MONTANA MILLS FEEL ONGOING HOUSING SLUMP

MISSOULA —

Lumber production, employment and wages continue to decline in Montana’s forest products industry, according to a University of Montana researcher.

Todd Morgan, director of forest industry research at UM’s Bureau of Business and Economic Research, said the ongoing housing slump throughout the nation has had a real impact on Montana.

“Montana mills are definitely feeling the pain from the persistent turmoil in the U.S. housing industry and financial markets,” he said.

Lumber production from Montana sawmills in the third quarter of this year was 173 million board feet, down 12.2 percent from the second quarter of 2008 and down 6.9 percent from the third quarter of 2007. Compared with third quarter 2005 when markets were strong, Montana lumber production is down 31 percent.

The number of production workers employed in Montana mills during the third quarter of 2008 was 2,867, having fallen by more than 3 percent from the second quarter and by nearly 6 percent from third quarter 2007. About 700 fewer production workers are employed in Montana mills in 2008 compared with 2005.

Mill production wages also fell during the third quarter of 2008. Wages were just $28.8 million during the third quarter of 2008, versus more than $30 million during the same period in 2007. In the third quarter of 2005, wages exceeded $33 million.
“Lumber demand is expected to remain low into 2010 because of the problems in the U.S. housing market and international financial conditions,” Morgan said. “When circumstances do improve, the recovery for Montana’s wood products industry will likely be slow. Uncertainties surrounding timber availability, energy and fuel costs, and workforce availability will again impact the industry like they did when lumber and housing markets were so strong during 2004 and 2005.”

Wage, employment and production figures refer only to Montana production workers at timber-processing facilities and mills that use wood residue from timber-processing facilities. Production workers account for 30 to 40 percent of workers in Montana’s forest products industry. Estimates reported do not include several thousand workers in logging, trucking and other related jobs.

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