

# Montana Forest Industry Update

2021 Economic Outlook Seminar  
February 1, 2021

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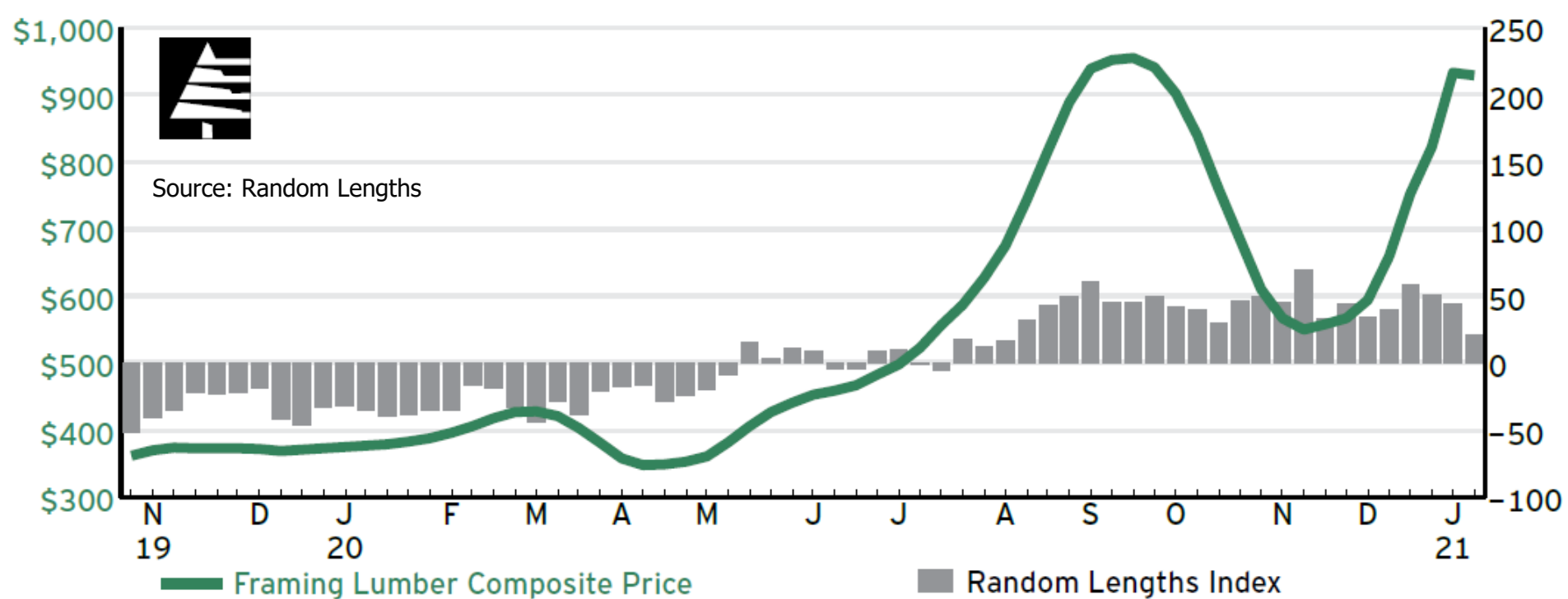
# Forest Industry Research at BBER

- **Mostly for US Forest Service**
- **Rocky Mountain & Pacific Coast states**
- **National Forest Regions & WO**
- **Quarterly & annual Montana reporting**
- **Various forest economics projects & information requests**

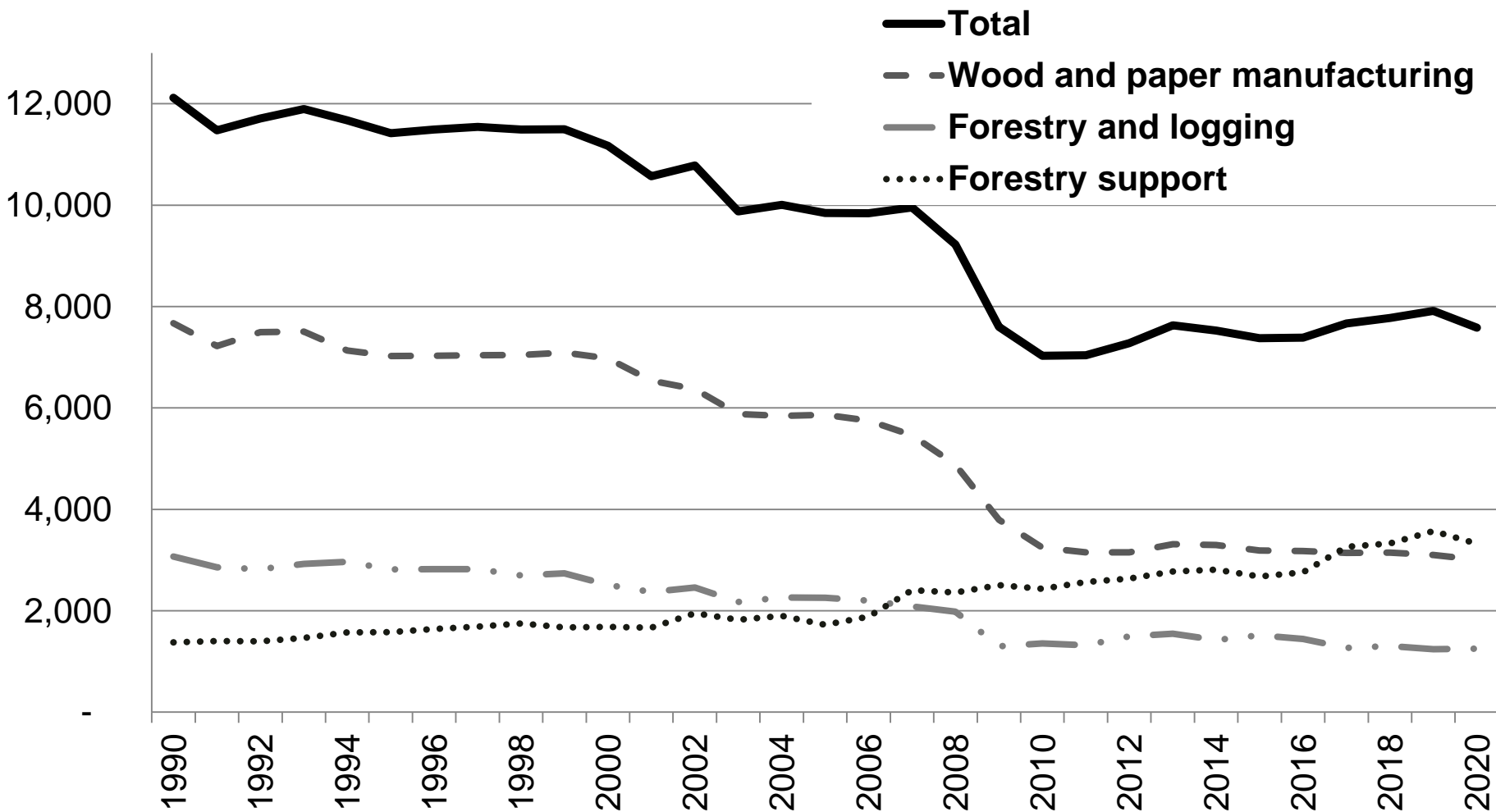


# Record High Lumber Prices in 2020

- Repair, remodel, & DIY boosted demand + new housing.
- Post-wildfire rebuilding in CA & OR, mild winter thus far.
- Reduced imports from Canada & COVID-induced supply shortages.



# Montana Forest Industry Employment

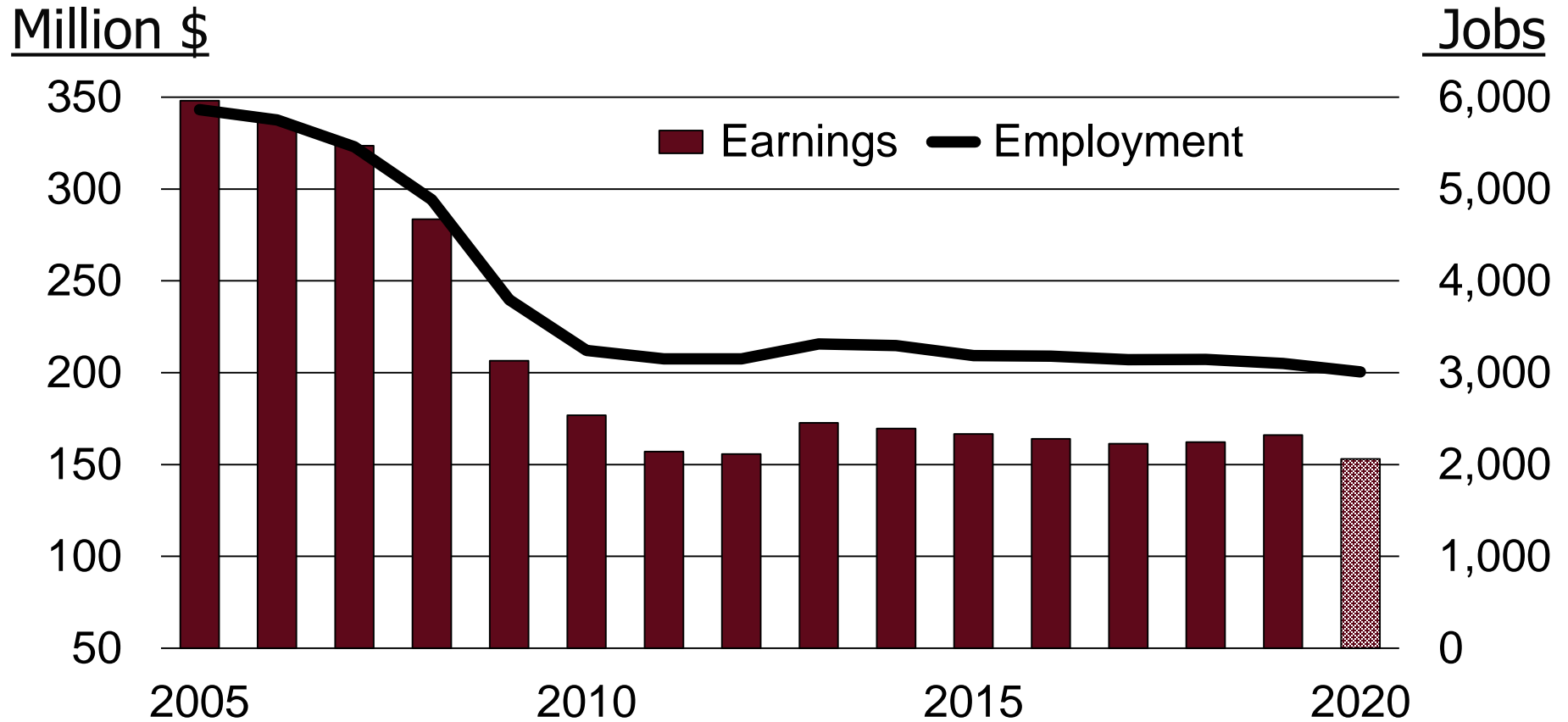


Sources: BEA, BLS-QCEW, BBER.

\*2020 Estimated.

# Montana

## Wood & Paper Manufacturing



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

\*2020 Estimated.

# Montana Forest Industry (Private Sector)

	<u>2004</u>	<u>2010</u>	<u>2020*</u>
<b>Workers (mills &amp; forest)</b>	<b>10,006</b>	<b>7,030</b>	<b>7,641</b>
<b>Earnings (millions)</b>	<b>\$508</b>	<b>\$305</b>	<b>\$347</b>
<b>Primary sales (millions)</b>	<b>\$1,577</b>	<b>\$516</b>	<b>\$607</b>
<b>Lumber production (MMBF)</b>	<b>985</b>	<b>503</b>	<b>428</b>

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

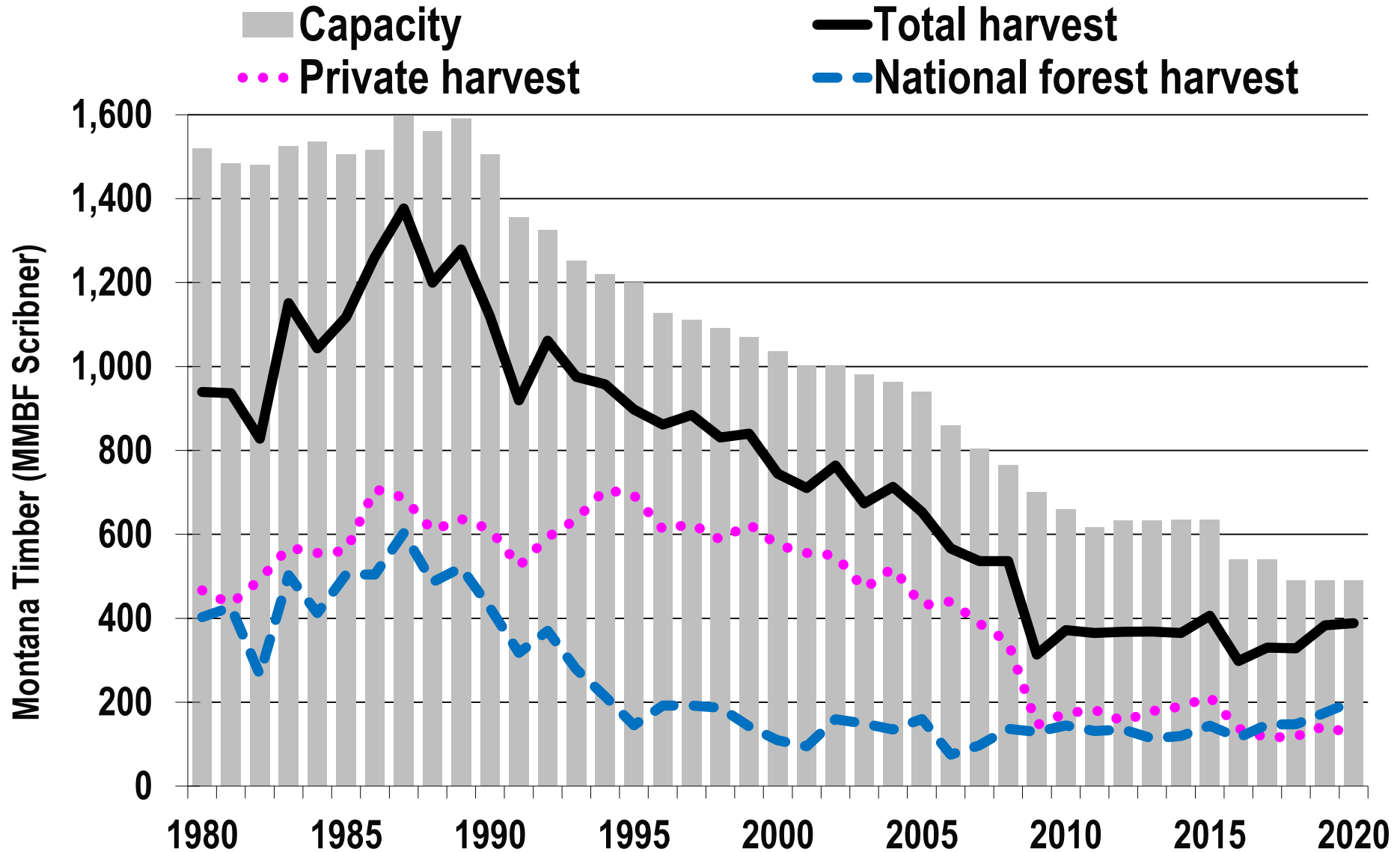
\*2020 estimated



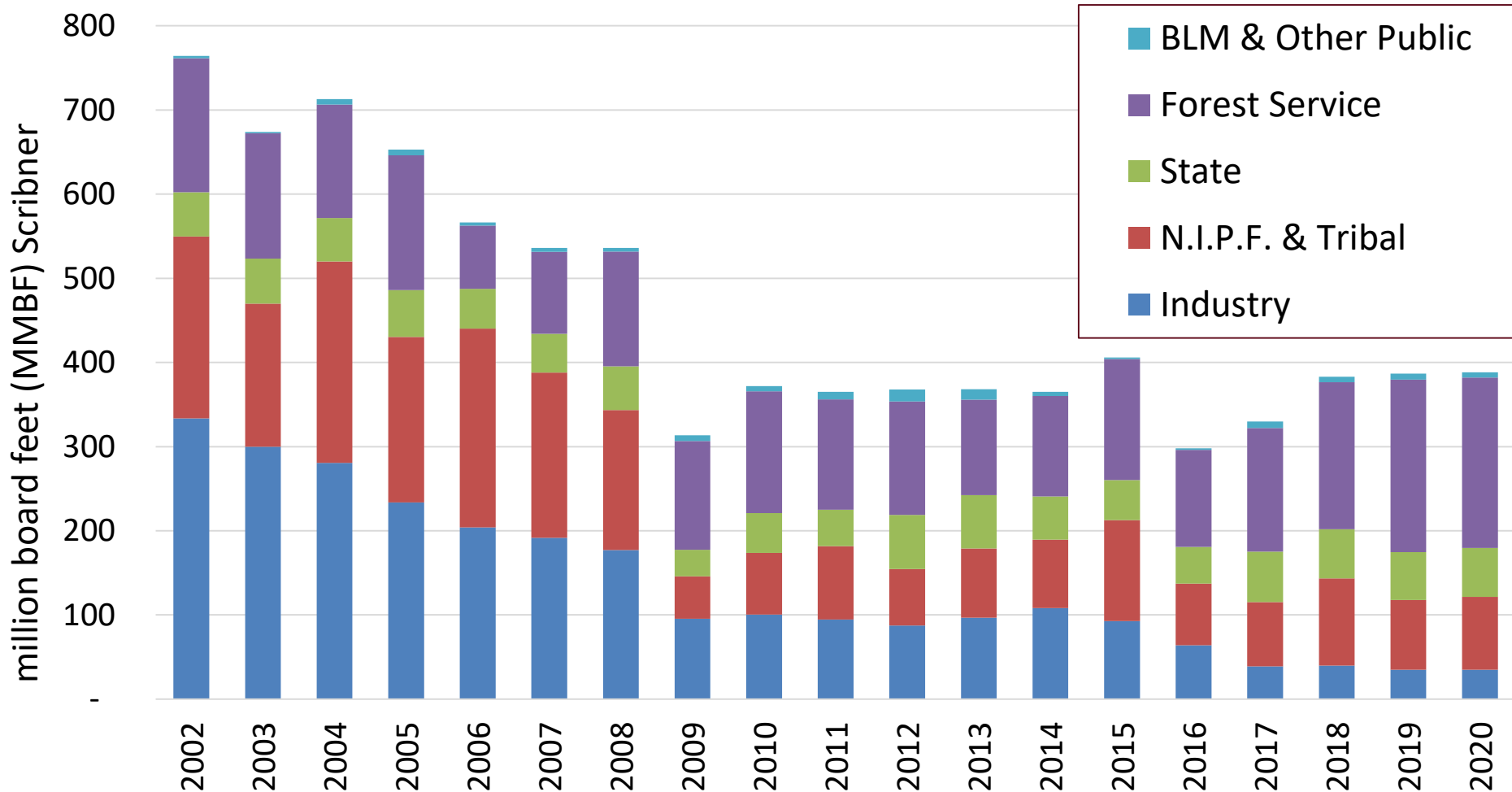
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# Montana Timber Capacity & Harvest, 1980-2020



# Timber Harvest in Montana



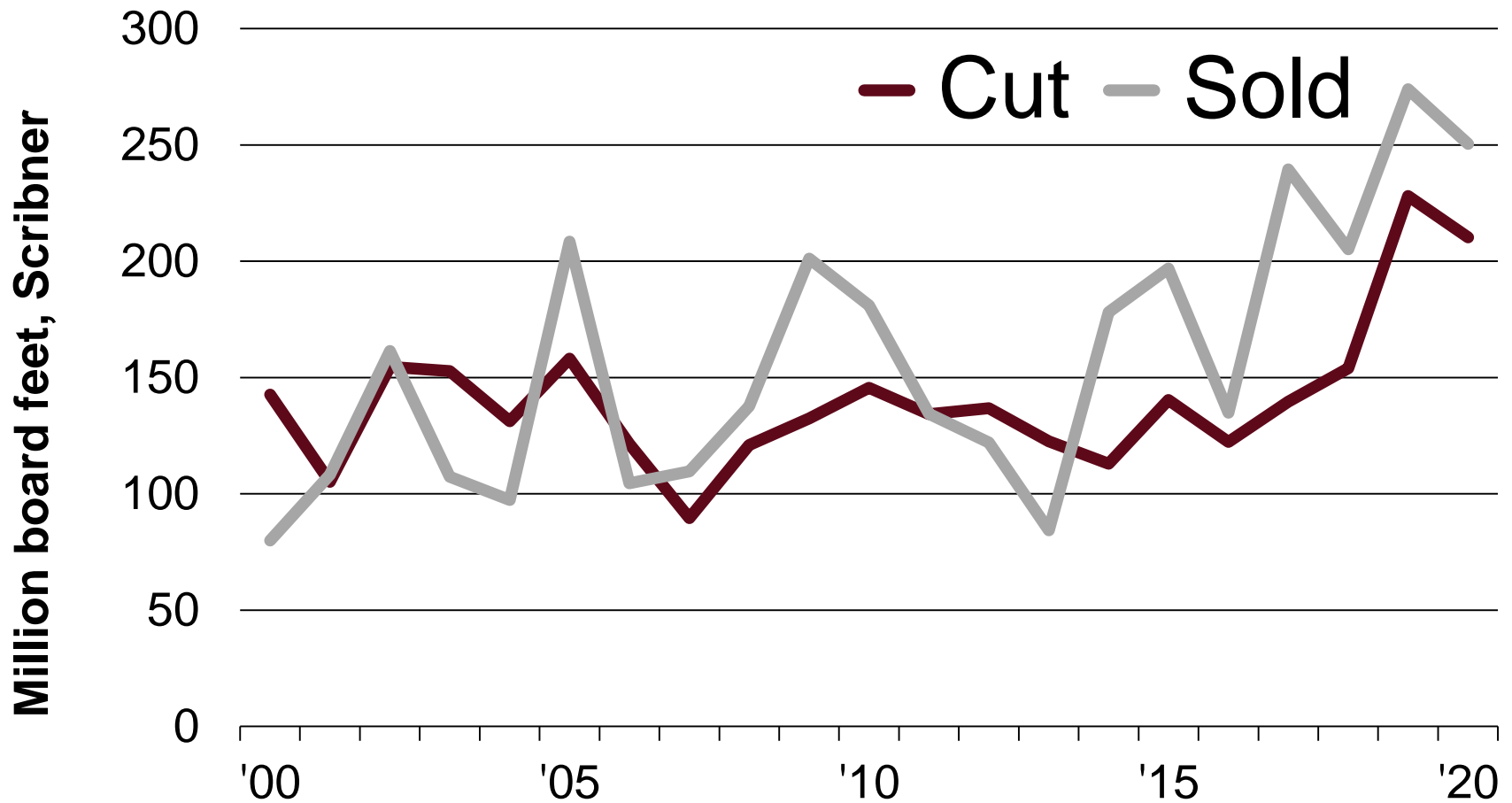
Sources: DNRC, USDA Forest Service, BBER.

\* 2020 estimated





# National Forest Timber in Montana



Source: USDA Forest Service.



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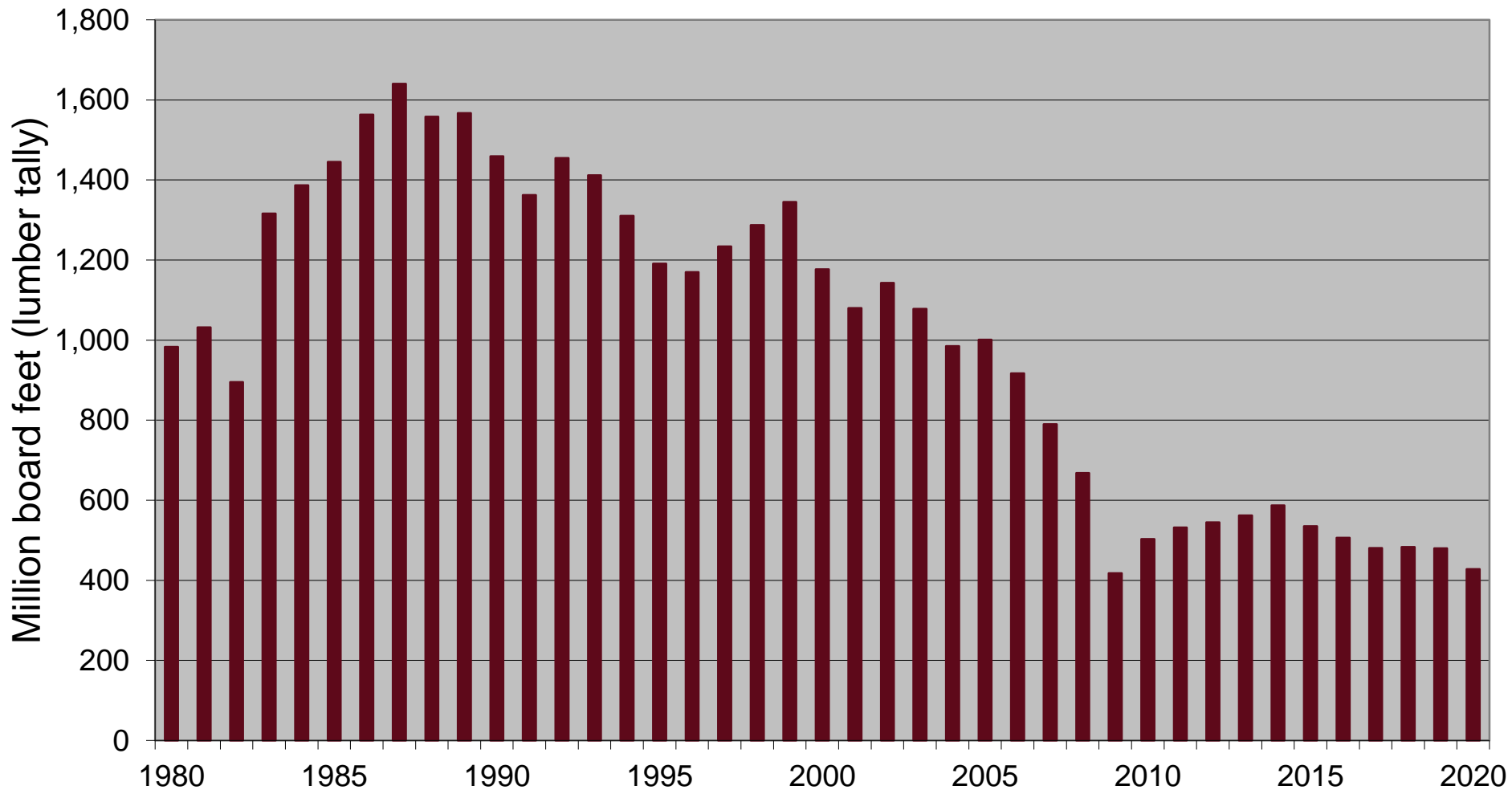
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# Issues impacting Montana forest owners and wood products in 2021

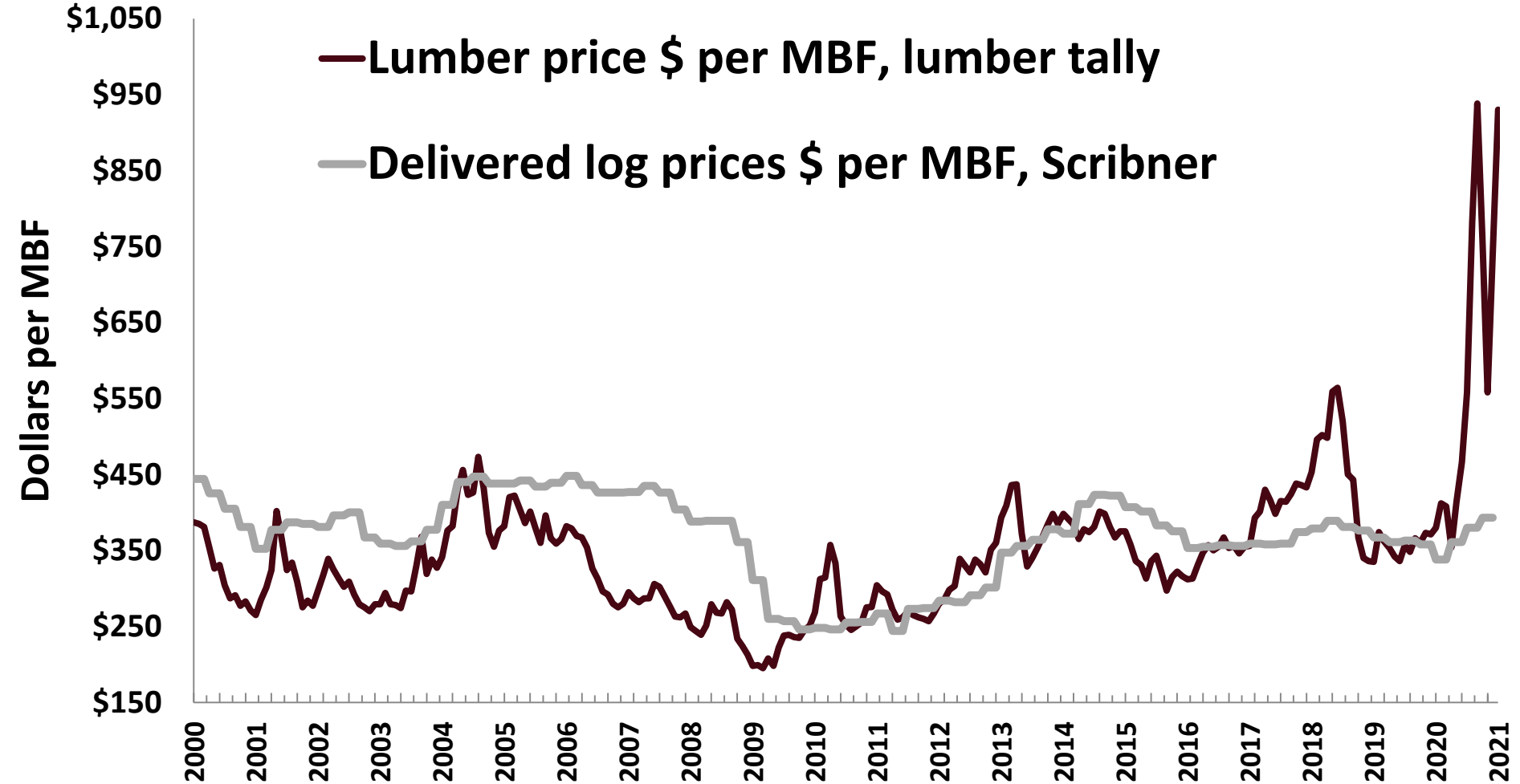
- Broader US economy
- Homebuilding & remodeling
- Overseas & CAN imports
- Land ownership changes
- Forestland property tax
- Good Neighbor Authority (GNA) & other public lands projects
- Labor & log supply



# Montana Lumber Production



# Lumber vs. Log Prices



Sources: Random Lengths; UM-BBER



# Canadian Lumber

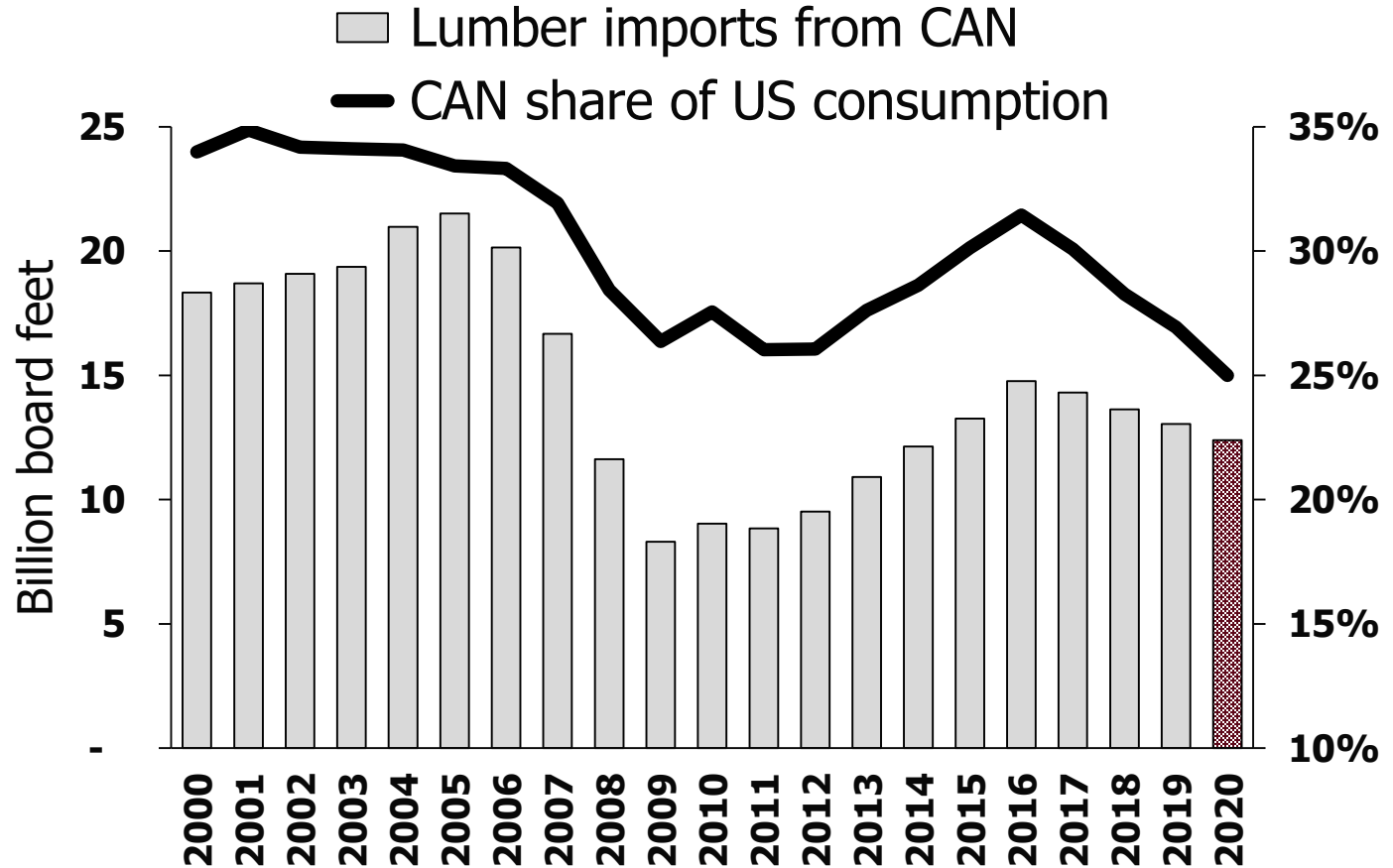
## Volume & share of US market declining for 4 years

**COVID-19 impacts?**

**Tariffs & CAN mills in US have had an impact.**

**Beetles & fires reduced BC long term timber & lumber supply.**

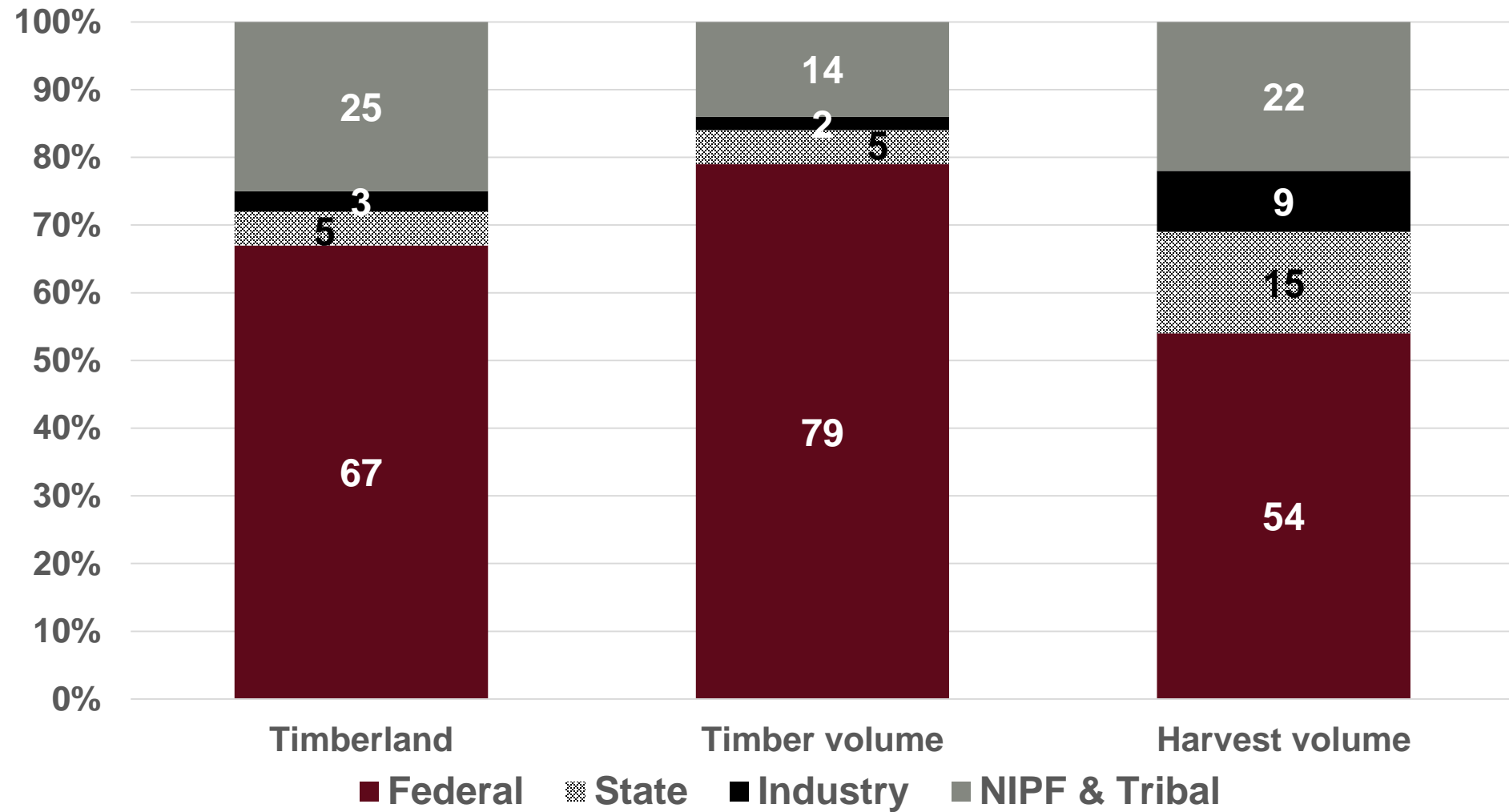
**Russia passed CAN as world's largest softwood lumber exporter in 2019.**



\*2020 estimated



# Montana Timberland



# Changing Industrial Timberland Ownership



F.H. Stoltze  
Land & Lumber



Weyerhaeuser

- 1989 = 1,603,363 acres
- 2021 = 750,000 to 900,000 acres
- Forest Service, BLM, State, TNC & individuals



STIMSON LUMBER



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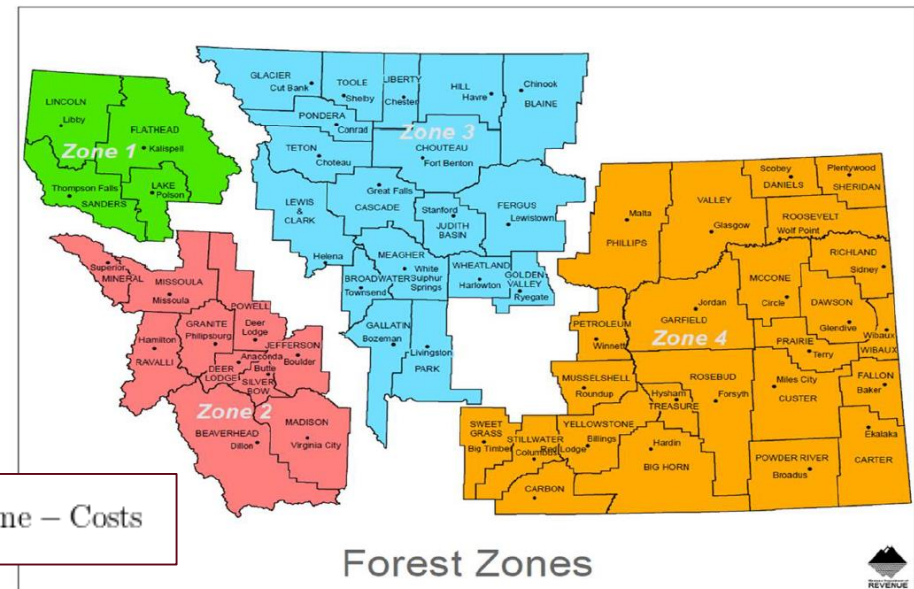
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# Montana Forest Land Property Tax

- “Class 10” Forest land
- 14.6 million acres
- Valued every 6 years
- Based on productivity
- Stumpage value
- 4 Zones



2015 Forest Valuation Zones



$$\text{Net Income per Acre} = (\text{Productivity} \times \text{Stumpage Value}) + \text{Income} - \text{Costs}$$





# Thank you!

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