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Blake Stansell
The Forestland Group, LLC

Blake Stansell is President and Chief Executive Officer of The Forestland Group, where he oversees investments and operations, implements investment strategy and chairs the Group's Management and Investment Committees. He is a Certified Financial Planner™ professional and a Registered Forester in North Carolina. Stansell serves on the board of the National Alliance of Forest Owners and other non-profit groups.

Local Lands, Global Impacts

West Virginia's Forests Deliver Benefits into the Future

The Forestland Group (TFG) was founded by a group of foresters, ecologists and economists with diverse backgrounds in academia, conservation NGOs and business who had a shared vision to create innovative investment opportunities through the sustainable management of natural hardwood forests. TFG was the first timberland investment manager to certify its entire portfolio through the Forest Stewardship Council's third-party certification program.



TFG purchased its first West Virginia property in 1996 and, since that time, we have acquired more than a million acres in the state on behalf of our investment clients. For several years, TFG was the largest public or private landowner in the Mountain State.

West Virginia ranks third in the nation in terms of forested area. With almost 80 percent of its land area covered by forestland, the state is a key focus area for timberland investments. West Virginia's forests are dominated by hardwood

species that are used to produce high value products like furniture and cabinets, and specialty products like white oak "stave logs" used to produce barrels for aging whiskey. A recent study suggests that the state's hardwood products yielded a value of over \$1 billion in economic output and supported more than 10,000 West Virginia jobs.¹

The U.S. hardwood industry was hit hard by the Great Recession of 2008 and 2009, as demand from the housing sector was cut in half. The industry shifted focus during the recovery and became more export oriented. The export growth successfully created an uplift coming out of the downturn; however, that growth has slowed significantly in recent years due to the ongoing China trade dispute. The current outlook for the hardwood industry remains muted, as tariffs put a damper on the demand from China's housing and construction markets. Hardwood lumber exports have increased to other locations around the globe, but until Chinese demand returns, the hardwood sawmill sector is expected to continue on a path of modest contraction in overall capacity.



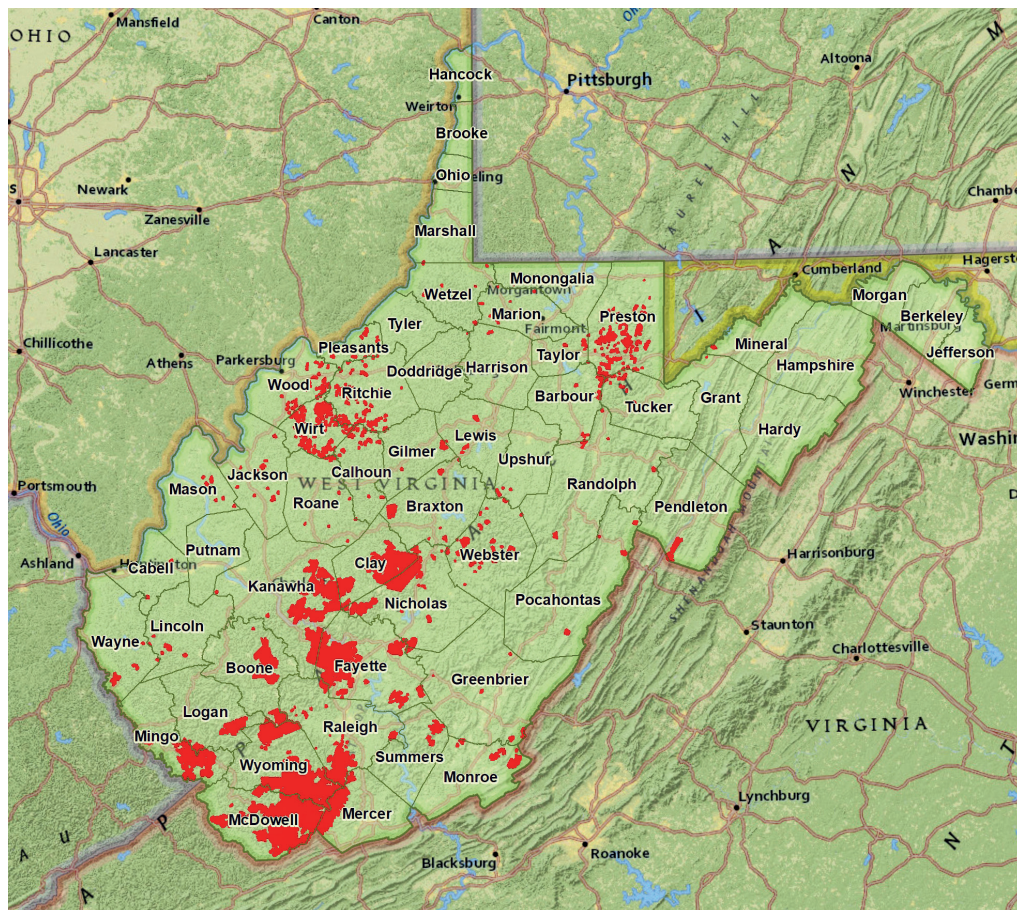
Photo Caption 1 West Virginia
White Oak stave logs.


Environmental services are an exciting new area of potential revenue generation for forest landowners. In addition to forest products, forests have always provided important public benefits, including clean water, wildlife habitat and recreational opportunities. In recent years, an additional forest benefit has been recognized: forests are a critical natural solution for climate change.

Forests take in carbon dioxide from the atmosphere to make energy through photosynthesis. Trees use this energy to maintain themselves and grow. Through this process, trees capture and store carbon in wood and other organic matter. Carbon makes up about half of the weight of a live tree. While the ecological dimensions of forest carbon are increasingly well understood, emerging economic markets in forest carbon offsets – payments for storing carbon in trees – are proving to be significant sources of revenue for forest landowners.

To understand the complete role of forests in the global carbon cycle, it is also critical to consider the amount of carbon stored in forest products and the amount of carbon that is saved when wood is used in place of more carbon-intensive materials, like steel and concrete. Long-lived solid wood products like furniture and flooring act as a “carbon vault,” storing the sequestered carbon for many decades after the tree is harvested. Given its potential to reduce the overall carbon footprint, many architects and builders around the world are beginning to consider wood for the structural components of tall buildings, which would traditionally have been constructed with steel and concrete.

The hardwood timber and lumber industry in West Virginia is working its way through a difficult time. However, markets are cyclical, and we are confident in the long-term prospects of sustainably managing forestland to produce traditional



wood products coupled with newly recognized ecological services markets. There will always be forests, and The Forestland Group will continue to embrace the challenges, rewards and responsibilities of owning and managing them. 

¹ 2019 Hardwood Federation Economic Impact Study (<http://www.hardwoodfederation.com/Hardwood-Industry-Economic-Impact>).

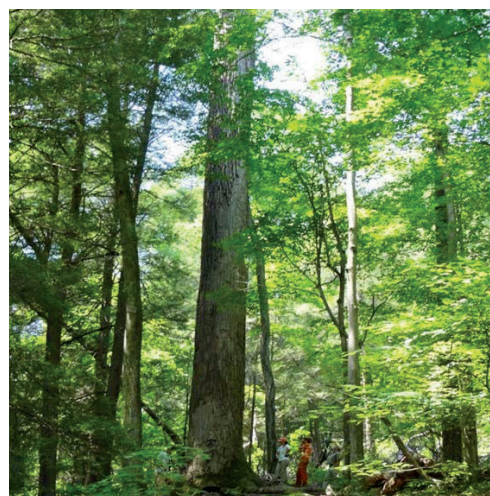


Photo Caption 2 Map of TFG's West Virginia properties.

Photo Caption 3 West Virginia forestland.