

Upper Puget Sound

Dave & Beverly Larson

“I was a full-time tree farmer. My tree farms were commercial tree farms not hobby farms, and that’s a big distinction you have to make.

As an accountant and real estate investor who prefers the outdoors to an office, Dave tells how he combined business with pleasure. Dave, “Having tried several forms of real-estate investment, I came

to the conclusion that I was psychologically suited for tree farming. I’d tried apartment house investment and didn’t have the stomach for the people problems. I do have a very large tolerance for financial risk, so timberland ownership suited me.”

Prior to making his first investment, Dave took forest technology courses for two years at Everett Community College. Dave, “I took classes, not to become a forester, but to learn the vocabulary so I could talk to the foresters. Then I bought my first piece of timberland in 1977, which was 83 acres. Later I bought an adjoining parcel, totaling about 150 acres.”

Dave developed a sustained-yield model to follow. With 2,400 acres of land, a person could log 40 acres a year on a 60-year rotation. Dave, “The model was for the average over 60 years. For any given year the harvesting rate would vary widely, usually depending on log prices.”

Dave also had an investment formula, where at least two thirds of the price had to be represented by merchantable timber and the balance allocated to land cost. Dave, “I was not speculating on converting the parcels to recreation lots or subdivisions or that sort of thing. I’m purely a commercial tree farmer.

“Early on I recognized that if you were to make a business of tree farming, you couldn’t put your first dollar into it because your capital requirements are fairly significant. And you can’t put your last dollar in because of the fluctuations in the market – you would be wiped out in a downturn. That is why you had to keep a cash reserve. It’s a very cyclical business with cycles generally running five to seven years

“I have probably spent half my time in dealing with the property and half my time out in the woods. By dealing in it I mean negotiating for harvesting, acquisitions, sales, et cetera. What I found after being in it for a number of years was that the optimum size parcel for me to manage was about a quarter section, 160 acres. I got caught once badly in the early 1980s. I bought when prices were very high in the ‘70s. Then they plummeted in the ‘80s and I couldn’t make the payments. It got down to the last day of foreclosure when, fortunately, a friendly banker wrote me a cashier’s check, which I took it to the lawyer’s office a few minutes before five o’clock. I came *that* close to losing that parcel. I can make it sound like it’s a wonderful formula, but it’s dependent on a favorable market.”



Using his combination of formulas, Dave proceeded to purchase quarter sections of land throughout Washington State. Aware that weather could be a villain to the tree farmer, Dave's properties were diversified across a variety of locations to reduce damage from natural risks. Dave, "I had a few parcels in Eastern Washington when I started out. On one of them I had a bad fire that made me realize that if you were as big as Boise Cascade and had several thousand acres over there, you could spread the risk, so I got out of Eastern Washington.

"The thing about fire is if you have merchantable trees and can get in and harvest them quick enough, as they did on Mount St. Helens, you can salvage something. But, if you've got 20-year old trees that are not yet merchantable and have a fire, that stand is a total loss."

Around the time Dave purchased his first property, he began working with Ron Munro as his consulting forester. Ron insisted Dave become involved with the Washington Farm Forestry Association. Joining the Upper Puget Sound Chapter (UPS), Dave met Dr. Hinton Baker. They become good friends and Dr. Hinton Baker recruited Dave as the taxation chairman for the Farm Forestry. Dave spent many years taking part in the evolution of the Farm Forestry Association.

As an investor and aficionado of the outdoors, Dave felt tree farming was the perfect legacy for his family. He worked in the woods with his teenage sons who started their own firewood business. "That's hard work but it was good for them. They were in their late teens and it kept them out of trouble. There were years when the market was down, when the boys made more money than I did."

After spending a quarter century as a tree farmer, Dave phased out his timberland due to health problems. Dave, "I loved the business and it was with great regret that I had to face up to the fact that I must get out. I was also disturbed by the increasingly restrictive rules that I saw as leading to regulatory de-capitalization. I felt that I could not guarantee my grandsons that they could profitably harvest the trees from our plantations. I sold my last parcel in 2003."

In his deep, rich voice, Dave can talk all day about the many escapades he had tree farming, the people he's worked with, the community he found among his fellow tree farmers, and the history of the forest products industry. Dave, ""It was much more satisfying managing a resource for the benefit of future generations than it was being a CPA. And that satisfaction is priceless."

LARSON TREE FARMS - Family Corporate Farm liquidated 2003

Dave Larson

Beverly Larson

Upper Puget Sound Chapter, President

WFFA State Taxation Chairman