

The Four Seasons

The Newsletter of Dwight L. Stewart, Jr. & Associates LLC

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TWENTY-FOUR YEARS AND COUNTING

This month marks our twenty fourth year in business. We appreciate the support that we have received from our clients and friends and especially, the opportunity to work with you and for you.

After almost thirty-eight years in the forest industry, I have learned that the economy goes in cycles. While the current downturn in the business cycle has been one of the most challenging of my career, I have no doubt that the forest industry will survive this downturn, too. Our businesses will likely be leaner and we will all be wiser. Since the first settlers landed in North America, the forest products industry, in some form or fashion, has been an important part of the economy. Our future as one of the best providers of a renewable resource has never been better.

ARE WE THERE YET?

As wholesale, retail, and financial markets continue to fall, the above question is perhaps the most asked. While there is no answer, it does appear that the long and steep slide has at least slowed, particularly in the housing market. Recent housing data from the U. S. Dept. of Commerce announced that sales of new single family houses in March were at a seasonally adjusted annual rate of 356,000. This was down slightly from February and although it is still a decline, it is certainly not as severe and is somewhat encouraging since new home sales in February were revised upward 8.2% over January's sales. This represented the largest percentage increase since March 2007.

Although sales of existing homes dropped in March by 50% as compared to February, the revised figure for the month was up 4.9% from January. Since October 2008,

the seasonally adjusted annual rate of sales of existing homes has averaged about 4.665 million, which represents a somewhat steady rate of sales. As we look for a housing recovery, a key statistic is the amount of inventory available for perspective home buyers. At the end of March, the seasonally adjusted number of new homes for sale was 311,000, down by almost 17,000 homes from February. The number has dropped steadily for twenty-three straight months. The number of homes available in April 2007 was 549,000. Despite this decline, no one is yet speculating that we have reached the bottom. The estimated time that it takes to sell the new home supply at the current rate of sales dropped at the end of March to 10.7 months from 11.2 months in February.

Housing start figures have been irregular but appear to have found a bottom. Since December, the seasonally adjusted rate of U. S. home starts averaged 532,000 with a range of 488,000 to 572,000. Increases and declines have alternated each month since December. However, ups and downs have provided a base line for future growth. Housing starts last summer were 1.089 million.

With housing markets so weak for so long, inventories of building products such as lumber and oriented strand board (OSB) are very low. Once the housing market begins to improve, filling the inventories may take some time. Suppliers may be reluctant to rush to fill orders until markets are more stable. Due to the prolonged downturn in the market, the dealers are unlikely to build large inventories.

WHAT'S NEW-AGAIN?

There are some lyrics to a song that go something like this, "Everything Old is New Again." The burning of wood for heat and energy is an ancient practice in many areas of the world. Many modern and not so modern

THE FARM BILL AND YOU

wood mills have been using wood and wood by-products as a source of fuel for a number of years. With the downturn in the sawtimber market, many pulp and paper mills have seen a decrease in mill residue, not only for pulp and paper as mentioned above, but also for use in boilers that produce energy. The result has been an increase in the number of mobile fuel chipping operations. These in-woods chippers specialize in removing understory trees that in the past have simply been in the way of harvest operations that remove larger, merchantable trees. The advantage of being able to remove much of the un-merchantable wood prior to a harvest can lower site preparation costs. Further, fuel chipping can be a very valuable wildlife management tool by removing understory trees that typically shade out plants such as legumes that are desirable for many wildlife species.

The Pellet Fuels Institute of Arlington, Virginia touts wood pellets as a miracle fuel. According to the Institute, fuel from wood pellets is capable of heating millions of homes, businesses and schools in the U.S. and Canada. The fuel is readily available in North America. It is renewable, economical and sustainable. The Institute also states that wood burns as cleanly as any other fossil fuel. Further, the Institute states that the cost is about the same as that of oil, coal, propane, and natural gas.

The Institute defines bio-mass fuel as cordwood, with pellets, wood chips, waste paper, and dozens of other agricultural by-products capable of being burned for heat as examples of bio-mass fuel. The compelling principle for using bio-mass is that it is renewable.

Wood pellet manufacturers take ground wood, waste wood, paper, bark, and other combustibles and turn them into bullet-sized pellets that are uniform in shape, size, moisture, density, and energy content. The reason for the pelletization process is that much of the moisture content of the raw wood is removed and burning efficiency increases. The density of pellet fuel is substantially higher than that of conventional round wood. And finally, the fact that pellets are more easily handled and that they produce only a fraction of particulate emissions of raw wood are other advantages. For more information, visit www.pelletheat.org.

While the bulk of the 2008 Farm Bill is not directed towards family forest owners, Congress did make many important changes to its conservation, forestry and energy title programs to provide new incentives for family forests. More than 30 organizations of the Forests in the Farm Bill Coalition worked hard with Congress and the administration throughout the process.

Several agencies within the US Department of Agriculture (USDA) are responsible for implementing the programs, such as the Natural Resources Conservation Service (NRCS), the Farm Service Agency (FSA) and the US Forest Service (USFS).

For landowners who are interested, there are three steps to accessing conservation assistance through USDA.

Step 1. Create your forest management plan. This plan should outline your goals and objectives for your land to include such things as timber production, wildlife habitat creation and management, and recreation opportunities. A typical forest management plan includes an assessment of the condition of the land, recommendations for practices that will allow you to accomplish your goals, up-to-date maps and information on environmental effects. Of course, a recommendation can include no action if you are well on the way to accomplishing your goals. We will be glad to assist you in preparing a forest management plan.

Step 2. Sign up with USDA or the state forestry agency. You can find the nearest USDA service center at www.usda.gov or check your state forestry agency website for the location of the nearest agency.

Some income limits may apply.

Step 3. Find a program that will help you accomplish your goals. We will be glad to assist you or to provide more information for you.

LAND FOR SALE

TREES for TOMORROW– TODAY!

We recently planted about 24 acres of a varietal loblolly pine tree developed by CellFor, one of several tree nurseries that are producing advanced tree seedlings for forest landowners. CellFor varieties start with the very best pedigreed seeds, which are processed through proprietary technology, based on somatic embryogenesis or SE. SE is an advanced vegetative propagation similar to the production of root cuttings. The process produces identical copies of a selected plant not by using stem fragments but by multiplication of the seed. No genetic engineering is used in the production of CellFor seed or seedlings.

Seedling costs are substantially higher than for improved bare root seedlings. CellFor says the investment results in an increase in harvested yield up to 33%, an increase in net present value of up to 50% more than orchard seedlings, and a 10 to 18% return on CellFor seeding investment.



Shown above are Dwight Stewart and Ward Gatlin with some CellFor seedlings in Berkeley County that are about 20 feet tall in 3 years.

CLARENDON COUNTY

- 89 acres - House, shop, cropland and woodland with merch. timber - \$319,750**
- 52 Acres- near Summerton - woodland/cropland good road frontage - \$143,000**
- 80.5 Acres- near Summerton- woodland/cropland- excellent hunting - \$241,500**
- 15.03 Acres- located 1.5 miles from Lake Marion- excellent small farm and home site - \$5,600/acre for all**

KERSHAW COUNTY

- 101 acres near Bethune - 21 acres in planted long-leaf pines - 15 acres in 18 year old lob pines- pond- food plots - \$255,000**
- 101 acres near Bethune - 95 acres in planted long-leaf pines (2006) - \$193,800**

SUMTER COUNTY

- 59.47 acres— paved road frontage near Shaw AFB- good home site \$212,500**
- 364 acres- Ebenezer & Brewington Roads - good hunting tract - merch. timber - WRP easement - \$1,500 per acre for all acres**

VISIT OUR WEBSITE AT WWW.DWIGHTSTEWART.COM FOR MAPS AND OTHER INFORMATION

FEATURED PROPERTY

For one of the most unique and picturesque homes in Clarendon County and in the Low Country of South Carolina, visit www.oldbrickestate.com. This one-of-a-kind 38 acre tract is an ideal executive retreat or a home and acreage located on Lake Marion.



DWIGHT L. STEWART, JR. AND ASSOCIATES

CONSULTING FORESTERS

26 E. BOYCE STREET

MANNING, SC 29102

Published by Dwight L. Stewart, Jr. and Associates, LLC of Manning, SC. We are consulting foresters, licensed real estate brokers, and Dwight L. Stewart is a certified appraiser for South Carolina and Georgia. Our firm was founded in May 1985 in Manning, S. C. and we have a combined total of over 80 years of experience among our associates. You can reach us at:

1-800-392-7842

NEW!! VISIT OUR WEB SITE AT WWW.DWIGHTSTEWART.COM

*Is your **address changing** as a result of new E- 911 systems? Call or write us with your new mailing address. The Postal Service will forward mail for only a short length of time. If you would like to receive *The Four Seasons* by email, send your email address to plowder@dwrightstewart.com*

We need listings for timberland and farmland! If you have land in the southeast that you want to sell, give us a call.