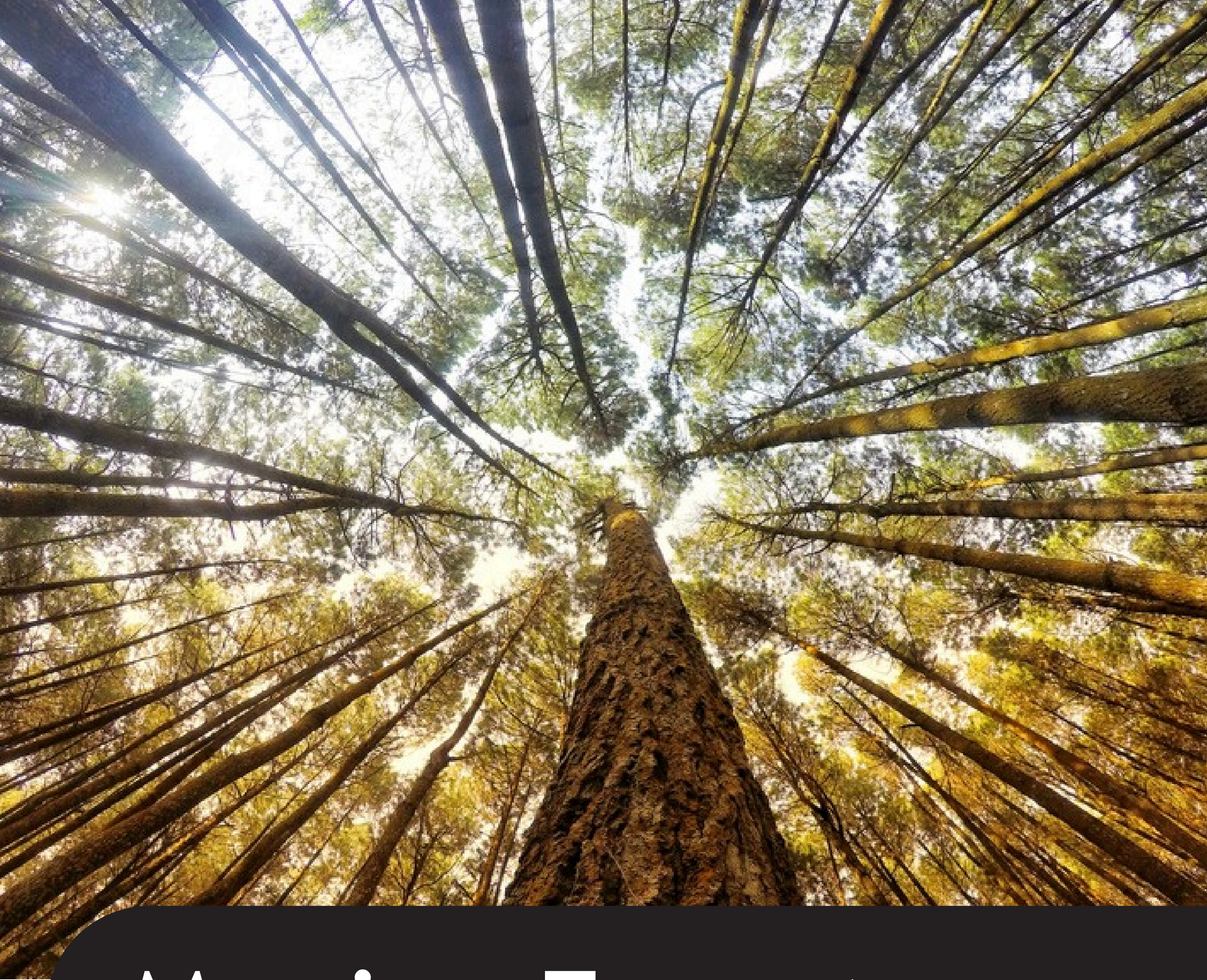


Moving Forest Markets Forward

10 Years of Lessons from the U.S. South

KEEPING FORESTS

Rethinking How Forest Markets Work for Forests

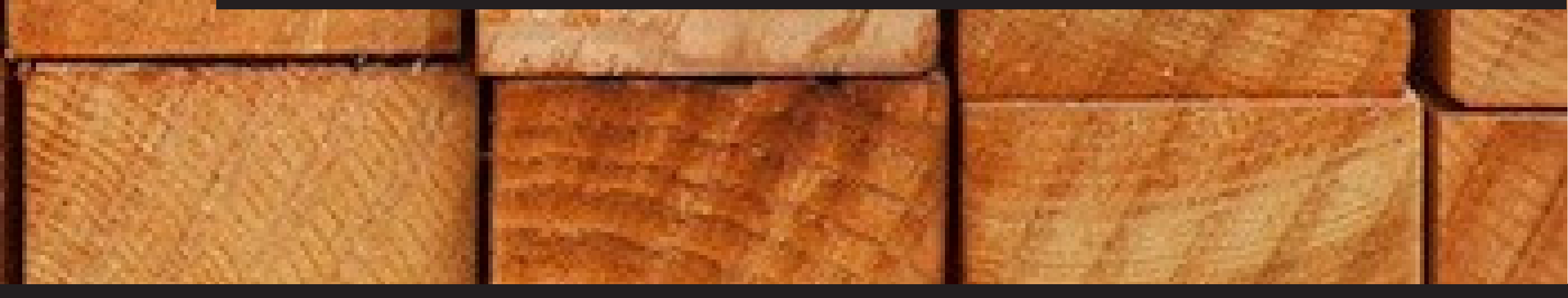
Interest in forest markets as a conservation mechanism has intensified alongside concern about the long-term health and resilience of Southern Forests. Questions about demand, investment, and innovation feel increasingly urgent as markets fluctuate, mills close, regional development accelerates, and pressure on landowners grows.

Keeping Forests has been at the center of asking and answering these questions for a decade. What began in 2016 as a conversation among leaders about how to respond to the projected loss of Southern Forests has evolved into work focused on where leverage to address that loss actually lives — in changing the market conditions that shape demand for forest products, investment in the supply chain, landowner decisions, and long-term stewardship.

The questions we've been asking for 10 years are still relevant today. We've made progress on the answers, while recognizing that creating systems-level change requires patience and curiosity. There are no quick wins or singular solutions. Instead, we've discovered that the most powerful solutions will address how forest markets behave over time, how incentives are structured, how capital moves, and how demand is established and reinforced across fragmented systems.

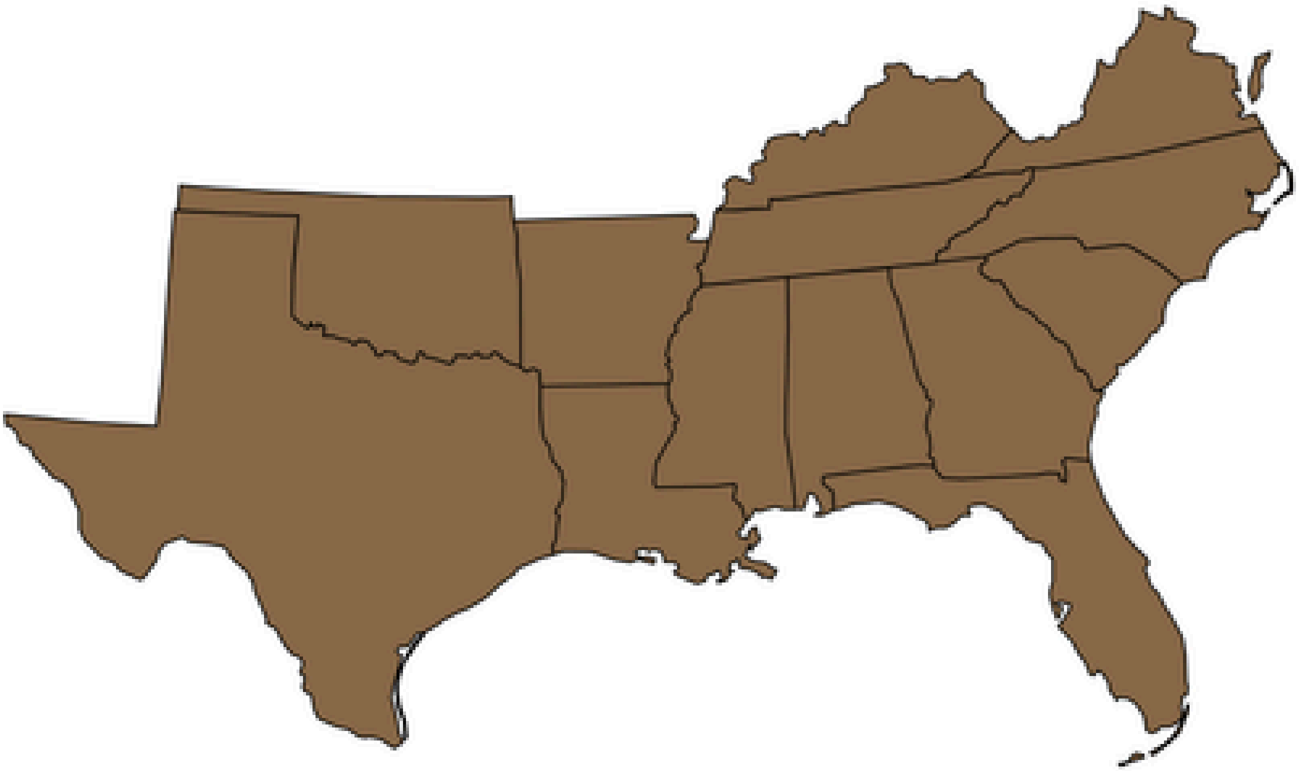
This document distills ten years of what we've learned into three questions. They may feel newly urgent, but they are not new. We've been working with partners to sharpen our understanding of how to respond to them in a way that makes markets work for working forests.

We offer this as a resource — grounded in experience — to help navigate a shared challenge with greater clarity.



If markets are critical to the health and resilience of Southern Forests, where is the highest leverage for action?

The highest leverage lies in changing the conditions that shape markets — not just improving outcomes within existing ones.



What We've Learned

- Most investment in Southern Forests has been delivered through bounded programs: grants, cost-share incentives, technical assistance, and place-based restoration.
- These efforts produce real and important outcomes, but depend on repeated intervention when broader market signals remain unchanged in a landscape largely dominated by privately-owned forests.
- Forest markets stall when demand, investment, and landowner incentives fall out of alignment — not because of a lack of effort or innovation.

The Takeaway

If leverage lives in market conditions rather than individual interventions, then the most consequential work is not adding more projects or programs into misaligned systems, but by reshaping the systems themselves. This shifts action toward work that influences how demand forms, how investment behaves, and how landowner decisions are reinforced over time.

For Keeping Forests, this has meant focusing less on delivering traditional outcomes like acres conserved or landowners served and more on holding the long-view work that creates structural shifts — identifying where market signals break down, where incentives misalign, and where coordination can change what becomes viable across a region.

What product category or innovation will most benefit forest market opportunities in the U.S. South?

Forest economics don't turn on a single breakthrough; no one product category or innovation can match the markets needed to absorb the scale and diversity of Southern Forests.

What We've Learned

- Targeted product markets can demonstrate opportunity, but rarely stabilize forest outcomes at a regional scale.
- Supply chain disruptions — declining pulp markets, mill closures, uneven processing infrastructure — affect landowners regardless of individual product success.
- Fragmented recognition of economic value narrows management options and reinforces conversion pressure.

The Takeaway

If no single product category or innovation can stabilize outcomes at scale, then action cannot be organized product by product. Instead, it must focus on how markets recognize value across the full range of forest outputs and management needs.

This reframes innovation as something that is strongest when it is connected — when multiple products and uses are reinforced by shared signals about regional performance, stewardship, and reliability. For Keeping Forests, this has meant prioritizing work that strengthens those shared signals, rather than betting on any single product market to bolster the financial viability of all Southern Forests.

What will incentivize investment in the ecosystem benefits that Southern Forests freely provide to society?

The constraint is not willingness to invest, but how investment is structured for buyers and landowners to participate consistently.

What We've Learned

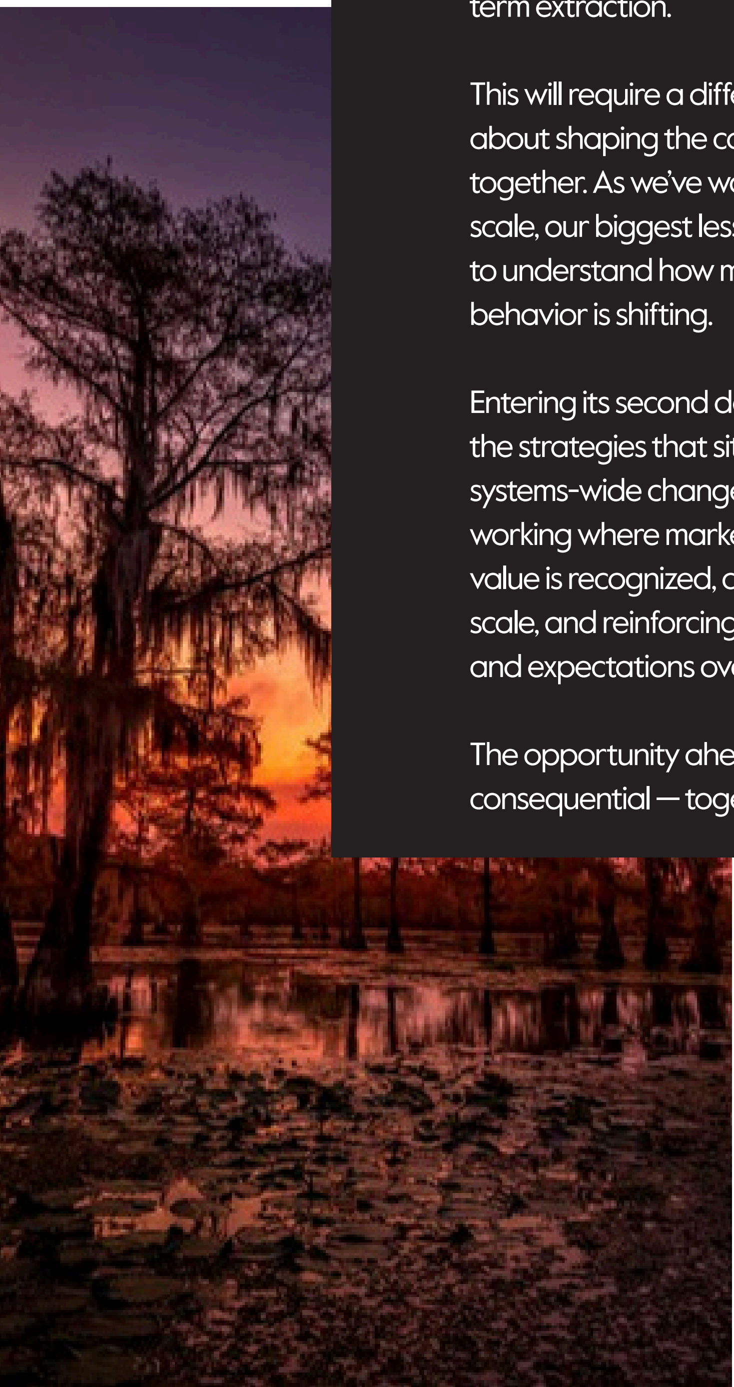
- Buyers and landowners show interest when participation is simple, credible, and aligned with how they operate.
- Transaction-heavy, bespoke, or rigid market designs consistently limit participation.
- The binding constraint is market design — not ecological understanding or proof of benefit.

The Takeaway

If interest in ecosystem service markets is not the constraint, then action must focus on how participation is designed. Investment in forest benefits works when pathways are easy to use for buyers and flexible enough to fit landowner realities.

This shifts the work away from one-off transactions and toward shared platforms, standards, and participation models that reduce friction for all parties. For Keeping Forests, this has meant concentrating on market design — validating demand, structuring participation, and sequencing engagement — before scaling solutions or technology.

Looking Ahead to 2036



The next decade will test whether forest markets can adapt fast enough to sustain working forests at scale. In the U.S. South, outcomes will be shaped less by isolated projects and more by whether markets reward stewardship, whether demand reflects performance and resilience, and whether capital can move in ways that support long-term management rather than short-term extraction.

This will require a different posture than the last decade. The work ahead is about shaping the conditions that allow many solutions to function together. As we've worked to find the right suite of solutions and at the right scale, our biggest lesson is that you have to stay with the work long enough to understand how market signals are (or are not) taking hold and whether behavior is shifting.

Entering its second decade, Keeping Forests stays committed to advancing the strategies that sit between the individual efforts or our partners and systems-wide change. With ten years of applied learning behind us, we're working where markets are formed: strengthening how Southern Forest value is recognized, designing investment pathways that can operate at scale, and reinforcing leadership and narratives that influence demand and expectations over time.

The opportunity ahead is not to do more. It is to do what is most consequential — together.

www.keepingforests.org