Is Montana’s Forest Industry Resilient?

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Montana Forest Landowner Conference & SAF State Meeting

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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

Source: USDA Forest Service FIA Program
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

Source: USDA Forest Service FIA Program
Montana’s Timber Resource
Non-reserved Timberlands
2003-2011

<table>
<thead>
<tr>
<th>2009</th>
<th>Public</th>
<th>Private</th>
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<tbody>
<tr>
<td>Net Growth (MMCF/yr)</td>
<td>162</td>
<td>105</td>
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<tr>
<td>G-S Removals (MMCF)</td>
<td>40</td>
<td>50</td>
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<td>Ratio</td>
<td>4 : 1</td>
<td>2 : 1</td>
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Source: USDA Forest Service FIA Program
Montana Primary Timber Processing Facilities and Timber Harvest, 2009

Legend

- Facilities

Total Harvest by County

- 0.01 - 1,000 MBF
- 1,000 - 10,000 MBF
- 10,000 - 20,000 MBF
- 20,000 - 50,000 MBF
- 50,000 MBF and over

Map created by Chelsea P. Molver, Bureau of Business and Economic Research. Source data courtesy of ESRI, Inc.; Montana Natural Resource Information System (NRIS); and Bureau of Business and Economic Research. For more information contact Chelsea Molver (chelsea.molver@business.umt.edu) or visit http://www.bber.umt.edu. Created November 2, 2011.
Veneer/Plywood
Posts, Poles, Rails

Log Furniture
Total harvest
100 MMCF

- Sawmills
  60 MMCF

- Plywood & log
  home facilities
  6 MMCF

- Other facilities
  34 MMCF

- Lumber &
  shrinkage
  27 MMCF

- Plywood & log
  homes
  3 MMCF

- Raw material for
  pulp & board
  products, and other
  products
  61 MMCF

- Mill residue

- Energy
  7 MMCF

- Mulch, animal
  bedding & other
  residue uses
  2 MMCF

- Unused residue
  < 0.1 MMCF

Sources: U.S. Census Bureau; BBER

US Housing Starts (thousands)

MT Capacity

MT Timber Harvest

MT Timber (MMBF Scribner)
Average Quarterly Delivered Sawlog Price, Montana 1Q 2001-1Q 2013

Graph showing the trend of dollars per MBF, Scribner from 2001 to 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

Better than last year: 32%
Same as last year: 76%
Worse than last year: 15%

Outlook for the Coming Year:
- Better than last year: 11%
- Same as last year: 49%
- Worse than last year: 15%
Forest Products Employment Outlook for the Coming Year

Percent of Firms

- More than last year: 16% (Outlook for 2012), 20% (Outlook for 2013)
- Same as last year: 71% (Outlook for 2012), 60% (Outlook for 2013)
- Fewer than last year: 7% (Outlook for 2012), 20% (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.
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