

**KROLL**

# U.S. and Canada Building Products & Materials

INDUSTRY INSIGHTS

WINTER 2025

[Learn More](#)



Executive Summary

Executive Summary

Executive Summary

Executive Summary

**Executive Summary**

167

M&A transactions closed in the U.S. and Canadian building products and construction materials industry in 2024, a 35% increase from 2023

88%

Percentage of M&A transactions completed by strategics or sponsor-backed strategics in 2024

6.72%

Average 30-year fixed mortgage rate in December 2024, down from the highest average rate in the past decade (7.66% in October 2023)

\$1.2 trillion

U.S. nonresidential construction spending in November 2024, a 3% increase over the prior year

# U.S. Market Update

# U.S. Housing Indicators

High interest rates and a low supply of homes headlined the U.S. housing market in 2024. Despite three consecutive rate cuts in 2024, the average 30-year fixed-rate mortgage was 6.72% in December 2024. In response to the high-interest-rate environment, the number of single-family home starts marginally decreased by 2.1% in 2024.

Home prices across the nation are near all-time highs, driven by a lack of supply and outsized demand. Accordingly, many homeowners have opted to remodel their existing homes rather than buy a new property. U.S. housing affordability continues to be a topic of discussion – the average mortgage cost in November accounted for over 25% of household income, according to the Housing Affordability Index from the National Association of Realtors.

The Housing Market Index (HMI), a monthly measure of builder confidence, has steadily increased since August 2024 and is nearly 20% higher than the prior year. Higher builder confidence at the end of 2024 is largely attributed to anticipated regulatory relief in the industry after the U.S. presidential election in November 2024. For the multi-family market, the Q3 2024 survey of multi-family developers from the National Association of Home Builders (NAHB) reflected slight pessimism, with a Multi-family Production Index (MPI)\* of 40, down 2 points YoY.

\*The MPI measures builder and developer sentiment about current production conditions in the apartment and condo market on a scale of 0 to 100. The index and all its components are scaled so that a number below 50 indicates more respondents report poor conditions than report good conditions.

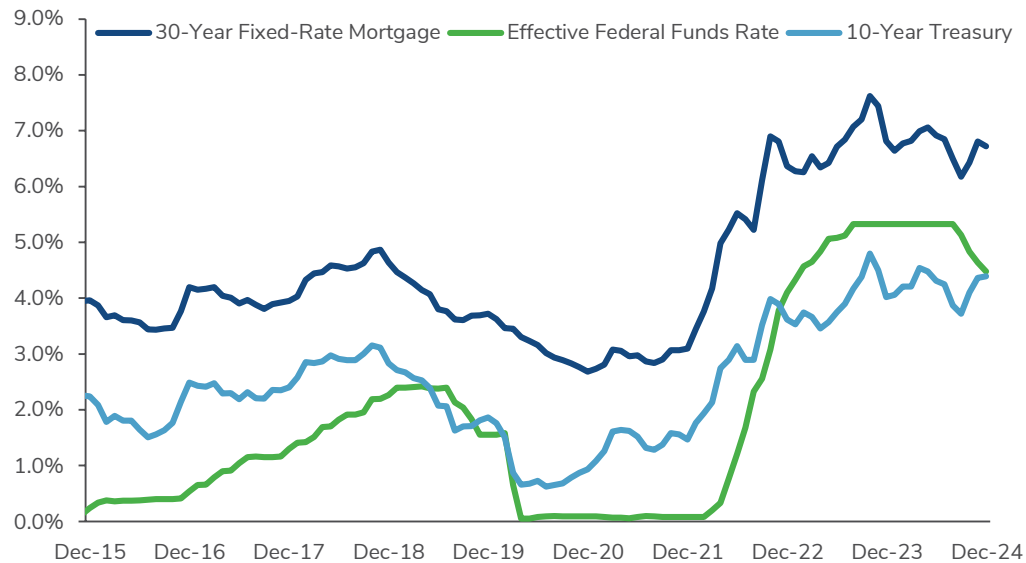
The 30-year fixed mortgage rate, effective federal funds rate, 10-year treasury rate and Housing Marketing Index (HMI) are not seasonally adjusted.

Sources: NAHB, Reuters, U.S. Department of Commerce: Census Bureau, National Association of Realtors

# U.S. Housing Indicators

The federal funds rate was cut three consecutive times in 2024; however 30-year mortgage rates remained elevated at 6.72% as of December 2024. Mortgage rates priced in expected rate cuts late in 2024, so mortgage rates reacted only slightly when the rate cuts were announced. The Consumer Confidence Index (CCI) was volatile throughout 2024 and decreased 3.1% YoY in December 2024. The Housing Market Index (HMI) saw a fourth quarter rebound as home builders slightly reduced home prices while also anticipating regulatory relief in 2025 in the wake of the U.S. presidential election.

## Key Interest Rates



## Key Housing Indicators\*



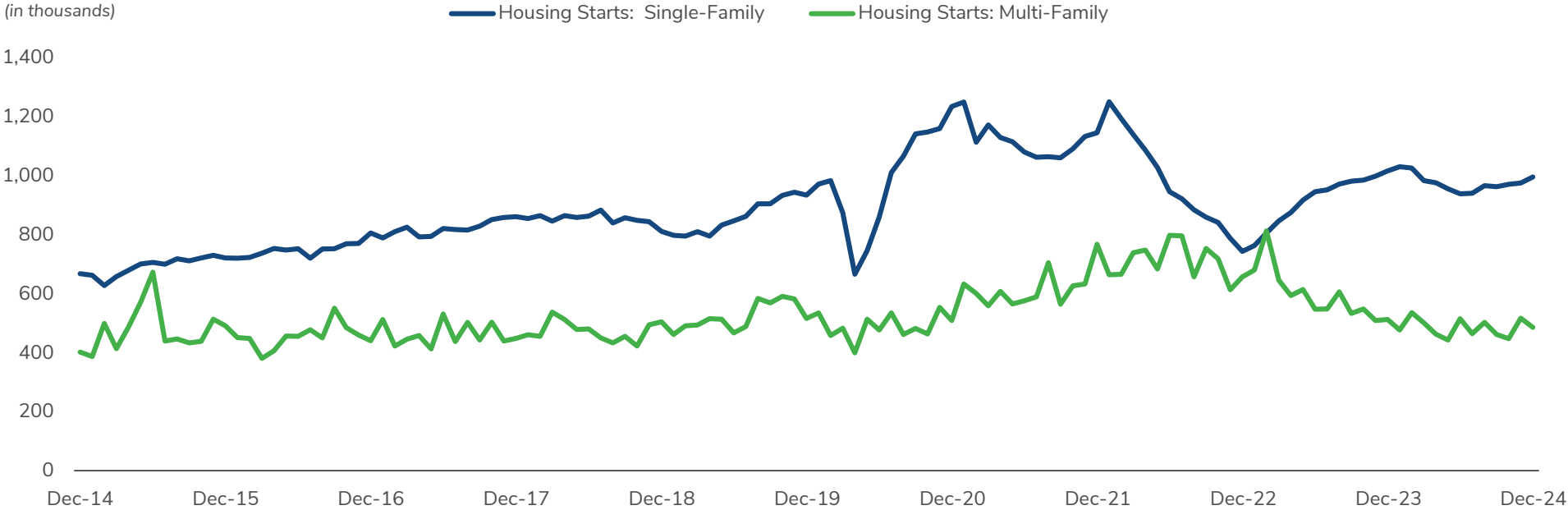
\*Index values greater than 50 indicate a positive view by builders.

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, National Association of Home Builders, U.S. News and World Report, Seeking Alpha

# U.S. Housing Starts

## Trailing Annual U.S. Housing Starts



**Single-Family**  
 Dec 2024 YoY  $\Delta$  (2.1%)



**Multi-Family**  
 Dec 2024 YoY  $\Delta$  (5.3%)

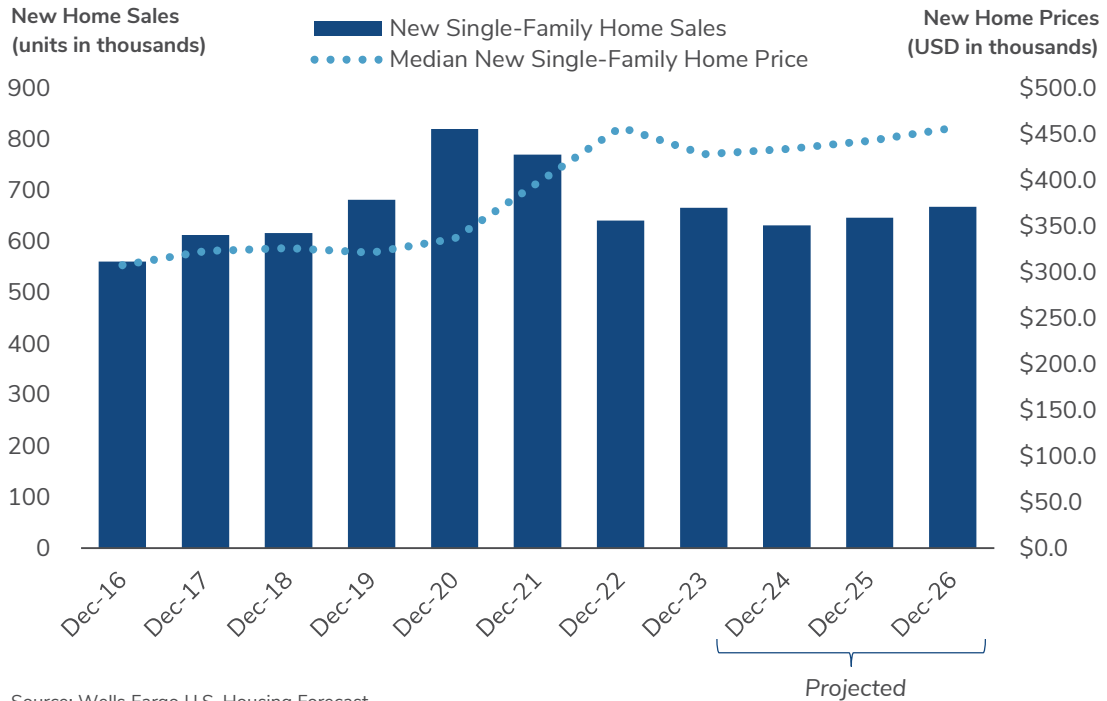
Seasonally adjusted annual rate  
 Sources: Reuters, U.S. Department of Commerce: Census Bureau

# U.S. Home Sales and Inventory

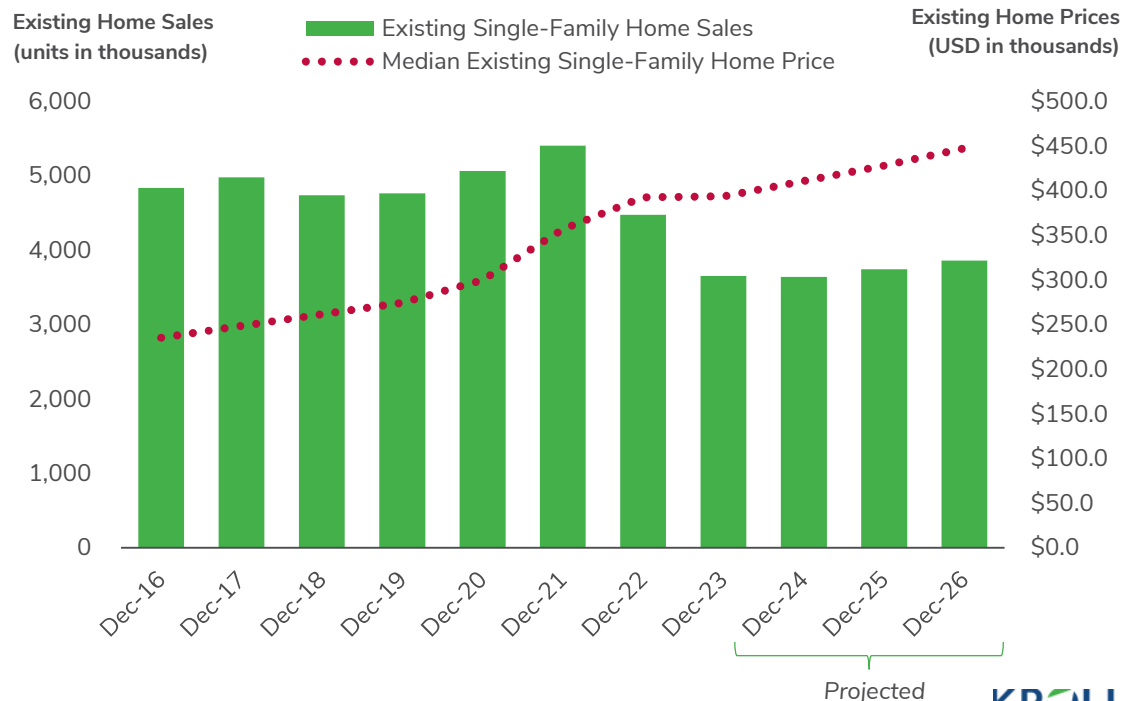
An inadequate supply of housing strained the housing market in 2024. Near-term projections suggest a 2.4% increase in new single-family home supply in 2025. High borrowing rates and elevated building material cost drove the 1.3% increase in median new home cost throughout the nation in 2024 compared to 2023.

Existing home sale prices have steadily increased over the past 18 months. The median price for an existing home is expected to be approximately \$411,000 in 2024, an increase of 4.4% compared to the 2023 median price. The volume of existing home sales in the U.S. was relatively flat in 2024 compared to the prior year and is projected to increase by 2.8% in 2025. The shortage of new residential construction is expected to drive existing home purchases.

## New Home Sales and Supply



## Existing Home Sales and Supply



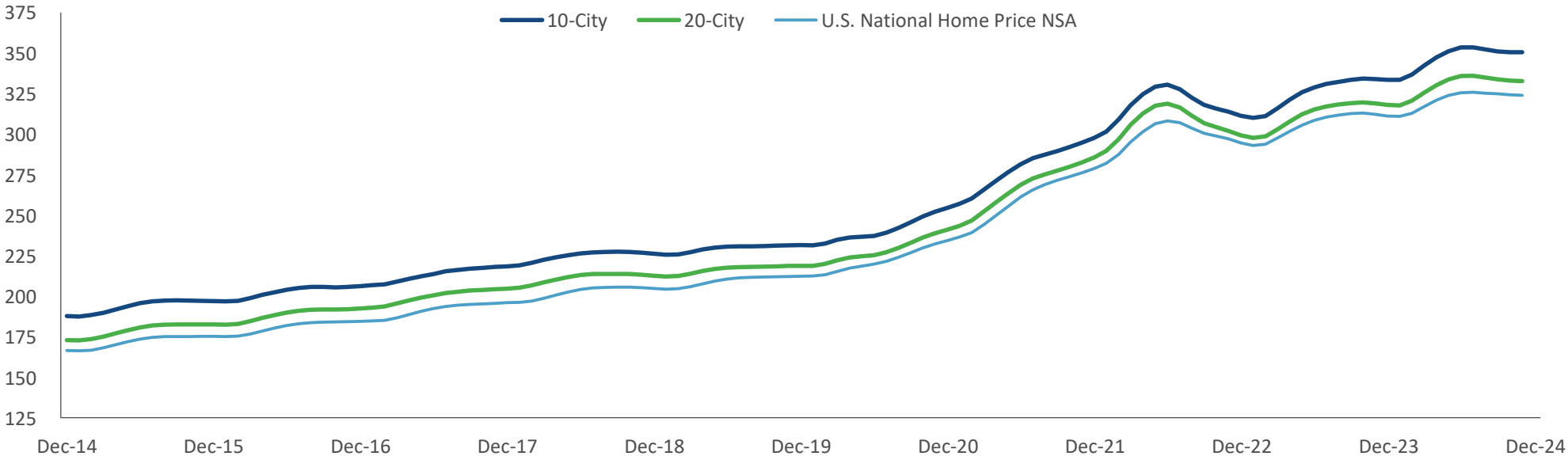
# U.S. Home Prices

The S&P CoreLogic Case-Shiller U.S. National Home Price (NSA) Index, which measures average home prices in major metropolitan areas across the nation, rose 3.8% in November 2024 from the prior year.

The Case-Shiller 10-City Index increased 4.9% in November 2024 over the prior year, while the 20-City Index increased 3.8%.

U.S. housing affordability continued to be a headwind for prospective buyers in 2024, as recent polls suggest mortgages account for over 25% of household income. Low inventory, elevated interest rates and existing homeowners' reluctance to sell are also driving elevated home prices.

## S&P CoreLogic Case-Shiller Home Price Indices\*



Monthly, indexed to January 2000  
\*The S&P CoreLogic Case-Shiller home price indices 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 Indices LLC, Federal Housing Finance Agency, Federal Reserve Bank of Chicago, Federal Reserve Bank of St. Louis, National Association of Realtors

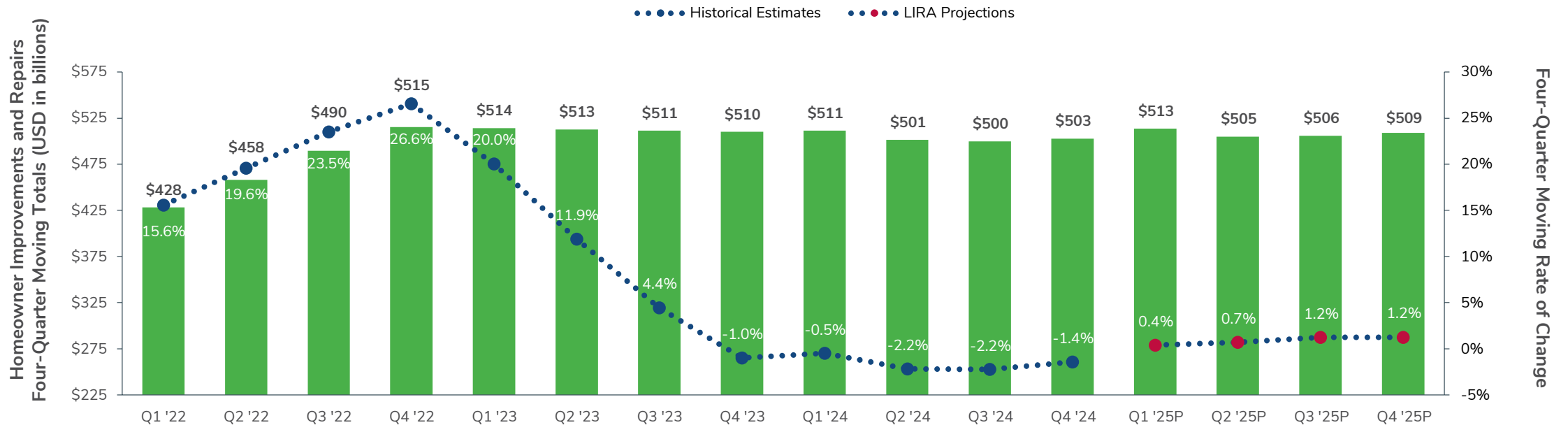


# U.S. Home Remodeling Activity

Based on the Leading Indicator of Remodeling Activity (LIRA\*), spending for improvements and repairs to owner-occupied homes slightly decreased by 1.4% in Q4 2024. Remodeling activity is expected to increase throughout 2025, driven by higher rates, aging existing homes and lack of housing supply.

The increase in the near-term remodeling market is connected to the elevated interest rates, as homeowners with low interest rates are faced with high switching costs when considering a new mortgage upon a move. In turn, these homeowners are remodeling their existing properties for a nominal cost compared to buying a new home. Looming tariffs on imported goods and materials will likely dictate the trajectory of material costs in 2025.

## Leading Indicator of Remodeling Activity (LIRA\*)



\*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.

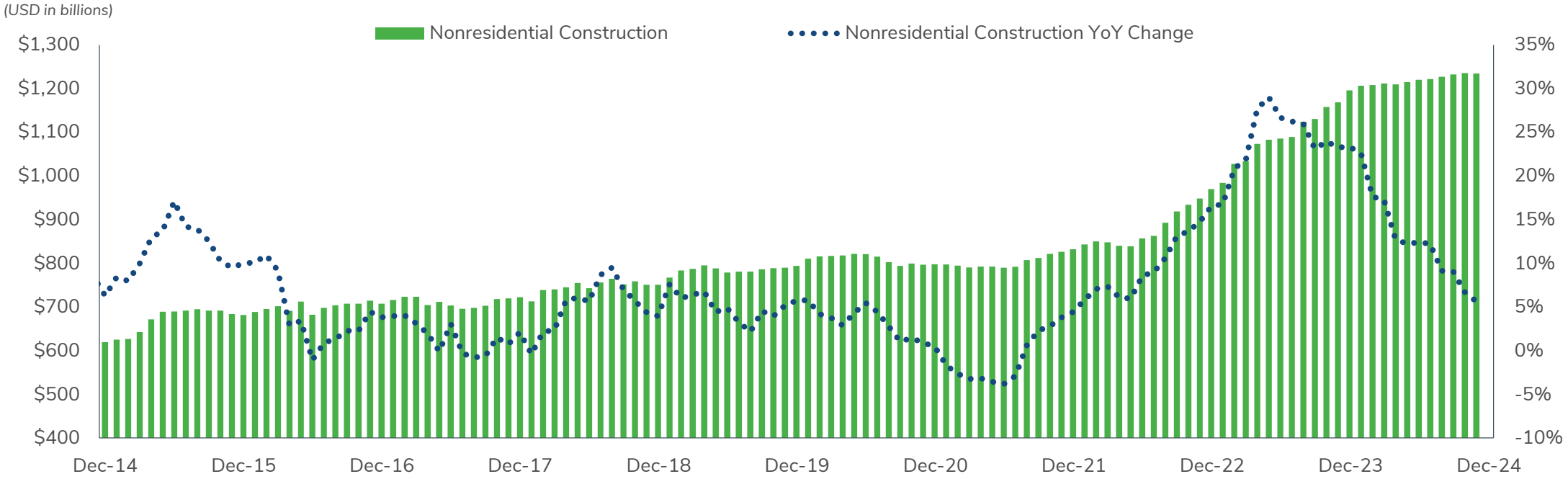
Source: Joint Center for Housing Studies, Harvard University

# U.S. Nonresidential Construction Activity

In November 2024, nonresidential construction was at a seasonally adjusted annual rate of \$1.2 trillion, representing an increase of 2.8% over the prior year. Public safety, manufacturing, and amusement and recreation have grown substantially, while commercial and lodging investments have slowed.

The forecast for nonresidential construction in the U.S. in 2025 remains optimistic. The manufacturing and transportation segments, specifically the data center and infrastructure end markets, are expected to grow given the government subsidies provided to these markets over the past few years.

## Nonresidential Construction Spending



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

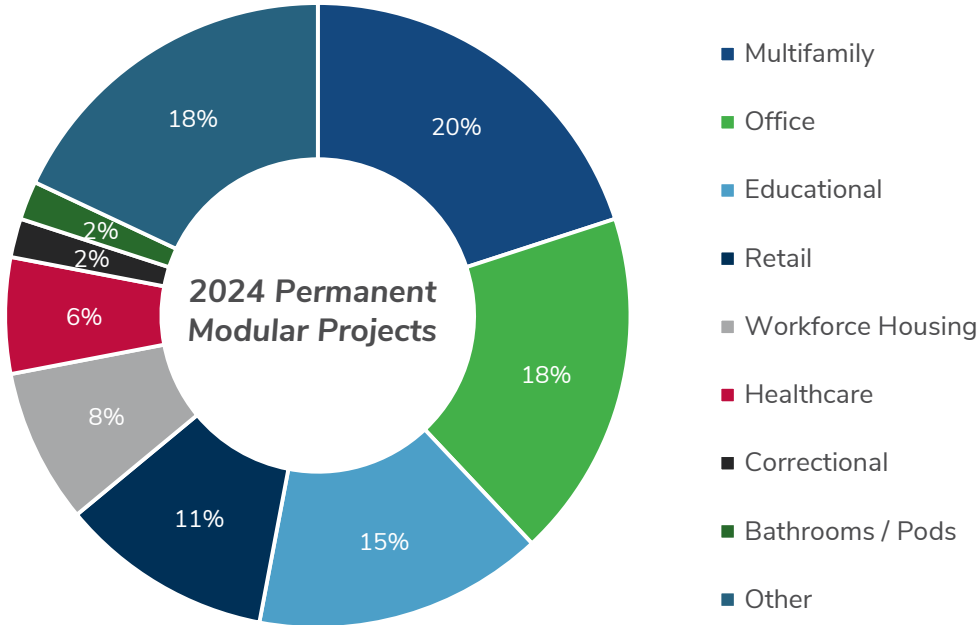
# Modular and Prefabrication Construction Trends

Innovative residential and nonresidential construction processes, including modular and prefabrication construction, have become increasingly popular to save time and reduce costs. Modular and prefabrication manufacture the initial construction off-site in a facility and transport it to the final site for assembly. Off-site production methods are expected to gain traction, reflecting the continued residential supply and demand imbalance, persistent labor shortages and high cost of input materials.

## Key Benefits Cited for Modular and Prefabrication

- Improved Productivity
- Improved Quality
- Increased Schedule Certainty
- Improved Cost Predictability
- Reduced Waste On-site
- Improved Safety

## Permanent Modular Construction Projects by End Market



# Canadian Market Update

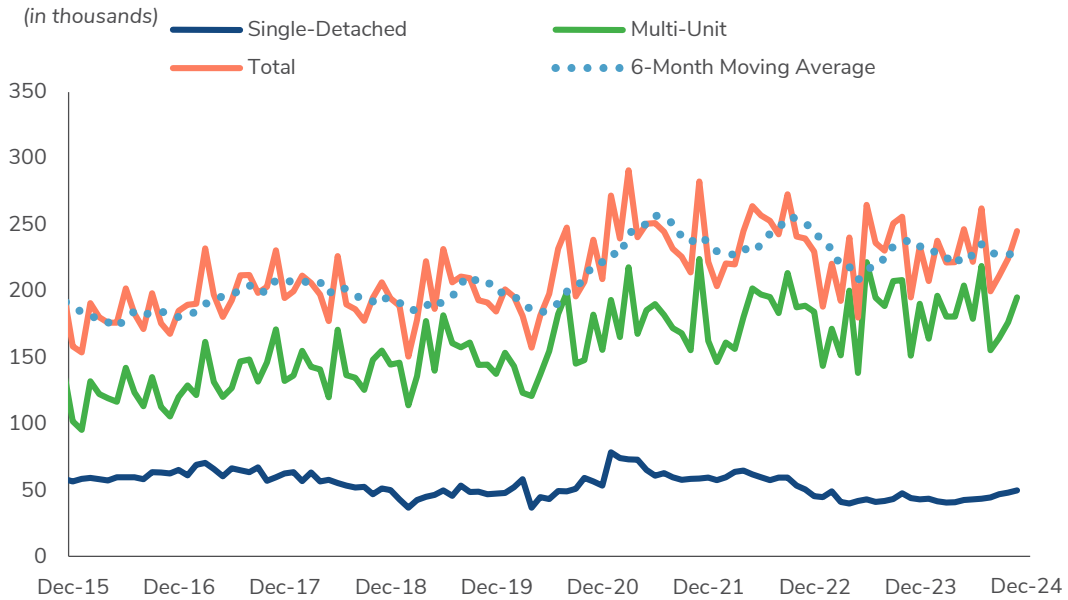
# Canadian Housing Indicators

In November 2024, Canadian housing starts increased 25.5% from the prior year. When compared to October 2024, housing starts increased 9.2% MoM. The substantial YoY increase was predominantly driven by the significant uptick in multi-units starts, up 28.9% YoY. Over the past decade, multi-unit starts have accounted for ~75% of total Canadian housing starts. Single-detached starts experienced a YoY increase of 10.6%. Elevated levels of rental building construction, increased starts in Alberta and Québec, and heightened activity across the Atlantic provinces has led to the overall increase in total Canadian housing starts.

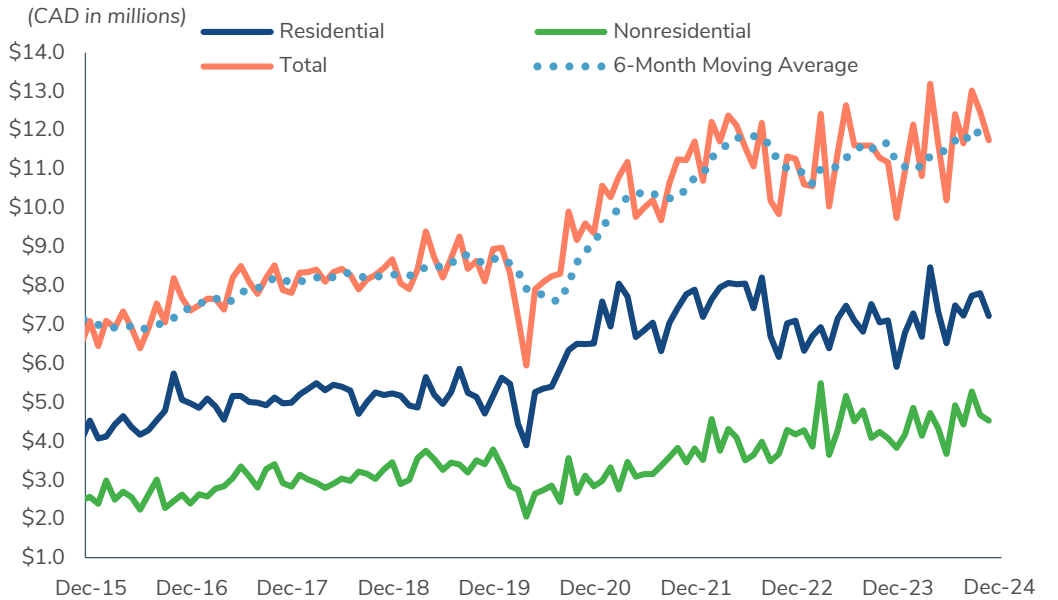
The value of authorized building permits in November 2024 increased YoY by 5.1%, mostly attributed to an 11.1% increase for nonresidential structures. MoM, the value of authorized building permits decreased by 5.9%.

# Canadian Housing Indicators

## Housing Starts



## Value of Authorized Building Permits

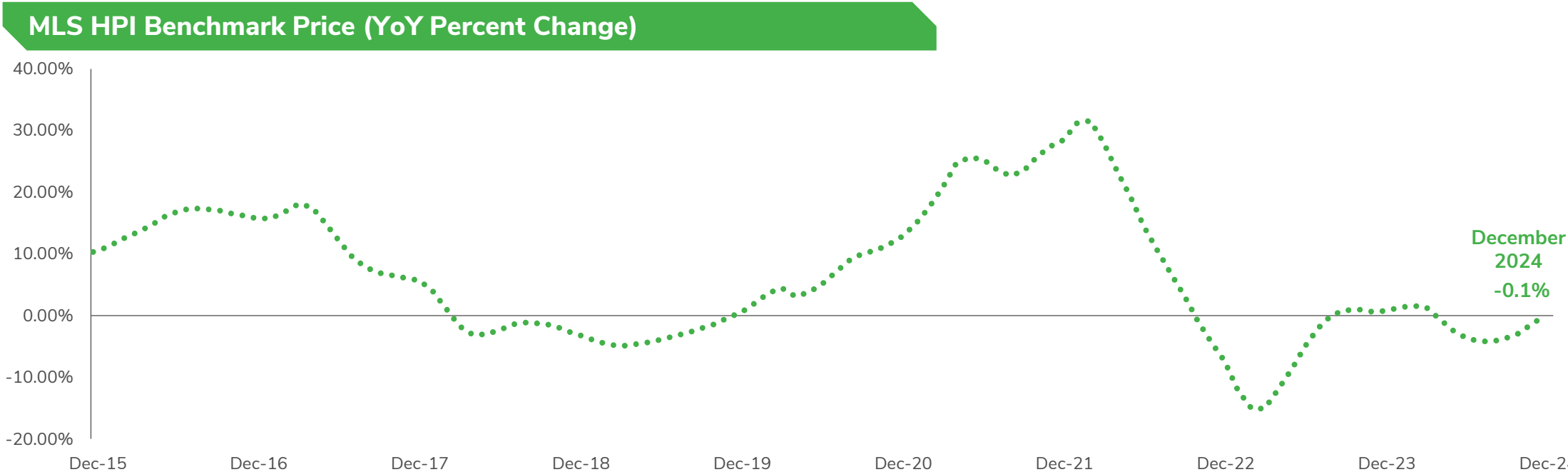


Seasonally adjusted, areas 10,000+  
Source: Canadian Real Estate Association (CREA)

# Canadian Housing Market – Existing Prices

In December 2024, the Multiple Listing Service (MLS) Home Price Index (HPI) benchmark price decreased 0.1% YoY. The home category with the largest increase in price was one-story homes, which increased 2.3% YoY. Single-family and two-story homes also experienced an increase in price. Townhouses and apartments saw a YoY decrease in price of 1.5% and 2.9%, respectively.

Through the balance of 2024, Canadian home sales and home prices slightly decreased before returning to 2023 levels. The combination of decreasing borrowing cost and pent-up demand are expected to drive home prices in 2025. Home price trends and forecasts vary greatly between Canadian provinces. Specific provinces, including Alberta and Saskatchewan, are forecasted to have higher price increases due to record sales levels and historically low inventory.



Seasonally adjusted, areas 10,000+  
Source: CREA

# **Relevant Kroll Building Products Experience**



# 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





For more information, please contact:



**Steve Burt**

Global Head of M&A  
Advisory  
Chicago  
+1 312-697-4620  
[steve.burt@kroll.com](mailto:steve.burt@kroll.com)



**David Althoff**

Global Head of Diversified  
Industrials M&A  
Chicago  
+1 312-697-4625  
[david.althoff@kroll.com](mailto:david.althoff@kroll.com)



**Jeffrey McNamara**

Managing Director,  
Diversified Industrials M&A  
Chicago  
+1 312-697-4638  
[jeffrey.mcnamara@kroll.com](mailto:jeffrey.mcnamara@kroll.com)



**Isabel Aglikin**

Vice President,  
Diversified Industrials M&A  
Chicago  
+1 312-697-4531  
[isabel.aglikin@kroll.com](mailto:isabel.aglikin@kroll.com)



**Dr. Howard E. Johnson**

Managing Director,  
Canadian M&A Advisory  
Toronto  
+1 416-597-4500  
[howard.johnson@kroll.com](mailto:howard.johnson@kroll.com)



**Stephanie Lau**

Director,  
Canadian M&A Advisory  
Toronto  
+1 416-361-6761  
[stephanie.lau@kroll.com](mailto:stephanie.lau@kroll.com)

**About Kroll**

As the leading independent provider of risk and financial advisory solutions, Kroll leverages our unique insights, data and technology to help clients stay ahead of complex demands. Kroll's team of more than 6,500 professionals worldwide continues the firm's nearly 100-year history of trusted expertise spanning risk, governance, transactions and valuation. Our advanced solutions and intelligence provide clients the foresight they need to create an enduring competitive advantage. At Kroll, our values define who we are and how we partner with clients and communities. Learn more at [Kroll.com](https://www.kroll.com).

M&A advisory, capital raising and secondary market advisory services in the U.S. are provided by Kroll Securities, LLC (member FINRA/SIPC). M&A advisory, capital raising and secondary market advisory services in the United Kingdom are provided by Kroll Securities Ltd., which is authorized and regulated by the Financial Conduct Authority (FCA). Valuation Advisory Services in India are provided by Kroll Advisory Private Limited (formerly Duff & Phelps India Private Limited) under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

The material in this report is for information purposes only and is not intended to be relied upon as financial, accounting, tax, legal or other professional advice. This report does not constitute, and should not be construed as, soliciting or offering any investment or other transaction, identifying securities for you to purchase or offer to purchase, or recommending the acquisition or disposition of any investment. Kroll does not guarantee the accuracy or reliability of any data provided from third-party resources. Although we endeavor to provide accurate information from third-party sources, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.