



IDAHO'S FOREST PRODUCTS INDUSTRIES

Conditions for Idaho's Forest Products Industries improved in 2014, a Trend Expected to Continue in 2015

"Idaho's Forest Products Industry Current Conditions and 2015

Forecast" reports that conditions for Idaho's wood and paper products manufacturing industry continued to improve for the fifth year.

Compared to 2013, all economic elements of the industry improved in 2014, while total timber harvest was down. The industry continues to be a vital part of the state's economy, directly supplying almost 12,000 jobs and supporting another 10,000 jobs in other industries.



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NATIONWIDE OPERATING CONDITIONS IN 2014

Lumber and wood product prices held steady in 2014, continuing above the 25-year nominal price average. U.S. housing starts were up about 9 percent, from 924,900 in 2013 to about 1 million in 2014. Across North America, mills increased production, a trend that held true in Idaho.

IDAHO INDUSTRY SALES, EMPLOYMENT AND PRODUCTION 2014

Prices for lumber and wood remained steady from 2013 to 2014 but total sales of forest products manufactured in Idaho rose over the same timeframe. Total sales for 2014 were up 4.5 percent, from \$2.5 billion in 2013 to \$2.6 billion in 2014. Through the multiplier effect, estimated by an economic impact model, each dollar of forest products industry sales exported from the state generated an additional \$.60 of sales in other industries such as trucking, heavy equipment, and other purchased goods and services. This translated to more than \$3.7 billion in total sales.

In 2014, employment in the forest products industry was estimated at 11,740 jobs, an increase of 2 percent over the 11,480 jobs in 2013. Worker earnings from these jobs averaged \$56,800 per job per year, which is about 37 percent higher than the average for all Idaho non-farm jobs. Through the multiplier effect, every job in the forest products industry related to export sales supported 1.7 jobs in other sectors of Idaho's economy, providing another 10,370 jobs indirectly supported by the forest products industry.

Total timber harvest in Idaho was estimated at 1 billion board feet in 2014, down 13 percent from 2013, but still above the 746 million board feet during the recession in 2009.

The trend originating in 1990 by changed federal policies continued the shift toward more of Idaho's timber harvest coming from private lands. In 2014, 60 percent of Idaho's timber harvest volume came from private ground, up from 56 percent in 2013. While 39 percent of Idaho's land is within the U.S. National Forest System, just 11 percent of the timber harvest volume came from these lands.

OUTLOOK FOR 2015

National forecasts are good. The national economy is expected to strengthen with decreased unemployment and increased jobs and low inflation. Wood markets may be more volatile in 2015, but are expected to improve overall. Housing starts are expected to increase slightly. Continued economic recovery, increased housing starts and rising product prices should benefit Idaho's forest products industry.

Timber availability due to federal ownership of much of Idaho's timber resource continues to be a concern for the industry. Federal legislation, including the 2014 Farm Bill, may improve access to timber from national forests.

This document is Policy Analysis Group Fact Sheet No. 6 and is derived from the 4-page "Idaho's Forest Products Industry Current Conditions and 2015 Forecast" report available online at www.uidaho.edu/idaho-conditions. Contact Philip S. Cook, policy research scientist, of the University of Idaho's College of Natural Resources Policy Analysis Group at (208) 885-5776 or pcook@uidaho.edu.

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