



Building Products Industry Q4 2025 Efficiency, Expansion, and Enduring Demand

The U.S. building products industry entered Q4 2025 with signs of stabilization, as early rate relief and steadier commercial backlogs offset continued residential softness. Total construction spending in September remained near \$2.15 trillion on a seasonally adjusted annual rate (SAAR) basis, broadly flat compared to last year and modestly below prior-year levels.¹ While total spending trails 2024, non-residential segments particularly data centers, manufacturing, healthcare, and logistics remain resilient, supported by infrastructure programs and private capital investment.

Current Trends

Residential construction remains subdued, though sentiment has improved modestly following the Federal Reserve's September rate cut to 4.00%–4.25%.² Mortgage rates have eased toward the low-6% range, providing incremental affordability relief.³ However, single-family housing starts remain below prior-year levels, and permit activity suggests builders are proceeding cautiously into 2026.⁴ Multifamily construction has continued to normalize after prior-cycle peaks.

On the non-residential side, institutional and industrial construction continues to drive activity. AI-related data center construction remains a key tailwind, while reshoring and advanced manufacturing investments are sustaining demand in specialty building materials and engineered systems.⁵ Infrastructure adjacent segments remain supported by Infrastructure Investment and Jobs Act (IIJA) funding flows entering late-stage deployment cycles.

Market Indicators

The Dodge Momentum Index held above last year's levels entering Q4, signaling continued project pipeline visibility into 2026.⁶ Contractor backlog surveys indicate stable 9–12 months work visibility in infrastructure and industrial categories, with residential backlogs mixed based on sector focus.

Material cost pressures have moderated from early-2025 peaks, though volatility remains in copper, electrical components, and specialty mechanical systems. Turner's Building Cost Index, which tracks combined labor and material costs on large commercial projects, rose modestly q/q in Q4 and remains approximately 4% higher y/y.⁷ Meanwhile, labor constraints across mechanical, electrical, and plumbing trades continue to impact project timelines.

Materials Building products firms continue to navigate selective input inflation and structural sourcing shifts. Electrical copper and related wiring products remain elevated versus levels earlier in 2025, while engineered wood and structural steel pricing has stabilized.⁸ Sustainability-linked products including low-carbon concrete, recycled steel, mass timber and energy-efficient building envelopes are gaining incremental specification share as regulatory requirements, institutional ESG mandates and labor requirements shape procurement decisions.

Construction cost

Overall input prices for non-residential construction remain moderately elevated, though inflation has slowed relative to 2023–2024 levels.⁷ Project owners are increasingly embedding escalation clauses, re-sequencing scopes, and utilizing modular/off-site fabrication

1. U.S. Census Bureau 2. Federal Reserve 3. NAHB 4. U.S. Census 5. Reuters 6. Dodge Construction Network 7. Turner Construction Company 8. PCE



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to mitigate margin compression and labor constraints. Improved rate visibility is supporting underwriting discipline, though contingency buffers remain higher than historical norms.

M&A Highlights

In Q4 2025, strategic consolidation continued across the building products landscape as companies prioritized geographic scale, distribution control, and product mix among current sector investments. Valuations remained broadly stable, with buyers favoring infrastructure-aligned manufacturers, prefabrication capabilities, and energy-efficiency product lines.⁸ Activity remained concentrated in siding, specialty HVAC, insulated systems, and building envelope categories, reinforcing the sector's focus on operational leverage and sustainability tailwinds.

Private Equity

PE remains active but disciplined. Sponsors continue to deploy capital selectively toward infrastructure linked platforms, tech-enabled building systems, and modular manufacturing models. Co-investment partnerships with strategics and carve-out opportunities from diversified industrials have increased in frequency. Multiples held steady into Q4, reflecting confidence in resilient margin profiles and upside growth potential.

Outlook

Looking ahead into early 2026, the building products industry is expected to remain bifurcated. Residential construction may gradually increase as rates and pricing have stabilized after tariff-related volatility earlier this year. Commercial and infrastructure-driven segments appear more durable, supported by

institutional capital flows, AI/data-center buildouts, reshoring initiatives, and federal infrastructure programs.

Deal activity is expected to remain constructive in segments tied to sustainability, modular/off-site regional distribution and product portfolio additions. Risks to monitor include renewed tariff escalation, persistent specialty-trade labor shortages, and potential macroeconomic slowing that could weigh on non-residential starts or further compress the replace and remodel market.

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**

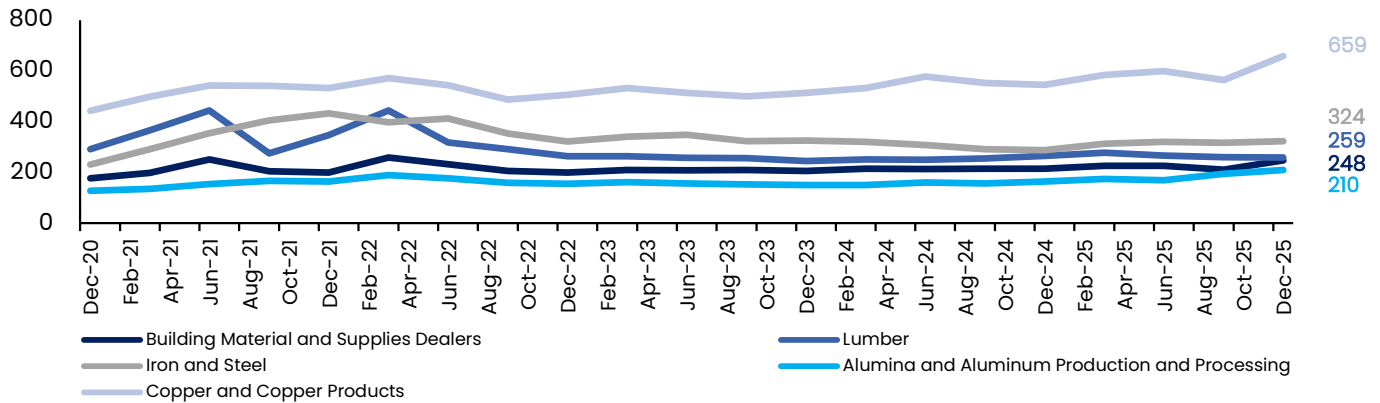


⁸ PCE

Producer Price Index - Building Materials¹

Chart 1

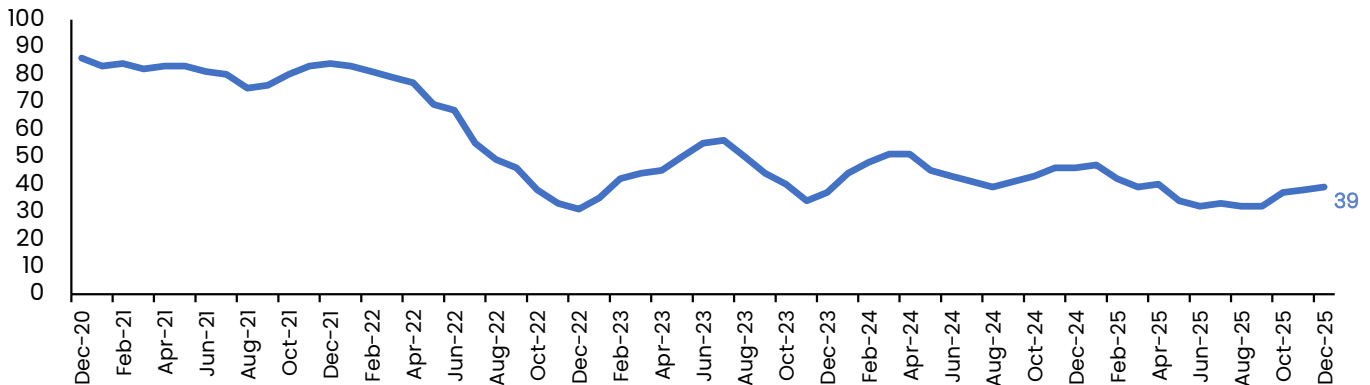
Construction material prices remained elevated, with tariff-exposed inputs such as steel, aluminum and copper driving a ~2.8% y/y increase in overall construction costs.²



Housing Market Index³

Chart 2

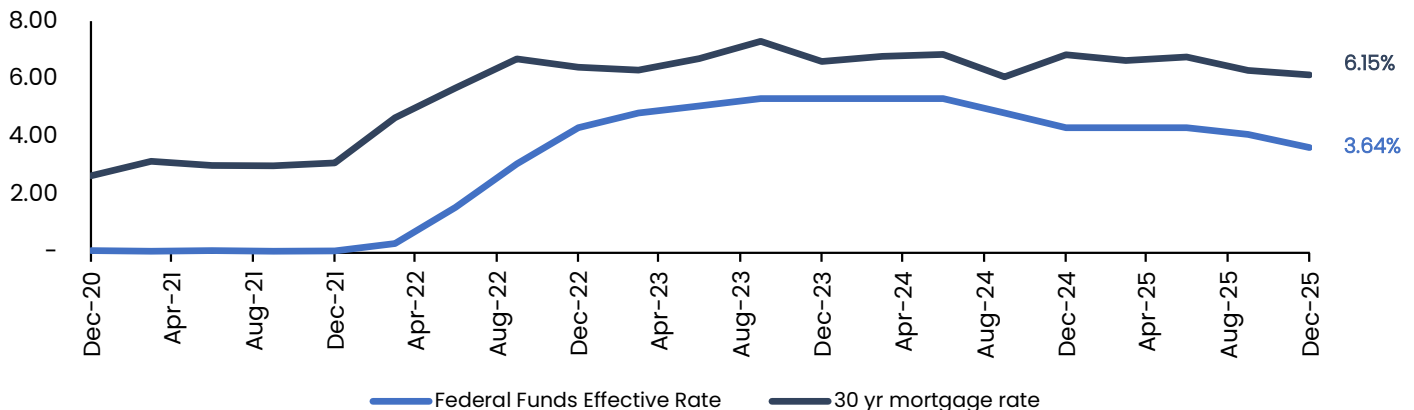
HMI improved modestly from Q3 levels, signaling a gradual rebound in builder sentiment, though it remains below the 50 breakeven mark, reflecting cautious but stabilizing demand expectations heading into 2026.



Key Interest Rates¹

Chart 3

The Federal Reserve delivered a 25bps rate cut in December, while 30-year mortgage rates also eased, offering modest relief to new borrowers and homeowners.⁴

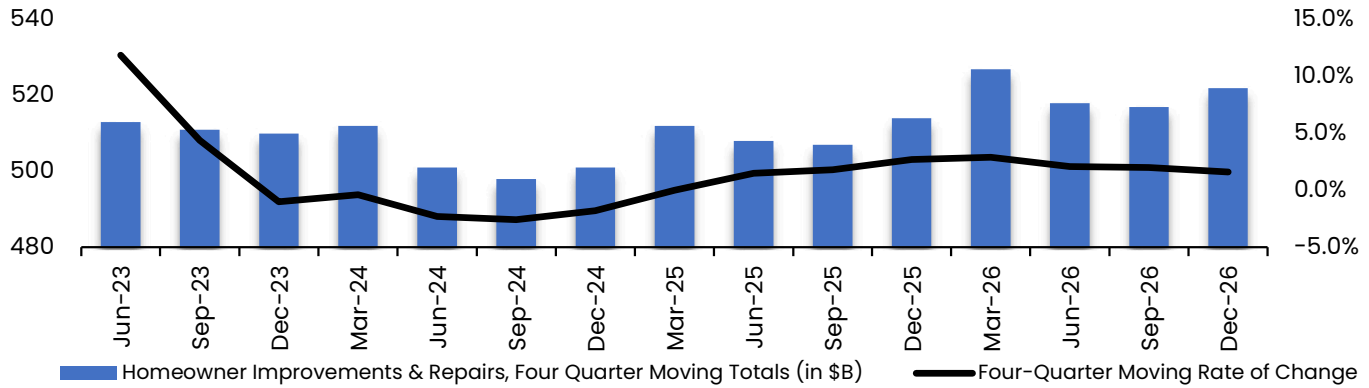


1. Fred 2. Construction Executive 3. NAHB 4. CNBC

LIRA Index¹

Chart 4

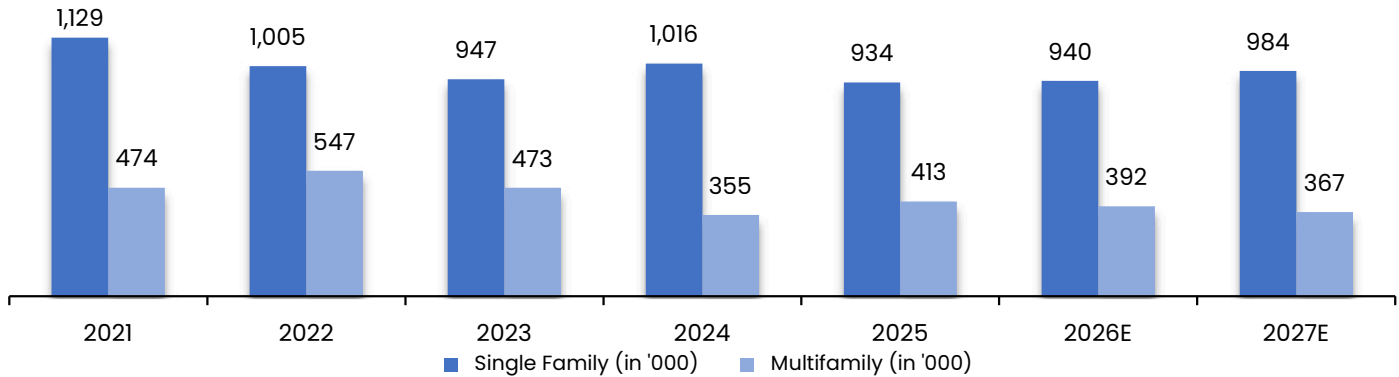
Home-improvement spending rose an estimated 2.7% y/y in Q4 2025 to ~\$514 billion, reflecting continued resilience in remodeling activity driven by strong homeowner equity and steady repair demand.²



Housing Starts³

Chart 5

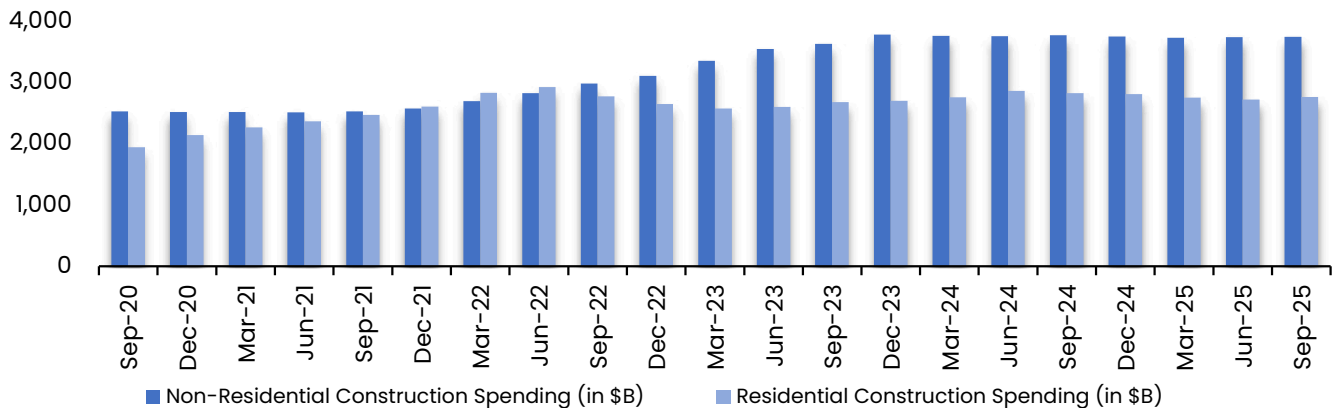
Housing starts remained subdued at ~1.30 million in Q4 2025, with single-family starts near ~900,000, reflecting ongoing softness in new-build activity amid affordability pressures and cautious builder sentiment.



Construction Spending⁴

Chart 6

Construction spending showed signs of stabilization in Q4 2025, with residential activity improving modestly and non-residential spending holding relatively steady amid easing rate pressures.



1. JCHS 2. NAHB 3. NAHB 4. FRED

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	\$28,512	\$39,320	\$10,860	\$4,759	\$5,257	3.6x	8.3x	7.5x
Caterpillar Inc.	268,091	302,993	67,589	13,526	15,583	4.5x	22.4x	19.4x
CNH Industrial N.V.	11,492	37,496	17,814	1,283	944	2.1x	29.2x	39.7x
Deere and Co	125,911	183,670	45,628	8,614	6,694	4.0x	21.3x	27.4x
Herc Holdings Inc.	4,937	14,660	4,118	887	2,127	3.6x	16.5x	6.9x
Terex Corporation	3,502	5,586	5,344	577	721	1.0x	9.7x	7.7x
United Rentals, Inc.	51,497	66,197	16,099	4,455	7,707	4.1x	14.9x	8.6x
Summary Statistics								
Mean	\$70,563	\$92,846	\$23,922	\$4,872	\$5,576	3.3x	17.5x	16.8x
Adj. Mean ³	44,470	68,269	19,149	4,000	4,546	3.5x	17.0x	14.1x
Median	28,512	39,320	16,099	4,455	5,257	3.6x	16.5x	8.6x

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	\$2,726	\$2,738	\$6,512	\$414	\$328	0.4x	6.6x	8.3x
Builders FirstSource, Inc.	11,378	16,163	15,653	1,601	1,472	1.0x	10.1x	11.0x
Cemex, S.A.B. de C.V.	16,634	22,651	15,870	2,364	3,404	1.4x	9.6x	6.7x
CRH plc	83,650	101,426	36,901	7,294	8,142	2.7x	13.9x	12.5x
Eagle Materials Inc.	6,627	7,917	2,300	732	746	3.4x	10.8x	10.6x
Forterra, Inc.	526	644	517	64	87	1.2x	10.1x	7.4x
Martin Marietta Materials, Inc.	37,551	43,400	6,903	2,326	2,454	6.3x	18.7x	17.7x
Summary Statistics								
Mean	\$22,727	\$27,848	\$12,094	\$2,114	\$2,376	2.37x	11.4x	10.6x
Adj. Mean ³	14,983	18,574	9,448	1,487	1,681	1.98x	10.9x	10.0x
Median	11,378	16,163	6,903	1,601	1,472	1.43x	10.1x	10.6x

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.	\$600	\$1,242	\$2,263	\$146	\$182	0.5x	8.5x	6.8x
BlueLinx Holdings Inc.	483	723	2,949	82	85	0.2x	8.8x	8.5x
Ferguson plc	43,534	49,027	31,159	3,079	3,326	1.6x	15.9x	14.7x
TopBuild Corp.	11,644	13,590	5,236	1,010	1,144	2.6x	13.5x	11.9x
Watsco, Inc.	12,792	13,212	7,414	770	804	1.8x	17.1x	16.4x
Summary Statistics								
Mean	\$13,811	\$15,559	\$9,804	\$1,018	\$1,108	1.3x	12.8x	11.7x
Adj. Mean ³	8,345	9,348	5,200	642	710	1.3x	12.7x	11.7x
Median	11,644	13,212	5,236	770	804	1.6x	13.5x	11.9x

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	\$135,774	\$140,058	\$33,220	\$6,915	\$7,898	4.2x	20.3x	17.7x
Eaton Corporation plc	123,709	134,453	27,448	6,277	7,265	4.9x	21.4x	18.5x
Emerson Electric Co.	74,629	86,860	18,187	5,878	5,543	4.8x	14.8x	15.7x
Hubbell Inc	23,602	25,083	5,845	1,432	1,566	4.3x	17.5x	16.0x
Signify	2,942	4,453	6,769	825	736	0.7x	5.4x	6.0x
Summary Statistics								
Mean	\$72,131	\$78,181	\$18,294	\$4,266	\$4,602	3.8x	15.9x	14.8x
Adj. Mean ³	73,980	82,132	17,468	4,529	4,791	4.4x	17.5x	16.5x
Median	74,629	86,860	18,187	5,878	5,543	4.3x	17.5x	16.0x

1. S&P Capital IQ Data presented as of 12/31/2025. All charts represent Global Data 2 - Market Capitalization as of 12/31/25. 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	\$1,630	\$1,841	\$1,372	\$204	\$230	1.3x	9.0x	8.0x
JELD-WEN Holding, Inc.	210	1,474	3,305	82	115	0.4x	18.0x	12.9x
Masco Corporation	13,180	16,040	7,597	1,447	1,441	2.1x	11.1x	11.1x
Mohawk Industries, Inc.	6,757	8,584	10,723	1,321	1,388	0.8x	6.5x	6.2x
Owens Corning	9,198	14,559	11,659	2,546	1,951	1.2x	5.7x	7.5x
Quanex Building Products Corporation	699	1,476	1,838	222	241	0.8x	6.7x	6.1x
Trex Co Inc	3,762	3,909	1,181	329	305	3.3x	11.9x	12.8x
Summary Statistics								
Mean	\$5,062	\$6,841	\$5,382	\$879	\$810	1.4x	9.8x	9.2x
Adj. Mean ³	4,409	6,074	4,967	705	721	1.3x	9.0x	9.1x
Median	3,762	3,909	3,305	329	305	1.2x	9.0x	8.0x

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.	\$6,561	\$8,342	\$4,662	\$510	\$563	1.8x	16.4x	14.8x
Lowe's Companies, Inc.	135,279	179,379	84,255	12,423	13,056	2.1x	14.4x	13.7x
The Home Depot, Inc.	342,556	406,854	166,189	25,587	25,300	2.4x	15.9x	16.1x
Summary Statistics								
Mean	\$161,465	\$198,191	\$85,035	\$12,840	\$12,973	2.1x	15.6x	14.9x
Adj. Mean ³	135,279	179,379	84,255	12,423	13,056	2.1x	15.9x	14.8x
Median	135,279	179,379	84,255	12,423	13,056	2.1x	15.9x	14.8x

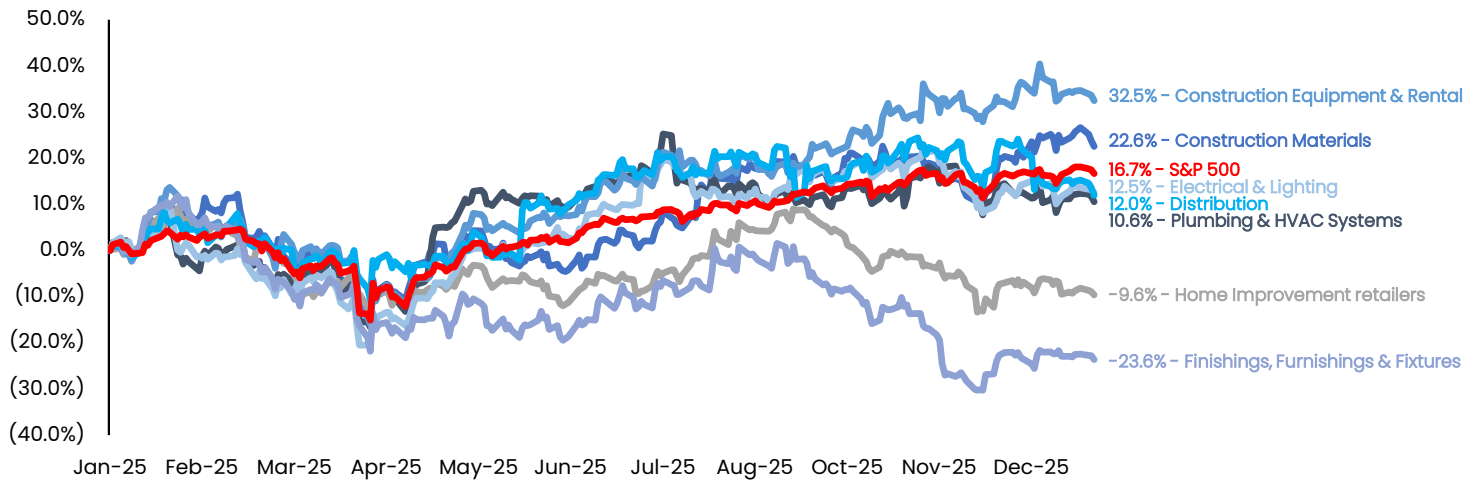
Plumbing and HVAC Systems (\$MM)¹

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	\$9,312	\$9,362	\$3,830	\$813	\$861	2.4x	11.5x	10.9x
AAON, Inc.	6,217	6,594	1,316	210	311	5.0x	31.5x	21.2x
Carrier Global Corporation	44,502	55,749	21,747	3,378	4,704	2.6x	16.5x	11.9x
Comfort Systems USA, Inc.	32,845	32,388	8,323	1,252	1,499	3.9x	25.9x	21.6x
Johnson Controls International plc	73,183	84,021	23,967	4,134	4,624	3.5x	20.3x	18.2x
Lennox International Inc.	17,031	18,342	5,195	1,154	1,242	3.5x	15.9x	14.8x
Trane Technologies plc	86,301	89,811	21,322	4,213	4,753	4.2x	21.3x	18.9x
Summary Statistics								
Mean	\$38,484	\$42,324	\$12,243	\$2,165	\$2,571	3.6x	20.4x	16.8x
Adj. Mean ³	35,375	39,972	12,084	2,146	2,586	3.54x	20.0x	17.0x
Median	32,845	32,388	8,323	1,252	1,499	3.53x	20.3x	18.2x

1. S&P Capital IQ Data presented as of 12/31/2025. All charts represent Global Data 2 - Market Capitalization as of 12/31/25. 3 - Adj. mean excludes high and low values.

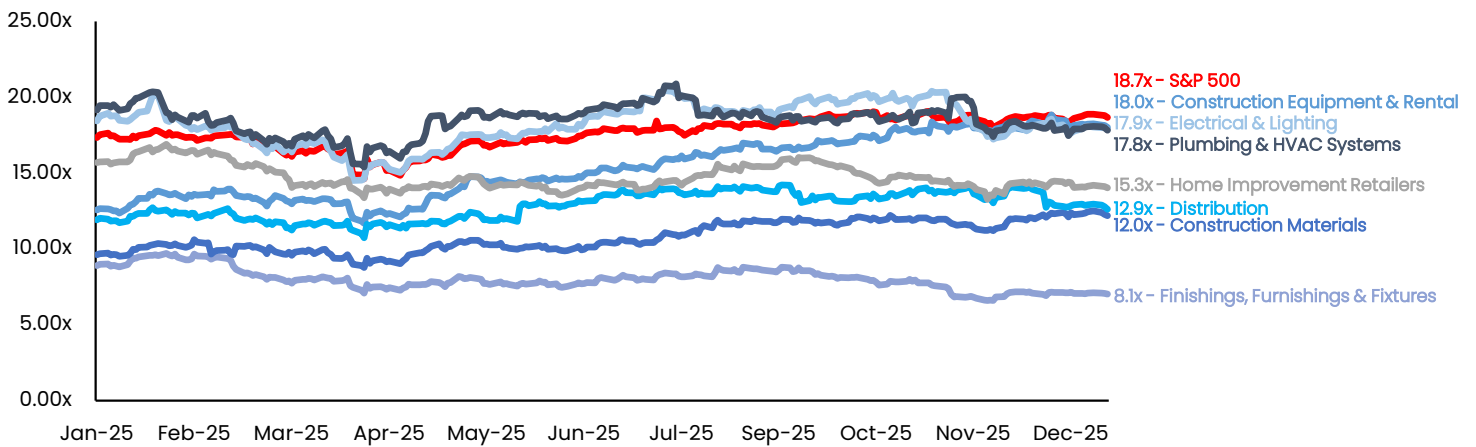
Stock Price Performance LTM Relative Stock Performance¹

Chart 7



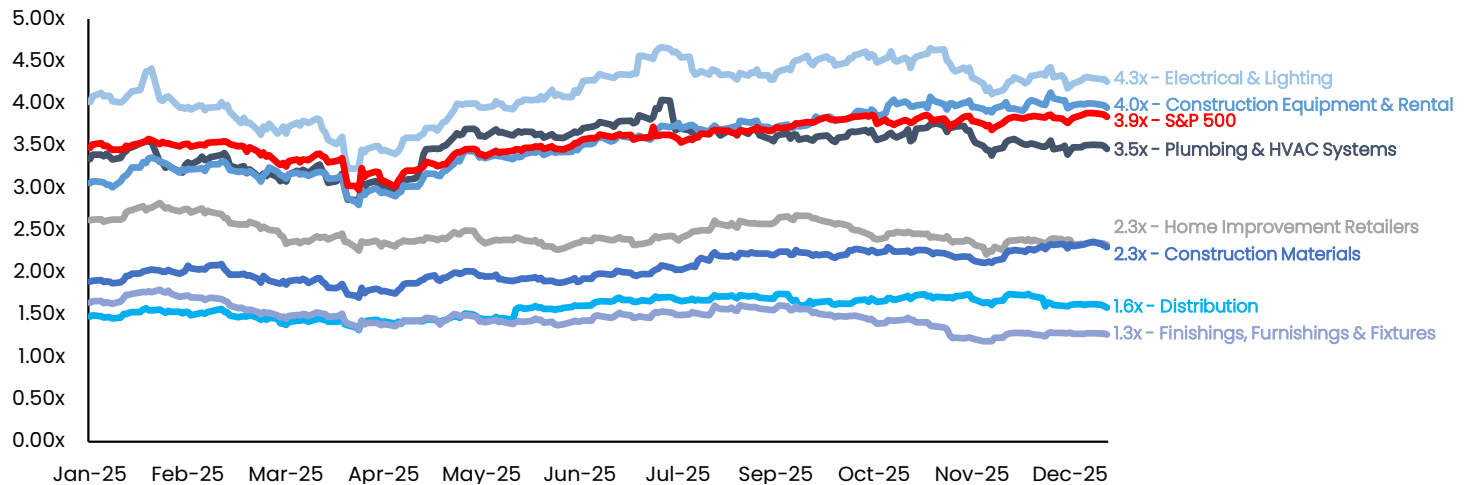
EV/EBITDA LTM EV/EBITDA Multiples¹

Chart 8



EV/Revenue LTM EV/Revenue Multiples¹

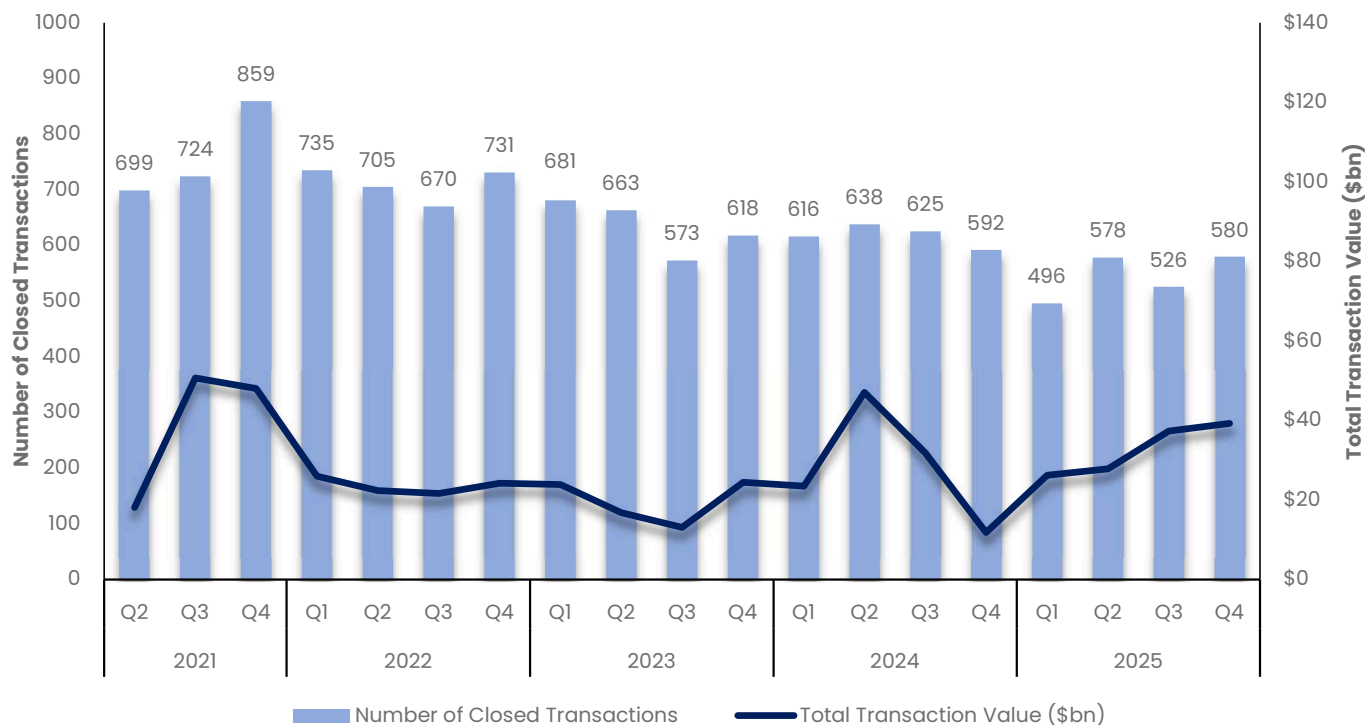
Chart 9



¹ S&P Capital IQ Data presented as of 12/31/2025, All charts represent Global Data

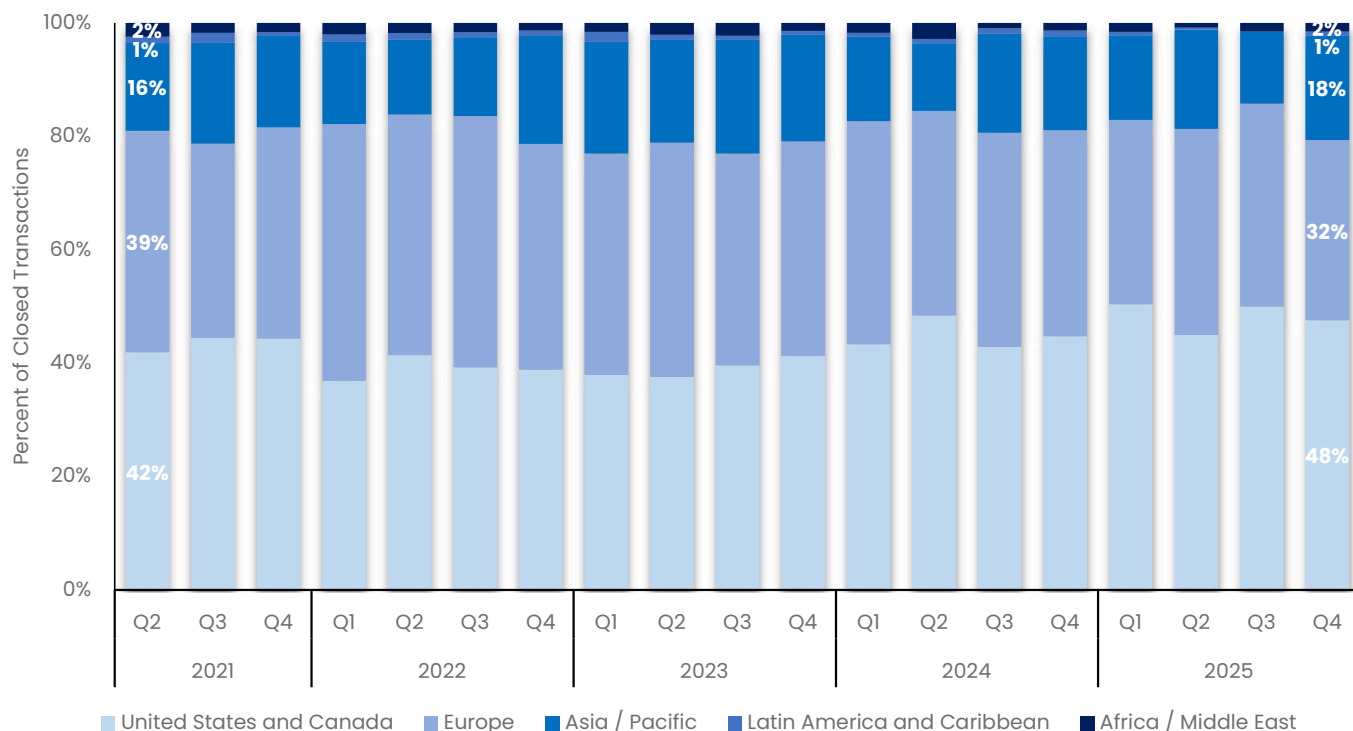
Disclosed Transaction Volume¹

Chart 10



Disclosed Transaction Activity by Geographic Region¹

Chart 11



1. S&P Capital IQ Data presented as of 12/31/2025, 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 Nov-25	The acquisition of Lengefeld Lumber expands Builders FirstSource's distribution footprint in key regional markets and enhances its capacity.
		Closed Oct-25	The acquisition of Stately Doors & Windows enhances Builders FirstSource's value-added millwork and specialty building products capabilities.
		Closed Oct-25	The acquisition of Casey Construction expands Builders FirstSource's value-added installation and construction services capabilities, strengthening its ability to provide integrated building solutions.
		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 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 of Diamond Door expands TopBuild's specialty building products offering and strengthens its capabilities in commercial door installation and services, enhancing the company's ability to provide integrated building envelope solutions
		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.

1. S&P Capital IQ Data presented as of 12/31/2025

Active Industry Buyers

Financial Buyers

Select Active Buyers¹

Acquirer	Targets	Status/Date	Strategy
 <p>Portfolio Company of</p>  <p>QXO, Inc. announced acquisition of Kodiak Building Partners in Feb 2026 - expected to close in early Q2 2026</p>		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—Kendell 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.
 <p>Portfolio Company of</p>  		Closed Dec-25	The acquisition of XO Windows expands US LBM's specialty building products portfolio and strengthens its millwork and window distribution capabilities, enhancing the company's ability to provide differentiated product offerings while expanding its presence across key region
		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.

1. S&P Capital IQ Data presented as of 12/31/2025

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

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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.

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