

James I. Alfriend Consulting Foresters, LLC

315 Church Street • P.O. Box 1270 • Thomson, Georgia 30824
Phone: (706) 595-2210 • Fax: (706) 595-8911 • E-mail: alfriendforesters@gmail.com

James I. Alfriend, A.C.F., R.F.
James P. Alfriend, A.C.F., R.F.
Brad Collins, Forester
Calvin E. Morris, III, Forester
Gregory J. Klett, R.F.
Davis Young, Technician
Lisa L. McCorkle, Office Manager

Registered Foresters, GA and SC
Certified Licensed Appraiser, GA and SC
Licensed Real Estate Broker, GA and SC
Member, Association of Consulting Foresters

December 15, 2025

Dear Friends:

As I put my thoughts together for the contents of this letter, I look outside, and it is a 50-degree day, with a bluebird sky full of sunshine. In November and December, we enjoyed three consecutive supermoons. With some exceptions, we are safe, have food to eat, live in comfortable homes, and are self-sufficient, happy, and healthy. We are the envy of the world as citizens of the United States of America. Stop and take time to reflect on the many blessings we have and be thankful for our good fortune. We are here for another year to celebrate the joy of the Christmas season and all that it brings to us.

Many landowners started 2025 with salvage operations of Helene-damaged timber. There were 91 counties in Georgia declared disaster areas, with over 1.5 million acres in damaged timber. I commend the loggers in our area and other areas as they cooperated in salvaging downed timber. Landowners with damaged timber received "salvage values", but much of the damaged timber was removed.

As midyear and late summer arrived, many of the salvage operations had been completed, with the exception of some hardwood damage. Federal and state relief programs were available and many landowners have applied for reimbursement of up to 80% of cleanup and reforestation expenses.

While dealing with damaged timber, two paper mills in South Carolina, the International Paper mill in Georgetown and West Rock in Charleston, closed in 2024. In September 2025, International Paper announced the closure of the Savannah paper mill and one in Riceboro. In addition, Georgia Pacific closed a Georgia mill in Cedar Springs. The West Fraser sawmill in Augusta, 140 million board feet per year, closed in September. I say all this as our markets are adjusting to the closures. The proper strategy is to let the dust settle and allow markets to stabilize, show direction, and exercise patience.

For many landowners, there is no question the highest and best use of our land is timber management. During 2025, land prices maintained their values and have shown appreciation. We are dependent on cash flows from thinnings and harvest sales. The only way you realize a gain in your land is to sell it, which is a major decision for owners. When we are confronted with market challenges, I commend all for resilience, patience, and continued proper stewardship of the land.

The demographics of our American population are dynamic. What was important to the older generations is not as important to the younger ones. The following shows the generation's percentage of the population, homeownership percentage, and percentage of renters:

Generation	Date	Population	Homeownership	Renters
		%	%	%
Boomer	1946-1964	13	78	22
Gen X	1965-1980	17	69	31
Millennial	1981-1996	21	52	48
Gen Z	1997-2012	23	16	84

Boomers and Generation X, being the oldest, have the highest homeownership position, 70%. Single-family homes have been positive investment vehicles creating net worth. The younger generations are not as likely to own a home and are more likely to rent. We can draw two conclusions from the above. First, the financial requirements are not a fit for first-time homebuyers. Secondly, the younger generations do not have the single family home asset to build net worth. The decline in homeownership is a major interruption in the demand for structural lumber used for new homes. It has an adverse effect on the value of trees we are growing.

On the positive side, *JP Morgan* announced that 37% of 25 year olds had investment accounts in 2024. This is an increase from 6% in 2015. This is encouraging.

Timber tax became law in 1991, and it appeared to be a plus for landowners in that tree value was removed from the tax digest. Property value for tax purposes is land and any improvements. The timber tax has become an administrative and bureaucratic chore for the landowners, our business in handling the timber tax administration on your behalf, and the timber buyer. Payment of another tax on your land through the sale of trees diminishes the return on timber management. Please contact your state senator and/or representative and request that they move forward again this year with the elimination of timber tax.

We are fortunate to have the Conservation Use Covenant and Forest Land Protection Act for rural timberland, as these programs substantially reduce property taxes. These programs have a ten year term. The counties mail taxpayers a notice that the ten-year term expires at the end of a given year, and it is up to the landowner to refile for another ten years between January 1 and April 1. Please make sure when these notices come that you follow up.

In 2025, the estate tax exemption was \$13.99 million per person. If a spouse passes away and does not use all of their exemption, it can be carried over to the surviving spouse. In 2026, the unified exemption increases to \$15 million per individual and is increased for inflation going forward.

With federal subsidies removed from the establishment of solar farms, this activity has diminished. Our firm was working with three potential solar projects, which were extremely attractive from a long-term financial standpoint for the landowner. The entity managing these three potential solar farms has filed bankruptcy, and we do not know the direction but can anticipate it being negative.

Georgia remains the top producer of Southern Yellow Pine lumber in the Southeast. Georgia produces four billion board feet of lumber annually, which represents 15% of southern production. The demand for Southern Yellow Pine follows the housing industry. We look forward to increased demand for the trees we grow and the lumber produced.

Agriculture is the largest business in Georgia, with timber a close second. Our agricultural producers are dealing with an oversupply of commodities they produce, as well as increased operating costs. Corn requires an investment of between \$4.66 and \$4.94 per bushel to grow and produce. Currently, corn is priced as a commodity at \$3.90 per bushel, which is 9% less than in 2024. Soybeans and cotton are dealing with the same issues. Crop production this year in Georgia and across the Corn Belt and other agricultural areas is setting records due to favorable rainfall during the growing season.

It was announced on December 9, 2025, that the federal government, through the U.S. Department of Agriculture, has approved a \$12 billion relief plan for stressed farmers. We trust these funds can be delivered in a timely manner for recipients.

Our country has been dealing with tariffs all year. Quite frankly, I cannot tell any difference in what things cost. We can believe what we read or learn from actual purchases.

A University of Georgia climatologist, Pam Knox, wrote an article in July 2025 relating that the average temperature in the world is increasing as well as the temperature of ocean surface waters. In 1970, the Clean Air Act became law. Resulting from this legislation, there are fewer pollutants in the air, which is good for humans. An unintended consequence is that with fewer pollutants in the air, more sunlight gets to the surface area of our world and

country, to include the Gulf and Atlantic Oceans. Thus, the surface area temperatures of these bodies of water are increasing because of more sunlight. This makes sense to me.

Another climate activity is that there were no hurricane landfalls in our country in 2025. The last time this happened was 2015. This could be because increased sea surface temperature causes a shift with wind patterns, and the hurricanes head into the Atlantic or the Gulf areas with no land damage.

We had minor Southern Pine Beetle situations during 2025. We were fortunate with storm- damaged trees in our forests and trust that low beetle activity will continue in 2026.

The carbon market is still out there but terms of contracts and restricted thinnings and harvests are not advantageous for landowners.

Many of us use wood in fireplaces for heat, and the European Union is dependent on wood pellets for heating homes and commercial buildings, and for use in industries. Here we are in Georgia with an abundant crop of trees that is increasing every year because of diminished use. Trees are the only renewable natural resource. Why not utilize wood fiber in cogenerating electrical plants and wood pellets for heat and energy? It is here and right in front of us. This would be a new market or a larger market for trees and fiber that we are growing. "When you refuse to see what is in front of you, you might as well be blind."

Brad Collins became a part of our business in May 1995. I had a relationship with Brad's family for nearly 15 years prior and knew who he was. Brad brought a positive personality and attitude, integrity, a work ethic that served us well, and a unique ability to understand Mother Nature. We are truly appreciative of the dedication, loyalty, and commitment Brad has given us. Most important is the friendship that we share. Over this period of nearly 31 years, Brad and his wife, Laura, have raised and educated three children, a grandson is in the family, and there are other activities and accomplishments that Brad and Laura can be proud of. **We are happy for Laura, the Collins family, and especially Brad, that he will be retiring at the end of this year.** We will stay in touch with Brad, and if needed for any projects, he will be of assistance. We congratulate Brad on this benchmark decision and wish him all the best.

I always enjoy the Christmas season, as it is a short timeline to reflect, give thanks, spend time with family and friends, and look forward to a New Year. I consider myself blessed, fortunate, and the beneficiary of my family, friends, and you that I have a special relationship with. Our business will be 43 years old next year in April, and many of you are and will continue to be part of our activities. All of us here in our business commit to you to do the very best we can as we assist you in the management of your land and trees. We send our best to all for a blessed Christmas and a healthy, successful, and prosperous 2026.

Sincerely,

Lisa

Jamie

Brad

Col

Dawn

Greg