

Overview of the Western Wood Products Industry

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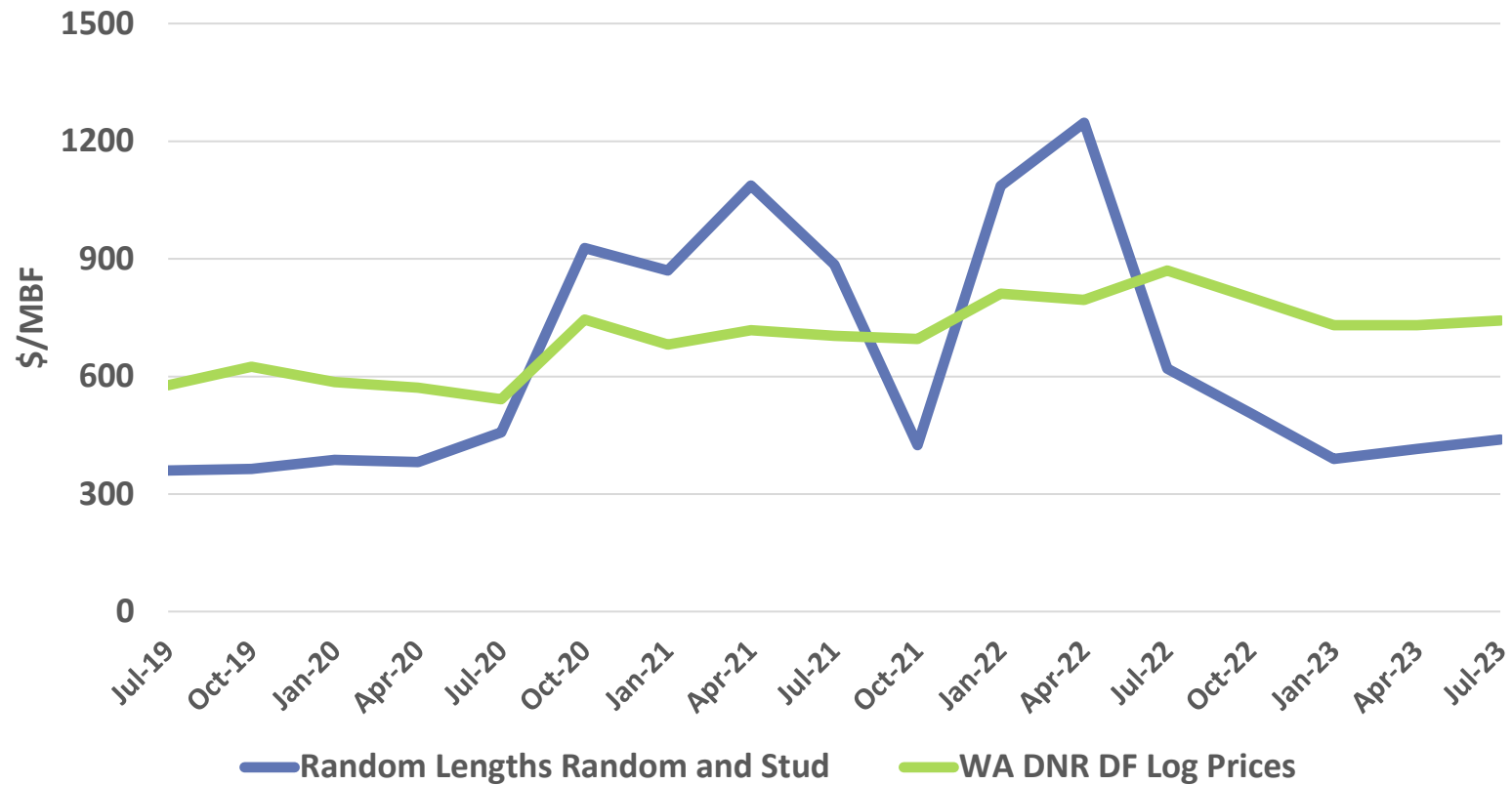
Western Region Meeting

September 20, 2023

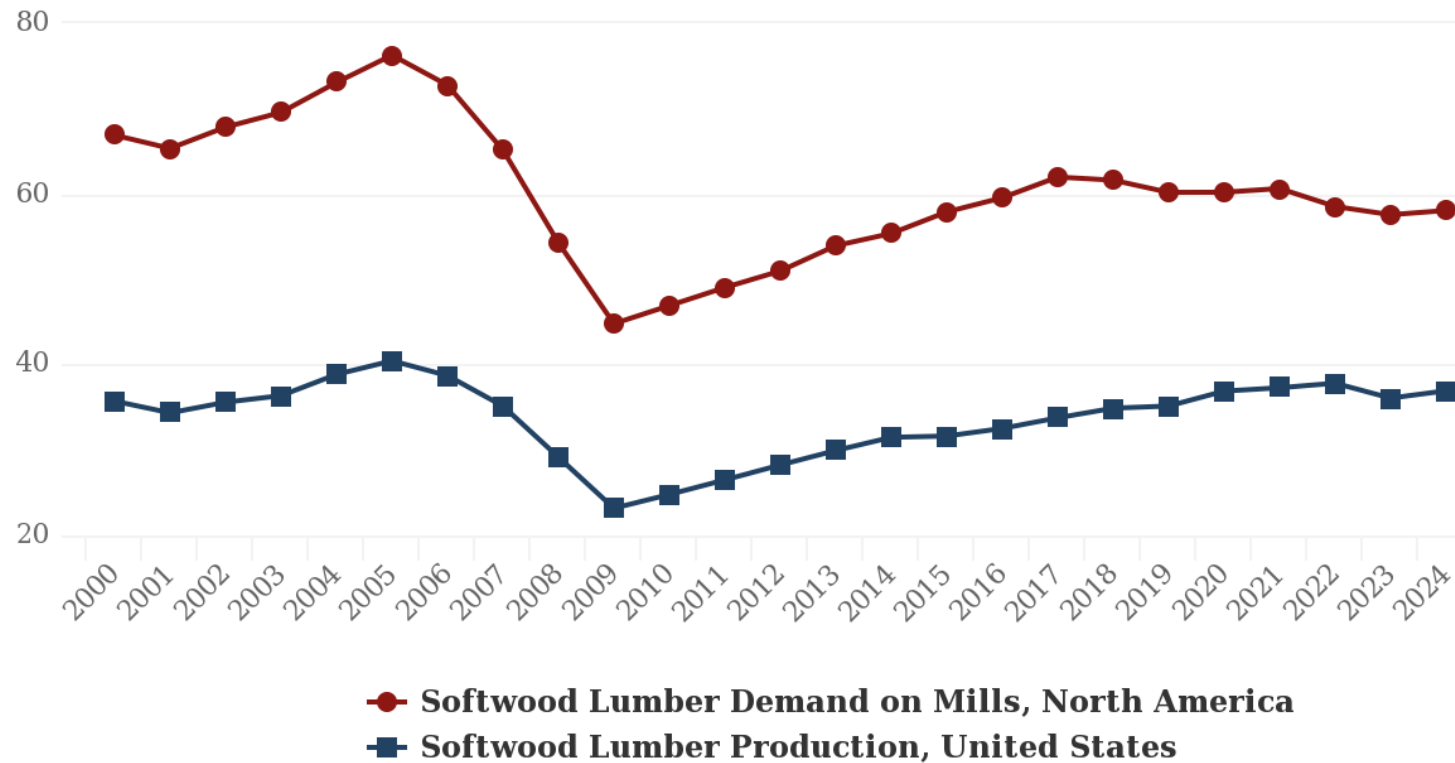


Markets

Northwest Lumber and Log Markets

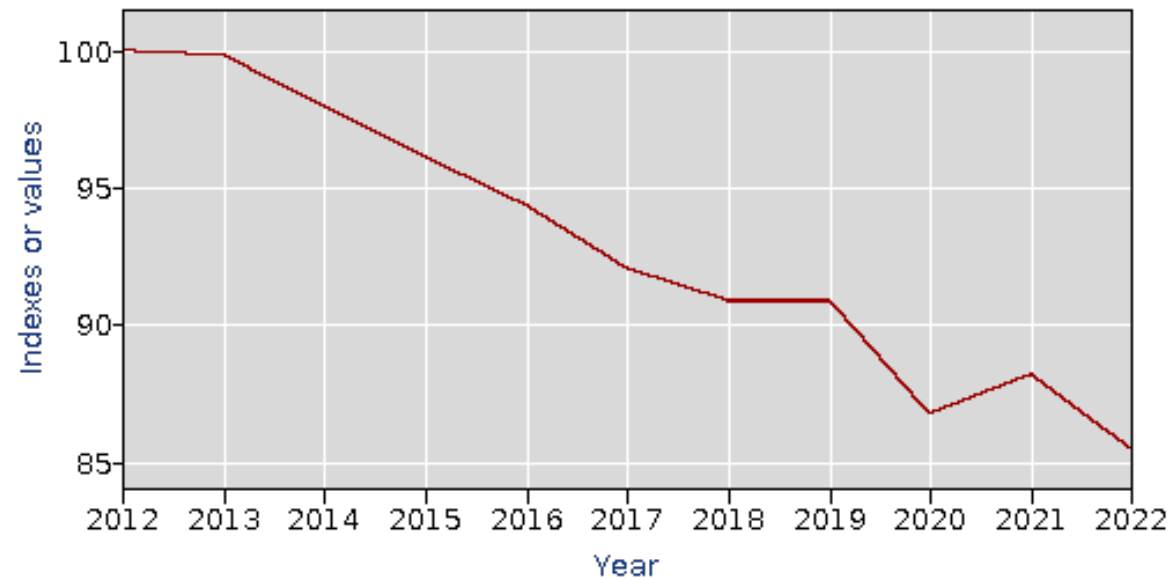


Softwood Lumber Demand and Production



Paper Manufacturing Output

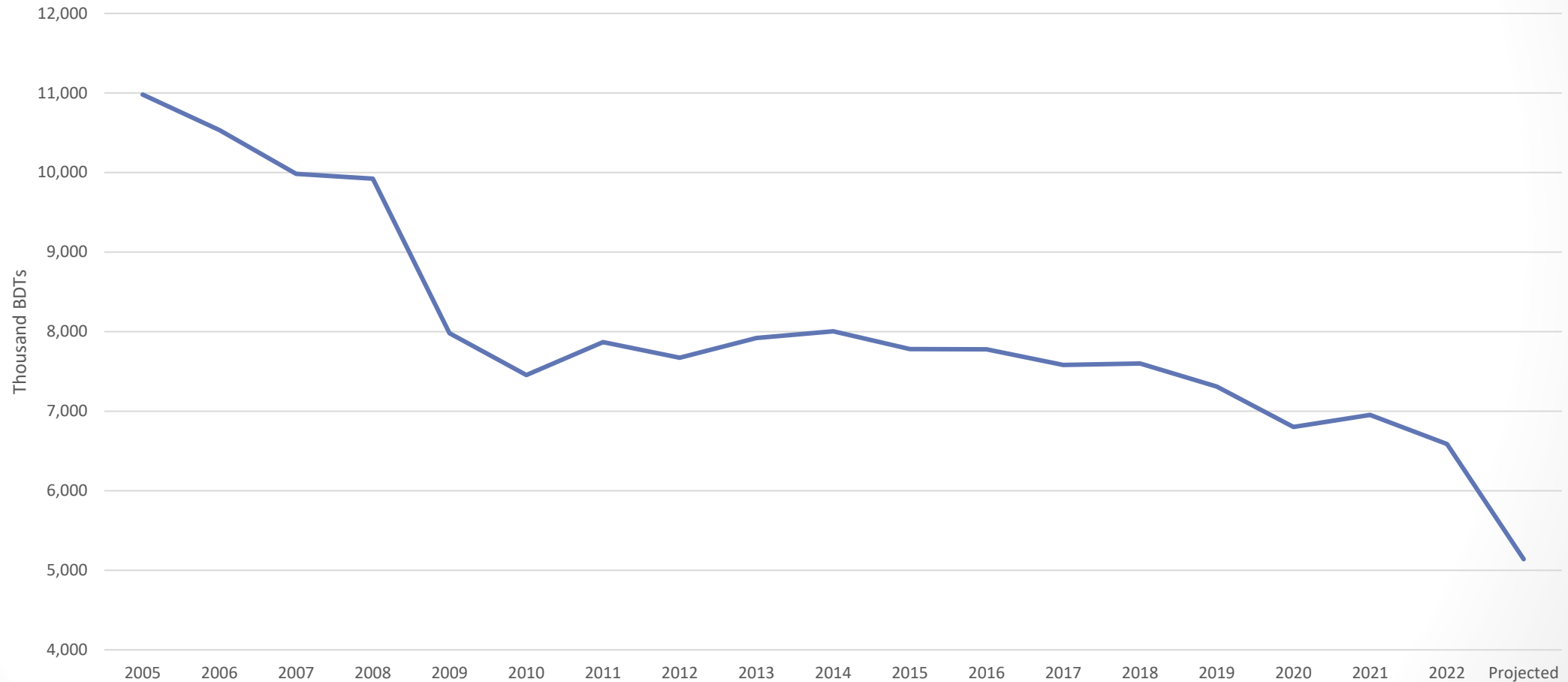
Annual real sectoral output (index, 2012=100) for NAICS 322, paper manufacturing, U.S. total



Source: U.S. Bureau of Labor Statistics

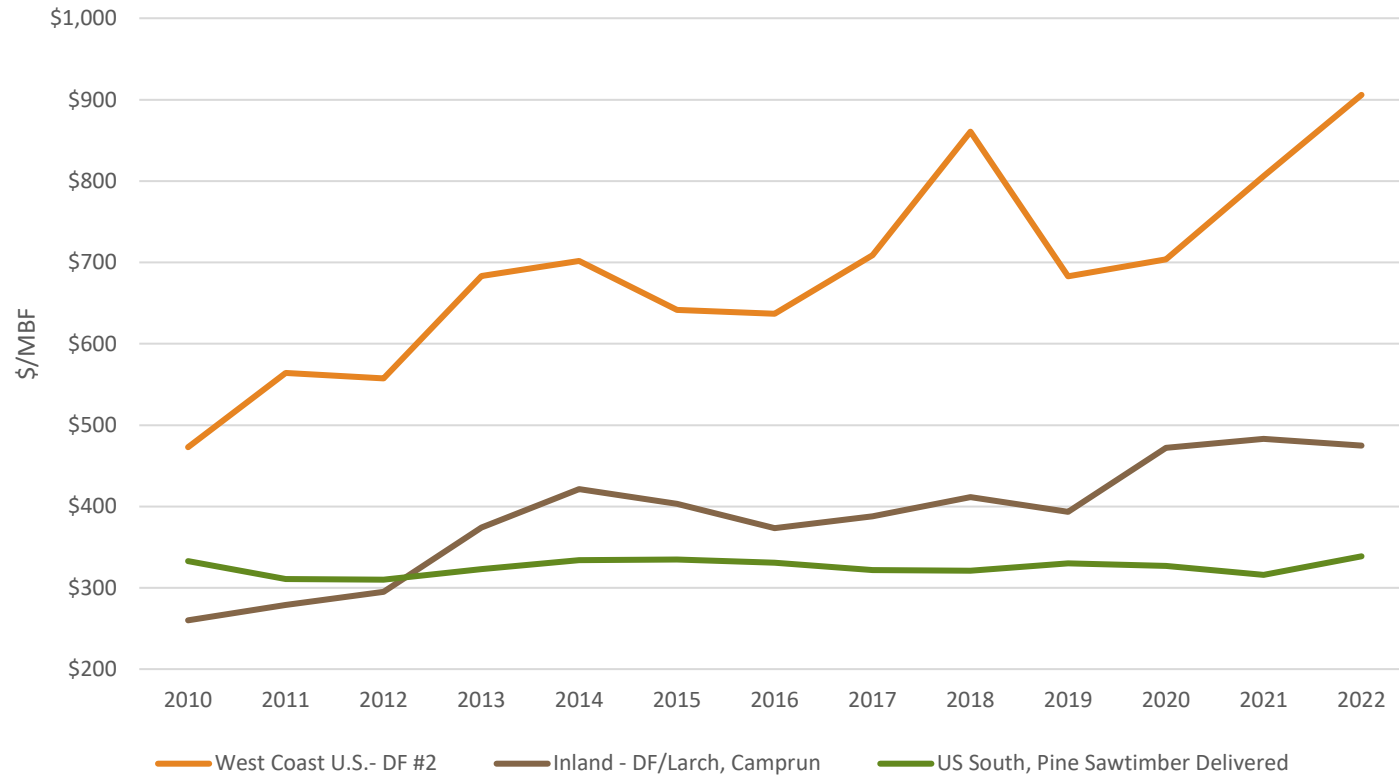
Chip Consumption

Western Region Fiber Consumption



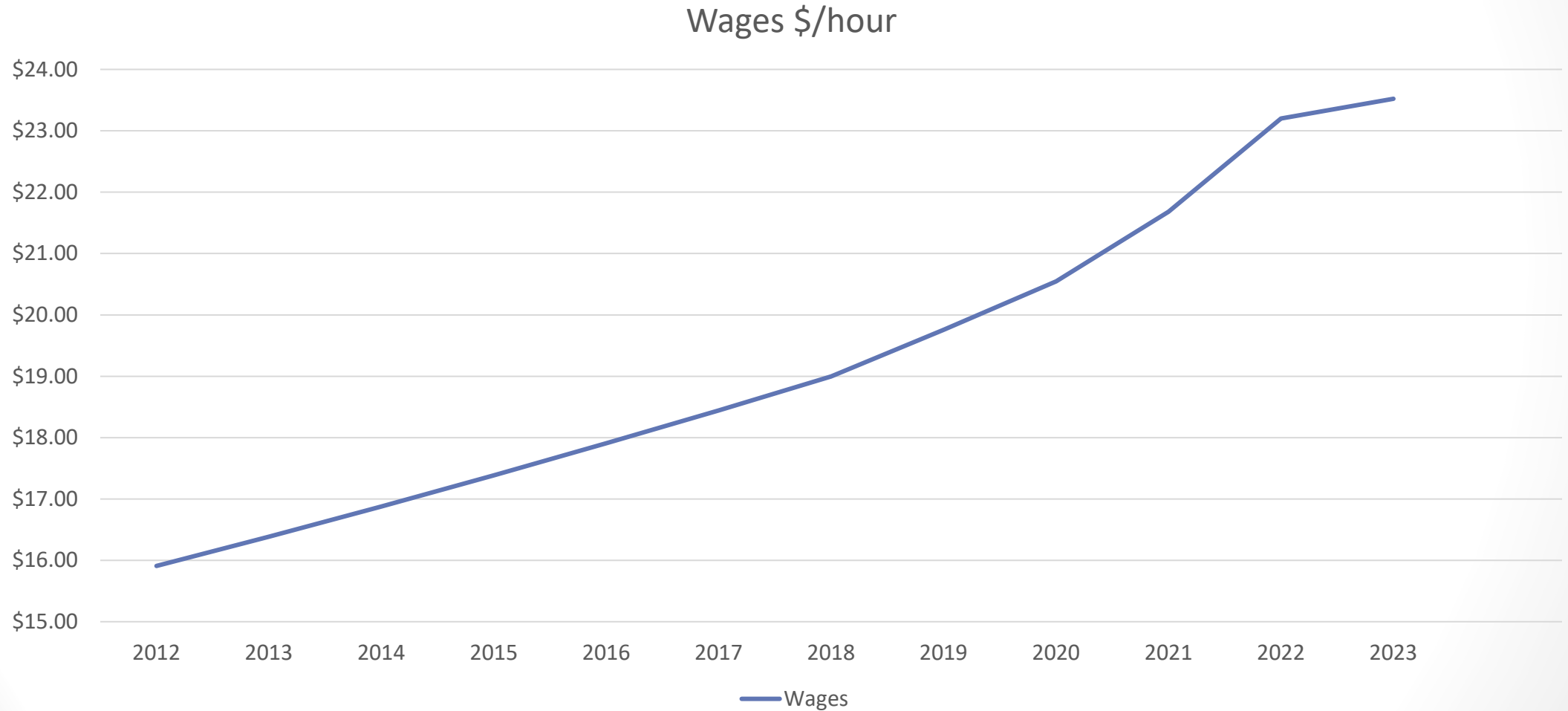
Source: U.S. Bureau of Labor Statistics

Log Costs – West Coast vs. Inland vs. U.S. South (2010 -2022)

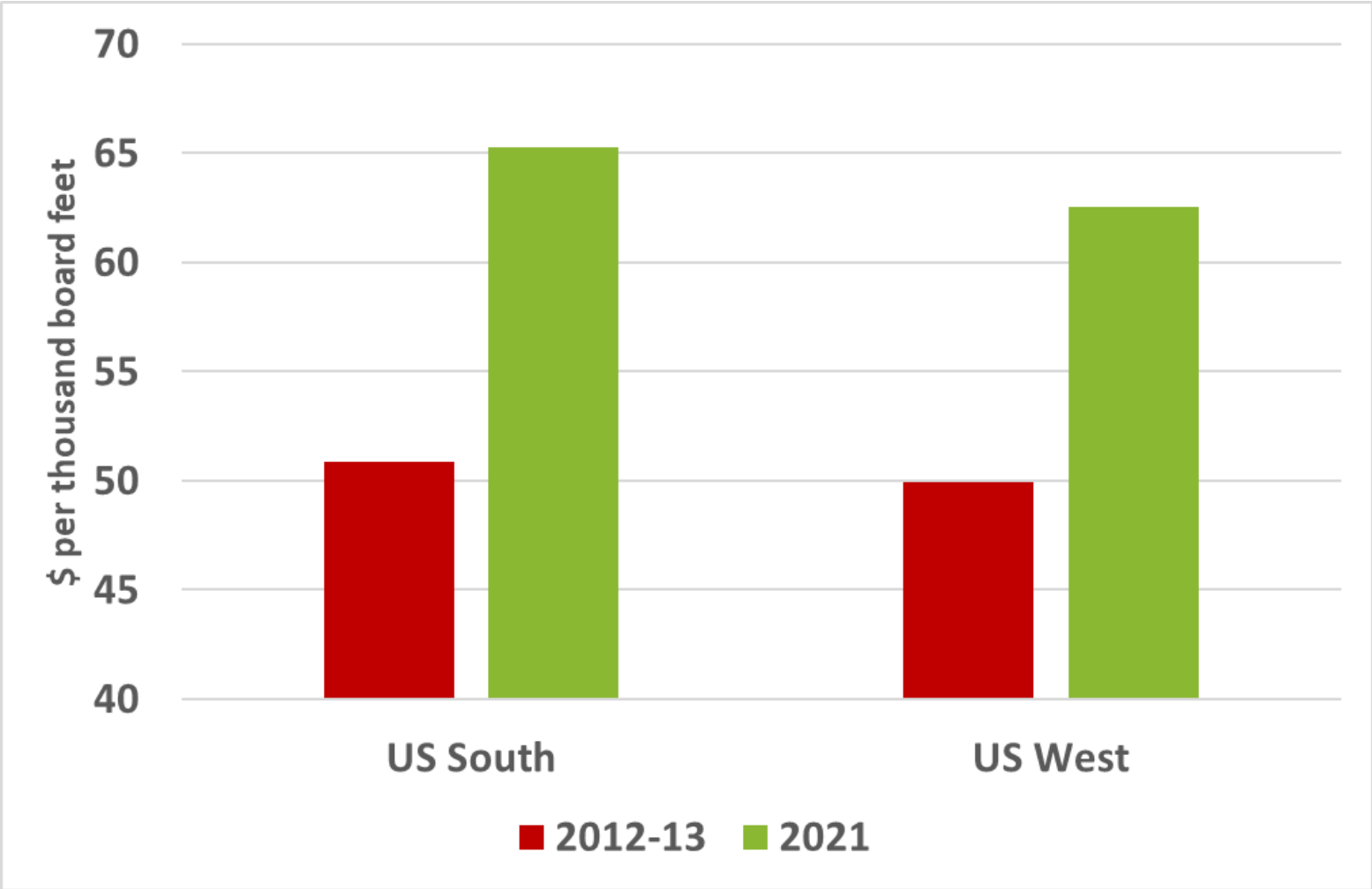


Source: RISI Log Lines; Timber Mart South; University of Montana, Bureau of Business and Economic Research

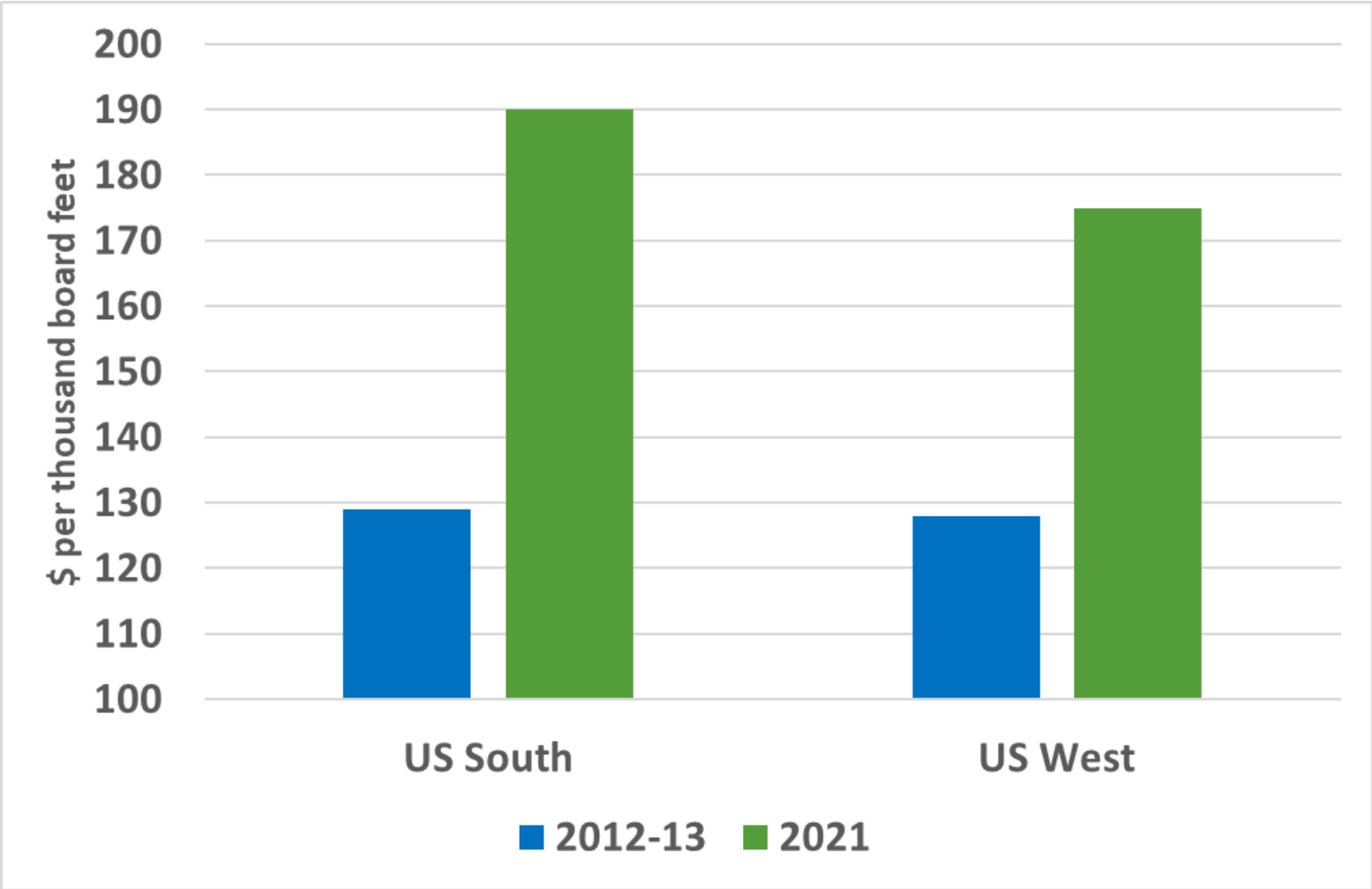
Wage Increases



Labor Costs Over Time



Conversion Costs Over Time



The Results

- Top quartile companies have spent to improve their businesses
 - Automation and/or expansion
- Significant reduction in pulp & paper production
- Modest reduction in lumber production
- Companies seeking opportunities to utilize residuals
 - Pellets
 - Biomass
 - Alternative products

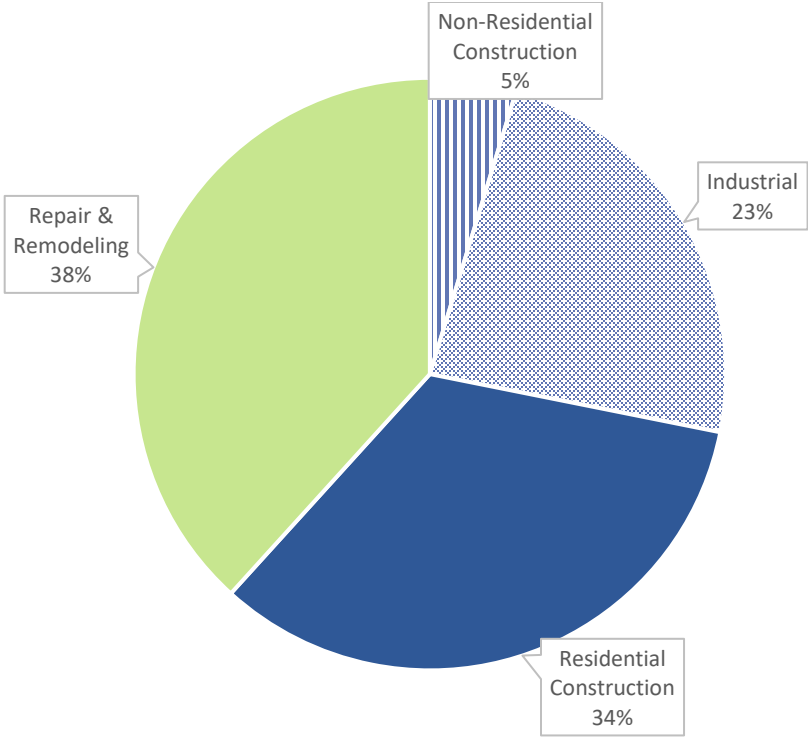
End Use Markets for Softwood Lumber in the United States

Lumber Usage 2018-2022

BBF

% of Market

Total Market Size = 53.3 BBF

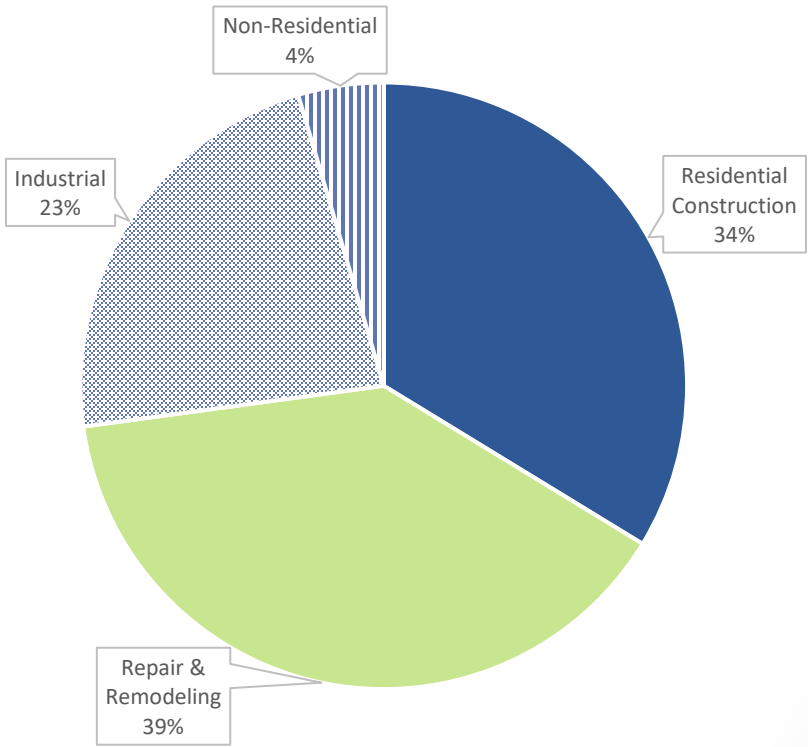


Lumber Usage 2022

BBF

% of Market

Total Market Size = 59.3 BBF

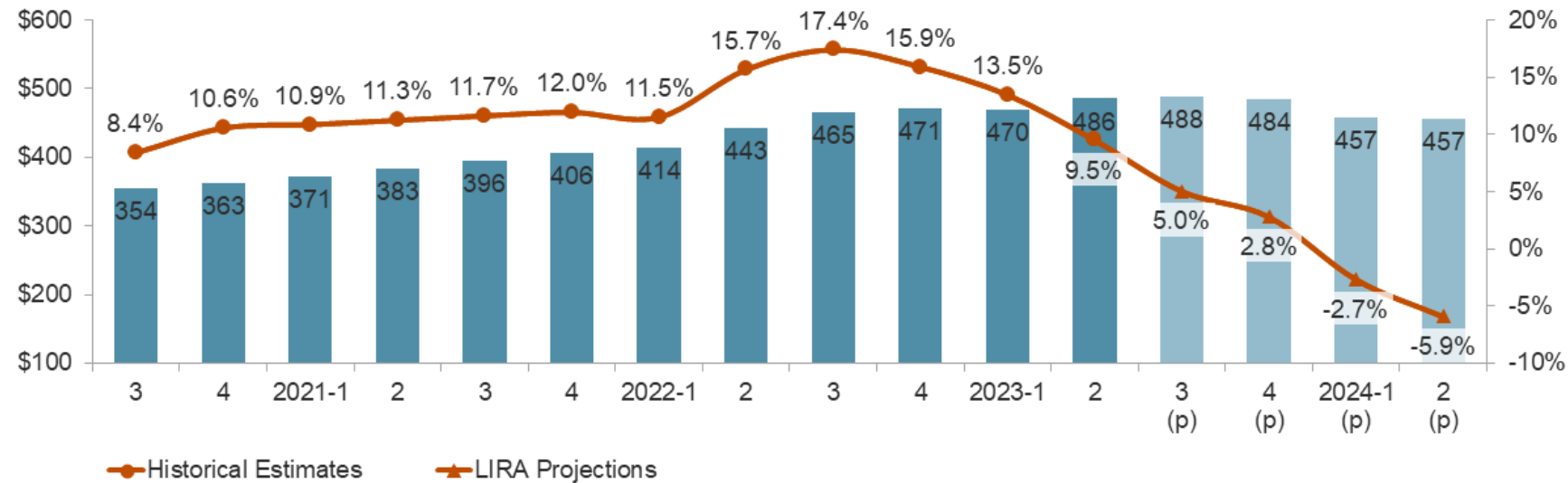


Source: FEA

Remodeling Activity


Leading Indicator of Remodeling Activity – Second Quarter 2023

Homeowner Improvements & Repairs
Four-Quarter Moving Totals
Billions



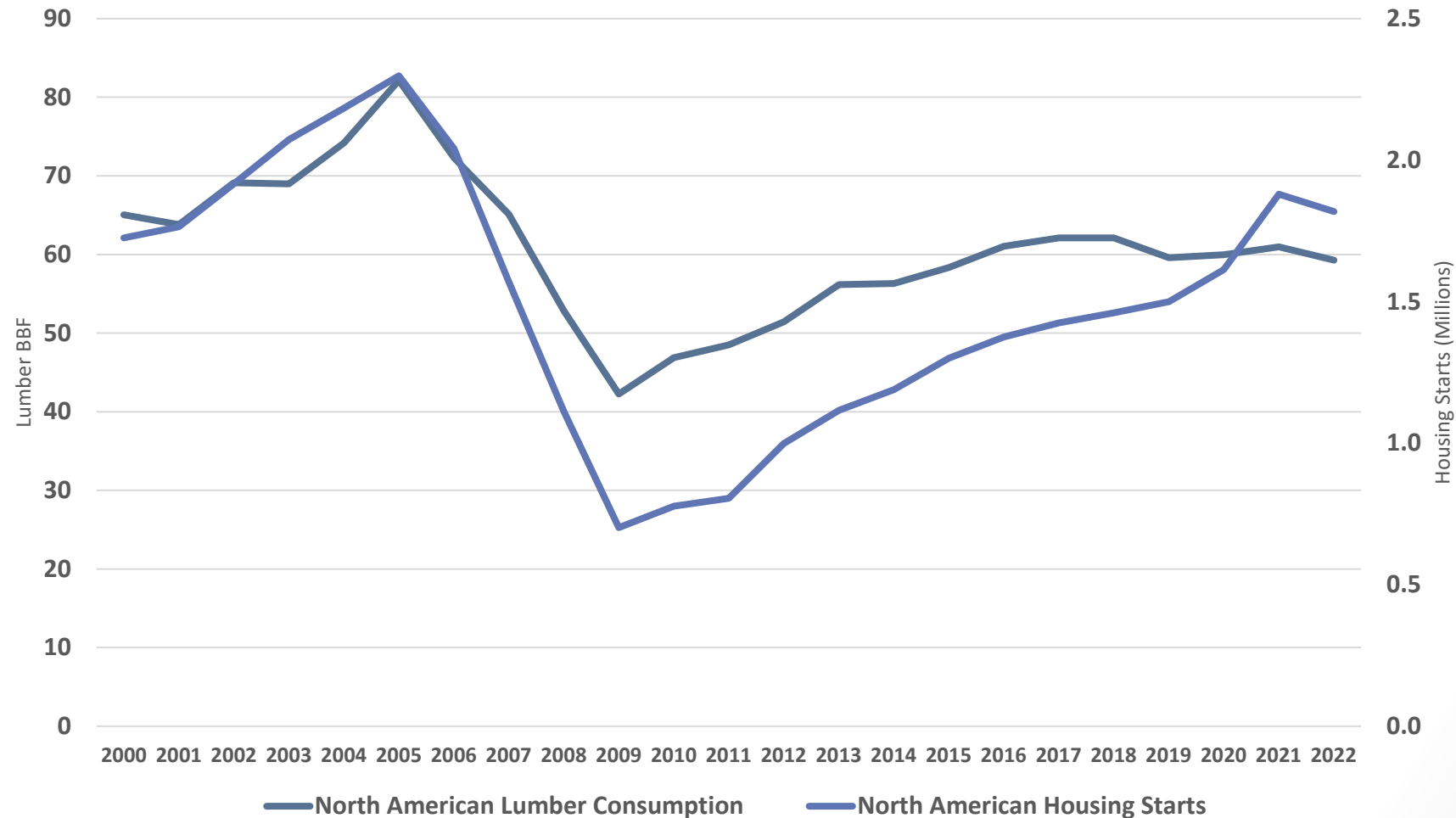
Notes: Improvements include remodels, replacements, additions, and structural alterations that increase the value of homes. Routine maintenance and repairs preserve the current quality of homes. Historical estimates since 2021 are produced using the LIRA model until American Housing Survey benchmark data become available.

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Joint Center for Housing Studies of Harvard University 

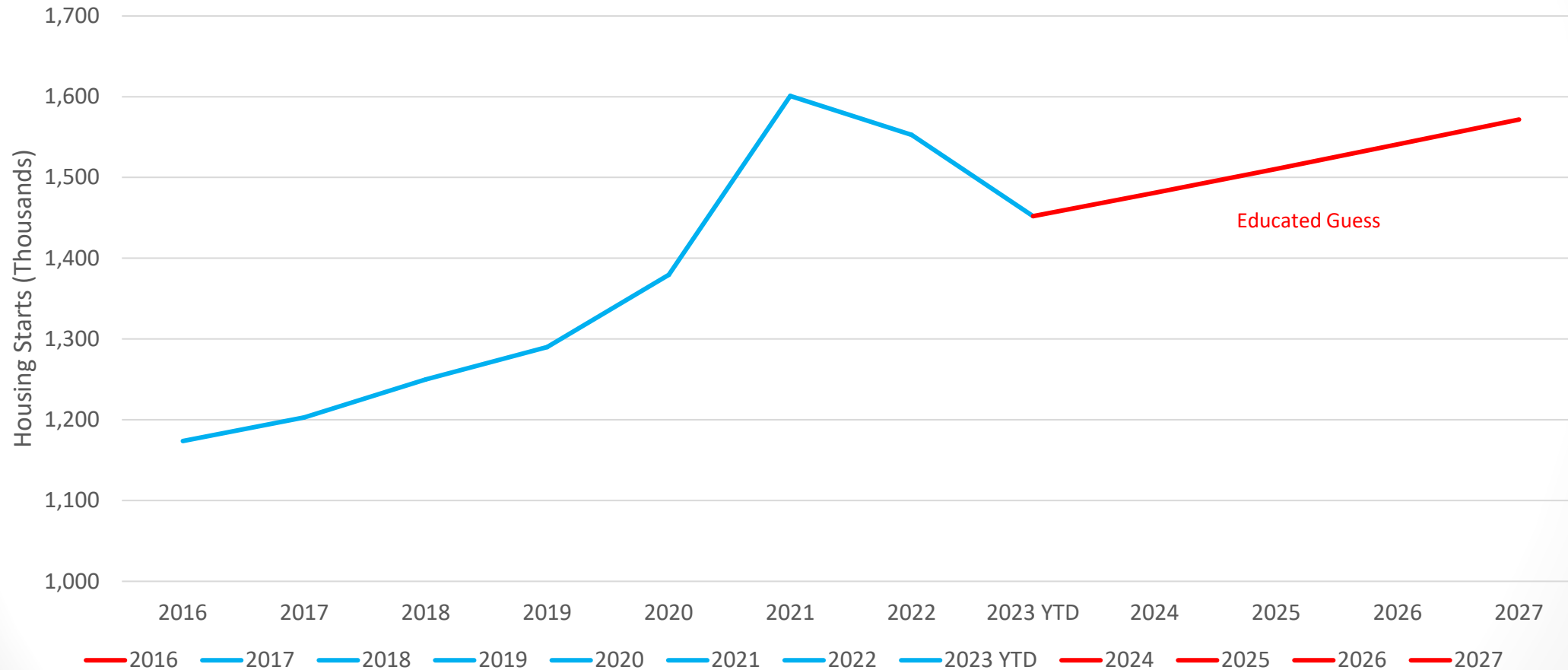
US Housing Starts are Highly Correlated to North American Lumber Demand

(Left Axis is board feet/year in billions, Right Axis is housing starts in millions)



Housing Starts

Total Starts



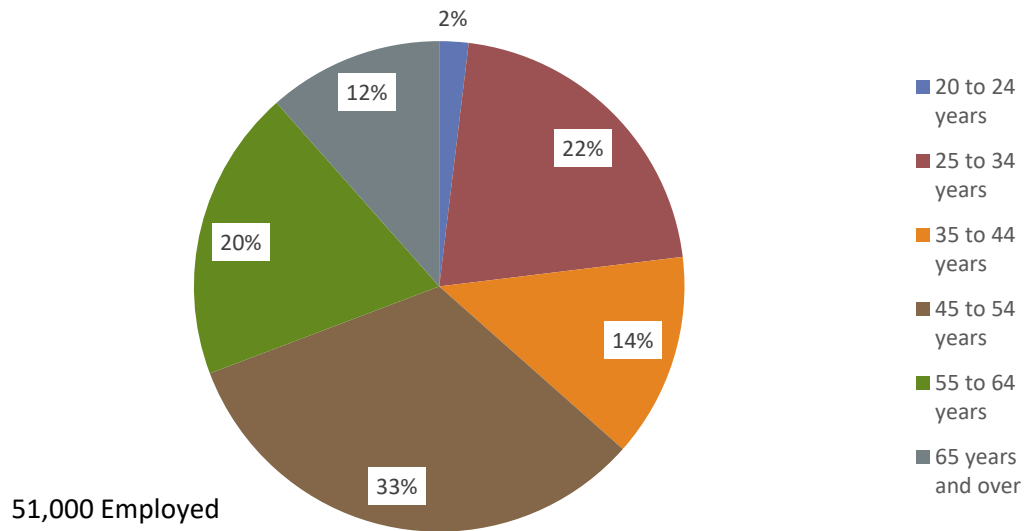
Carbon

Enhancing Forest Resilience and the Role of Forests in Dealing with Climate Change

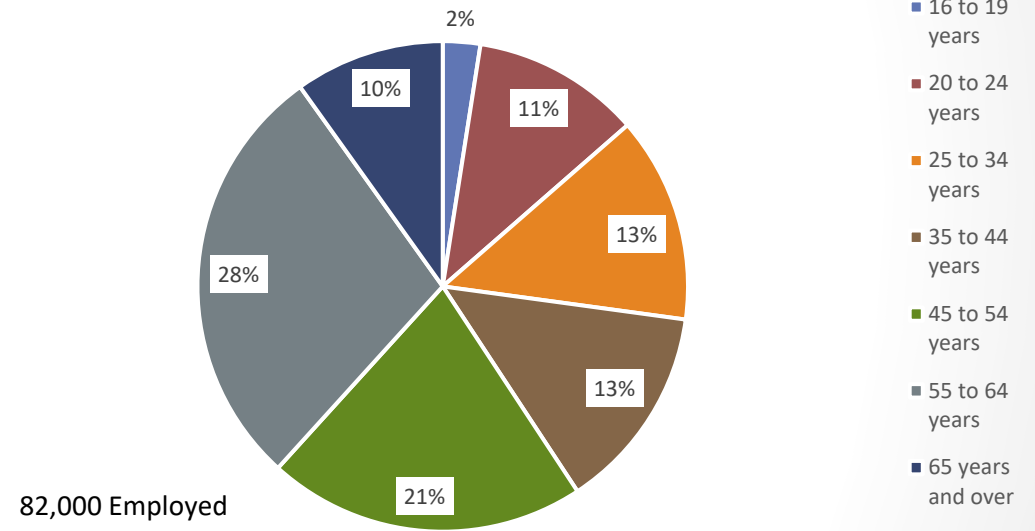
- Increasing Carbon Storage in Forests with Tree Planting and Carbon Payments to Private Landowners,
- Increasing Carbon Storage in Forest Products through Mass Timber Construction and USDA Forest Service and National Institute of Food and Agriculture programs,
- Increasing the Use of Forest Biomass for Energy, and
- Placing Greater Emphasis on Climate Change in Federal Program Implementation

Industry Work Force Age

Forestry Employee Age 2022

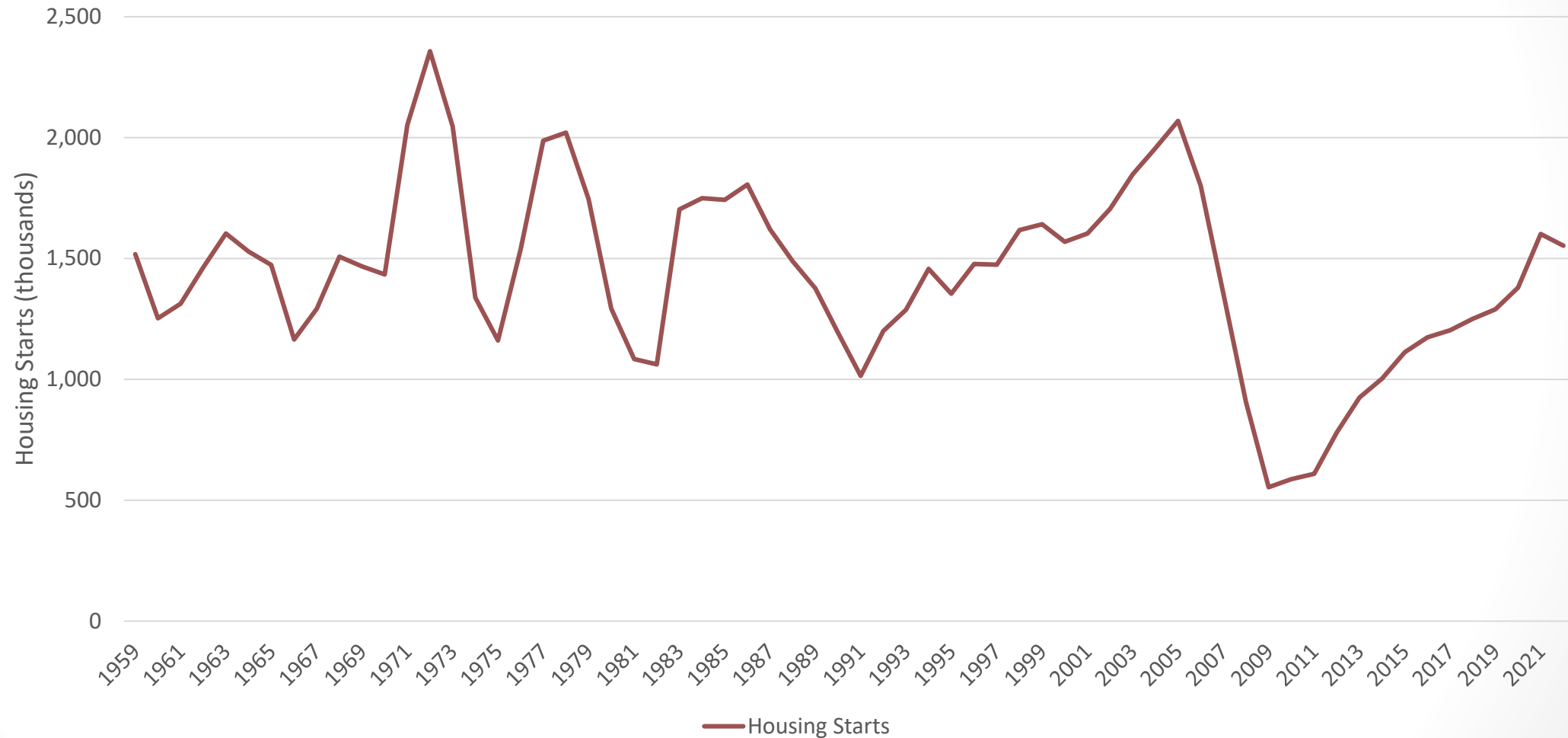


Logging Employee Age 2022



Source: Bureau of Labor Statistics

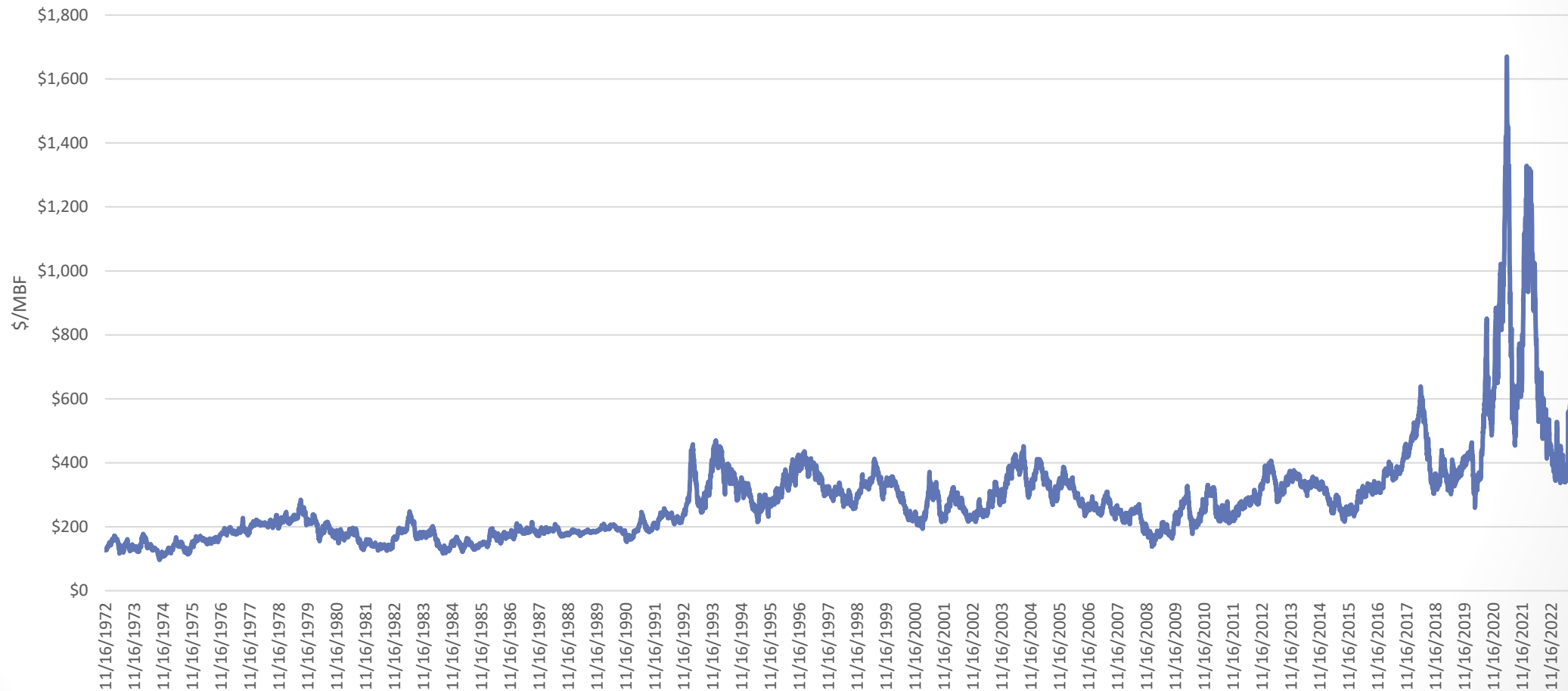
Annual Housing Starts Since 1959



Source: U.S. Census Bureau

CME Historical Lumber Prices

50 Years of Lumber Prices



<https://www.macrotrends.net/2637/lumber-prices-historical-chart-data>>Source