

Selling Timber Using Sealed Bids

The importance of soliciting sealed bids as part of a timber sale cannot be overstated. As the real-life examples on the back of this page show, bids can vary widely. This is a very good method of receiving a competitive price for a valuable asset. Be an informed seller! The timber bid analysis shown below and the various bid examples were all taken from the *Green Horizons* newsletter, published by Forestry Extension at the University of Missouri.

The Bid Box: A Look Back

Hank Stelzer
Spring 2007

One day as I was electronically strolling through the Green Horizons archives I came across several "Bid Sheets" (forerunner to the present-day "Bid Box"). And while I'm sure I had something better to do, I decided to gather up all of these sale notices that we have published over the years and see if any patterns emerged. Based upon the species involved, I grouped the sales into three categories:

Species	Number of Sales	Average number of bids per sale	Average percent of the highest bid over the lowest bid
Walnut	8 sales	8	80%
Red and White Oaks, with some Walnut	6 sales	7	130%
Mixed Oaks	8 sales	5	220%

It is interesting to note that the average price spread increased as species value declined. In a way that should not be surprising given the fact that a walnut buyer better know his or her business in buying top-shelf timber.

Now before I get my logging friends mad at me, let me caution woodland owners that these are averages. For any given sale, some spreads were narrower and yes, some were wider. The quality of your timber is a big driver. Do not expect a 220% spread between bids for your dead and dying black and scarlet oaks.

So, you might be asking yourself, "Okay, quality aside, how can there be such a wide spread for the same bunch of trees?"

Trees are only worth what someone is willing to pay and many factors go into a particular buyer's bid. How far away are your trees from the buyer's mill? How accessible are your trees with his equipment? How bad does the buyer need your particular trees to satisfy his particular orders? How many restrictions are you placing upon the harvest? These are just a few of the factors (besides the more obvious ones like current market prices) that are wrapped-up into any given bid.

All of these factors should convince a landowner even more to know what you have to sell and seek competitive bids. The only way to determine what someone will pay is to test the market! GH

The Bid Box - Winter 2009

(All volumes reported in Doyle Scale)

Randolph County

- 85 acres
- 1,405 hardwood trees (mixed oak & some walnut)
- Estimated volume: 191,246 bd.ft.
- Forester valued the sale at \$27,000
- 5 bids
 - \$32,100
 - \$25,099
 - \$25,500
 - \$21,700
 - \$20,000

The Bid Box - Fall 2008

(All volumes reported in Doyle Scale)

Shelby County

- 71 acres
- 1,168 hardwood trees (70 percent white oak)
- Estimated volume: 125,000 bd.ft.
- Forester valued the sale at \$24,825
- 6 bids
 - \$26,000
 - \$22,625
 - \$22,284
 - \$17,627
 - \$17,561
 - \$14,000

The Bid Box – Summer 2008

(All volumes reported in Doyle Scale)

Putnam County

- 110 acres
- 891 mixed hardwoods (50 per-cent white oak)
- Estimated volume: 89,181 bd.ft.
- Estimated volume: 128,000 bd. ft.
- Forester valued the sale at \$21,500
- 4 bids
 - \$22,151
 - \$19,682
 - \$19,301
 - \$12,877

Randolph County

- 35 acres
- 290 mixed hardwoods (>50 per-cent pin oak; some swamp white and white oak)
- Estimated volume: 42,800 bd.ft.
- Forester valued the sale at \$5,250
- 3 bids
 - \$5,650
 - \$3,951
 - \$2,800

Boone County

- 37 acres
- 187 mixed hardwoods (pin oak, white oak, walnut, black oak, soft maple and sycamore)
- Estimated volume: 39,400 bd.ft.
- Forester valued the sale at \$7,430
- 3 bids
 - \$8,800
 - \$7,619
 - \$5,328

The Bid Box – Spring 2008

(All volumes reported in Doyle Scale)

Bollinger County

- 52 acres
- 442 mixed hardwoods (mostly white oak, black oak, yellow poplar, and hickory, etc.)
- Estimated volume: 89,181 bd.ft.
- Forester valued the sale at \$29,000
- 7 bids
 - \$35,255
 - \$34,125
 - \$27,300
 - \$27,261
 - \$25,300
 - \$23,150
 - \$23,000

Bollinger County

- 70 acres
- 463 mixed hardwoods (mostly black oak, white oak and yellow poplar)
- Estimated volume: 88,528 bd.ft.
- Forester valued the sale at \$25,500
- 3 bids
 - \$27,550
 - \$20,765
 - \$20,017