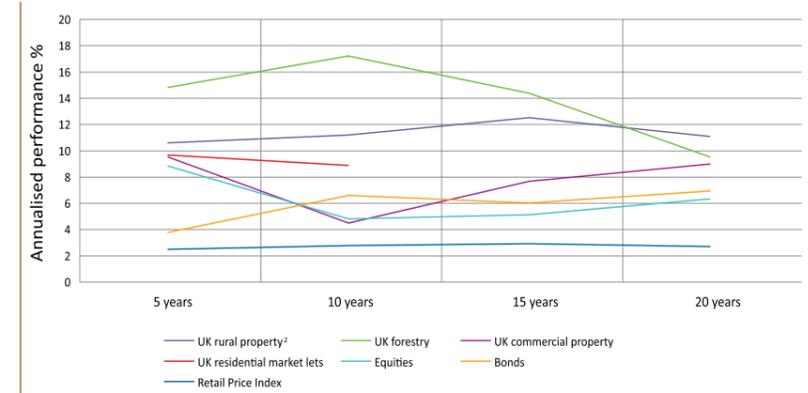


Fig 3: Investment performance of UK forestry compared with other core asset classes, over 5 to 20 year periods<sup>1</sup>. (Source: Strutt & Parker, MSCI (all property classes), JP Morgan (bonds)).

<sup>1</sup>The figures for property assets exclude transactions, which is MSCI's favoured measurement of returns. Including transactions, so sales from portfolios and uplift from development or tenancy reversions, typically adds 1-2% to total returns.  
<sup>2</sup> NB No data was published for the year ending 2016. The performance figures shown are those published for the year ending December 2015, and so the periods (e.g., 5 years) do not precisely match the others.



With a total return of **10.7%**, forestry remains one of the highest performing assets.

	2016			24 Years	
	Income Return (%)	Capital Growth (%)	Total Return (%)	Gross Rent Passing Growth (%)	Annualised Total Return (%)
UK	-0.2	10.9	10.7	4.7	9.1
North Scotland	-0.3	14.1	13.7	0.1	8.2
Mid Scotland	-0.9	8.2	7.2	1.4	8.8
South Scotland	0.2	8.9	9.1	5.3	11.5
North England	-1.0	15.3	14.1	2.1	8.8
Wales	-0.7	15.0	14.2	3.4	7.7

Table 1: Investment performance of UK forestry by region in 2016 and over the last 24 years (1992-2016). (Source: MSCI IPD UK Forestry Index).

## Taxation >

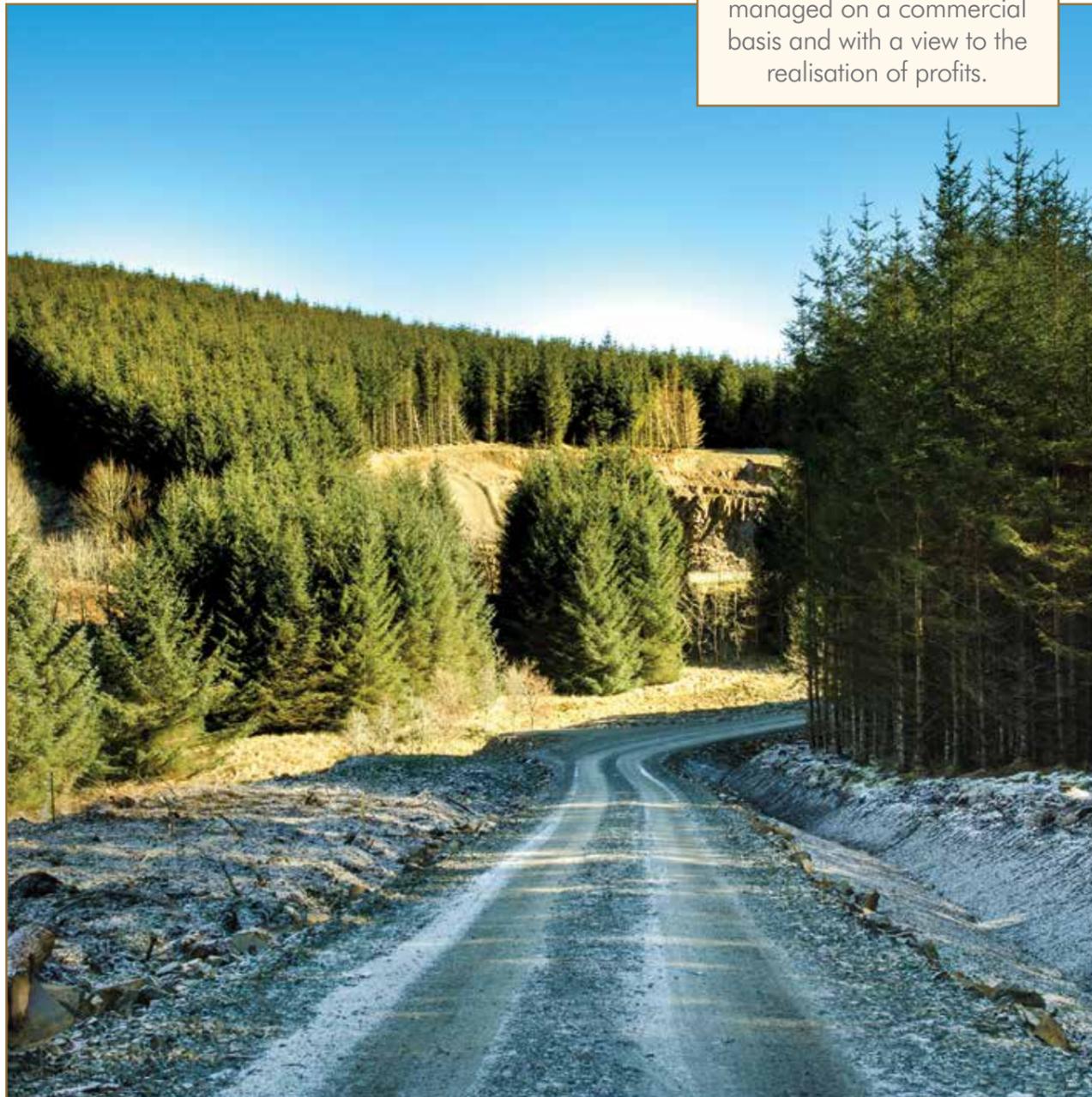
THE UK TAX SYSTEM PROVIDES A NUMBER OF VALUABLE INCENTIVES TO ENCOURAGE INVESTMENT IN COMMERCIAL FORESTRY.

We have noted recently a welcome willingness from financial advisors to consider commercial forestry investment as part of tax planning for their clients.

The fundamental criterion for defining commercial forestry is that it should be “managed on a commercial basis and with a view to the realisation of profits”. We believe that HMRC are examining cases perhaps more carefully than in the past, and investors should expect closer examination of their management records in the future.



The criterion for commercial forestry is that it should be managed on a commercial basis and with a view to the realisation of profits.



## Whither Brexit... Again? >

THE UNCERTAINTY REMAINS

Last year we ended this section with the comment “we have to assume that uncertainty will remain for some time now”, presuming optimistically that by now we would have a clearer idea of the direction of Brexit and its impact on forestry in the UK.

Of course, this hasn’t happened and we continue to live with uncertainty. At a superficial level this might be seen to have advantages for the home grown timber industry – as noted above, a softer exchange rate should make imported timber less competitive and creates opportunities for the export of small roundwood. However, as with many rural based industries, forestry has benefited from EU workers in the harvesting, forest management and processing industries. There is evidence that net migration is down and that the UK is no longer the attractive place for EU workers that it once was.

Uncertainty remains in all key areas: the future of forestry grants; the impact of changing agricultural grants and any possible impact on the availability of land for planting; changes in environmental regulations; trade restrictions and barriers. The time to resolve them in time to plan for the possible outcomes is getting shorter. However, investors remain calm and watch developments carefully.

### Case Study

#### Clints of Dromore

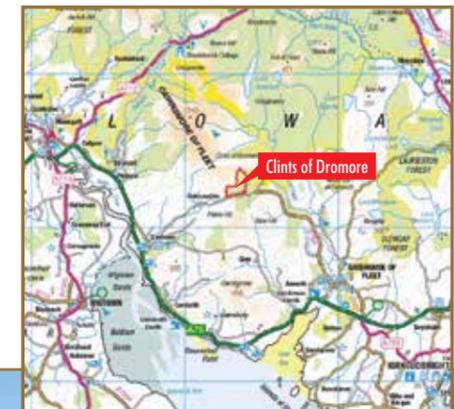
#### Shelter Amongst the Trees

Folklore often depicts woodlands and forests being a place of sanctuary, providing shelter and safety from a tumultuous world.

In 2017 the threat of a Brexit 'no deal' and top trumps politics is worrying some investors. Owning a small forest could give you the shelter you need to protect yourself and your family. Clints of Dromore is a good example of how pragmatic investment decisions can give you peace of mind in a complex world.

Located in Galloway, south Scotland, Clints of Dromore was purchased by a well-informed individual, with a very pragmatic view of today's world.

The property itself is 128.41 hectares in area and comprises of good quality Sitka spruce nearing maturity. With a clear view of timber income expectations, investment drivers, and the need for peace of mind, Clints of Dromore is in many ways the perfect option for the motivated individual investor.



## Mixed Woodlands >

LAST YEAR WE RE-INTRODUCED A SHORT SECTION WHICH COVERS THOSE WOODLANDS WHICH DO NOT MEET THE CRITERIA FOR THE MAIN REPORT.

Generally these are woodlands of greater than 25 acres which are managed with mixed objectives; below 25 acres we believe that the prices are driven by local factors and give no wider insight into the market.

By its nature it is impossible to capture the whole of this market but we believe that our sample of 40 properties sold across the UK is broadly indicative of the market. Every property in this section is sold on its own unique characteristics, and the definition of mixed woodland is somewhat elastic.

Our sample of **40 properties** includes **2,235 acres** of mixed woodlands, with a **total guide price of £8.44m**. The total selling price was £8.57m which is 2% over the guide price, so is a sharp distinction to commercial forestry.

Average prices and acres sold are shown in Fig 4. England achieved the highest average price at **£5,500/acre**, with Wales at **£3,800/acre** and Scotland **£1,600/acre**.

Not surprisingly, one of the main determinants of prices is location, with proximity to London or other major centres being crucial, reflecting the amenity component in these prices. The highest prices in the year, in excess of £9,000/acre were achieved in the Home Counties, with Wales and Scotland having far more affordable properties.

We see a trend where smart owners have been able to increase the capital value of the woodlands through attention to good management. Factors such as managing public access, improving the sporting capacity, developing the external access, adding small buildings, or small scale environmental projects such as ponds or habitat improvement can add to the overall value of the property. These also allow the owner to get actively involved in the development of the woodland, which is a major objective of many investors.

With around 50% of woodland in England being considered 'under managed' there remains huge potential for more investors to get involved at this end of the market.

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

**KEY FACT:**  
50% of woodland in England is considered as 'under managed'

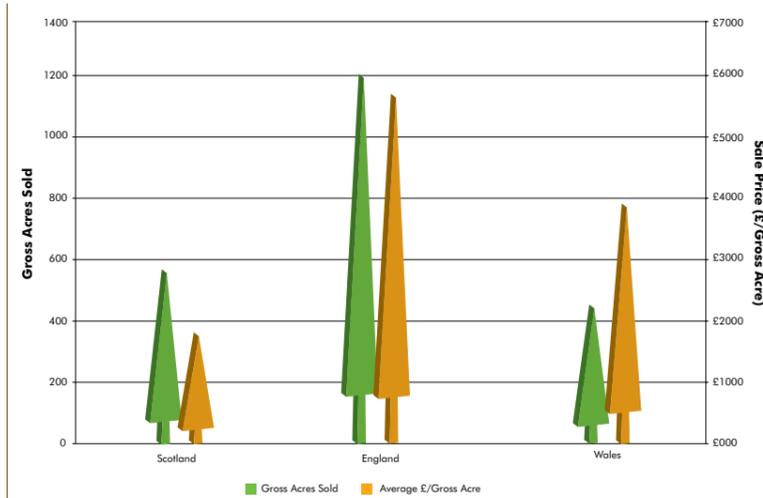
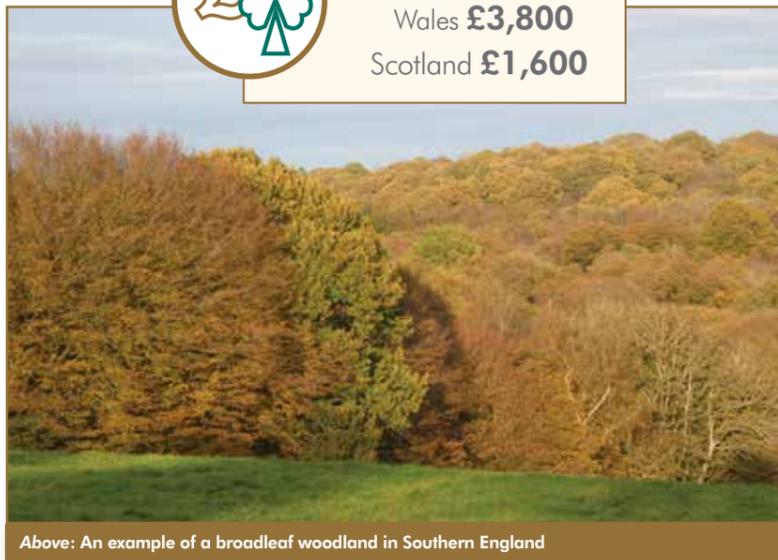


Fig 4: Mixed woodlands by country

Price Average per Acre.  
 England **£5,500**  
 Wales **£3,800**  
 Scotland **£1,600**



Above: An example of a broadleaf woodland in Southern England

## Case Study

### Mixed woodland

### It's not all about location, location, location

In mixed woodlands, especially in southern England, one theme that seems to be growing in relevance is amenity potential.

'Amenity', and what that word encompasses, is a topic of much debate in attributing value, but what is clear is that distance from the M25 is not the only major factor to consider.

This year we saw the **Hurtwood Lot 2**, a conifer woodland located in the Surrey Hills Area of Outstanding Natural Beauty, sell for under £10,000/ha. We also saw **Oakwood West**, another English conifer woodland near Chichester sell for around £20,000/ha.

The difference between the two arguably could be characterised by one key attribute of amenity namely seclusion. Oakwood West enjoyed a private feel and had, as a result, developed the sporting side of the woodland. Hurtwood on the other hand was heavily used by the public, a great benefit to the local community but with clear implications for value.





## 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 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 2017. 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.

## Contact Us >

### Tilhill Forestry

#### Investment and Property (UK)



**Peter Whitfield**  
Tel: 01786 435000  
Mob: 07785 342561  
peter.whitfield@tilhill.com



**Bruce Richardson**  
Tel: 01524 272249  
Mob: 07789 946542  
bruce.richardson@tilhill.com



**Peter Chappell**  
Tel: 01550 721442  
Mob: 07825 351989  
peter.chappell@tilhill.com



**Erik Odendaal**  
Tel: 01387 711211  
Mob: 07500 950832  
erik.odendaal@tilhill.com



**Alex MacKinnon**  
Tel: 01420 592470  
Mob: 07788 970116  
alex.mackinnon@tilhill.com

### John Clegg & Co

#### Scotland and Northern England



**Fenning Welstead**  
Tel: 0131 2298800  
Mob: 07836 500461  
jfw@johnclegg.co.uk



**Jon Lambert**  
Tel: 0131 2298800  
Mob: 07778 322212  
jl@johnclegg.co.uk



**Patrick Porteous**  
Tel: 0131 2298800  
Mob: 07789 960727  
patrick@johnclegg.co.uk

#### England and Wales



**John Clegg**  
Tel: 01844 291384  
Mob: 07702 977960  
jec@johnclegg.co.uk



**Mike Tustin**  
Tel: 01844 291384  
Mob: 07500 018242  
mct@johnclegg.co.uk