

NEWS RELEASE

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Lots of Upside for Value-Added OSB and New Markets

What structural panel is used the most in North American residential construction? If you answered oriented strand board (OSB), you're right on the money.

OSB's share of the floor and wall sheathing and roof decking market has tripled to around 75 percent in the last 10 years. Although the residential market is expected to reach saturation point soon, manufacturers will focus on upgrading panel quality and performance of OSB, which will continue to play a pivotal role in home construction, due to product advantages and the market.

Engineered wood products, like OSB, are beginning to replace traditional lumber in home construction. Processed with wood and adhesives, they exhibit stronger properties than their sawn lumber counterparts, and have not only caught on among architects and builders but are appreciated by home buyers.

Larger homes will also require more product, including OSB. From 1,000 square feet in 1950 to 2,000 square feet today, the National Association of Home Builders estimates new homes will average 2,200 square feet by 2010. Larger garages, larger rooms and higher ceilings will require more paneling, sheathing and flooring supporting longer spans.

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The market will remain lucrative for those who deliver on product. Although interest rates are expected to take a bite out of the furious pace of housing starts in the United States, don't forget that more than 50 percent of the U.S. population by 2010 will be between 25-64 years old. That demographic will spend the most on buying new homes, building new ones or renovating existing homes. Boomers will make up half of this group.

Many of these folks will be from double-income families. As the case is now, they will demand and pay for more quality in home components and products. Manufacturers realize this as much as builders. If the old sheathing panels that builders referred to as "commodity" were classified as regular gasoline, the panels that you will see today and in the future will be closer to premium with one great exception: They will be priced more competitively.

No longer will every professional identify OSB as a sheathing panel, for companies are producing new specialty panels as well as engineered components that are beginning to take over important parts of the residential construction process that were not associated with OSB.

I-joists, which began to appear on the market in the 1990s, are expected to support more than half of new homes that will be built in the United States in several years. Made of OSB webs connected by lumber or laminated veneer lumber flanges, I-joists do not tend to crown, shrink, split, warp, twist or pull away from the subfloor like sawn lumber joists. They are lighter, strong enough to carry large loads and reduce or eliminate squeaky floors. I-joists are among the fastest-selling wood products in residential construction. OSB tends to be the most profitable.

Structural insulated panels (SIPs), made up of a core foam sandwiched by OSB panels, have achieved a 5 percent market share in residential construction, but a critical mass of acceptance is beginning to be felt among builders and architects catering to households seeking high insulation, comfort, strength and sound-proofing characteristics.

SIPs offer cost advantages for builders. A small custom house with SIPs can be built, sheathed, insulated and sealed for air tightness in one day. When a company like Owens Corning, a home products giant, starts a new line of SIPs like it did last year, you know the product, as well as OSB, will benefit from the firm's huge distribution system.

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Manufacturers are also doing some wonderful things with panels. One firm has successfully introduced an OSB panel incorporating perforated aluminum, which acts as a barrier to keep out as much as 95 percent of the sun's radiant heat. Firms are also offering lifetime or 50-year warranties for flooring systems combining OSB tongue and groove panels with I-joists.

Another firm is offering an OSB concrete form product that will be used for industrial applications to build concrete walls and foundations. Up until now plywood has dominated in this particular application. The product consists of an OSB panel with a medium density overlay, which allows for multiple usage. This is the first time that OSB will be used as a concrete form. It also spells the beginning of a foray into the industrial market and OSB diversifying into new markets.

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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.