

## NEWS RELEASE

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### **OSB Gaining Inroads in Remodeling**

When builders realized that oriented strand board (OSB) matched plywood's structural performance standards and had the additional advantages of manufacturing consistency, availability of a variety of dimensions suiting market demands, and a significantly lower cost structure, a major change occurred.

OSB became the structural panel of choice for wall, roof and floor sheathing in new residential construction. It has not only maintained a 75 percent share of the North American residential construction market since the late 1990s, but has gained the largest overall structural panel production share starting last year. Too much success can bring new pressures. For OSB suppliers, it is figuring how to develop OSB's presence in another market with similar growth potential.

That market is remodeling. According to U.S. Census Bureau figures, home improvements and repairs in the third quarter of 2000 was at the annualized rate of \$149 billion. The National Association of Home Builders put sales of new U.S. homes at 903,000 units in 2000, or over \$186 billion in value.

The home sales figure includes the price of land, which makes remodeling the larger market in dollar terms. Remodeling is expected to steadily grow with increasing home ownership and aging Baby Boomers settling in their last homes and spending most housing expenditures on remodeling.

Perceptions that motivated residential builders to choose plywood over OSB are at work in remodeling, which is considered to be the building sector with the most capacity to absorb additional OSB in the future.

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Remodeling includes repairs and improvements. Repairs cover simple maintenance, such as fixing a leaking faucet or painting a room. Improvements can mean everything from replacing a worn roof, installing a kitchen or building an addition or finishing unfinished space.

Improvements accounted for the largest share in remodeling revenues. The census bureau estimated \$42.5 billion was spent on maintenance and repairs while \$106.5 billion went to improvements. It is in improvements, especially whole house remodeling, where the most structural sheathing is required and where OSB appears to be making the deepest inroads.

"We've been buying OSB for seven years mainly for wall and roof sheathing," says John Furlong, vice president of Nevada-based Atherton Construction. The April 2000 issue of *Qualified Remodeler* ranked Atherton as the 13<sup>th</sup> largest remodeler with \$32.2 million in 1999 revenues.

"OSB is as good or better than any other product," says Furlong. "It's also got strong shear values, so we try to use it as much as we can." Atherton mostly handles military and national park housing projects for the federal government.

Among the largest companies on the *Qualified Remodeler* list that used the most OSB were firms that generated most revenues from whole house remodeling. Whole house remodeling accounted for 90 percent of Atherton's work. The whole house share for another remodeler using large quantities of OSB, Thompson Brooks, ranking 40<sup>th</sup> on the *Remodeler* list, was 80 percent.

"There is always a trickle-down effect that takes years to materialize," says Reg Sharpe, technical and marketing representative of the Structural Board Association. "But once remodeling companies start using OSB for all of their sheathing, value-added and specialty OSB products used in flooring and insulated panels are also likely to gain in popularity."

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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](mailto:info@osbguide.com). The SBA Web site ([www.osbguide.com](http://www.osbguide.com)) is another excellent resource.**

