Industry Insights

Building Products Industry Q2 2026
Rates, Resilience, and Renewed Consolidation

The U.S. Building Products market is moving forward, but growth is becoming increasingly selective. Construction input prices for new non-residential buildings rose 7.1% YoY through June, nearly twice the 3.5% increase in contractors' bid prices, squeezing project margins.[1] Meanwhile, aluminum prices climbed 52.4%, copper 27.0% and steel 16.9% YoY.[1] Data centers remain a bright spot, with 65% of contractors expecting activity to increase, while labor shortages and equipment constraints create new bottlenecks.[2] As tariffs, regulation and supply-chain pressures reshape the industry, prefabrication, domestic sourcing and specialized products are increasingly becoming sources of competitive advantage.

Current Trends

The U.S. Building Products market entered Q2 2026 with rising input costs but increasingly selective demand. From March to June, alumina and aluminum prices rose 11.9%, copper 6.0%, iron and steel 5.7%, and lumber 3.4%.[3] At the same time, the 30-year mortgage rate increased to 6.49%[4], while the Housing Market Index fell to 36, well below the 50-point confidence threshold.[5] Remodeling provided some stability, with spending reaching $517 billion and growth improving to 2.0%, although growth is expected to moderate through 2027.[6]

The bigger bright spot is data centers. Microsoft's planned 2 GW Texas campus is expected to support 6,000+ construction jobs.[7] While Meta's Louisiana project is expanding to 5 GW with more than $50 billion of investment.[8] Beyond buildings, this is creating demand for transformers, switchgear, copper, generators, HVAC, cooling systems, steel and fire protection—while competing for the same constrained materials, equipment and skilled labor.

That pressure is amplified by the labor shortage: immigrants represent 34% of U.S. construction workers, exceeding 60% in trades such as drywall and roofing, while 28% of firms reported disruptions linked to immigration enforcement.[9]

As labor becomes harder to source at the jobsite, the value proposition of prefabrication, modular construction, engineered components and off-site manufacturing becomes stronger. For building products manufacturers, this could be one of the most important structural opportunities emerging from today's constraints: the winners may not simply be those selling more products, but those selling products that require less labor to install.

Market Indicators

The cost of money remains a key constraint heading into H2 2026. The Fed is holding rates at 3.63%, while the 30-year mortgage rate reached 6.49% in June, up from 6.38% in March.[4, 10] J.P. Morgan expects no cuts through 2026, keeping construction financing and project underwriting under pressure.[9] Meanwhile, the Iran conflict has added an inflationary layer, with the Fed raising its 2026 inflation forecast to 2.7% from 2.4%.[11] The chain is straightforward: geopolitical disruption → higher oil and transportation costs → higher manufacturing costs → margin pressure.

Trade policy adds another supply-chain risk. From August 2026, 50% tariffs on specified Canadian imports will affect products including cement, steel, aluminum, copper, timber and lumber face additional measures.[12] The impact can flow directly through Canadian supplier → U.S. manufacturer/distributor →

1. AGC 2. Construction Owners Club 3. FRED 4. FRED 5. NAHB 6. JCHS 7. Microsoft 8. Reuters 9. Tax Credit Advisor 10. FRED 11. CNBC 12. CIKH

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contractor → project cost, making domestic sourcing and pricing power increasingly important.

Despite near-term pressure, the U.S. faces a 4.7 million-home housing deficit, supporting long-term demand.[13] Companies are positioning accordingly: James Hardie expects $1.11–$1.15 billion in Deck, Rail & Accessories sales, while Boise Cascade is adjusting production and inventory to demand signals and pricing opportunities.[14] The message from the market is becoming clearer: companies are preparing for volatility rather than waiting for a broad-based recovery.

M&A Highlights

The Building Products M&A market remained active in Q2 2026, with 622 transactions closed, up 8% YoY and 2% sequentially, while total disclosed transaction value was $27.5 billion, broadly in line with Q2 2025 but well below the $70.5 billion recorded in Q1. North America remained the center of activity, accounting for 308 deals, or roughly half of global transactions, reinforcing the growing importance of domestic manufacturing, regional distribution and supply-chain resilience.[15]

The quarter also highlighted where strategic buyers see value. QXO completed its ~$2.25 billion acquisition of Kodiak Building Partners, adding 110 locations and expanding its product breadth across lumber, trusses, roofing, windows and doors, and waterproofing.[16] QXO subsequently announced its ~$17 billion acquisition of TopBuild, targeting approximately $300 million of synergies through procurement, logistics and inventory efficiencies. While the TopBuild deal closed in Q3, its Q2 announcement reinforces the strategic push toward scale.[17]

Financial sponsors accounted for 9.8% of deal volume, with activity centered on platform investments and add-ons across fragmented specialty contracting, infrastructure services, engineering, permitting and maintenance-focused subsectors. Sponsor activity remained selective, favoring businesses with recurring demand, opportunities for regional expansion and clear buy-and-build potential.[18]

The broader M&A thesis is increasingly about protection through scale. With approximately 86% of manufacturers attempting to pass through some or all cost increases, larger platforms can leverage purchasing power, pricing, distribution and operational efficiencies more effectively.[19] The next wave of building products M&A may therefore be less about "What does the target make?" and more about "What does the target give the buyer that is harder to build organically?" In an increasingly regional supply chain, where you manufacture may matter almost as much as what you manufacture.

Outlook

2026 is not shaping up to be a collapse—it is shaping up to be a year of divergence. Housing remains constrained, with the HMI at just 36 in June and 30-year mortgage rates around 6.5%, while homeowner repair and improvement spending is still expected to grow by roughly 2.1% in Q3 and Q4.[5] At the same time, material pressures remain uneven, with PPI data showing copper up ~30% and aluminum up ~52% year-over-year in June, keeping margin discipline at the forefront.[3]

13. Zillow 14. Building Products Digest 15. S&P Capital IQ 16. QXO 17. QXO 18. S&P Capital IQ 19. Supply Chain

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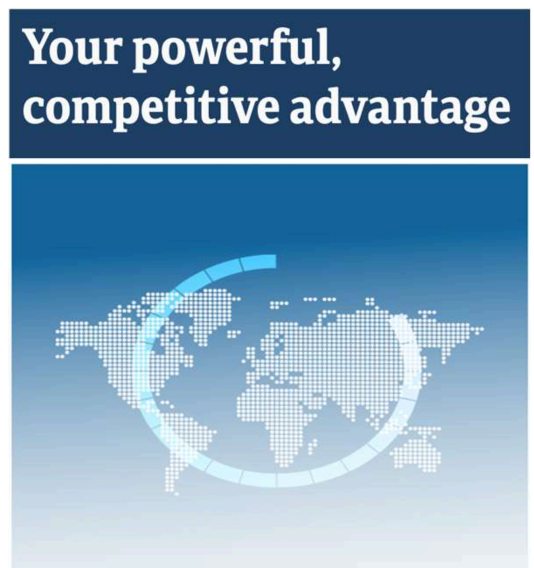
Against this backdrop, the winners are likely to be companies positioned closer to the areas where demand remains resilient—data centers and infrastructure, repair and remodeling, specialty and engineered products, labor-saving solutions, and domestic supply chains. Meanwhile, commodity manufacturers, import-dependent businesses and companies heavily reliant on residential new construction could face greater pressure from tariffs, input costs and affordability constraints. For investors and strategic buyers, this divergence could make scale, pricing power, vertical integration and geographic reach increasingly valuable, helping explain why M&A remains active even in an otherwise cautious market.

Let's Talk

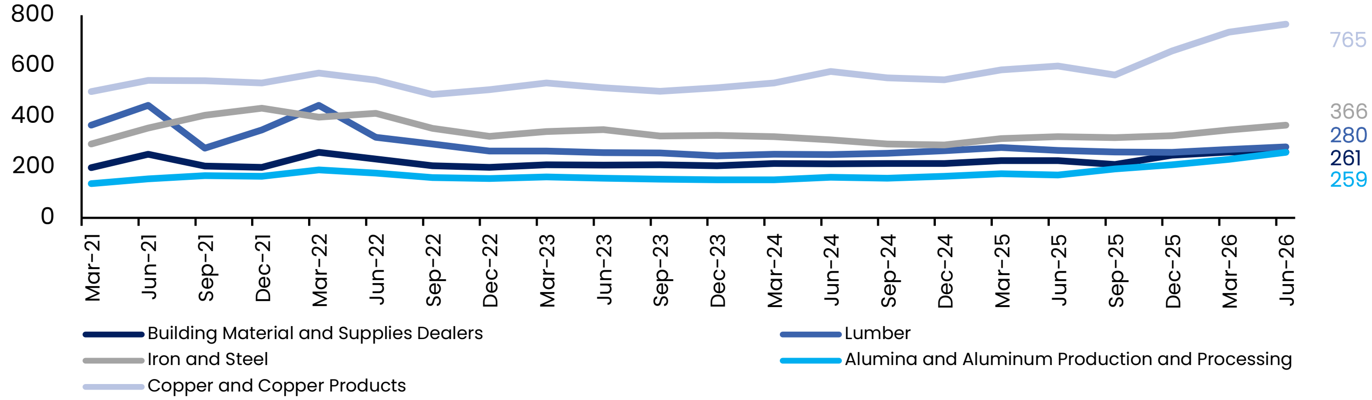
In today's dynamic market, precision and flexibility are key to successful M&A. Balmoral Advisors partners with building products companies and investors to navigate challenges and structure smart deals. To explore trends in the sector, share updates about your business, or learn how we can support your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



Producer Price Index - Building Materials[1]

Chart 1

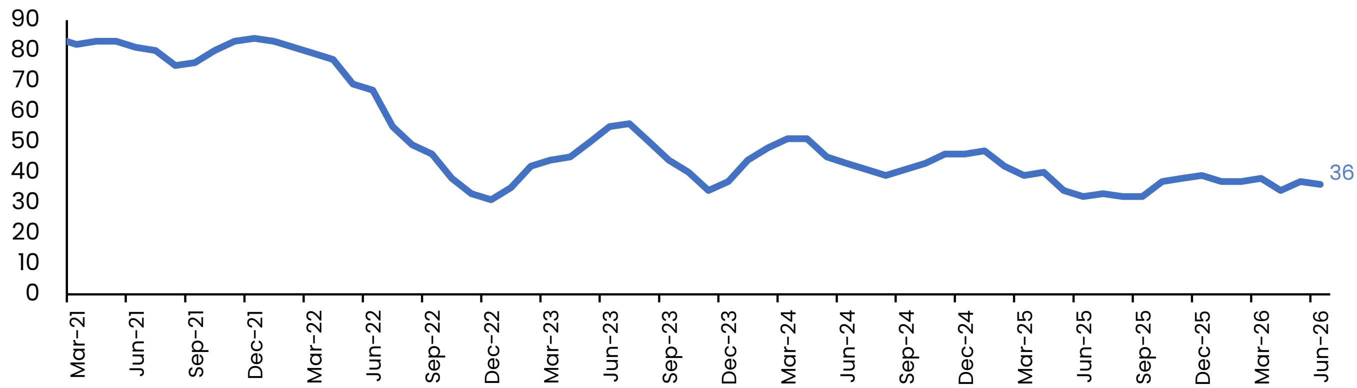
All indices continued to strengthen in Q2-26, with Aluminum (+12%), Copper (+6%), and Iron & Steel (+5%) showing the strongest gains, while Lumber and Building Materials posted more modest increases.



Housing Market Index[2]

Chart 2

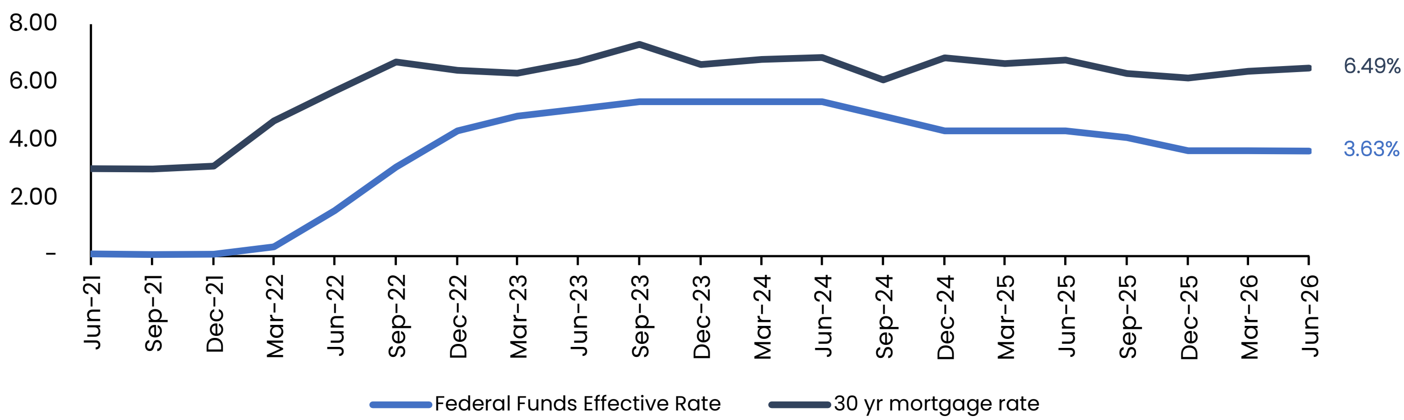
Housing Market Index stood at 36, down from 37 in Q1-26 but up from 34 in Q2-25, pointing to a slow but uneven recovery in housing sentiment.



Key Interest Rates[1]

Chart 3

Federal Funds Rate held steady at 3.63%, while the 30-year mortgage rate rose to 6.49%, keeping mortgage costs elevated and weighing on housing affordability.

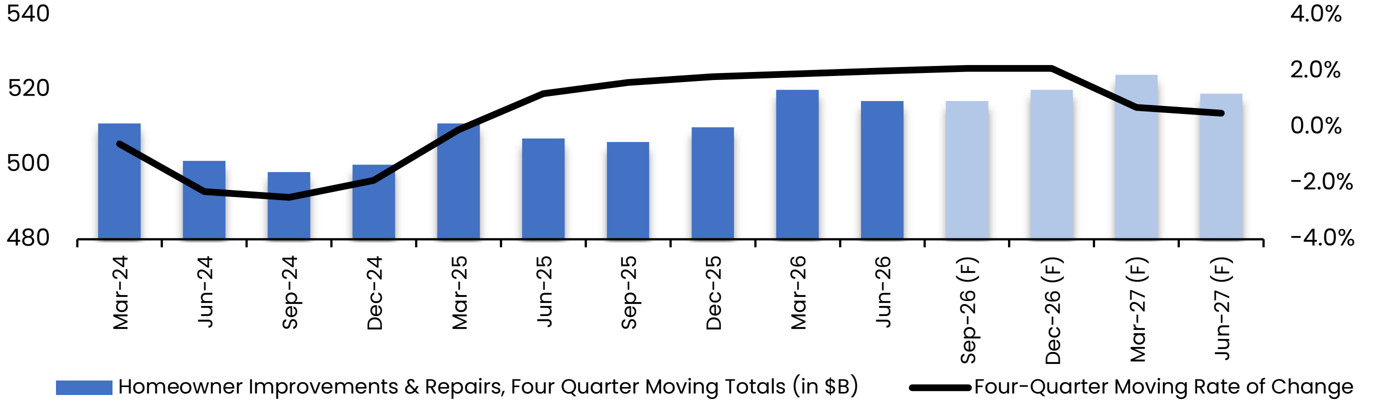


1. FRED 2. NAHB

LIRA Index[1]

Chart 4

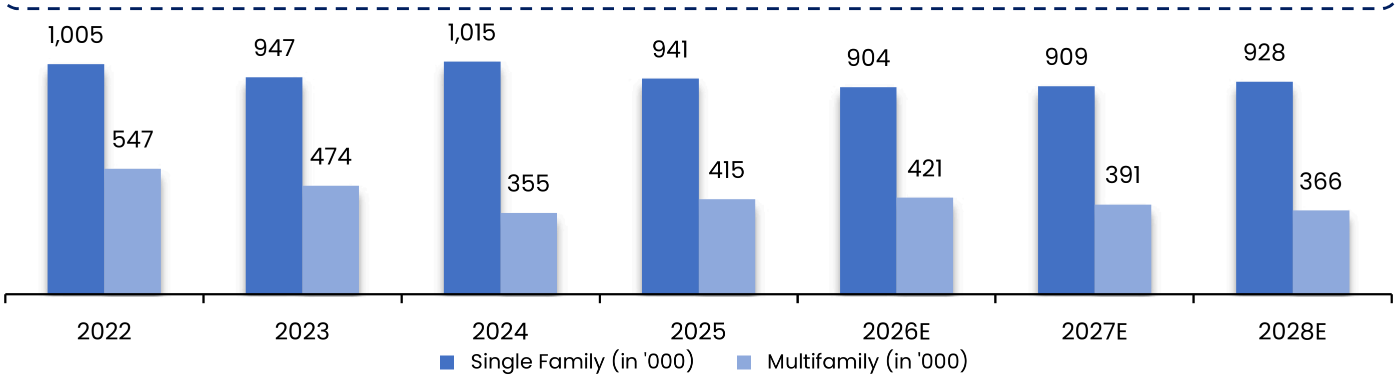
Remodeling spend remained resilient, with the four-quarter growth rate at 2.0% and forecast to rise to 2.1% by end-2026, despite affordability pressures.



Housing Starts[2]

Chart 5

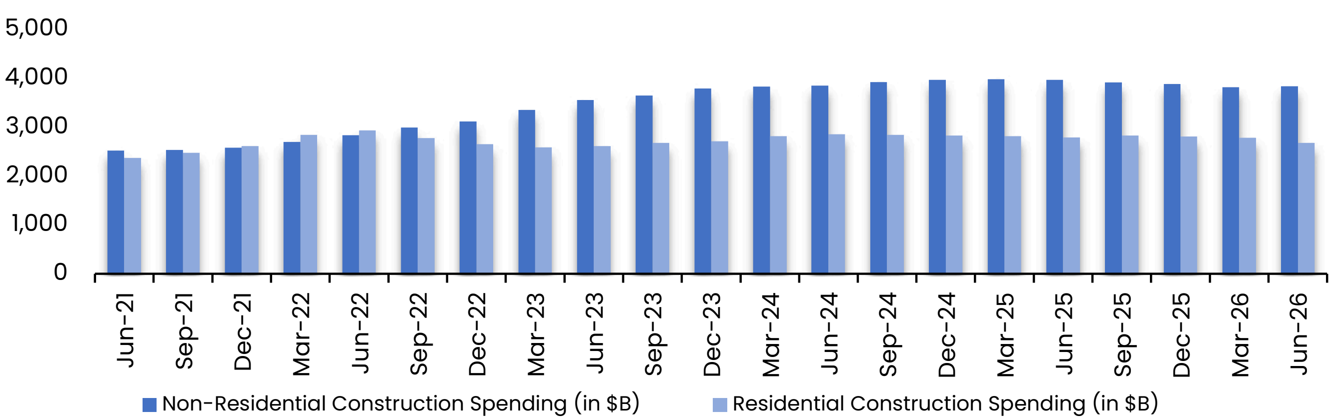
Despite fixed mortgage rates gradually cooling toward 6.02% by 2028, total housing starts face a steady multi-year contraction down to 1.29 million units as ongoing affordability pressures keep homebuyer demand restrained.[3]



Construction Spending[4]

Chart 6

Construction spending declined across both segments, with non-residential down 3.4% and residential down 3.9% YoY, reflecting a more cautious construction environment amid cost and labor pressures.



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

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.	$490,484	$530,233	$74,729	$16,251	$18,791	7.1x	32.6x	28.2x
CNH Industrial N.V.	13,925	38,929	18,185	1,059	1,166	2.1x	36.8x	33.4x
Deere & Company	171,229	229,458	47,337	8,614	8,188	4.8x	26.6x	28.0x
Herc Holdings Inc.	4,787	14,387	4,856	931	2,204	3.0x	15.5x	6.5x
Sunbelt Rentals Holdings, Inc.	30,650	41,239	11,154	2,809	4,960	3.7x	14.7x	8.3x
Terex Corporation	8,267	10,624	6,677	639	1,099	1.6x	16.6x	9.7x
United Rentals, Inc.	70,972	85,835	16,832	4,691	8,386	5.1x	18.3x	10.2x
Summary Statistics								
Mean	$112,902	$135,815	$25,681	$4,999	$6,399	3.9x	23.0x	17.8x
Adj. Mean[3]	59,009	81,969	20,037	3,621	4,981	3.7x	21.9x	16.9x
Median	30,650	41,239	16,832	2,809	4,960	3.7x	18.3x	10.2x

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	$2,732	$2,945	$6,458	$322	$391	0.5x	9.2x	7.5x
Builders FirstSource, Inc.	9,624	14,818	14,449	1,023	1,120	1.0x	14.5x	13.2x
CEMEX, S.A.B. de C.V.	17,412	23,453	17,038	3,246	3,725	1.4x	7.2x	6.3x
CRH plc	71,497	90,160	38,632	7,732	8,521	2.3x	11.7x	10.6x
Eagle Materials Inc.	6,951	8,450	2,325	705	748	3.6x	12.0x	11.3x
Forterra plc	368	468	477	69	78	1.0x	6.8x	6.0x
Martin Marietta Materials, Inc.	34,628	40,045	6,688	2,126	2,532	6.0x	18.8x	15.8x
Summary Statistics								
Mean	$20,459	$25,763	$12,295	$2,175	$2,445	2.26x	11.4x	10.1x
Adj. Mean[3]	14,270	17,942	9,391	1,484	1,703	1.87x	10.9x	9.8x
Median	9,624	14,818	6,688	1,023	1,120	1.38x	11.7x	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.	$659	$1,238	$2,279	$138	$199	0.5x	9.0x	6.2x
BlueLinx Holdings Inc.	482	830	2,976	72	105	0.3x	11.5x	7.9x
Ferguson Enterprises Inc.	46,027	51,288	31,446	3,071	3,573	1.6x	16.7x	14.4x
QXO, Inc.	12,533	14,446	9,898	588	2,000	1.5x	24.6x	7.2x
Watsco, Inc.	15,677	16,024	7,284	701	793	2.2x	22.9x	20.2x
Summary Statistics								
Mean	$15,076	$16,765	$10,777	$914	$1,334	1.2x	16.9x	11.2x
Adj. Mean[3]	9,623	10,569	6,719	476	997	1.2x	17.0x	9.8x
Median	12,533	14,446	7,284	588	793	1.5x	16.7x	7.9x

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	$196,538	$200,361	$35,752	$7,148	$8,724	5.6x	28.0x	23.0x
Eaton Corporation plc	165,462	186,588	30,026	6,639	8,469	6.2x	28.1x	22.0x
Emerson Electric Co.	80,178	92,460	18,636	6,058	5,768	5.0x	15.3x	16.0x
Hubbell Incorporated	27,647	29,879	6,224	1,516	1,829	4.8x	19.7x	16.3x
Signify N.V.	2,266	3,369	6,289	562	687	0.5x	6.0x	4.9x
Summary Statistics								
Mean	$94,418	$102,532	$19,385	$4,385	$5,095	4.4x	19.4x	16.5x
Adj. Mean[3]	91,096	102,976	18,317	4,738	5,355	5.1x	21.0x	18.1x
Median	80,178	92,460	18,636	6,058	5,768	5.0x	19.7x	16.3x

1. S&P Capital IQ Data presented as of 06/30/2026, All charts represent Global Data 2 - Market Capitalization as of 06/30/26. 3 - Adj. mean excludes high and low values.

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.	$2,081	$2,305	$1,420	$212	$256	1.6x	10.9x	9.0x
JELD-WEN Holding, Inc.	129	1,486	3,151	34	149	0.5x	43.4x	10.0x
Masco Corporation	16,415	19,598	7,620	1,508	1,480	2.6x	13.0x	13.2x
Mohawk Industries, Inc.	7,395	9,051	10,988	1,426	1,370	0.8x	6.3x	6.6x
Owens Corning	12,801	18,591	9,847	1,959	2,083	1.9x	9.5x	8.9x
Quanex Building Products Corporation	847	1,673	1,857	206	225	0.9x	8.1x	7.4x
Trex Company, Inc.	5,199	5,630	1,208	313	368	4.7x	18.0x	15.3x
Summary Statistics								
Mean	$6,410	$8,333	$5,156	$808	$847	1.8x	15.6x	10.1x
Adj. Mean[3]	5,665	7,450	4,779	733	740	1.6x	11.9x	9.7x
Median	5,199	5,630	3,151	313	368	1.6x	10.9x	9.0x

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.	$6,416	$8,129	$4,712	$490	$574	1.7x	16.6x	14.2x
Lowe's Companies, Inc.	123,630	165,400	88,434	12,597	13,220	1.9x	13.1x	12.5x
The Home Depot, Inc.	351,663	413,793	166,592	24,946	25,874	2.5x	16.6x	16.0x
Summary Statistics								
Mean	$160,570	$195,774	$86,579	$12,678	$13,223	2.0x	15.4x	14.2x
Adj. Mean[3]	123,630	165,400	88,434	12,597	13,220	1.9x	16.6x	14.2x
Median	123,630	165,400	88,434	12,597	13,220	1.9x	16.6x	14.2x

Plumbing and HVAC Systems ($MM)[1]

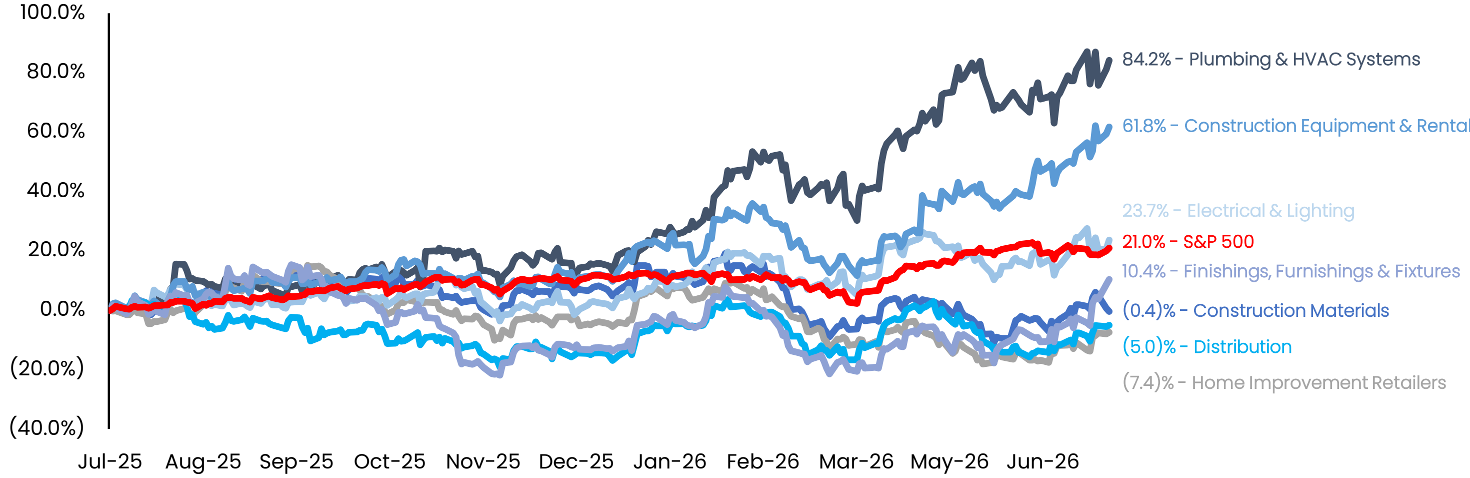
Company	Market Cap[2]	Enterprise Value	LTM Revenue	LTM EBITDA	NTM EBITDA	LTM EV/ Revenue	LTM EV/EBITDA	NTM EV/EBITDA
A. O. Smith Corporation	$8,645	$9,098	$3,805	$784	$826	2.4x	11.6x	11.0x
AAON, Inc.	10,391	10,835	1,932	300	412	5.6x	36.1x	26.3x
Carrier Global Corporation	60,923	72,474	22,108	3,093	5,020	3.3x	23.4x	14.4x
Comfort Systems USA, Inc.	69,654	68,918	11,228	2,003	2,552	6.1x	34.4x	27.0x
Johnson Controls International plc	89,144	97,994	24,995	4,325	5,230	3.9x	22.7x	18.7x
Lennox International Inc.	19,939	21,843	5,302	1,171	1,290	4.1x	18.7x	16.9x
Trane Technologies plc	108,574	112,137	22,210	4,308	5,151	5.0x	26.0x	21.8x
Summary Statistics								
Mean	$52,467	$56,186	$13,083	$2,283	$2,926	4.4x	24.7x	19.5x
Adj. Mean[3]	50,010	54,413	12,931	2,272	2,968	4.39x	25.0x	19.6x
Median	60,923	68,918	11,228	2,003	2,552	4.12x	23.4x	18.7x

1. S&P Capital IQ Data presented as of 06/30/2026, All charts represent Global Data 2 - Market Capitalization as of 06/30/26. 3 - Adj. mean excludes high and low values.

Stock Price Performance

Chart 7

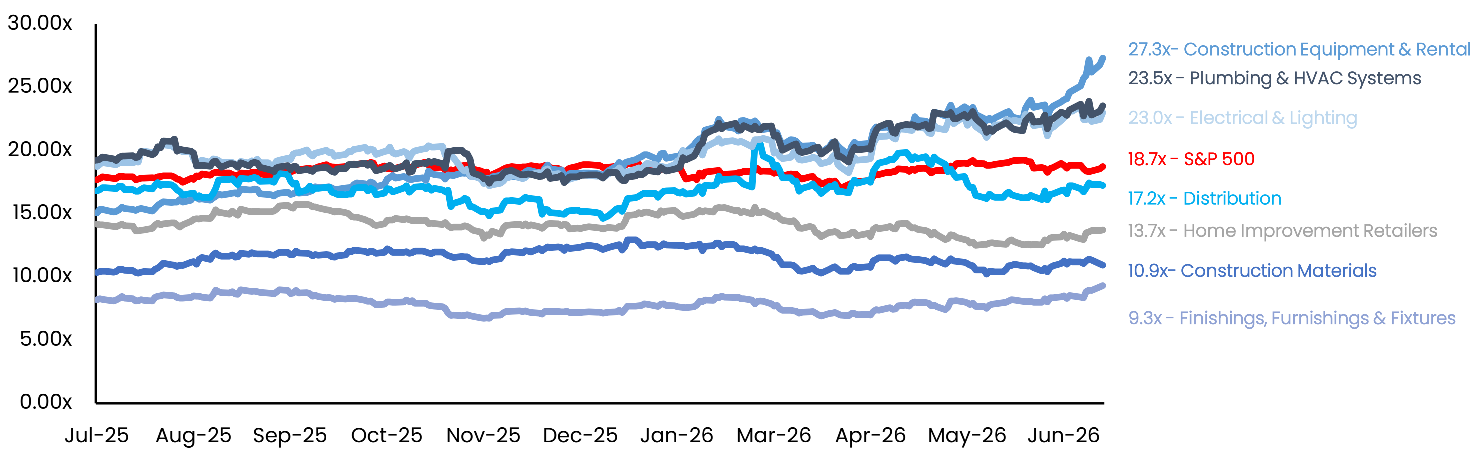
LTM Relative Stock Performance[1]



EV/EBITDA

Chart 8

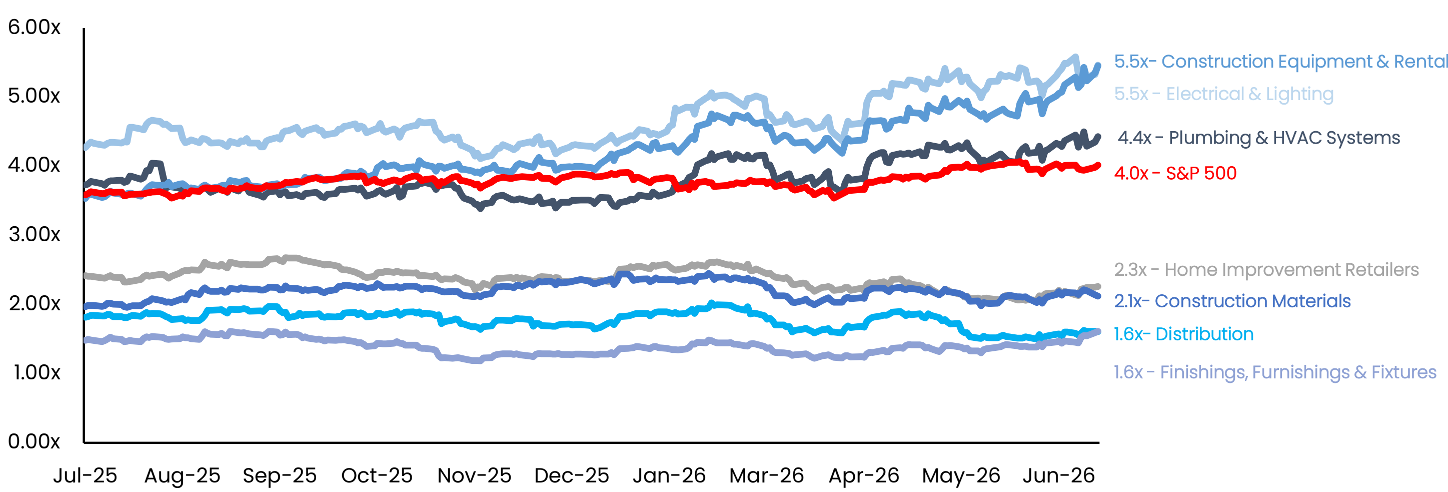
LTM EV/EBITDA Multiples[1]



EV/Revenue

Chart 9

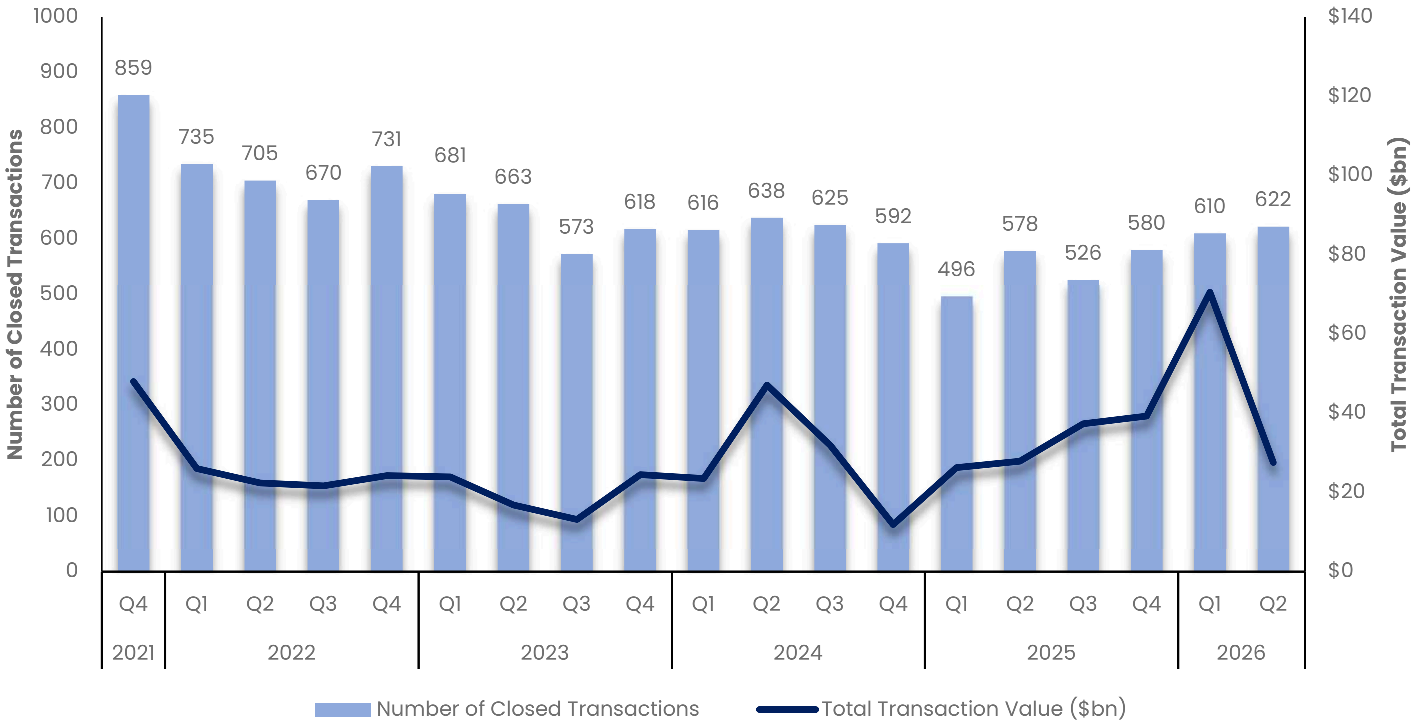
LTM EV/Revenue Multiples[1]



1. S&P Capital IQ Data presented as of 06/30/2026, All charts represent Global Data

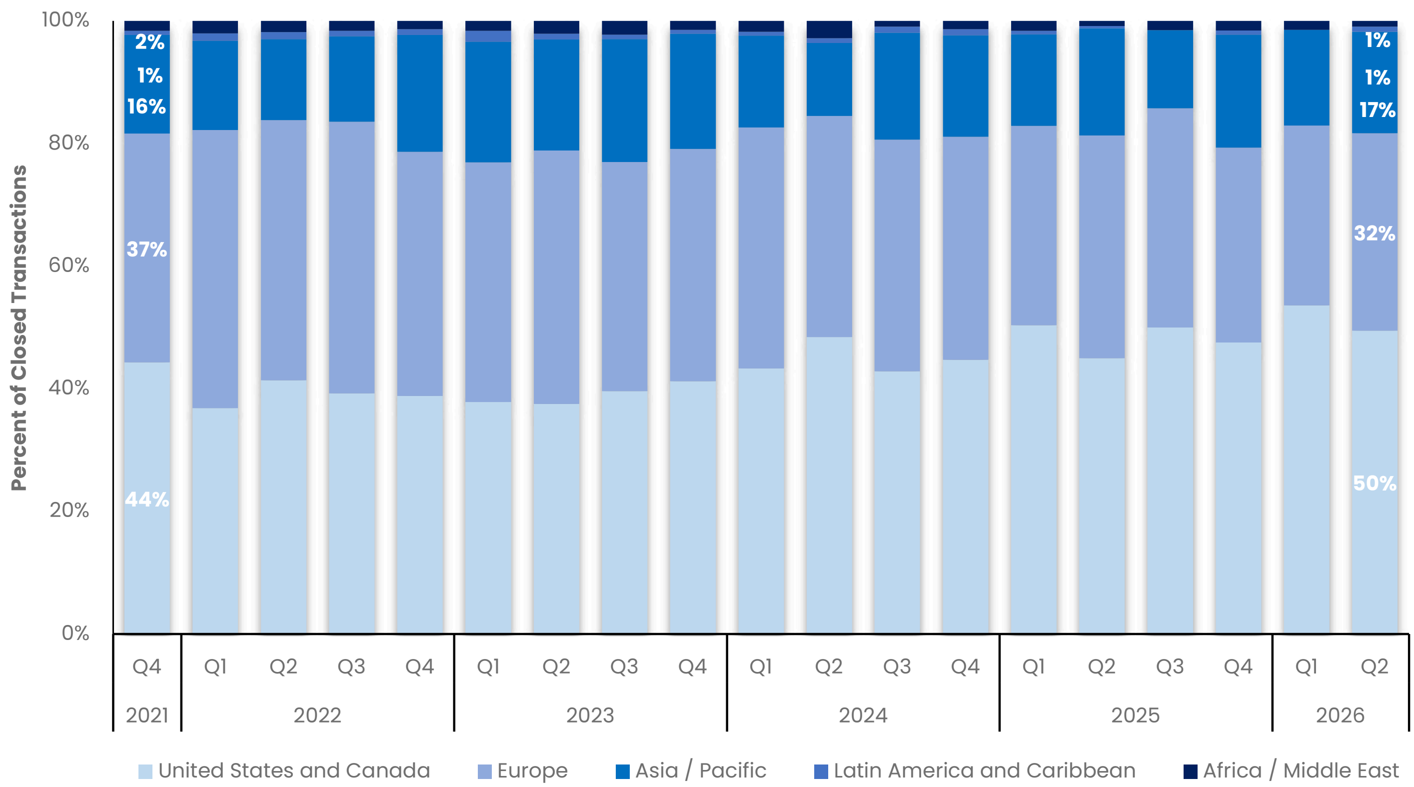
Disclosed Transaction Volume[1]

Chart 10



Disclosed Transaction Activity by Geographic Region[1]

Chart 11



1. S&P Capital IQ Data presented as of 06/30/2026, All charts represent Global Data

Strategic Buyers

Select Active Buyers[1]

Acquirer	Targets	Status/Date	Strategy
Builders FirstSource	Precision	Closed Jun-26	The acquisition expands Builders FirstSource's installation capabilities and strengthens the presence in the Boise area.
	Lengefeld Lumber Co.	Closed Nov-25	The acquisition of Lengefeld Lumber expands Builders FirstSource's distribution footprint in key regional markets and enhances its capacity.
	Stately Doors & Windows	Closed Oct-25	The acquisition of Stately Doors & Windows enhances Builders FirstSource's value-added millwork and specialty building products capabilities.
	Casey Constructions	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.
Comfort Systems USA	Right Way Plumbing Co.	Closed Aug-25	The acquisition of Right Way enabled Comfort Systems to deepen its presence in the Sun Belt / Southeastern states.
	Century	Closed Jan-25	The acquisition of Century Contractors enabled Comfort Systems to strengthen its presence in the Southeast U.S. market.
QXO	TopBuild	Closed Jul-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.
	Kodiak Building Partners	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.
	Beacon	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.
Saint-Gobain	Morteros	Closed Mar-26	The acquisition strengthened Saint-Gobain's construction chemicals presence in the Dominican Republic and Caribbean.
	Grouttech	Closed Feb-26	The acquisition aims to strengthen the Saint-Gobain's leading position in construction chemicals and increase its presence in high growth emerging markets.
	Interstar Pigments, Admixtures & Fibers	Closed Jul-25	The acquisition enables Saint-Gobain to strengthen its leadership in the construction chemicals segment.
	maturix	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.
SRS Distribution *Subsidiary of* The Home Depot	Lohmiller & Company	Announced Aug-26	With this acquisition the Company plans to further strengthen current relationships with customers in the HVAC space.
	Mingledorff's	Closed May-26	The acquisition enables The Home Depot to further penetrate the market for HVAC parts and supplies, creating even greater value for the Pro customer.
	CORCO	Closed May-26	SRS Distribution has acquired CORCO's commercial roofing division, expanding its presence in the Chicago market while retaining the unit's existing leadership.
	LS Building Products	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.

1. S&P Capital IQ Data presented as of 06/30/2026

Financial Buyers

Select Active Buyers[1]

Acquirer	Targets	Status/Date	Strategy
Kingswood Capital Management	Kichler	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.
	Progress Lighting	Closed Feb-24	Progress Lighting's century-long brand reputation, diverse catalog across a range of styles, product types, and price points, and world-class, hands-on customer service and product availability position it well for continued growth in the highly fragmented residential lighting sector.
KPS Capital	Jennmar	Closed Apr-26	The acquisition will enable Jennmar to benefit from KPS' global manufacturing experience and strategic resources as it enters its next phase of growth.
	Wells	Closed Mar-26	KPS with its demonstrated track record of manufacturing excellence and significant building products experience, will enable Wells for the next phase of growth.
U.S. LBM *Portfolio Company of* Bain Capital Private Equity, Platinum Equity	Builders Supply	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.
	XO Windows	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
	Beach Window and Door	Closed Mar-25	The acquisition enabled US LBM to expand its presence across the Carolina markets.
	Goodrich Bros., Inc.	Closed Feb-25	US LBM acquired Goodrich Bros. to complement its existing operations and expand its manufacturing capabilities in Michigan.
	Walker Lumber & Supply	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.
	NiX	Closed Sep-24	The acquisition enabled US LBM to enhance its specialty product and service offerings in Texas.
White Cap *Portfolio Company of* Clayton Dubilier & Rice	Ace Contractors Supply	Announced Aug-26	The strategic addition of Ace Contractors Supply expands White Cap's presence and product offering in one of the nation's fastest-growing construction markets
	Gierke Robinson	Closed Aug-26	Joining White Cap will allow Gierke-Robinson to serve customers with expanded solutions and greater resources.
	Colony	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.
	VoidForm	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.

1. S&P Capital IQ Data presented as of 06/30/2026

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.

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.

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