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FORESTRY PARTNERSHIP PROVIDES GROWTH OPPORTUNITIES

Carbon storage, government development incentives and a global appetite for timber all mean forestry is a more appealing investment option than ever, but also one that can be complicated by those same factors.

Bayleys has partnered up with IFS Growth, a national forestry management company that offers expertise through the entire forestry process, from sourcing capital for forestry investment to final harvest and timber marketing.

With offices in Southland, Nelson-Marlborough, Wairarapa, Bay of Plenty and Northland, IFS has a network of national expertise and experience to ensure clients receive the best advice for the region they are investing in. The company can deliver end to end management to investors, while also offering specialist one off advice around investment opportunities.

IFS Growth director Dan Minehan says working with Bayleys has highlighted the strong parallels between the companies, with both being family owned, and both companies aiming to provide advice backed with integrity and experience.

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Bayleys national country manager Duncan Ross said the alignment with IFS is timely as Bayleys' agents encounter a significant increase in the level of interest in land suitable for forestry planting.

"Given the government has come out with a clear mandate on forestry with a focus on regional development that has forestry within it there is a very attractive pathway there for both local and overseas buyers to invest into the sector."

"Government recognition that foreign investment will play a critical part in forestry's expansion provides a good level of confidence to prospective investors, both locally and globally."

Bayleys is well positioned to offer a variety of transactional options that engage the skills of both IFS and Bayleys' staff, from land purchase for planting to matching investors with existing wood lot operations.

The appeal for overseas buyers is particularly strong not only based on the sector's promising future, but also because investment into pastoral land has become more challenging under overseas investment regulations recently.

The government's forestry policy to increase carbon sinks and increase regional development has provided a greater level of certainty in a sector with such long term horizons. This has been reinforced by the strong prices New Zealand foresters are receiving for timber, with an almost insatiable demand in China.

"The government's commitment to a more transparent Emissions Trading Scheme, and the need for greater forest plantings to offset emissions has also added another dimension to forestry investment that has not been as definitive in recent years.

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They can lease the land, they can opt for full management by another company such as IFS, or they can have a level of hands on involvement if they wish. It's a very flexible sector nowadays and IFS plays a key role in opening up those options."

With the level of wealth generated by today's baby boomers poised to be transferred through succession and divestment, he says forestry promises to offer another option for establishing a diverse investment portfolio with that wealth.