



Building Products Industry Q3 2025 Sustaining Momentum Amid Moderation

The U.S. building products industry entered Q3 2025 with a blend of cautious confidence and selective strength, as a continued residential pull back was counterbalanced by sustained momentum in commercial and infrastructure end-markets. According to the U.S. Census Bureau, total construction spending in July 2025 reached a seasonally adjusted annual rate of \$2.139 trillion, down 2.8% versus July 2024 and essentially flat (-0.1%) compared to June.¹ YTD spending through July remains 2.2% below the same period in 2024.¹ Despite the softer headline, demand remains robust in sectors such as data centers, healthcare facility expansion, logistics/distribution, and mixed use developments backed by infrastructure investment and private capital flows.

Current Trends

Residential construction continues to face headwinds, with affordability constraints and permit flows moderating.² Multifamily has held up better but is showing signs of plateauing, while single-family starts remain under pressure. On the non-residential side, large scale projects particularly in technology infrastructure, institutional healthcare & warehousing /logistics driven by reshoring are supporting building products demand.³ At the same time, a high profile surge in AI-related data center investment helped bolster industrial building segments.⁴ Tariff and trade policy uncertainty remain relevant: supply chain disruptions & imported material sourcing challenges continue to prompt builders and specifiers to reroute procurement strategies.

Market Indicators

Planning & backlog metrics show improved visibility into late 2025 and early 2026.

Contractor sentiment and backlog data indicate that although starts are muted, many firms report healthy 9-12 month pipelines, especially in infrastructure adjacent categories.⁵ However, material cost pressure has reemerged: the Turner Construction Company Building Cost Index rose 1.15% in Q3 relative to Q2 and 4.19% Y-o-Y, driven by strong demand in data centers, industrial and advanced manufacturing facilities.⁶ Labor shortages remain persistent in specialty trades particularly mechanical, electrical, and plumbing, adding schedule risk.

Materials Building products firms are navigating a materials market marked by selective inflation and structural shifts. Premiums on electrical copper wire surged 14-17% year-to-date, and conduit costs rose 6.8% Q-o-Q.⁷ At the same time, growth in homeowner improvement spending remained mostly flat, retail building material expenditures through H1 2025 showed only a -2.7% change over the prior half-year highlighting the constraining effect of tighter budgets in the pro-contractor and remodeling channels.⁸ As a result, manufacturers and distributors are shifting their mix toward value added, sustainability linked products and exploring import substitution strategies as tariff and supply chain risk remain elevated.

Construction cost trends in Q3 reflect both moderating inflation and renewed upward pressure in key input areas. Overall input prices for nonresidential construction were up 2.6% Y-o-Y.⁷ Within this environment, project owners are increasingly embedding escalation clauses, resequencing scopes, and contracting modular/off-site solutions to control margin compression and delivery disruption.

1. U.S. Census Bureau 2. NWM Risk Management 3. Ducker Carlisle 4. Reuters 5. Gilbane 6. Construction Owners Club 7. Gordian 8. Munich Strategy



Building Products Industry Q3 2025 Balancing Opportunity and Headwinds

M&A Highlights

In Q3 2025, the building products sector continued to see strategic consolidation as companies focused on distribution expansion, supply chain control and modular/off-site capabilities. Valuations remained stable as buyers doubled down on margin-resilient platforms aligned with infrastructure, reshoring and sustainability tailwinds. Notably, large scale transactions in siding, insulated building systems and specialty HVAC reinforced that buyer appetite persists for broader product footprints and geographic scale.⁹

Private Equity

Private equity continues to hold significant dry powder and remains selectively active in building products. While broader deployment remains measured amid rate and macro uncertainty, sponsors are increasingly targeting platforms with infrastructure linkage, modular prefabrication advantage, and tech-enabled operations. Co-investment structures with strategics and carveout acquisitions from large OEMs are growing in frequency. Valuations remained flat in Q3, suggesting investor confidence in resilient margins despite headwinds.

Outlook

Looking ahead into Q4 2025 and into 2026, the building products industry is expected to remain bifurcated. Residential end-markets are likely to stay soft dragged by affordability, mortgage rate inertia and permit headwinds but may begin to stabilize if rate relief materializes. Meanwhile, commercial and infrastructure driven demand appears more resilient, supported by institutional investment, AI/data-center buildouts, and government funding streams

(via infrastructure, energy transition and reshoring programs). Deal activity should persist, particularly in niches where sustainability, digital integration, modular / off-site manufacturing and local/regional scale create competitive advantage. Risks to watch include rising input and labor costs, further tariff or trade policy disruption, and potential macro slowing which could impact non-residential starts. Looking ahead, the market is expected to remain bifurcated residential construction

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

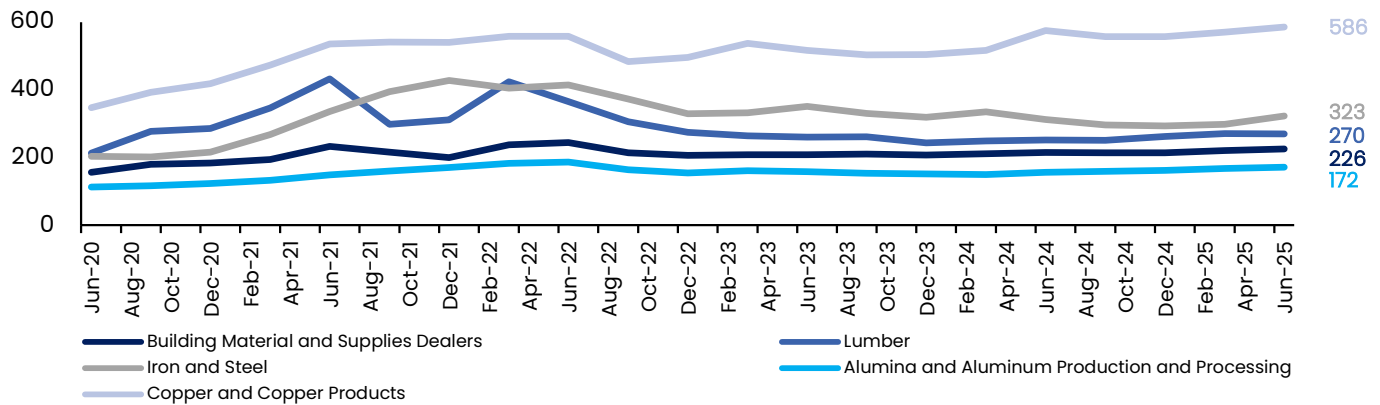


⁹. PCE

Producer Price Index – Building Materials¹

Chart 1

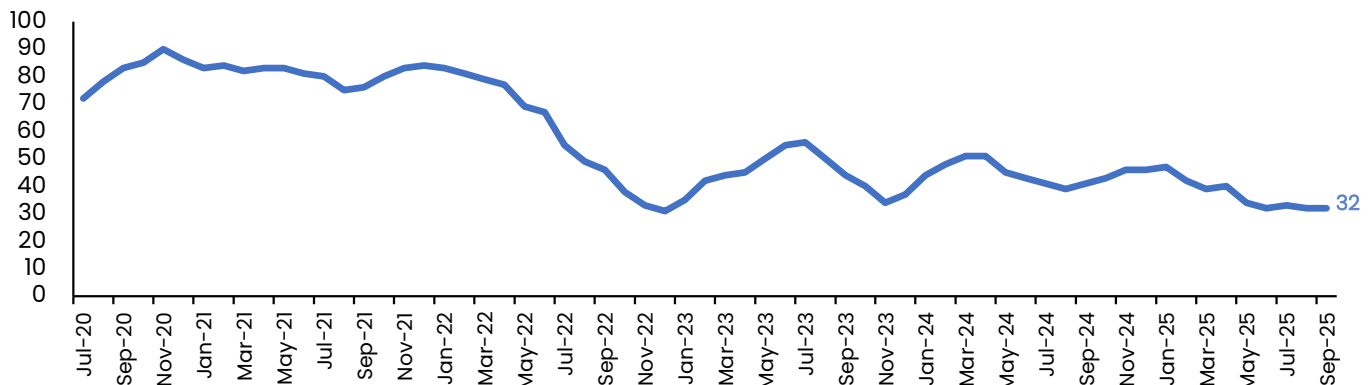
New tariffs across lumber, steel, copper, drywall, and other inputs are now estimated to raise the cost of constructing a typical new single-family home by approximately \$10,900 on average.²



Housing Market Index³

Chart 2

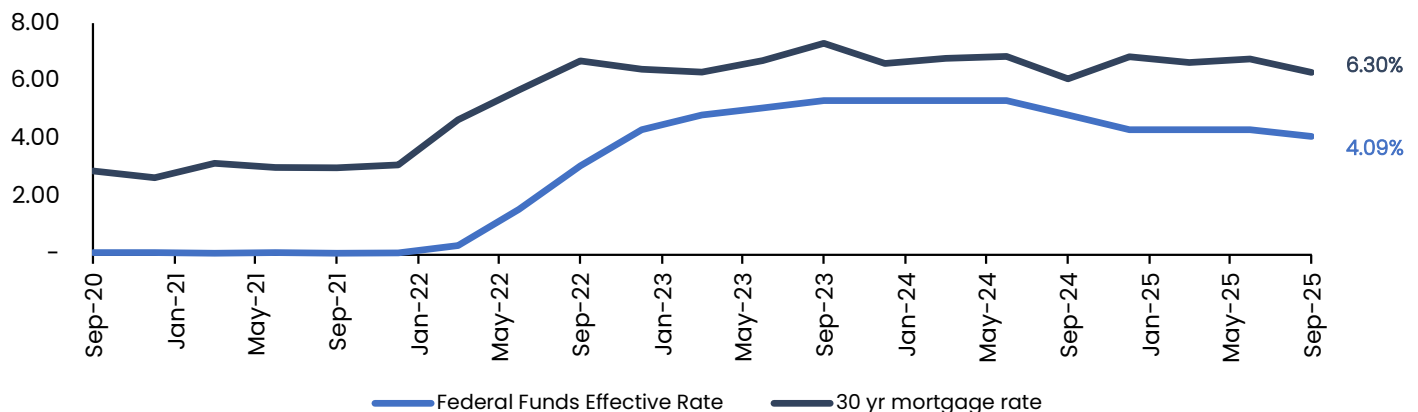
HMI remains well below the 50-point break-even mark, underscoring that builder sentiment remains cautious amid affordability headwinds and soft buyer traffic.⁴



Key Interest Rates¹

Chart 3

The Fed's benchmark rate to 4.00-4.25% in September 2025, while the average 30-year fixed mortgage rate has eased, suggesting relief for borrowers even as inflation and labor risks keep markets on edge.⁵

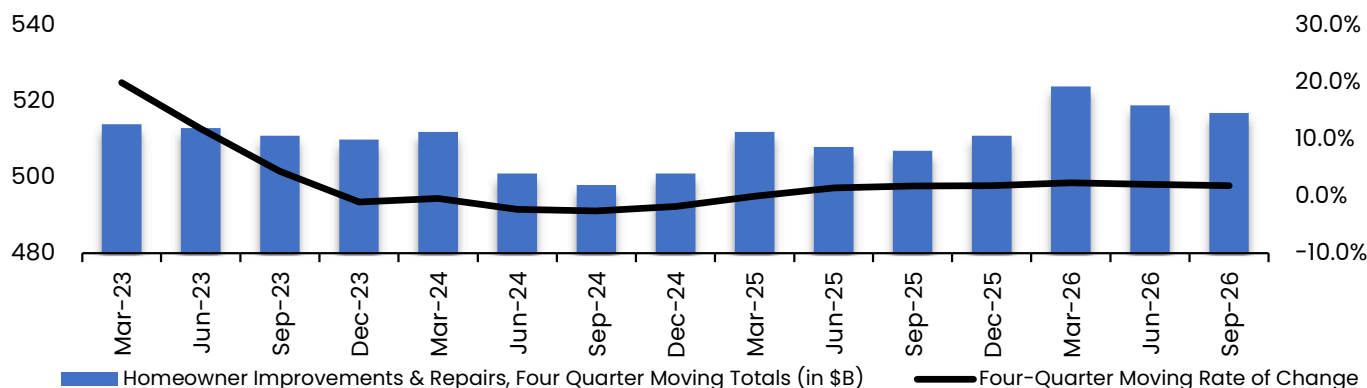


1. Fred 2. NAHB 3. NAHB 4. NAHB 5. Reuters

LIRA Index¹

Chart 4

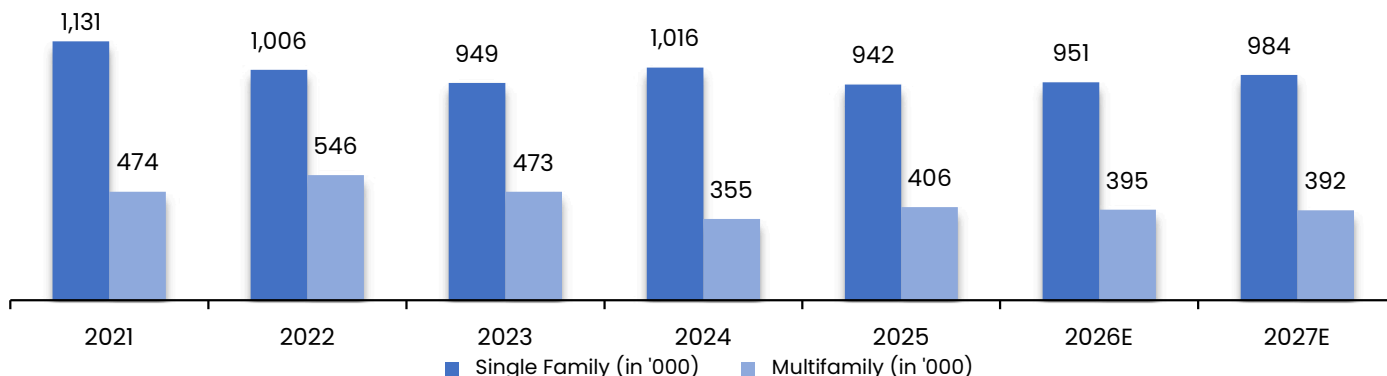
Home-improvement spending rose an estimated 1.8% y/y in Q3 2025 to ~\$507 billion, and while growth remains positive, the pace is expected to slow to ~2.4% in early 2026.²



Housing Starts³

Chart 5

Housing starts fell to 1.307 million SAAR in August 2025 (-6.0% y/y), with single-family starts dropping to 890,000 (-7.0%), underscoring the deepening pull-back in residential new-build activity despite easing mortgage rates.⁴



Construction Spending⁵

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.⁶



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

Selected Public Companies

Construction Equipment and Rental (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Ashtead Group plc	\$28,167	\$38,604	\$10,839	\$4,777	\$5,090	3.6x	8.1x	7.6x
Caterpillar Inc.	223,535	259,857	63,139	14,007	13,561	4.1x	18.6x	19.2x
CNH Industrial N.V.	13,571	39,237	18,069	1,537	1,293	2.2x	25.5x	30.4x
Deere and Co	123,611	183,870	44,250	8,454	7,510	4.2x	21.7x	24.5x
Herc Holdings Inc.	3,877	13,710	3,779	873	2,022	3.6x	15.7x	6.8x
Terex Corporation	3,329	5,548	5,169	500	716	1.1x	11.1x	7.7x
United Rentals, Inc.	61,424	75,331	15,749	4,524	7,540	4.8x	16.7x	10.0x
Summary Statistics								
Mean	\$65,359	\$88,023	\$22,999	\$4,953	\$5,390	3.4x	16.8x	15.2x
Adj. Mean ³	46,130	70,151	18,815	4,033	4,691	3.5x	16.8x	13.8x
Median	28,167	39,237	15,749	4,524	5,090	3.6x	16.7x	10.0x

Construction Materials (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Boise Cascade Company	\$2,887	\$2,925	\$6,558	\$491	\$331	0.4x	6.0x	8.8x
Builders FirstSource, Inc.	13,404	18,631	15,944	1,799	1,510	1.2x	10.4x	12.3x
Cemex, S.A.B. de C.V.	12,972	19,195	15,676	2,273	3,180	1.2x	8.4x	6.0x
CRH plc	80,400	96,408	36,347	7,072	7,839	2.7x	13.6x	12.3x
Eagle Materials Inc.	7,562	8,852	2,287	754	813	3.9x	11.7x	10.9x
Forterra, Inc.	530	648	517	64	88	1.3x	10.2x	7.4x
Martin Marietta Materials, Inc.	38,010	43,597	6,685	2,173	2,442	6.5x	20.1x	17.9x
Summary Statistics								
Mean	\$22,252	\$27,179	\$12,002	\$2,090	\$2,315	2.45x	11.5x	10.8x
Adj. Mean ³	14,967	18,640	9,430	1,498	1,655	2.03x	10.9x	10.4x
Median	12,972	18,631	6,685	1,799	1,510	1.25x	10.4x	10.9x

Distribution (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
ADENTRA Inc.	\$616	\$1,247	\$2,239	\$144	\$182	0.6x	8.7x	6.8x
BlueLinx Holdings Inc.	577	856	2,947	98	86	0.3x	8.7x	9.9x
Ferguson plc	44,052	49,344	30,762	2,970	3,258	1.6x	16.6x	15.1x
TopBuild Corp.	10,936	12,175	5,216	1,019	1,123	2.3x	11.9x	10.8x
Watsco, Inc.	15,321	15,944	7,508	783	870	2.1x	20.4x	18.3x
Summary Statistics								
Mean	\$14,300	\$15,913	\$9,734	\$1,003	\$1,104	1.4x	13.3x	12.2x
Adj. Mean ³	8,958	9,789	5,224	649	725	1.4x	12.4x	12.0x
Median	10,936	12,175	5,216	783	870	1.6x	11.9x	10.8x

Electrical & Lighting (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
ABB Ltd	\$130,899	\$136,136	\$33,576	\$6,718	\$7,305	4.1x	20.3x	18.6x
Eaton Corporation plc	145,696	156,787	25,989	5,879	7,006	6.0x	26.7x	22.4x
Emerson Electric Co.	73,828	86,494	17,780	4,893	5,394	4.9x	17.7x	16.0x
Hubbell Inc	22,867	24,479	5,626	1,329	1,467	4.4x	18.4x	16.7x
Signify	3,177	4,692	7,115	738	845	0.7x	6.4x	5.6x
Summary Statistics								
Mean	\$75,293	\$81,718	\$18,017	\$3,911	\$4,403	4.0x	17.9x	15.9x
Adj. Mean ³	75,865	82,370	16,961	4,034	4,622	4.4x	18.8x	17.1x
Median	73,828	86,494	17,780	4,893	5,394	4.4x	18.4x	16.7x

1. S&P Capital IQ Data presented as of 09/30/2025, All charts represent Global Data 2 - Market Capitalization as of 09/30/25. 3 - Adj. mean excludes high and low values.

Selected Public Companies

Finishings, Furnishings & Fixtures (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Interface Inc	\$1,689	\$1,965	\$1,352	\$193	\$215	1.5x	10.2x	9.1x
JELD-WEN Holding, Inc.	419	1,658	3,430	109	201	0.5x	15.2x	8.2x
Masco Corporation	14,737	17,805	7,663	1,500	1,477	2.3x	11.9x	12.1x
Mohawk Industries, Inc.	8,010	10,098	10,684	1,355	1,387	0.9x	7.5x	7.3x
Owens Corning	11,830	17,618	11,738	2,613	2,376	1.5x	6.7x	7.4x
Quanex Building Products Corporation	649	1,458	1,840	184	229	0.8x	7.9x	6.4x
Trex Co Inc	5,541	5,830	1,129	311	408	5.2x	18.8x	14.3x
Summary Statistics								
Mean	\$6,125	\$8,062	\$5,405	\$895	\$899	1.8x	11.2x	9.3x
Adj. Mean ³	5,544	7,434	4,994	709	743	1.4x	10.5x	8.8x
Median	5,541	5,830	3,430	311	408	1.5x	10.2x	8.2x

Home Improvement Retailers (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
Floor & Decor Holdings, Inc.	\$7,937	\$9,712	\$4,600	\$501	\$555	2.1x	19.4x	17.5x
Lowe's Companies, Inc.	140,941	174,775	83,612	12,491	12,727	2.1x	14.0x	13.7x
The Home Depot, Inc.	403,321	462,437	165,054	25,603	26,130	2.8x	18.1x	17.7x
Summary Statistics								
Mean	\$184,066	\$215,641	\$84,422	\$12,865	\$13,137	2.3x	17.1x	16.3x
Adj. Mean ³	140,941	174,775	83,612	12,491	12,727	2.1x	18.1x	17.5x
Median	140,941	174,775	83,612	12,491	12,727	2.1x	18.1x	17.5x

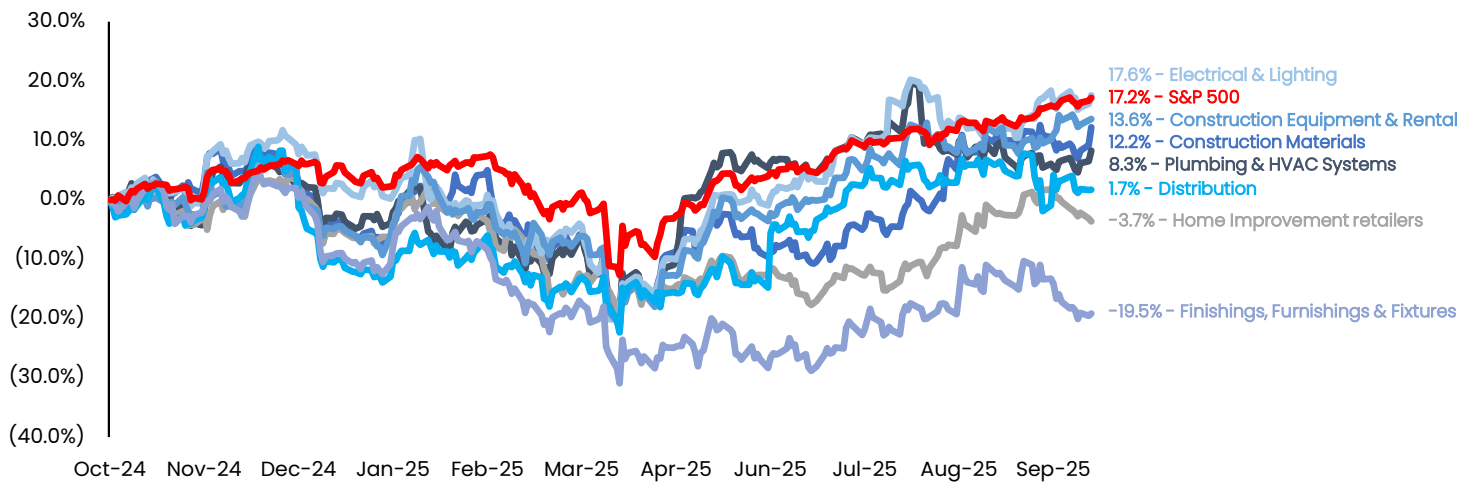
Plumbing and HVAC Systems (\$MM)¹

Company	Market Cap ²	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/Revenue	LTM EV/EBITDA	NTM EV/EBITDA
A. O. Smith Corporation	\$10,287	\$10,442	\$3,790	\$768	\$853	2.8x	13.6x	12.2x
AAON, Inc.	7,618	7,954	1,259	229	273	6.3x	34.8x	29.1x
Carrier Global Corporation	50,806	61,204	22,463	3,655	4,631	2.7x	16.7x	13.2x
Comfort Systems USA, Inc.	29,048	29,021	7,685	1,076	1,246	3.8x	27.0x	23.3x
Johnson Controls International plc	71,950	84,079	23,402	3,991	4,176	3.6x	21.1x	20.1x
Lennox International Inc.	18,593	20,084	5,417	1,151	1,288	3.7x	17.4x	15.6x
Trane Technologies plc	93,893	97,754	20,750	4,073	4,470	4.7x	24.0x	21.9x
Summary Statistics								
Mean	\$40,314	\$44,363	\$12,109	\$2,135	\$2,420	3.9x	22.1x	19.4x
Adj. Mean ³	36,137	40,966	12,021	2,128	2,406	3.71x	21.2x	18.8x
Median	29,048	29,021	7,685	1,151	1,288	3.71x	21.1x	20.1x

1. S&P Capital IQ Data presented as of 09/30/2025. All charts represent Global Data 2 - Market Capitalization as of 09/30/25. 3 - Adj. mean excludes high and low values.

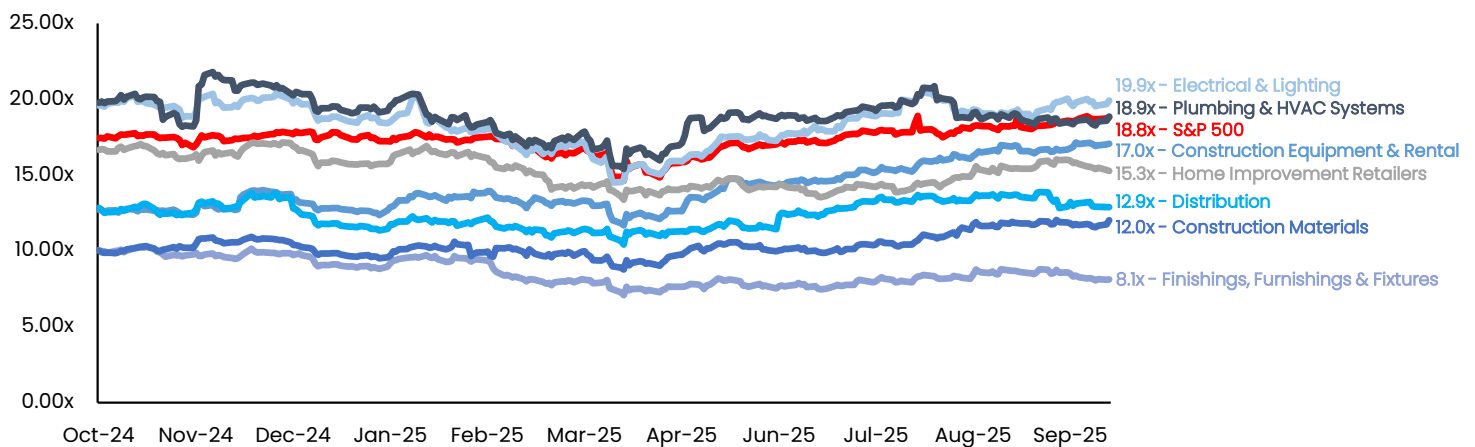
Stock Price Performance LTM Relative Stock Performance¹

Chart 7



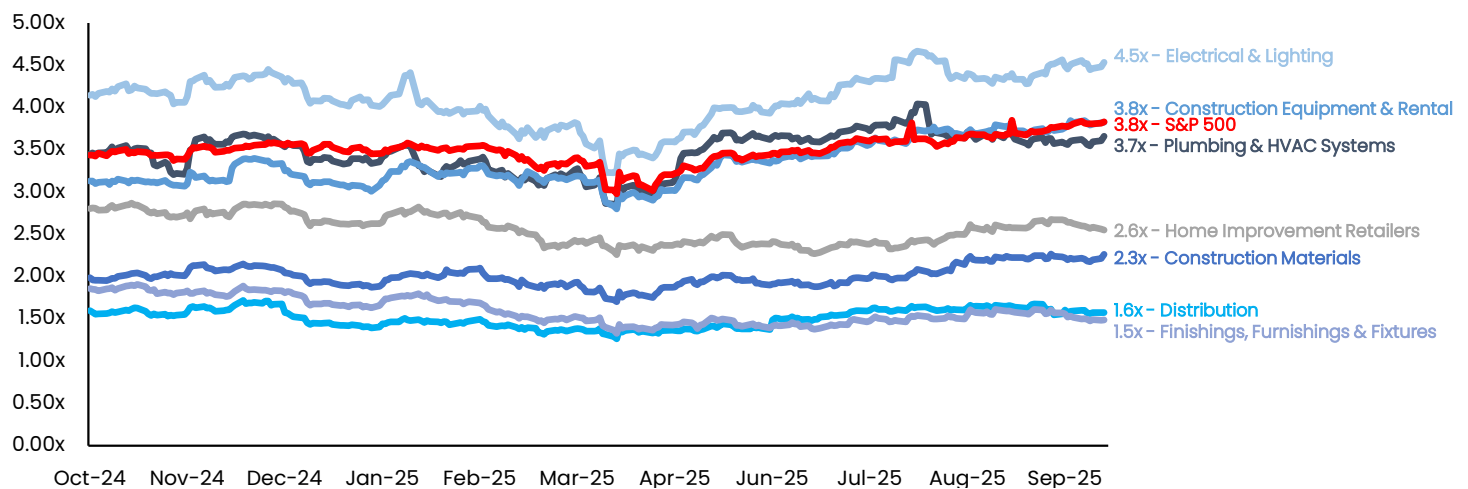
EV/EBITDA LTM EV/EBITDA Multiples¹

Chart 8



EV/Revenue LTM EV/Revenue Multiples¹

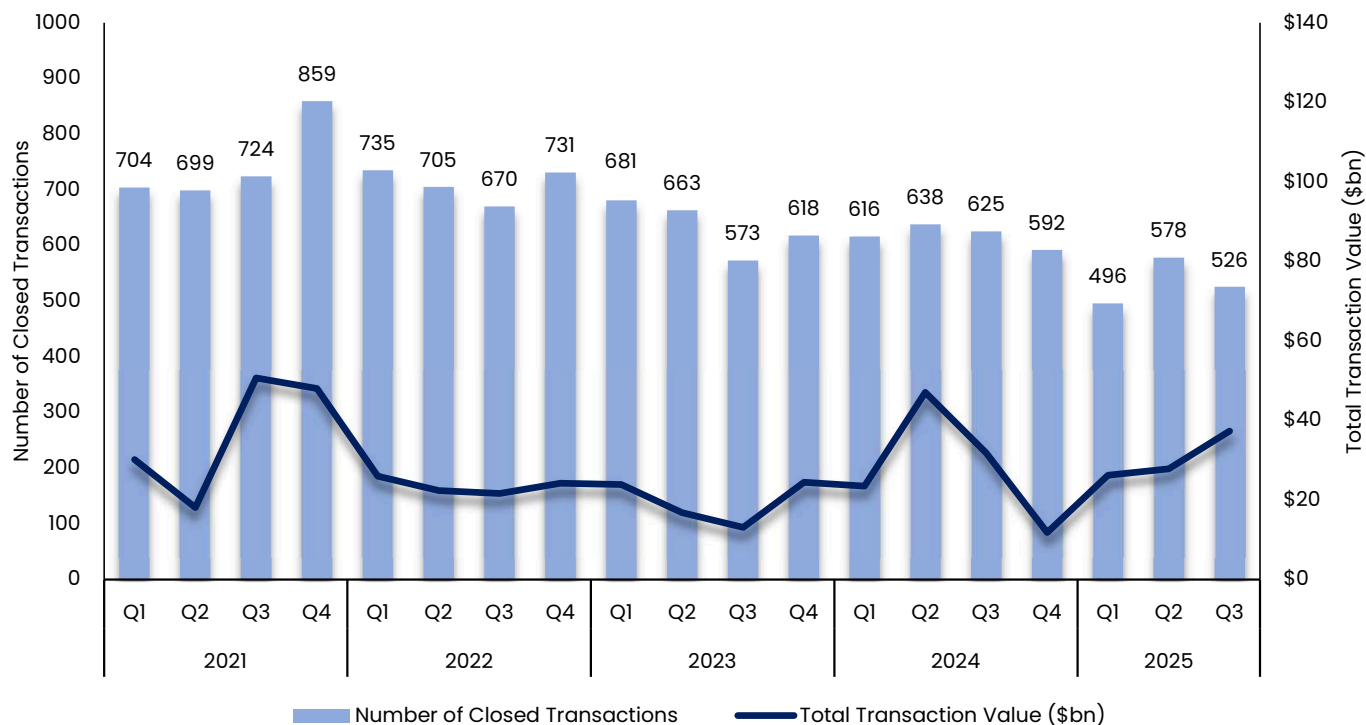
Chart 9



¹ S&P Capital IQ Data presented as of 09/30/2025, All charts represent Global Data

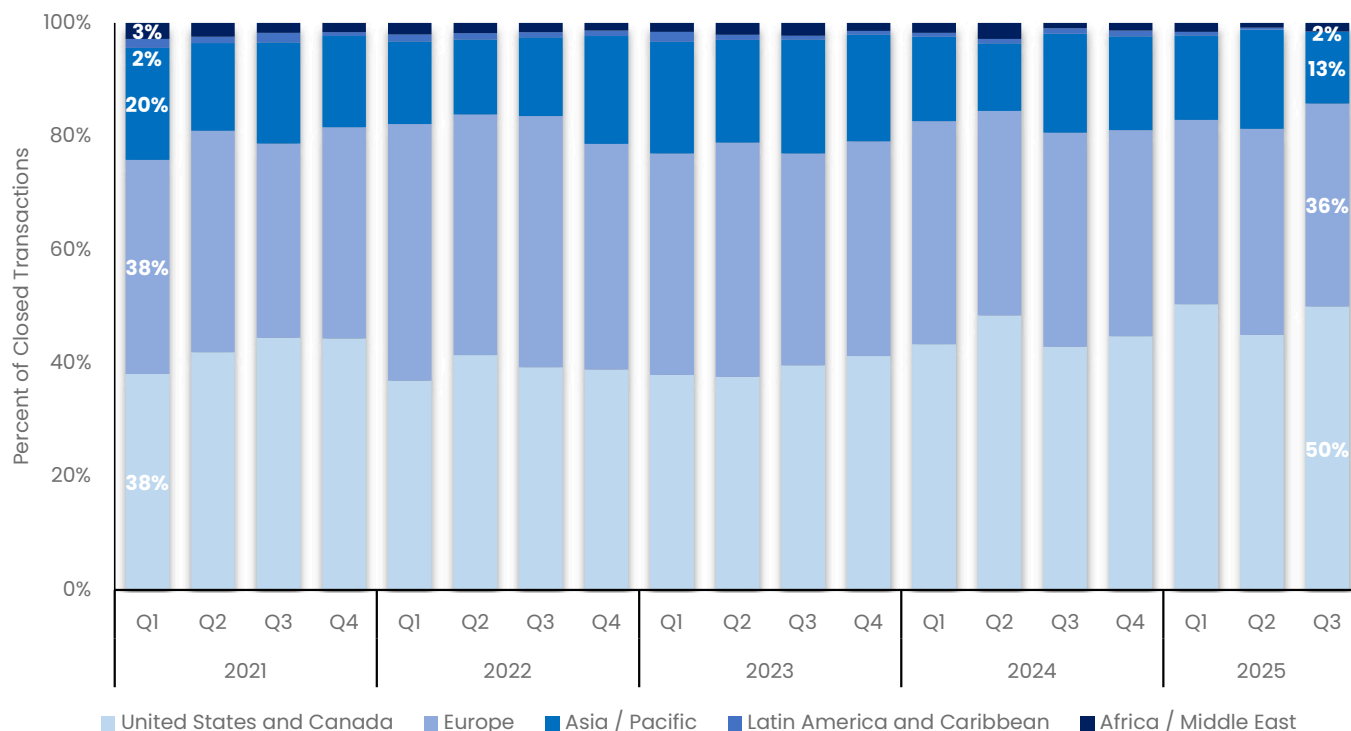
Disclosed Transaction Volume¹

Chart 10



Disclosed Transaction Activity by Geographic Region¹

Chart 11



1. S&P Capital IQ Data presented as of 09/30/2025, All charts represent Global Data

Active Industry Buyers

Strategic Buyers

Select Active Buyers¹

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 Aug-25	The acquisition enabled BFS to gain its first foothold in St. George and a platform to deliver a broader range of products and services to local customers.
		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 Aug-25	The acquisition of Right Way enabled Comfort Systems to deepen its presence in the Sun Belt / Southeastern states.
		Closed Jan-25	The acquisition of Century Contractors enabled Comfort Systems to strengthen its presence in the Southeast U.S. market.
		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 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.
		Closed Jul-25	The acquisition enabled TopBuild to expand their building-envelope offering for general contractors, increases exposure to non-cyclical, non-discretionary demand, and establish a scalable platform in the highly fragmented commercial roofing sector.
		Completed Apr-25	The acquisition enabled TopBuild to to strengthen their installation presence in Nebraska.

1. S&P Capital IQ Data presented as of 09/30/2025

Active Industry Buyers

Financial Buyers

Select Active Buyers¹

Acquirer	Targets	Status/Date	Strategy
 KODIAK BUILDING PARTNERS <small>Building a Solid Foundation for Growth</small> Portfolio Company of 		Closed Apr-25	This acquisition marks another step forward in Kodiak's expansion efforts, reinforcing its dedication to empowering local businesses and enhancing customer experience in key markets.
		Closed Jan-25	This acquisition unites two Minnesota firms—Kendall Lumber and Simonson Lumber—within the Kodiak family, expanding Simonson's offerings and strengthening logistics and inventory management.
		Closed Dec-24	This strategic partnership strengthens Kodiak's position in the fast-growing Colorado market while preserving Liberty's long-standing legacy of serving southern Colorado and the Mountain Region.
		Closed Aug-24	The decision to expand in area of construction supply is driven by strong growth projections for the Texas construction sector and the opportunity to tap into a dynamic market.
		Closed Sep-24	The acquisition enabled Kingswood Capital Management to create one of North America's leading residential lighting platforms, uniting complementary, industry-recognized brands.
		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.
		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.
 Portfolio Company of  		Closed Mar-25	The acquisition enabled US LBM to expand its presence across the Carolina markets.
		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 09/30/2025

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

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