



Building Products Industry Q1 2026 Divergence, Disruption, and Durable Demand

The U.S. building products industry entered Q1 2026 navigating a more complex operating environment, as geopolitical disruption, renewed tariff escalation, and persistent affordability constraints offset constructive tailwinds from infrastructure deployment and data center demand. Total construction spending in January came in at a \$2.19 trillion seasonally adjusted annual rate (SAAR), declining 0.3% m/m and tracking modestly below prior-year levels.¹ Full-year 2025 construction spending was down approximately 1.4% y/y from 2024, underscoring a softer annual trend even as select non-residential categories continued to expand.²

Current Trends

Residential construction remained challenged through Q1, up modestly from Q4 2025 levels but still below prior-year activity.³ Mortgage rates held in the low- to mid-6% range through Q1, with the 30-year fixed averaging approximately 6.25%–6.40%, offering limited incremental relief for prospective buyers.⁴ Multifamily developer confidence held steady, though production rates reflect the lagged impact of lower starts in prior years, and occupancy metrics softened y/y.⁵

The Federal Reserve paused its easing cycle in Q1, holding the federal funds rate at 3.50%–3.75% at both its January and March meetings, citing solid economic expansion, low but stable job gains, and somewhat elevated inflation.⁶

The March Summary of Economic Projections continued to signal one rate reduction in 2026 and one in 2027, though the timing remains data-dependent and increasingly influenced by Middle East-related uncertainty.⁶

On the non-residential side, data center construction continued to be the primary growth driver, with private sector data center spending reaching ~\$41 billion in 2025, up roughly 32% y/y, and project pipelines pointing towards a sustained acceleration.⁷ Power generation and grid modernization also emerged as meaningful demand areas, with data centers and power-related construction now accounting for an estimated 17%–19% of total non-residential spending.⁸ Infrastructure-adjacent segments like highway, bridge, and water systems remained supported by IJA funding flows entering their final year of authorization ahead of the September 2026 expiration.⁹

Market Indicators

Data center projects continued to lead planning momentum, but most other commercial and institutional sectors eased into what Dodge characterized as "a more sustainable growth pattern."¹⁰ Despite the pullback, the index remained ~29% above year-ago levels on an annual basis, and the robust 2025 planning pipeline continues to signal an acceleration in construction starts into 2027.¹⁰

Contractor backlog in infrastructure and industrial categories remains elevated, with large general contractors reporting visibility into 2027 on mega data center and power generation projects.⁸ Residential backlogs remain mixed, with builder credit conditions tightening at the slowest pace in four years according to NAHB's Q1 AD&C Financing Survey, though lenders continued to raise upfront points on speculative single-family construction loans.¹¹

1. U.S. Census Bureau 2. IMA 3. Forisk 4. Freddie Mac 5. NAHB 6. FOMC 7. WCN 8. M&N Advisors 9. Construction Owners 10. Dodge Construction Network 11. Housingwire



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Materials Building products firms faced renewed input cost pressure in Q1, driven largely by tariff escalation on key commodity metals. Construction input prices surged at a 12.6% annualized rate in early 2026, the fastest pace since 2022.¹² Section 232 tariffs on steel, aluminum, and copper were maintained at up to 50%, with the April 2nd adjustment applying the full duty directly to goods made almost entirely of these metals.¹³

M&A Highlights

M&A activity in the building products sector accelerated in Q1 2026, with deal volume increasing meaningfully relative to the prior year as strategic buyers continued to lead consolidation.¹⁴ Valuations expanded modestly, reflecting heightened competition for targets with durable backlogs and exposure to high-demand end markets such as data centers, grid infrastructure, and distribution.¹⁴ Additionally, QXO's ~\$17B agreement to acquire TopBuild, announced shortly after quarter-end, further underscores this consolidation theme.

The quarter was characterized by continued large-scale transactions aimed at extending professional-channel capabilities and securing sustainability-aligned assets. Big-box retailers deepened their push into the 'Pro' end market through distribution acquisitions, while diversified building materials strategics pursued bolt-on deals to strengthen positions in infrastructure-exposed product lines.¹⁵ Commercial and infrastructure-linked deals dominated Q1 flow, with acquirers prioritizing targets offering exposure to data center buildouts, grid modernization, energy-efficiency products, and reshoring-driven industrial expansion.¹⁴

Private Equity

Private equity remained active but disciplined, with sponsors continuing to deploy capital selectively toward infrastructure-linked platforms, tech-enabled building systems, and modular manufacturing models. Add-on acquisitions remained the predominant strategy, as sponsors sought to build scale within fragmented verticals and capture procurement synergies.¹⁶ Cross-border deal flow remained overwhelmingly domestic as buyers prioritized U.S.-based assets aligned with infrastructure spending, energy-transition investment, and reshoring-driven capacity expansion amid ongoing trade policy uncertainty.¹⁴ Multiples held steady to modestly higher, reflecting confidence in resilient margin profiles and long-term structural growth drivers.

Outlook

Looking ahead into mid-2026, the building products industry is expected to remain bifurcated but with an increasingly complex risk profile. Residential construction faces persistent headwinds from elevated mortgage rates, affordability constraints, and cautious builder sentiment; consensus forecasts project total housing starts to decline approximately 1%–2% to roughly 1.34 million units in 2026 before a modest recovery in 2027.¹⁷ Builder incentives remain widespread, with over 60% of NAHB-surveyed builders continuing to offer sales incentives into Q1.³

¹². Construction Dive ¹³. Construction Dive ¹⁴. PCE ¹⁵. Bain & Company ¹⁶. FMI Corp



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Non-residential and infrastructure-driven segments appear more durable, supported by data center and power generation construction pipelines extending well into 2027, reshoring-related industrial investment, and IJA-funded infrastructure programs entering their final deployment year.^{8,9} However, the September 2026 IJA expiration introduces reauthorization risk that could constrain new project pipeline formation in the second half of the year if legislative action is delayed.⁹

Deal activity is expected to remain constructive in segments tied to sustainability, building envelope efficiency, modular and off-site construction, and professional distribution channel consolidation. Key risks to monitor include further tariff escalation under ongoing Section 301 investigations, persistent specialty-trade labor shortages, Iran conflict-related energy price volatility and its impact on material and shipping costs, and the potential for macroeconomic slowing that could weigh on non-residential starts or further compress the repair 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**

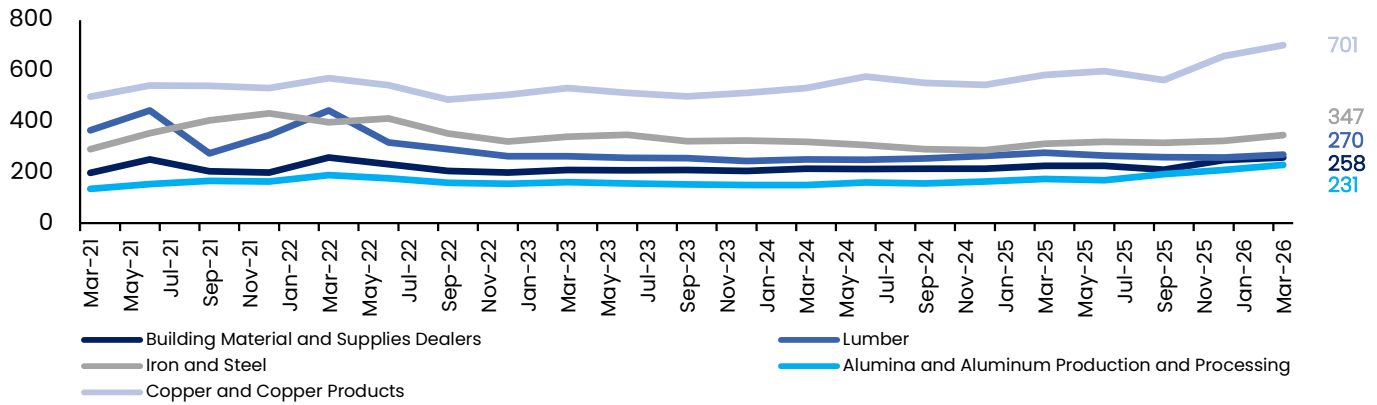


17. Forisk

Producer Price Index - Building Materials¹

Chart 1

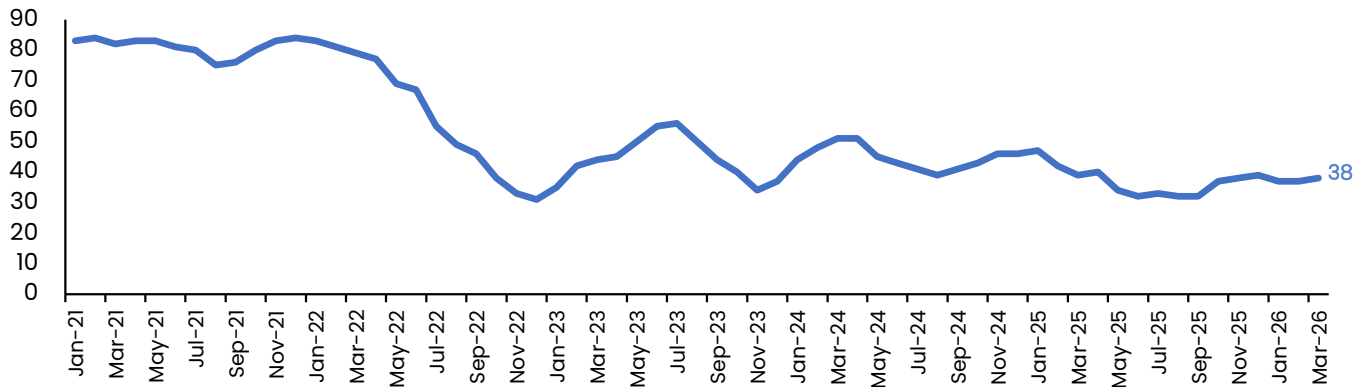
Construction material prices rose through Q1 2026, with copper, steel, aluminum, and lumber continuing to drive input cost pressure.



Housing Market Index²

Chart 2

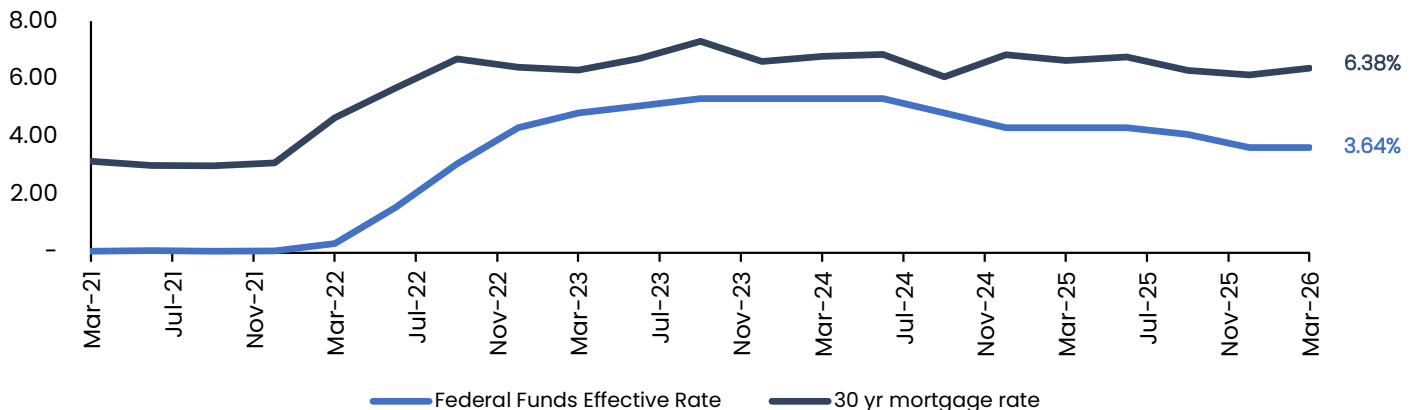
HMI edged up to 38 in March 2026 but remained below the 50 breakeven mark as affordability concerns continued to weigh on builder sentiment.



Key Interest Rates¹

Chart 3

The first quarter of 2026 marked a stark pivot in market expectations, shifting from early predictions of rate cuts to a higher-for-longer monetary reality.

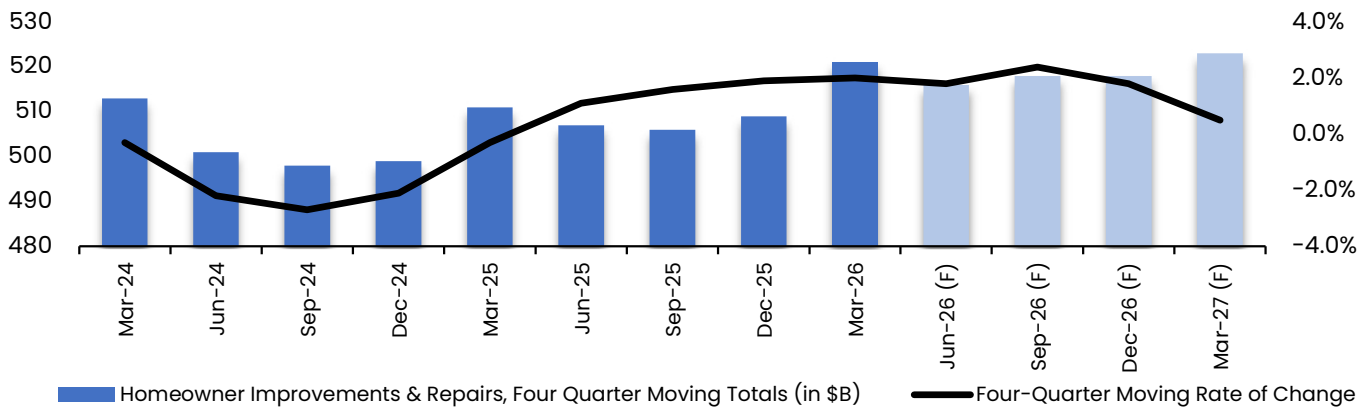


1. Fred 2. NAHB

LIRA Index¹

Chart 4

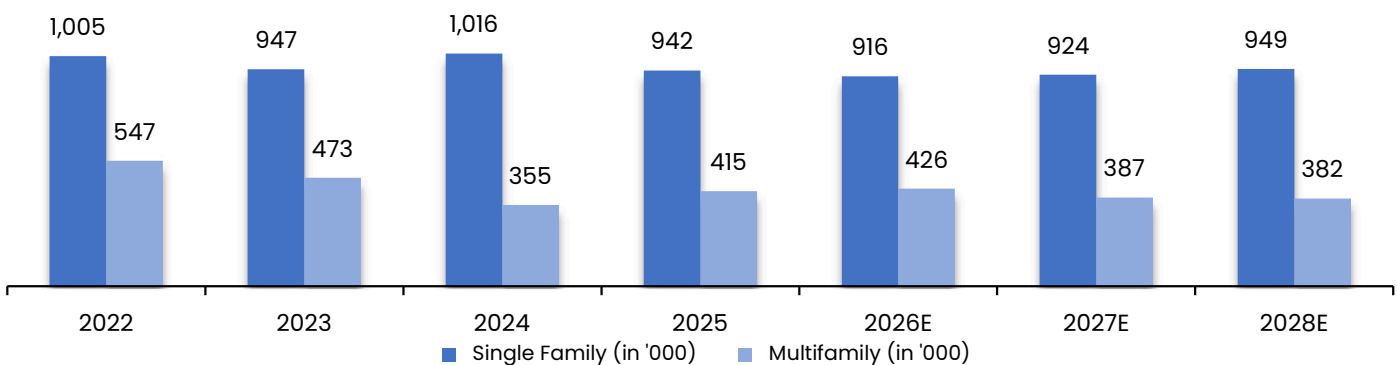
Remodeling spend remained resilient in Q1 2026, but growth is expected to moderate as affordability pressures and homeowner caution weigh on larger renovation projects.¹



Housing Starts²

Chart 5

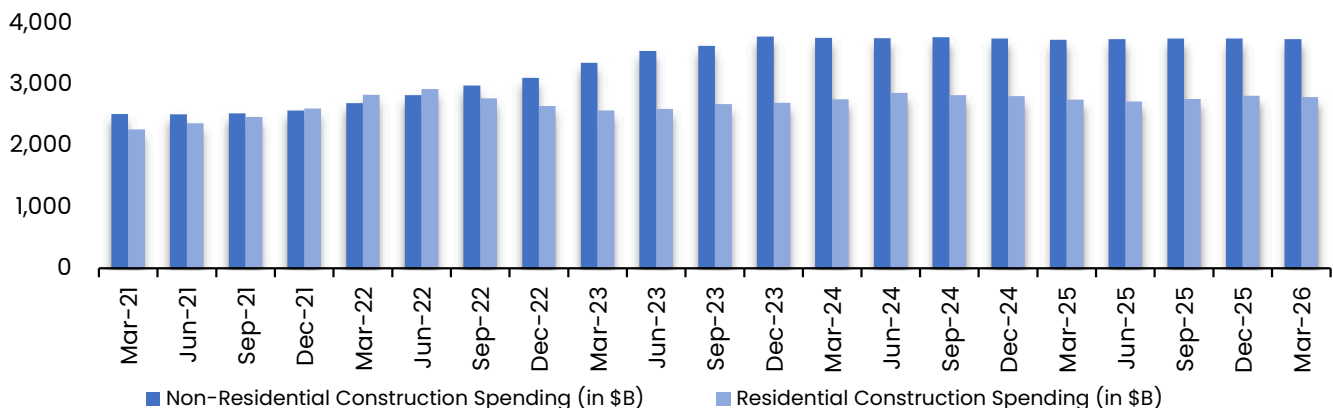
Housing starts showed a modest Q1 rebound, but elevated mortgage rates and affordability pressures kept single-family construction subdued, while multifamily remained comparatively uneven.³



Construction Spending⁴

Chart 6

Construction spending rebounded in March, driven by residential gains, while non-residential spending remained pressured by softer private activity and elevated input costs.⁵



1. JCHS 2. NAHB 3. NAHB 4. FRED 5. US 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
Caterpillar Inc.	\$329,637	\$364,362	\$70,755	\$14,557	\$17,261	5.1x	25.0x	21.1x
CNH Industrial N.V.	13,647	38,785	18,093	1,082	1,092	2.1x	35.8x	35.5x
Deere and Co	152,151	210,113	46,731	8,588	7,596	4.5x	24.5x	27.7x
Herc Holdings Inc.	3,322	12,953	4,654	914	2,073	2.8x	14.2x	6.2x
Sunbelt Rentals Holdings	26,770	37,198	10,930	4,630	4,851	3.4x	8.0x	7.7x
Terex Corporation	6,720	8,661	5,926	516	1,046	1.5x	16.8x	8.3x
United Rentals, Inc.	45,816	61,027	16,365	4,547	7,937	3.7x	13.4x	7.7x
Summary Statistics								
Mean	\$82,581	\$104,729	\$24,779	\$4,976	\$5,979	3.3x	19.7x	16.3x
Adj. Mean ³	49,021	72,015	19,609	3,952	4,710	3.3x	18.8x	14.5x
Median	26,770	38,785	16,365	4,547	4,851	3.4x	16.8x	8.3x

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	\$2,720	\$2,765	\$6,367	\$313	\$362	0.4x	8.8x	7.6x
Builders FirstSource, Inc.	9,106	14,025	14,820	1,208	1,250	0.9x	11.6x	11.2x
Cemex, S.A.B. de C.V.	16,515	22,453	16,537	3,031	3,465	1.4x	7.4x	6.5x
CRH plc	70,261	87,345	38,061	7,583	8,359	2.3x	11.5x	10.4x
Eagle Materials Inc.	5,955	7,337	2,300	732	747	3.2x	10.0x	9.8x
Forterra, Inc.	428	528	520	67	86	1.0x	7.9x	6.2x
Martin Marietta Materials, Inc.	35,504	41,446	6,350	2,110	2,469	6.5x	19.6x	16.8x
Summary Statistics								
Mean	\$20,070	\$25,128	\$12,136	\$2,149	\$2,391	2.25x	11.0x	9.8x
Adj. Mean ³	13,960	17,605	9,275	1,479	1,659	1.76x	10.0x	9.1x
Median	9,106	14,025	6,367	1,208	1,250	1.36x	10.0x	9.8x

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.	\$584	\$1,133	\$2,269	\$136	\$187	0.5x	8.3x	6.1x
BlueLinx Holdings Inc.	426	714	2,954	71	93	0.2x	10.1x	7.7x
Ferguson plc	45,344	50,804	31,058	3,043	3,454	1.6x	16.7x	14.7x
TopBuild Corp.	9,887	12,854	5,622	1,020	1,096	2.3x	12.6x	11.7x
Watsco, Inc.	13,828	14,014	7,241	736	764	1.9x	19.0x	18.3x
Summary Statistics								
Mean	\$14,014	\$15,904	\$9,829	\$1,001	\$1,119	1.3x	13.4x	11.7x
Adj. Mean ³	8,100	9,334	5,272	631	682	1.4x	13.1x	11.4x
Median	9,887	12,854	5,622	736	764	1.6x	12.6x	11.7x

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	\$143,114	\$146,252	\$34,572	\$7,010	\$8,342	4.2x	20.9x	17.5x
Eaton Corporation plc	138,771	148,696	28,522	6,343	7,990	5.2x	23.4x	18.6x
Emerson Electric Co.	73,633	85,959	18,316	5,875	5,607	4.7x	14.6x	15.3x
Hubbell Inc	26,021	28,021	5,996	1,467	1,601	4.7x	19.1x	17.5x
Signify	2,477	3,690	6,446	630	725	0.6x	5.9x	5.1x
Summary Statistics								
Mean	\$76,803	\$82,523	\$18,771	\$4,265	\$4,853	3.9x	16.8x	14.8x
Adj. Mean ³	79,475	86,744	17,761	4,562	5,066	4.5x	18.2x	16.8x
Median	73,633	85,959	18,316	5,875	5,607	4.7x	19.1x	17.5x

1. S&P Capital IQ Data presented as of 03/31/2026, All charts represent Global Data 2 - Market Capitalization as of 03/31/26. 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	\$1,444	\$1,648	\$1,387	\$204	\$240	1.2x	8.1x	6.9x
JELD-WEN Holding, Inc.	107	1,337	3,157	40	123	0.4x	33.0x	10.8x
Masco Corporation	12,292	15,121	7,679	1,448	1,486	2.0x	10.4x	10.2x
Mohawk Industries, Inc.	6,051	7,658	10,785	1,367	1,284	0.7x	5.6x	6.0x
Owens Corning	8,699	14,099	9,838	2,035	2,014	1.4x	6.9x	7.0x
Quanex Building Products	817	1,648	1,847	223	236	0.9x	7.4x	7.0x
Trex Co Inc	3,784	3,967	1,178	326	334	3.4x	12.2x	11.9x
Summary Statistics								
Mean	\$4,742	\$6,497	\$5,124	\$806	\$817	1.4x	11.9x	8.5x
Adj. Mean ³	4,159	5,804	4,782	714	716	1.2x	9.0x	8.4x
Median	3,784	3,967	3,157	326	334	1.2x	8.1x	7.0x

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.	\$5,491	\$7,233	\$4,676	\$500	\$563	1.5x	14.5x	12.9x
Lowe's Companies, Inc.	132,332	176,027	86,286	12,400	13,015	2.0x	14.2x	13.5x
The Home Depot, Inc.	327,578	392,098	164,683	25,011	25,484	2.4x	15.7x	15.4x
Summary Statistics								
Mean	\$155,134	\$191,786	\$85,215	\$12,637	\$13,021	2.0x	14.8x	13.9x
Adj. Mean ³	132,332	176,027	86,286	12,400	13,015	2.0x	14.5x	13.5x
Median	132,332	176,027	86,286	12,400	13,015	2.0x	14.5x	13.5x

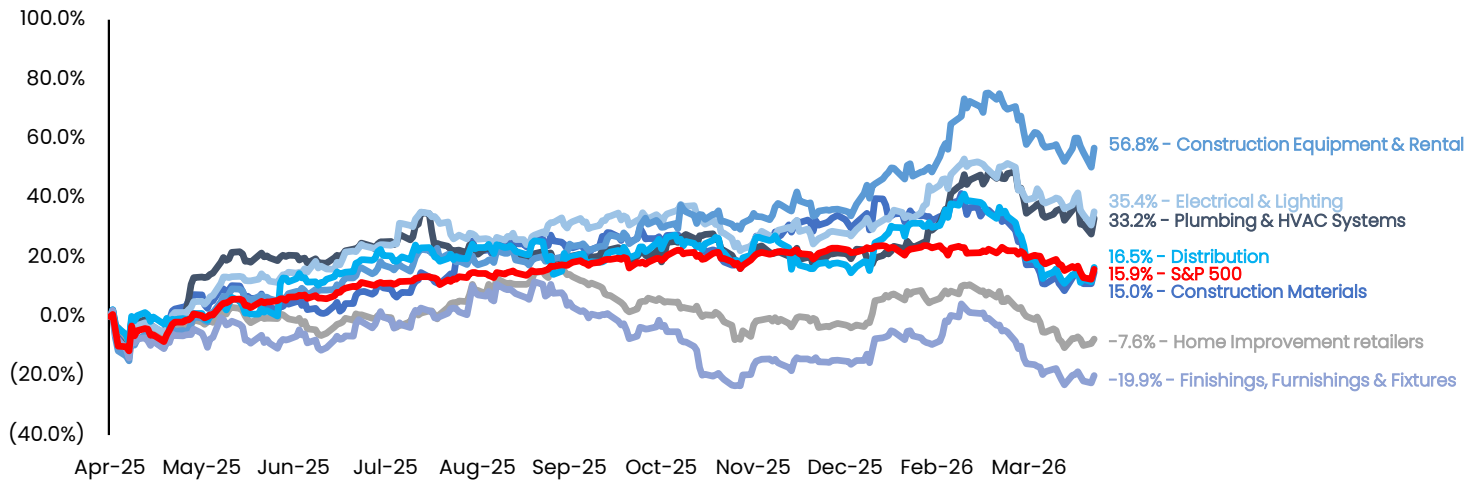
Plumbing and HVAC Systems (\$MM)¹

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	\$9,116	\$9,126	\$3,812	\$795	\$828	2.4x	11.5x	11.0x
AAON, Inc.	6,744	7,161	1,617	251	371	4.4x	28.5x	19.3x
Carrier Global Corporation	47,043	58,205	21,870	3,141	4,758	2.7x	18.5x	12.2x
Comfort Systems USA, Inc.	48,426	47,893	10,136	1,736	2,176	4.7x	27.6x	22.0x
Johnson Controls International plc	80,150	89,332	24,433	4,320	4,881	3.7x	20.7x	18.3x
Lennox International Inc.	16,153	17,889	5,258	1,154	1,269	3.4x	15.5x	14.1x
Trane Technologies plc	92,238	95,936	21,603	4,233	4,901	4.4x	22.7x	19.6x
Summary Statistics								
Mean	\$42,839	\$46,506	\$12,675	\$2,233	\$2,741	3.7x	20.7x	16.6x
Adj. Mean ³	40,178	44,489	12,536	2,212	2,783	3.72x	21.0x	16.7x
Median	47,043	47,893	10,136	1,736	2,176	3.66x	20.7x	18.3x

1. S&P Capital IQ Data presented as of 03/31/2026, All charts represent Global Data 2 - Market Capitalization as of 03/31/26. 3 - Adj. mean excludes high and low values.

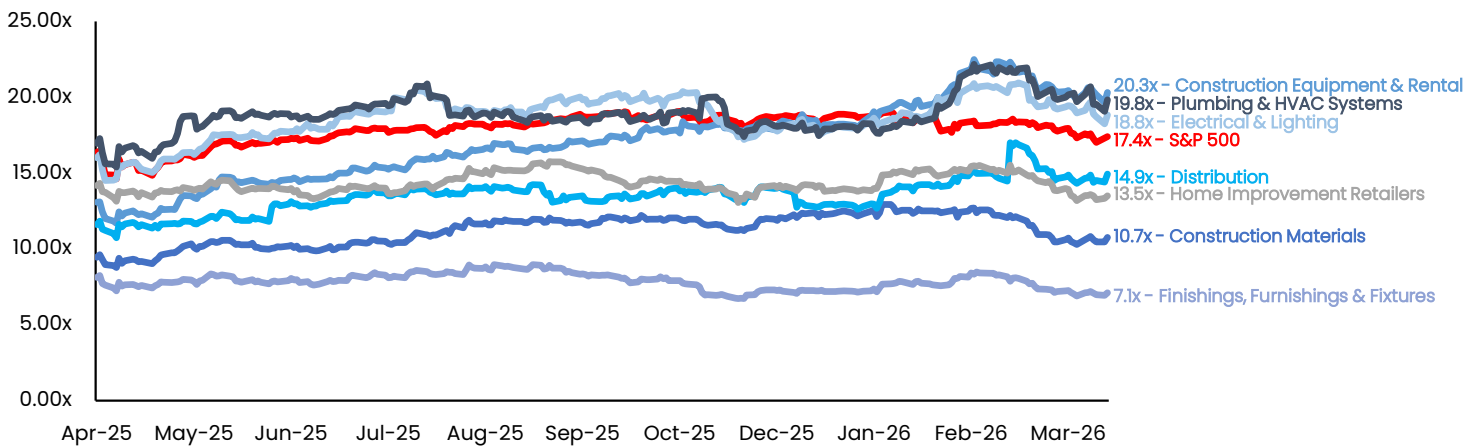
Stock Price Performance LTM Relative Stock Performance¹

Chart 7



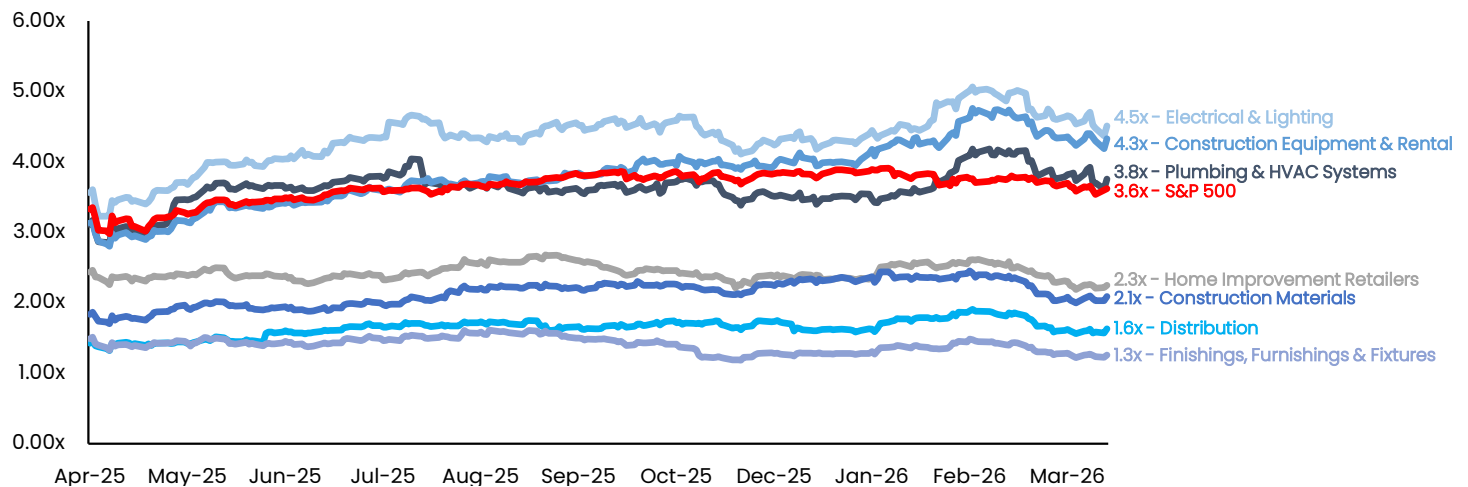
EV/EBITDA LTM EV/EBITDA Multiples¹

Chart 8



EV/Revenue LTM EV/Revenue Multiples¹

Chart 9



1. S&P Capital IQ Data presented as of 03/31/2026, All charts represent Global Data

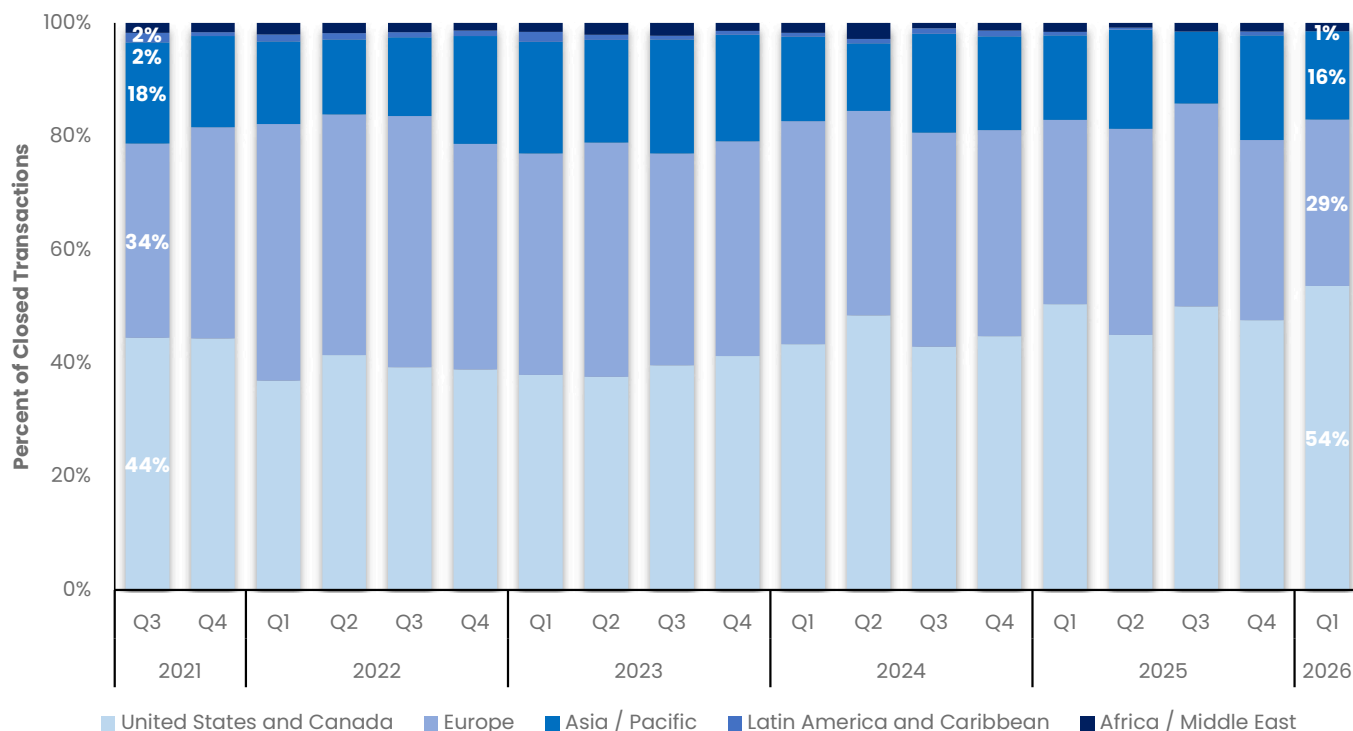
Disclosed Transaction Volume¹

Chart 10



Disclosed Transaction Activity by Geographic Region¹

Chart 11













1. S&P Capital IQ Data presented as of 03/31/2026, All charts represent Global Data

Active Industry Buyers

Strategic Buyers

Select Active Buyers¹

Acquirer	Targets	Status/Date	Strategy
		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.
		Announced Apr-26	The acquisition strengthens QXO's scale across the North American building products value chain and expands its insulation distribution and installation capabilities through TopBuild.
		Closed Apr-26	The acquisition enabled QXO to expand its building products distribution platform and broaden its reach through Kodiak's product offering and value-added services.
		Closed Apr-25	The acquisition enabled QXO to add Beacon's roofing and exterior products distribution capabilities, while expanding its product coverage, branch network, and scale across the U.S. and Canada.
		Closed Mar-26	The acquisition strengthened Saint-Gobain's construction chemicals presence in the Dominican Republic and Caribbean.
		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.
 <p>Subsidiary of</p> 		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 Feb-26	The acquisition enabled SRS Distribution to expand its Midwest branch network and add LS Building Products' roofing, siding, lumber, windows, doors, and millwork distribution capabilities.
 <p>Subsidiary of</p> 		Closed Feb-26	The acquisition enabled SRS Distribution to strengthen its New York presence and broaden its building products offering through Sider Lumber.
		Closed Nov-25	The acquisition enabled SRS Distribution to expand in Colorado and Texas and broaden its specialty lumber and architectural-grade building products.

1. S&P Capital IQ Data presented as of 03/31/2026

Active Industry Buyers

Financial Buyers

Select Active Buyers¹

Acquirer	Targets	Status/Date	Strategy
		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 May-26	The acquisition enabled US LBM to deepen its footprint in the Carolinas and broaden its offering across lumber, millwork, windows, doors, and turnkey specialty solutions.
		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.
 <p>Portfolio Company of</p> 		Closed Feb-26	The acquisition enabled White Cap to expand its contractor supply offering through Colony Hardware's tools, equipment, fasteners, and safety products, while strengthening its branch coverage across the Eastern and Central U.S.
		Closed Jan-26	The acquisition enabled White Cap to broaden its specialized construction products offering through VoidForm's concrete protection solutions, while strengthening technical support for complex construction projects.
		Closed Sep-25	The acquisitions enabled White Cap to expand its North American footprint in the Pacific Northwest and Western Canada, while adding concrete forming, shoring, fasteners, tools, and construction supply capabilities.
		Closed Sep-25	The acquisition enabled White Cap to add scale and expertise in rebar fabrication, while strengthening its concrete accessories offering across Central Texas.

1. S&P Capital IQ Data presented as of 03/31/2026

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

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