

JANUARY 2018



FOREST & WOOD PRODUCTS

ANNUAL STATISTICAL REPORT



PACIFIC MOUNTAIN
WORKFORCE
DEVELOPMENT

building community prosperity



The Forest & Wood Products sector encompasses both natural resource industries such as logging, as well as manufacturing and finishing industries such as lumber milling and paper manufacturing.¹

Major Developments in 2016

Sierra Pacific
sawmill upgrade

Hardel Mutual Plywood
expansion

Gem Shavings plant

Total Sector Employment:
5,553 jobs²

Number of worksites: 269³

Gross Domestic Product:
\$696.6 million⁴

Average Annual Wage:
\$54,657⁵

The Forest & Wood Products sector accounts for nearly 5% of the total regional gross domestic product and 3% of total employment in the PacMtn area.

Forestry & Logging, one of the major components of the Forest & Wood Products sector, is 17.5 times more concentrated in the Pacific Mountain region than the national average.

MAJOR INDUSTRIES—FOREST & WOOD SECTOR PACMTN 2016

Industry	Number of Worksites (establishments)	GDP (economic output)	Jobs	Average Annual Wage	Location Quotient ⁶
Wood Product Manufacturing	86	\$445,883,000	3,301	\$56,834	6.42
Paper Manufacturing	7	\$33,949,000	292	\$66,942	0.63
Forestry & Logging	136	\$179,612,000	1,443	\$53,797	13.96
Forestry & Logging Support Activities	40	\$37,162,000	496	\$35,450	17.5

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INDUSTRY TRENDS

Data analysis done in 2017 shows some interesting trends in this sector, please see the tables below for a data snapshot of industries within the Forest & Wood Products sector.

WOOD PRODUCT MANUFACTURING		
Year	GDP	Jobs
2014	\$525,321,000	3,727
2015	\$477,474,000	3,603
2016	\$445,883,000	3,301

WOOD WINDOW & DOOR MANUFACTURING		
Year	GDP	Jobs
2014	\$21,297,000	149
2015	\$26,133,000	186
2016	\$32,725,000	216

The Wood, Window and Door Manufacturing industry added 67 jobs and \$11.4 in GDP growth from 2014 to 2016, which appears to be due to expansion of operations at the Simpson Door Company in McCleary.

PAPER MANUFACTURING		
Year	GDP	Jobs
2014	\$26,939,000	245
2015	\$29,184,000	255
2016	\$33,949,000	292

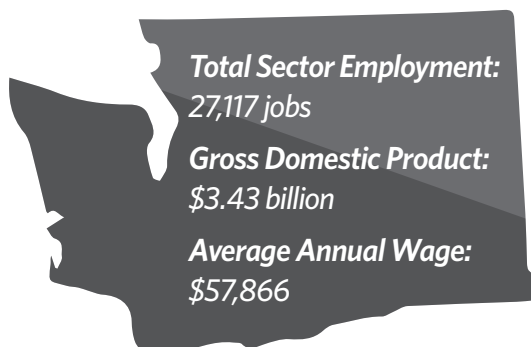
PAPERBOARD CONTAINER MANUFACTURING		
Year	GDP	Jobs
2014	\$15,523,000	152
2015	\$17,813,000	169
2016	\$20,798,000	192

The Paper Manufacturing industry saw a 26% increase in economic output over two years and gained 47 net jobs, possibly due to increased regional cardboard box production shifting to International Paper's Olympia plant.

FORESTRY & LOGGING		
Year	GDP	Jobs
2014	\$184,063,000	1,534
2015	\$181,845,000	1,494
2016	\$179,612,000	1,443

FORESTRY & LOGGING SUPPORT		
Year	GDP	Jobs
2014	\$42,448,000	523
2015	\$37,428,000	479
2016	\$37,162,000	496

The Forestry and Logging industry has suffered from the impact of forest fires on inventory and transportation, as well as changes in the global demand for U.S. timber. However, the US Dept of Agriculture is projecting a moderate upward trend in global demand for the next ten years.



Learn more at www.pacmtn.org

Grays Harbor, Lewis, Mason, Pacific, Thurston Counties



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FOOTNOTES

1. The Forest and Wood Products sector is defined in accordance with the core NAICS-coded industries selected in the 2012 cluster study. The four subsectors that comprise the sector are Wood Products Manufacturing, Paper Manufacturing, Forestry and Logging and Support Activities for Forestry and Logging. Tertiary industries within the supply chain but not directly identified within the wood products industry are not included.

2. Employment data is derived from the federal Quarterly Census of Employment and Wages (QCEW). The QCEW quarterly and annual data is derived from a complete count of employer tax records and unemployment insurance records. Industry data only includes workers who work for an employer who designates the wood products industry as their primary industry.

3. The U.S. Census Bureau defines "establishments" as "a single physical location where business is conducted or where services or industrial operations are performed." The term "worksites" is used interchangeably here with "establishments."

4. Regional Gross Domestic Product (GDP) is adapted from the U.S. Bureau of Economic Analysis (BEA) RIMS II chart of accounts and applied to data from the combined five-county PacMtn region. The BEA defines GDP as "the value of the goods and services produced by the [region's] economy less the value of the goods and services used up in production."

5. Average annual wage data is from Quarterly Census of Employment and Wages (QCEW) annualized averages of quarterly wage earnings.

6. "Location Quotient" is the share of the region's employment in a particular industry relative to the national average. The base is 1. Therefore, if an industry in the PacMtn area has an LQ of 2.50, that means that the local percentage of jobs in that industry in this region is two-and-a-half times greater than the national average.

7. Support Activities for Forestry (NAICS Code 115310) includes activities such as estimating timber, forest firefighting, forest pest control, and consulting on wood attributes and reforestation.