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Forisk Publishes Analysis of Coronavirus and Recession Implications on Timberland Investments

WATKINSVILLE, GEORGIA – April 29, 2020 – In the current coronavirus pandemic and recessionary environment, do traditional reasons for holding timberland investments still apply? New analysis compares the long and short-term performance of private timberlands to other assets and benchmarks. Historically, timberland investments outperformed appreciation of the S&P 500 over longer 20 and 30-year timeframes that included three recessions, while the S&P outperformed private timberlands between recessions.

The Timberland 2020: From High Hopes to Viral Mopes and Back Again study published by Forisk also revisits the historic tendency of private timberlands to hedge inflation. This characteristic of timber deserves particular attention in the current recession as the U.S. Government finances trillions of dollars of stimuli and economic support through borrowing and open-market transactions that increase the money supply.

“Timberland 2020 addresses the most common questions we’re getting from timber investors and managers,” said Brooks Mendell, CEO of Forisk and lead author of the paper. “A key observation is how well timber holds up during tough times. While there has been a lot of ‘hand wringing’ about this asset when the stock market set records last year, we now see, from a risk standpoint, timberland serves well to preserve wealth and still generate cash, especially through tough economic environments.”

In addition to the analysis of timberland investments, this study summarizes the U.S. macroeconomic environment prior to and following the onset of the coronavirus, compares the implied impacts on forest industry production, and details key questions to watch as the forest sector manages through the current recession. For more information about the Study, visit www.forisk.com.

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