



Idaho's Forest Products Industry Current Conditions and 2021 Forecast

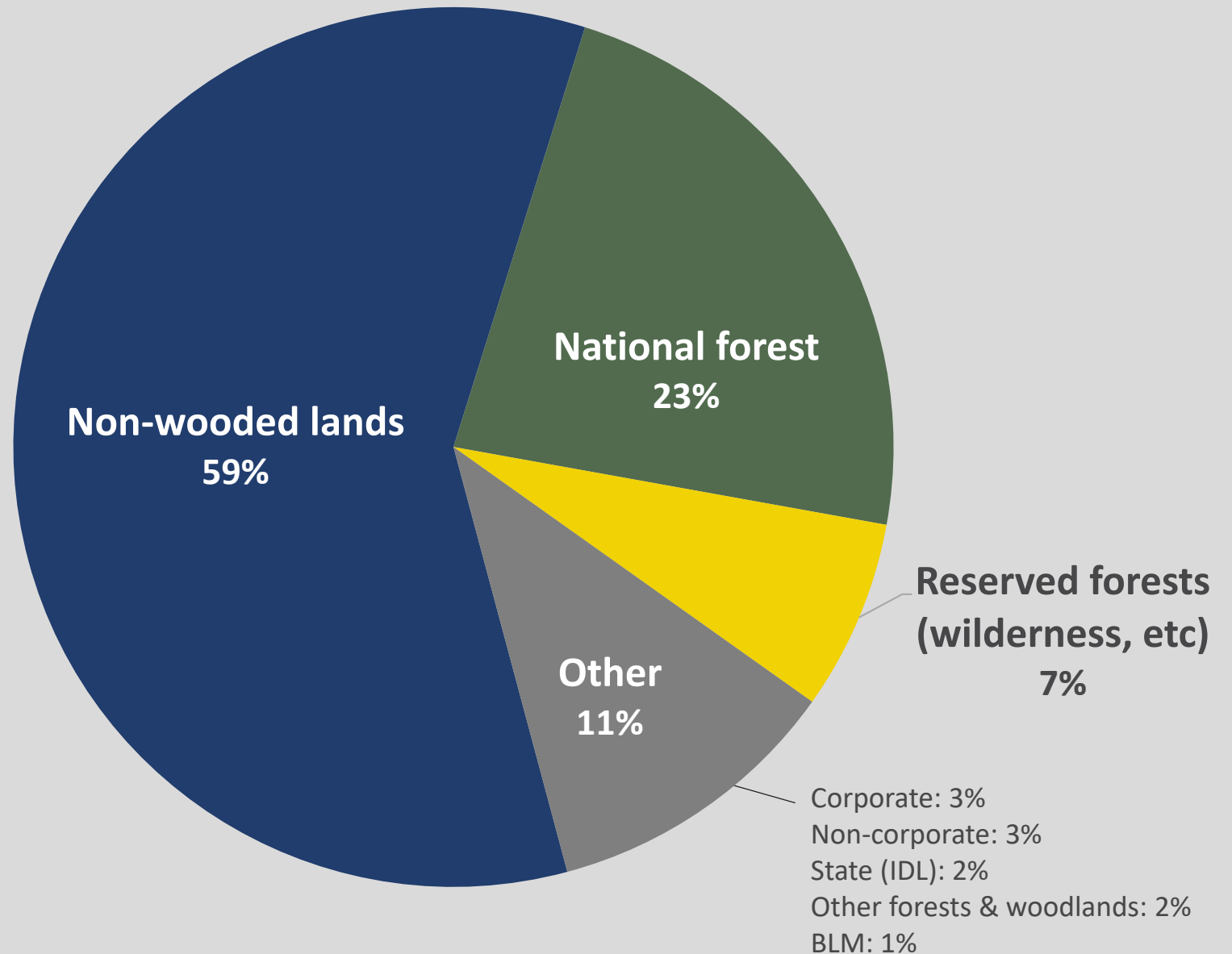
Idaho Legislature Joint Economic Outlook and Revenue Assessment Committee
Peter Stegner | Principal, Riley Stegner and Associates
January 7, 2021

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RILEY STEGNER AND ASSOCIATES

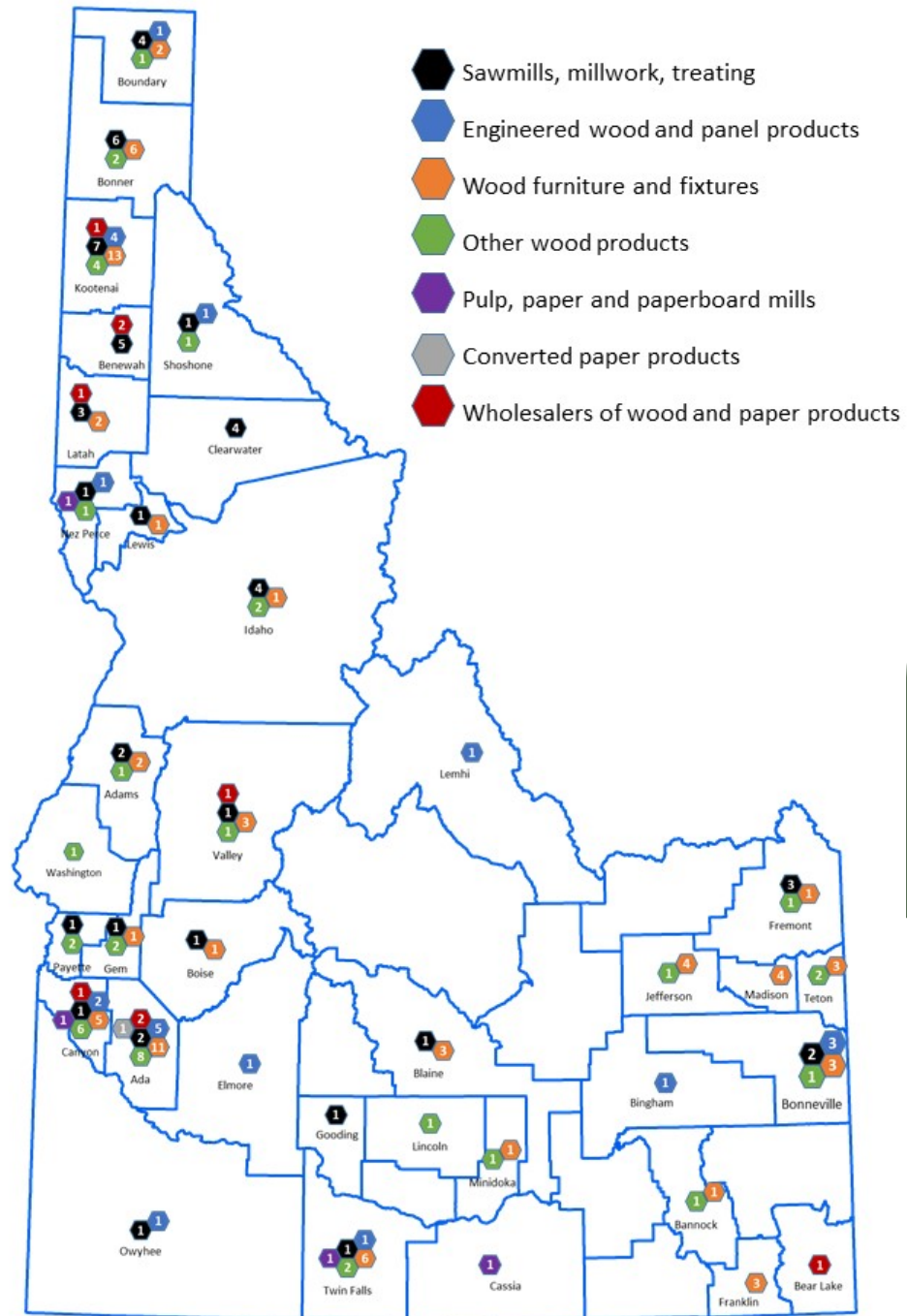
Idaho's Forests

Idaho has **21.5 million acres of forestland** spanning from the Canadian border to the southern edge of the state. **Over 40 percent of Idaho is covered in trees.**



Economic Importance of Idaho's Forests

- More than **\$2 billion** to state's gross product
- **31,000 jobs**
- More than **\$3 billion** in sales
- More than **\$25 million** in tax revenue



200+
manufacturing
and wholesaling
businesses

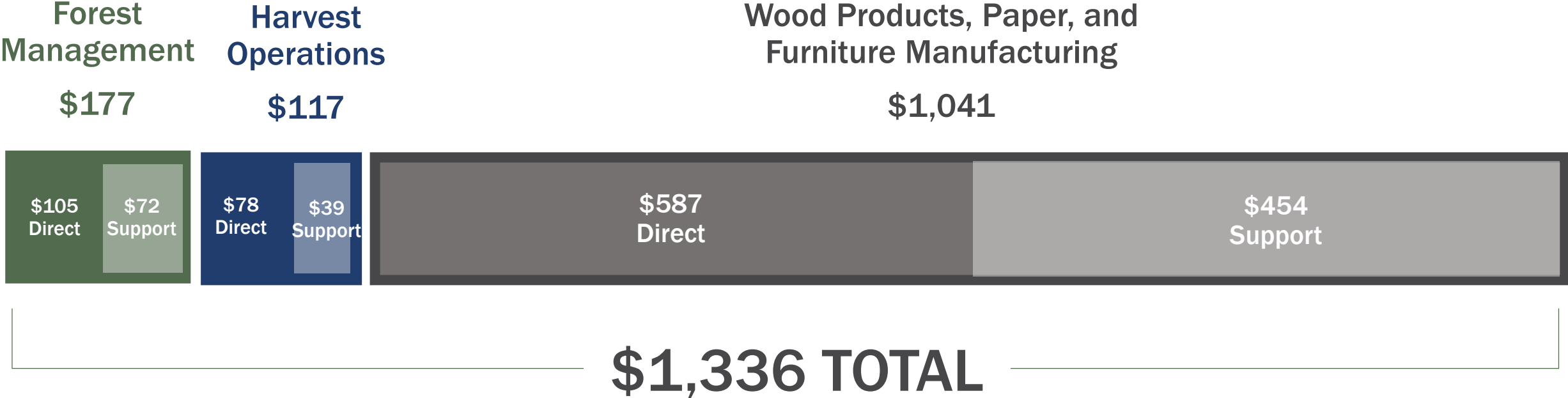
Breakdown of Economic Contributions to Idaho's Economy

Employment



Breakdown of Economic Contributions to Idaho's Economy

Labor Income (in millions of dollars)



Breakdown of Economic Contributions to Idaho's Economy

Gross State Product (in millions of dollars)



\$2,453 TOTAL

Breakdown of Economic Contributions to Idaho's Economy

Each million board feet of timber harvested in Idaho provides
25 jobs

(13 direct jobs +
12 support jobs)



Operating and Market Conditions in 2020

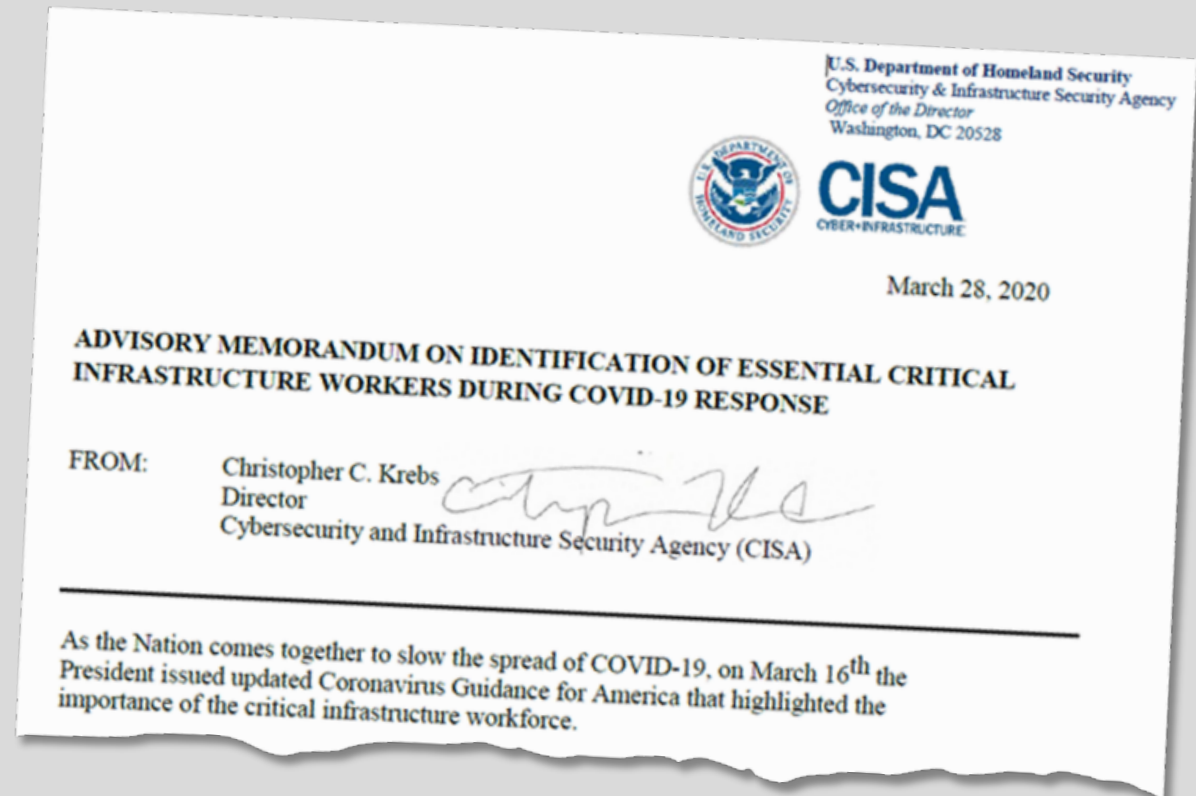
- COVID-19 had broad impacts
- Supply chain challenges caused by uneven status of essential workers
- Market collapse and unemployment
- Inability to keep up with demands
- Dramatic fluctuations in price of lumber



National Emergency Declaration & Essential Workforce

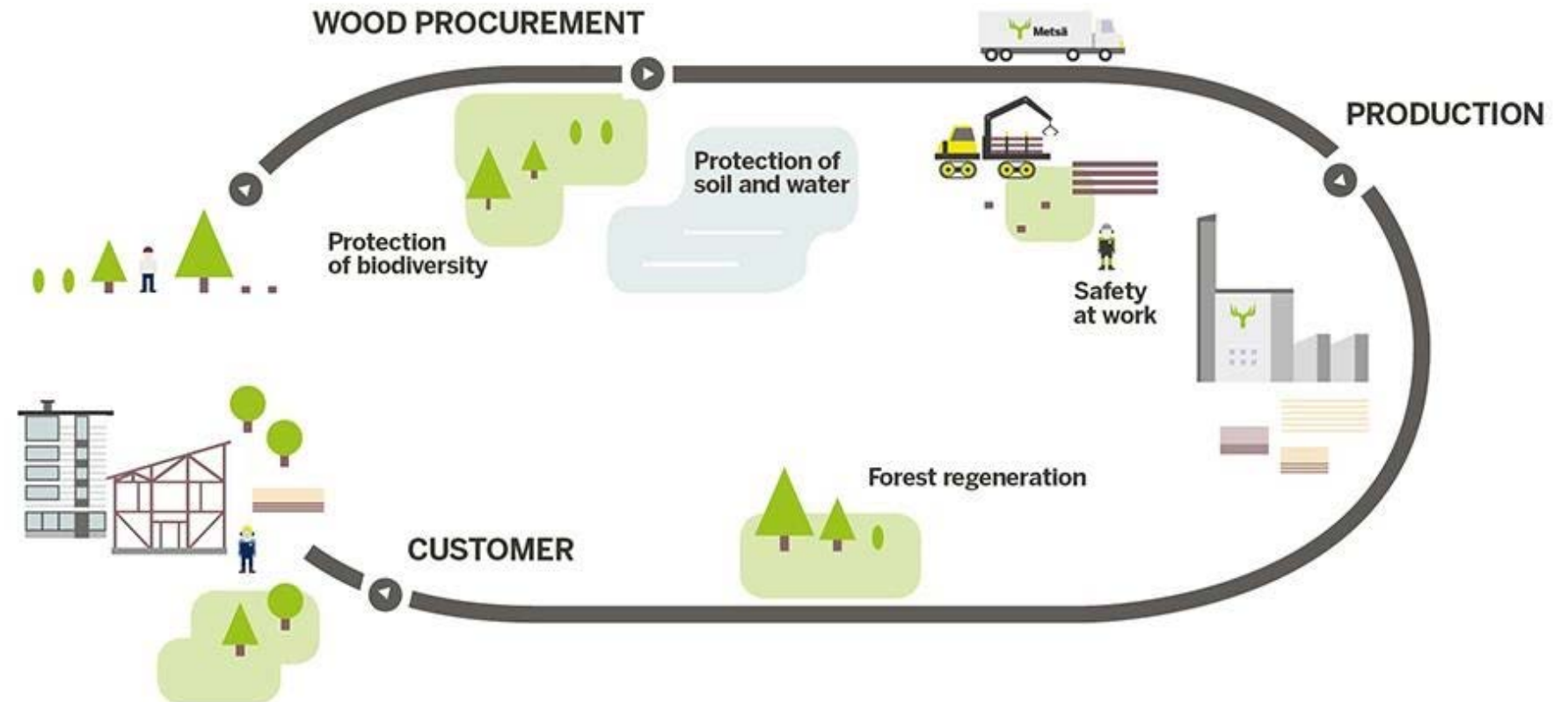
- March 16, Emergency Declaration
- Conversations to specify essential worker categories
- March 28, determination that forest products industry workers are essential

“Workers who support sawmills and the manufacture and distribution of fiber and forest products, including but not limited to timber, paper, and other wood and fiber products.”



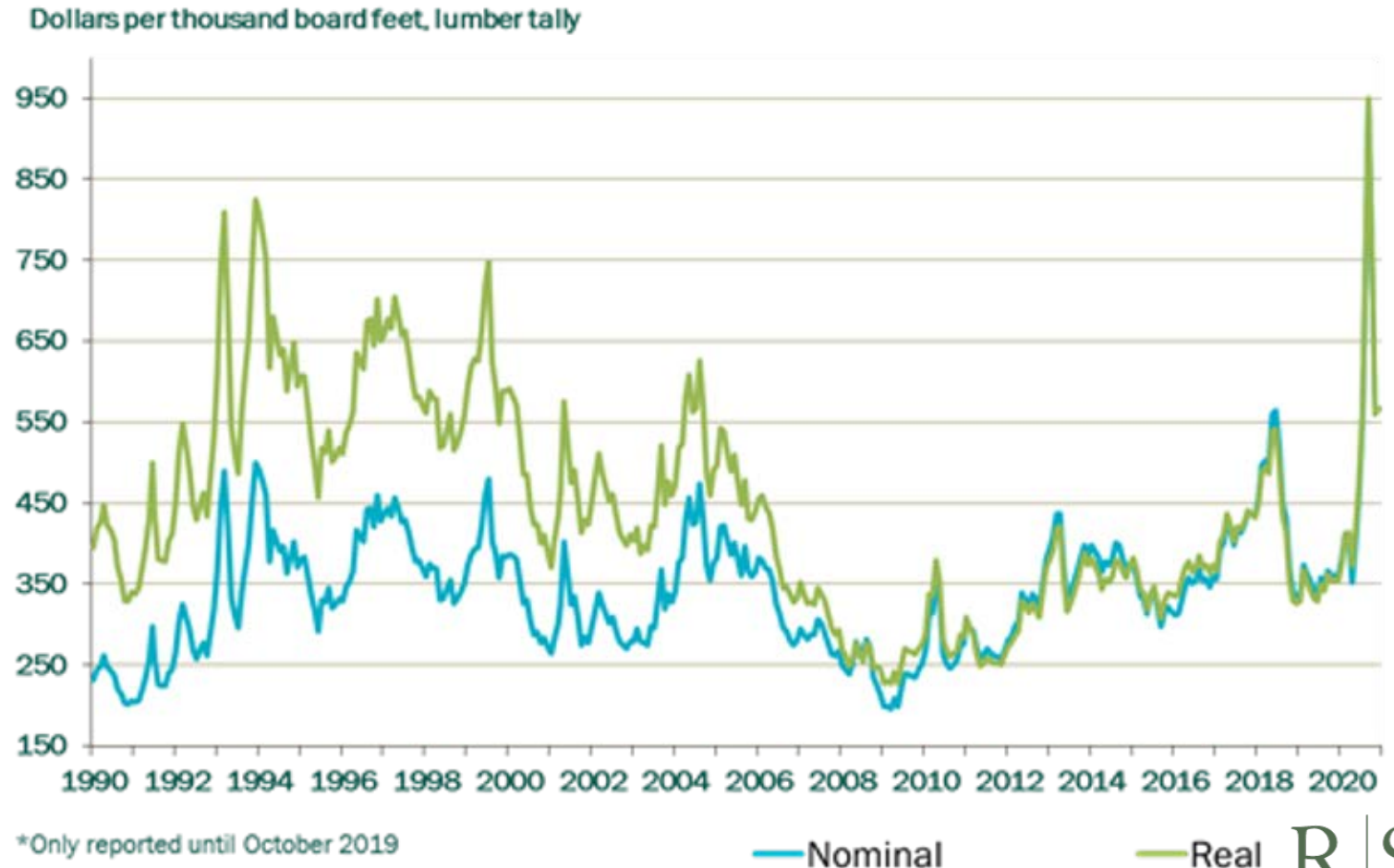
Supply Chain Uncertainties

- Federal essential worker guidance not mandatory
- Some states did not follow guidelines



COVID-19 Impact on Lumber Prices

Nationwide composite
lumber prices
Monthly weighted average
1990-2020*



*Only reported until October 2019

Source: Random Lengths Publications, Inc.



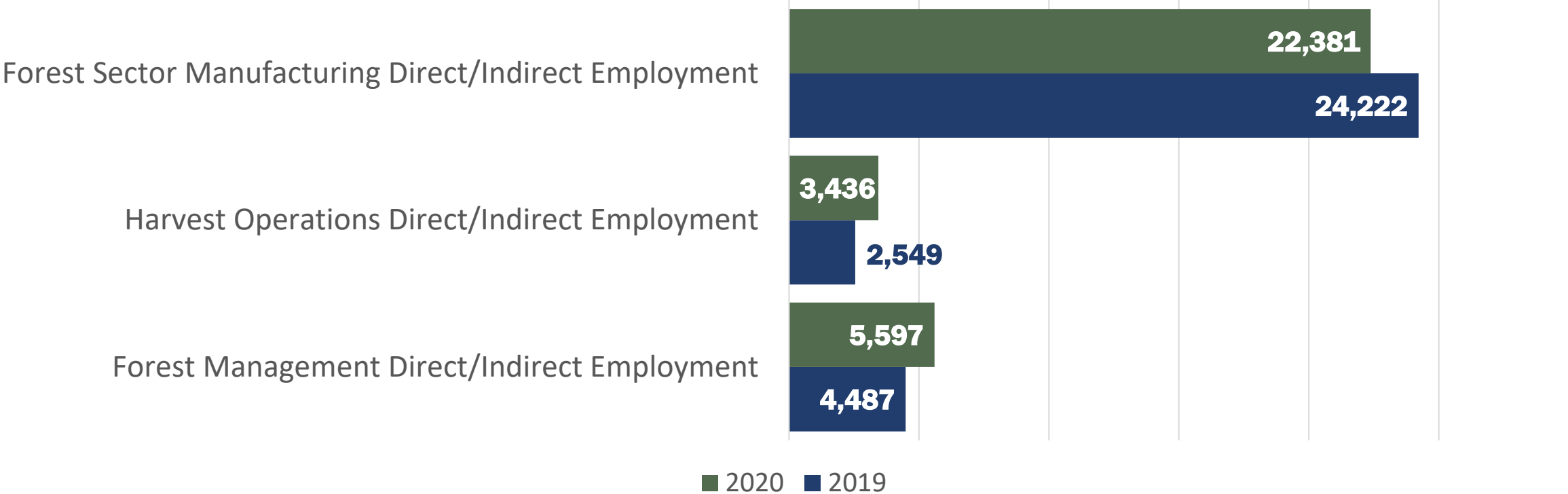
What caused the fluctuations in lumber prices?

- Industry response to recessionary signals
- Stay-at-home orders and DIY projects
- Construction demand and pandemic “new normal”
- Consequences related to remote options and impact on housing



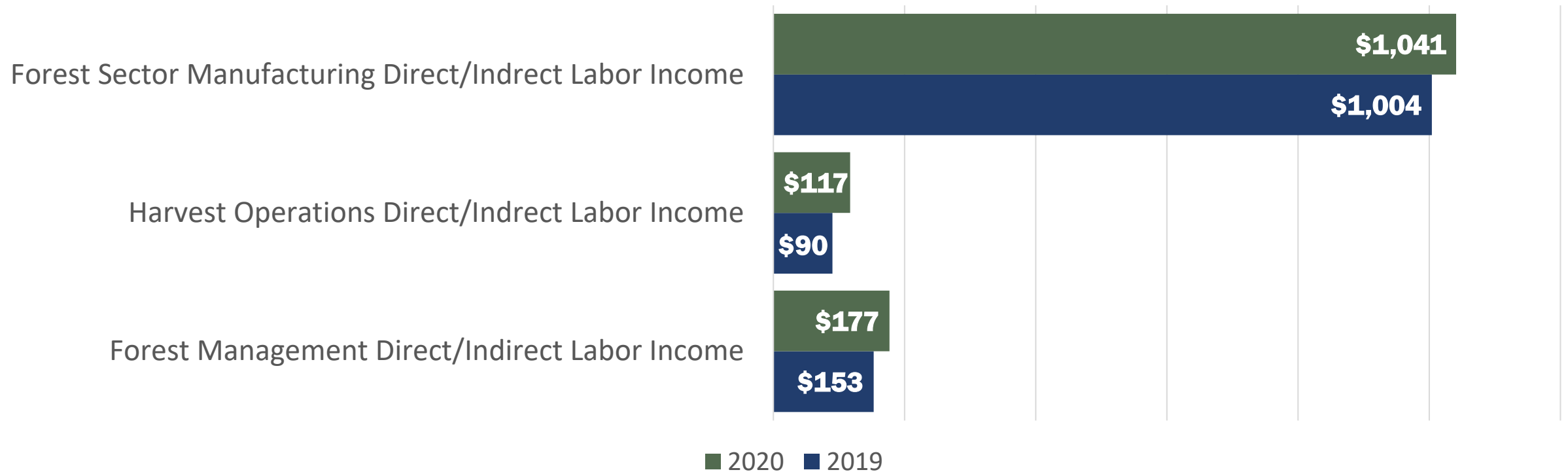
2019-2020 Comparison of Forest Sector Employment in Idaho

Jobs



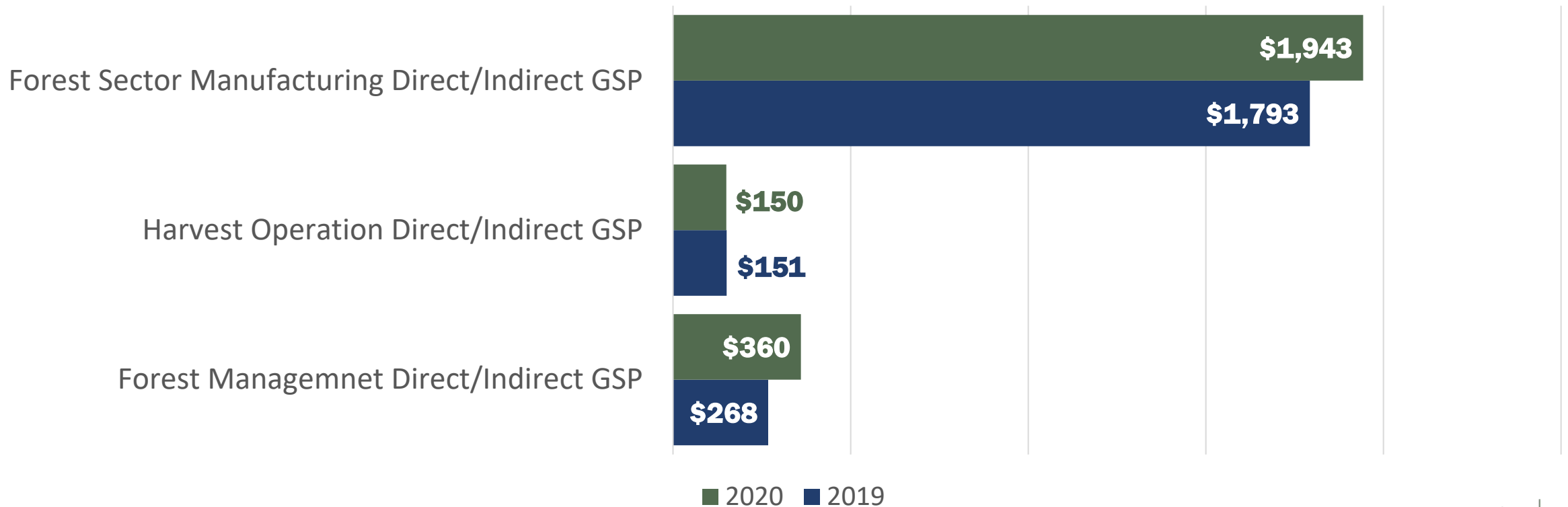
2019-2020 Comparison of Labor Income in Idaho

Millions of dollars



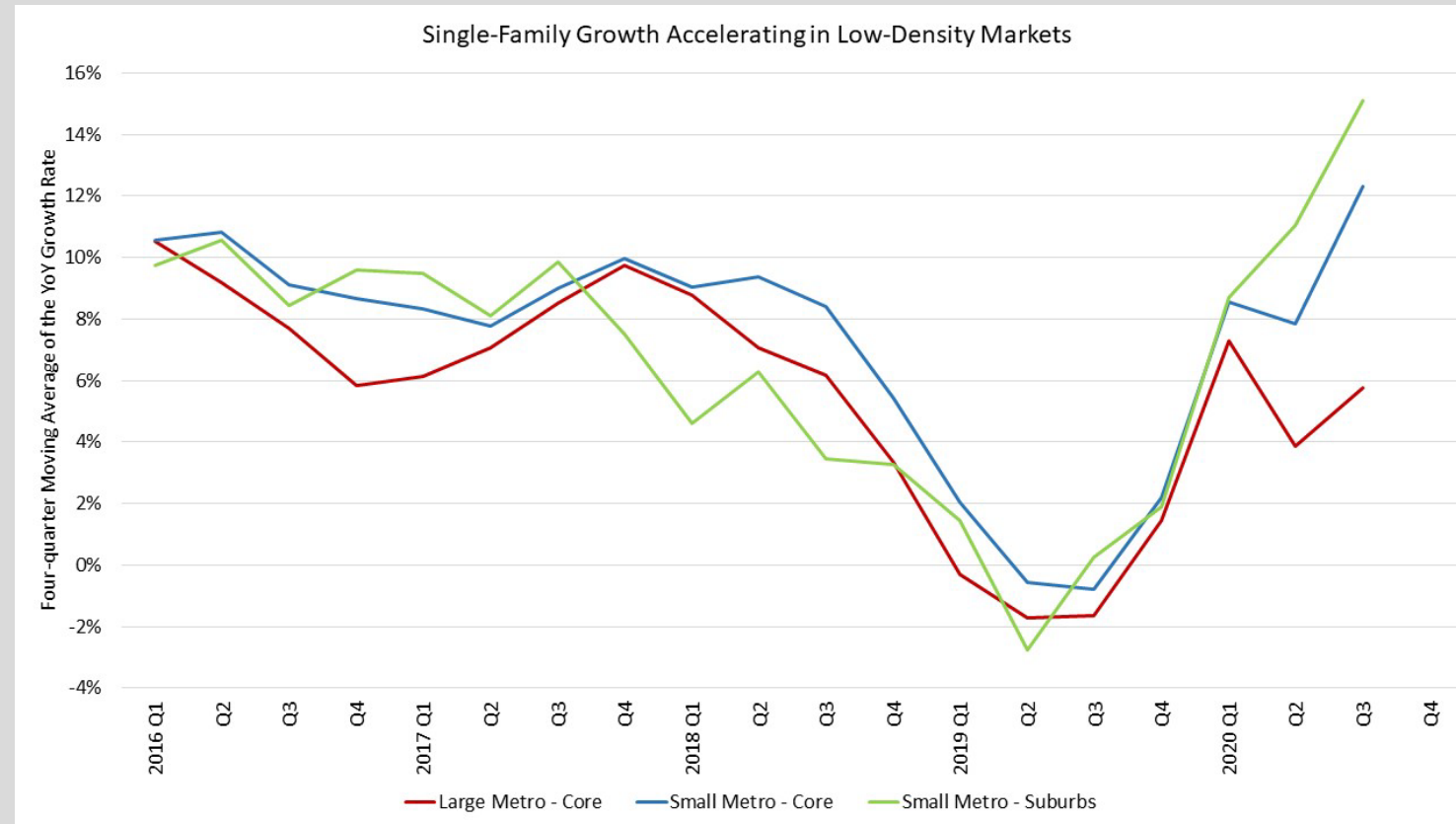
2019-2020 Comparison Idaho Gross State Product

Millions of dollars



2021 Outlook for Forest Products Industry

- Signs look good nationwide
- Idaho housing market trends changing due to COVID-19
- Workforce changes increasing building demand away from urban centers



Idaho Trends

BOISE dev
Major Downtown Boise tenant CenturyLink won't return after pandemic

Idaho Statesman BUSINESS
Statesman to sell its building after 48 years. Here's what it means for our journalism
BY DAVID STAATS
NOVEMBER 02, 2020 10:47 AM, UPDATED NOVEMBER 02, 2020 05:39 PM
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KTVB 7
Idaho ranked Top Moving Destination of 2020, United Van Lines reports

Idaho Outlook

Opportunities:

- Idaho expected to benefit from increased demand for forest products
- Increased employment and wages
- New technologies in wood construction
- Investment in working forests supporting clean environments for wildlife and recreation

Challenges:

- Shortage of loggers and logging truck drivers
- Access to trees limited by wildfires, federal timber projects, and nursery bottlenecks
- Overheated housing markets
- Supply challenges for lumber access



Questions?

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References

Slide 2: Pie chart data from the United States Department of Agriculture, “Forest Resources of the United States, 2012: a technical document supporting the Forest Service 2010 update of the RPA Assessment” https://www.srs.fs.usda.gov/pubs/gtr/gtr_wo091.pdf

Slide 3: Map courtesy the University of Idaho, Policy Analysis Group

Slides 4-7 & 13-15: Data from the University of Idaho, College of Natural Resources Policy Analysis Group, Forest Products Industry Reports. <https://www.uidaho.edu/cnr/policy-analysis-group/research/forest-products-industry-reports>

Slide 9: Image of Advisory Memorandum from the U.S. Department of Homeland Security, Cybersecurity & Infrastructure Security Agency. https://www.cisa.gov/sites/default/files/publications/CISA_Guidance_on_the_Essential_Critical_Infrastructure_Workforce_Version_2.0_1.pdf

Slide 10: Image from Metsä Board, a leading European producer of premium fresh fibre paperboards. <https://www.metsaboard.com/Sustainability/We-bring-the-forest-to-you/Pages/default.aspx>

Slide 11: Graph courtesy the University of Idaho, data source from Random Lengths Publications, Inc.

Slide 16: Chart from the National Association of Home Builders, Eye On Housing. http://eyeonhousing.org/2020/12/suburban-shift-for-home-construction-continues-into-third-quarter/hbgi_2020_q3_eoh_1_chart1/

Slide 17: Articles from the Idaho Statesman <https://www.idahostatesman.com/news/business/article246834542.html>, Boise Dev <https://boisedev.com/news/2020/09/09/major-downtown-boise-tenant-centurylink-wont-return-after-pandemic/> , and KTVB <https://www.ktvb.com/article/news/local/growing-idaho/idaho-top-moving-destination/277-c98fb342-3041-4870-bc5b-f54eb568fb06>