

Is Montana's Forest Industry Resilient ?

**Todd A. Morgan
University of Montana-BBER**

**Montana Forest Landowner Conference &
SAF State Meeting**

April 19, 2013

Resilient:

able to overcome,
withstand, or recover
from difficult conditions
or challenges

Montana Forest Ownership

Source: USDA Forest Service FIA Program

19.6 million acres of non-reserved timberland

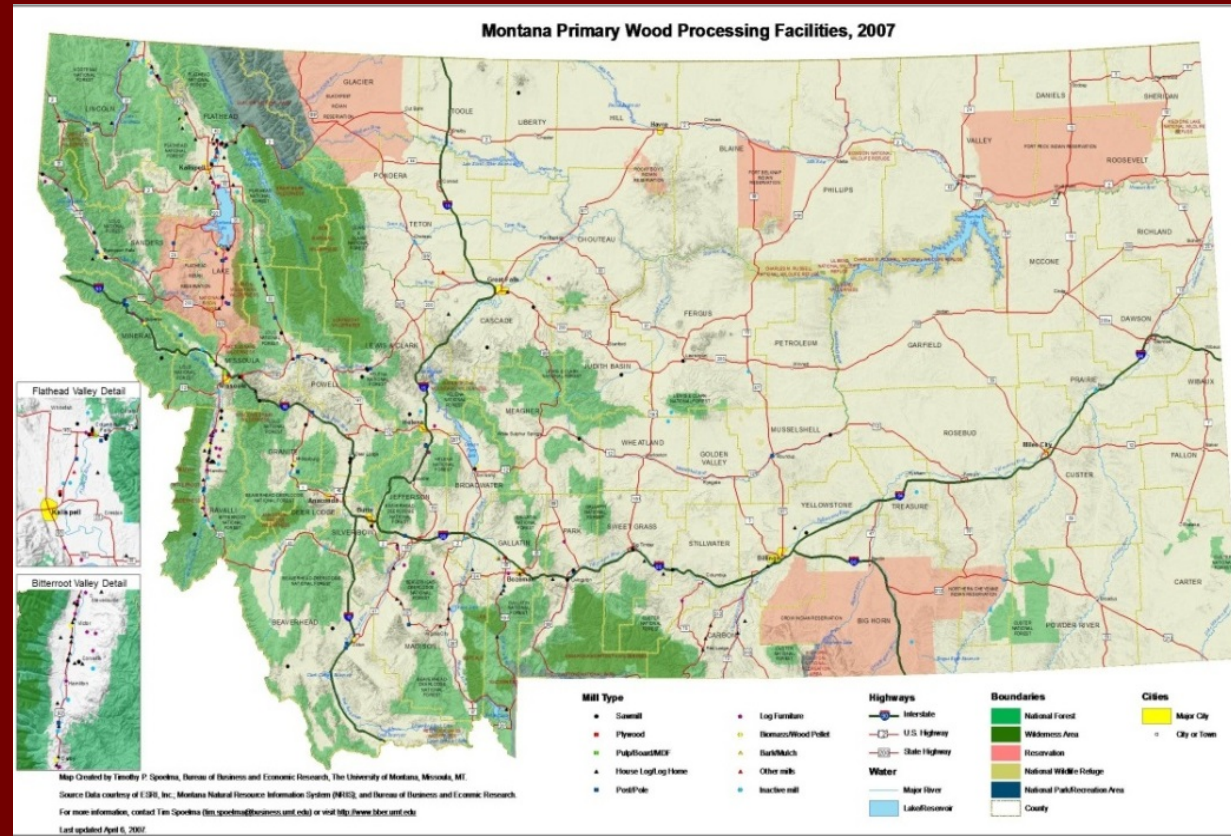
62% National Forest

23% NIPF & Tribal

8% Other Public

7% Industry

5.9 million acres reserved from harvesting (National Parks & Wilderness)



Timberland Species Composition by Volume

32% Douglas-fir

23% Lodgepole pine

23% Spruce, Fir, Hemlock

8% Ponderosa pine

12% Other softwoods

2% Hardwoods

Montana's Timber Resource Non-reserved Timberlands 2003-2011

Growing-stock volume	35,057 MMCF
Annual (gross) growth	827
Annual mortality	560
Annual removals (2004)	198
(2009)	90

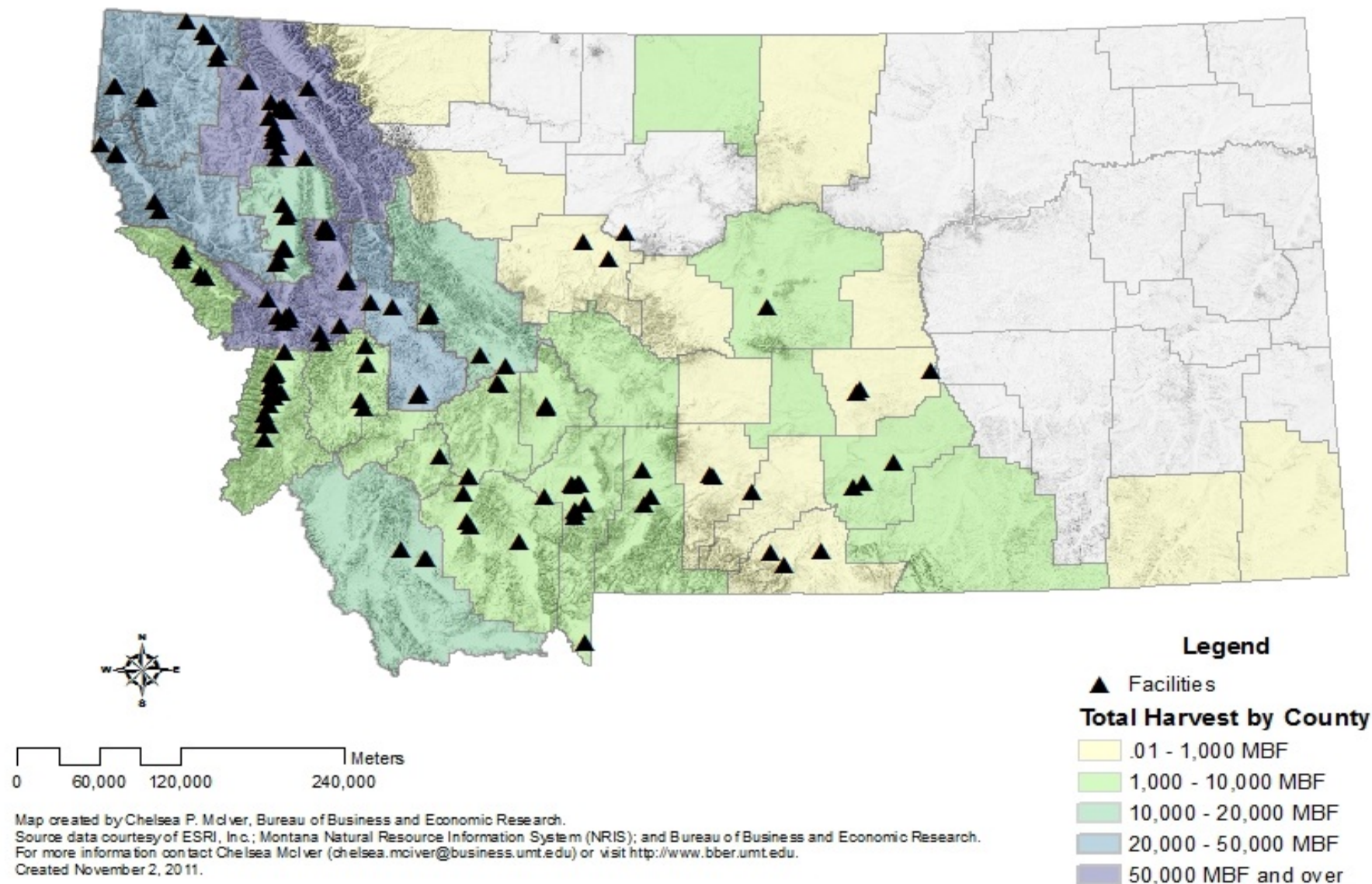
Montana's Timber Resource

Non-reserved Timberlands

2003-2011

		<u>Public</u>	<u>Private</u>
	Net Growth (MMCF/yr)	162	105
2009	G-S Removals (MMCF)	40	50
	Ratio	4 : 1	2 : 1

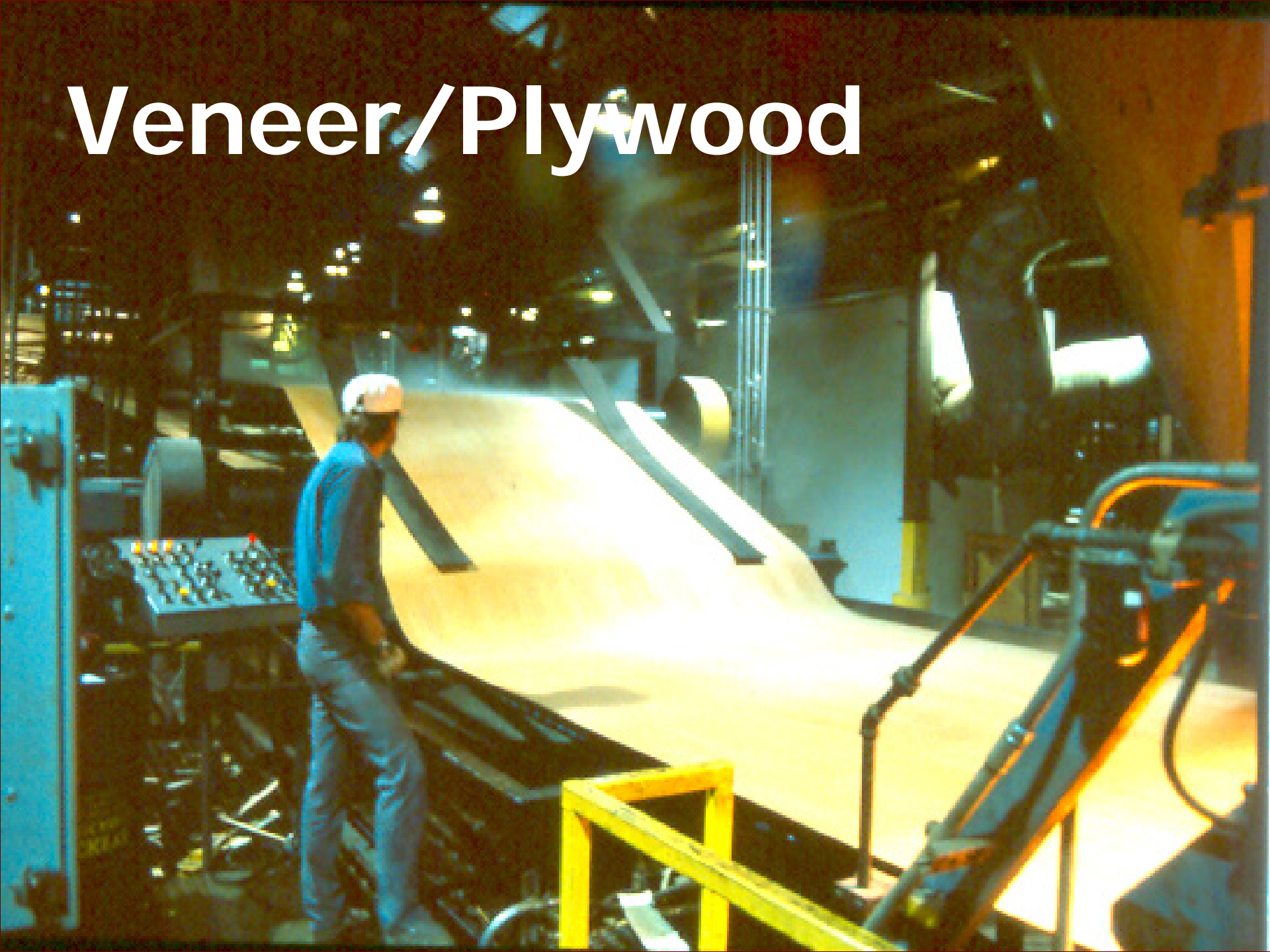
Montana Primary Timber Processing Facilities and Timber Harvest, 2009



Softwood Lumber

A large stack of softwood lumber, showing many layers of wood planks. The text "Softwood Lumber" is overlaid in white with a black outline. The lumber is stacked in a way that creates a strong sense of depth and repetition. The wood has a warm, natural brown tone. There are some small white labels or tags attached to the stacks, and blue markings are visible on some of the planks.

Veneer/Plywood



Log Homes





Posts,
Poles,
Rails

Log
Furniture



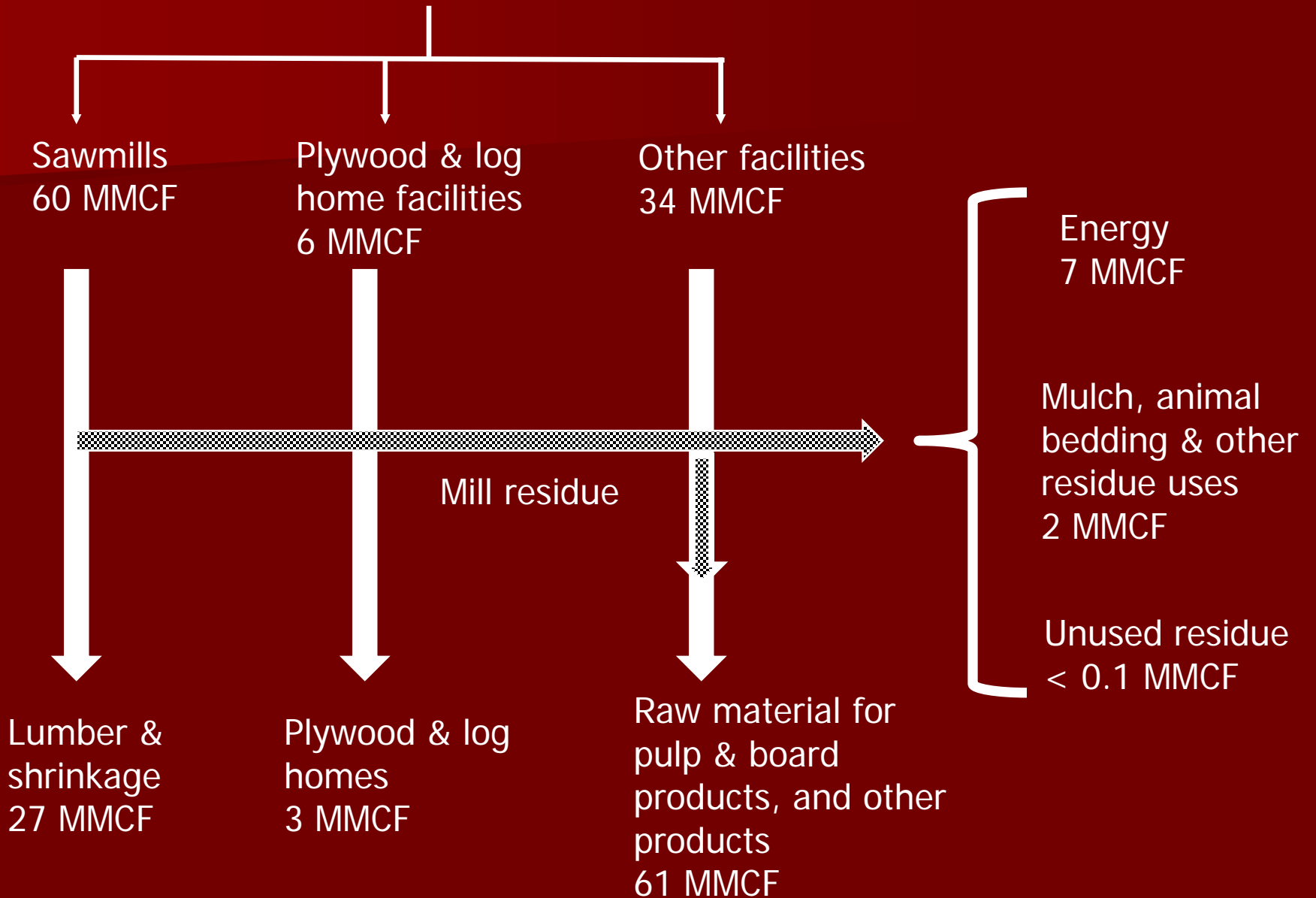


Pulpwood

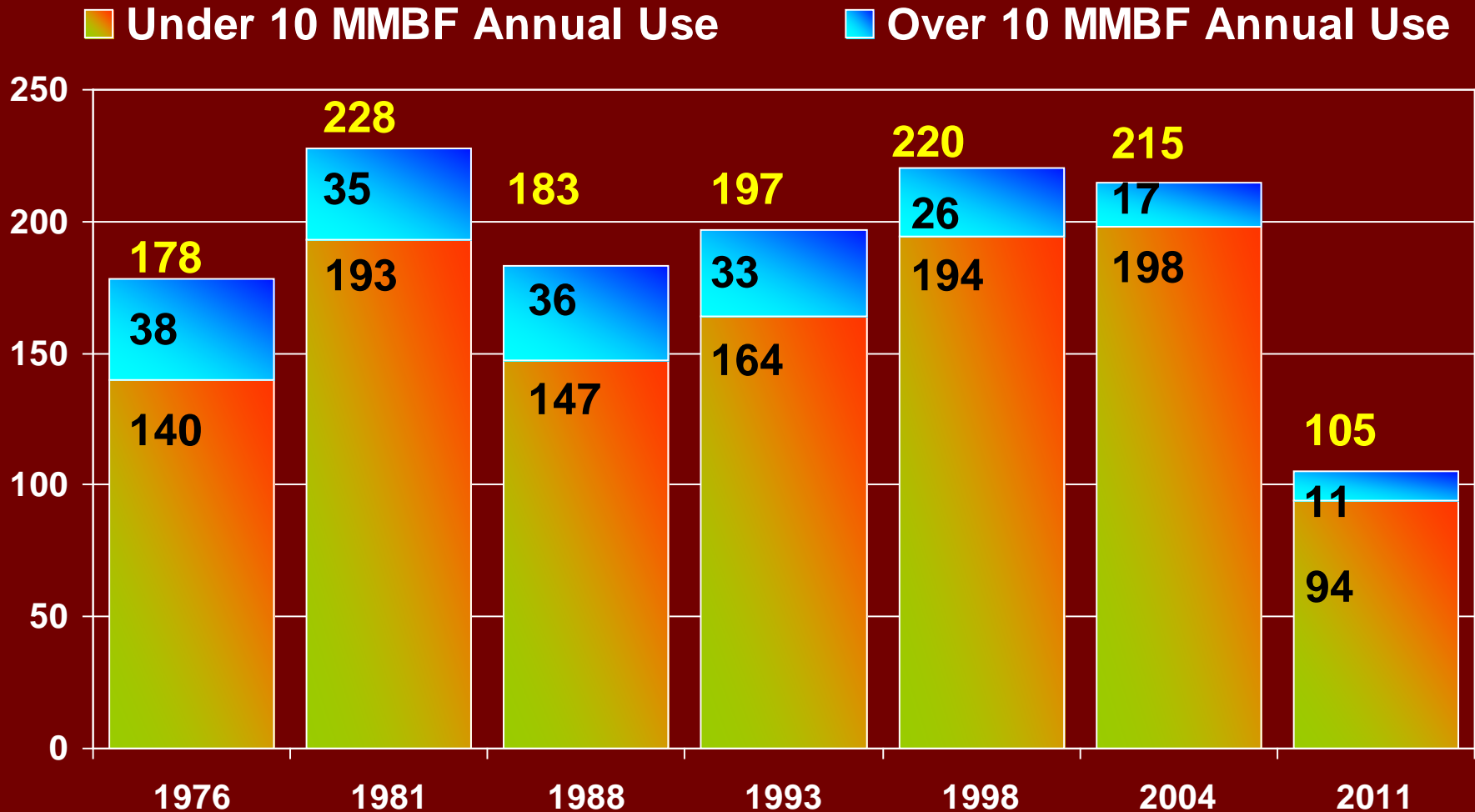
Biomass



**Total harvest
100 MMCF**



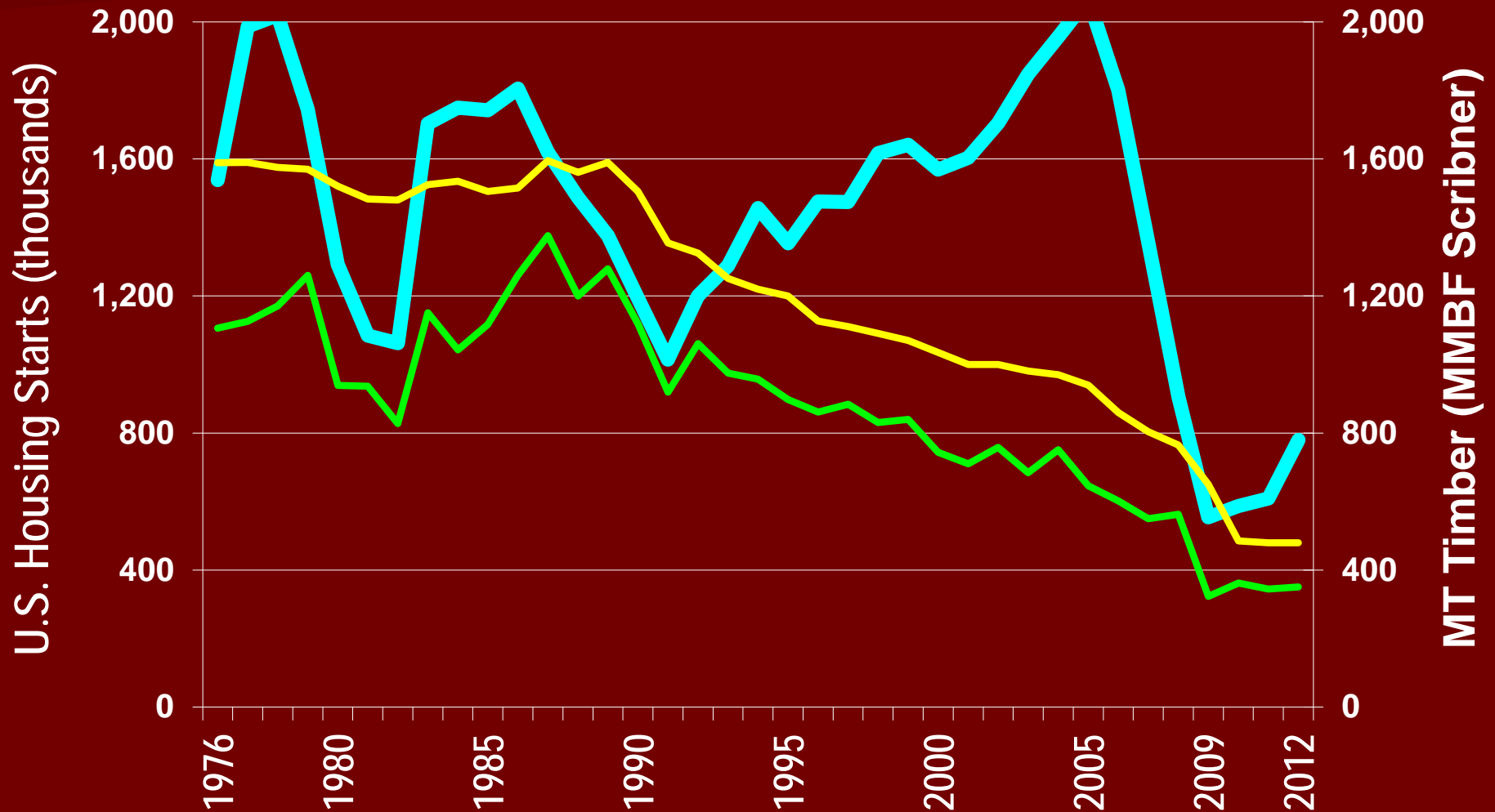
Montana Timber-Processing Facilities by Size Class



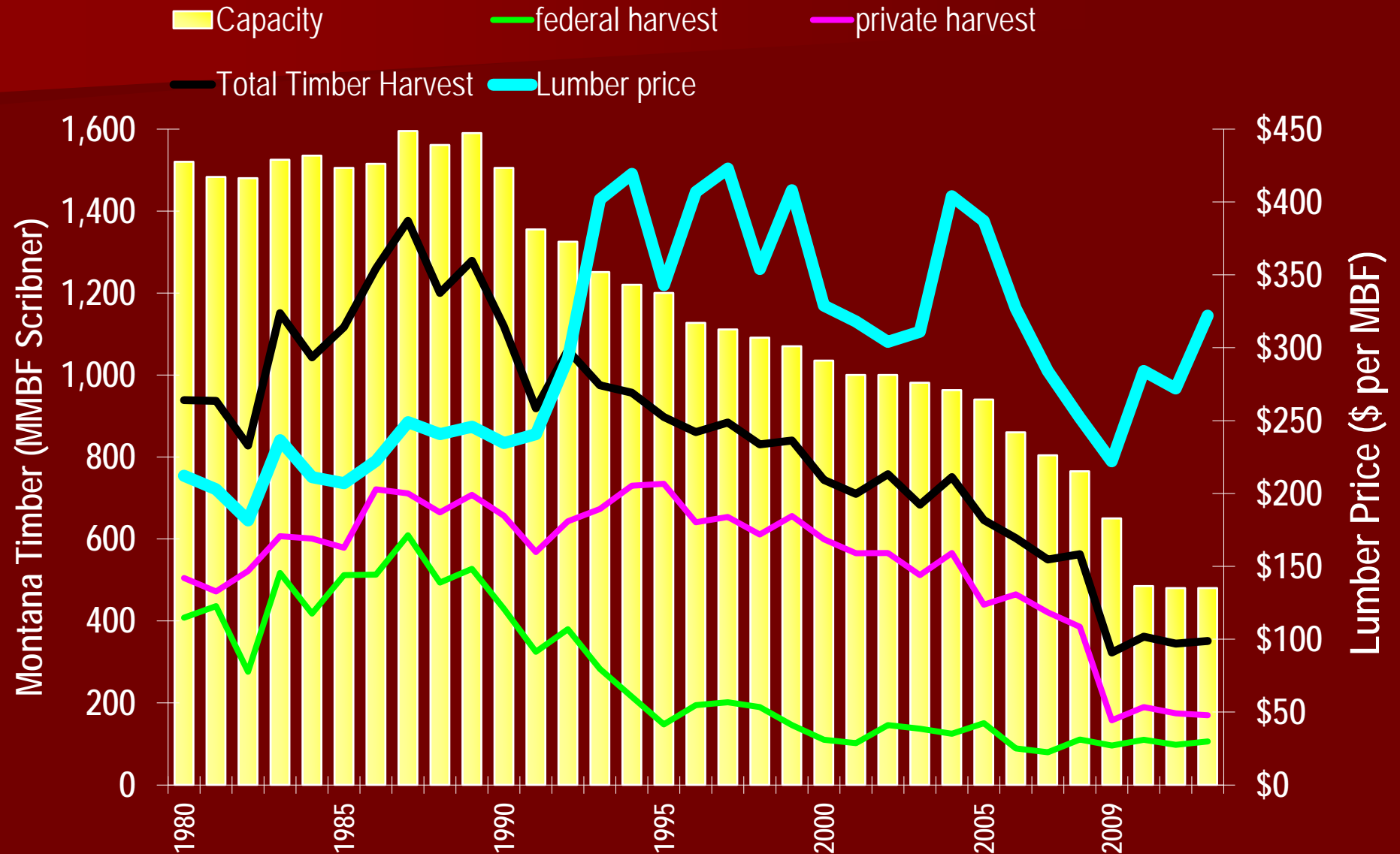
US Housing & MT Wood, 1976-2012

Sources: U.S. Census Bureau; BBER

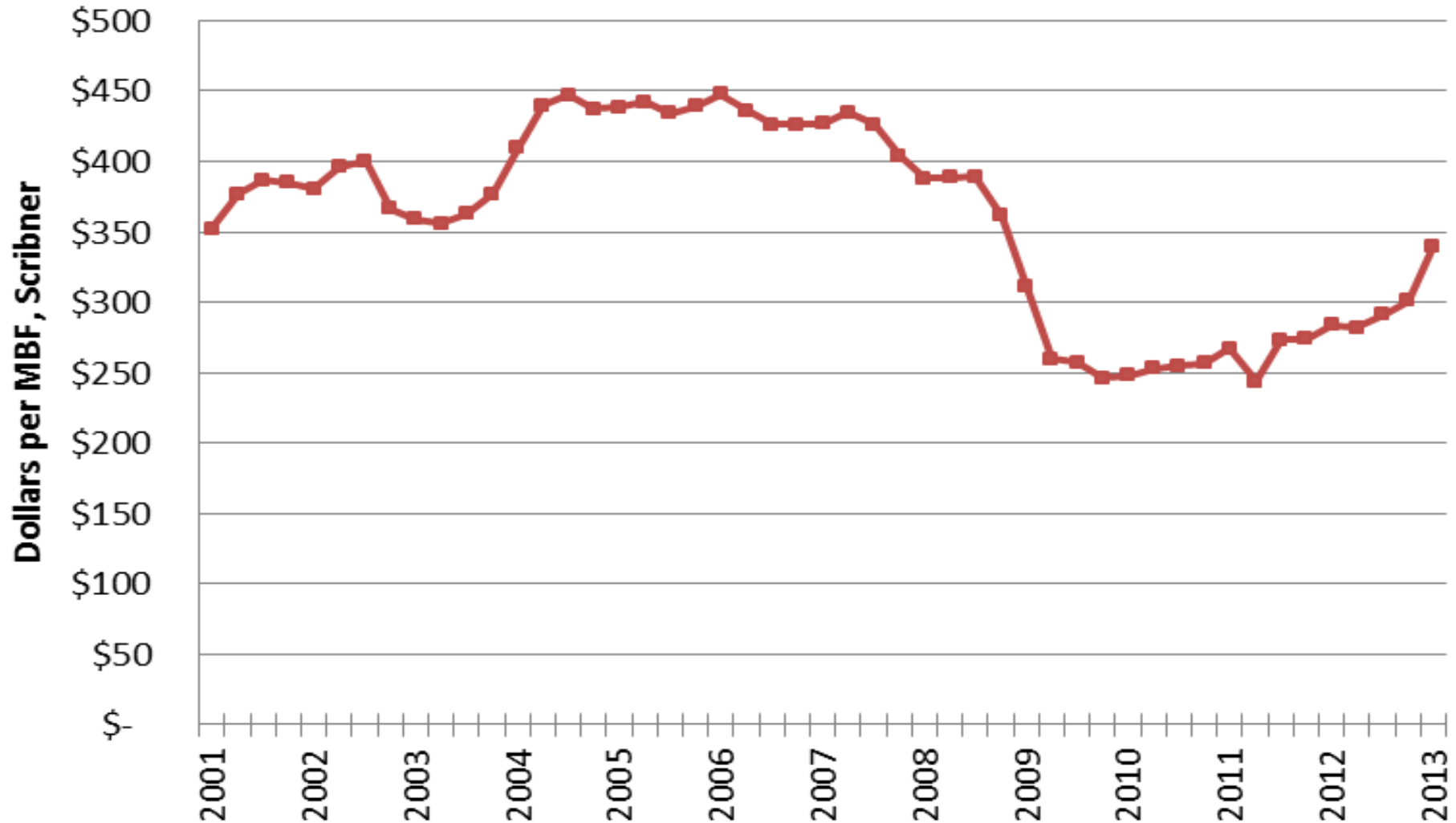
US Housing Starts **MT Capacity** **MT Timber Harvest**



Montana Timber-Processing Capacity & U.S. Lumber Prices, 1980-2012



Average Quarterly Delivered Sawlog Price, Montana 1Q 2001- 1Q 2013



Montana's Forest Products Industry

2004

- 9,875 workers
- \$410 million in labor income
- Sales of \$1.16 billion (primary)
- Lumber production 985 MMBF

Montana's Forest Products Industry

2009

- 7,070 workers
- \$276 million in labor income
- Sales of \$579 million (primary)
- Lumber production 418 MMBF

Montana's Forest Products Industry

2011

- 6,478 workers
- \$268 million in labor income
- Sales of \$465 million (primary)
- Lumber production 532 MMBF

Montana's Forest Products Industry

2012

- 6,650 workers
- \$295 million in labor income
- Sales of \$580 million (primary)
- Lumber production 584 MMBF

2012-2013 Montana Outlook Survey

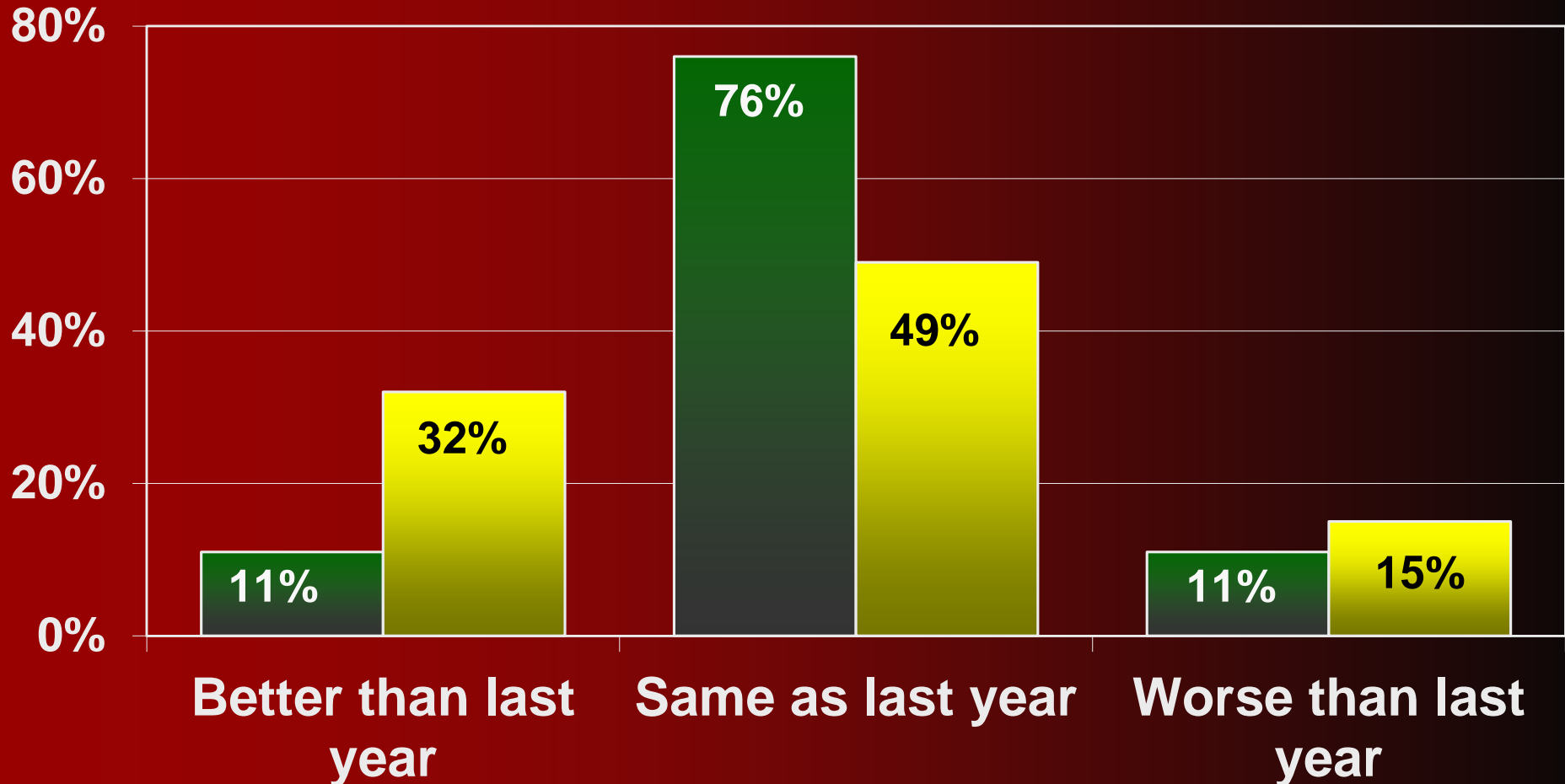
- annual survey
- conducted in November
- open-ended & multi-choice questions
- current & coming year
- 40 wood product firms participate



Montana Forest Products Outlook for the Coming Year

Percent of Firms

■ Outlook for 2012 ■ Outlook for 2013

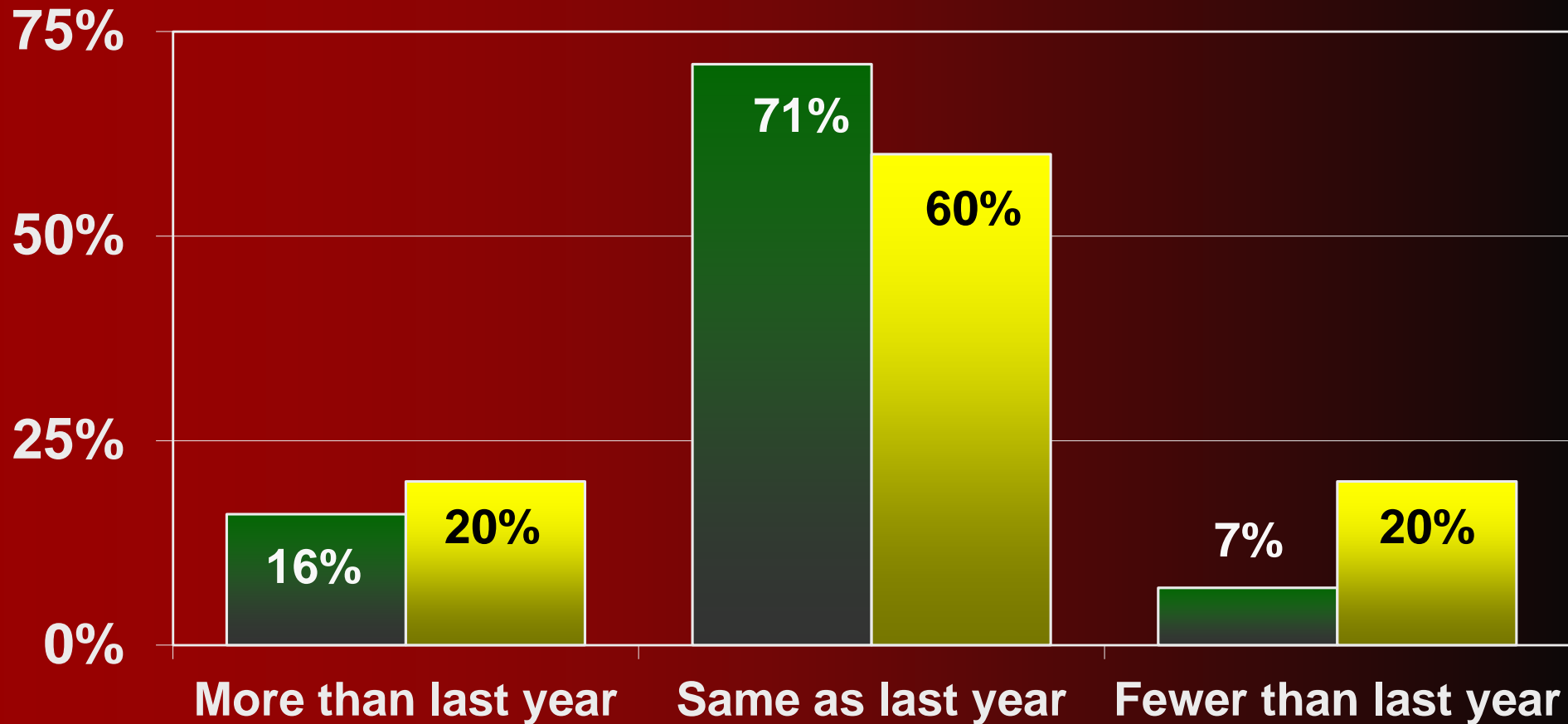


Forest Products Employment Outlook for the Coming Year

Percent of Firms

■ Outlook for 2012

■ Outlook for 2013



Montana Forest Products Industry 2013 Forecast



- U.S. homebuilding recovering.
- Markets are expected to be better than 2012.
- Lumber production & sales should post good gains.
- Employment & worker earnings should increase slightly.
- Timber availability could be an issue.

Is Montana's forest industry resilient?

- Difficult conditions have been withstood by many.
- Several indicators of recovery.
- Challenges remain, some may not be completely overcome.

**BUREAU OF
BUSINESS**

**AND
ECONOMIC
RESEARCH**

Contact Info

Phone: (406) 243-5113

Email:

todd.morgan@business.umt.edu

Internet:

www.BBER.umt.edu