Forest Industry Hunt-Lease Programs in the South: Implications for Managers

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Abstract: Selected characteristics of forest industry hunt lease programs in the southern United States were evaluated for the 1994 calendar year. Results were compared with earlier similar surveys. Utilization of the leased lands by lessees has increased over the last 5 years. There were also indications that the intensity of wildlife management on these lands has increased along with increasing awareness of the economic value of leasing.

Introduction

Traditional hunt leases have become diversified and are now being considered recreational leases by many forest industry firms in the southern United States. The increase in the demand for space on which to hunt or watch birds created a viable and profitable business opportunity for private forest landowners (Busch 1987, McKee 1986). As a result, lease fees on forest industry lands have increased over the years. As this market continues to develop, the lessees are utilizing the land more intensively, which has the potential to create more opportunities and place greater demands on the landowners who lease the land.

Forest industry landowners have generally been at the forefront of management for wildlife and evolution of the recreational lease. Although only forest industry land owners were surveyed, much of the information gathered from this study should be useful to other private land owners. Approximately 90% of the forest land in the southern United States is owned by nonindustrial private and industrial forest landowners Powell et al (1994).

This study was conducted to determine the current status as well as the nature and extent of change in recreational leasing over the past 5 years (1989-1994) on forest industry land in the southern United States. It is the third survey of forest industry landowners in the south. The first collected data for 1984 and the second collected data for 1989. This study, conducted in 1995 and 1996, collected data for 1994.

Methods

A mail questionnaire developed by Busch (1987) and Stuckey et al (1992) was modified and used to determine total land base, current lease prices, cover type, wildlife management practices, value of non-monetary benefits, problems occurring on land, and trends over the past 5 years associated with recreational leasing. The mailing list for the study was an updated version of Stuckey's mailing list. In January 1995, phone contacts were attempted to 89 potential respondents. It was determined that many of these firms were out of business, had changed ownership, or did not own land. The final mailing list consisted of 59 potential respondents representing 45 forest industry firms and over 22 million acres of land. In June 1995, surveys were sent to wildlife biologists and hunt lease administrators of the 45 potential forest industry firms owning land in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia. and West Virginia. In October, follow-up letters were sent to nonrespondents.

The survey instrument and methodology were modeled closely after those used in the 1989 study. Therefore, the two studies were comparable in most instances. The earliest (1984) study differed from the others in several ways which limits comparisons among all three. Thus, findings from this study were compared mostly to Stuckey et al's (1992) findings to determine changes from 1989 to 1994.

Results and Discussion

Forty four of the 59 questionnaires (74.6%) were returned. One respondent reported that the questionnaire was at a level of detail that he was not able to provide. Therefore, the results of the survey was based on 43 (72.9%) of the total mailing list. All respondents leased land in 1994. Stuckey et al (1992) reported 10 who did not lease in 1989. Total acreage represented by all respondents was 22,728,794 acres; with the total area leased at 14,667,695 acres (64.5%). This acreage is based on 42 respondents because one respondent refused to provide acreage data.

The average lease fee reported by respondents was $2.76 per acre per year in 1994 (Table 1). This is a 28% increase from 1989 (Stuckey et al 1992). The average lease fee ranged from $1.69 per acre per year in Mississippi to $3.28 per acre per year in South Carolina. Forest industry leased 94% to hunt clubs and 6% to individuals in 1994. Combined, forest industry leased 64.5% of their land to clubs and individuals. The respondents leased 2,130,736 acres (9.4%) to state wildlife management areas (WMA) at an average lease fee of $0.66 per acre per year (Table 2). More than three fourths (78.6%) of the respondents preferred annual all-game leases, while 24% preferred multi year all-game. Seventy two percent of the respondents determine their lease fees by lease prices of surrounding lands, compared to 64% in 1989. Other methods of determining lease fees are: tax rate on forest land, corporate policy, highest bidder, and habitat species analysis.

Table 1. Summary of forest industry land leased to hunt clubs and individuals in the southern United States (1994)

State	Ave.Fee ($/Ac.)	Acres Owned	Acres Leased	Percent Leased
AL	3.11	2,744,707	1,823,400	66.4
AR	2.15	1,597,608	1,249,429	78.2
FL	3.11	3,987,284	2,425,349	60.8
GA	3.01	3,861,806	2,988,828	77.4
LA	2.76	1,143,338	665,814	58.2
MS	1.69	1,103,084	836,131	75.8
NC	2.29	1,548,719	1,385,308	89.4
SC	3.28	1,441,926	954,268	66.2
TN	2.03	877,520	159,954	18.2
TX	2.47	2,769,000	1,563,912	56.5
VA	2.01	354,302	229,502	64.8
Other.	1.90	1,299,500	385,800	29.7
Total	2.76	22,728,794	14,667,695	64.5

Table 2. Summary of forest industry land leased to state administered Wildlife Management Areas in the southern United States (1994).

State	Ave. Fee ($/Ac.)	Acres Owned	Acres Leased	Percent Leased
AL	0.00	2,744,707	77,000	2.9
AR	0.69	1,597,608	243,088	15.2
FL	1.86	3,987,284	583,762	14.6
GA	2.67	3,861,806	171,477	4.4
LA	0.24	1,143,338	109,480	8.8
NC	1.57	1,548,719	49,070	3.2
SC	2.12	1,441,926	346,159	24.0
TN	0.66	877,520	80,500	9.2
Other	0.38	5,525,886	470,200	8.5
Total	0.66	22,728,794	2,130,736	9.4

The percentage of land leased to hunt clubs and individuals (64.5%) was almost the same as that reported by Stuckey in 1989 (67.9%). The amount leased to public (WMA) programs was 9.4% which means that 73.9% of the land owned by responding firms is allocated to some type of program. Even though almost three fourths of the owned land is leased, over half (58.1%) of the respondents made available for leasing additional land that was not ultimately leased in 1994. These areas were not leased because of (from most to least important); poor access control, undesirable habitat, area too small, first time offered, target species absent, and price.

It is possible that these firms are approaching a practical limit on the percentage of owned land that can be leased. If this is the case, future gains from leasing on these lands are likely to come from more intensive management of currently leased lands and possibly the reallocation of land from public to private lease programs. Several questions on the survey provide some insight into these possibilities. There was an increase from 56% (1989) to 81%(1992) in the proportion of respondents who actively manage their land for game animal abundance. Forty three percent of the respondents indicated that their firms employ professional wildlife managers, an increase from the 39% reported in 1989. In 1992, more respondents included income from leases in economic analyses and investment decisions and more respondents attempted to monitor leases to prevent wildlife law violations and abuses of land or game populations. These are all indications of increasing intensity of management on these lands.

The percentage of land leased to public programs (9.4%) was close to the 7.1% reported by Stuckey for land leased and donated to these programs. Participants were also asked about their expectations regarding their public leasing programs over the next 5 years. About half expected fees for these programs to increase with expected increases ranging from one to 75 percent. Most (59%) expected the area made available to these programs to remain the same. However, 26% expected the area made available to decrease with decreases ranging from 5 to 50 percent.

Leasing to hunt clubs and individuals ensures control over who has access to the land. This is a benefit which has value to the landowner. Lessees serve as a police force, watching over the land and reducing trespassing. Even with this type of control, problems exist on all types of company owned lands. Respondents were asked to rank problems on lands leased to the private sector and lands open to the public. The major problems occurring on company owned lands open to the public were (from greatest to least) trash dumping, road damage, illegal hunting, fire, legal over harvest of game, unauthorized timber cutting, and livestock grazing. Problems on land leased to hunt clubs and individuals were (from greatest to least) road damage, trash dumping, illegal hunting, legal over harvest of game, fire, unauthorized timber cutting, and livestock grazing. No attempts were made to estimate the intensity or frequency of the problems.

From 1989 through 1994, 78 lease related accidents were reported on leased lands. Of these, four accidents resulted in lawsuits. To date, none of the suits have resulted in the firm being found liable. One suit was pending when the survey was conducted. The majority, 65% of respondents, required lessees to carry liability insurance at an average cost of $0.19 per acre per year and 55% of the respondents carry additional liability insurance associated with fee hunting. Accidents do not appear to be a significant problem. The main reason for the seemingly large number of accidents is that one respondent reported an unusually large number. It should be noted that 64% of the respondents reported no accidents and 14% reported one accident. Stuckey et al (1992) reported that between 1984 and 1989, 33 accidents occurred and that four resulted in lawsuits. In no case, however was the firm liable.

Respondents were asked about nonhunting activities on leased lands and about the utilization of the land over the last five years. Forty four percent of the respondents cited an increase in non-hunting activities by hunt clubs, and 38% cited an increase by individual lessees. The land is also being utilized for a greater part of the year. Fifty eight percent of the respondents cited this type of increase for hunt clubs, while 46% of the respondents have seen this increase for individual lessees. Sixteen percent of the respondents have seen an increase of non hunters utilizing the land. These responses indicate a potential expansion of the activities on the land along with an increase in utilization of the land. Very few decreases were expected. These results are summarized in Table 3.

Table 3. Changes over the last 5 years in use of lands leased to hunt clubs and individuals

Activity	Percent citing each type of change		
	Increase	No Change	Decrease
Nonhunting activity by hunt clubs	44	56	0
Nonhunting activity by individual lessees	38	62	0
Amount of year land utilized by hunt clubs	59	41	0
Amount of year land utilized by individual lessees	46	54	0
Nonhunters as members of hunt clubs	16	81	3

Conclusions

Forest industry is becoming increasingly aware of the potential for recreational leasing. One hundred percent of the firms that responded had some form of recreational leasing program, with 74% of the total land base being leased (hunt clubs, individuals, and WMA). Forest industry landowners receive three major benefits from their recreational programs: access control, public relations, and annual revenue. The average annual lease fee was $2.76 per acre per year in 1994, which is a 28% increase from the 1989 lease lee reported by Stuckey et al (1992). Non-hunting activity has increased, along with the amount of the year the land is being utilized by lessees. These are trends that are expected to continue.

What does this imply for managers? There appear to be several factors pointing toward more intensive management of leased lands. Economic factors can have a significant impact. These firms are increasingly becoming aware of the value of leasing. Each time the survey was repeated, more firms were found to include lease revenue in their decision making process. This is an incentive for these firms to look more closely at the management of these lands. Intensity of management as indicated by increased monitoring of lessees, more firms actively managing for wildlife abundance, and more firms making the commitment of hiring professional wildlife managers appears to have increased since 1989. Finally, more intensive use of the land by lessees implies more intensive management on the part of the landowners.

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