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SENT TO LSU AGCENTER/LOUISIANA FOREST PRODUCTS DEVELOPMENT CENTER - FOREST SECTOR / FORESTY PRODUCTS INTEREST GROUP

In 2016 I conducted a study of 2,500 randomly selected logging companies in 9 southern states (Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and, Tennessee).

The study focused primarily on what had transpired for respondent companies since the recession across a number of dimensions. 81% of respondents said that the recession somewhat or severely negatively impacted their logging business, and that over the past 8 years, 48% saw a decline in employees and 35% saw a decrease in workload. Over 50% of respondents said that haul distances from the forest to customers increased and 34% changed their customer base, many attempting to enter export markets or providing small-diameter logs to the biomass sector such as pellets. 66% of respondents said they do not plan to add any new employees over the next 5 years and only 5% felt very confident about the future success & profitability of the logging industry in their state.

Attached are some study results that I presented yesterday at the Louisiana Forestry Association Board meeting.

Articles on these and other results are in progress.

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Regards,
Rich

Richard P. Vlosky, Ph.D.
Director, Louisiana Forest Products Development Center
Crosby Land & Resources Endowed Professor of Forest Sector Business Development
Room 227, School of Renewable Natural Resources
Louisiana State University, Baton Rouge, LA 70803
Phone (office): (225) 578-4527; Fax: (225) 578-4251; Mobile Phone: (225) 223-1931
Web Site: www.LFPDC.lsu.edu



President, Forest Products Society; President, WoodEMA i.a.



Effects of the Great Recession on the Logging Sector in the U.S. South: Where Are We Now?

Richard P. Vlosky, Ph.D.
*Director, Louisiana Forest Products Development Center
Crosby Land & Resources Endowed Professor of Forest Sector Business Development
Louisiana State University
Baton Rouge, Louisiana USA*



Board Meeting
August 1, 2017



Sponsors



The “Great Recession”

- The “Great Recession” of 2007-2008 marked two consecutive years of major downward corrections in many forest products supply chain sectors, from timber landowners to sawmills and other wood product manufacturers.
- Housing starts, the dominant demand sector for wood products have never fully recovered.
- Single-family housing starts fell nearly two-thirds from their peak of 2.3 million in January 2006, to 872,000 starts in 2008, the lowest annual pace since January 1991.

The “Great Recession”

- In 2007, southern forests, known collectively as the “wood basket” of the Nation, accounted for 58 percent of the total timber volume harvested in the United States.
- Softwood output fell 22 percent and hardwood output fell 30 percent during the recession years.
- In the southern United States, between 2005 and 2009, the three primary forestry sectors – wood manufacturing, paper manufacturing, and forestry and logging – **lost more than 110,000 jobs.**

The Study

- In 2016, the author conducted a mail survey of 2,500 randomly selected logging companies in 9 southern states.
- Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.
- Accepted survey methods were followed -- Dillman (2009).
- Of these, after adjusting for undeliverable surveys, deceased survey recipients, and incomplete surveys, 350 surveys were usable for a 17% response rate.

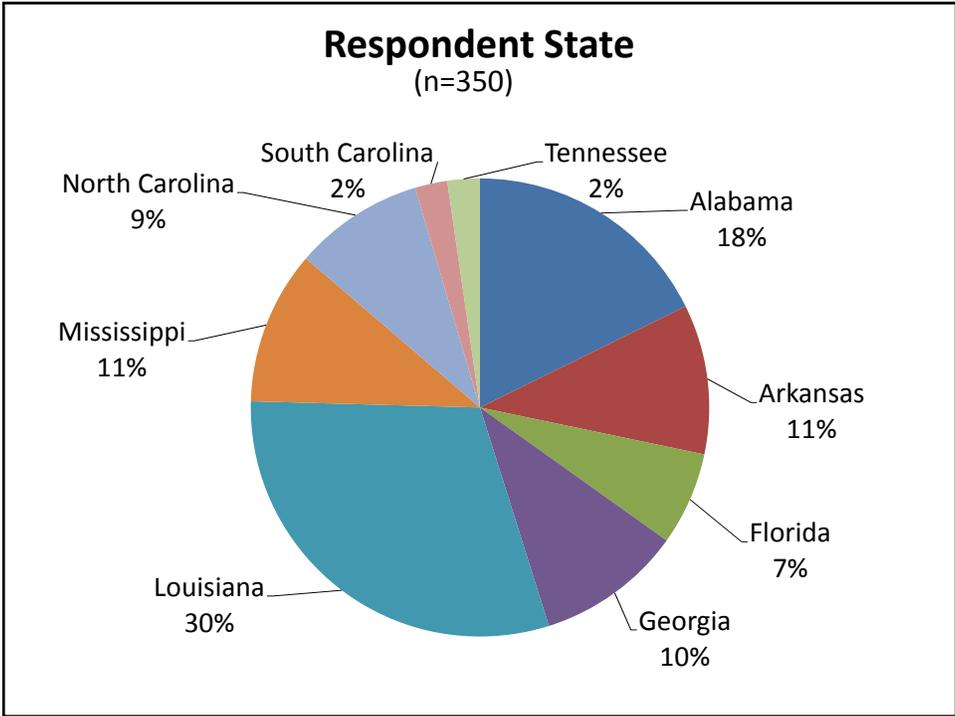
The Study

- Undeliverable surveys are typically companies that have gone out of business.
- In this study, they represented 16% of surveys mailed, accounting for an estimated loss of 3,328 jobs.
- F2M estimates a **decline of 17% in employment**, a loss of 6,200 jobs in the forestry and logging sectors (2006-2014) in the region.

The Study

- Questions: “Past 8 years”2008-2015 (study was conducted late 2016) to reflect post-recession effects.
- Non-response bias:
 - a. 4/153 (2.6%) variables across states were statistically different ANOVA
 - b. No post-hoc contrasts were analyzed
 - c. Frequencies by state for respondents for 1st and 2nd mailings were not statistically different.
- No cause for alarm
- 89% of respondents are Owners/Presidents

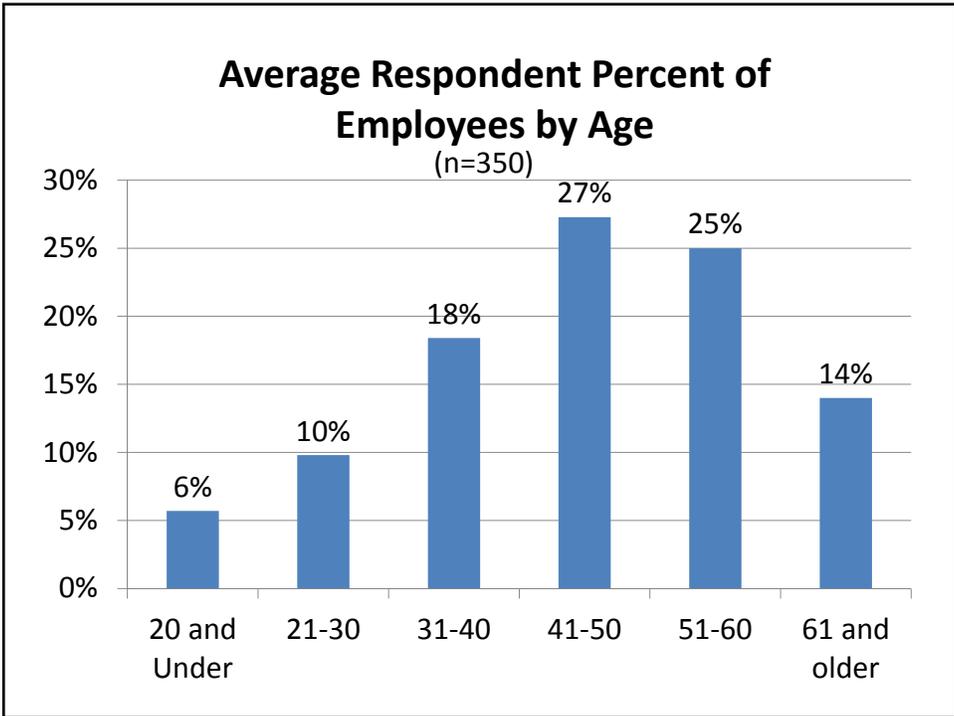
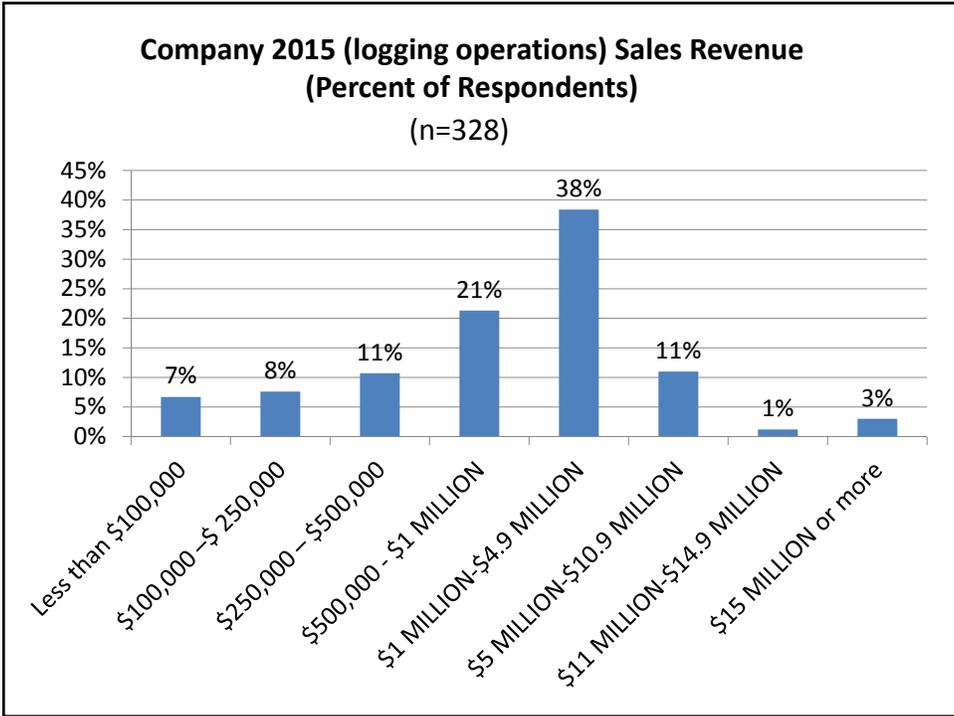


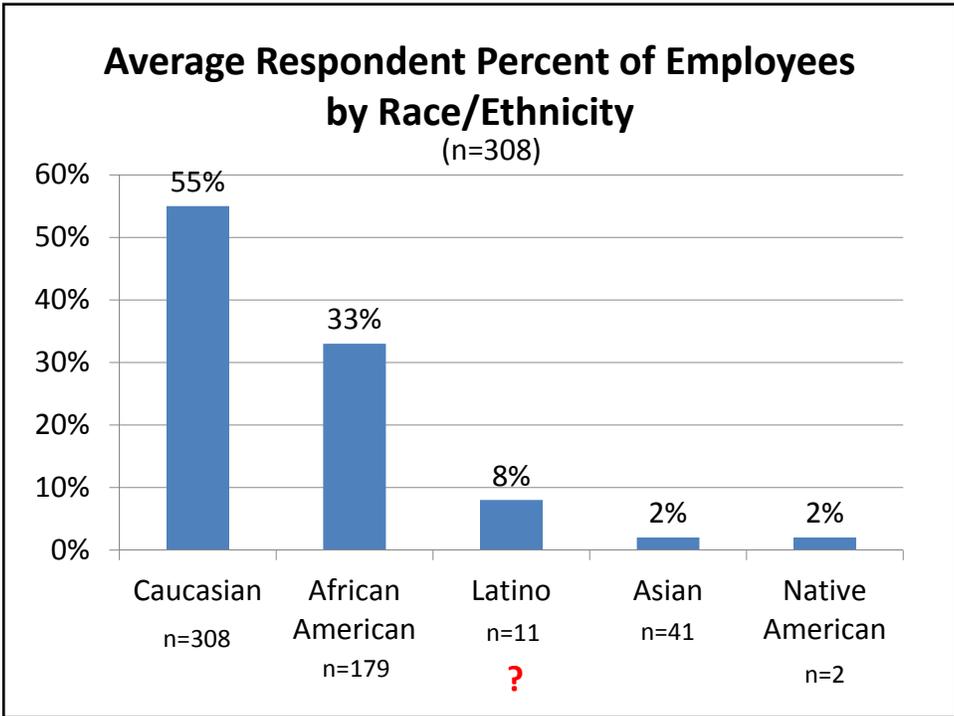
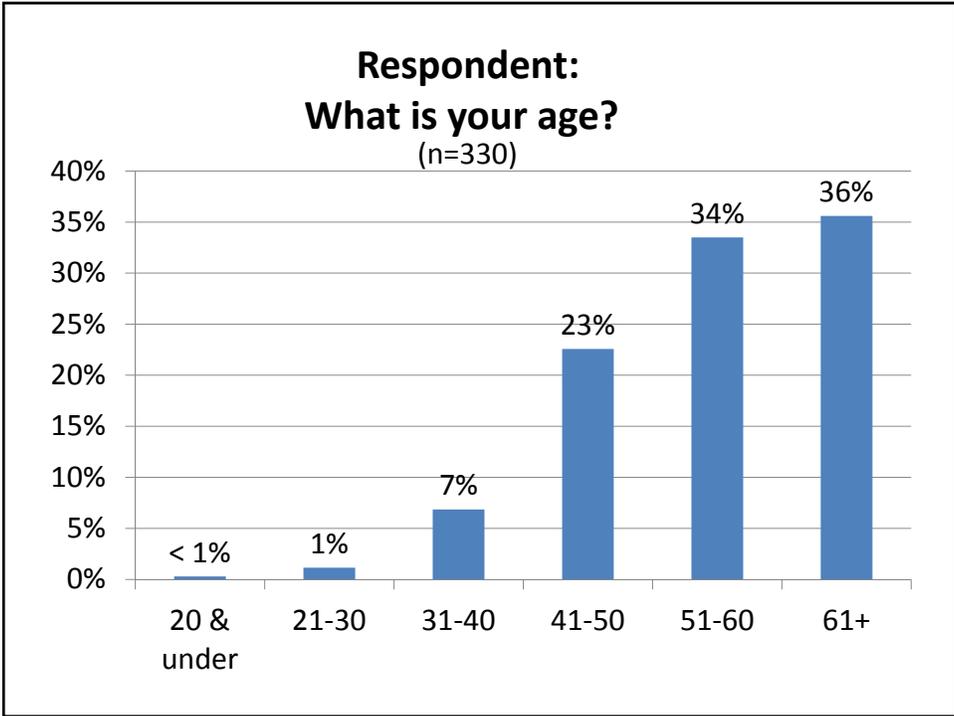


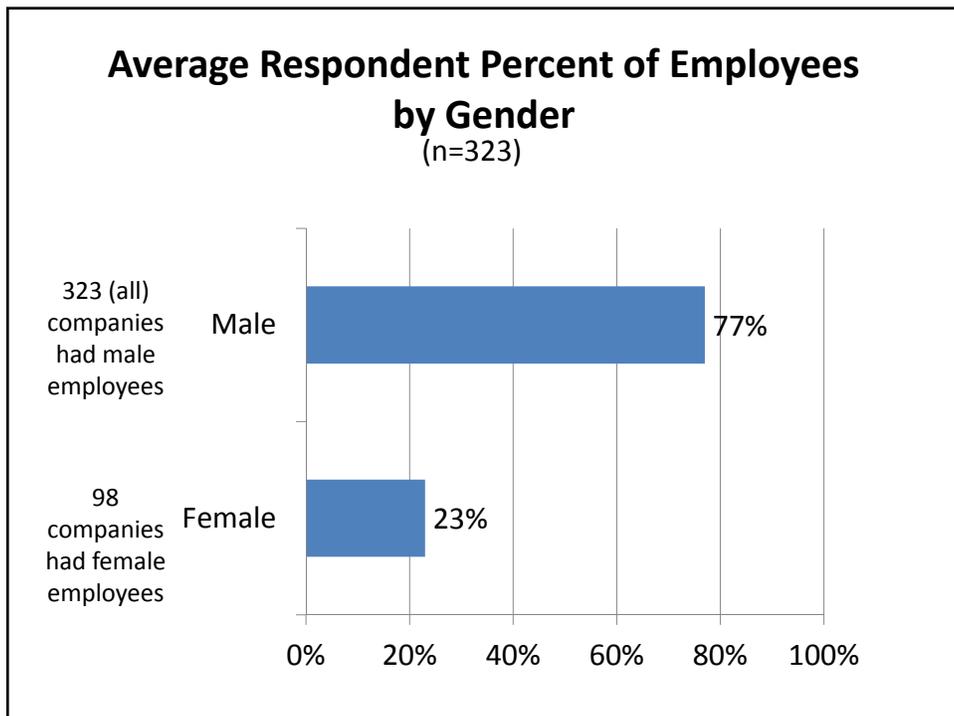
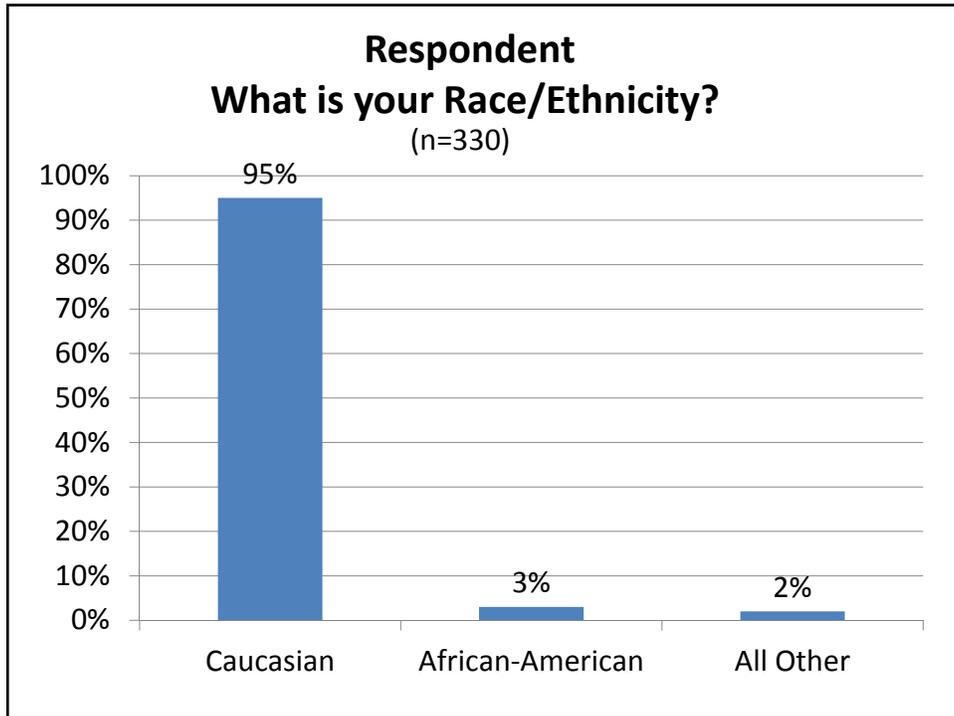
How many years has your company been in the logging business?

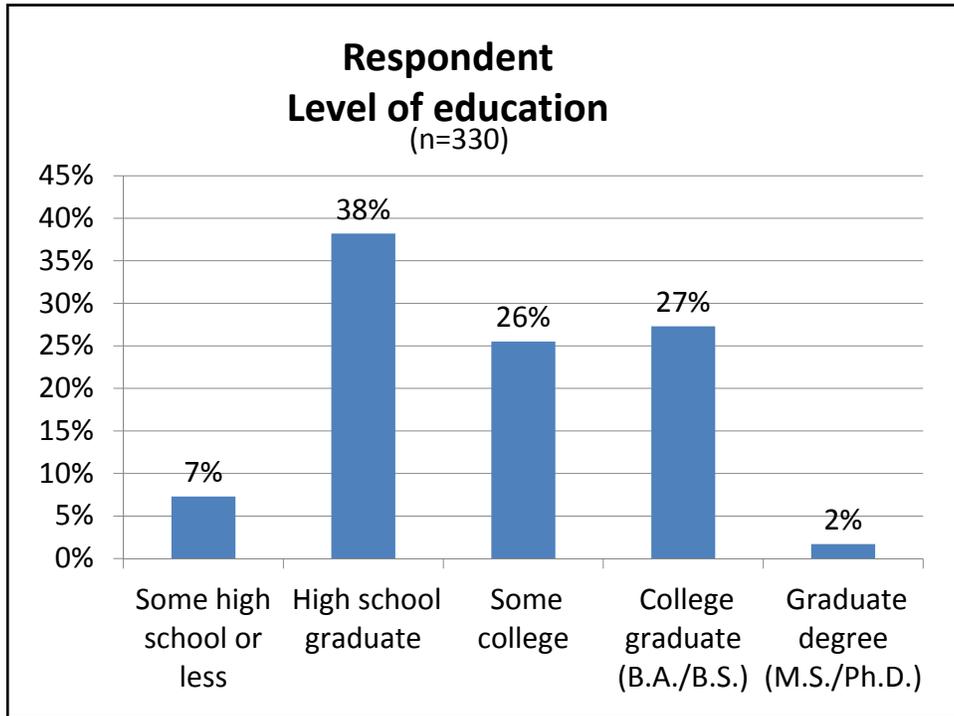
n	Minimum	Maximum	Mean
337	1	81	29











HOUSING STARTS
Seasonally Adjusted Annual Rate

Millions of units

Single-family

Multiple

Source: Bureau of the Census.

The Great Recession 2008

TIME
The New Hard Times

THE AMERICAN DREAM IS OVER.

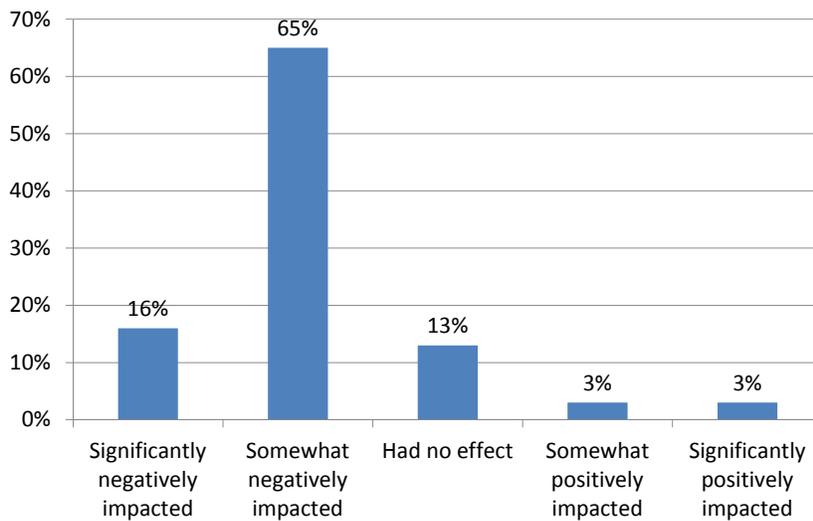
The Collapse of the American Job 2008-

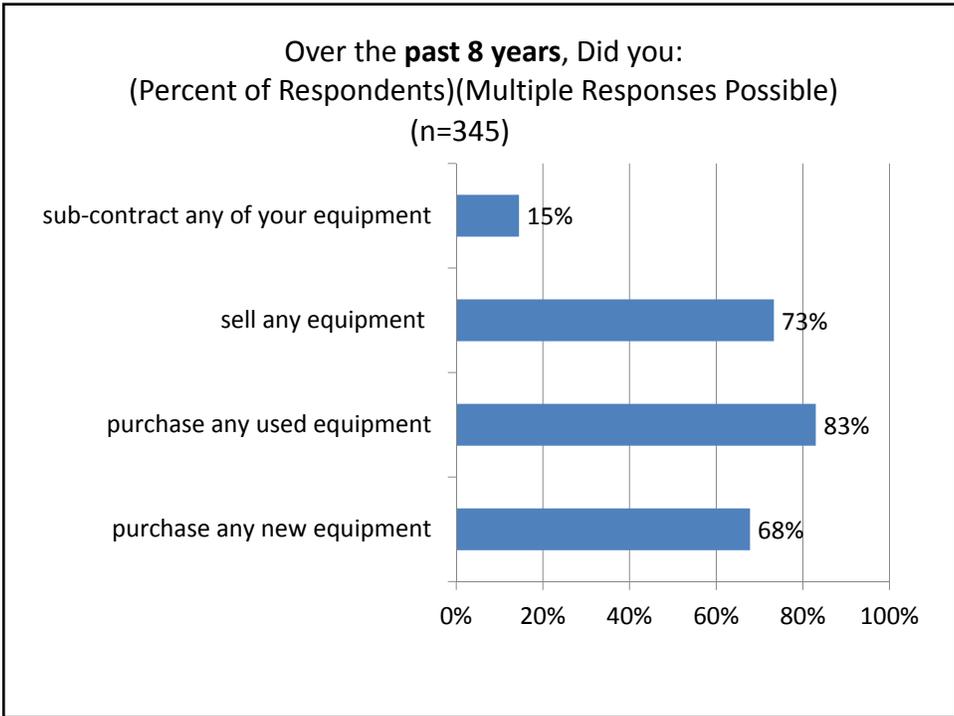
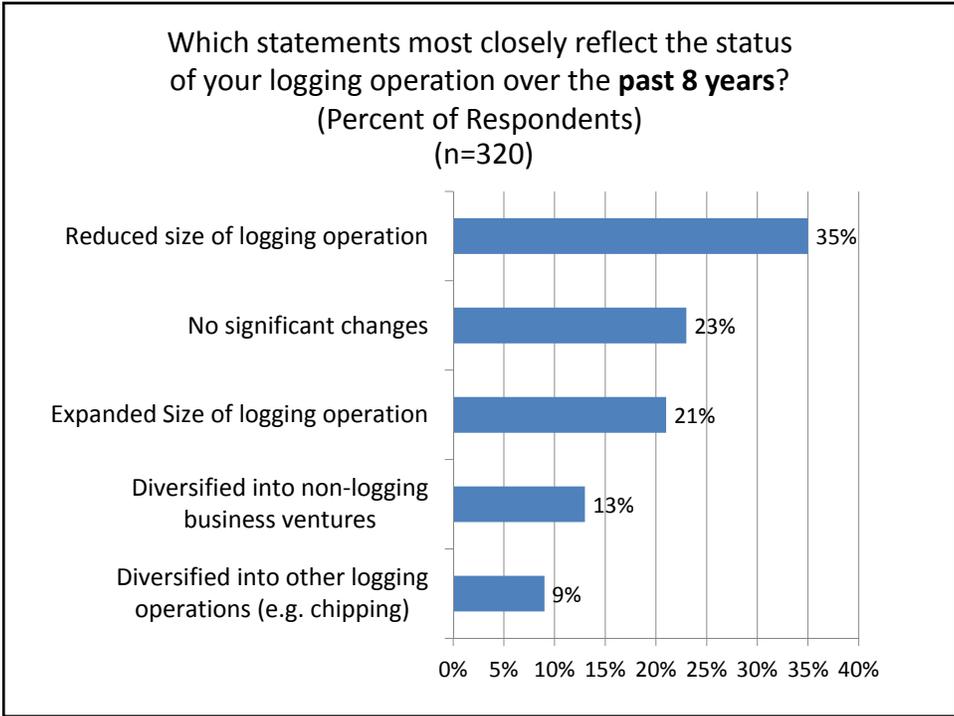
HOME FOR SALE
FORECLOSURE



Overall, what impact did the Great Recession of 2007-2008 have on **YOUR LOGGING BUSINESS?**

(n=345)





Approximately how many logging operation employees did you have in 2005, BEFORE THE RECESSION?

Mean = 13 employees/company (n=333)

Estimated Extrapolated Total = 23,963

Approximately how many logging operation employees do you have TODAY?

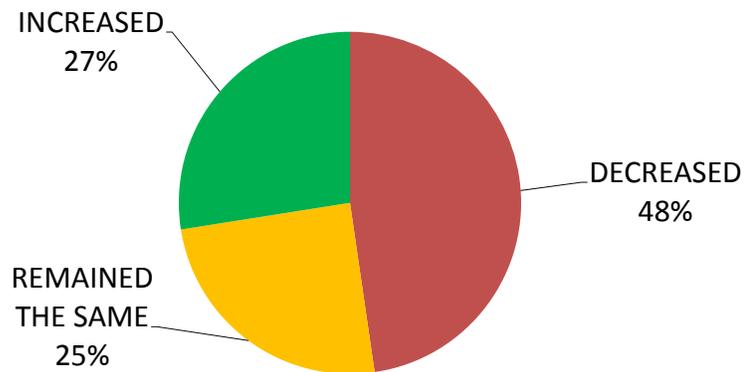
Mean = 11 employees/company

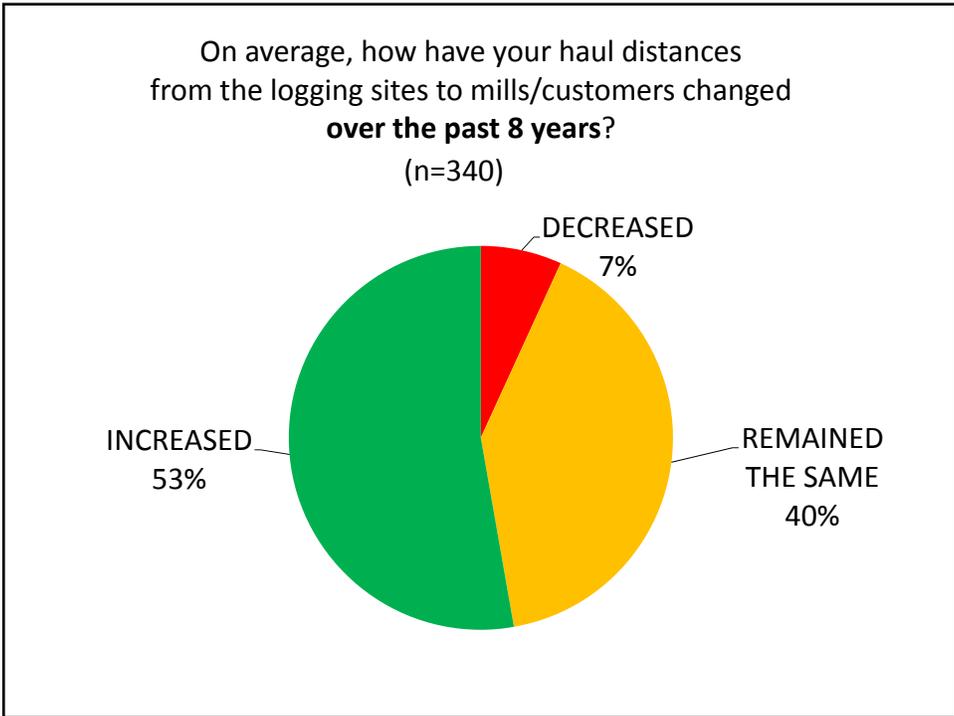
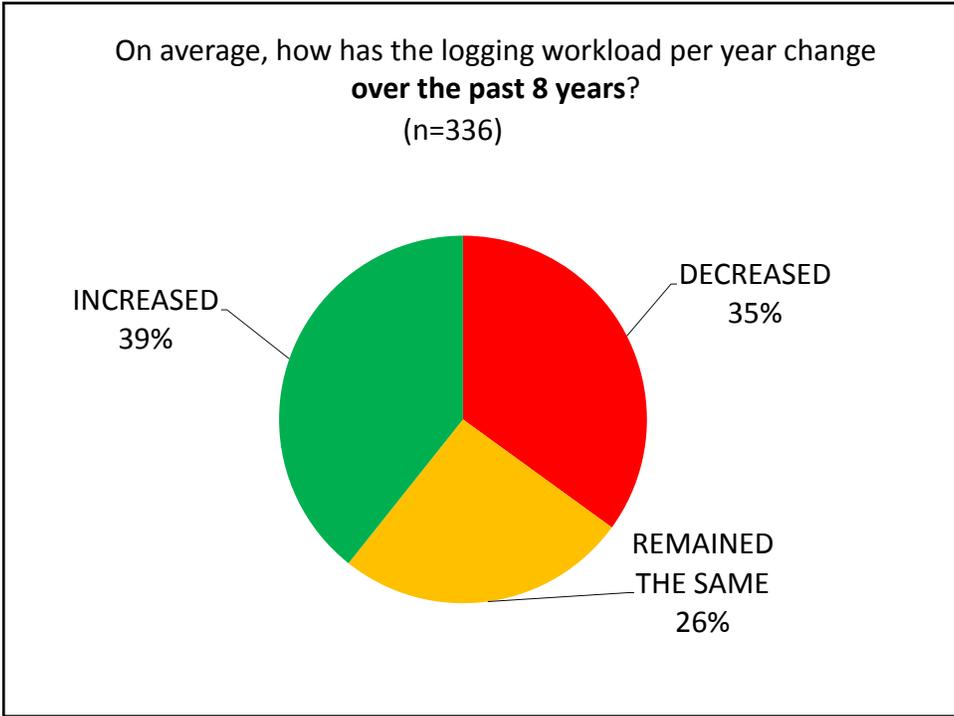
Estimated Extrapolated Total = 20,776 (n=333)

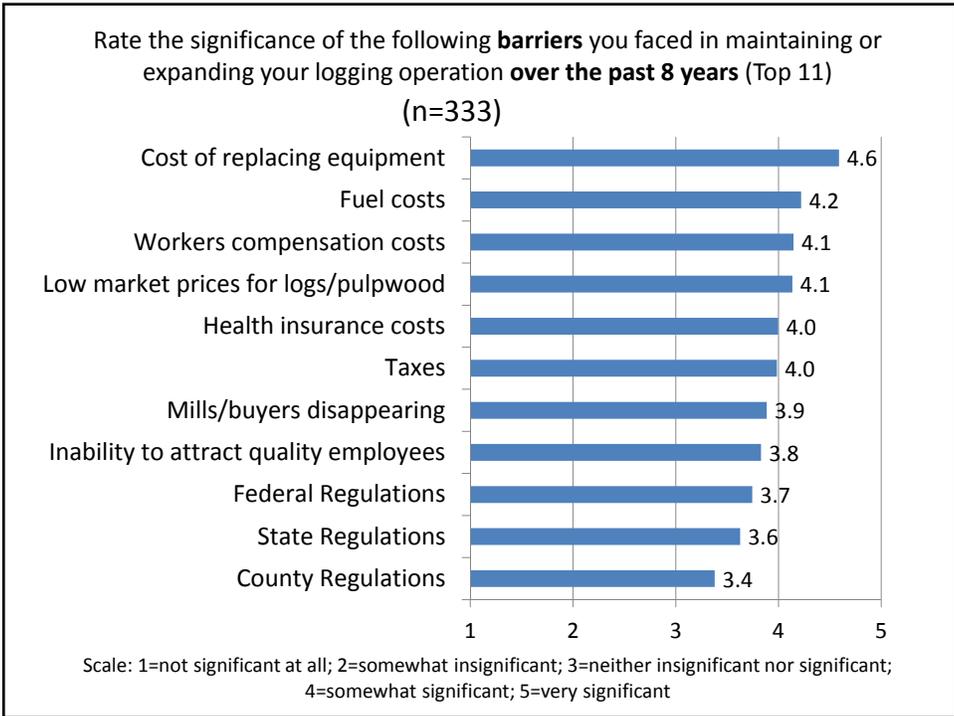
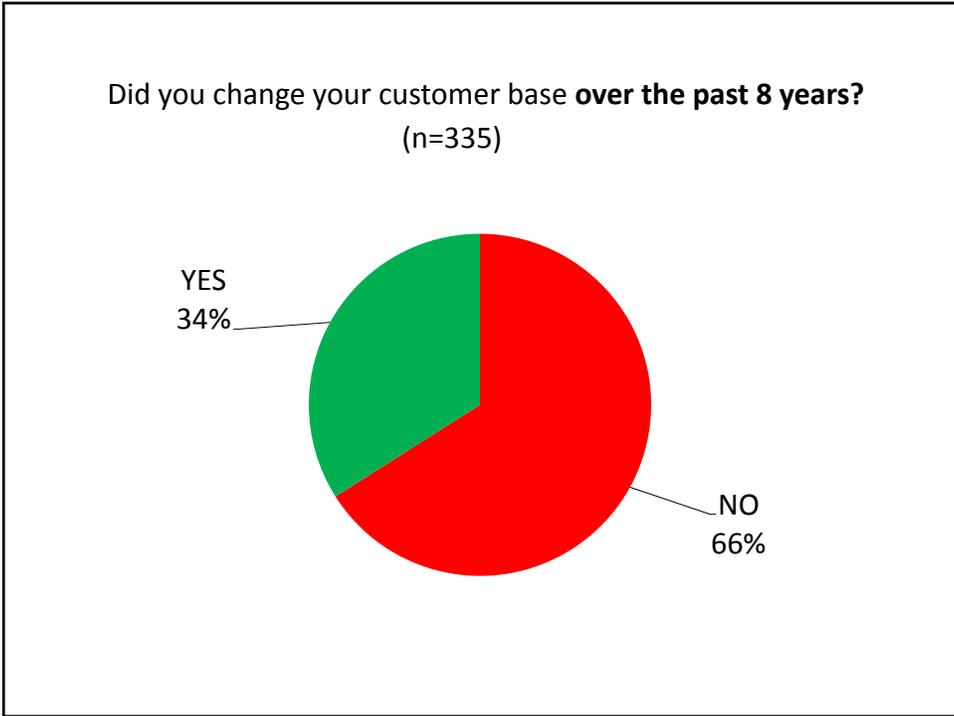
-13.3%

How has the number of company employees changed over the past 8 years?

(n=338)



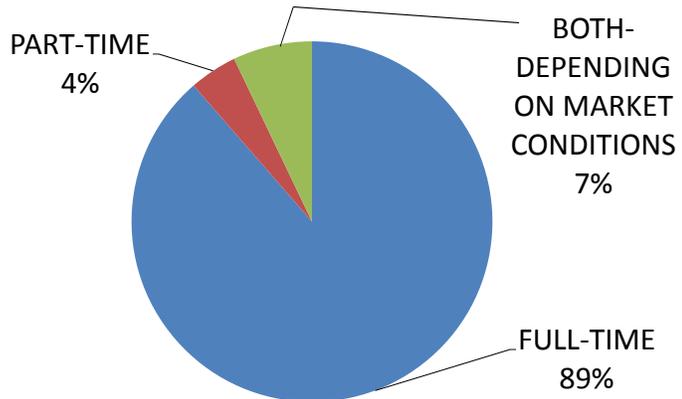


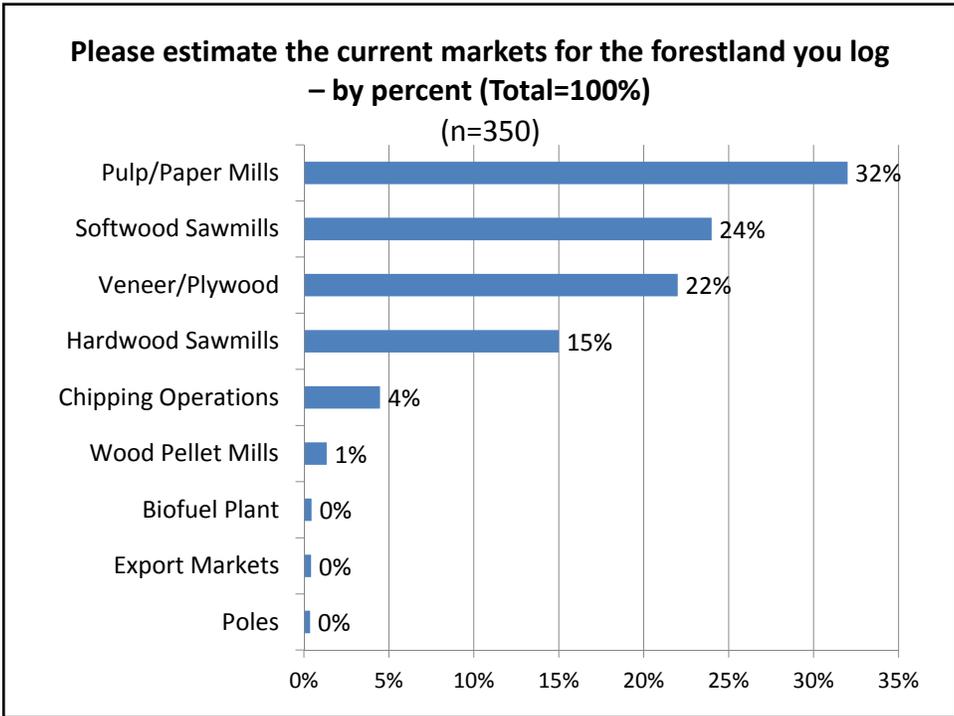
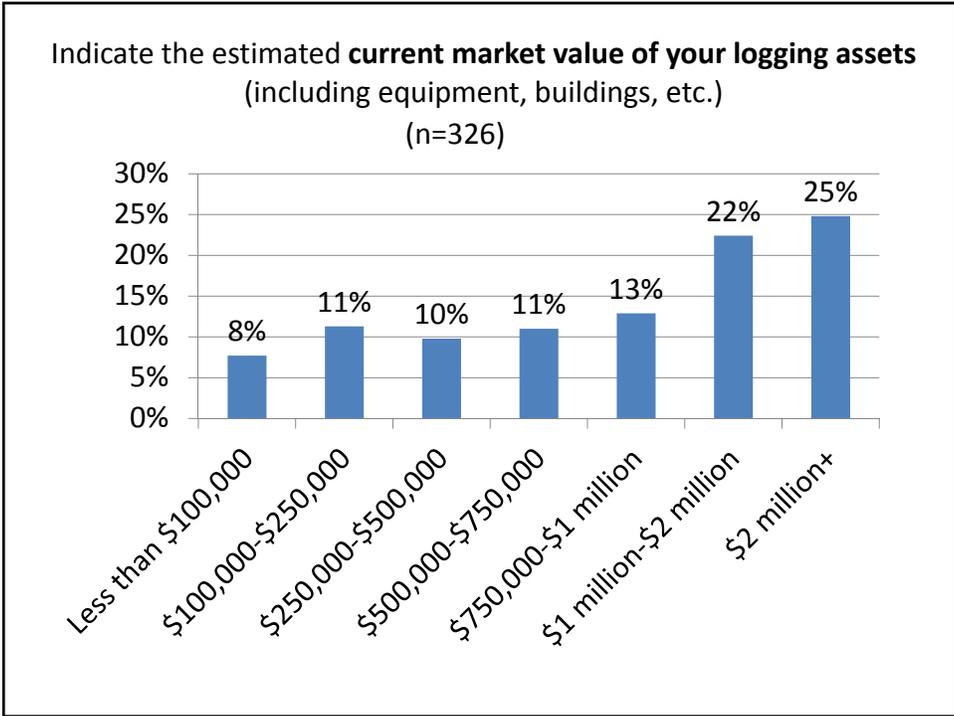


The Logging Business in the Present



Logging Situation
(n=326)





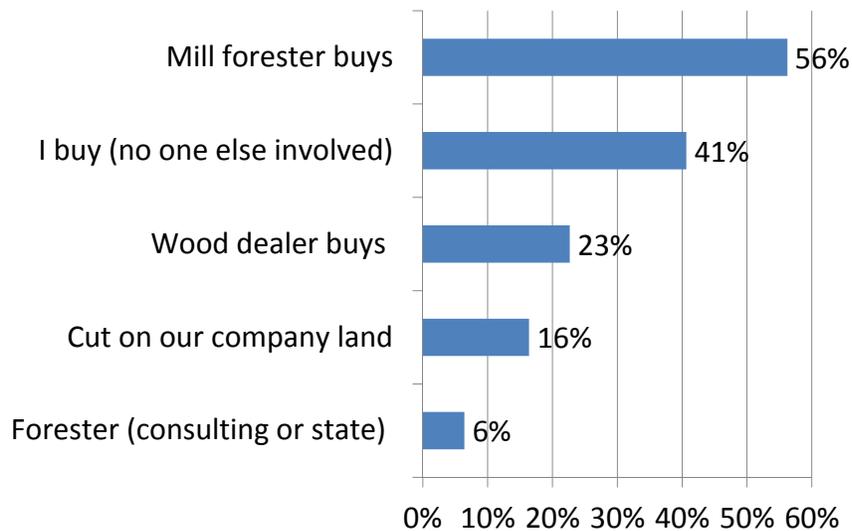
What was your **average one-way distance** traveled **to a logging job** in the 2015

42 miles
Min = 10 miles
Max = 125 miles (n=322)

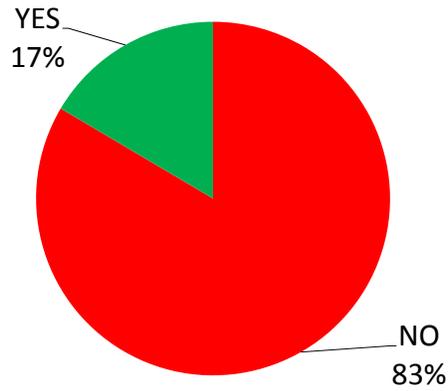
What was your **average one-way distance** traveled **to a mill** in 2015?

53 miles
Min = 2 miles
Max = 125 miles (n=326)

What **percent** of the timber you harvested was purchased from the following sources in 2015?
(Multiple Responses Possible)(n=350)

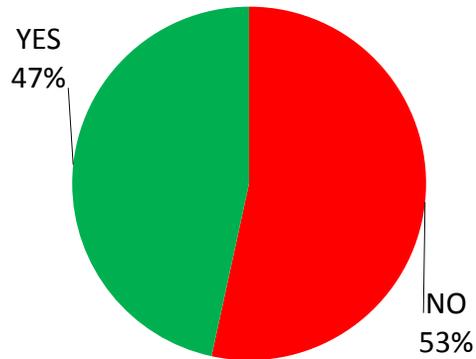


Have you entered the **biomass, energy or fuel chip wood market?**
(n=334)

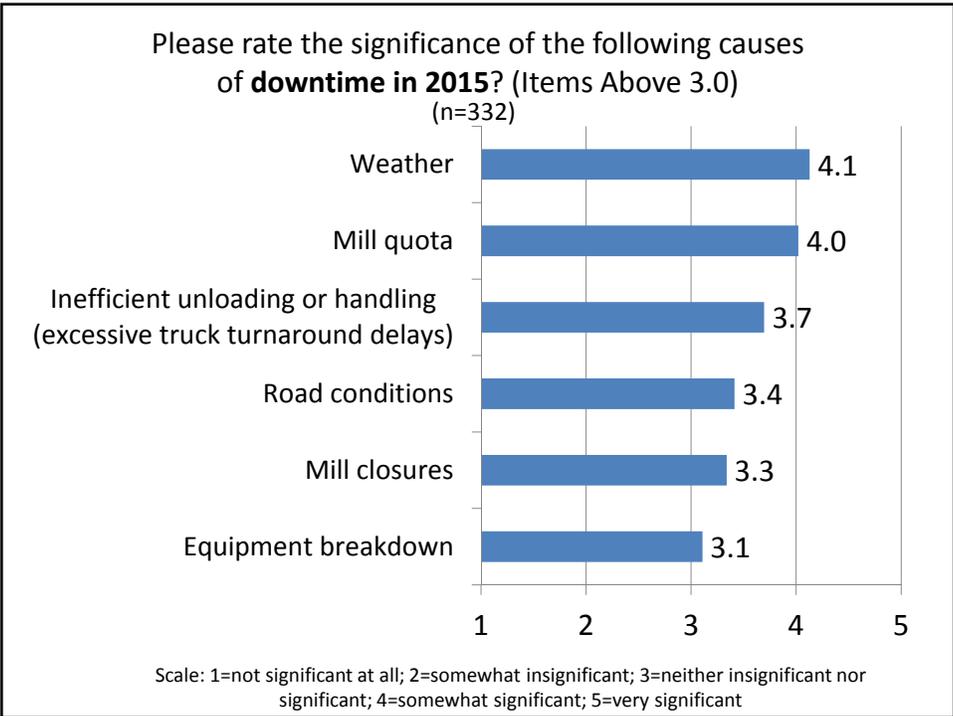


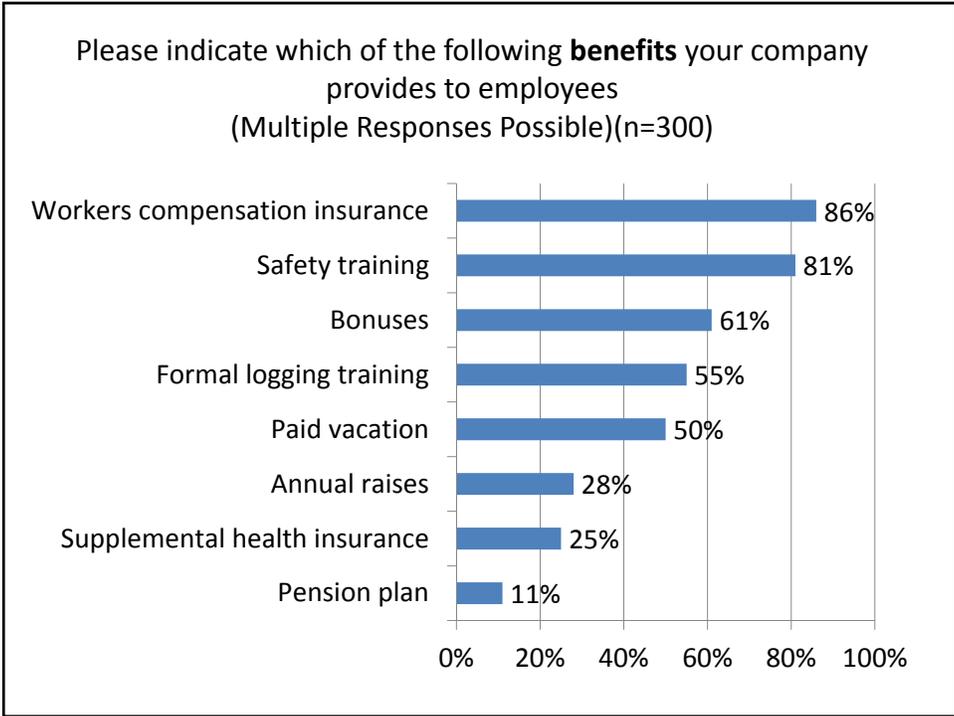
With your *current logging system*, do you think you could effectively *add a chipper and efficiently harvest biomass fuel chips* from logging residues such as limbs, tops, and non-merchantable trees?

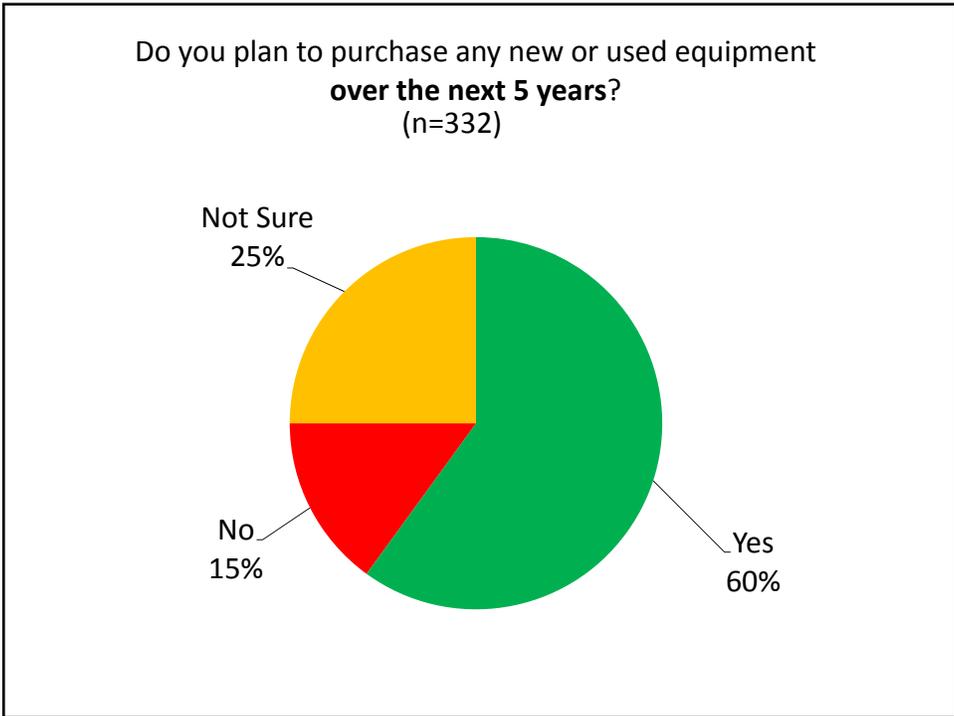
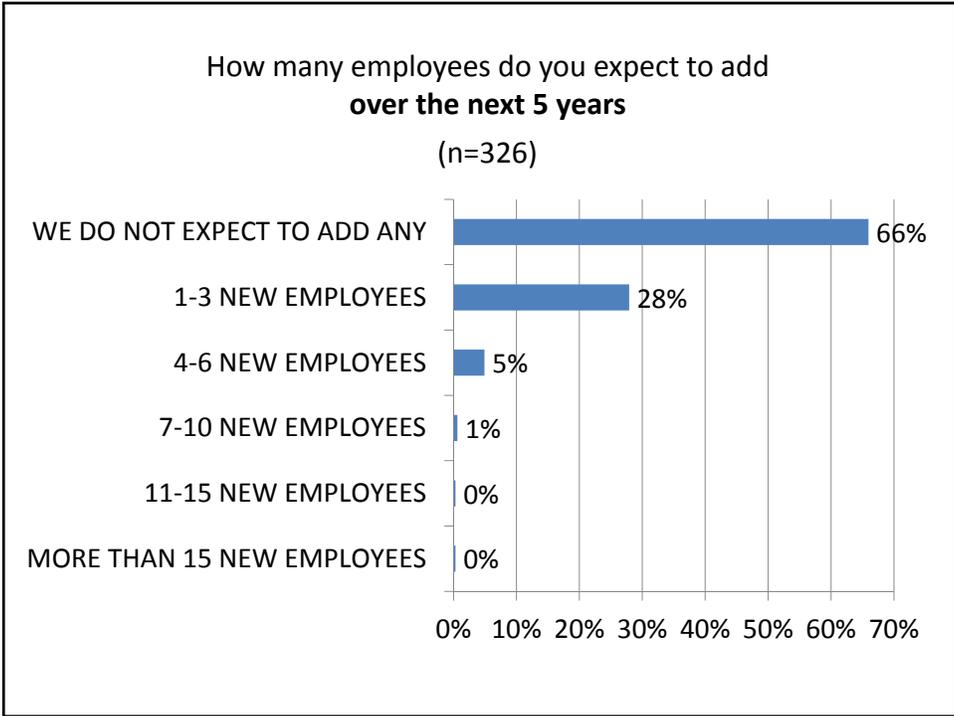
(n=354)

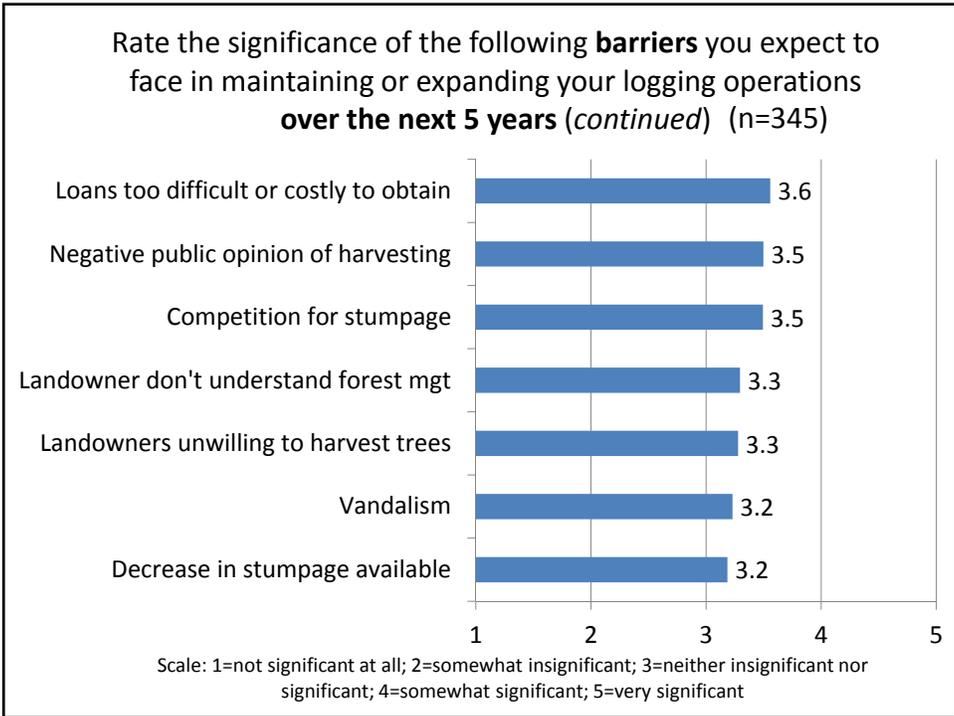
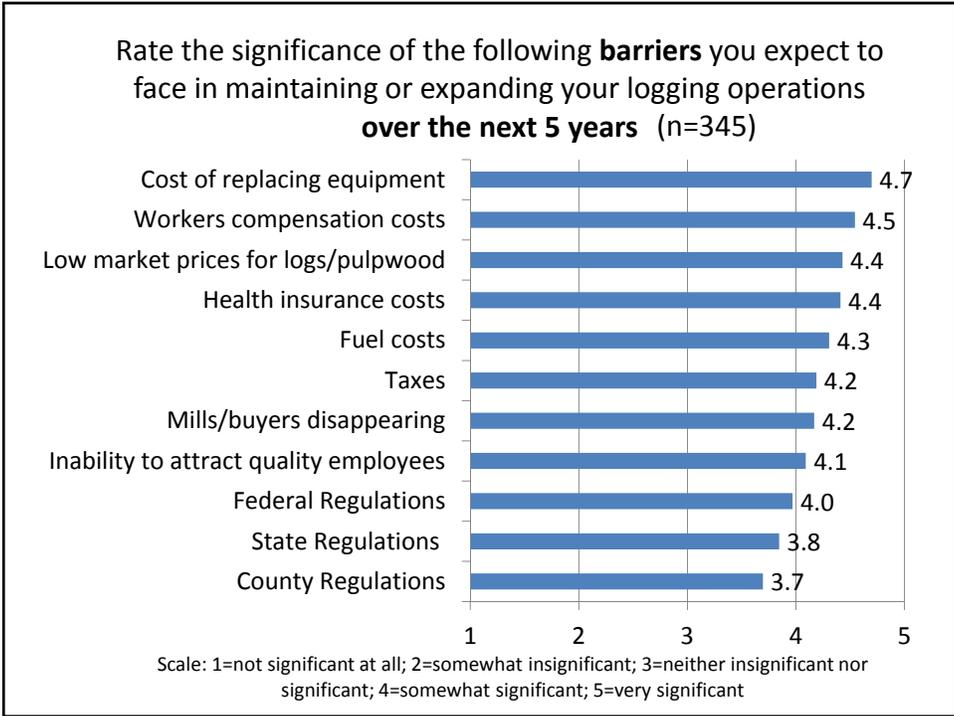


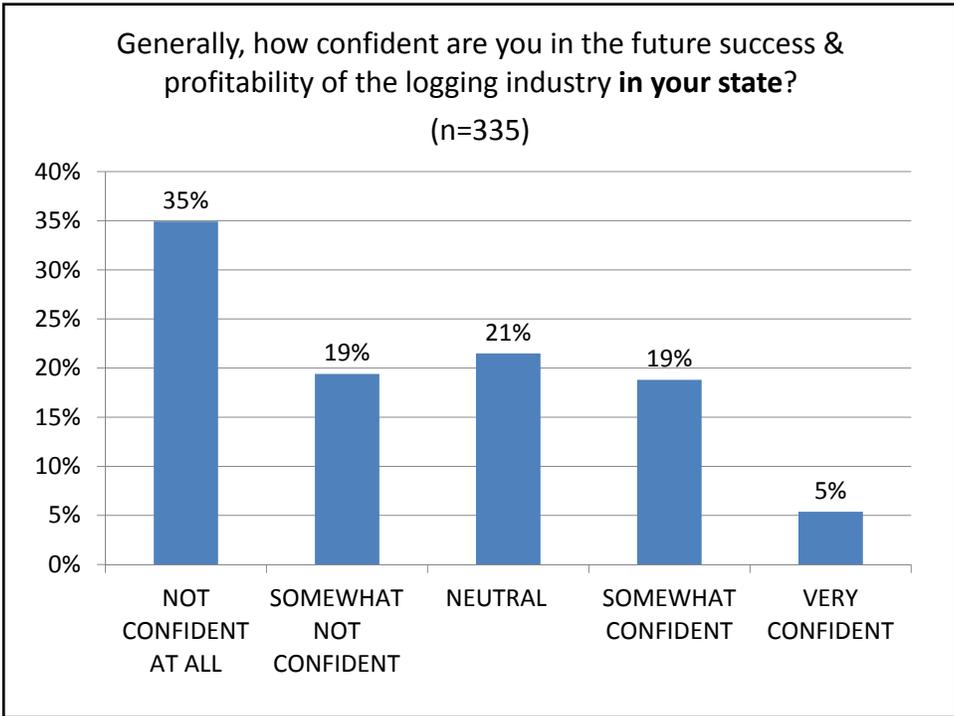
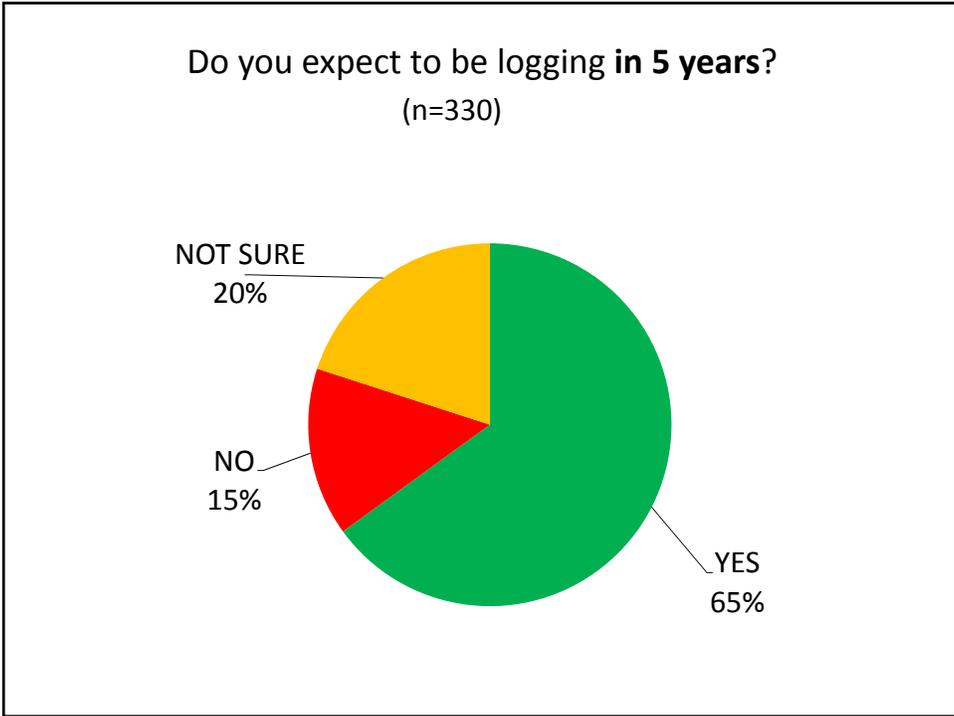
Approximately what percent of full capacity were you operating in **2015**?
(n=317)
80%











SUMMARY



Richard P. Vlosky, Ph.D.
Director, Louisiana Forest Products Development Center
Crosby Land & Resources Endowed Professor of Forest Sector Business Development
Louisiana State University
Baton Rouge, Louisiana USA
(225) 578-4527

vlosky@lsu.edu
www.LFPDC.LSU.edu