



## Building Products Industry Q2 2025 Balancing Opportunity and Headwinds

*The U.S. building products industry entered Q2 2025 with cautious sentiment, as slowing residential activity was partly offset by steady momentum in commercial and infrastructure projects. Construction spending in June 2025 was recorded at a seasonally adjusted annual rate of \$2.1 trillion, reflecting a 2.9% decline from June 2024. June spending also represented a 0.3% drop from May. YTD spending through H1 2025 was 2.2% lower versus the same period in 2024.<sup>1,2</sup> Despite this softening, demand from data centers, healthcare, hotels, and mixed-use developments continues to underpin sector activity, with ConstructConnect forecasting a 7% rise in commercial starts in Q3 2025.<sup>3</sup>*

### Current Trends

Residential construction remains under pressure, with U.S. single-family housing starts falling to an 11-month low in June 2025 and building permits hitting their lowest level in over two years. Multi-family construction has been more resilient, supported by elevated rental demand.<sup>4</sup> Nonresidential construction continues to benefit from large-scale projects in technology, healthcare, and institutional sectors, aided by government spending under IIJA and private investment in AI infrastructure and data centers. While the Trump Administration has slowed certain clean energy and semiconductor subsidies, core infrastructure funding streams remain intact.<sup>5</sup>

### Market Indicators

Planning activity rebounded strongly in July 2025, with the Dodge Momentum Index rising 20.8% month-over-month to a record 280.4, driven by robust pipelines in data centers, institutional facilities, warehousing, and service plazas.

Year-to-date, the index is up 27% compared to 2024, signaling healthy project visibility into 2026.<sup>6</sup> However, newly imposed tariffs on steel, aluminum, and copper—some exceeding 10%—have disrupted sourcing strategies, prompting developers to secure materials early and, in some cases, delay or rephase projects.<sup>7</sup>

**Materials** for projects like data centers, healthcare, and advanced manufacturing are increasingly emphasized upon as they are now prioritizing sustainability as a key driver of growth, intensifying demand for associated materials. Combined with the impact of natural disasters, this is expected to push prices higher across a wider array of inputs in 2025.<sup>5</sup>

**Construction cost** growth moderated in Q2, yet localized material price volatility and persistent labor shortages—particularly in mechanical, electrical, and plumbing trades—continue to impact project timelines and profitability. Material prices are expected to rise 3-6% through the remainder of 2025, with sustainability requirements, natural disaster impacts, and tariff pressures contributing to higher input costs.<sup>3</sup>

In addition, **environmental regulations** at the state level—especially in California and New York—are driving increased demand for low-carbon concrete, recycled steel, and other sustainable building materials, further influencing sourcing decisions. Rising insurance premiums linked to climate-related risks are also emerging as a notable cost factor for developers in certain regions.

1. U.S. Census Bureau 2. DA Davidson 3. BldrSearch 4. Reuters 5. Investors Business Daily 6. Dodge Construction Network 7. Reuters



## Building Products Industry Q2 2025 Balancing Opportunity and Headwinds

### M&A Highlights

Companies in the building products sector continue to pursue acquisitions aimed at expanding distribution channels, integrating smart technologies into building systems, enhancing sustainability offerings, and adopting modular and off-site construction capabilities. Strategics with strong balance sheets are re-engaging in the market, with recent transactions in windows & doors and cabinetry reflecting a push for growth, diversification, and competitive positioning.

After our Q2 Industry Insight cutoff, **Lowe's announced the acquisition of Foundation Building Materials** for \$8.8 billion.

### Private Equity

Private equity remains well-capitalized, with over \$1 trillion in dry powder, yet deployment in the sector remains measured amid macroeconomic uncertainty. Extended holding periods – now averaging nearly six years – are influencing exit strategies, with many sponsors opting to hold assets until market conditions improve. While direct lender support remains steady, most PE-backed transactions are focused on consolidation opportunities in fragmented subsegments.<sup>8</sup>

Notably, sponsors are showing increased interest in platform investments that can be scaled through bolt-on acquisitions targeting specialty product niches, such as energy-efficient windows or advanced insulation materials. Co-investment structures with strategic buyers are also becoming more common, enabling shared risk on larger transactions while providing operational synergies.

### Outlook

Looking ahead, the market is expected to remain bifurcated—residential construction

will likely face continued affordability and permitting headwinds despite potential relief from further interest rate cuts in late 2025, while commercial and infrastructure demand should remain resilient. The combination of strong planning pipelines, supportive federal funding, and ongoing consolidation is expected to sustain deal activity, particularly in niches where technology integration, sustainability, and local scale provide competitive advantages.

### Let's Talk

In today's dynamic market, precision and flexibility are key to successful M&A. Balmoral Advisors partners with building products companies and investors to navigate challenges and structure smart deals. To explore trends in the sector, share updates about your business, or learn how we can support your next move, reach out to our team.



## Your powerful, competitive advantage

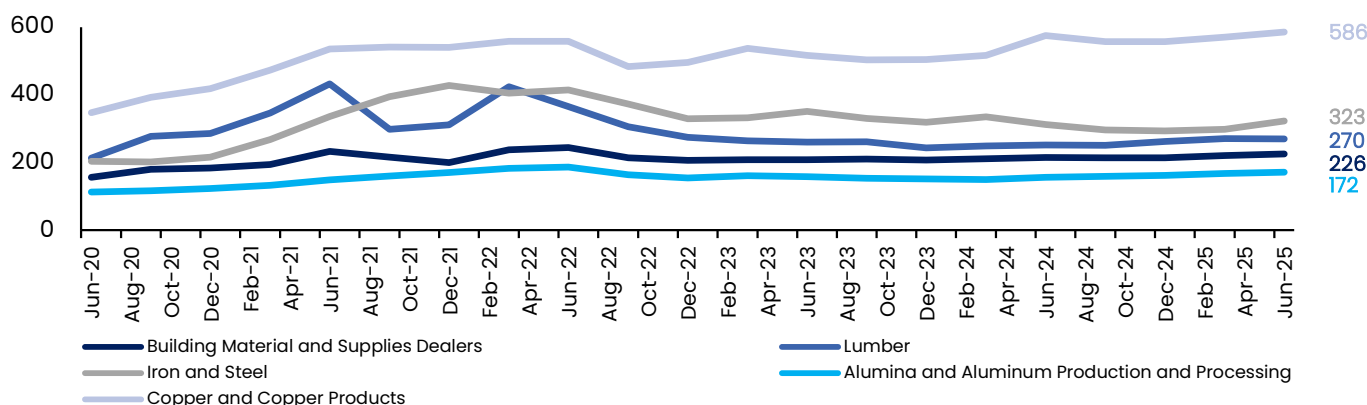


<sup>8</sup> DA Davidson

## Producer Price Index – Building Materials<sup>1</sup>

Chart 1

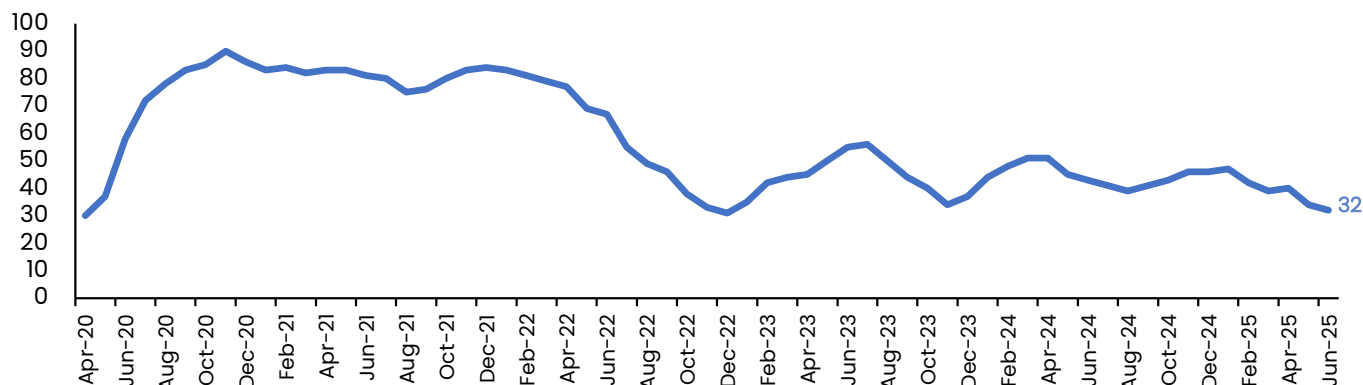
*New tariffs across lumber, steel, copper, drywall, and other inputs are now estimated to raise the cost of constructing a typical new single-family home by approximately \$10,900 on average.<sup>2</sup>*



## Housing Market Index<sup>3</sup>

Chart 2

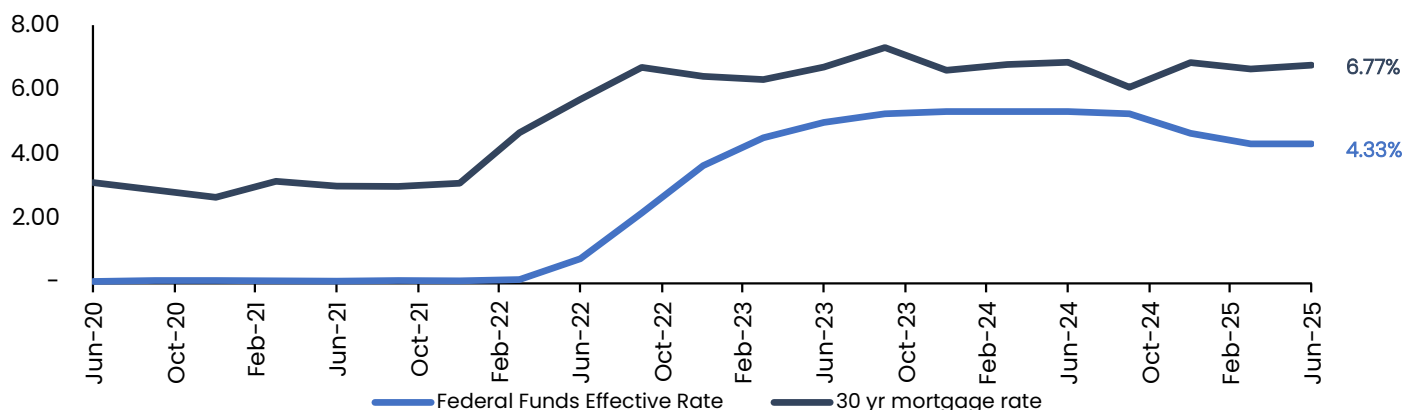
*Builder sentiment remains subdued, yet affordability pressures persist. Redfin now projects a 1% national home price decline by year-end, with about 6% of U.S. homes, including 10% in San Antonio, at risk of selling at a loss.<sup>4</sup>*



## Key Interest Rates<sup>1</sup>

Chart 3

*The Fed's benchmark interest rate is currently set in a range between 4.25% and 4.5%, where it has been since December following a series of rate cuts in 2024. If tariffs push up inflation, the situation may change.<sup>5</sup>*

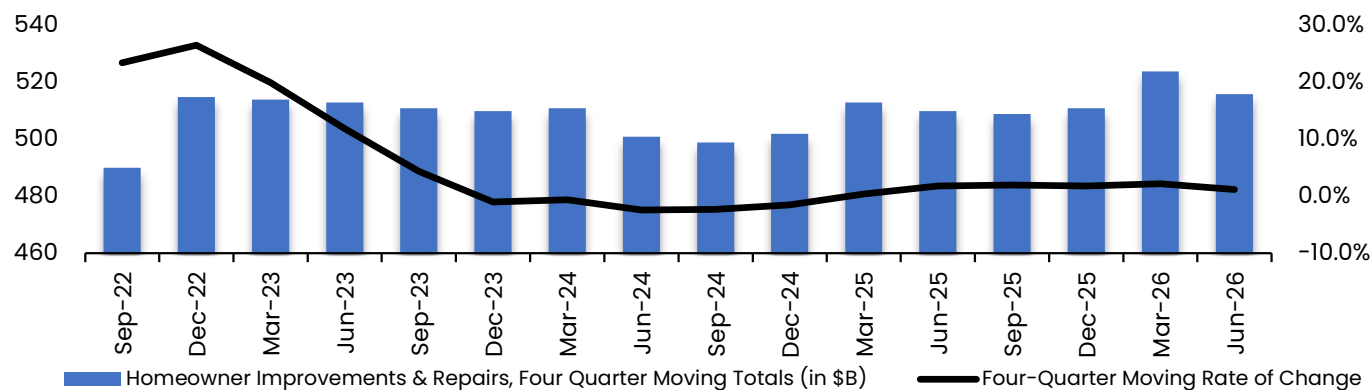


1. Fred 2. NAHB 3. NAHB 4. Barron's 5. BBC

## LIRA Index<sup>1</sup>

Chart 4

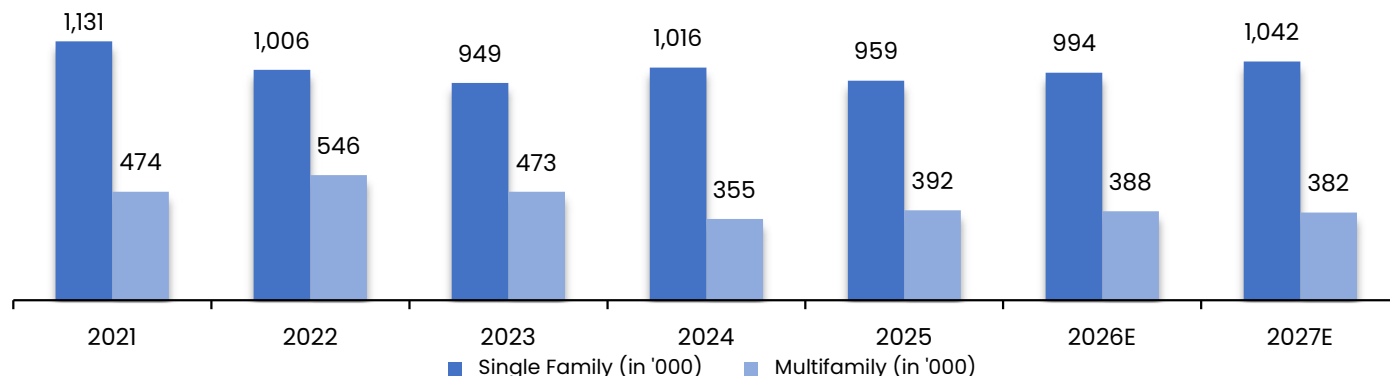
After a slight bump in Q2 2025, homeowner improvement and maintenance spending is projected to rise by about 2.5% through Q1 2026 albeit with growth expected to slow through mid-2026.<sup>2</sup>



## Housing Starts<sup>3</sup>

Chart 5

A NAHB-Wells Fargo survey shows that tariffs and policy uncertainty are adding ~\$11,000 to the cost of new single-family home and with single-family starts now at their lowest since July 2024, builders are feeling pressure.<sup>4</sup>



## Construction Spending<sup>5</sup>

Chart 6

Construction spending fell again in Q2 2025—residential down 1.3% and nonresidential off 0.5%—as elevated mortgage rates, escalating tariffs on imports, and economic uncertainty continue to weigh on builder activity.<sup>6</sup>



1. JCHS 2. Composite Panel Association 3. NAHB 4. National Mortgage News 5. FRED 6. U.S. Census

# Selected Public Companies

## Construction Equipment and Rental (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Ashtead Group plc	\$27,554	\$38,170	\$10,792	\$4,791	\$5,112	3.5x	8.0x	7.5x
Caterpillar Inc.	182,581	218,431	63,139	14,057	14,306	3.5x	15.5x	15.3x
CNH Industrial N.V.	16,193	41,225	18,069	1,537	1,417	2.3x	26.8x	29.1x
Deere and Co	137,713	198,050	45,384	9,306	7,742	4.4x	21.3x	25.6x
Herc Holdings Inc.	3,753	8,753	3,779	873	2,079	2.3x	10.0x	4.2x
Terex Corporation	3,063	5,351	5,169	500	704	1.0x	10.7x	7.6x
United Rentals, Inc.	48,970	62,421	15,749	4,512	7,549	4.0x	13.8x	8.3x
Summary Statistics								
Mean	\$59,975	\$81,772	\$23,154	\$5,082	\$5,558	3.0x	15.2x	13.9x
Adj. Mean <sup>3</sup>	46,837	69,724	19,033	4,204	4,780	3.1x	14.3x	12.8x
Median	27,554	41,225	15,749	4,512	5,112	3.5x	13.8x	8.3x

## Construction Materials (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Boise Cascade Company	\$3,267	\$3,231	\$6,558	\$491	\$408	0.5x	6.6x	7.9x
Builders FirstSource, Inc.	12,896	17,890	15,944	1,799	1,524	1.1x	9.9x	11.7x
Cemex, S.A.B. de C.V.	9,948	16,321	15,676	2,273	3,183	1.0x	7.2x	5.1x
CRH plc	61,807	77,023	36,347	7,074	7,708	2.1x	10.9x	10.0x
Eagle Materials Inc.	6,595	7,851	2,287	754	815	3.4x	10.4x	9.6x
Forterra, Inc.	568	713	517	64	89	1.4x	11.2x	8.0x
Martin Marietta Materials, Inc.	33,094	38,803	6,685	2,192	2,398	5.8x	17.7x	16.2x
Summary Statistics								
Mean	\$18,311	\$23,119	\$12,002	\$2,092	\$2,304	2.20x	10.6x	9.8x
Adj. Mean <sup>3</sup>	13,160	16,819	9,430	1,502	1,666	1.82x	9.9x	9.5x
Median	9,948	16,321	6,685	1,799	1,524	1.38x	10.4x	9.6x

## Distribution (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
ADENTRA Inc.	\$522	\$1,203	\$2,239	\$144	\$175	0.5x	8.4x	6.9x
BlueLinx Holdings Inc.	597	806	2,947	98	92	0.3x	8.2x	8.7x
Ferguson plc	42,936	48,246	30,211	2,937	3,144	1.6x	16.4x	15.3x
GMS Inc.	4,133	5,675	5,514	473	495	1.0x	12.0x	11.5x
TopBuild Corp.	9,200	10,457	5,216	1,019	1,064	2.0x	10.3x	9.8x
Watsco, Inc.	16,708	17,158	7,508	780	865	2.3x	22.0x	19.8x
Summary Statistics								
Mean	\$12,349	\$13,924	\$8,939	\$909	\$972	1.3x	12.9x	12.0x
Adj. Mean <sup>3</sup>	7,659	8,624	5,296	604	650	1.3x	11.8x	11.3x
Median	6,666	8,066	5,365	627	680	1.3x	11.1x	10.6x

## Electrical & Lighting (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
ABB Ltd	\$108,566	\$112,083	\$33,576	\$6,718	\$7,216	3.3x	16.7x	15.5x
Eaton Corporation plc	139,690	148,550	25,989	5,879	7,060	5.7x	25.3x	21.0x
Emerson Electric Co.	74,998	88,128	17,780	4,893	5,360	5.0x	18.0x	16.4x
Hubbell Inc	21,798	23,459	5,626	1,337	1,461	4.2x	17.5x	16.1x
Signify	3,335	4,521	7,115	738	853	0.6x	6.1x	5.3x
Summary Statistics								
Mean	\$69,677	\$75,348	\$18,017	\$3,913	\$4,390	3.8x	16.7x	14.9x
Adj. Mean <sup>3</sup>	68,454	74,557	16,961	4,036	4,627	4.2x	17.4x	16.0x
Median	74,998	88,128	17,780	4,893	5,360	4.2x	17.5x	16.1x

1. S&P Capital IQ Data presented as of 06/30/2025, All charts represent Global Data 2 - Market Capitalization as of 06/30/25. 3 - Adj. mean excludes high and low values.



# Selected Public Companies

## Finishings, Furnishings & Fixtures (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Interface Inc	\$1,227	\$1,522	\$1,352	\$193	\$217	1.1x	7.9x	7.0x
JELD-WEN Holding, Inc.	334	1,516	3,430	104	180	0.4x	14.5x	8.4x
Masco Corporation	13,576	16,753	7,663	1,500	1,479	2.2x	11.2x	11.3x
Mohawk Industries, Inc.	6,555	8,647	10,684	1,355	1,395	0.8x	6.4x	6.2x
Owens Corning	11,696	17,342	11,738	2,613	2,414	1.5x	6.6x	7.2x
Quanex Building Products Corporation	864	1,728	1,625	152	274	1.1x	11.4x	6.3x
Trex Co Inc	5,831	6,321	1,129	311	410	5.6x	20.4x	15.4x
Summary Statistics								
Mean	\$5,726	\$7,690	\$5,375	\$890	\$910	1.8x	11.2x	8.8x
Adj. Mean <sup>3</sup>	5,235	6,994	4,951	702	755	1.3x	10.3x	8.1x
Median	5,831	6,321	3,430	311	410	1.1x	11.2x	7.2x

## Home Improvement Retailers (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Floor & Decor Holdings, Inc.	\$8,174	\$9,940	\$4,600	\$501	\$560	2.2x	19.8x	17.7x
Lowe's Companies, Inc.	124,344	160,284	83,240	12,477	12,532	1.9x	12.8x	12.8x
The Home Depot, Inc.	364,780	425,363	162,952	25,498	25,697	2.6x	16.7x	16.6x
Summary Statistics								
Mean	\$165,766	\$198,529	\$83,597	\$12,825	\$12,930	2.2x	16.5x	15.7x
Adj. Mean <sup>3</sup>	124,344	160,284	83,240	12,477	12,532	2.2x	16.7x	16.6x
Median	124,344	160,284	83,240	12,477	12,532	2.2x	16.7x	16.6x

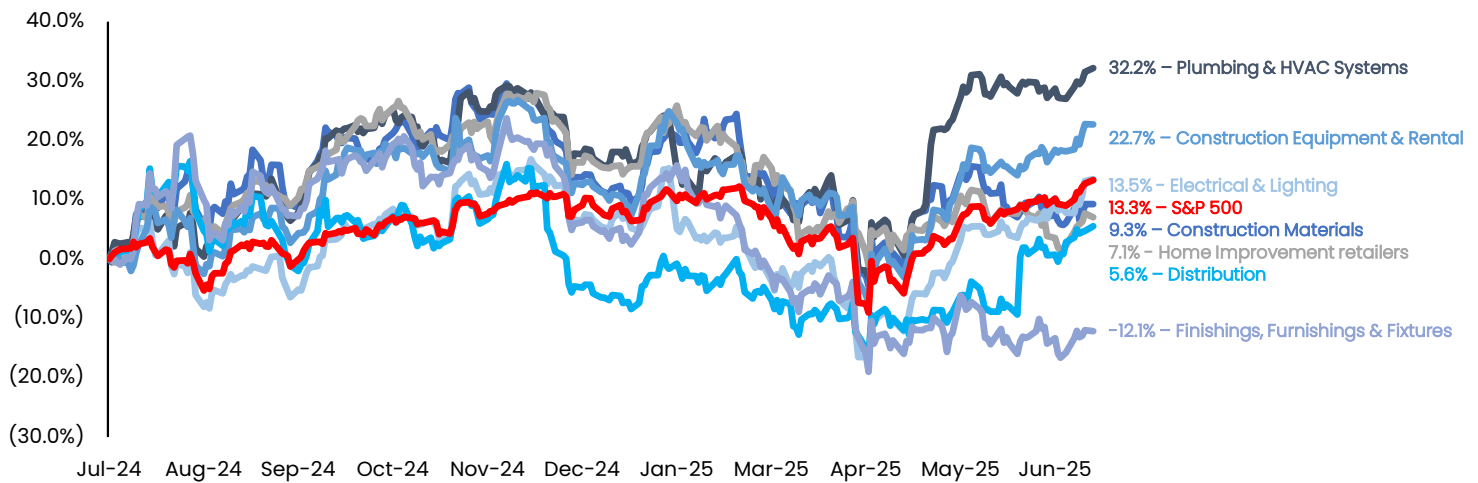
## Plumbing and HVAC Systems (\$MM)<sup>1</sup>

Company	Market Cap <sup>2</sup>	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
A. O. Smith Corporation	\$9,318	\$9,414	\$3,790	\$768	\$851	2.5x	12.3x	11.1x
AAON, Inc.	6,001	6,268	1,261	267	329	5.0x	23.5x	19.1x
Carrier Global Corporation	62,434	72,696	22,463	3,344	5,240	3.2x	21.7x	13.9x
Comfort Systems USA, Inc.	18,872	18,966	7,685	1,076	1,240	2.5x	17.6x	15.3x
Johnson Controls International plc	69,503	81,140	23,402	4,059	4,174	3.5x	20.0x	19.4x
Lennox International Inc.	20,341	21,608	5,417	1,151	1,272	4.0x	18.8x	17.0x
Trane Technologies plc	97,550	101,488	20,750	4,073	4,562	4.9x	24.9x	22.2x
Summary Statistics								
Mean	\$40,574	\$44,511	\$12,110	\$2,106	\$2,524	3.6x	19.8x	16.9x
Adj. Mean <sup>3</sup>	36,094	40,765	12,021	2,080	2,420	3.61x	20.3x	16.9x
Median	20,341	21,608	7,685	1,151	1,272	3.47x	20.0x	17.0x

1. S&P Capital IQ Data presented as of 06/30/2025. All charts represent Global Data 2 - Market Capitalization as of 06/30/25. 3 - Adj. mean excludes high and low values.

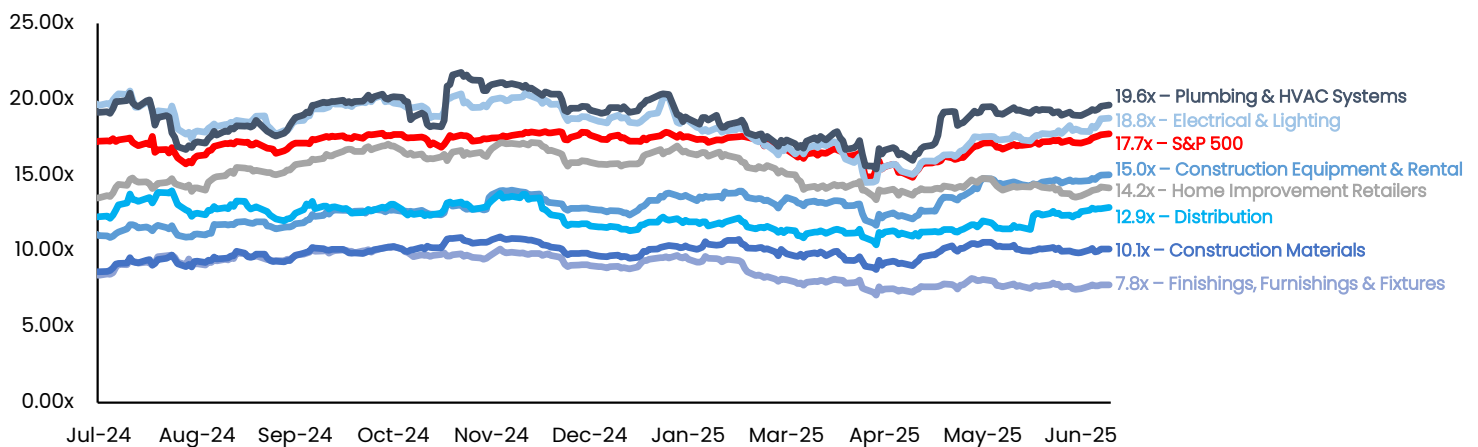
## Stock Price Performance LTM Relative Stock Performance<sup>1</sup>

Chart 7



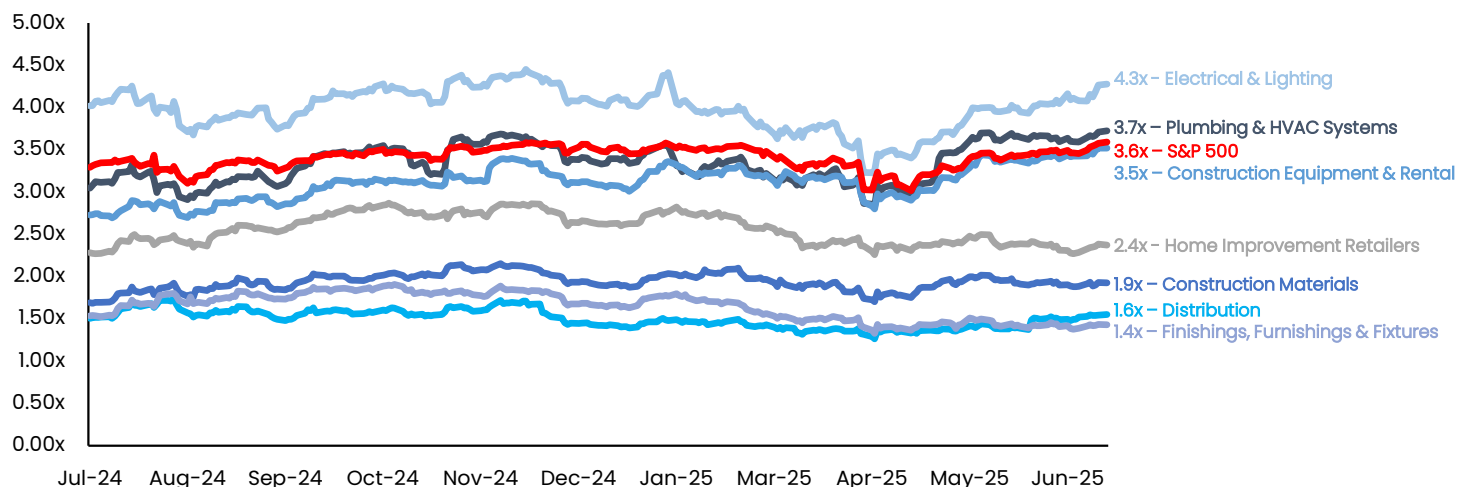
## EV/EBITDA LTM EV/EBITDA Multiples<sup>1</sup>

Chart 8



## EV/Revenue LTM EV/Revenue Multiples<sup>1</sup>

Chart 9



<sup>1</sup> S&P Capital IQ Data presented as of 06/30/2025, All charts represent Global Data

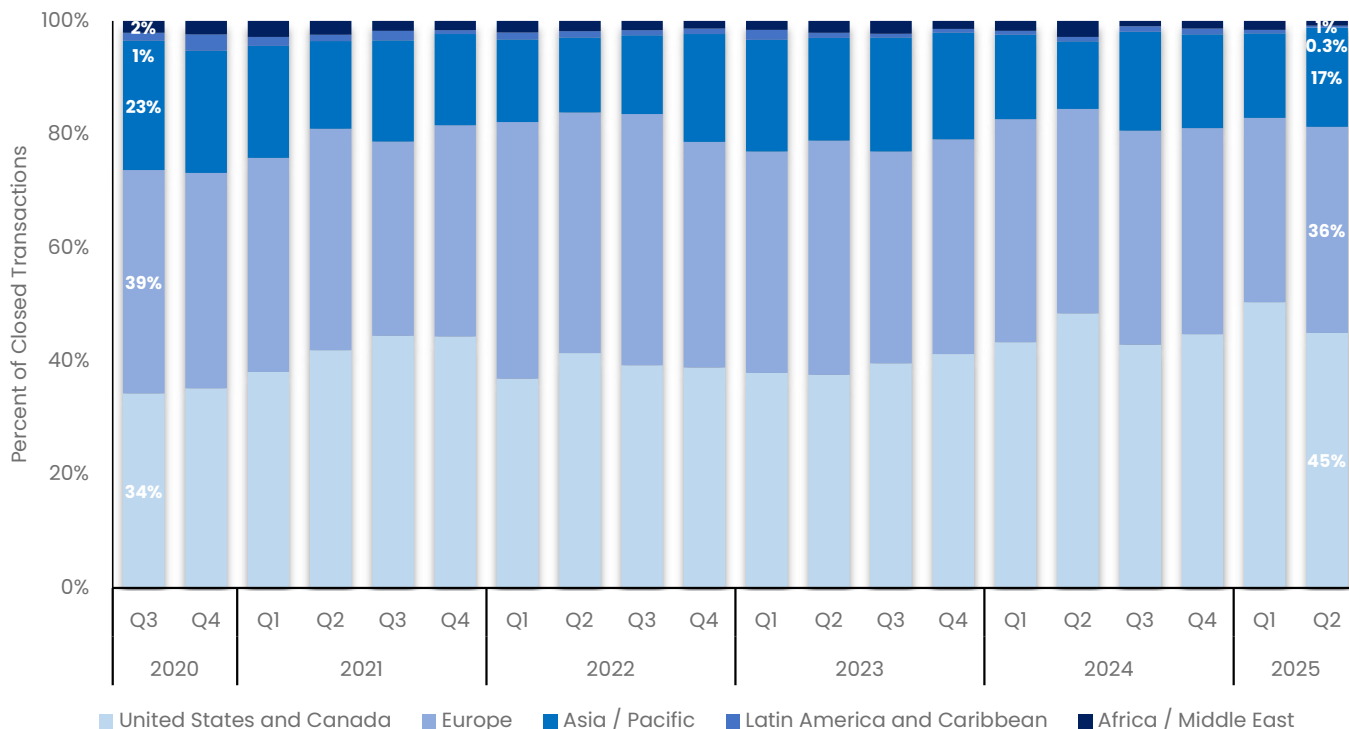
## Disclosed Transaction Volume<sup>1</sup>

Chart 10



## Disclosed Transaction Activity by Geographic Region<sup>1</sup>

Chart 11



1. S&P Capital IQ Data presented as of 06/30/2025, All charts represent Global Data



## Strategic Buyers

Select Active Buyers<sup>1</sup>

Acquirer	Targets	Status/Date	Strategy
		Closed Mar-25	Beacon Roofing Supply's acquisition of DM Figley adds 60 branches across US, expanding its distribution network while preserving local customer relationships and enhancing service offerings.
		Closed Aug-24	The acquisition highlights Beacon Roofing Supply's expanding metal solutions capabilities, including skilled craftspeople specialized in fabrication.
	 	Closed Jul-24	The acquisition enabled Beacon to expand their residential and commercial roofing catalog with metal solutions, meeting rising demand in Florida.
		Closed May-24	The acquisition enhanced Beacon Roofing Supply's national waterproofing platform by expanding its geographic footprint across US.
		Closed Apr-25	The acquisition strengthens Builders FirstSource's presence in Northern California and expands its value-added product and design service offerings.
		Closed Jan-25	The acquisition was aimed to expand Builders FirstSource's presence in Colorado and New Mexico, aligning with its strategy to invest in high-growth markets.
		Closed Nov-24	The acquisition allowed Builders FirstSource to strengthen its market presence in the Northeast and enhance service to builders, contractors and homeowners in the region.
		Closed Oct-24	The acquisition enabled Builders FirstSource to strengthen its presence in the Northeast by integrating one of Rhode Island's largest independent building material distributors.
		Closed Feb-24	Comfort Systems partnered with J&S Mechanical to strengthen its presence in the Intermountain West, leveraging J&S's expertise, capabilities, and leadership across all levels of the business.
		Closed Feb-24	Comfort Systems acquired Summit Industrial Construction as a strategic platform to expand its off-site solutions, particularly for advanced technology and heavy industrial customers.
		Closed Oct-23	The acquisition enabled Comfort Systems to add established capabilities and expand its presence in key Northeast markets.
		Closed Jun-25	The acquisition strengthens Saint-Gobain's digital solutions offering across the concrete and cement value chains, enhancing its ability to deliver integrated and data-driven construction technologies.
		Closed May-25	The acquisition of La Maison Des Travaux expands Saint-Gobain's reach in the home renovation market and strengthens its connection to end customers.
		Closed Feb-25	The acquisition enabled Saint-Gobain to strengthen its presence in high-growth markets like India and the Middle East, supporting its strategy to lead in light and sustainable construction.
		Closed Jan-25	The acquisition was aimed to strengthen Saint Gobain's presence in the fast-growing Mexican and Central American construction chemicals markets.
		Announced Mar-25	The acquisition enabled TopBuild to to strengthen their installation presence in Nebraska.
		Closed Mar-24	The acquisition was aimed at enhancing TopBuild's presence in the Pennsylvania residential insulation market.

1. S&P Capital IQ Data presented as of 06/30/2025

# Active Industry Buyers

## Financial Buyers

Select Active Buyers<sup>1</sup>

Acquirer	Targets	Status/Date	Strategy
 <b>Portfolio Company of</b>  <b>AMERICAN SECURITIES</b>		Closed Apr-25	This acquisition will help FBM expand its product offerings to builders, contractors, and the broader construction trades.
		Closed Sep-24	The acquisition allowed Foundation Building Materials to enhance its product offerings in commercial building applications, particularly doors and related hardware.
		Closed Oct-23	The acquisition was aimed at expanding Foundation Building Materials' presence in the Northeast U.S., adding two locations in Rochester and Buffalo, New York.
		Closed Jun-23	The acquisition allowed Foundation Building Materials to expand its presence in the Great Lakes Region by integrating a well-established supplier.
 <b>KINGSWOOD CAPITAL MANAGEMENT</b>		Closed Dec-23	The acquisition created a leading residential lighting platform by combining with Kichler Lighting to expand distribution and service across North America.
		Closed Dec-23	The acquisition was aimed at capitalizing on Hubbell's century-long brand reputation and product catalog, positioning it for growth in the fragmented lighting sector.
 <b>KPS CAPITAL</b>		Closed May-25	The addition of Curb Tech expands the company's presence in the vibration isolation and rooftop support markets.
		Closed Dec-24	The acquisition allows KPS Capital to leverage Crane Composite's leadership in fiberglass reinforced plastic products and best-in-class manufacturing capabilities.
		Closed Mar-25	The acquisition enabled US LBM to expand its presence across the Carolina markets.
 <b>Portfolio Company of</b>  <b>BainCapital PRIVATE EQUITY</b> 		Closed Feb-25	US LBM acquired Goodrich Bros. to complement its existing operations and expand its manufacturing capabilities in Michigan.
		Closed Feb-25	US LBM partnered with Walker Lumber & Supply to establish its first location in Tennessee, expanding its presence in the growing Southeast region.
		Closed Sep-24	The acquisition enabled US LBM to enhance its specialty product and service offerings in Texas.
		Closed Jun-24	US LBM acquired RAKS to expand its network into the high-growth Albuquerque market, where housing demand remains strong amid low inventory levels.

1. S&P Capital IQ Data presented as of 06/30/2025

# Find out why so many clients trust Balmoral Advisors with their middle-market investment banking needs.

Contact our Building Products team for personalized assistance:

**David Kakareka**

Managing Director

1-312-254-5907

[dkakareka@balmoraladvisors.com](mailto:dkakareka@balmoraladvisors.com)

**Gary Denning**

Senior Advisor, Atlanta, GA

1-404-307-8295

[gdenning@balmoraladvisors.com](mailto:gdenning@balmoraladvisors.com)

**Heidar Fadae**

Vice President

1-812-361-1912

[hfadae@balmoraladvisors.com](mailto:hfadae@balmoraladvisors.com)

[www.balmoraladvisors.com](http://www.balmoraladvisors.com)

Securities offered through Jordan Knauff & Company, LLC,  
Member FINRA / SIPC



Balmoral Advisors excels in delivering comprehensive middle-market mergers and acquisitions, corporate finance, and financial restructuring advisory services. With our extensive experience, unmatched expertise, and an unwavering commitment to client satisfaction, we serve as the ideal partner for companies striving to achieve their strategic objectives. Whether the aim is to drive growth, secure capital, or navigate financial challenges, Balmoral Advisors possesses the capabilities, skills, and resources to enable success.

Our team's proficiency extends to both domestic and cross-border transactions, enabling us to assist clients not only within the United States but also on a global scale. Our exceptional track record underscores our steadfast dedication to delivering outstanding service. Through a collaborative approach, we actively engage with our clients, comprehending their unique needs and goals to provide tailored solutions.

We are invaluable partners in your journey towards success.