

Private amenity values of forestry

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Presence of private amenity values is a well-known reason for why land prices for forestry are often higher than for the capital value of hunting and timber production. The question is how much. In this paper we use a hedonic pricing model (HPM) of traded market prices of agricultural and forestry properties in Jutland in Denmark to estimate the market price of forest land. This is compared to the average capital value of timber production and hunting in forests in the given regions, giving an indication of how high private amenity values of forests are. The interest rate used in the capital value calculus is determining for the size of the estimate of amenity values. Therefore we estimate the amenity value under different assumptions of alternative investment options/capital requirements. Based on the HPM, apparent variation in the amenity value of Danish forest estimated. This variation can be interpreted as a variation in the value flow of the amenities; however, assuming no variation in the value of the flow of amenities, an alternative interpretation is the variation in the implicit discount rates across land owners. By this we are illustrating that interpreting variation HPM may not be straight forward.