



What's Supporting Timberland Values?

AGRICULTURAL FINANCE | April 2026

Executive Summary

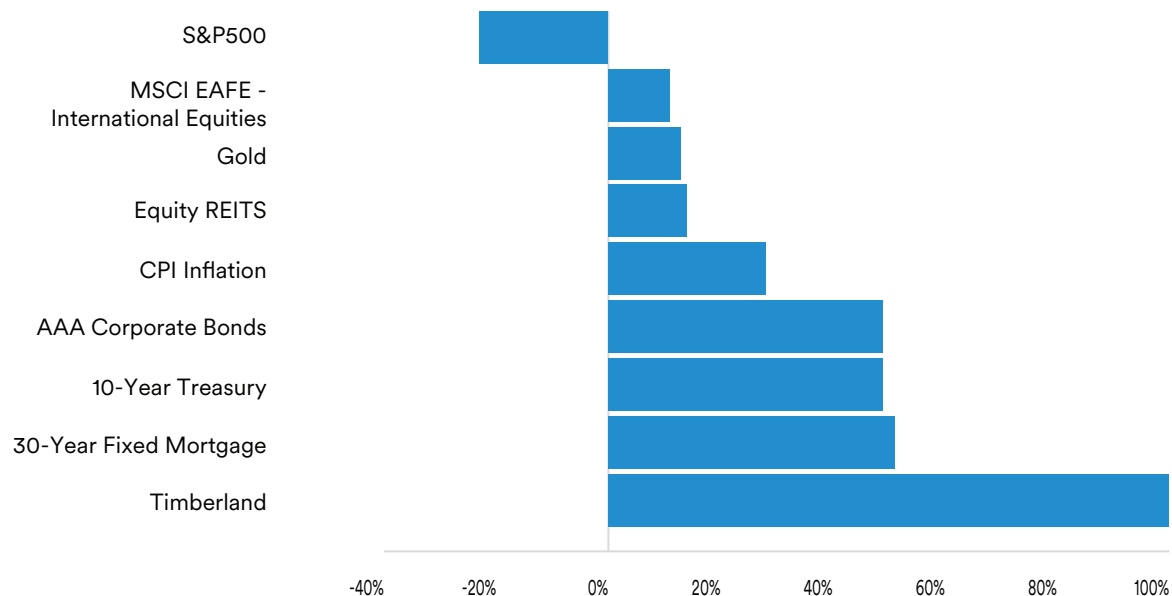
Timberland values in the U.S. South have appreciated significantly since 2018, driven by increasing capital inflows, decreasing availability and the monetization of alternative revenue streams. This positive trend has been in spite of a sluggish housing market and muted timber prices. MetLife Investment Management (MIM) analysis suggests timberland continues to present attractive investment opportunities, led by resilient land values, portfolio benefits and an increasingly diverse array of alternative revenue sources.



Timberland Market Dynamics

Timberland has a number of characteristics that make it desirable as a capital asset. It preserves wealth across long horizons, generates steady income through periodic harvests and provides embedded optionality due to the flexibility of harvest timing. Further, it increasingly provides a diversity of potential income sources. Timberland also offers low correlations to traditional financial assets and inflation-hedging attributes, which strengthens its role in portfolio construction (Figure 1). While these qualities have been well known to institutional timberland investors for decades, increasing geopolitical risk and macroeconomic uncertainty have reaffirmed their importance, contributing to increased capital inflows.

Exhibit 1 | Correlation of Timberland to Other Assets, 1987 - 2025



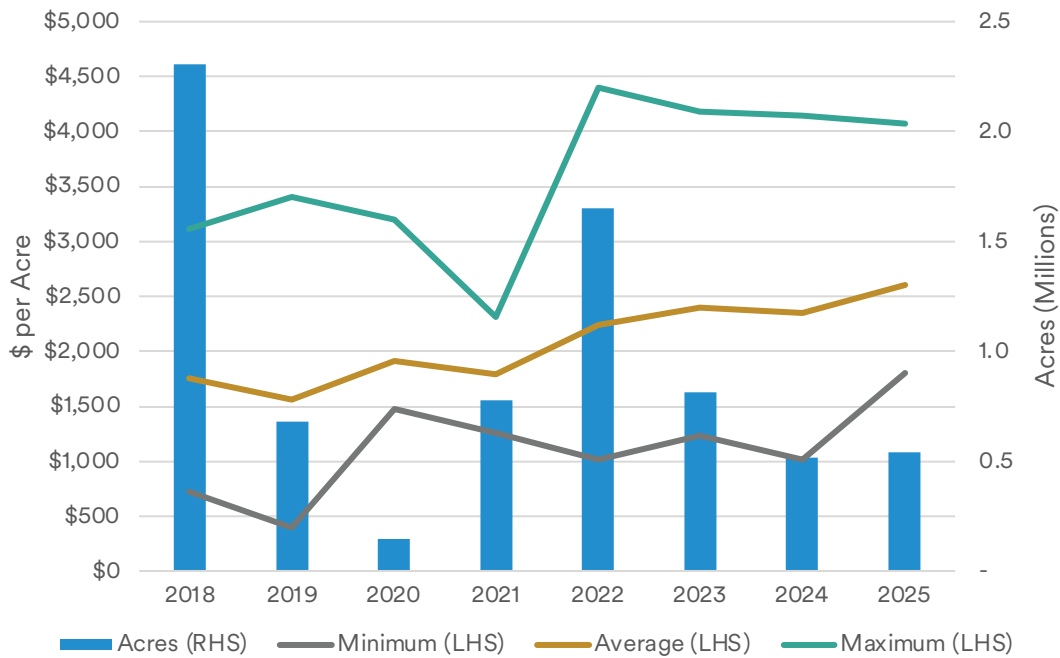
*Note: Correlations are based on a holding period of five years using data from 1987–2025.
Source: NCREIF, Macrobond, MIM. Data as of April 2026.*

The limited supply of high-quality timberland assets has intensified competitive pressures, as rising investor demand has been competing for a small pool of institutional-grade properties. Challenges around redeploying capital into comparable assets have reduced owners' willingness to transact, creating a lock-in effect that limits the available supply and reinforces elevated valuation levels.

According to Fastmarkets RISI data, institutional timberland transaction prices in the U.S. South have increased by nearly 50% from 2018 to 2025, rising from an average of just over \$1,750 per acre to approximately \$2,600 per acre (Figure 2). While these averages reflect a mix of property sizes and quality, the upward trend is consistent across most institutional grade transactions.



Exhibit 2 | U.S. South Timberland Transaction Volume and Values



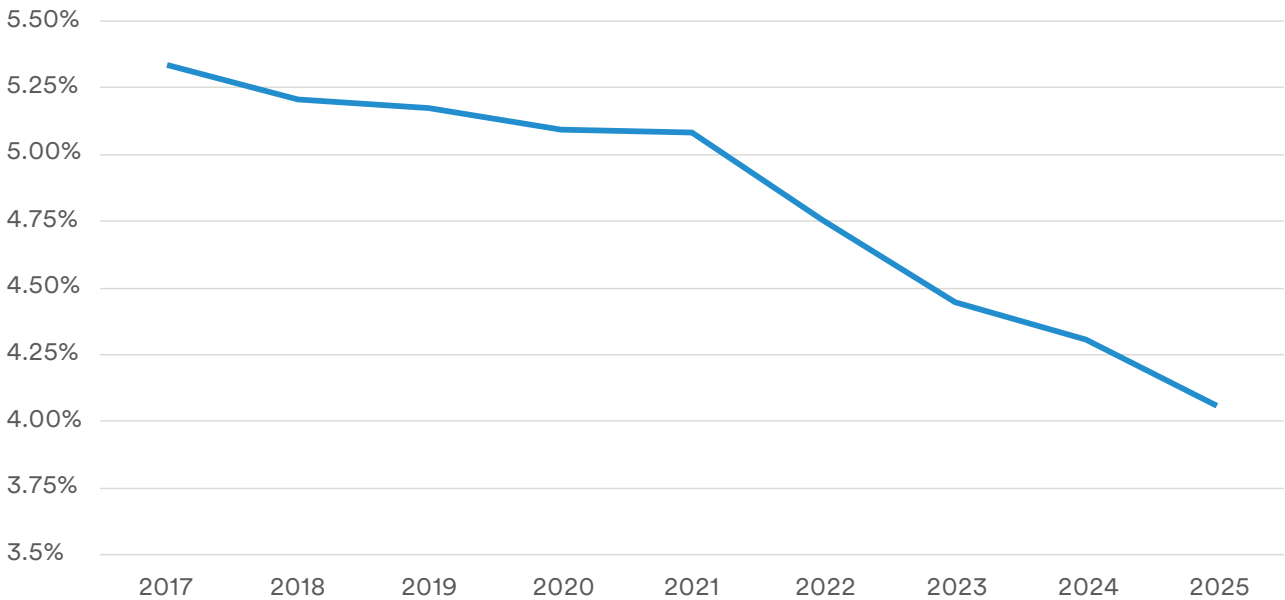
Source: Fastmarkets RISI, MIM. Data as of April 2026.

Optionality and Alternative Revenue Streams

Timberland values are benefiting from an increasingly diverse number of revenue streams. These include carbon sequestration, renewable energy leases and conservation easements, among others. Although acquisition models may incorporate these alternative income sources, appraisers often remain more conservative and primarily or exclusively include timber harvest revenues, particularly when alternative revenue streams are uncertain or highly site specific. To reconcile appraised values with observed market values, appraisers may lower discount rates in income-based approaches — a trend observed within MIM’s internal appraisal data over the last several years (Figure 3). Because of the possible mismatch regarding which cash flows are considered when valuing a property, we do not believe declining appraiser discount rates indicate a commensurate decline in investors’ required returns. The 2022–2023 period particularly highlights this disconnect, since that was a point in time when broader market interest rates and return requirements were rising.



Exhibit 3 | U.S. South Average Discount Rates

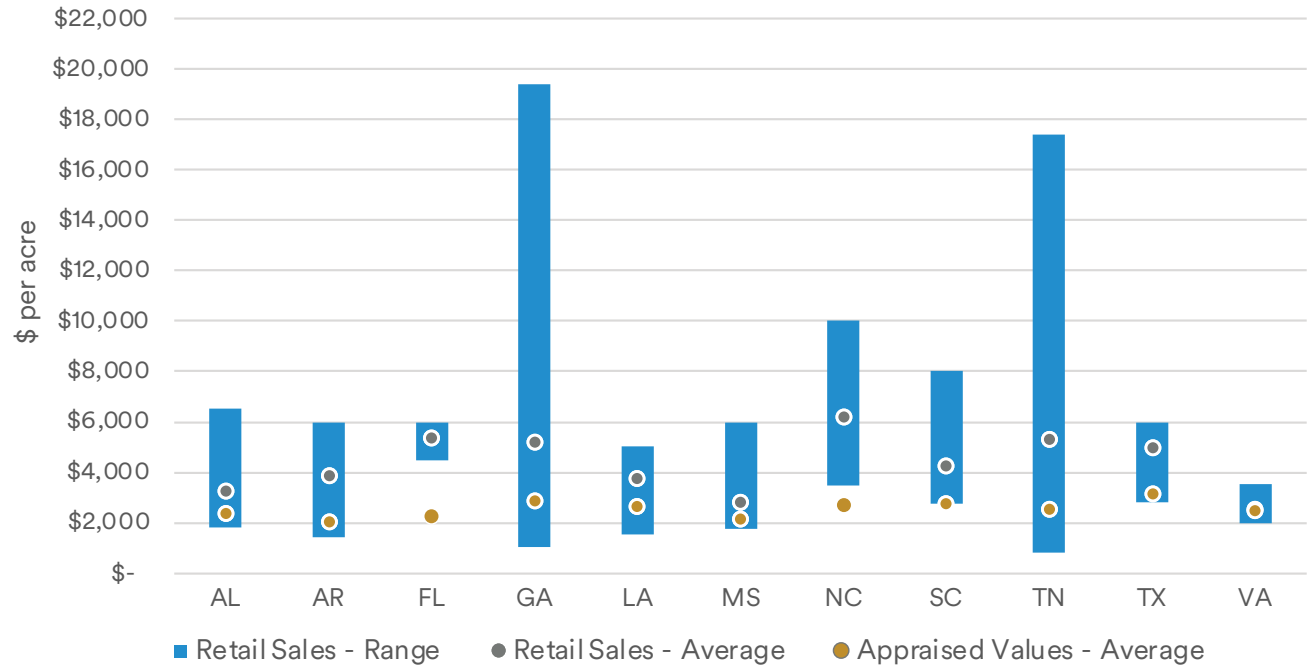


Source: MIM. Data as of April 2026.

Increasing demand for recreational timberland has created additional opportunities to generate profit through the sale of non-core parcels, increasing the optionality embedded in timberland investments. While these dispositions typically represent a small share of the overall land base, they often achieve meaningfully higher per-acre prices than whole tract appraised averages. Figure 4 summarizes nearly \$200 million of U.S. South timberland dispositions from MIM’s timberland mortgage portfolio over the past two years, showing the realized per-acre pricing differential relative to average appraised values. The ability to selectively dispose of non-strategic acreage to generate cash flow represents a realizable source of land optionality, providing a buffer against weak timber economics and helping explain why an increasing share of total appraised value is being allocated to the land component (Figure 5).



Exhibit 4 | U.S. South Retail Land Sales vs. Appraised Averages (2024–2025)

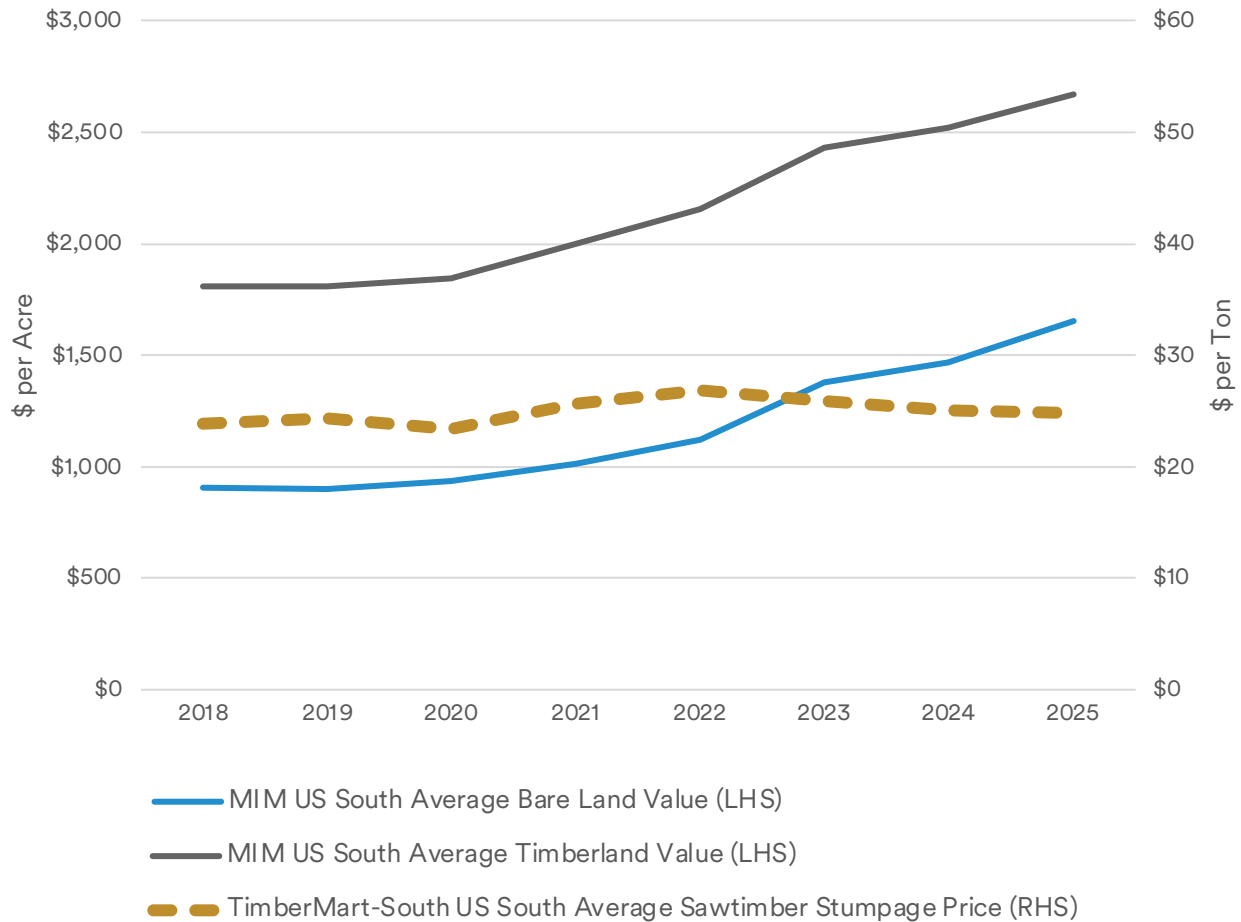


*Note: Data based on individual transactions and appraisals that may not represent overall market performance.
Source: MIM, data as of April 2026.*

Appraisal data from MIM’s timberland mortgage portfolio indicates that the average per-acre appraised timberland value in the U.S. South has increased by over 45% since 2018, even as sawtimber stumpage prices have remained relatively unchanged (Figure 5). When overall property values rise without a commensurate increase in timber prices, the residual value is typically allocated to land. This allocation outcome is consistent with a market that is increasingly valuing the scarcity and optionality of land, including the ability to capture incremental value through alternative revenue streams and retail dispositions. Accordingly, Figure 5 shows the underlying average per-acre bare land value exclusive of timber has risen by more than 80% since 2018, underscoring that a growing share of total value is being allocated to the land rather than the timber resource.



Exhibit 5 | Appraised Timberland Values and Sawtimber Stumpage Prices



Source: MIM, TimberMart-South. Data as of April 2026.

Outlook and Risk Considerations

Despite a backdrop of near-term challenges, including suppressed housing demand, weak wood product markets, mill closures and ongoing trade disputes, the fundamental investment thesis for timberland remains sound. The asset class continues to offer diversification benefits, capital preservation and the potential for biological growth. Long-term housing market fundamentals suggest a positive outlook for increased wood demand, and the relocation of sawmill capacity to the U.S. South is expected to benefit the region over time. While recent market disruptions have added uncertainty, resilient land values and expanding alternative revenue streams provide support for timberland investments.

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