

# TIMBERLAND AS AN ALTERNATIVE ASSET CLASS

A McIntire-Stennis project initiated to address timberland investments



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The United States has abundant forest resources, with about one third of the country's land area being forestlands. In the early 1900s, most industrial commercial timberland in the U.S. was held by forest companies. In the past several decades, vertically-integrated forest companies divested their timberlands. Today, timberland investment and management organizations (TIMOs) and real estate investment trusts (REITs) play a major role in the timberland market.

As an asset class, timberland possesses unique features. Timberland business usually requires long-term engagement. Over such a long investment horizon, both biophysical and financial risks need to be incorporated into the optimal decision-making. Moreover, timber as well as other agricultural crop production is affected by climate change. This combined with other economic factors drives land use changes. Lastly, woody biomass for energy has emerged as a new market. The price behavior of woody biomass products and the cofiring decisions at the power plant level need to be better understood.



## About McIntire-Stennis

The McIntire-Stennis program, a unique federal-state partnership, cultivates and delivers forestry and natural resource innovations for a better future. By advancing research and education that increases the understanding of emerging challenges and fosters the development of relevant solutions, the McIntire-Stennis program has ensured healthy resilient forests and communities and an exceptional natural resources workforce since 1962.



## COLLABORATION

We are collaborating with scientists from USDA Forest Service and other universities to address some of those issues.



### 4 States

Cooperators in Georgia, North Carolina, Virginia, and Maryland have contributed to the project.

## IMPACT

Over 40 million acres of timberland have changed hands since the 1980s.



TIMOs and REITs control about \$75 billion of timberland.



Land use switching between timberland and cropland has been observed in the past few decades.



Wood pellets market is expected to grow from \$4 billion in 2019 to \$6 billion in 2024.