

## TIMBER

# Fewer lots at anniversary hardwood auction

John Jenkins, auctioneer of Newland Rennie Wilkins, reports on the annual Cirencester hardwood sale.

The 25th annual hardwood auction in Cirencester was again very well attended. However, a room full of people witnessed a much steadier trade, with bidders apparently influenced by the general national feeling of economic caution. Nevertheless, the auction proved most successful with just two lots remaining unsold by the end of the day.

The volume in this year's sale, of about 16 000m<sup>3</sup>, was substantially less than in 2011 and was offered in 34 lots, mostly submitted by FC, but there were a number of lots from private estates. The predominant species in the log section was oak, and beech prevailed in the standing section. The general air of caution resulted in a decline in prices over the previous two annual sales.

### Standing sales

In the standing section, the top price was £41.72 per m<sup>3</sup>, for 791m<sup>3</sup> of oak thinning, at



These logs from Salcey Forest in Northamptonshire fetched best price of the day.

Dymock, Gloucestershire, with an average dbh of 28cm and 0.5cm mean tree size, purchased by Darren James. Other similar parcels, negotiated after the auction, sold at similar rates and a parcel of larger average size in Savernake made £30.50 per m<sup>3</sup>, selling to UPM Tihill.

Beech, the predominant standing species of the sale, made up to £30.50 per m<sup>3</sup> (sold at £33 by weight) for 34-38dbh, in Collingbourne, purchased by UPM Tihill (last year a smaller tree-sized parcel in the same wood made £30 per m<sup>3</sup>).

A mixed broadleaf parcel in the Forest of Dean (75% beech) made £39.17 per m<sup>3</sup> (19-41dbh) and sold to Darren James.

The other standing sale of note was a parcel of 28dbh sycamore, which sold to UPM Tihill for £30.55 per m<sup>3</sup>.

### Logs

Trade in oak logs, the dominant species, came off the high levels of the previous two years. The crude analysis, which does not take into account individual lot quality, showed that oak logs this year averaged £120.50 per m<sup>3</sup>, as against £132 in 2011 and £138 in 2010, a fall-off of about 9%. Top price of the day was £175 per m<sup>3</sup> for 143 well presented logs at roadside, in Salcey Forest in Northamptonshire, totalling 206m<sup>3</sup> and purchased by Mendip.

All of the New Forest logs were sold on the day with the best price being £122 per m<sup>3</sup>, for 95m<sup>3</sup>, in Dames Slough, to be brought to roadside and purchased by Softee.

Beech was the only other species on offer, with a parcel at Blackwood Micheldever making £50 per m<sup>3</sup>, for 138 logs, totalling 86m<sup>3</sup> and sold to Pontrilas. This showed an improvement over slightly larger logs sold in 2011 from the same wood.

### Softwood

Three lots of softwood, mostly Douglas fir, all sold, with the top price being £88 per m<sup>3</sup>, for 30 logs, totalling 114m<sup>3</sup>, at Yateley Heath Wood, Bramshill, Hampshire and sold to East Bros.

### Anniversary

At the closure of the sale and in order to mark the 25th modern era auction, Messrs Newland Rennie Wilkins presented each attendee with a locally grown oak sapling, of Dymock, Gloucestershire provenance, together with a brief sale history and a copy of the original 1987 catalogue with sale report.

The next sale is scheduled to take place on 28 November 2013. For further details in due course contact John Jenkins at Newland Rennie Wilkins, tel: 01600 712916, or email: monmouth@nrwproperty.com

## Demand for oak

Jane Karthaus investigates

In December 2012, a Confor member from east England emailed me:

*I have been told by two people involved in the trade locally that demand has withered and that one or two parcels of good quality oak have failed to attract bids, while another was sold for less than £3/cube. Is it possible for Confor to investigate the oak market and review prospects for autumn 2013?*

This referred to the hardwood auction held in November 2012. I asked some buyers and the auctioneers what was behind the story.

From the auction report (opposite), it is evident that prices were not as great as in 2011, but this may reflect the quality. A couple of parcels of oak did not sell during the auction, but sales are often negotiated subsequently, John Jenkins explained. And standing prices are average, as they may include a lot of firewood. Sometimes, reserve prices are unrealistic, per-

haps because the seller over-estimates volumes or quality, or buyers may be deterred by difficult access or extraction. Small or poorer lots at a distance from markets may also be less attractive. I was repeatedly told that good quality oak is always in demand.

And then there is France, mon Dieu!

### Andy Lodowski of ATS (and Sewestern Sawmill) in Lincolnshire commented:

"I've been in the UK round timber merchant and sawmilling business for 35 years. The operating environment has changed enormously in that time. In the 1970s, every village had a sawmill. In the 1980s, agents and landowners became more commercial and put parcels out to tender. Sometimes there would be 20 people looking at a parcel, in a two-week window. Payment was expected up front, while the mills did not see any cash back for nearly half a year. In a diminishing market, many sawmills could no longer justify investment. Mills started to buy in wood from abroad, with relatively good exchange rates and in the 1980s and 90s many sawmills closed.

"In 2002, foot and mouth disease stopped visits, so the buyers went to France. I found one barrel manufacturer, who bought a lot of material from which he could only use a small part. I bought 1000 cube in one day, sent lorries over and paid when I got paid. It was so simple. In addition, the oak was straight and held no surprises.

"Meanwhile, there were some attempts to improve production of English hardwoods. I saw some beautiful white ash, but I had no one to sell it to. The market had been destroyed. Presentation has improved ten-fold, but I don't want to buy firewood. So the average price for a parcel of oak, including firewood, may be low. In addition, quoted volumes of standing timber are often optimistic.

"I also buy beech and sweet chestnut, in total about 3000 cube a week, much of which is sold on, but where in England can I go to buy 1-2000 cube in one go?"

### Tom Compton, of English Woodlands Timber, Sussex, commented:

"The current demand for oak, as far as we see

it, remains positive. British growers, however, must understand that the customers they sell to are also able to buy European logs, which are generally slicker, more consistent in quality and often just at the end of a telephone call through established round timber merchants. I would estimate that over 80% of logs sawn in the UK come from the continent. In France, a single 'Vente des coupes du bois', conducted by the ONF, held weekly in the autumn, will sell well over 10 000m<sup>3</sup> of oak log. Previously, we were active buyers at the Westonbirt auction and always came away with a parcel or two, but do not see it now as a buying opportunity, because the prices are ridiculously high."

### Balcombe Estate, Sussex, grows excellent oak and has its own sawmill. Jamie Kirkman remarked:

"I would love to get my hands on some really good quality oak at £3/cube! Fencing tends to be £2-3/cube, beam £4-6/cube, plank £6-10+ (delivered in). I guess if the 'usual' mills have stock, it is harder to move."

### From Chris Hyde, Chantler Timber, Crew:

"Chantler oak sales are up 15% on 2011. It's our bread and butter business. Oak is an up-market product for which there is always a demand. The market is buoyant but volatile and I see that continuing into 2013.

"Chantler imports 80% of its hardwood supplies (oak) as we couldn't find the volumes and quality in the UK. We have one UK buyer, plus a trainee, where years ago we had 12.

"The average English oak price, delivered in, is around £6.85, but this includes tops. We pay about £6.85 down to £6.25 for French oak, which comes, topped and straight, pure beam.

"We supply about 300 small mills in the UK with logs, mostly mobile sawmill businesses. It's a hand to mouth business. We are holding around 50-100 loads of oak at any one time, but our customers phone up and want a load instantly.

"In France, sawmills are going out of business, as happened here 15 years ago, but there are a lot of small mobile sawmills popping up. I

*Continued overleaf*

think the French sell their product too cheaply and that's leading to these closures."

### Stuart Somerscales of SH Somerscales Ltd, Lincolnshire attended the auction and commented:

"For one lot, I was the only bidder and I did not reach the reserve price. I also failed to negotiate a deal with the owner subsequently. The reserves set for small, low-quality lots are sometimes too high. There is no shortage of demand for good quality, with beam oak very much in demand, but for lower quality, demand is poor. Owners need to be aware of the logistics of standing sales and also acknowledge any access issues."

### Advice for growers

Tom wants clear information: "Other than the obvious raw data and roadside or standing, what are the terms of sale? Is it for negotiation, a properly conducted tender, or just a floating request for price? Travelling the country just to be able to offer is an expensive business. Would you invest your time in a one in ten chance?"

"My advice is to develop a relationship with a reputable timber buyer to give both parties confidence that a transaction, and future ones, can take place at a fair price. Sawmills want to buy timber and need owners to have the confidence to sell. I would also recommend that the owner tries to deal direct with a sawmill, rather than through a merchant, if there is an active mill locally.

"Trust and confidence in the timber and the transaction is key. Cutting English oak is a risky business, due to the vagaries of management. Even logs that look perfectly good can open up poorly."

It may be useful to take some digital photos to allow a preliminary evaluation.

Readers can draw their own conclusions. Good luck!

"Jamie Kirkman says: "Incredibly, we are still talking in hoppers feet for hardwood pricing (essentially, the useable volume from the log). Multiply the price by 27.236 to convert to £/m<sup>3</sup>."