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**Economic Analysis
Impact to Lincoln County Family Forest Owners
if there were an
Export Log Market in Newport**

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Lincoln County Facts:

- 120,000 acres of forestland belonging to family forest owners. This is 30% of the private forest acres in the county.
- In 2011 (most recent data available), 15.215 million board feet (MMBF) of timber was harvested from these family forests. That equals 9% of the total timber harvest in the county and 12% of the private harvest in the county in 2011.
- In 2011, wood products employment made up 844 (5.1%) of the jobs in Lincoln County and represented \$203,000,000 (13.1%) of the county's economic base. Lincoln County does not have a log processing facility that uses export quality logs. The one log processing facility in Toledo uses logs that are typically too small for an export log. Export logs are typically transported out of the county.

Economic Analysis of impact of having an export log facility in the Port of Newport for Lincoln County family forest owners:

- The annual growth potential on the 120,000 acres of family forests in Lincoln County conservatively is over 75 MMBF per year. The harvest from family forests varies each year depending on log markets and other factors. A log market in Newport should be a catalyst for many family forest owners to enter the log market because of the shorter distance to market, thus a less expensive hauling cost.
- Currently the closest log market for family forest timber of export log quality is in Philomath and Tillamook. Typically, distance to market is a big factor in making a harvest decision and in determining where to market timber. If there were a log market in Newport the shorter haul would generate more interest in harvesting timber, generating more

wood product jobs, and generate more revenue for family forest owners. A local market could easily triple the harvest in Lincoln County from family forest owners and in all likelihood would be considerably higher than that. I estimate family forest harvest would become closer to 45 MMBF per year in Lincoln County if there was a local market for export quality logs.

- The export log market typically carries a premium for export quality logs over the prices paid at domestic mills. This can vary from over \$100 per MBF or higher to little premium, but conservatively on average the premium is at least \$50 per MBF. About 75% of the logs harvested in Lincoln County are of export log quality and species. The log premium alone for export quality logs could generate an additional $\$50/\text{MBF} \times (45\text{MMBF} \times 0.75) = \$1,687,000$ per year for family forest owners in Lincoln County. That is revenue that is used to invest back into the timberland and to spur on the economy.
- When Caffell Brothers had an export log yard at the Port of Newport, some time ago, it acquired export quality logs from beyond the border of Lincoln County. It is likely that having an export log market in Newport will have a positive impact to family forest owners in the counties surrounding Lincoln County as well.

- Summary

An export log facility in Newport would be a huge advantage to family forest owners in Lincoln and surrounding counties. In Lincoln County alone, harvest from family forests could be in the 45 MMBF per year range and provide a log premium to family forest owners in the \$1.6MM per year range. Most of the revenue would be invested back into the county. An export log facility in Newport would be good for family forest owners, county employment, and improve the county's economic base.

The Oregon Small Woodlands Association strongly supports the creation of an export log facility at the Port of Newport.