

Opportunity for woodland

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Forestry values and timber prices are rising and the government is backing payments for managing land use for the public good, with well-managed woodlands set to benefit the most

Forest ownership has traditionally been perceived as an investment that is:

- straightforward;
- long-term; and
- low-risk.

But over and above this, research by [Savills](#) published in March 2018 found that, although cash on deposit would have accumulated 19 per cent in value before tax since 2009, a spruce tree growing on a hill in southern Scotland would have accumulated 36 per cent tax-free, simply from its growth. Add in inflation in capital market value, and the increase totals more than 80 per cent.

The future

The future for productive timber woodland thus looks encouraging. Together with the current [Agriculture Bill's](#) promised payments for managing land use to ensure public goods such as habitats, species, public access and water quality after Brexit, the way we value our woodland as productive will need to be recalibrated. It might soon be valued as much for its timber potential as for its ability to prevent flooding or provide other services.

Bringing existing woodland back into management can achieve near-instant benefits from better capital values, annual income and woodland health

The [Department for Environment, Food and Rural Affairs](#) ? 25-year environment plan estimates the value of woodland's natural capital is 10 times that of timber production. After Brexit, we might well see payments for services such as:

- flood attenuation;
- biodiversity;
- health and well-being; and
- carbon credits.

Woodland that is well managed, which means that those responsible are building in resilience to climate change through innovative planting and management techniques, will benefit the most. In England, only 59 per cent of woodland is currently managed, and in Wales around 57 per cent. That falls well short of the government's own target of 67 per

cent. Some experts believe that, in certain regions, up to 75 per cent could be managed.

Managing existing woodland

Bringing existing woodland back into management can achieve near-instant benefits from better:

- capital values;
- annual income; and
- woodland health and resilience to resist pests and pathogens.

There are an estimated 100m tonnes of trees in England that have reached or are over harvestable age, most of these hardwood, having a combined timber value of around ?3bn. These undermanaged woodlands are a missed opportunity for today?s landowners.

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Further information

- Related competencies include: [Forestry and woodland management](#) and [Sustainability](#)
- This feature is taken from the [RICS Land journal](#) (January/February 2019)
- Related categories include: [Rural estates and farms](#) , [Trees and TPOs](#) and [Woodlands](#)