Christmas Trees Growing More Expensive

The Christmas tree may be a traditional yuletide symbol, but it is also subject to market forces, just like any other natural resource. Last year, these forces pushed prices up right across Western Europe by around 20%, meaning that a Christmas tree now costs an average of €28.

Firs grown in plantations in England, Denmark and Germany all failed to meet annual demand. The shortfall, which is predicted to continue for several years, is partly caused by fewer plantings in Denmark, where a change in EU agricultural subsidies for Nordmann fir growers have meant many plantations have been given over to regular and biofuel crops.

Meanwhile, European domestic demand for Christmas trees has risen because of the increase in single-person households. And exports of Christmas trees out of Europe are at an all-time high.

The Chinese import large numbers of freshly cut trees in refrigerated containers to satisfy a new fad of the emerging middle classes to buy and decorate Christmas trees in Western style. Retailers in Abu Dhabi and Dubai flew in trees from Germany to satisfy their Christmas demand.

Savvy investors have been quick to take advantage of the situation by buying stakes in Christmas tree crops, offered by specialist forestry investment firms. Firs are high value, short rotation crops that are typically ready for harvesting in 6 to 8 years, providing a much quicker return than other forestry investments.

Joe Randall of Greenwood Management says 'The world markets are in turmoil and forestry is an alternative investment that has produced stable returns for many years through peaks and troughs in the economic cycles'.