

Timber Stumpage Values VS Mill Delivered Prices

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Most landowners have heard the words “stumpage value” or “stumpage prices” but probably are not certain what the words mean to them. Basically, a timber buyer will offer landowners a price for trees standing “on the stump.” Webster’s dictionary defines stumpage as “standing timber with reference to its value,” or “the value of such timber.” The word is derived from stump + age, which means that older trees generally have more value over time, “on the stump.” For example, pulpwood size trees (6-8” in diameter) generally have less value “on the stump,” whereas larger trees (diameters greater than 10”) such as saw logs, ply logs, and poles have higher values “on the stump” according to their quality. Of course, we all now know that trees blown down or broken during storm events also have a residual value, although that value may be somewhat less than standing trees.

Most stands of timber increase in value over time if managed properly. This includes thinning to increase stand health and regular prescribed burning to control competing vegetation, resulting in increased growth rates. So, properly managed trees in good health and good quality will be worth more “on the stump” than trees unmanaged. Remember that trees are a crop for some landowners and need to be managed like any other crop to produce good quality products. The stand rotation is much longer than row crops, so proper management becomes a critical factor for good tree health and quality. More volume per acre created by bigger trees is another benefit achieved from proper management and will be worth more to most timber buyers.

A common phrase among buyers and sellers of any product is that ‘anything is worth only what someone is willing to pay’ for that product, or for what someone is willing to sell that product.

Some landowners make the mistake of selling their timber to the first buyer that makes an offer, without seeking other offers. NEVER tell a buyer what you are willing to accept for your trees, but seek other offers, or advertise the sale and accept sealed bids. More detailed information about “Selling Your Timber” is available on the Alabama Forestry Commission website at www.forestry.alabama.gov/PDFs/Selling_Your_Timber_color.pdf.



Landowners may be offered several different prices for different products. Products are generally determined by size classes ranging from pulpwood, chip-n-saw, saw logs, and ply logs, to poles, based on dollars per ton these days. Pine prices will be different from hardwood prices, and the units of measure may vary with the product.

Landowners should not get stumpage prices confused with “mill delivered prices” for several reasons. Wood-consuming mills pay different prices according to the products they manufacture from trees. Trees are then valued by timber buyers “on the stump” after deducting costs associated with cutting, skidding, hauling, and other fixed costs. These costs vary with equipment costs, maintenance, fuel prices, insurance, labor, markets for forest products (supply and demand), logging conditions, volume of timber per acre, road conditions, and other variable costs. Loggers pay very high prices for equipment that has a limited lifespan and high maintenance costs. With all their costs of doing business, they must cut and haul a minimum amount of timber per day, just to meet their minimum costs. Generally, the larger operations must cut and haul more volume per day than smaller operations, which may vary from a couple loads per day for small operations to 50 loads per day for larger operations. Remember too that skilled labor is required to get all this work done safely and efficiently. Weather is also a factor that may increase costs for loggers, along with equipment breakdowns that stop all production.

SO, when a logger finally gets a load of pulpwood, chip-n-saw, saw logs, ply logs, or poles to the mill site, they have a tremendous amount of money invested in the processes involved in that delivery. They are paid “mill delivered prices” to hopefully compensate them for all their costs, plus a minor profit for their labors. All the costs of “stumpage prices” + cutting + skidding + loading + hauling + other fixed costs + variable costs = “mill

delivered prices.” Many loggers have gone out of business over the past few years as they have not been able to sell their products to make payments and feed their families and workers.

Forest products manufacturers are at the mercy of the markets, and can only pay “mill delivered prices” for raw materials (trees) that allow them to make a modest profit and stay in business. Unless you have been on Mars for the past two years, you know that domestic and world markets for forest products have declined dramatically, thus affecting both “mill delivered prices” and “stumpage prices.” However, spot markets can be very favorable – due to weather conditions and mill inventories – if you are in the position to take advantage of the situation by having a management plan that gives you advanced notice of what needs to be done to maximize your profit.

Landowners are encouraged to contact forestry professionals at their local level to determine what prices they should be offered for their products. Your county Alabama Forestry Commission personnel can provide a list of timber buyers in your area to contact for bid offers, or visit our website at www.forestry.alabama.gov/ServiceProviders.aspx.

