

KROLL

U.S. and Canada Building Products & Materials

INDUSTRY INSIGHTS

Spring 2026

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158

M&A transactions closed in the U.S. and Canadian building products and construction materials industry in 2025, a 5% decrease from 2024

86%

Percentage of M&A transactions completed by strategics or sponsor-backed strategics in 2025

6.19%

Average 30-year fixed mortgage rate in December 2025, down steadily from the highest average rate in the past decade (7.62% in October 2023)

\$1.24 trillion

U.S. nonresidential construction spending in August 2025, a 1.2% increase over the prior year

U.S. Market Update

U.S. Housing Indicators

High interest rates and constrained housing supply continued to shape the U.S. housing market in 2025, although conditions showed modest improvement toward year-end. Despite a gradual decline over the past 18 months, the average 30-year fixed-rate mortgage remained elevated at 6.19% in December 2025. Reflecting the persistence of this high-interest-rate environment, the number of single-family housing starts declined 7.8% YoY as of October 2025.

Home prices nationwide remained near record highs in 2025, supported by structurally limited housing supply and sustained homeowner reluctance to sell due to mortgage rate lock-in effects. As a result, more homeowners opted to renovate or remodel their existing properties rather than purchase new homes. Additionally, the Leading Indicator of Remodeling Activity (LIRA*) returned to positive growth in 2025 after several quarters of decline, reflecting renewed optimism in remodeling activity largely driven by elevated home prices.

Housing affordability remained a prominent concern throughout the year, as average mortgage payments accounted for ~30% of household income.

The Housing Market Index (HMI), a monthly measure of builder confidence, declined steadily throughout 2025 and was 21.3% lower YoY by year-end. This decline in sentiment reflects continued demand-side affordability pressures and persistent supply-side cost headwinds, which collectively outweighed the positive impact of easing mortgage rates.

*The LIRA represents the estimated annual rate of change in spending for the current quarter and subsequent three quarters. This annual or moving four-quarter rate of change compares total spending in any given four-quarter period to the total spending that occurred in the four quarters prior to that period. As of April 21, 2016, the LIRA has undergone a major rebenchmarking and recalculation to better forecast a broader segment of the national residential remodeling market.

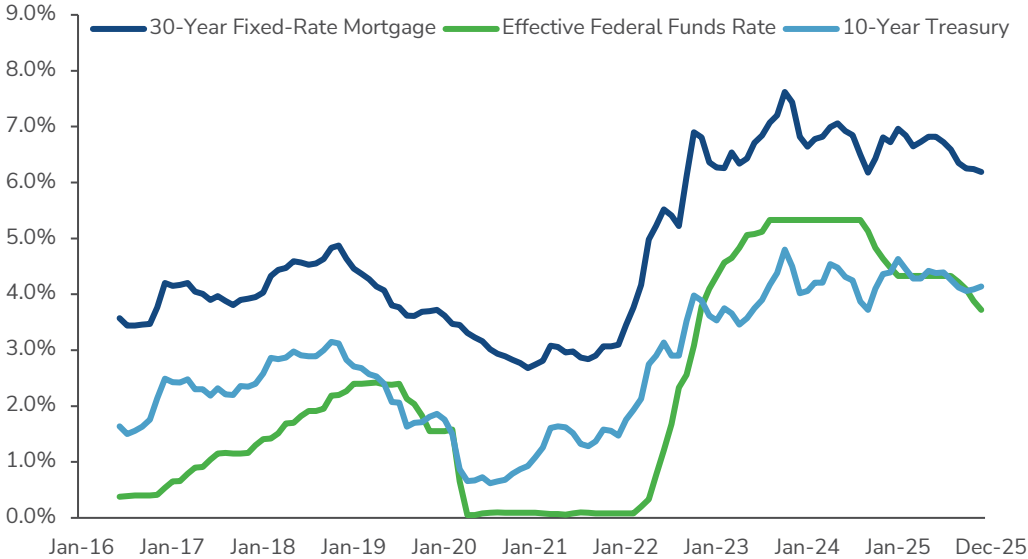
The 30-year fixed mortgage rate, effective federal funds rate, 10-year treasury rate and HMI are not seasonally adjusted.

Sources: National Association of Home Builders (NAHB), Reuters, U.S. Department of Commerce: Census Bureau, National Association of Realtors, Intercontinental Exchange

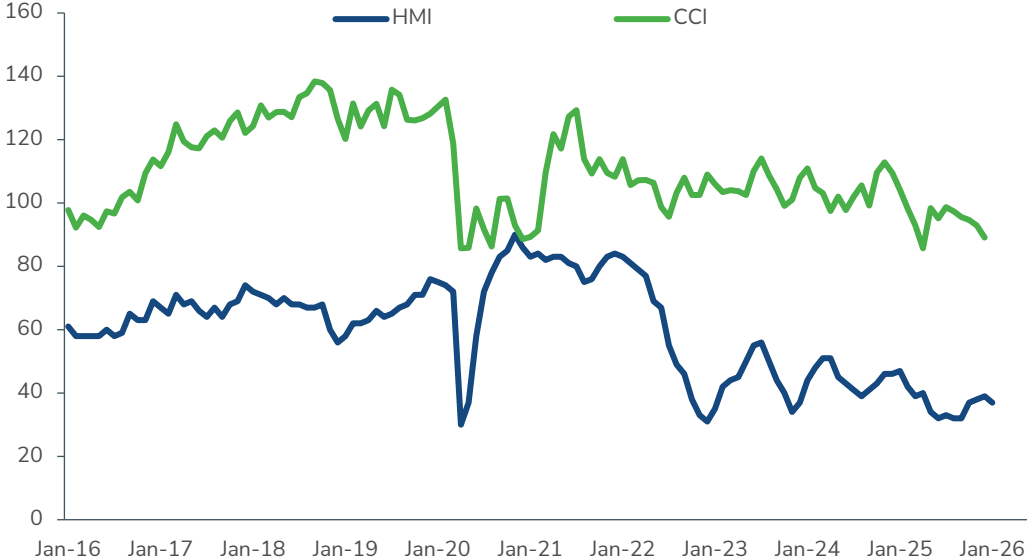
U.S. Housing Indicators

The federal funds rate was reduced three times in 2025; however, 30-year mortgage rates remained elevated at 6.19% as of December 2025. Mortgage rates had largely priced in these anticipated policy moves beginning in September 2025, resulting in only a modest reaction following the official rate-cut announcements. The Consumer Confidence Index (CCI) declined steadily throughout 2025, down 18.6% YoY in December 2025 amid uncertainty surrounding the labor market and cost-of-living pressures. The HMI declined steadily throughout 2025, reflecting sustained affordability pressures, ongoing buyer hesitation and heightened macroeconomic uncertainty.

Key Interest Rates



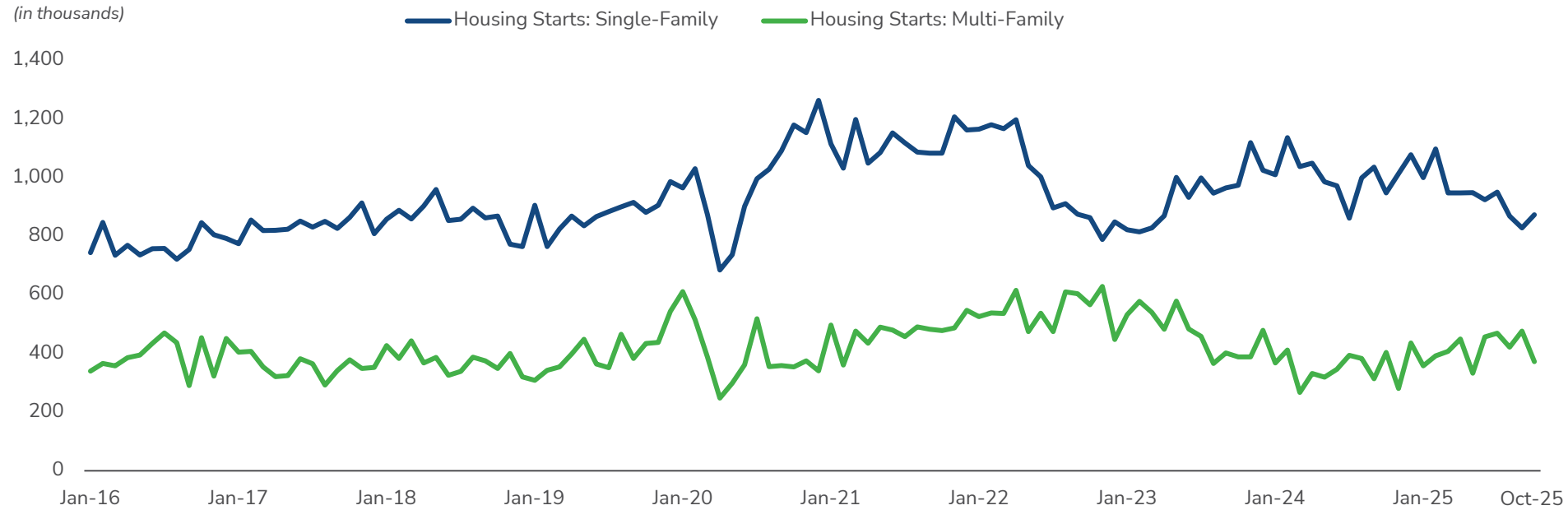
Key Housing Indicators*



*Index values greater than 50 indicate a positive view by builders.
 The 30-year fixed mortgage rate, effective federal funds rate, 10-year Treasury rate and HMI are not seasonally adjusted.
 CCI indexed to 1985.
 Sources: Federal Reserve economic data, The Conference Board, NAHB, U.S. News and World Report, Seeking Alpha

U.S. Housing Starts

Trailing Annual



Single-Family

October 2025 YoY ▼ 7.8%



Multi-Family

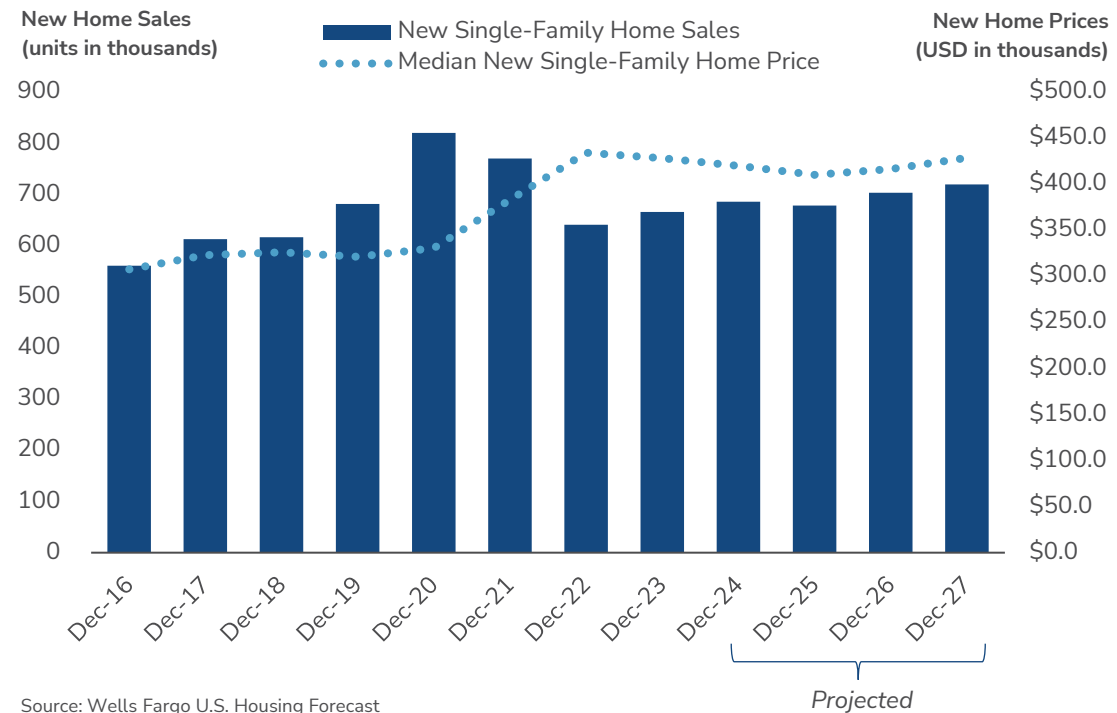
October 2025 YoY ▼ 7.9%

U.S. Home Sales and Inventory

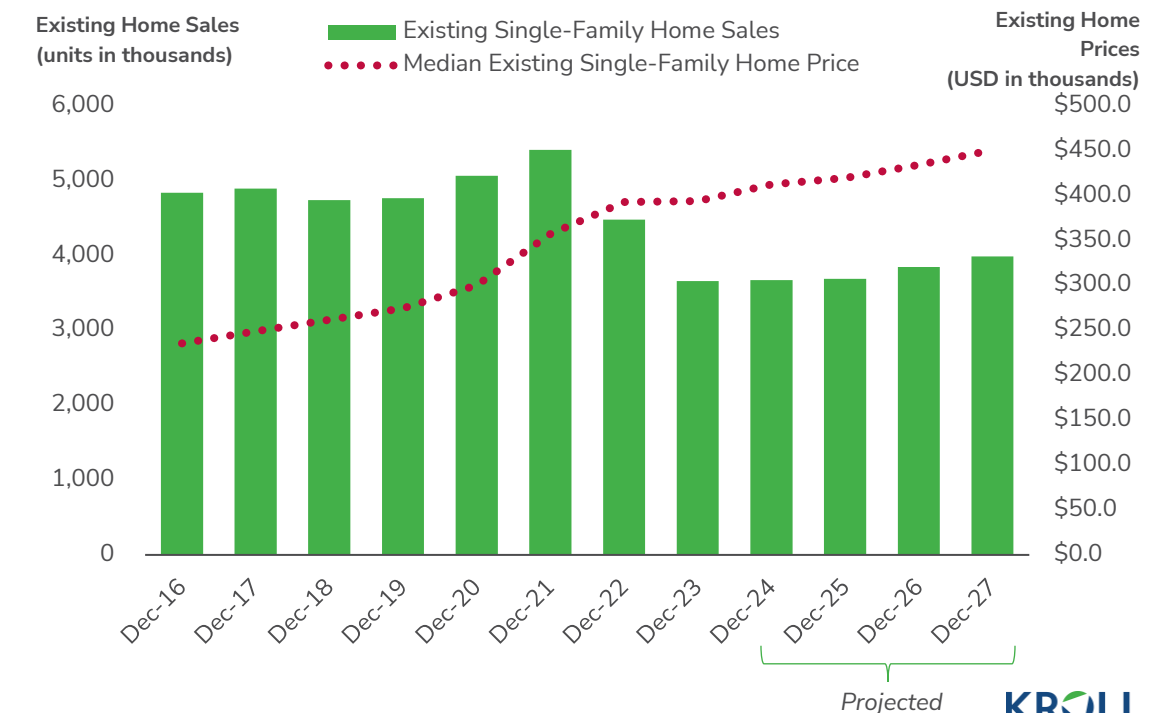
An inadequate supply of existing homes continued to strain the U.S. housing market in 2025. Near-term projections indicate a 3.7% increase in new single-family housing supply in 2026, offering modest relief to market conditions. Despite gradually easing borrowing costs, persistently high building material prices contributed to a 2.3% YoY increase in the national median price of newly constructed homes in 2025 compared to 2024.

Existing home sale prices have risen steadily over the past two years. The median price of an existing home is projected to reach approximately \$434,200 in 2026, representing a 4.3% increase from the 2025 median. Existing home sales volumes increased only modestly in 2025 compared with the prior year and are expected to rise by an additional 4.3% in 2026. Continued constraints in new residential construction are expected to support demand for existing homes and contribute to higher transaction activity in the space.

New Home Sales and Supply



Existing Home Sales and Supply

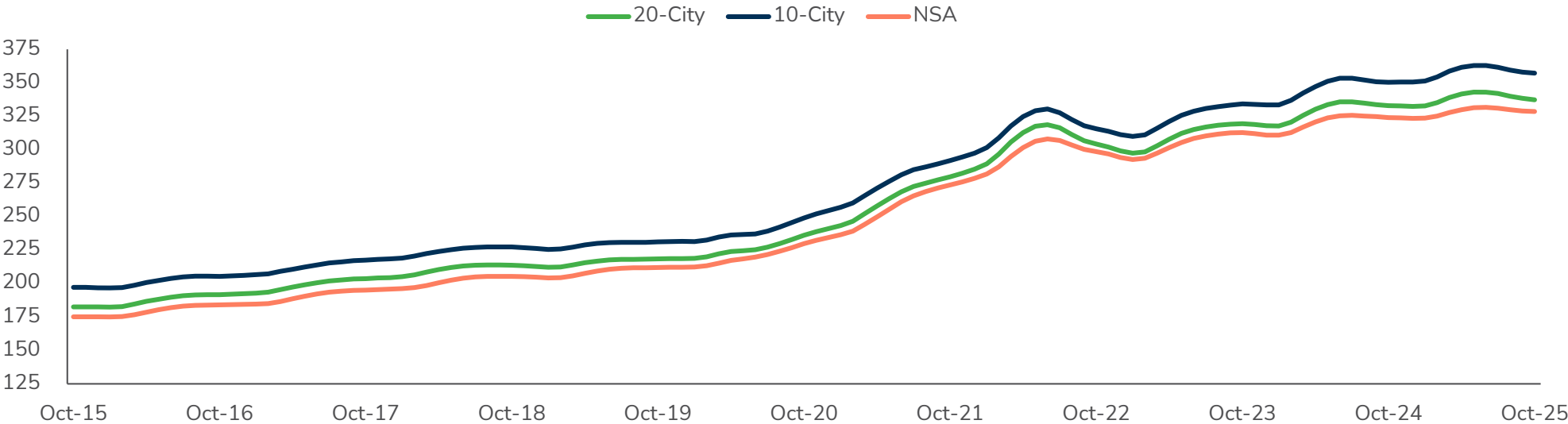


U.S. Home Prices

The S&P CoreLogic Case-Shiller U.S. National Home Price Index (NSA), which tracks average home prices across major metropolitan areas nationwide, increased 1.4% YoY in October 2025. Over the same period, the Case-Shiller 10-City Index rose 1.9%, while the broader 20-City Index increased 1.3%.

Despite these more moderate price gains, U.S. housing affordability remained a meaningful headwind through October 2025, as mortgage payments continued to consume approximately 30% of median household income, according to Intercontinental Exchange, Inc., even with some easing in interest rates.

S&P CoreLogic Case-Shiller Home Price Indexes*



Monthly, indexed to January 2000

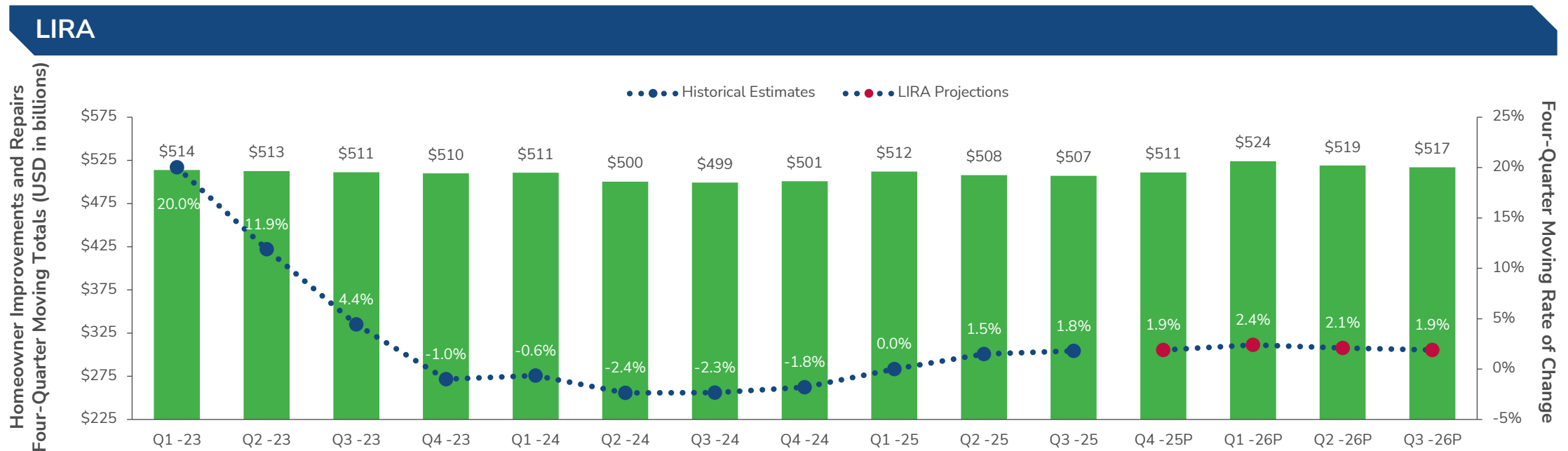
*The S&P CoreLogic Case-Shiller home price indexes are not seasonally adjusted; they are calculated monthly using a three-month moving average and published with a two-month lag.

Sources: S&P Dow Jones Indexes LLC, Federal Housing Finance Agency, Federal Reserve Bank of Chicago, Federal Reserve Bank of St. Louis, National Association of Realtors, Intercontinental Exchange, Inc.

U.S. Home Remodeling Activity

Based on the LIRA, spending on improvements and repairs to owner-occupied homes increased modestly by 1.8% in the third quarter of 2025. Remodeling activity is expected to continue rising gradually throughout 2026, supported by elevated interest rates, an aging housing stock and persistent constraints in overall housing supply.

The near-term increase in remodeling activity is closely tied to persistently elevated interest rates, which have raised the effective cost of moving for homeowners who locked in historically low mortgage rates. Faced with high switching costs associated with financing a new home purchase, many homeowners are opting to invest in remodeling their existing properties, which generally represents a more cost-effective alternative to buying a new home. Looking ahead, continued tariffs on imported goods and building materials, along with the pace and magnitude of further Federal Reserve rate cuts, are expected to play a key role in shaping new residential construction costs in 2026.

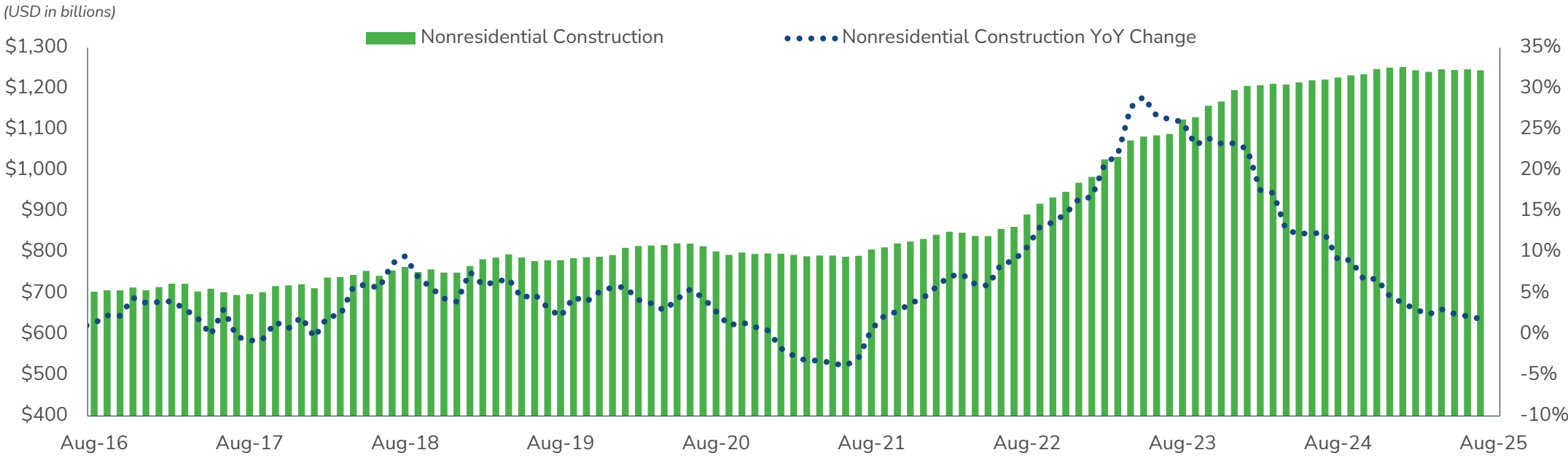


U.S. Nonresidential Construction Activity

In August 2025, nonresidential construction totaled \$1.24 trillion on a seasonally adjusted annual basis, reflecting a 1.2% increase YoY. Activity in several major segments, including office, commercial and educational construction, has remained largely stable over the past 12 months. In contrast, manufacturing construction, the industry’s largest component, has experienced a steady decline YoY since December 2024.

The nonresidential construction outlook for 2026 remains positive, driven by robust expected growth in the data center and infrastructure end markets. These segments are poised for continued expansion, supported in large part by sustained government funding and incentive programs implemented over the past several years.

Nonresidential Construction Spending



Seasonally adjusted annual rate
Source: U.S. Census Bureau

Canadian Market Update

Canadian Housing Indicators

Canadian housing starts totaled 259,028 units in 2025, marking the fifth-highest annual total on record and a 5.6% increase YoY. Growth was driven primarily by rental housing starts, which posted a second consecutive record year and accounted for approximately 50% of all housing starts in Canada's urban centers.

In contrast, single-detached housing starts declined 5.7% YoY, representing 17.3% of total starts, down from 19.5% in 2024. Amid rising economic uncertainty throughout the year, developers increasingly shifted away from large residential towers in favor of smaller-scale projects.

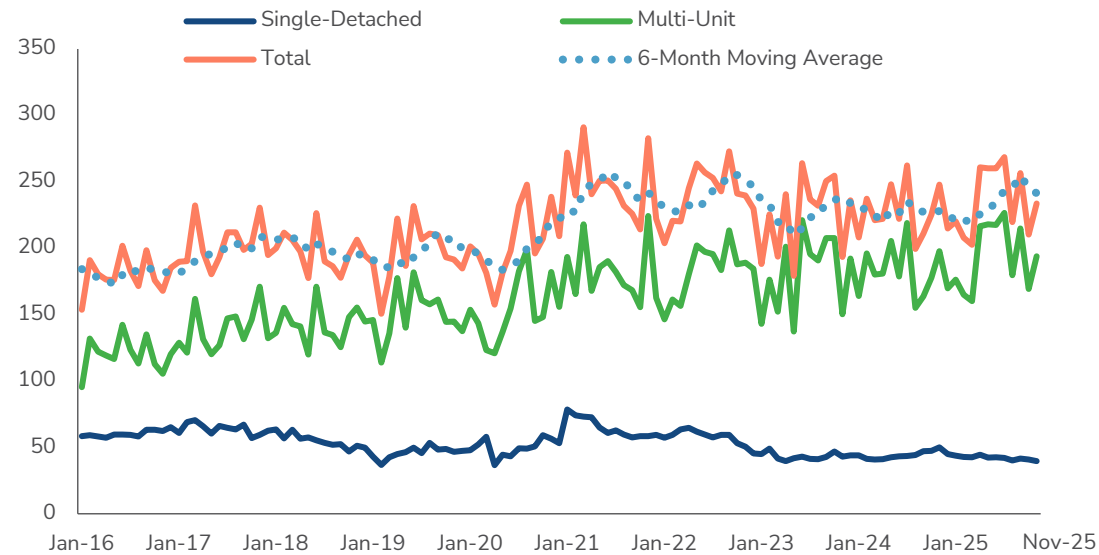
The Canadian resale housing market was similarly affected by heightened economic uncertainty, resulting in a 1.9% YoY decline in resale activity. Encouragingly, the slowdown was largely front-loaded, with market conditions improving meaningfully later in 2025. From April through August, resale activity rebounded by approximately 12%, and this momentum is expected to resume in 2026.

In November 2025, the value of authorized building permits declined 3.9% YoY and 13.9% MoM, driven primarily by a pullback in multi-family construction activity in Ontario.

Canadian Housing Indicators

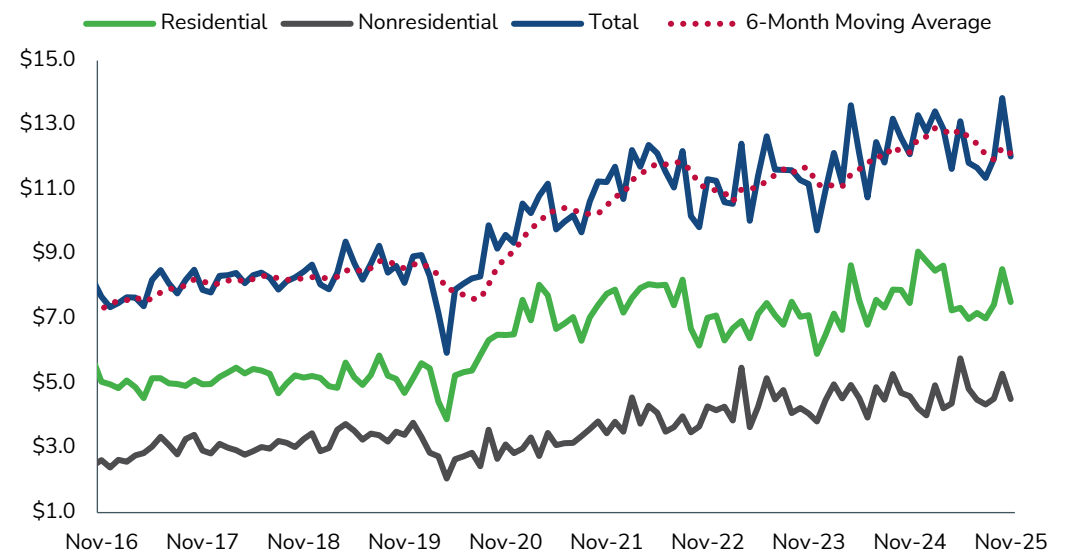
Housing Starts

(in thousands)



Value of Authorized Building Permits

(CAD in millions)



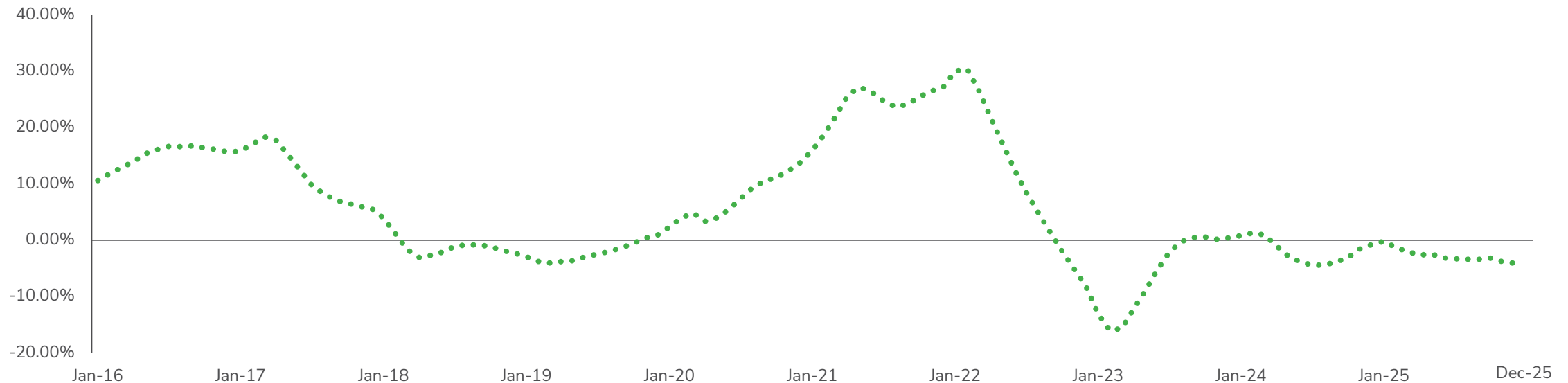
Seasonally adjusted, areas 10,000+
Source: Canadian Real Estate Association (CREA)

Canadian Housing Market – Existing Prices

In December 2025, the Multiple Listing Service (MLS) Home Price Index (HPI) benchmark price declined by 4.0% YoY. Price decreases were observed across all housing categories, with apartments experiencing the steepest decline, down 5.6% YoY. Single-family and two-story homes also recorded YoY decreases of 3.7% and 3.6%, respectively.

The Canadian national average home price is forecasted to rise 2.8% YoY in 2026, driven by renewed demand from buyers (particularly first-time homebuyers) re-entering the market after spending the past four years on the sidelines waiting for interest rates and pricing conditions to normalize. Home price dynamics are expected to vary significantly across provinces, reflecting differing affordability, economic conditions and supply constraints. Saskatchewan, Newfoundland and Labrador, and Manitoba are projected to lead price growth, with YoY increases of 5.8%, 5.3% and 4.4%, respectively.

MLS HPI Benchmark Price (YoY Percent Change)



Seasonally adjusted, areas 10,000+
Source: Canadian Real Estate Association

Relevant Kroll Building Products Experience

Kroll's Industrials Investment Banking Practice Advised the Business Growth Fund (BGF) on Its Sale of Victorian Sliders

Sell Side Advisor



Leading UK-Based uPVC Sash Window Manufacturer

- Victorian Sliders (the “Company”), a portfolio company of BGF, is the UK’s only fully integrated specialist manufacturer of uPVC sash windows, which are low-maintenance vertical sliding windows made from durable, energy-efficient uPVC. The Company has seen strong recent demand driven by the replacement of aging timber windows, as well as the need for tasteful, heritage-style alternatives in conservation areas.
- Victorian Sliders operates from a state-of-the-art production facility manufacturing around 1,750 windows each week, supported by a dedicated hardware manufacturing site in Foshan, China.



Kroll's Industrials Investment Banking Practice Advised ATEX Distributing, Inc. on Its Sale

Sell Side Advisor



has been acquired by



Specialty Distributor of HVAC Equipment for Commercial Modular Construction

- ATEX Distributing and affiliated companies ("ATEX") is a specialty distributor of HVAC equipment for commercial modular construction, offering a comprehensive suite of HVAC products, technical expertise and services. ATEX's extensive product range is supported by tenured relationships with its suppliers and is further enhanced by value-added services and technical capabilities, such as conceptual engineering, customizable units, repair and post-sale services.
- The company is headquartered in Orlando, Florida, with distribution centers in Florida, Indiana and Louisiana. ATEX has a geographic presence in over half the U.S.



Kroll's Industrials Investment Banking Practice Advised Fleetwood Aluminum Products on Its Sale

Sell Side Advisor



has been acquired by



MASONITE.



Kroll's Industrials Investment Banking practice won Merger & Acquisitions' Deal of the Year in 2024 for the sale of Fleetwood

Modern Door and Window Manufacturer for the Luxury Residential Market

- A family-owned business since 1961, Fleetwood Aluminum Products ("Fleetwood") designs and manufactures high-quality doors and windows for luxury homes with a core specialty in window walls. The company's exceptionally high-quality product offerings are fully customizable and feature modern designs, sleek hardware and precision locking and rolling systems.
- The company is headquartered in Corona, California, and operates a 200,000 square-foot manufacturing facility with approximately 350 employees.
- A network of exclusive Fleetwood dealers partners with homebuilders and architects to offer industry-leading products to homeowners throughout North America.

“Kroll provided **unparalleled guidance and dedication** throughout the deal process. Being a family-owned and operated manufacturer since 1961, we were determined to find the right buyer for the family and Fleetwood. Kroll's **resources and expertise** allowed us to find the perfect fit with Masonite. We could not be happier with the outcome, and it was only possible with Kroll as our partner.”

– Gary Gumbleton, Fleetwood CEO





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