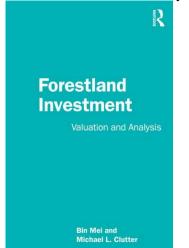# Book review: "Forestland Investment and Analysis, 1st Edition". 2023. By Bin Mei, and Michael L. Clutter. Routledge, London, England, United Kingdom. 230 p. ISBN hardcover: 978-1-032-43310-3. ISBN paperback: 978-1-032-43309-7.

Steven H. Bullard[a*]

a: College of Forest Resources, Mississippi State University, Starkville, MS, USA.
*Corresponding author: E-mail: shb3@msstate.edu

Keywords

Citation

ABSTRACT

Mei and Clutter have produced what will become a seminal reference on the important topic of institutional investments in forestland in the United States. The book includes both theory and practical application of valuation and analysis concepts and techniques, and includes important insights into recent "real world" actions and events among institutional timberland investors. With a clear and succinct, journal-article style of delivery, the book summarizes the history and drivers of major institutional timberland ownership trends in the U.S., and reviews techniques and methods that apply to timberland valuation in theory and practice.

BOOK REVIEW

Forestland Investment Valuation and Analysis is a book published in 2023 by Routledge that is co-authored by Bin Mei and Michael L. Clutter. The authors are well-known for their work in forest economics and investment analysis, with particular emphasis on the valuation and analysis of forestland investments as an asset class for institutional investors. Dr. Mei is Professor of Practice in Natural Resource Finance at Duke University; prior to his current appointment, he was Hargreaves Professor of Forest Finance at the University of Georgia. Dr. Clutter was most recently Chief Analytics Officer at F&W Forestry in Albany Georgia, and previously served as the Dean and Hargreaves Distinguished Professor of Forest Finance at the University of Georgia's Warnell Scholl of Forestry at Natural Resources. Dr. Clutter passed away unexpectedly in December 2022.

Both authors have published widely on forestland investments in top-tier journals, and while teaching graduate-level courses at the University of Georgia, they correctly identified a significant gap in the literature on this topic—to date, no one has pulled together the key findings from decades of journal articles, technical reports, and conference presentations into a comprehensive, well-organized, and well-presented text on this topic. Until now, thanks to the excellent work of Drs. Mei and Clutter, *Forestland Investment Valuation and Analysis* fills a very significant gap in current forest economics and finance literature. The book will be a seminal reference for forestry business students and researchers, as well as practitioners and policymakers.

Beginning with "Introduction to Forestland Investment" in Chapter 1, the authors highlight the major shift in industrial timberland ownership in the United States in recent decades, from vertically integrated forest products companies to timberland investment management organizations (TIMOs), real estate investment trusts (REITs), and joint ventures between REITs and investors. They review the extent of the seismic changes in ownership in the U.S. as well as the major drivers of this change, including double taxation and accounting-based undervaluation of timberland assets. In the 10 chapters that follow, Mei and Clutter review optimal forest rotations, explain timberland appraisals, describe the primary drivers of forestland investment returns, summarize U.S. property and income taxes on timberland, review portfolio theory and asset pricing models, compare timberland index construction methods and results, discuss the pricing of timberland assets as diversifiers of portfolio risk, review options pricing models—which are then

applied to managerial options with timberland investments and valuation of timber harvest contracts. The authors also include chapters that analyze the benefits and costs of forest carbon, and emerging U.S. markets for woody biomass. The book concludes with a case study analysis of the 2016 merger between the two largest timber REITs in the world, Weyerhaeuser and Plum Creek, and with remarks and insights on future research directions in timberland valuation and analysis. The chapters include endnotes and references cited, with inset boxes to provide focus on specific points. The figures are very well done, both figures and tables add significantly to the written text, and there are relatively few typographical errors throughout the 214 pages.

To be clear, *Forestland Investment Valuation and Analysis* is comprehensive in covering topics that relate to large-scale, institutional investment/divestment in/of timberland assets in the United States. The book doesn't, however, include discussions of forestland from the perspective of nonindustrial private investors, i.e., private individuals or noncommercial entities who may be interested in forested land as a potential capital investment.

Forestland Investment Valuation and Analysis is a major contribution to the forest economics and investment analysis literature. I highly recommend the book as a text in forestry business courses and as a reference for researchers and practitioners with a focus on forestland investments. The book is thorough in topics and coverage, yet succinct in making key points effectively and efficiently.

Steven H. Bullard, College of Forest Resources, Mississippi State University