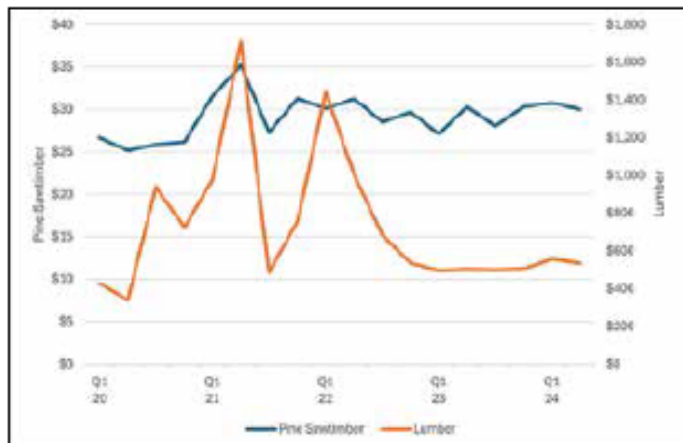




Market News

Our timber markets seem to have “settled down” for the first half of 2024. “Settling down” is a relative term given changes and short-term opportunities certain to occur in any market area. This relative stability is a welcome reprieve from the market shifts of 2023 where summer pulp wood markets came to a near standstill.

The table below shows that lumber markets have stabilized post-Covid and have been so for almost two years. The table also shows pine sawtimber market averages in our four-states region for the same period. A previous Market News article explained why we didn't see pine sawtimber prices tracking lumber price increases. Similarly, since lumber prices have declined to more historical price levels, we haven't seen a drop in pine sawtimber pricing either.



U.S. Housing starts have softened somewhat from higher interest rates but are still fluctuating within a reasonable range. This softening is in line with expectations. We expect/hope timber markets to be fairly stable in our market areas for 2024 and to weaken only slightly based on historical weather trends.

Historically, presidential elections result in market instability due to the unknown territory that comes with potential policy changes. The election later this year wasn't expected to bring as much volatility to forest markets as one might assume because the US was familiar with both candidate's policies. With President Biden out of the running, this brings more uncertainty. We hope that if the Democratic party wins the office, their current policies will stay in place to keep markets stable, but we'll see. We expect that if the Republican party wins the office, it will result in a return to more business-friendly policies, so this should be good for forest markets.

Local market factors influence timber markets much more than national factors, so as always, consult with your Kingwood forester about the best course of action for your timber and timberland. Don't rely on what you heard at the coffee shop or what the national news stations are saying. Coffee shops thrive on gossip from gloom and doom. National news stations thrive on ratings from the outlier news stories. You will thrive with Kingwood on your side.

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Your free subscription to the Kingwood newsletter is here!

Contact Carl at the Texarkana office at 1-903-831-5200.

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CARBON SEQUESTRATION FOR PRIVATE LANDOWNERS

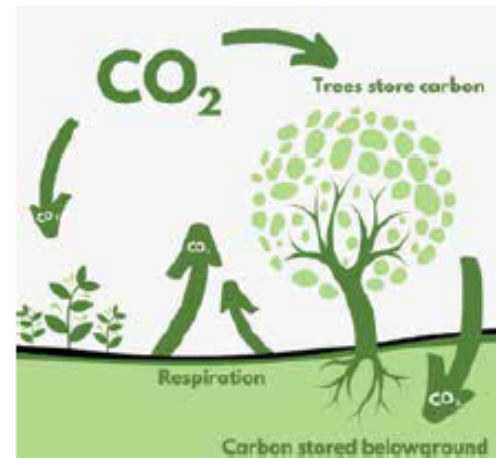
We are often asked what options are available to enter the carbon market. Right now, there are three key criteria that must be met for a landowner to be able to successfully enter a carbon market.

These are:

Permanence - The carbon sequestration benefit must remain in place for a long time, typically 40-100 years.

Additionality - Measured carbon sequestration must be additional to a business-as-usual scenario.

Verification - The carbon sequestration benefits of the project must be accurately quantified and based on rigorous accepted scientific methods.



For a private landowner who wants flexibility to sell their timber or land, the criterion of Permanence poses some serious problems. Selling a property under a carbon contract limits the “bundle of rights” granted to the next owner. While this could be appealing to a very small subset of buyers, in general, a carbon contract on a property is viewed as a drawback. The criterion of Additionality is also an obstacle because conventional forest operations are limited by focusing on retaining carbon...meaning not cutting trees. For timberland owners who are accustomed to pine plantations being cut every 25-30 years, this option is taken off the table. Lastly, as many landowners recently discovered from a failed carbon market program, the criterion of Verification is of concern for timberland owners who want to enter the carbon market. This is because the process to measure, estimate and verify carbon into a market requires extreme precision to instill trust in this difficult to measure commodity. Those willing to pay into a carbon market will demand accountability to verify what they are paying good money for, so it is not perceived as “smoke and mirrors”.

Bottom line: Today's carbon markets focus on storing carbon on the stump, which contradicts the objectives of conventional forest management. Until carbon markets recognize the benefit of productive pine plantations, conventional private timberland investors are going to find it difficult to enter carbon markets. Landowners with non-timber production-based goals may have more options available. Kingwood will continue to monitor carbon markets as they develop.

NEW KINGWOOD WEBSITE RELEASED

Kingwood is thrilled to announce the launch of our redesigned website!

Visit us at www.kingwoodforestry.com. We have updated your Kingwood website experience with new user-friendly and interactive features such as:

- Google Driving Directions to get to our Real Estate Listings
- Interactive Mapping feature to view our Real Estate Listings
- Useful Website Links where we share numerous websites that we think you'll find helpful and informative

That is just the tip of the iceberg! Many more exciting features can be found on our website. Go explore at www.kingwoodforestry.com to discover the difference yourself. We hope these enhancements improve your online Kingwood experience. We value your feedback and would love to hear your thoughts. Please feel free to reach out to us at texarkana@kingwoodforestry.com with any questions, suggestions, or just to say hello! Thank you for joining us on this journey. We are excited to share how Kingwood's new website will enhance your real estate, forestry, and appraisal experience!

APPRAISALS VS BROKERS PRICE OPINION



Discussions of rural land sales often lead to speculation of price per acre. How does one determine this elusive value and put a real number on real estate? One adage claims that “a property is only worth what someone will pay.” In the land management profession however, there are two general methods with differing uses that provide this: a Certified Appraisal and a Broker’s Price Opinion (BPO).

A certified appraisal carries more weight legally. An appraisal may be used in tax reporting and estate planning, division of property, securing a bank mortgage, and in legal affairs. Appraisals are an estimate of value at a specific time, for a specific client and for a specific purpose. Appraisals must be completed in accordance with the Uniform Standards for Professional Appraisal Practice, the nationally accepted performance standard for appraisals. An appraisal must consider “highest and best use” for a property and take into consideration the Income Approach, Cost Approach, and Sales Comparison Approach before finally weighing the different values derived in the three approaches into a final appraised value. Appraisals are completed by an Appraiser who has over 3,000 hours of experience, has taken specific financial and value analysis courses, and passed the required qualifying tests.

A BPO is similar to an appraisal but does not carry any legal weight. A BPO seeks to identify a fair market price for a property, to guide a decision to sell the property. They are not acceptable for tax and estate planning or legal affairs because they are less regulated and structured. A BPO is conducted by a real estate Broker or Sales Agent and should not be considered an appraisal or used in place of an appraisal. A real estate Broker or Sales Agent may prepare a BPO for a client. They will use comparable sales and the various factors that influence prices to estimate market price for the subject property.

In short, an appraisal is a more formal estimate of value that carries more legal weight for tax and legal matters, while a BPO is a less formal estimate of fair market price. As such, an appraisal will be more costly, but will be more exhaustive and authoritative since the value assigned is often put in front of the IRS or a bank. Kingwood has Appraisers and Brokers that can help a landowner determine which service they need. Talk to your local Kingwood office to inquire about our appraisal or BPO services to see which is right for you.

STAFF NEWS

David Stanton recently attended the Dale Carnegie leadership training. This is an excellent course to develop professionals both personally and professionally. He was given the Human Relations Award for being the best in class at putting into practice the principles taught.

J. King and Becky Parker both recently retired from Kingwood. We were proud to have J. as a forester in Monticello and Becky as Administrative Assistant in Texarkana. They both spent about four years with us. We wish them well in their next phase of life. Enjoy, you two!

Amber Barentine recently transferred from our Arkadelphia office to our Texarkana office to serve as Administrative Assistant. If you haven’t met her in Texarkana yet, swing by and say hello.

Brian Clark recently celebrated ten years at Kingwood. Brian plays a critical role in real estate and forest management in the Arkadelphia office. He is also our newest Broker after passing his Arkansas Broker’s exam. We are proud he is part of our team.

Courtney Branson is our new administrative assistant in Monticello. We’re sure you’ll enjoy getting to know her. She comes from a banking background. Be sure to welcome her into her new position as she settles in.

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Up Close & Personal



David Dick joined the Kingwood Forestry Services, Inc. team in Monticello, AR in 2022 as a forester. He hails from St. Louis, Missouri and has a deep love for God, people, and the land. He received a BS in Forestry, forest resource management from the University of Missouri- Columbia in 2017 and an MS in Forestry from North Carolina State University in 2021. David also published his forest soils research in *Forest Ecology and Management* in 2021. David is a Registered Forester in Arkansas, American Tree Farm System qualified inspector, commercial drone pilot, real estate salesperson in Arkansas, and will soon pursue his broker's license. He handles timberland real estate sales in the Monticello office and plays an active role in timber management. He belongs to the Society of American Foresters. David is an active member of his church in Monticello where he lives with his wife and enjoys cooking, community service, lifting, cycling, tennis, reading, and listening to podcasts.

Don't forget to check us out online at www.kingwoodforestry.com