

# Investing in Baltic Region Forests

**The Nordic and Baltic Sea regions contain some of the world’s most thriving and well-managed forests. As an investment, forests can offer stable returns, diversification and an inflation hedge. Baltic forests are an attractive investment option for professional European investors.**



The demand for wood is increasing due to evolving consumer behaviour and favourable government regulations. Traditional uses for wood, such as in construction, furniture and energy, are being positively reevaluated. Simultaneously, new wood-based innovations are replacing a range of products and materials.

## THE FUTURE OF WOOD

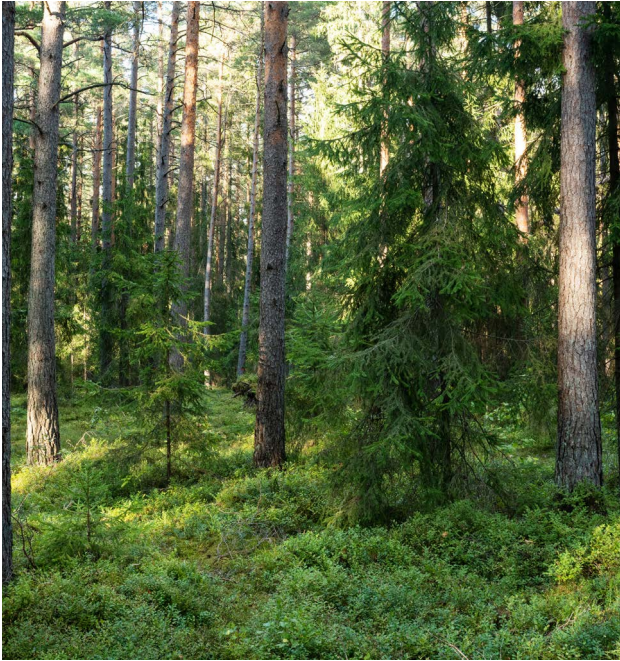
The sustainability megatrend drives this renewed interest in wood. Forests, when managed correctly, can be an important tool in climate change mitigation and adaptation. Wood is renewable, recyclable and is a significant carbon sequestering tool.

Consumers are shifting their spending towards more sustainable products and circular economy solutions. They

see wood as being environmentally friendly, durable, safe, local and beneficial for health and wellbeing.

Government policies are also having an effect. The EU has restricted single-use plastics, while the US has changed their procurement procedures to favour more sustainable alternatives. Similar developments are occurring across Latin and South America, Africa and Asia.

Wood can be an alternative to unsustainable materials and practices. Wood can be used to replace cotton and silk in textiles as well as concrete and steel in buildings. It can take the place of fossil fuel-based materials such as plastic, bitumen and diesel fuel. The lignin in wood can be used in biochemicals for industrial applications. In the future, lignin could be used to make bio-based carbon fibre for vehicles and anode materials for lithium-ion batteries.



## ENVIRONMENTALLY FRIENDLY

Wood is a valuable raw material, but people want wood that is harvested in an environmentally sound manner, not clearcut virgin rainforest. The forests of the Baltic Sea region have been prudently managed for centuries and that tradition remains today. For example, about 90% of Finland's forests are PEFC™-certified and 10% are FSC® (FSC C109750)-certified.

Baltic Sea forests are mixed native trees, such as pine, spruce and birch, not monoculture plantations that are vulnerable to pests and diseases. The Nordic and Baltic regions are politically stable, highly developed and enjoy favourable regulations for forestry. This is the most forested area of Europe and provides a third of the continent's wood, making it perfectly placed to supply the region's growing industrial and consumer demand.

## ATTRACTIVE INVESTMENT

As an investment, forests can offer an attractive risk/return profile, a hedge against inflation, regular income and diversification. Returns are generally uncorrelated with other asset classes and demand in Europe comes from a range of sectors so it is not dependent upon any one industry.

Returns from forest investments come from harvesting trees and value appreciation. Additional revenue can come from sources such as wind turbine leases. The number of wind turbines in the region is growing rapidly, while new industrial applications, such as green hydrogen production, could cause even more demand for wind turbines in forested areas.

When managed responsibly, forest investments are economically, socially and environmentally friendly.



## ABOUT THE AUTHORS

United Bankers is a leading Nordic real asset manager who specialise in forest, real estate and infrastructure funds. Through their funds they are the third largest private forest owner in Finland. Their buy-and-build investment strategy complements how forests tend to be owned in the region. Timberland properties are generally small, allowing clusters of properties to be developed strategically in local areas. These clusters build economies of scale and improve cost efficiencies. United Bankers was founded in 1986 and comprise of about 200 experts. The company is listed on the Nasdaq Helsinki Stock Exchange. To find out more, please visit [unitedbankers.com](https://unitedbankers.com)