

# **Montana's Wood Products Industry: Current Conditions and Its Fickle Relationship with U.S. Housing**

**Montana Economic Outlook Seminar**

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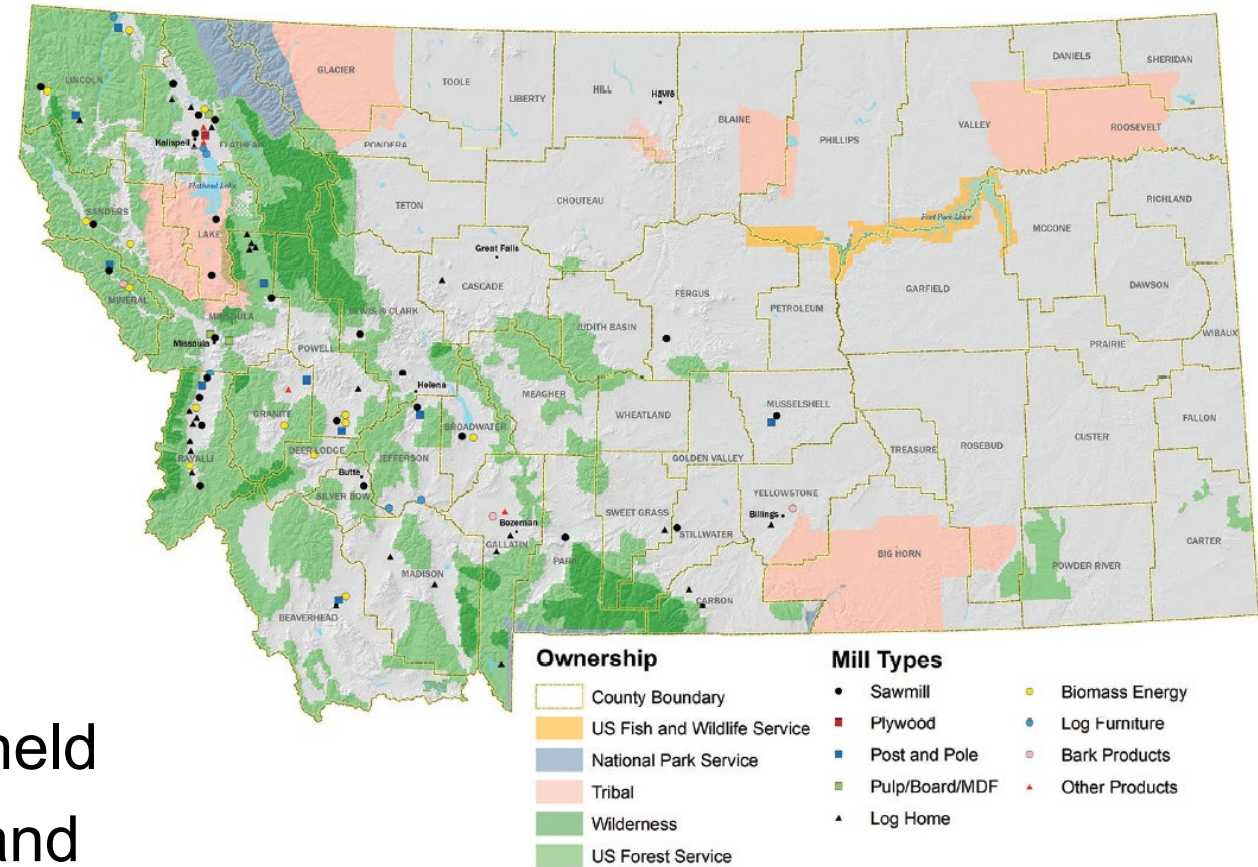
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Montana's Forest Industry

# Montana's Primary Wood Products Facilities

~ 90 facilities

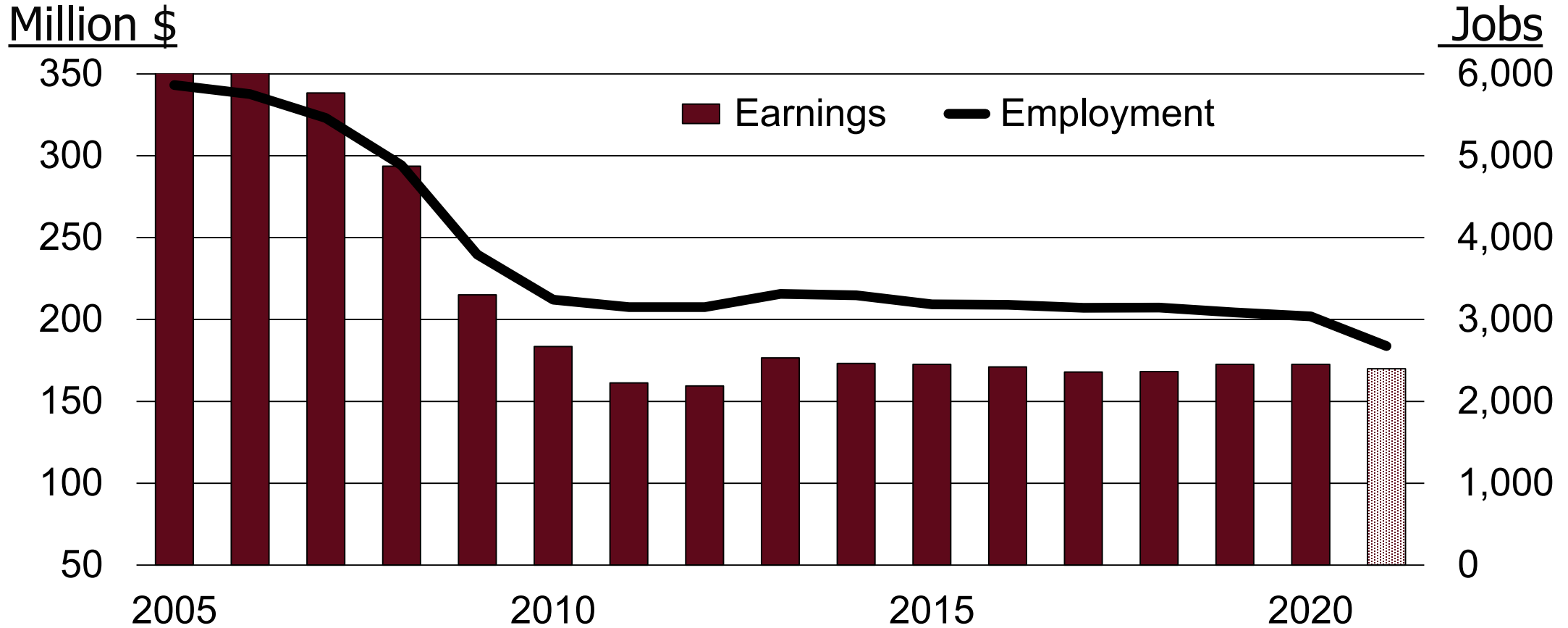
- 20+ sawmills
- Plywood, MDF, particleboard
- Log homes, post & pole, chipping
- Pellets, bark, fuels-for-schools



- Mostly small, privately held
- Most don't own forest land
- Nearly all rely on some timber from public lands



# Montana Wood & Paper Manufacturing

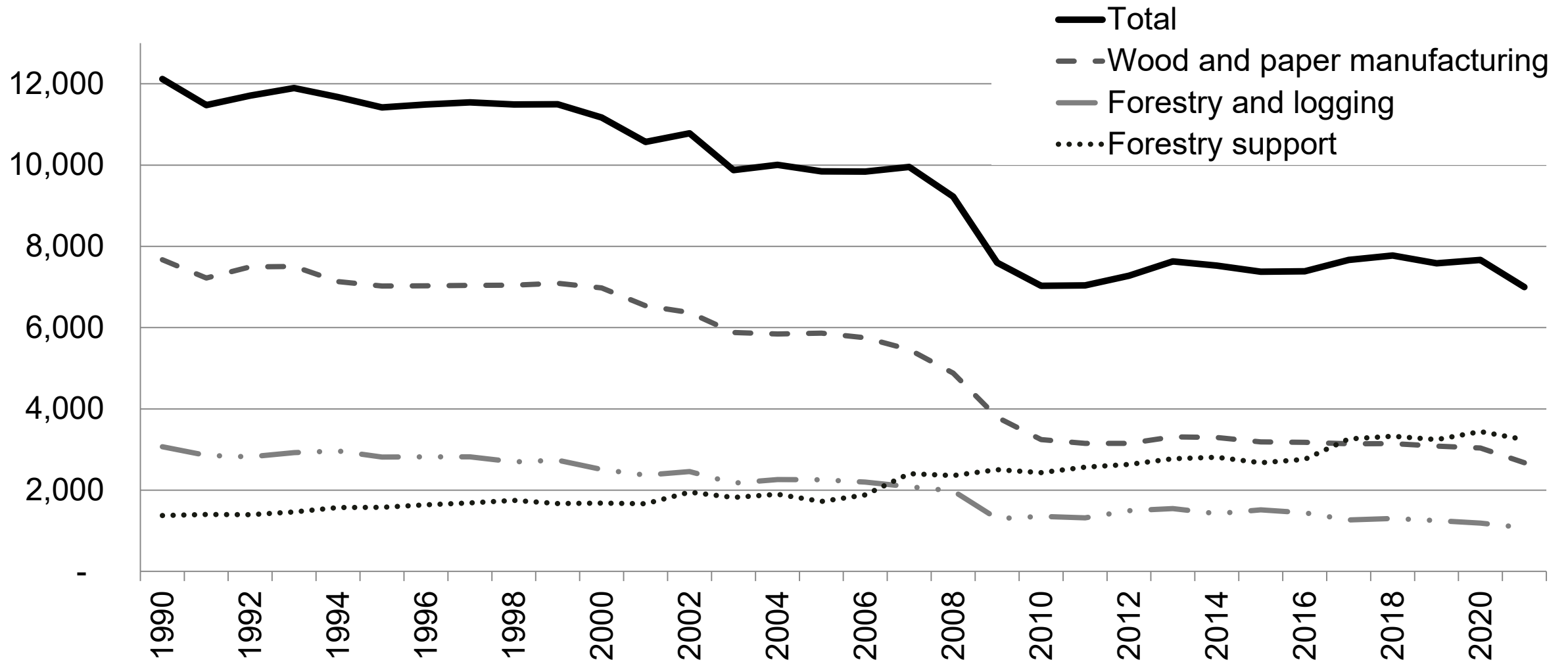


Sources: Bureau of Economic Analysis, Western Wood Products Association, BBER.

\*2021 Estimated.



# Montana Forest Industry Employment



Sources: BEA, BLS-QCEW, BBER.

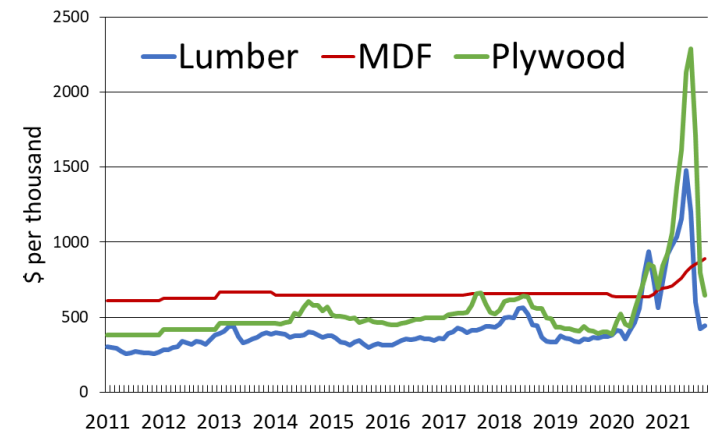
\*2021 Estimated.



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# Montana Forest Industry (Private Sector)



	<u>2004</u>	<u>2010</u>	<u>2021</u>
<b>Workers (mills &amp; forest)</b>	<b>10,006</b>	<b>7,030</b>	<b>6,973</b>
<b>Earnings (millions)</b>	<b>\$550</b>	<b>\$323</b>	<b>\$391</b>
<b>Primary sales (millions)</b>	<b>\$1,708</b>	<b>\$546</b>	<b>\$888</b>
<b>Lumber production (MMBF)</b>	<b>985</b>	<b>503</b>	<b>437</b>

**2021 estimates:**

**Sales are higher because of prices, not quantities.**

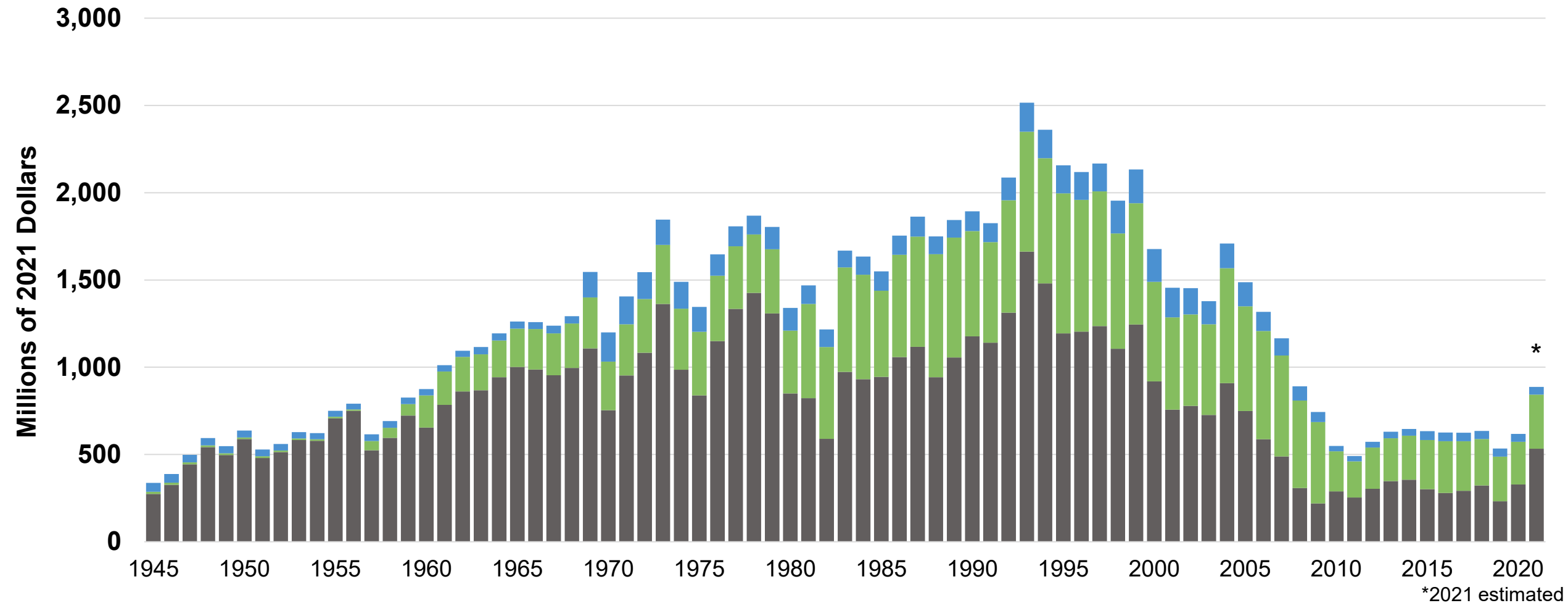
**Employment & worker earnings estimated to be lower than 2020.**

Sources: Bureau of Economic Analysis, Western Wood Products Association, Random Lengths, BBER.

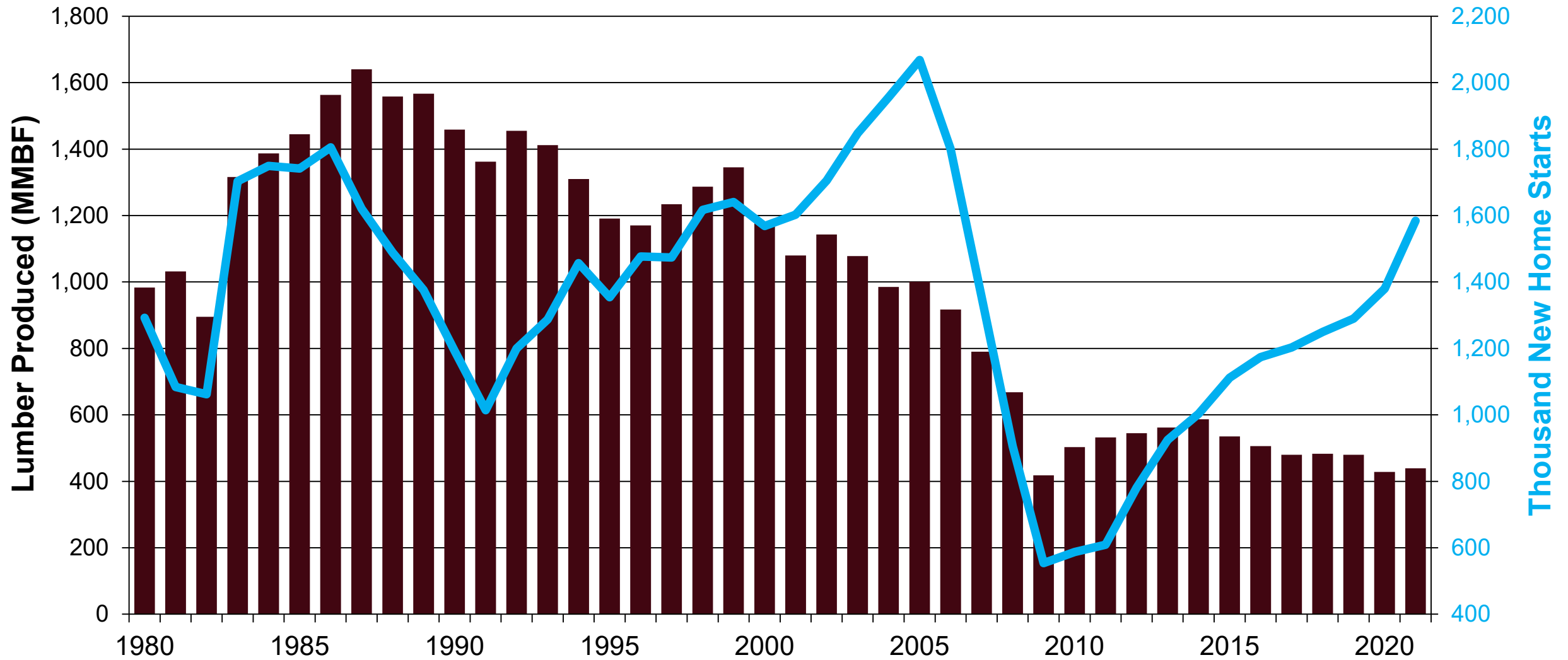


# Montana Wood Products Sales

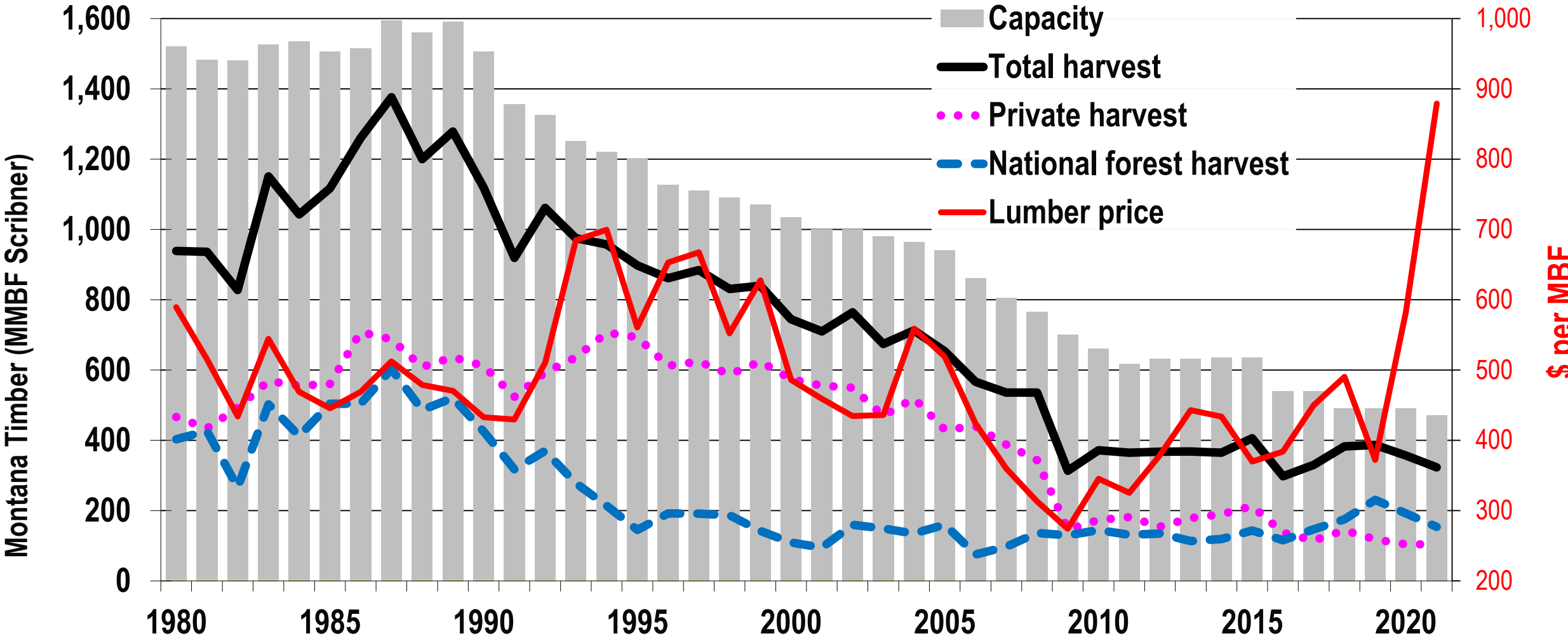
■ Lumber & Plywood   ■ Residue-related   ■ Log Home & Other Products



# MT Lumber Production & US New Home Starts



# Montana Timber Capacity, Harvest & Lumber Price 1980-2021





# U.S. Housing & Montana Wood Products

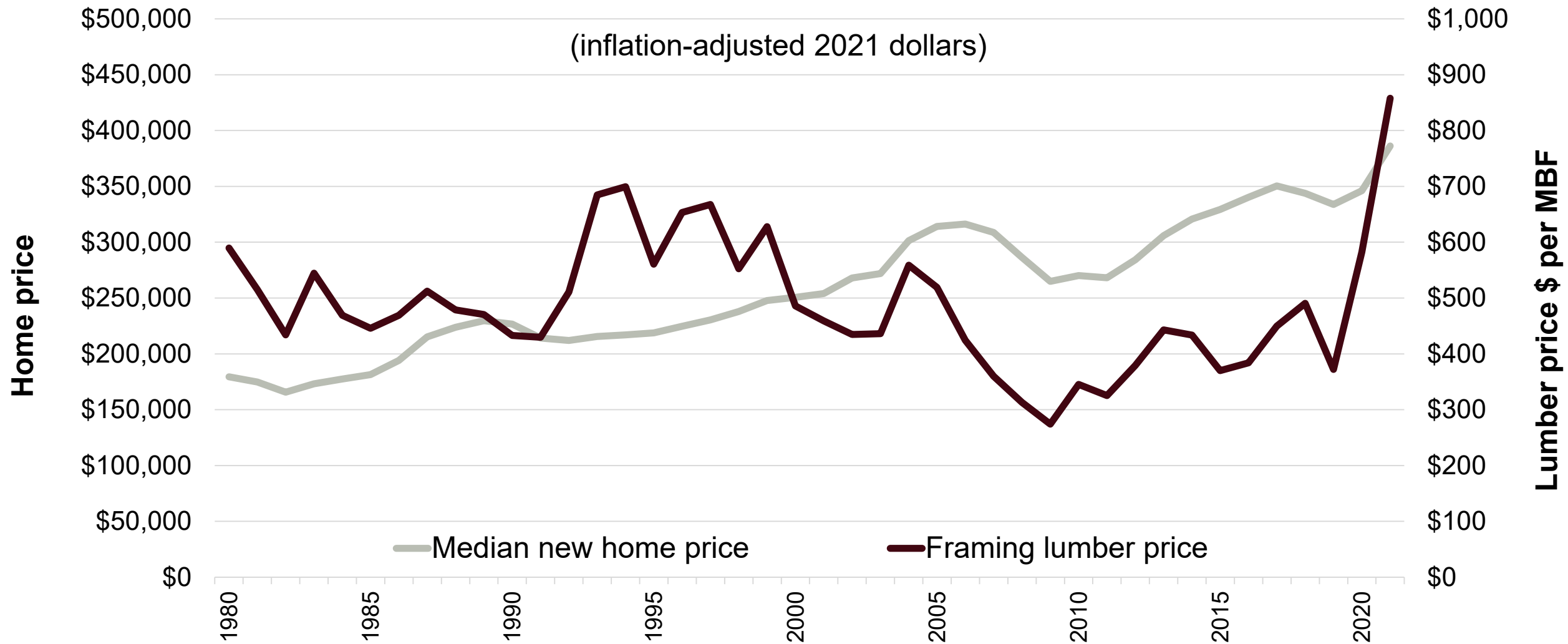
## The Five Ls impacting housing supply & costs

- Labor
- Land
- Laws
- Lending
- Lumber

Source: National Association of Homebuilders.



# Median U.S. New Home & Lumber Prices, 1980-2021

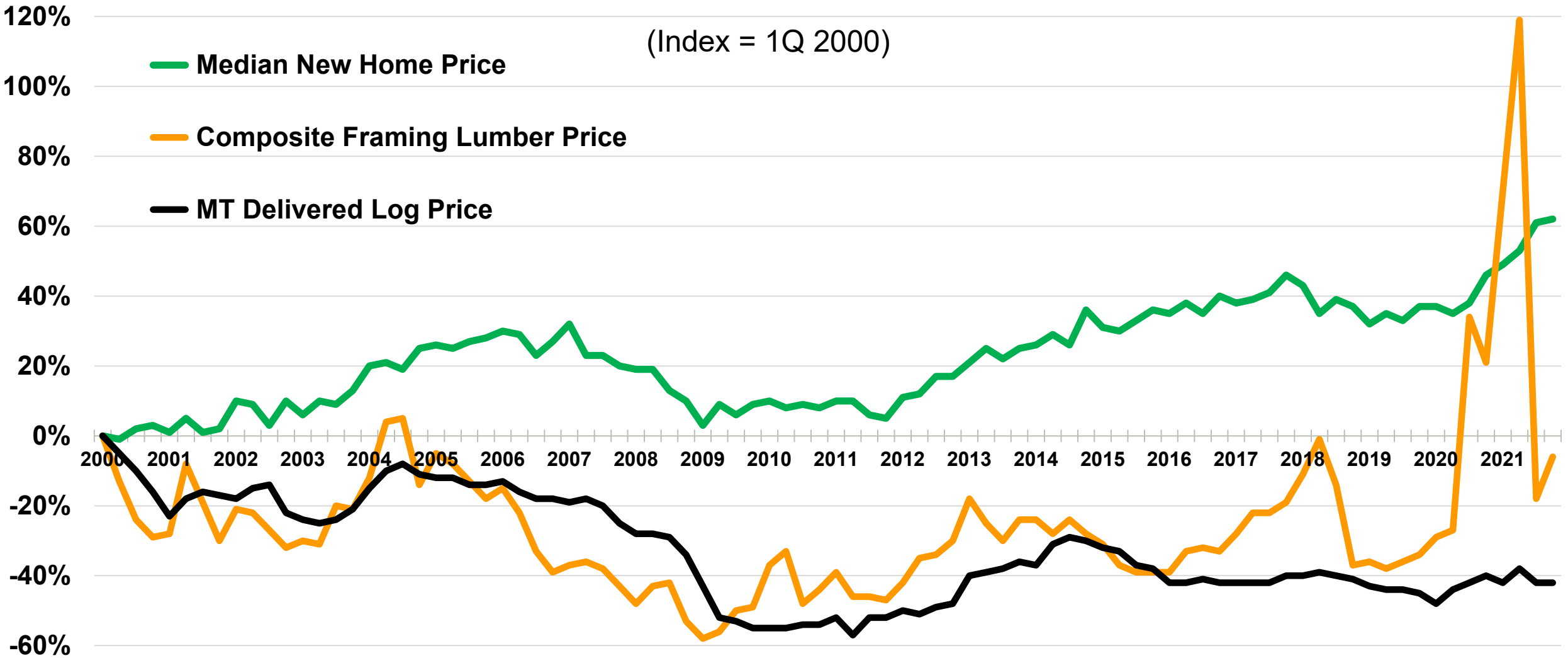


Sources: US Census Bureau and Random Lengths.



# U.S. New Home, Lumber and Montana Log Prices

(Index = 1Q 2000)



# U.S. Housing & Montana Wood Products

- Costs of inputs to new homes have been rising for years.
- Wood material costs were definitely high in 2021.
- Higher home and wood product prices did not benefit Montana forest/timber owners or loggers to the same extent as mills.
- Wood product prices are expected to remain **volatile** in 2022.
- Strong demand for housing & wood products expected, as well as challenges.
- Infrastructure bill is providing billions of \$ for wildfire and forest management over the next 5-6 years.



# Thank you!



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