Forest Industry Dynamics Since the Great Recession

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Georgia House of Representatives Rural Development Council
Forestry: A Critical Part of Rural Georgia’s Economic Vitality
Waycross, GA October 25, 2017
Great Recession Forestry Trends

• Shifts in core markets – solid wood and paper
• Housing market collapse 2007-09 saw 78% drop
• Led to ripple effect on lumber, panels, millwork, cabinetry, furniture
• Downstream ripple in packaging, containers, trucking, equipment servicing, plumbers, electricians, etc.
• Downward trend in manufacturing – paper down 12% since 1996 – digital media, etc.
• Paper product lines shifting
Recovery Trends

- Housing starts in 2016 barely half of 2006
- But they are up
- Consensus varies but ~1.7 million starts may be needed to sustain recovery
- When it comes, previous downward trends should reverse
- Darlings will be paper packaging, tissue, solid wood and new innovations – mass timber
- Manufacturing efficiency enhanced
- US South is the place to be – Georgia is the place to be
- Privately held timber resources
Annual Housing Starts

Sources: U.S. Census Bureau (Single Family + Multifamily Starts)

Source: Southern Forest Products Association
US Paper & Paperboard Production

Source: AF&PA
Southern Pulpwood Industry
Capacity (billion bf) & Number of Mills
Georgia Pulpwood Using Mills 2017
16 mills: 11 Owners
Southern Sawmill Industry
Capacity (billion bf) & Number of Mills

Capacity (billion bf)
No. Mills

0 5 10 15 20 25 30 35 40 45

Capacity  No. Mills

TimberMart-South

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Center for Forest Business
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Georgia Sawmill/Plymills 2017

27 Mills : 14 Owners 2.6 billion board feet
Georgia Annual Average Sawtimber Stumpage Prices (through 2016)

Source: TMS

TimberMart-South

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Georgia Annual Average Pulpwood Stumpage Prices (through 2016)