



Building Products

Industry Insights

Fall 2026

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Executive Summary

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~\$1.3 trillion annualized U.S.
nonresidential construction spending, June
2026



~\$890 billion annualized residential
construction spending, June 2026



~\$520 billion annualized homeowner repair
and improvement spending, June 2026



~800 thousand annualized U.S. single-
family housing starts, July 2026

U.S. Housing Indicators

High interest rates and constrained housing supply continued to shape the U.S. housing market in 2026, with affordability pressures weighing on buyer demand and residential construction activity. Following three rate cuts in 2025 and rates holding steady through most of 2026, the Federal Reserve raised the federal funds target range by 25 basis points in September 2026 in response to persistent inflationary pressures. Mortgage rates subsequently moved higher, with the 30-year fixed rate reaching 7.64% in October 2026, up from 6.67% in August 2026. Interest rates are expected to remain elevated with global conflict pushing oil prices higher, which in turn has also increased inflation of building materials. New home construction starts were lower than in the prior year across both single-family and multifamily segments. As a result, builder confidence declined while affordability constraints remained elevated.

Home prices in the U.S. continued to rise, but at a slower rate in recent months. Improving inventory and periods of lower mortgage rates have provided some relief to prospective buyers, as seen in the purchasing of average-priced homes now requiring less percentage of overall household income in comparison to 2025 levels. The combination of elevated mortgage rates and limited housing mobility continues to support remodeling demand, as homeowners remain incentivized to invest in existing properties rather than move. Based on Leading Indicator of Remodeling Activity (LIRA*) projections, spending on improvements and repairs to owner-occupied homes is expected to increase modestly into 2027, supported by an aging housing stock, limited residential mobility, and ongoing repair and replacement needs.

Housing affordability remains a key constraint, despite incremental improvement. Builder sentiment also remains cautious, with the Housing Market Index ("HMI") near its lowest levels of the past year, reflecting elevated mortgage rates, construction costs and weaker buyer traffic.

*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 benchmarking and recalculation to better forecast a broader segment of the national residential remodeling market.

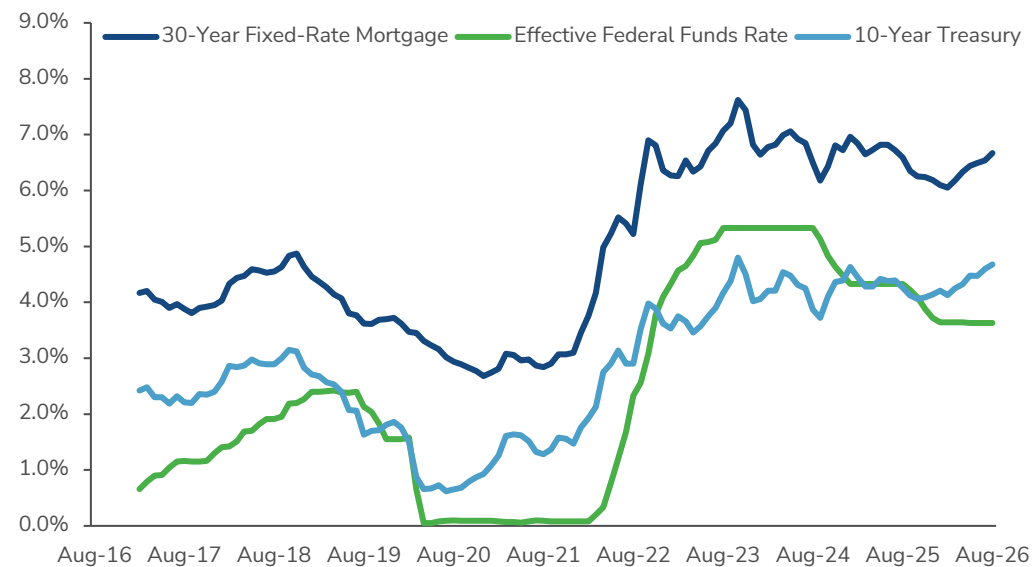
The 30-year fixed mortgage rate, effective federal funds rate, 10-year treasury rate and HMI are not seasonally adjusted.

Sources: Federal Reserve economic data, Intercontinental Exchange, National Association of Home Builders (NAHB), National Association of Realtors, Reuters, U.S. Department of Commerce: Census Bureau, US News

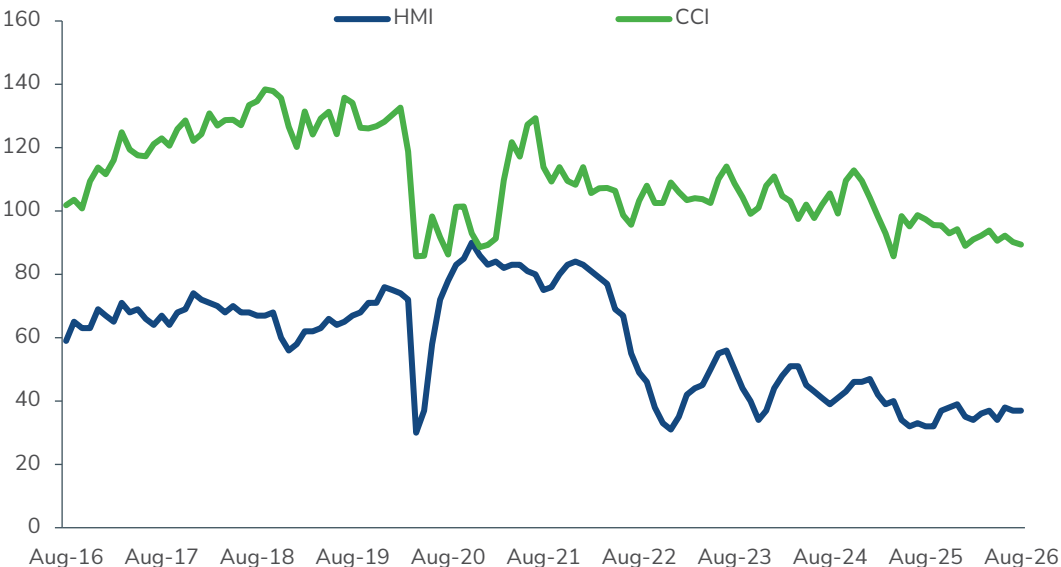
U.S. Housing Indicators

Following three rate cuts in 2025, the Federal Reserve held rates unchanged through the first half of 2026 before raising its target range by 25 basis points in September 2026, as inflation remained elevated. Mortgage rates also trended higher in recent months, with the 30-year fixed rate increases entering Q3, continuing to weigh on housing affordability. Consumer confidence remained subdued, with the Consumer Confidence Index (“CCI”) continuing its downward trend amid weakening expectations for future income, business and labor market conditions. Builder sentiment also remained weak, with the HMI index near its lowest levels in the past year, reflecting elevated mortgage rates, higher construction costs and weaker buyer traffic.

Key Interest Rates

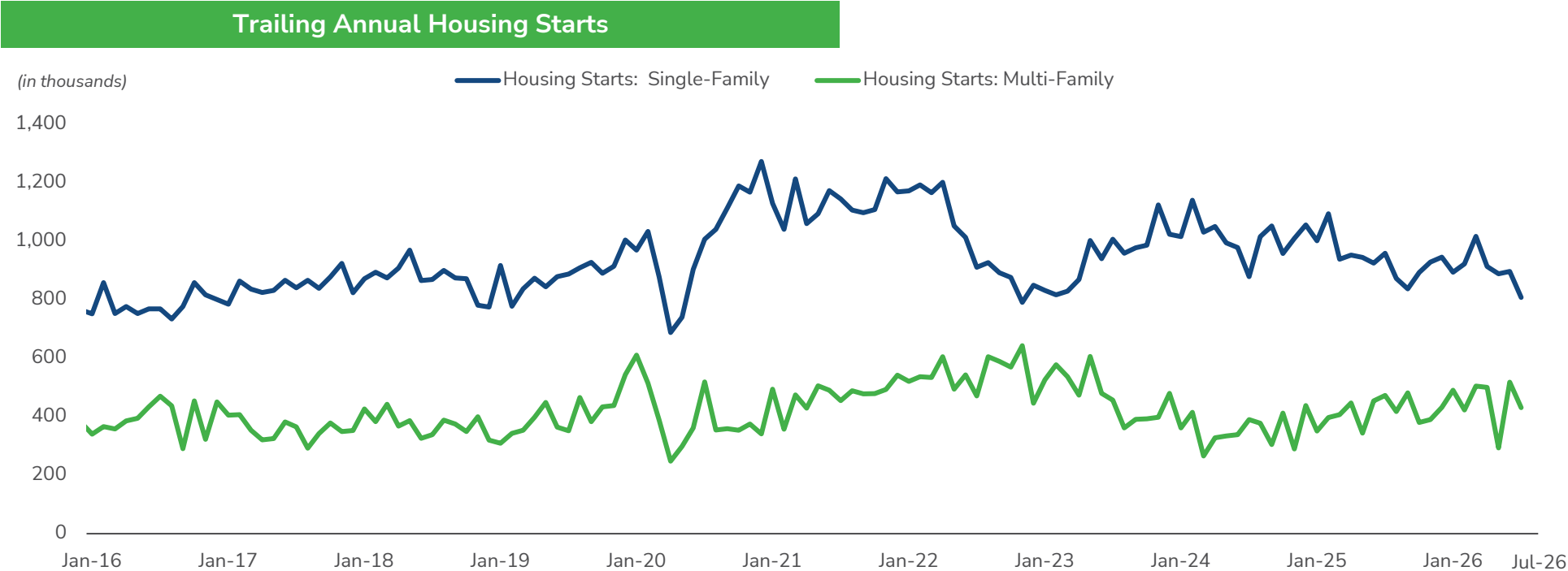


Key Housing Indicators*



*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. Housing Starts



Single-Family
July 2026 YoY ▼ 15.7%

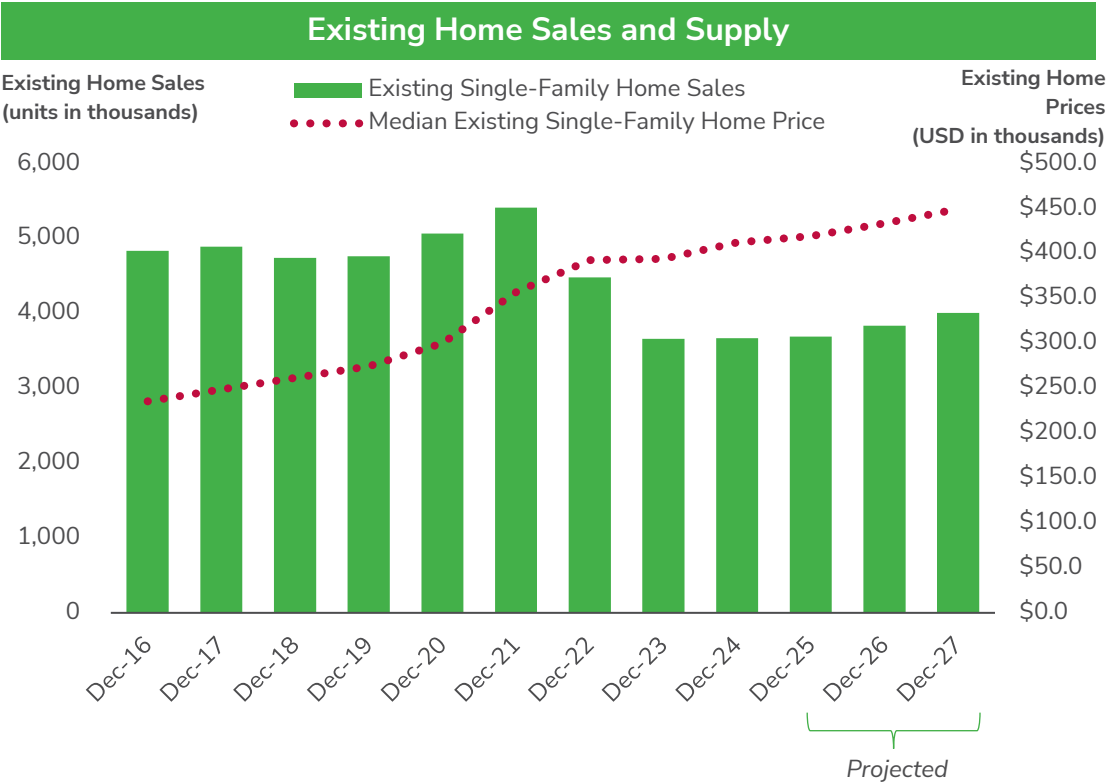
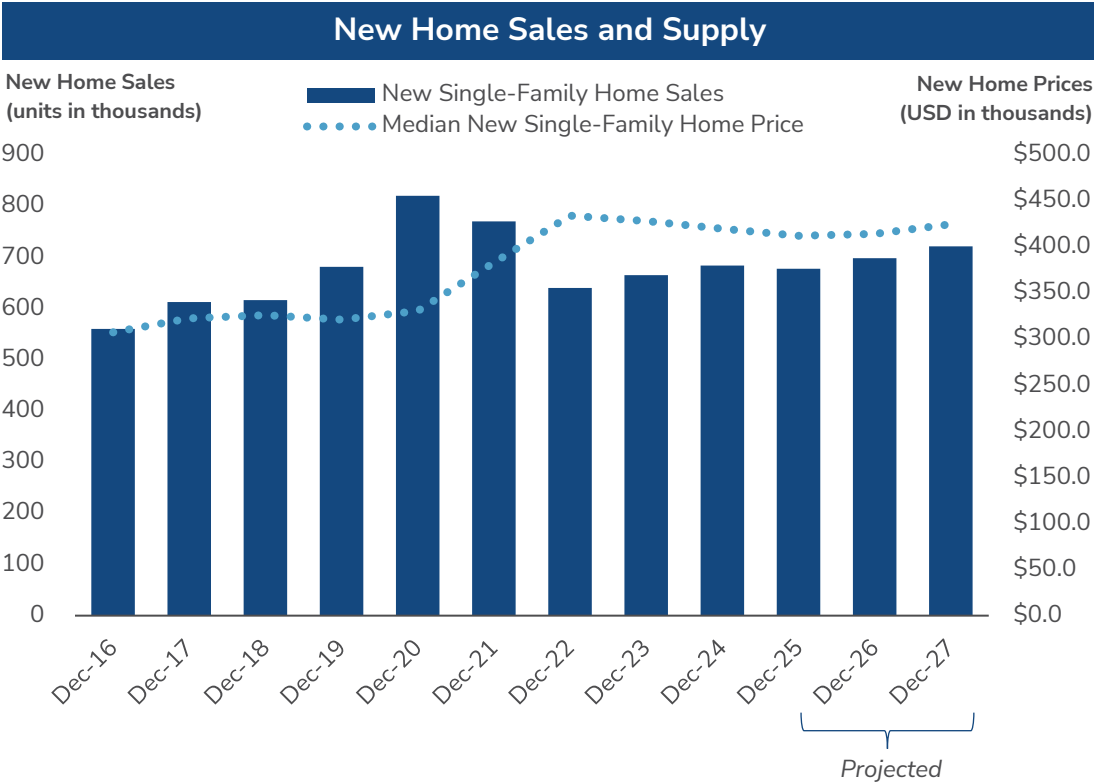


Multi-Family
July 2026 YoY ▼ 8.9%

U.S. Home Sales and Inventory

The supply of existing homes remained constrained entering 2026, although gradually improving inventory and moderated mortgage rates are expected to provide modest relief to housing-market conditions. Single-family housing starts are projected to have a slight decline through 2026 as builders remain cautious and continue to align new production with demand. However, new home sales are expected to have a modest improvement supported by incremental improvements in affordability.

Existing home prices are expected to continue appreciating, with the median existing single-family home price projected to increase 3.4% in 2026. Existing home sales are also forecast to improve as mortgage rates stabilize and additional inventory becomes available. While housing affordability is expected to remain challenged, continued home-price appreciation and elevated homeowner equity levels should support residential remodeling.

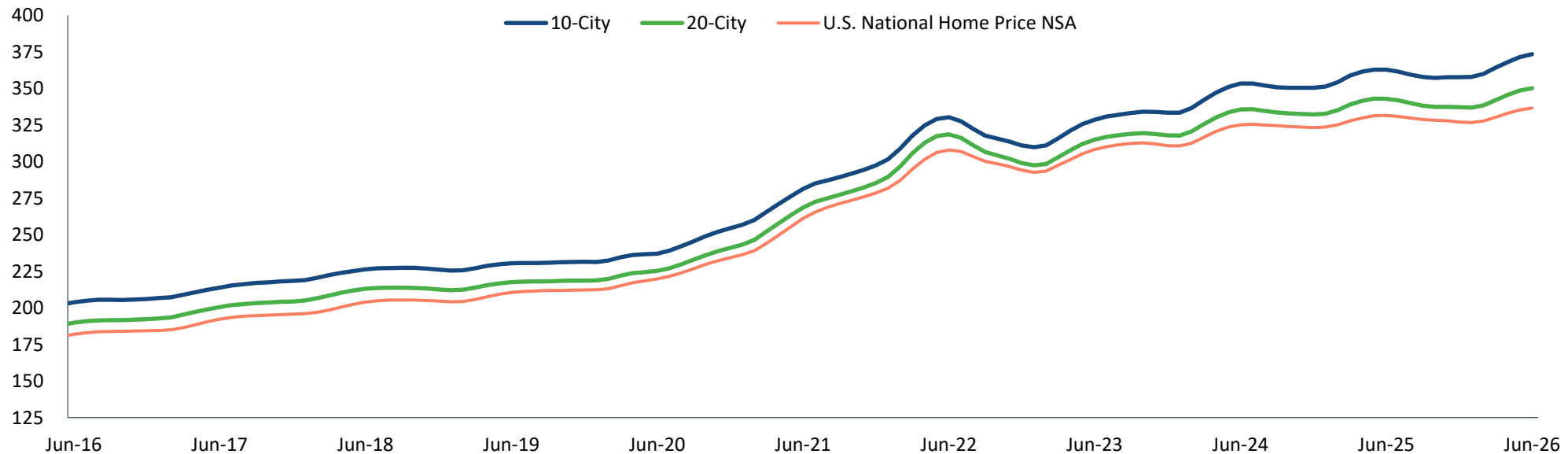


U.S. Home Prices

The S&P Case-Shiller U.S. National Home Price Index (NSA), which tracks average home prices across major metropolitan areas nationwide, increased 1.5% YoY in June 2026, accelerating from 1.2% in May. Over the same period, the Case-Shiller 10-City Index rose 2.9%, while the broader 20-City Index increased 2.1%, reflecting continued home-price appreciation.

Despite continued affordability constraints, moderating home-price appreciation and periods of moderated mortgage rates have provided some relief to prospective homebuyers. Per the ICE Mortgage Monitor, purchasing the average-priced home now requires 29.8% of median household income, down from 31.6% a year ago, reflecting significant affordability improvements in the market. Further improvement in borrowing costs could support increased housing-market activity and residential building products demand.

S&P CoreLogic Case-Shiller Home Price Indexes*



Monthly, indexed to January 2000

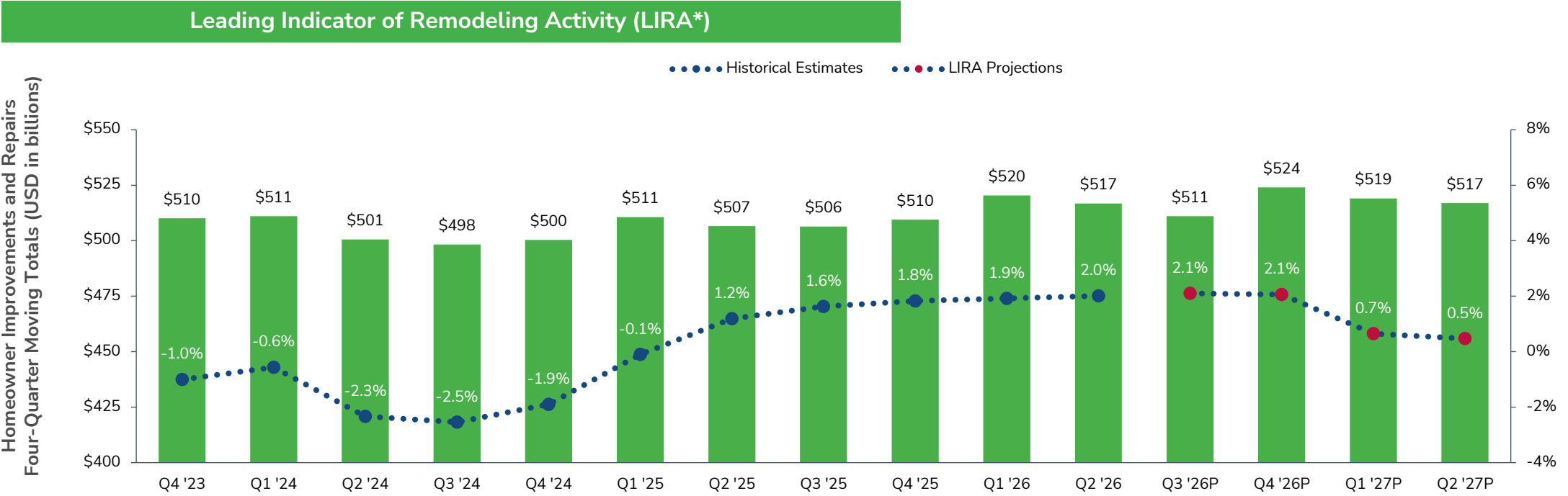
*The S&P CoreLogic Case-Shiller home price indexes are not seasonally adjusted; they are calculated monthly using a three-month moving average and published with a two-month lag.

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 LIRA, spending on improvements and repairs to owner-occupied homes is expected to continue increasing modestly through mid-2027, although growth is projected to soften by Q2 2027. Remodeling activity is expected to remain supported by an aging housing stock, limited residential mobility, and the continued need for essential repair and replacement projects. However, reduced housing starts and economic uncertainty are expected to slow near-term growth.

Near-term remodeling activity continues to benefit from elevated mortgage rates, which have increased the cost of moving for homeowners who secured historically low-rate mortgages. As a result, many homeowners are choosing to remain in place and invest in renovations, repairs and upgrades, supporting continued demand for building products despite limited housing-market turnover. Looking ahead, potential interest-rate reductions could gradually improve housing affordability and support a broader recovery in residential construction activity.

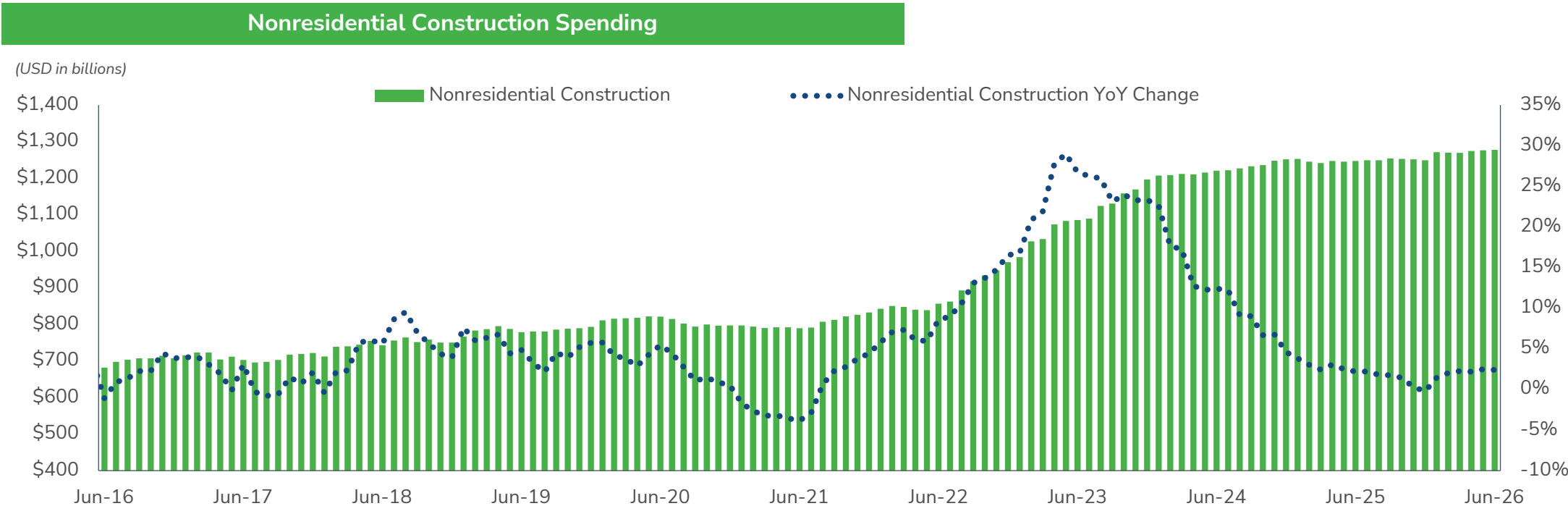


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Source: Joint Center for Housing Studies, Harvard University

U.S. Nonresidential Construction Activity

U.S. nonresidential construction spending totaled approximately \$1.28 trillion in June 2026 on a seasonally adjusted annual basis, representing a 2.4% increase YoY. Performance varied across major building-products end markets, with office construction increasing 25.3% YoY, while commercial and educational construction have remained flat. Manufacturing construction, one of the largest nonresidential categories, decreased 23.0% YoY, continuing its moderation from historically elevated levels.

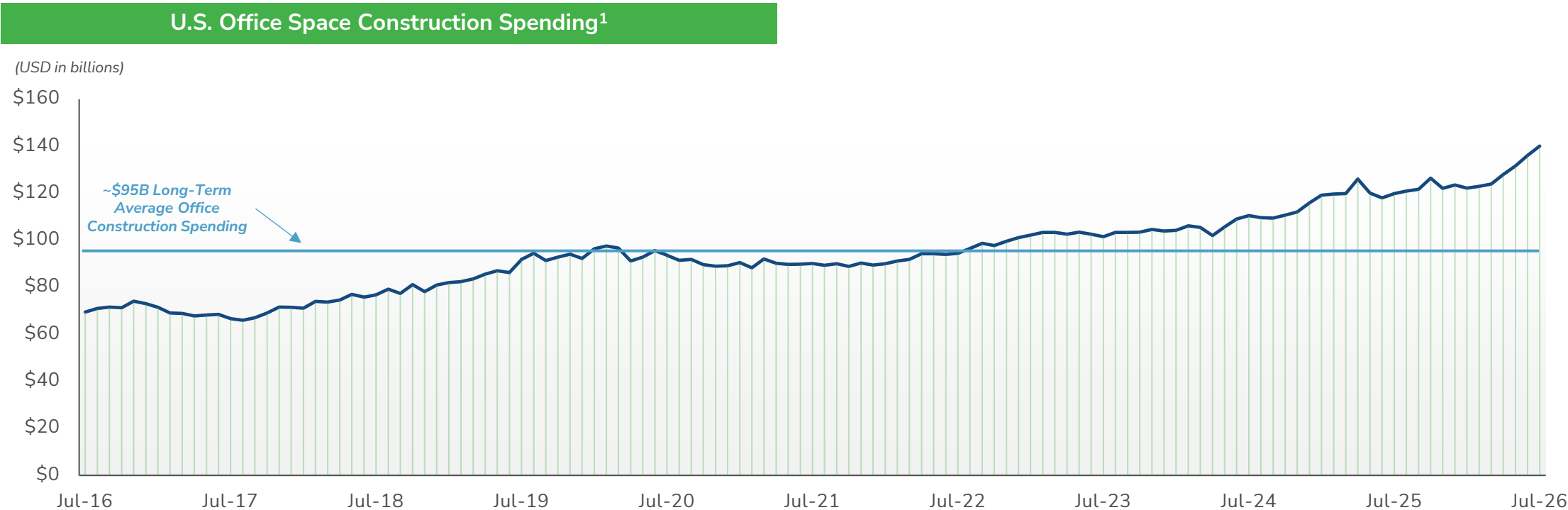
Despite the broader change in YoY nonresidential construction spending, the environment continues to benefit from pockets of strength in office-related projects, which include data centers and infrastructure end markets. Power, highway and street, and transportation construction spending increased 13.2%, 5.3% and 6.2% YoY, respectively, helping offset the continued softness in manufacturing and other commercial end markets.



U.S. Office Space Activity

U.S. office construction spending remained elevated through the first half of 2026, reflecting investment in both new developments and improvements to existing properties. At the same time, the U.S. office market continued to stabilize, with trailing four-quarter net absorption reaching 14.3 million square feet in June 2026, and national vacancy declining modestly YoY. Available sublease space also fell 15.4% compared to the prior year, signaling a gradual improvement in tenant demand.

New office development remains historically constrained, with only 19.7 million square feet under construction and trailing four-quarter completions falling to their lowest level since 2012. As a result, recovering tenant demand is expected to place greater emphasis on renovations, tenant improvements and the repositioning of existing office properties. Conversions and demolitions are also removing obsolete space from the market, with U.S. office inventory declining by approximately 33 million square feet over the past five quarters.



1. Total office construction spending includes new construction and improvements to existing offices
Source: Cushman & Wakefield, FRED, U.S. Census Bureau

Canadian Housing Indicators

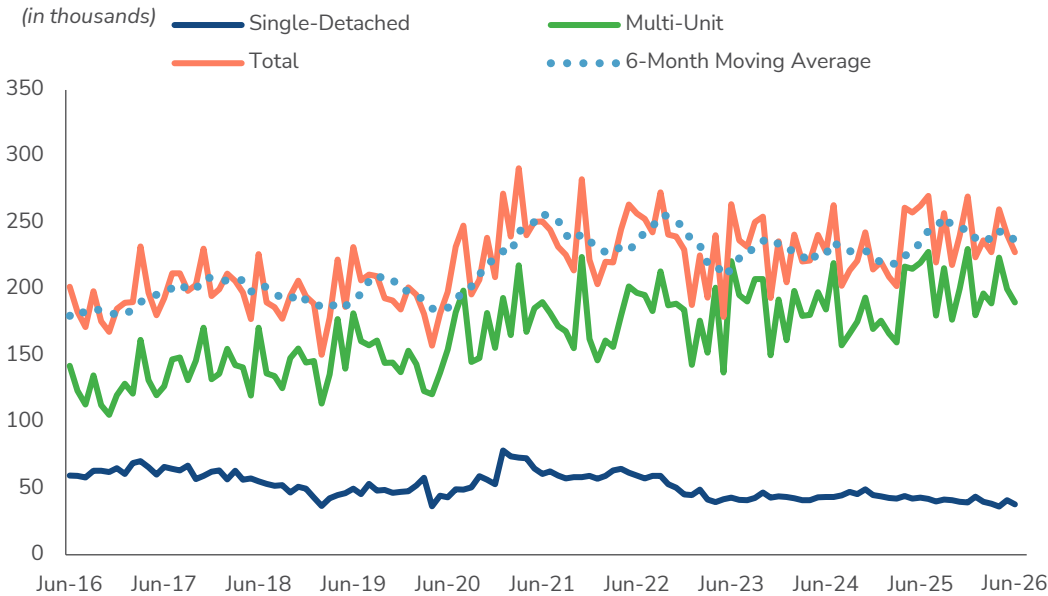
Canadian housing starts totaled approximately 228,000 units in June 2026, down 13.3% YoY, primarily reflecting a 13.6% decline in multi-unit starts. Single-detached starts also remained under pressure, declining 11.7% YoY. The six-month trend in housing starts moderated to approximately 236,000 units, reflecting continued softness in residential construction amid economic uncertainty and elevated development costs.

The Canadian resale housing market showed signs of improvement during Q2 2026 following a softer start to the year. Resale activity increased approximately 7% from March through June, including a 0.5% MoM increase in June. Home prices also began to stabilize, with the Multiple Listing Service (MLS) Home Price Index (HPI) flat MoM in June, marking an improvement from declines earlier in the year, although prices remained 3.4% below prior-year levels.

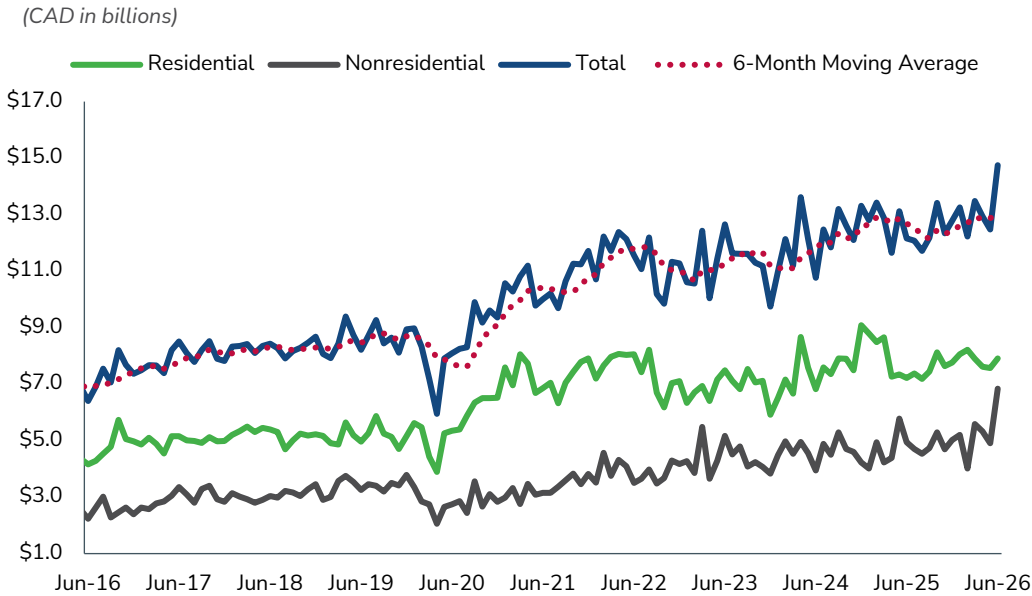
Despite softer near-term construction activity, permitting trends improved meaningfully in June. The value of authorized building permits increased 21.3% YoY and 18.3% MoM to approximately \$14.7 billion, driven primarily by strength in nonresidential construction. Residential building permits increased 9.5% YoY and 4.5% MoM, providing a more constructive read-through for the forward residential construction pipeline despite continued softness in current housing starts.

Canadian Housing Indicators

Housing Starts



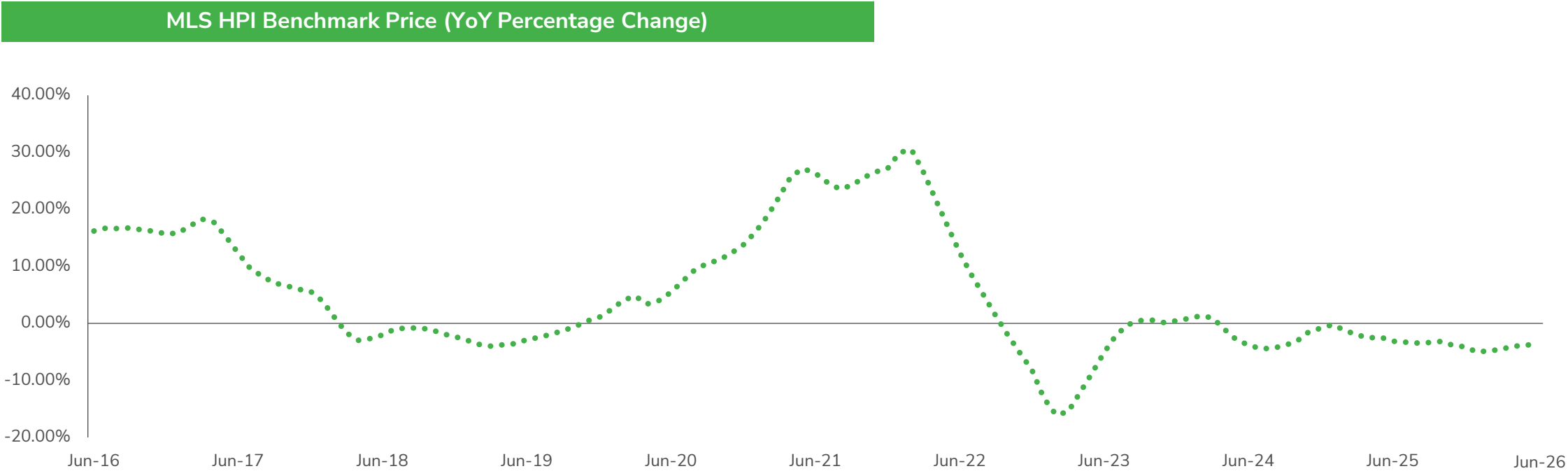
Value of Authorized Building Permits



Canadian Housing Market — Existing Prices

In June 2026, the seasonally adjusted national MLS HPI declined by 3.4% YoY and remained broadly unchanged from May. Price declines were recorded across all major housing categories, led by apartments and townhouses, which decreased by 5.4% and 4.9%, respectively. Single-family and two-story homes declined by 3.1% and 3.2%, respectively, while one-story homes recorded a more moderate 2.7% decrease.

Regional trends remained mixed, with benchmark prices rising in Newfoundland and Labrador, New Brunswick, Saskatchewan, and Quebec, but declining in British Columbia and Ontario. The national composite benchmark price ended the first half of 2026 approximately 2.1% below December 2025 levels; however, MoM stabilization in June suggested that the pace of deterioration is moderating entering the second half of 2026.





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