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## **OSB makers eye industrial market**

The industrial market, which only accounts for around two percent of North American oriented strand board (OSB) production, has never been targeted as a potentially larger market for OSB. Until now, that is.

Made up of wood strands aligned lengthwise and crosswise in different layers for structural strength and rigidity, OSB has captured about 75 percent of the North American home construction market for floor, wall and ceiling panels. Most OSB production, about three-fourths of the total of 23 billion square feet – 3/8” basis, continues to be driven by new housing starts.

OSB makers will continue to supply the residential market with large quantities of sheathing. Specialty products, such as heavy-duty flooring panels, radiant panels, structural insulated panels, rimboards and I-joist webs, will also play a larger role to maintain and increase residential market share. But there is a limit to how much more OSB can be supplied for new home construction, which is why manufacturers are looking to new markets.

The next two largest markets for OSB are remodeling and renovation, which account for just under 15 percent of production, and non-residential (panels for factories, office buildings, hospitals, government buildings, and military bases), which makes up close to 10 percent. The industrial market is the smallest North American structural panel market for OSB. Conversely, it is the largest for plywood, accounting for more than one third of total plywood production.

“The industrial market will be a larger target market for OSB because it is the least-penetrated,” says Mark Angelini, president and CEO of the Structural Board Association, an industry association representing major structural panel manufacturers. “Although a relatively small market now for OSB, it is likely to have the largest upside potential down the road.”

It won’t be easy. “The low-hanging fruit has already been taken,” says Al Schuler, a research economist at the United States Department of Agriculture’s Forest Service, referring to the commodity-sheathing market that OSB has captured. “OSB will be going after much tougher areas to capture in the industrial market.” (more)

## **OSB makers eye industrial market – Page 2**

Schuler points out that unlike the residential market where panels are graded according to industry-recognized performance standards, the industrial market has no such grading system. “Each company ordering industrial panels will seek specific performance requirements of its own that will be more difficult to satisfy than industry-recognized certified standards.”

The industrial market is mainly made up of products for consumption and material handling, including light and heavy duty boxes for packaging, panel liners for trucks, trailer and van cargo compartments, intermodal freight containers, rail car liners, recreational vehicles and buses, pallets, crates, overlaid highway and commercial signs, and upholstered furniture frames.

Bernard Fuller, chairman and vice president of Resource Information Systems, Inc., a Bedford, Massachusetts-based wood products information and consulting firm, says a campaign will have to be launched to educate people on OSB’s advantages. “Research and development will also require a more impact-resistant OSB panel for packaging and freight handling, and a smooth overlay covering the rough strand texture of OSB will enable OSB to compete better with panels in the furniture market.”

The USDA’s Schuler points out that the quality of OSB panels will continue to improve with mills using continuous press technology, resulting “in a more consistent panel with a higher density profile needed for industrial applications.”

“Developing OSB panels for the industrial market will require adding more value in panel production, which will increase panel cost, and cost has been a great advantage that OSB has enjoyed over plywood,” says Fuller. “So long as value can be added and costs kept competitive, OSB will be able to better tap the industrial market,” adds Fuller. “Nobody back in 1983 could have imagined the residential market share that OSB has captured today. We are still in the early stages of OSB in the industrial market.”

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**For more information about OSB or to obtain an e-mail version of the news release above, contact the Structural Board Association at (416) 730-9090 or fax (416) 730-9013. The SBA Web site, [www.osbguide.com](http://www.osbguide.com) is another excellent resource.**