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Recession Accelerated the Improved Competitiveness of North America's Forest Industry

WATKINSVILLE, GEORGIA – September 20, 2018 – North America's forest industry is more consolidated and globally competitive today because of the accelerated retooling of older mills and investments in leading technologies by firms following the Great Recession. With the exception of plywood, all forest industry sectors across geographic regions consolidated over the past ten years, according to a new study by Forisk Consulting. Meanwhile, all sectors also increased scale, with average capacity at North American production facilities rising from 7% for plywood and pulp mills to an astounding 82% for wood pellet plants.

The North American Forest Industry Capacity study, recently published by Forisk, highlights key trends in capacity, ownership, and regional investments, along with mill-by-mill capacity projections through 2020. "This Study answers the questions we get from executives and institutional investors as they update their strategic and capital allocation plans," says Dr. Brooks Mendell, CEO of Forisk. "This analysis of the 'physical facts on the ground' helps firms verify assumptions, mitigate risk, and think through potential disruptions in the forest industry."

When investing in U.S. timberland or wood-using capacity, firms either invest in established forests with mature wood markets, or in areas that require development of the forests or wood markets. "For this research, our team aggregated and evaluated over 70,000 data points for nearly 1,700 wood-using mills in North America. This level of detail allows us to contrast regional investment trends," says Dr. Shawn Baker, Vice President of Research at Forisk. "For example, the U.S. South, relative to the West or Eastern Canada, has clear advantages in key end markets, particularly in the pulp and paper industry."

Forisk's North American Forest Industry Capacity Study details underlying trends and shifts for softwood lumber, structural panels (OSB and plywood), pulp, and wood pellets by region across five North American geographies—U.S. North, U.S. South, U.S. West, Eastern Canada, and Western Canada. The underlying database includes mill-by-mill details on location, type, and species, with ownership and capacity data by year for 2008-2018 and estimates for 2019-2020. For more information about the Study, visit www.forisk.com.

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About: Forisk publishes the *Forisk Research Quarterly* (*FRQ*), which includes timber forecasts, forest industry analysis, forest operations research and wood market rankings for North America. In total, Forisk subscribers own or manage over 100 million acres of timberland and use over 200 million tons of wood per year in the U.S. and Canada. For more information about Forisk's research and educational services, visit www.forisk.com.

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