

New railroad spur is key to Union Lumber Company expansion plans



A ribbon-cutting ceremony was held on November 19, 2020, for Union Lumber Company's Pioneer-Railcorp rail spur.

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A new business relationship between a century-old New Albany company and a railroad founded 149 years ago could mean significant economic growth for northeast Mississippi.

Union Lumber Company expansion underway

A substantial investment in a just completed railroad spur is expected to help create future growth and profitability for both companies.

The new spur, built by Pioneer-Railcorp, gives Union Lumber Company direct access to shipping on the tracks of BNSF railroad, the largest freight railroad in America with 32,500 miles of track in 28 states. It also enables connections with all seven Class I freight railroads operating in America.

Union Lumber was founded in New Albany in 1902 – 118 years ago – by Edgar Stephens, Sr.

Sixteen months ago, Terry Young of New Albany bought Union Lumber from the Stephens family. The sale closed July 31, 2019.

Terry Young said at the time of the sale that there would be improvements in facilities, but that Union Lumber would still concentrate on good service to its customers, mostly builders and contractors. Young, who had built 21 houses by the time he was 21 years old, said he had wanted to own a lumber yard since he was a child.

The improvements started immediately after the sale was closed: new trucks and loading equipment were put into service; new buildings have been constructed; and several acres have been cleared for future development. Young said last week that “a substantial amount” of additional dollars have been invested since Union Lumber was acquired.

A “ribbon-cutting” ceremony to officially open the new railroad spur, just a few hundred yards north of downtown New Albany, was held Thursday afternoon, November 19.



New construction at Union Lumber Company supports extensive expansion plans.

Ripley & New Albany Railroad and Pioneer-Railcorp

The Ripley & New Albany Railroad (RNA), which is owned by Pioneer-Railcorp, operates 26.5 miles of track running from New Albany to Ripley. It uses the right of way on which Colonel William Clark Falkner built his Ship Island, Ripley and Kentucky Railroad starting in 1871. Colonel Falkner was the great grandfather of William Cuthbert Faulkner, the Nobel Prize winning author, who was born in New Albany in 1897.

Ross Grantham, the chief operating officer of Pioneer-Railcorp, was in New Albany for the event. Also present were John Murray, Pioneer-Railcorp’s chief commercial officer and Brad Allen, general manager of the Ripley and New Albany Railroad. Jim Owen represented First District U.S. Congressman Trent Kelly at the event. Besides Terry Young and his father John Young, a number of Union Lumber employees were present.

Based in Denver, Colorado, Pioneer-Railcorp owns the RNA and operates 14 other short-line railroads – including two in Mississippi – in 12 states with 668 miles of track, according to Grantham.

Grantham has worked in the railroad industry for 23 years and is certified as both a locomotive engineer and railway conductor.

Pioneer-Railcorp's new owners also plan expansion

Like Union Lumber, Pioneer-Railcorp was acquired by new owners last year. The new owners want to see Pioneer-Railcorp expand and grow.

“The previous owners weren’t interested in doing much,” Grantham said, “but we’re looking for new growth and excited about opportunities such as this one with Union Lumber.”

That agrees with what Alex Yeros, president and CEO of Pioneer-Railcorp said to Progressive Railroading: “It [previous ownership] had an old culture and wasn’t operating under a modern management style. There was a lack of alignment in management and standards,” he said. “That’s not how short lines work today.”

Northeast Mississippi to see new opportunities from expansions

Thus the new owners of two companies with assets and pedigrees going back more than a century, are working together, creating new economic opportunities in northeast Mississippi.

Terry Young said having Pioneer-Railcorp build the new dedicated spur for Union Lumber is key to future growth plans.

“We’re going to get into the wholesale lumber business, as well as retail,” he said.

Receiving lumber by rail car will allow economies of scale to help Union Lumber grow as lumber wholesaler. A few key facts:

1. A railroad can move a ton of freight 400 miles or more on a single gallon of fuel compared to around 135 miles per ton per gallon of fuel for trucks.
2. A single rail car can move four times as much freight as an over-the-road truck.
3. A single truck driver can carry 20 tons of freight while a train crew of four members or fewer can move tens of thousands of tons.

Most lumber comes from Canada and the northwestern and northeastern United States.

“For the first two years we will use the new rail spur to cover our own needs,” said Terry Young. “While doing that, we will learn the commodities market and warehousing. We will start selling lumber wholesale statewide in Mississippi.

“Then we expect to start selling lumber wholesale in the neighboring states of Alabama, Arkansas, Louisiana, and Tennessee.

“Our ten-year plan is to be wholesaling lumber throughout the southeastern United States.

“We expect to receive about ten carloads a month for the first year. Within two years we should be receiving 15 to 25 carloads a month on the new spur.”

Young said the Union Lumber Company expansion would likely add eight additional workers within two years. Another eight employees are likely as the wholesale lumber business grows to serve customers throughout the southeastern U.S.