

NEWS RELEASE

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OSB Aims To Repeat Success in Remodeling Market

Manufacturers of oriented strand board (OSB) will continue to generate most revenues from the residential construction market. But now that OSB has already captured the lion's share of this bread and butter market, the manufacturers will accelerate efforts to penetrate new markets, and none appears to offer greater promise than the remodeling market.

According to national census figures, home improvements and repairs of U.S. homes totaled nearly \$143 billion in 1999. New home sales in 1999 were \$177 billion. That figure includes the price of land, which makes remodeling the larger market in dollar terms.

Remodeling is entering a golden age. Baby Boomers, mainly in their 40s, 50s and 60s, will make up more than half the home-owning population in the United States by 2010. A majority will be settling in their final homes, spending most of their home-related investments on repairs and improvements.

With the U.S. home-ownership rate approaching 70 percent, home-buying generations across the board — not just Boomers — will be spending more on repairs and improvements. Remodeling will not be adversely affected by interest and mortgage rate hikes like new housing.

“It took about 10 years for OSB's structural panel market share in residential construction to more than double to reach about 75 percent in the U.S. today,” says Reg Sharpe, technical and marketing representative of the Structural Board Association, representing major OSB producers worldwide. “There's no reason why OSB's success in new housing can't be repeated in remodeling.”

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OSB's structural panel market share in U.S. remodeling is about 37 percent, according to the Wood Products Council, an organization grouping seven North American wood products associations. Plywood accounts for the rest.

“There aren't as many remodelers using OSB because of perceptions associating it with other products which swell up and delaminate,” says Alan Hanbury, vice chair of the National Association of Home Builders' remodeling council. OSB, not to be confused with nonstructural panels, matches plywood in structural performance standards.

Made of strands cut from small-diameter trees that are bonded with water-resistant adhesives, OSB is not dependent on old-growth timber. It uses all parts of a tree in a manufacturing process that yields quality boards with consistency. OSB can also be produced in a wide variety of sizes according to preferences.

These factors, coupled with its competitive cost, saw OSB virtually replace plywood in new housing. Price, however, is not as big a lure for remodelers who do not procure materials in bulk like builders developing homes and neighborhoods.

The biggest dent OSB is making is in whole house remodeling. “It's (OSB) most definitely the wave of the future, especially here in the Bay area where there's no space for new housing and whole houses have to be torn and rebuilt,” says Greg Hall, vice president of preconstruction services for Thompson Brooks, a major San Francisco-based remodeler. “We're conscientious about the fact that it (OSB) also makes the most out of available wood, which means a lot to us.”

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For additional information about OSB, contact the Structural Board Association at (416) 730-9090, fax (416) 730-9013 or e-mail info@osbguide.com. The SBA Web site (www.osbguide.com) is another excellent resource.