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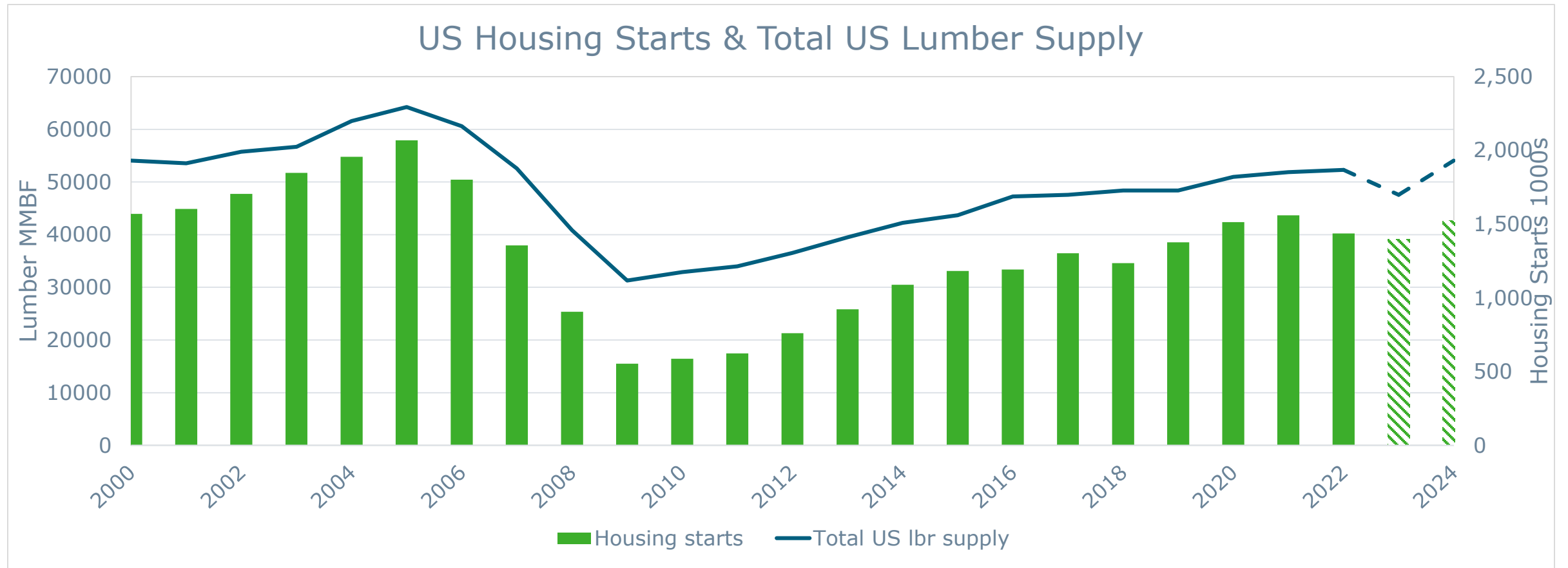
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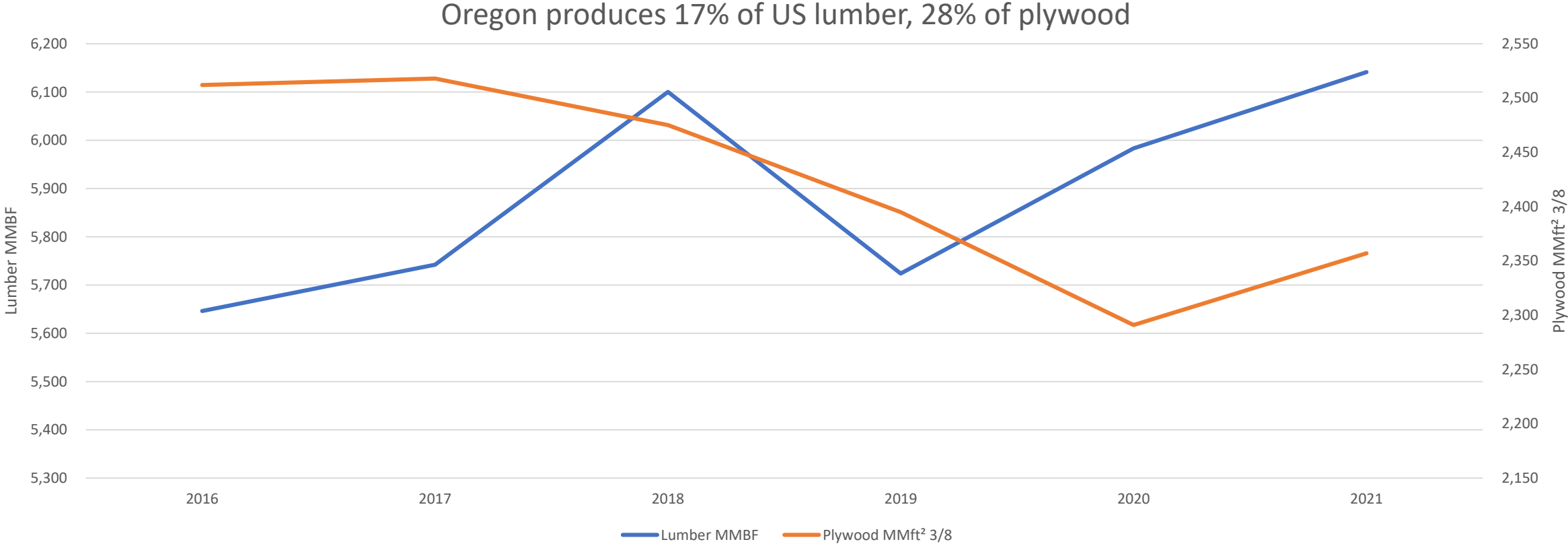
# North American Lumber Market Trends: Implications for Oregon

Oregon Board of Forestry  
January 4, 2023

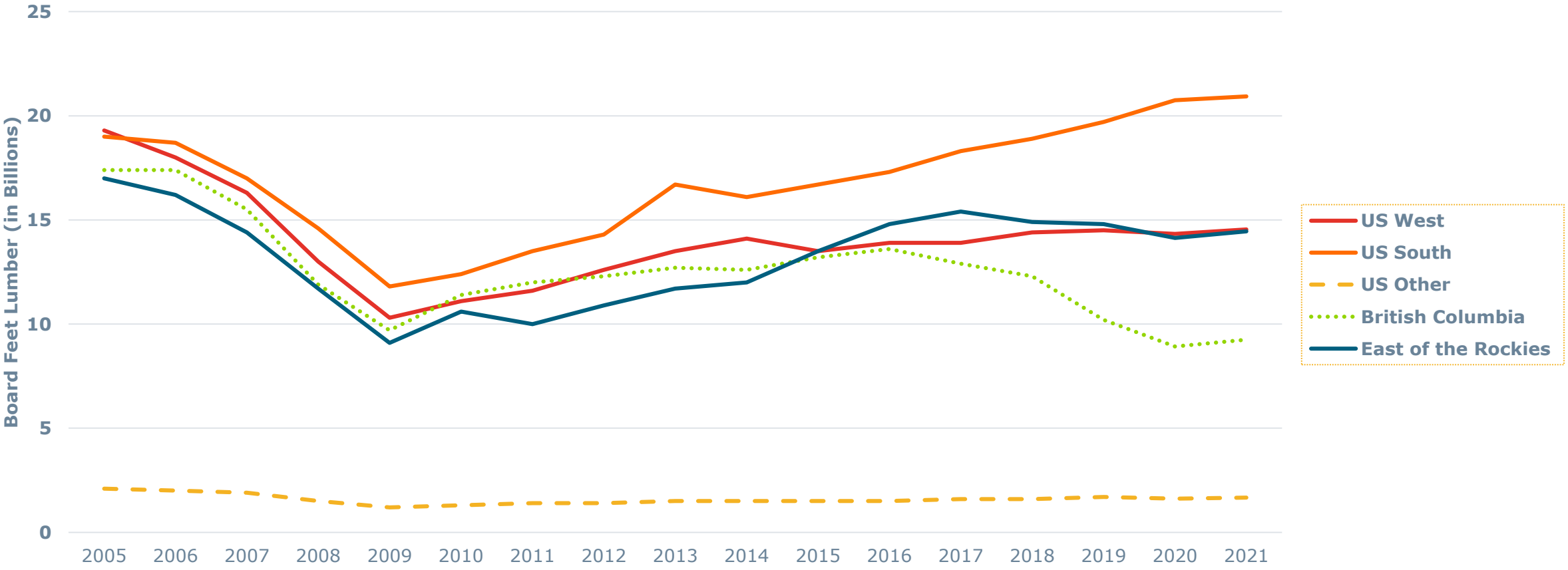
# US suffers from affordable housing shortage



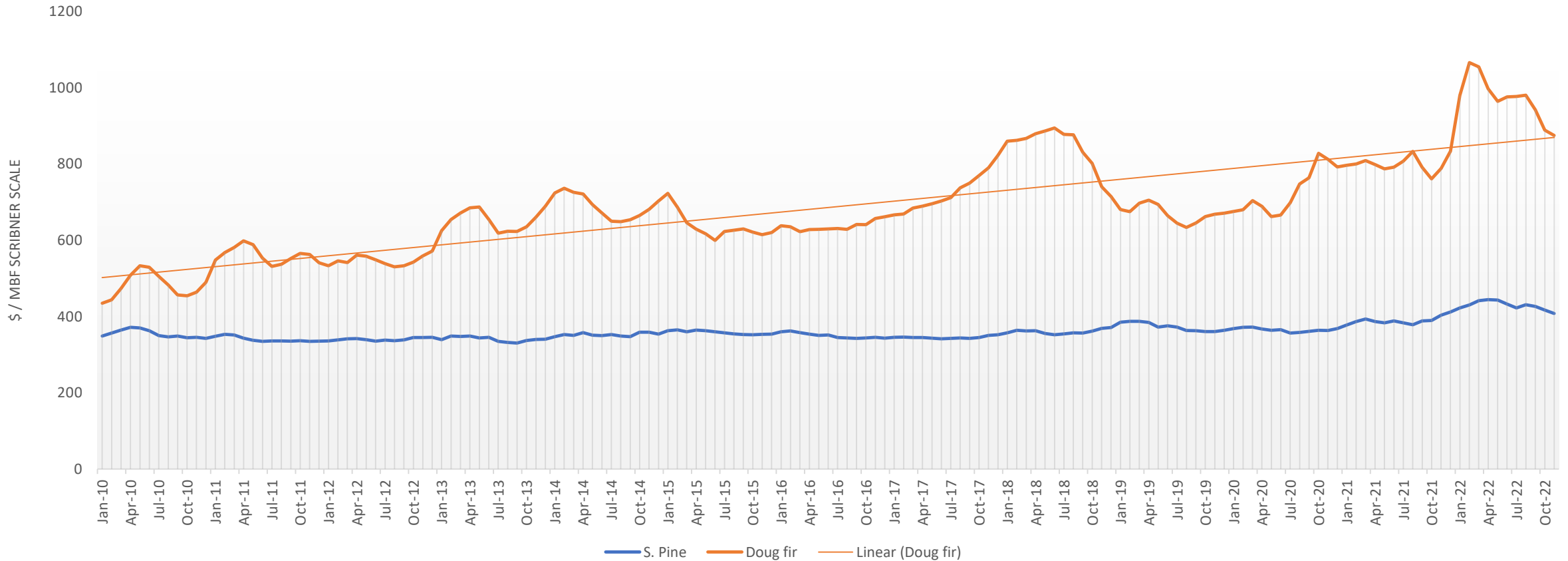
# Oregon remains the largest producing state of lumber and plywood



# US Southern region is now N.A. largest softwood producer



# Oregon Douglas fir logs are far more costly than Southern pine



# NW Log Supply

Oregon Board of Forestry Meeting

January 4, 2023

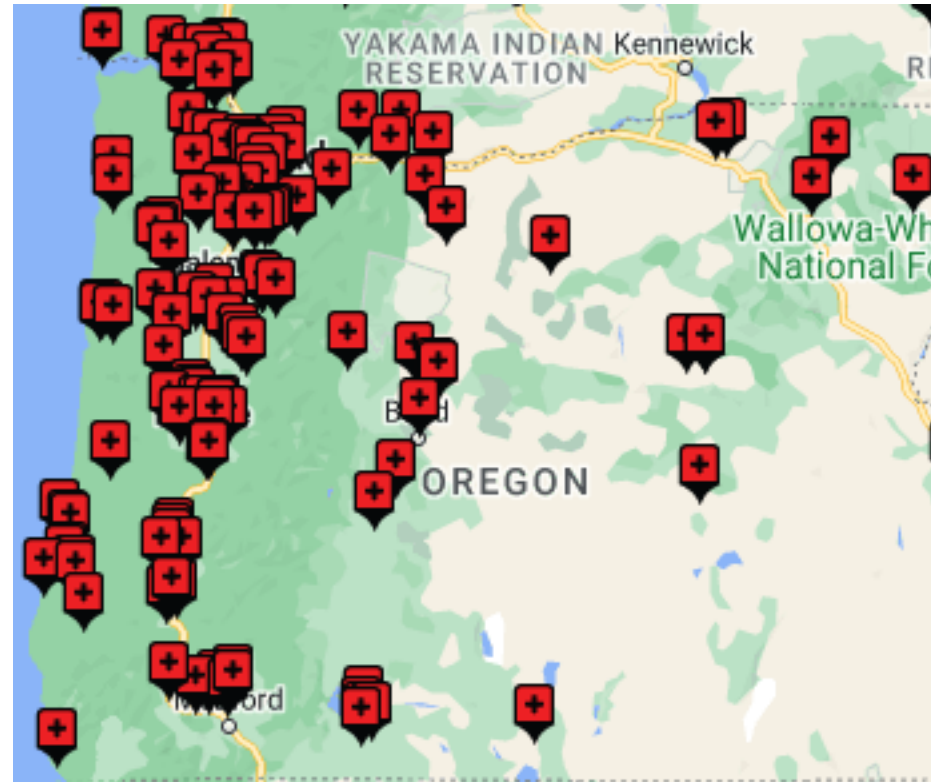
Steve Courtney



# Oregon Forest Products Industry

- Over 150 businesses derive their raw material from harvested timber either directly or indirectly
- Oregon's Forest Sector had 61,970 jobs in 2021

Source: Oregon Forest Resources Institute



Source: OSU Oregon Forest Industry Directory

# Oregon 2020 Labor Day Fires

- Burned 970,900 acres
  - 518,600 Public acres
  - 452,100 Private acres
- MB&G estimates timber harvest reduced by 7 BBF over the next 40 years

Table 30: Annual reduction in future timber harvest (MMbf) from private forestland burned with medium or high severity.

Years	Annual Impacts (MMBF)			Total Impacts (MMBF)	
	Large Private	Other Private	Total	Periodic	Cumulative
2021-25	15	2	17	83	83
2026-30	78	35	113	567	651
2031-35	87	35	122	608	1,259
2036-40	94	35	129	647	1,906
2041-45	109	35	144	718	2,625
2046-50	138	34	172	859	3,484
2051-55	170	59	229	1,147	4,631
2056-60	201	65	267	1,333	5,964
2061-65	168	54	222	1,111	7,075

Source: Economic Impacts to Oregon's Forest Sector. 2020 Labor Day Fires. Prepared by Mason, Bruce & Girard and Forest Economic Advisors for the Oregon Forest Resources Institute



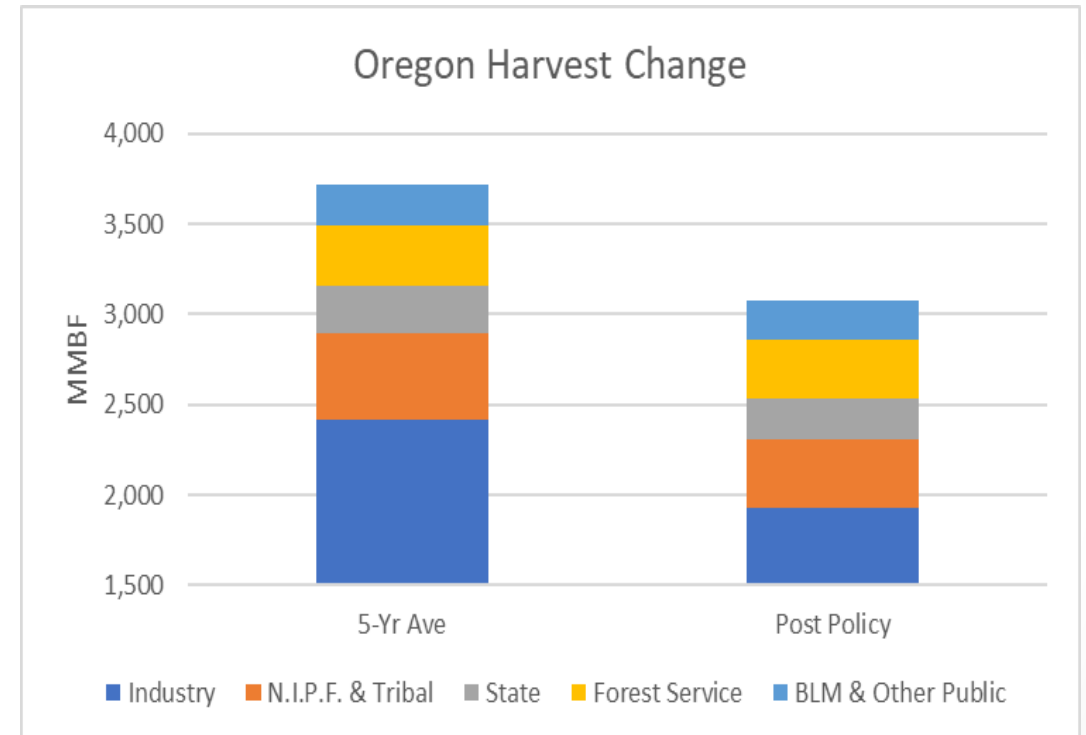
# Oregon Private Forest Accord

Estimated to impact 15% of land base

	MMBF
Average harvest 2017-2021 (MMBF/yr)	2,896
<u>Impact from 2020 Labor Day Fires (MMBF/yr)</u>	<u>-177</u>
Estimated annual volume prior to PFA	2,719
<u>Percent of volume reduced due to PFA</u>	<u>15%</u>
Annual volume reduced with PFA enactment	<b>408</b>

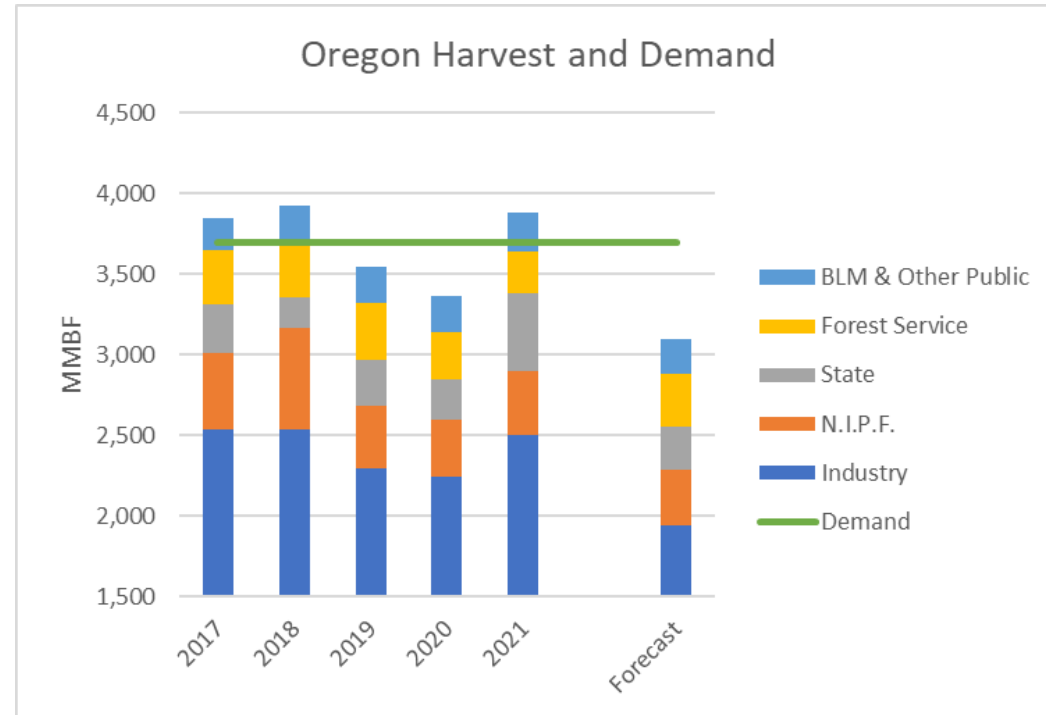
# Projected Oregon Timber Harvest Reductions

- Private Forest Accord: ~ 408 MMBF/year
- 2020 Labor Day Fires: ~ 177 MMBF/year
- HCP for ODF managed lands: ~ 45 MMBF/year
- Total Harvest Reduction: ~630 MMBF/year



# Oregon Log Demand

- 69 log processing mills for lumber and veneer statewide
- Consume estimated total of 3,700 MMBF of logs annually
- Western Oregon has 59 mills consuming approximately 3,350 MMBF of logs annually
- Reduction in supply is equivalent to the average consumption for 11 mills



# Other Supply Influences

- Washington DNR annual harvest expected to decline 124 MMBF annually based on last Sustainable Harvest Calculation
- Volume sold from Federal land has been declining the last two years
- British Columbia annual harvest declining due to old growth deferrals, insect and fire impacts

# Summary

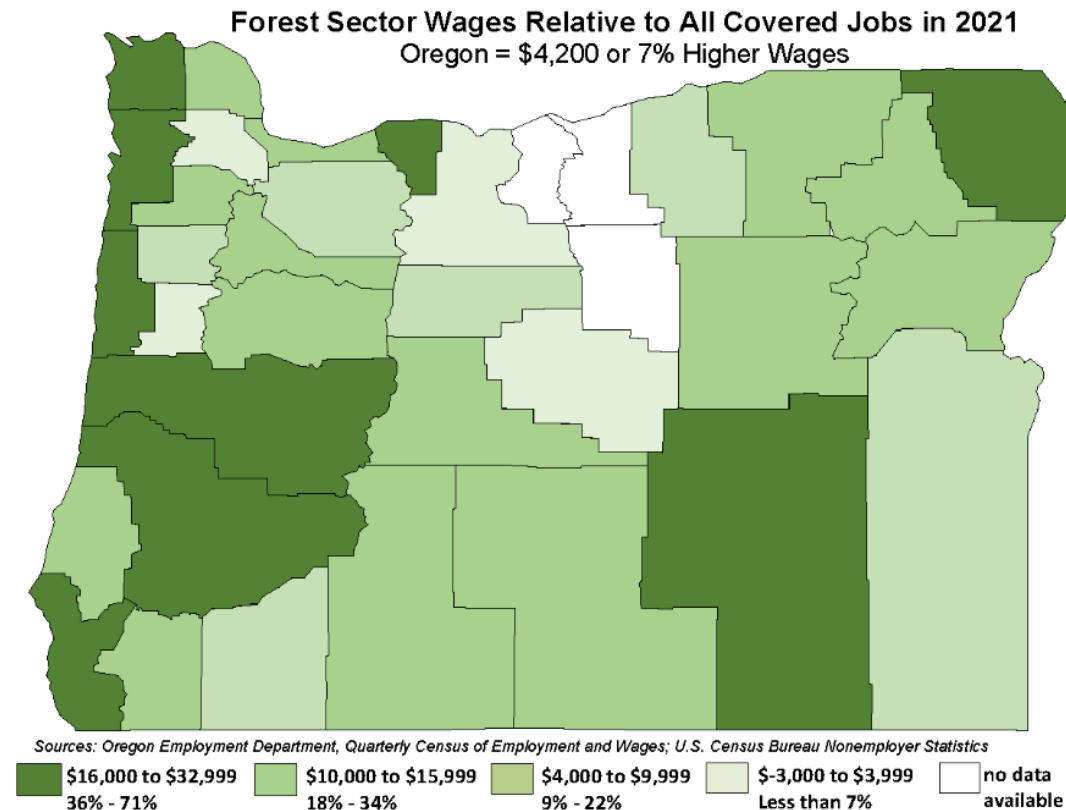
- Impacts from the 2020 Labor Day Fires will reduce available timber for harvest for many decades
- The Private Forest Accord is going to reduce the land base available for harvest
- Washington and British Columbia where volume has been sourced historically are also reducing timber harvest
- The resulting impact of reduced timber harvest in Oregon will equate to nearly 7,000 jobs in the forest products sector.

# Oregon's forest sector provides 62,000 jobs paying 7% above average

“Forest sector-related employment in Oregon totaled 62,000 in 2021, which accounted for 3% of Oregon’s workforce”

“In Grant County, one out of every five jobs (20%) was forest-related. The sector accounted for more than 10% of total employment in Crook, Douglas, Jefferson, and Lake counties”

“Clatsop County, where forest sector jobs paid an average of \$77,900, compared with \$45,500 for all jobs”



# Oregon communities depend on State timber harvests

Counties sharing over \$ 1MM annually

State Forest county	5-year average revenue share	ODF annual harvest MBF	County % of harvest
Clatsop	\$ 24,093,348	85,538	36%
Klamath	\$ 1,401,661	8,820	9%
Lane	\$ 4,286,404	13,875	2%
Lincoln	\$ 2,145,744	9,559	6%
Linn	\$ 4,411,971	13,295	4%
Marion	\$ 3,985,096	11,616	13%
Tillamook	\$ 19,727,600	83,691	45%
Washington	\$ 9,917,230	33,951	28%
<b>Total</b>	<b>\$ 69,969,054</b>	<b>260,344</b>	<b>15%</b>

# Closing observations on Oregon's forest industry

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- Nationally there is a persistent shortage of affordable housing
- Softwood lumber and plywood play a vital role in home construction and improvement
- Lumber and panel prices were driven to record highs during pandemic: today prices stand at 2016 level
- Revenue from ODF and Federal timber sales is crucial to community stability
- Oregon mills compete in national and global economy
- Oregon is timber constrained by forest policy decisions on harvest and management
- U.S. South has an abundant supply of softwood sawtimber and is rapidly gaining forest product market share
- Canadian producers have invested in southern sawmill construction and remodel
- Reliable and steady timber supply is necessary to encourage long-term investment





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## Questions?

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