

Building Products Private Credit Update

July 2025

ZELMAN
A WALKER & DUNLOP COMPANY



Annual Housing Summit - Boston



September 11 & 12
InterContinental Boston

Registration:

www.events.zelmanassociates.com/2025housingsummit

FROM MACRO AND INDUSTRY LEVEL DOWN TO COMPANY-SPECIFIC

Homebuilders



FIVEPOINT

TaylorMorrison

LENNAR

Toll Brothers
America's Luxury Home Builder



KHovnanian
Homes



D-R HORTON
America's Builder

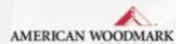
tri pointe
HOMES

Homecenters



Building Products

MASCO



Armstrong
WORLD INDUSTRIES

IBP



StanleyBlack&Decker



MOHAWK
INDUSTRIES, INC.



Mortgage & Real Estate Services

ROCKET
Companies, Inc.



COMPASS

Anywhere

RE/MAX

Opendoor

Trulia

Manufactured Housing



Apartments

Equity Residential



AIR
COMMUNITIES

ESSEX
PROPERTY TRUST, INC.



CAMDEN

Single-Family REITs



SURVEY PROCESS AND CONCLUSIONS ARE UNMATCHED

Our surveys canvass an unparalleled network of C-Suite Executives.

Our reputation allowed us to build relationships with our respondents, eliminating the need for random sampling.



Follow Along With Interactive Data...Look For “Explore” Icon

Exhibit 1: Summary of Macro Homebuilding Forecasts

Homebuilding	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2024-27 CAGR
Production Single-Family Starts	672	769	879	732	692	748	680	700	725	-1%
% Change	2%	14%	14%	-17%	-5%	8%	-9%	3%	4%	
Production New Home Orders	685	830	769	637	665	685	655	680	710	1%
% Change	12%	21%	-7%	-17%	4%	3%	-4%	4%	4%	
Starts % of Orders	98%	93%	114%	115%	104%	109%	104%	103%	102%	
Non-Production Single-Family Starts	216	220	247	273	255	265	255	250	265	0%
% Change	0%	2%	12%	11%	-7%	4%	-4%	-2%	6%	
Total Single-Family Starts	888	989	1,126	1,005	947	1,013	935	950	990	-1%
% Change	1%	11%	14%	-11%	-6%	7%	-8%	2%	4%	
Average Single-Family Square Footage Start	2,504	2,477	2,538	2,499	2,415	2,372	2,372	2,345	2,325	-1%
% Change	-2%	-1%	2%	-2%	-3%	-2%	0%	-1%	-1%	
Total Single-Family Completions	904	910	971	1,022	1,001	1,016	975	965	980	-1%
% Change	7%	1%	7%	5%	-2%	2%	-5%	-1%	2%	
Year-End Change in New Home Price Index	4%	9%	12%	0%	1%	0%	-4%	-2%	2%	-1%

Source: Zelman & Associates analysis

Explore this data

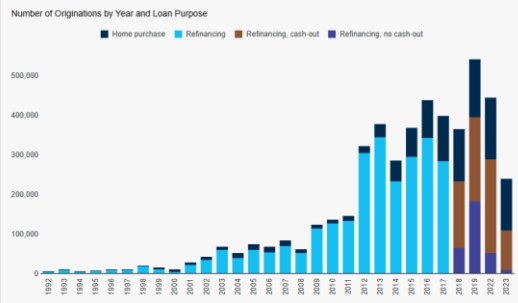


Public Homebuilder Community Exposure by Metro Market

% of Builder's Active Communities	Builder					
State/ Market	BZH	CCS	DFH	DHI	HOV	KBH
AZ	5.4%	4.8%	0.6%	2.0%	7.9%	8.1%
Phoenix	5.4%	4.8%	0.6%	1.3%	7.9%	4.9%
Tucson				0.7%		3.2%
CA	7.5%	7.1%		3.1%	13.2%	7.2%
Bakersfield, CA				0.3%	2.6%	
Chico, CA				0.1%		
Fresno, CA		0.6%		0.1%	0.7%	1.6%



Market	% of FND Stores in Metro...	Store Type
Grand total	100.0%	
Metro NY / NJ	6.7%	
Los Angeles / Orange County	5.7%	
Chicago	4.1%	
Philadelphia / Camden / Wilmington	3.3%	
San Francisco Bay Area	3.1%	
Dallas / Fort Worth	2.9%	
Washington, DC	2.7%	
Houston	2.5%	
Southwest Florida	2.4%	



Agenda

Demand Trends by End Market

Price/Mix Accelerating, Though Some Challenges

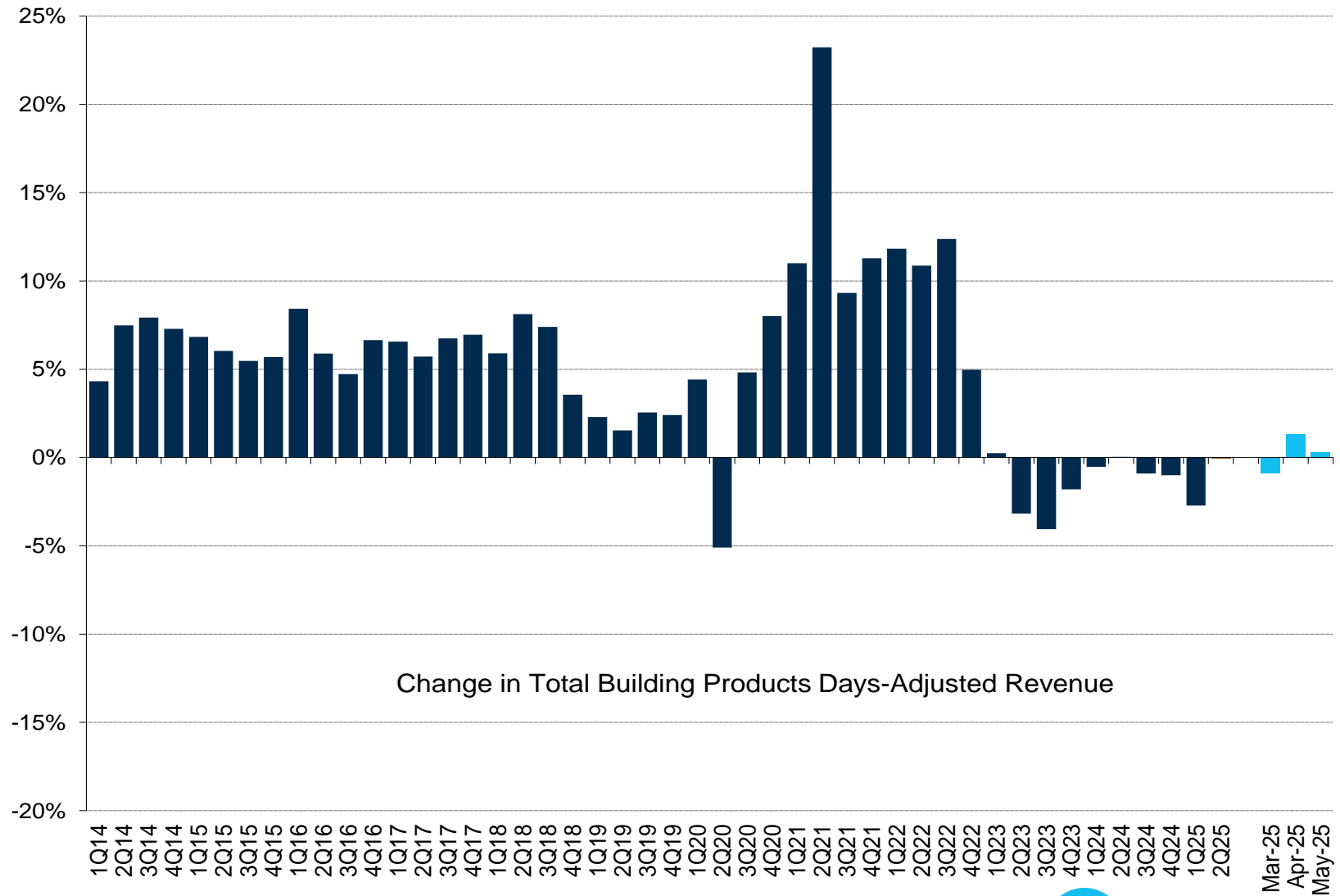
Broad-Based Margin Pressure

Color on Select Categories

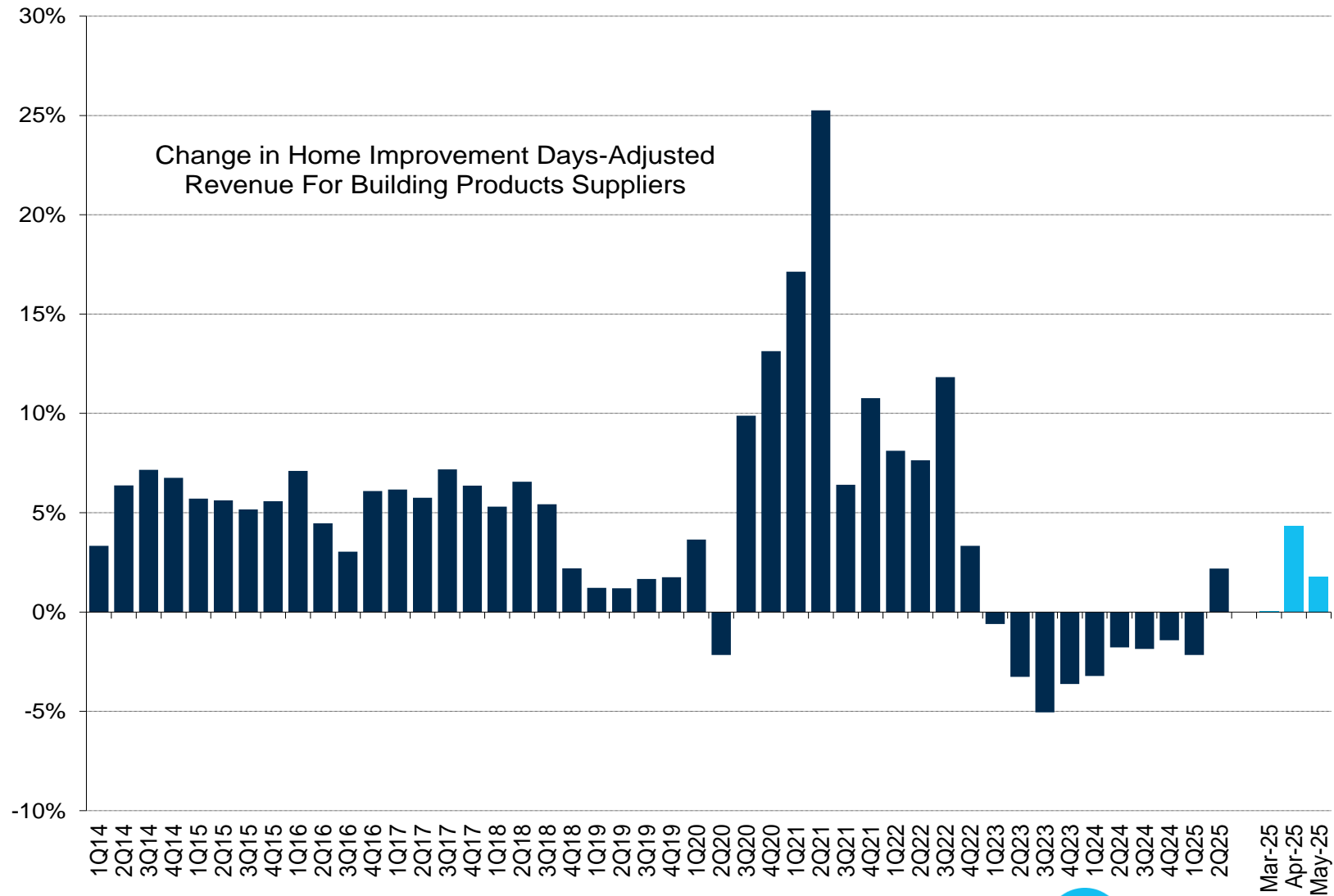
Macro Building Products Forecasts

Data/Website Demo

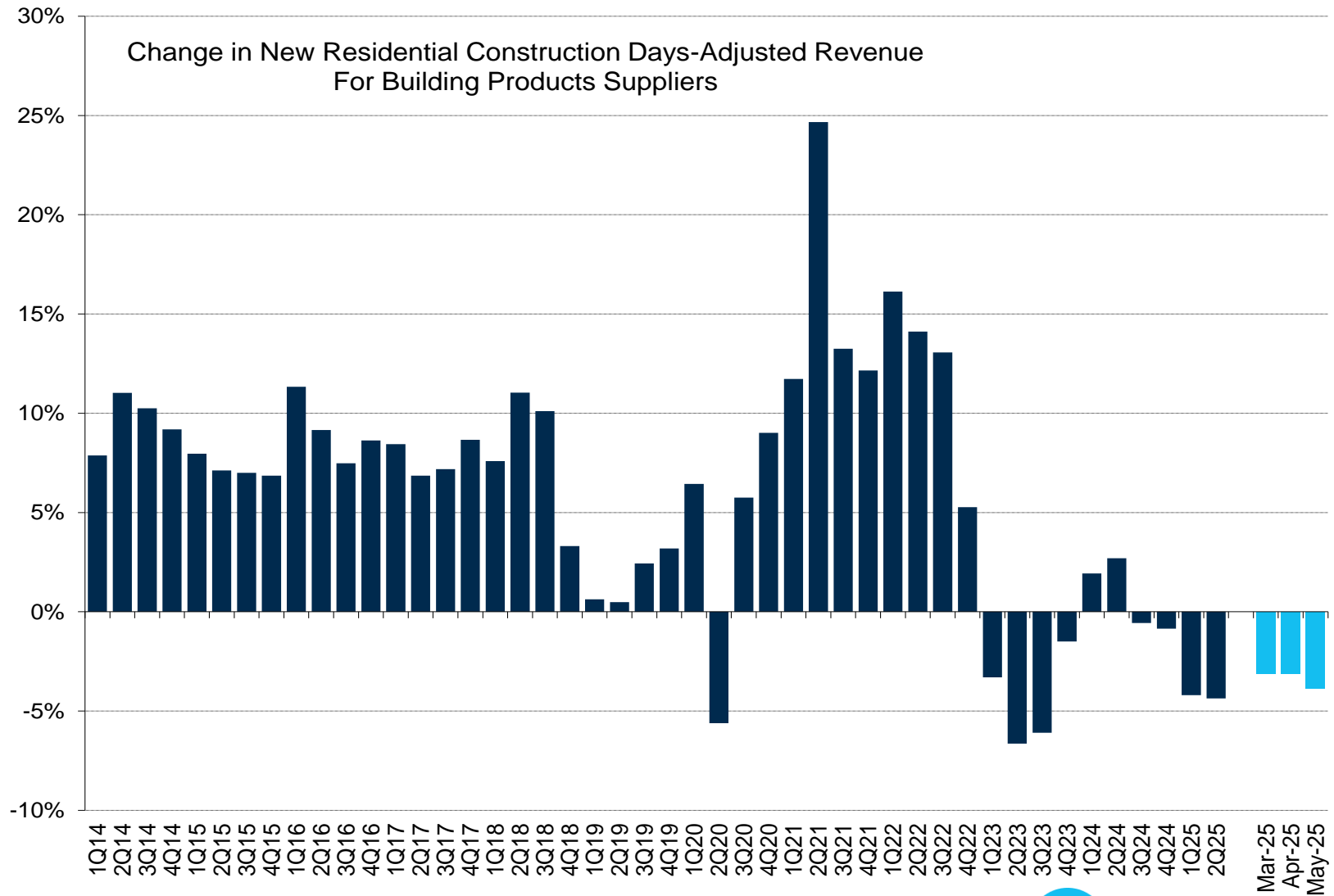
Revenue Reverts to Flattish on a Year-Over-Year Basis



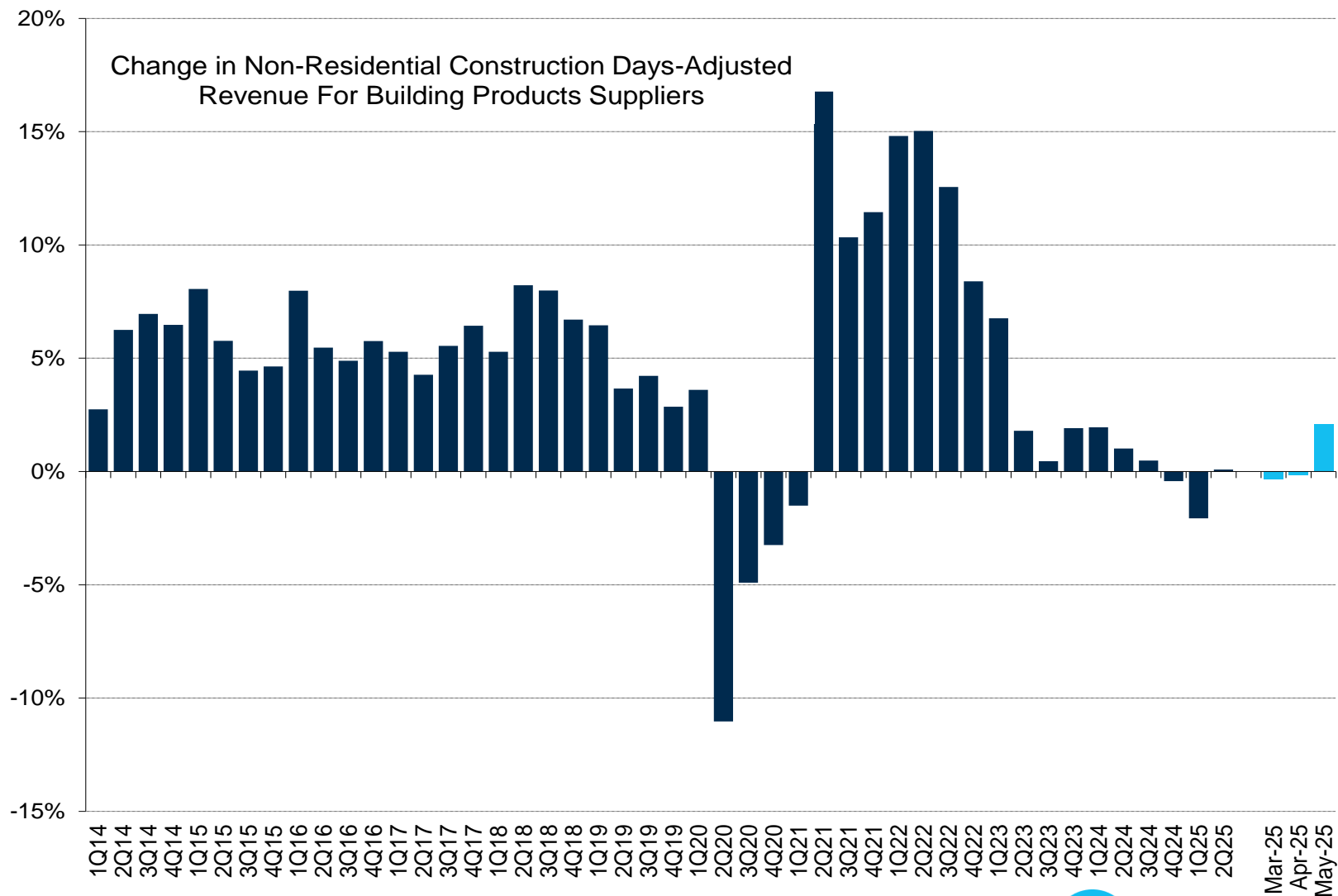
Home Improvement Revenue Continued to Grow in May



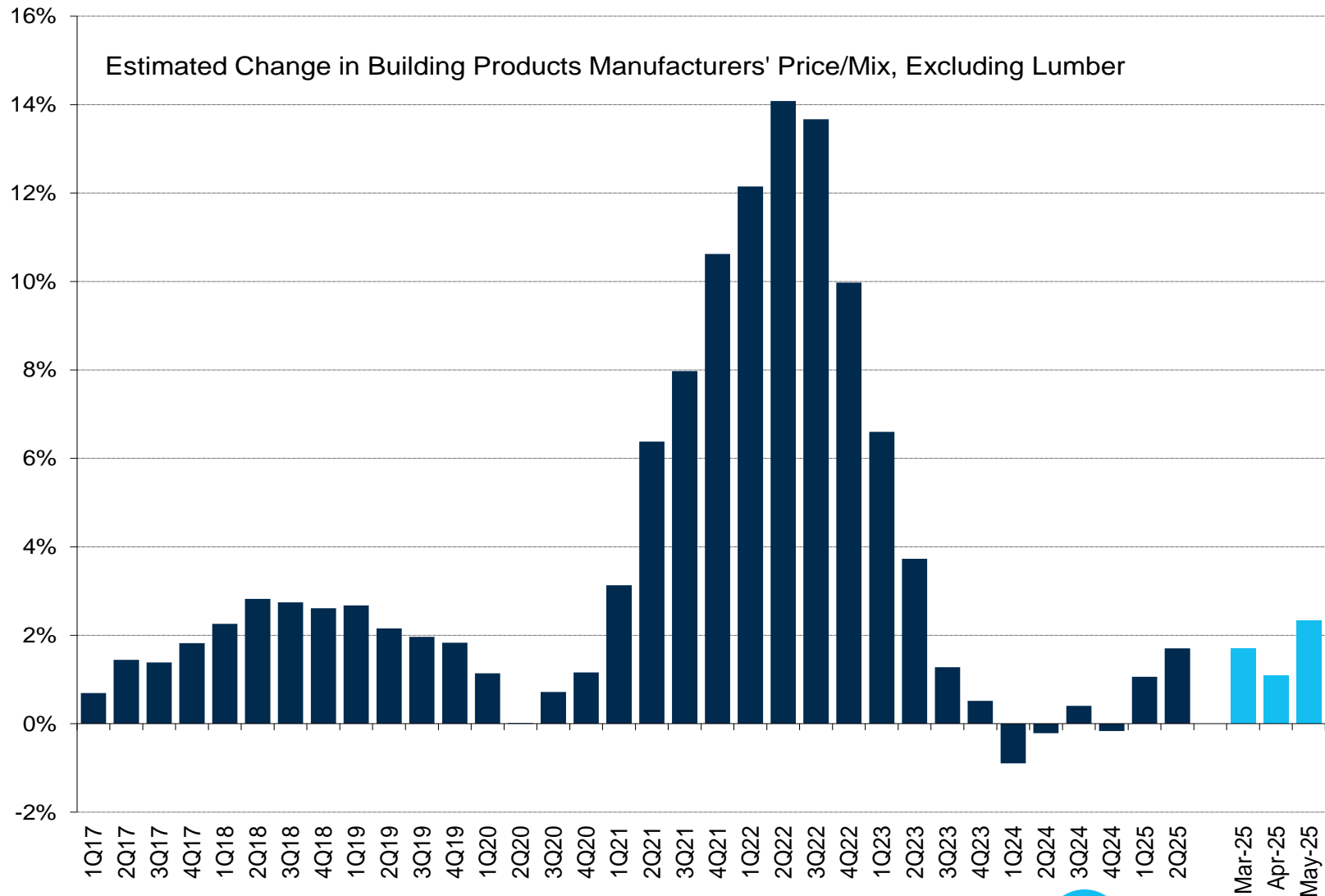
New Residential Revenue Fell 4% in May



Non-Residential Revenue Grew in May

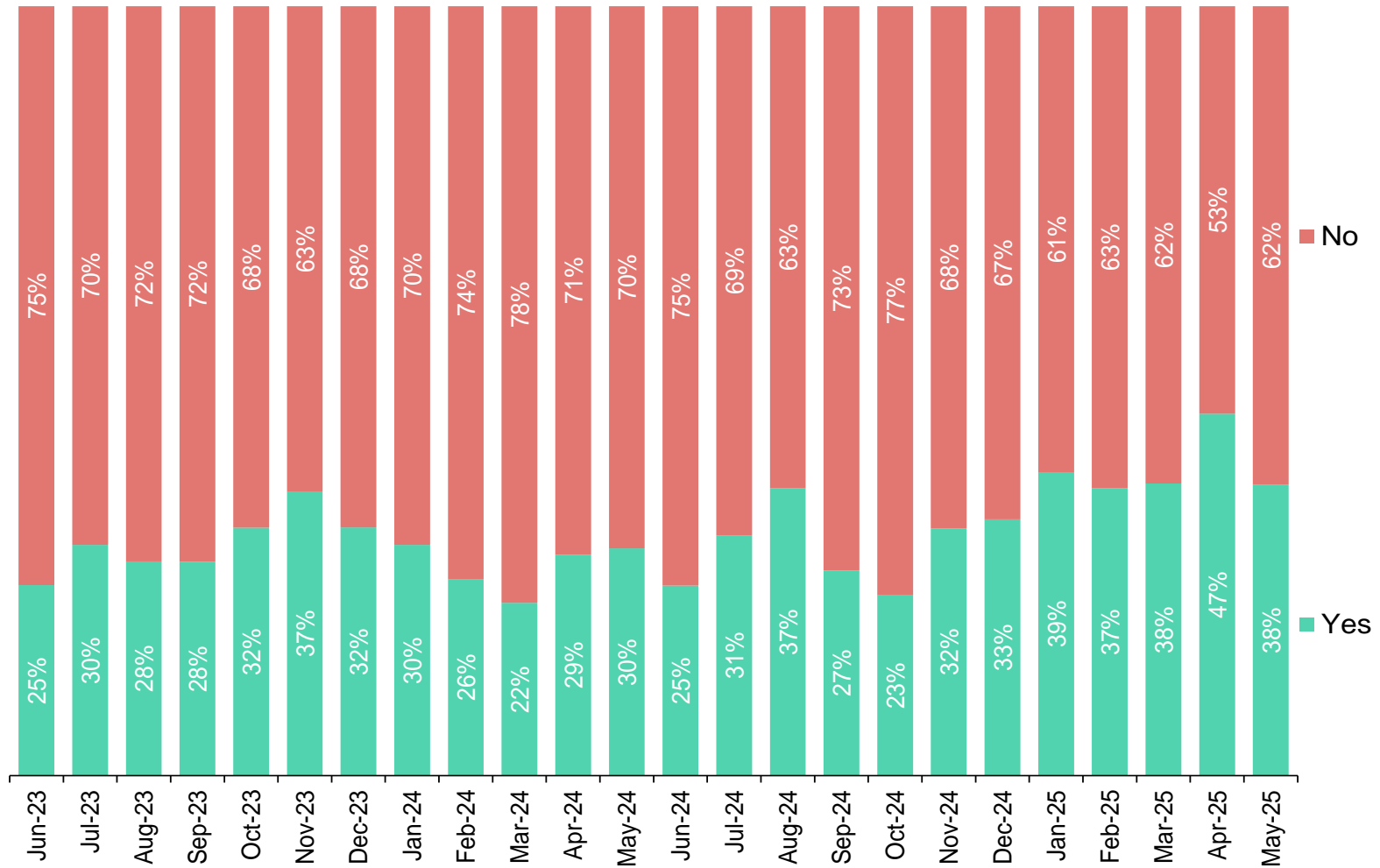


Price/Mix Accelerated as Some Tariff Increases Implemented

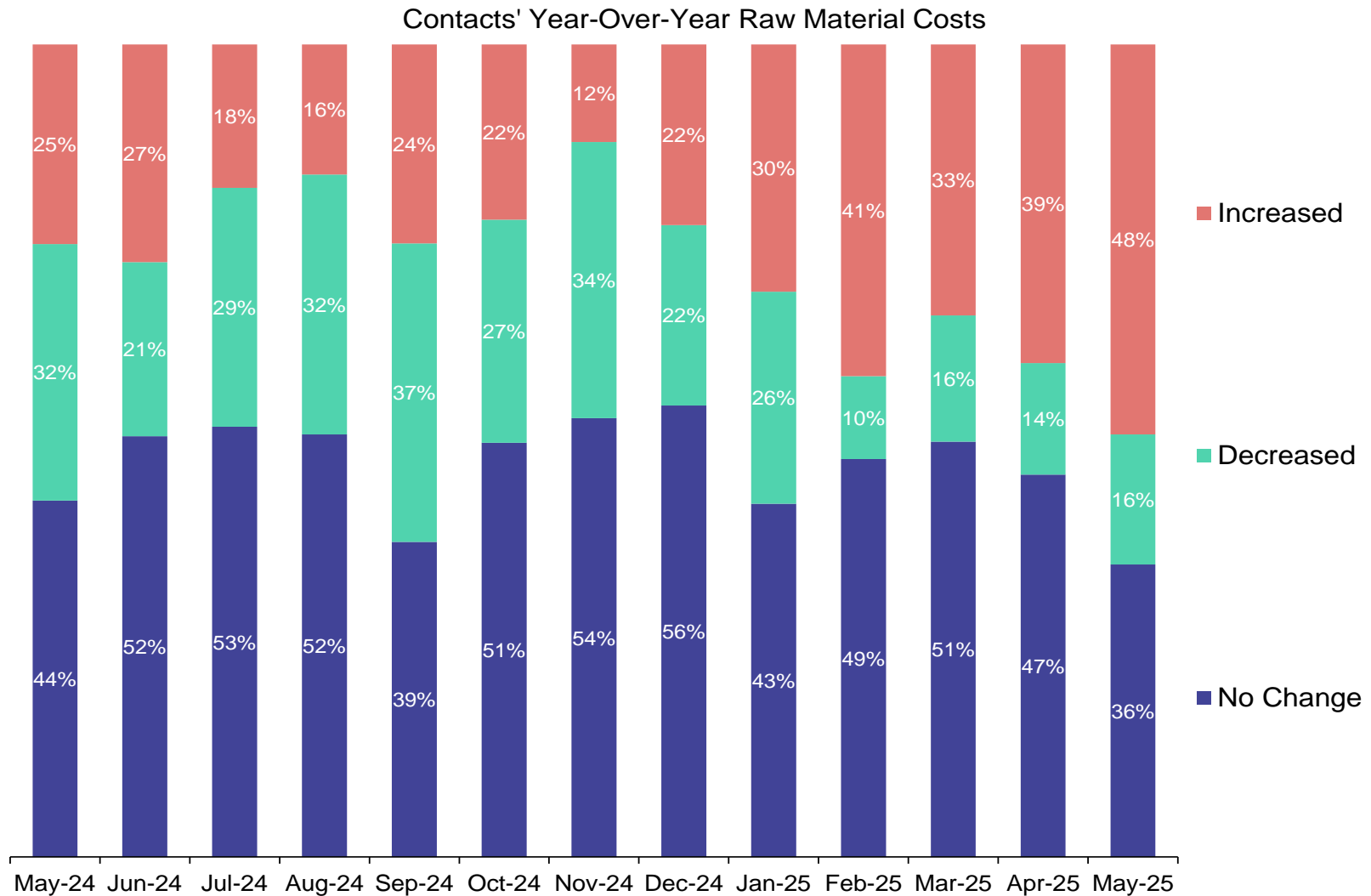


Homebuilder Price Concessions Still Elevated

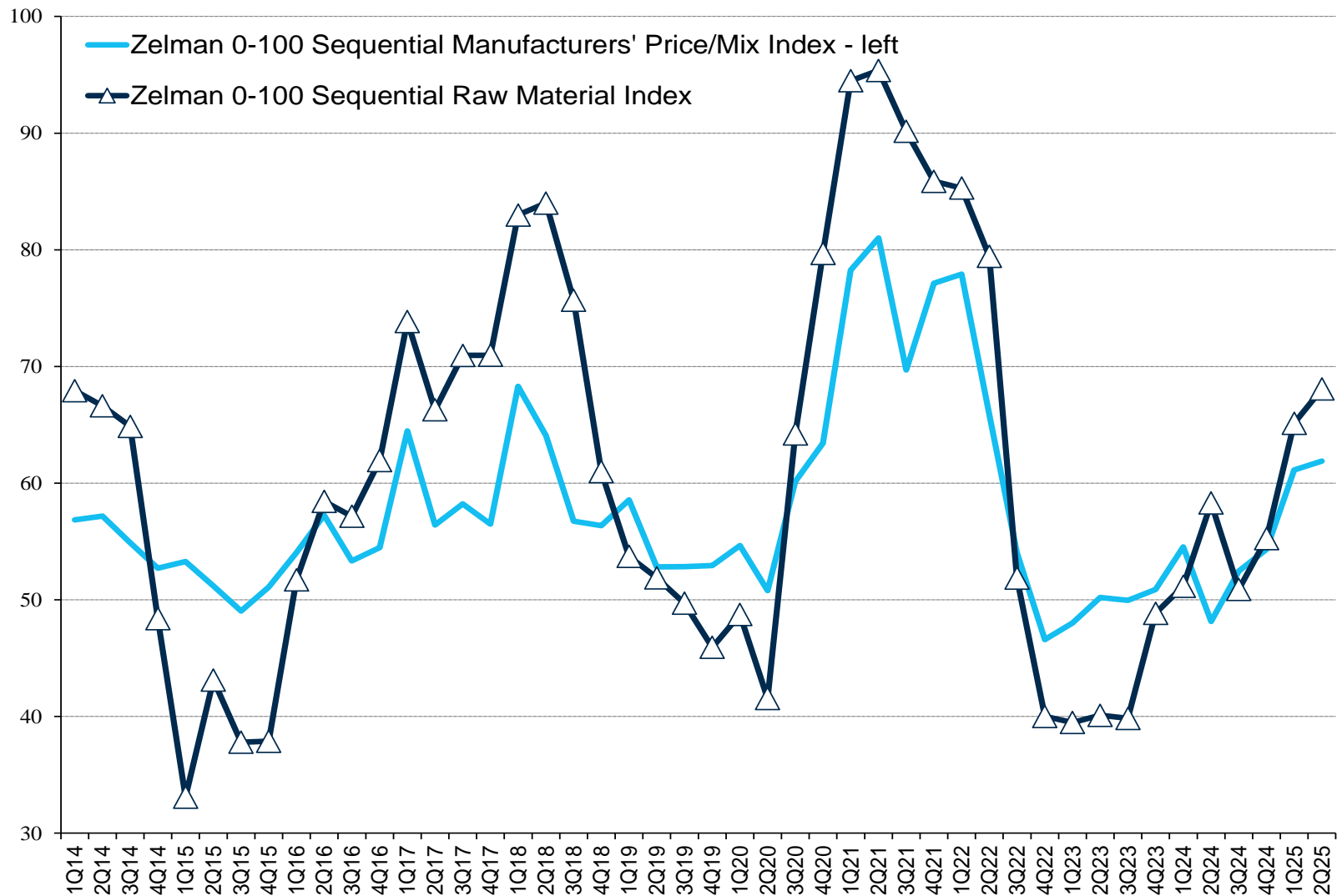
Contacts' Price Concessions to Homebuilders



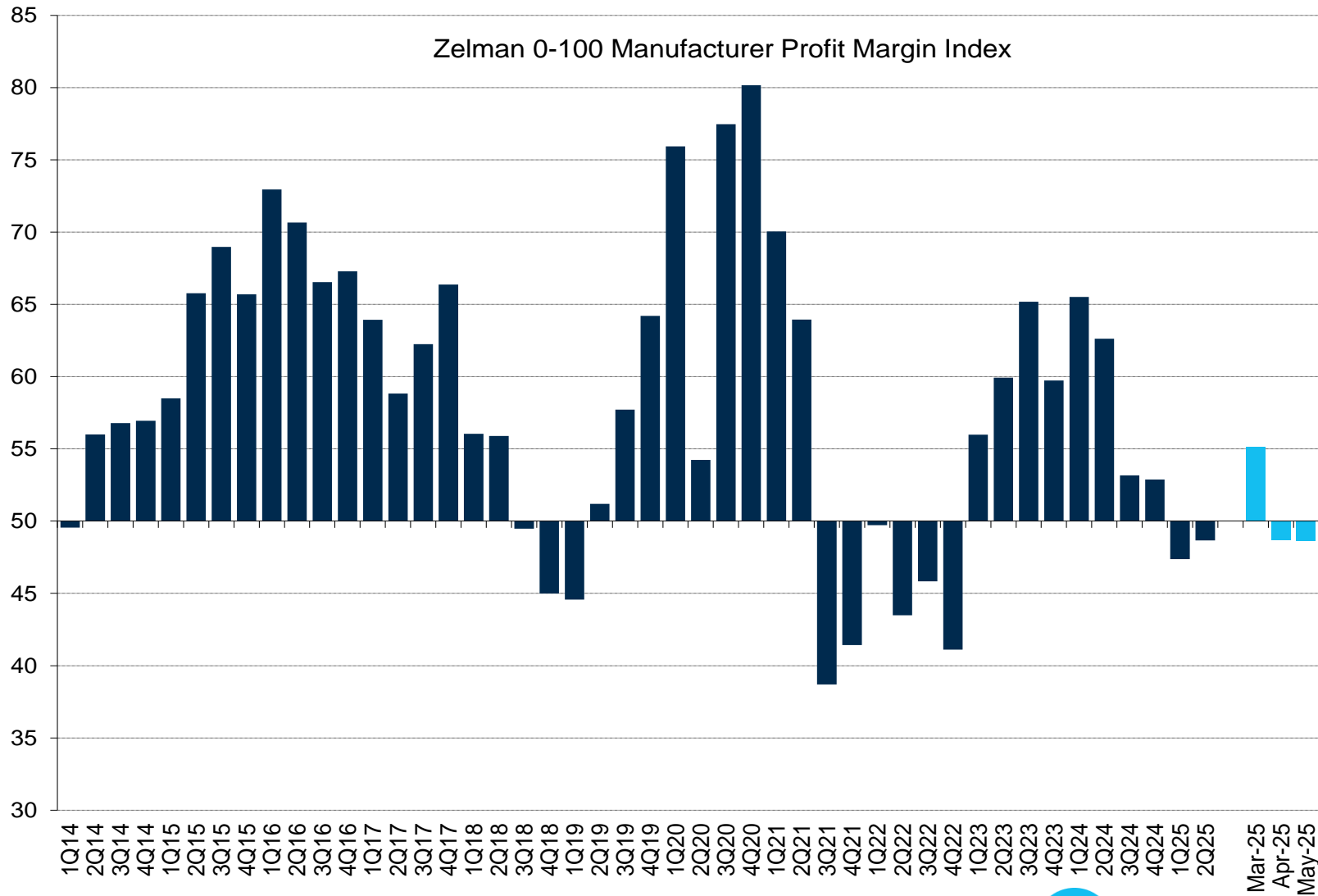
Year-Over-Year Raw Material Inflation Broadening Out



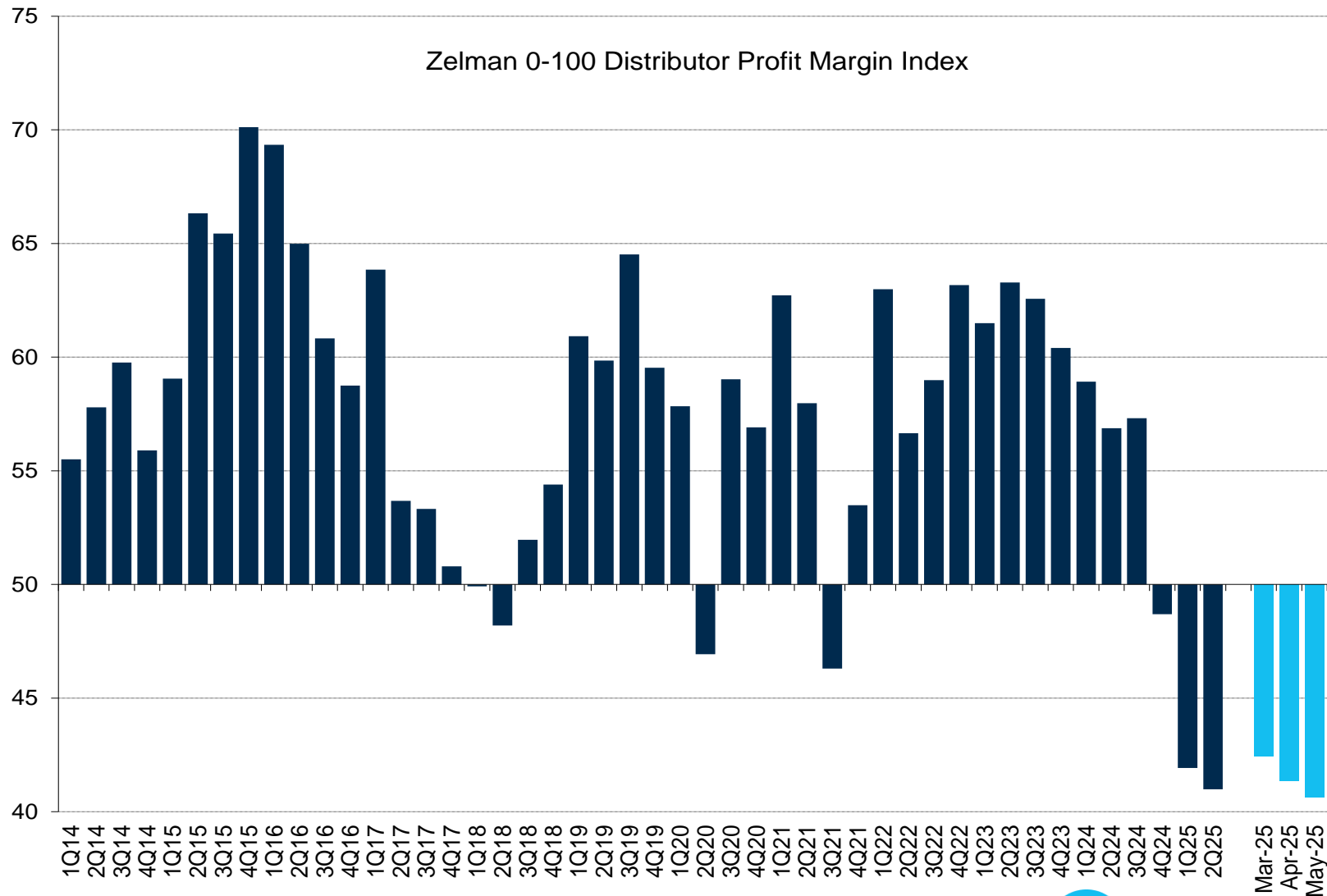
Price/Cost Headwinds Worsening



Manufacturer Margins Drifting Negatively



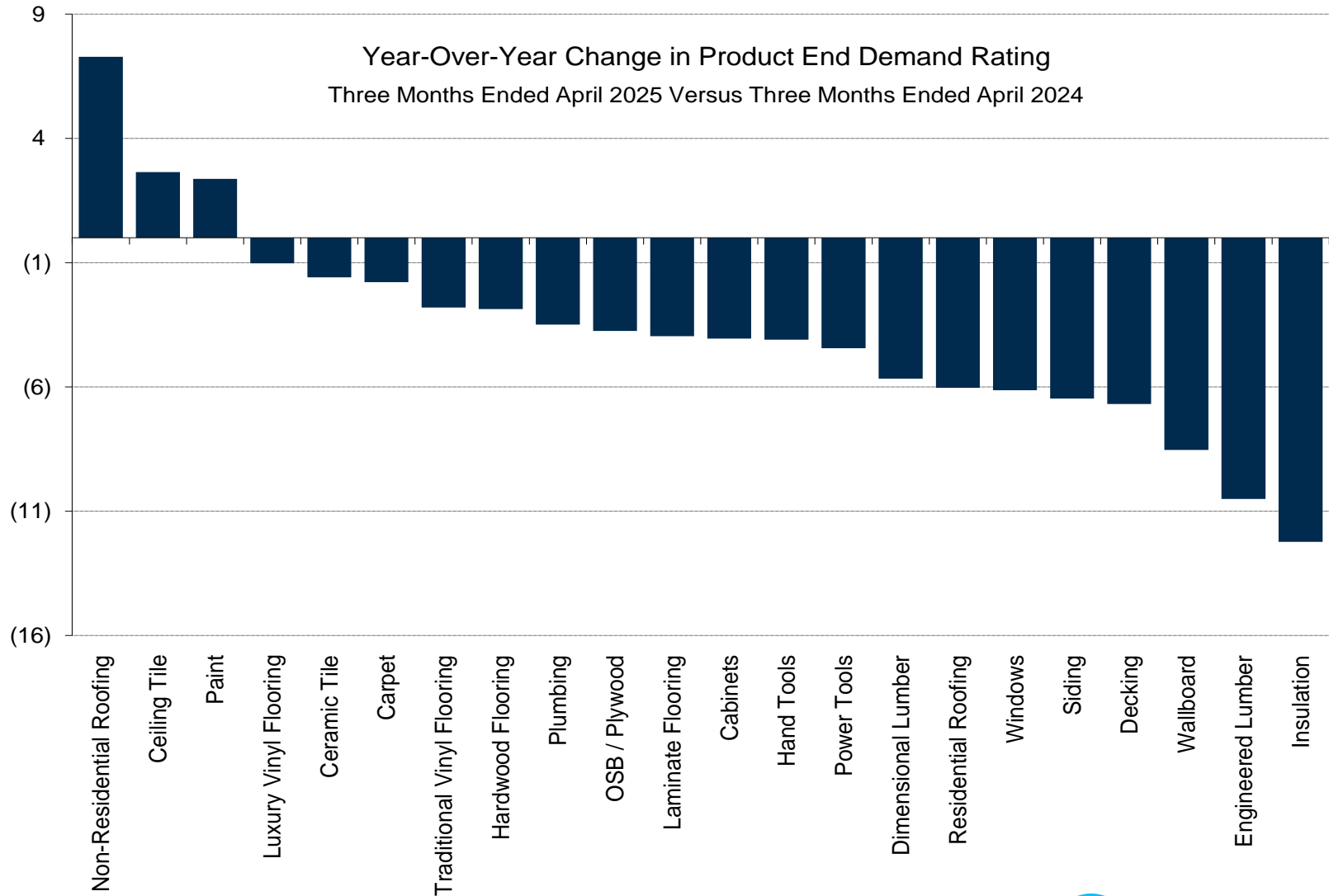
Distributor Profitability Worsened Further



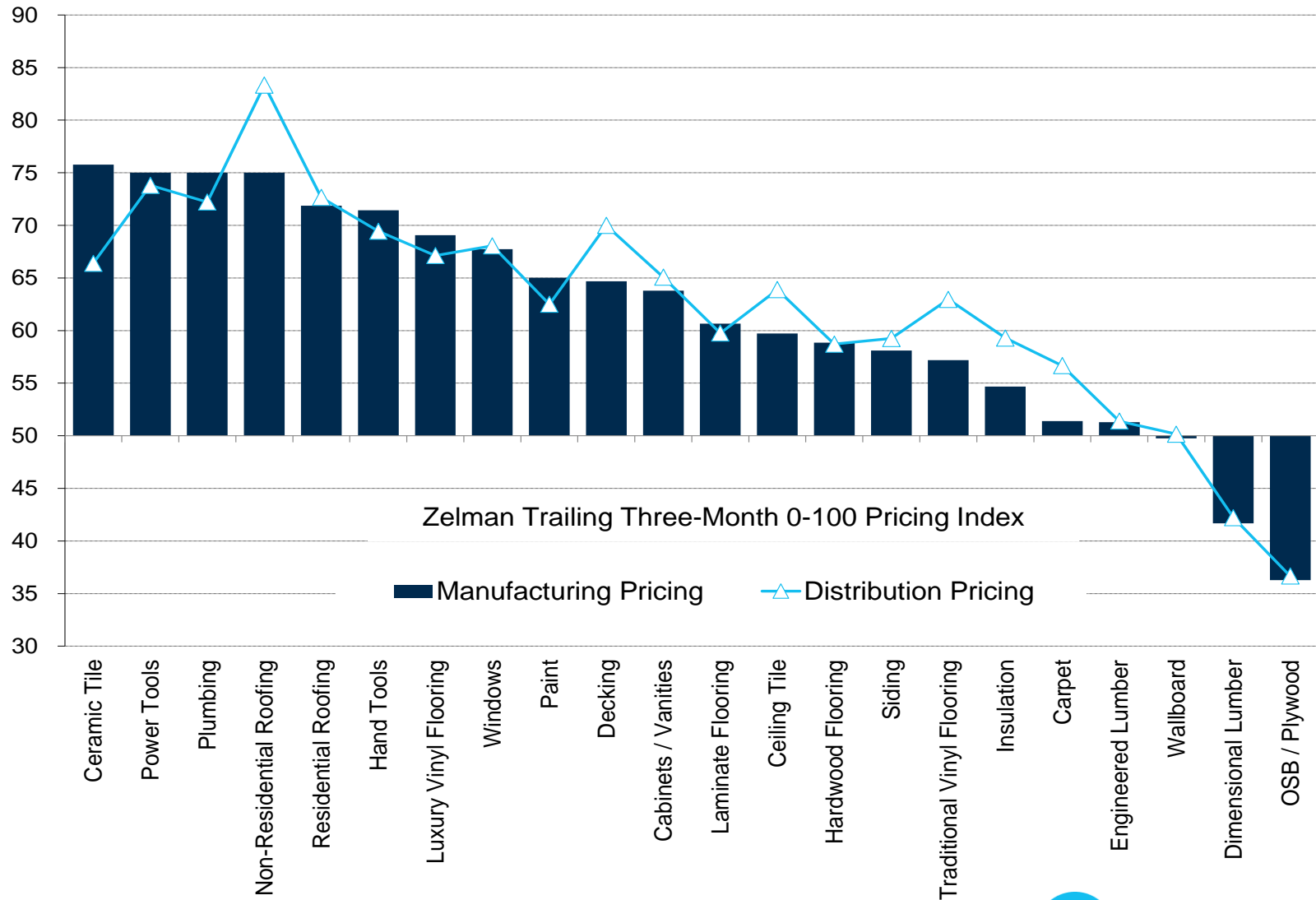


COLOR ON SELECT CATEGORIES

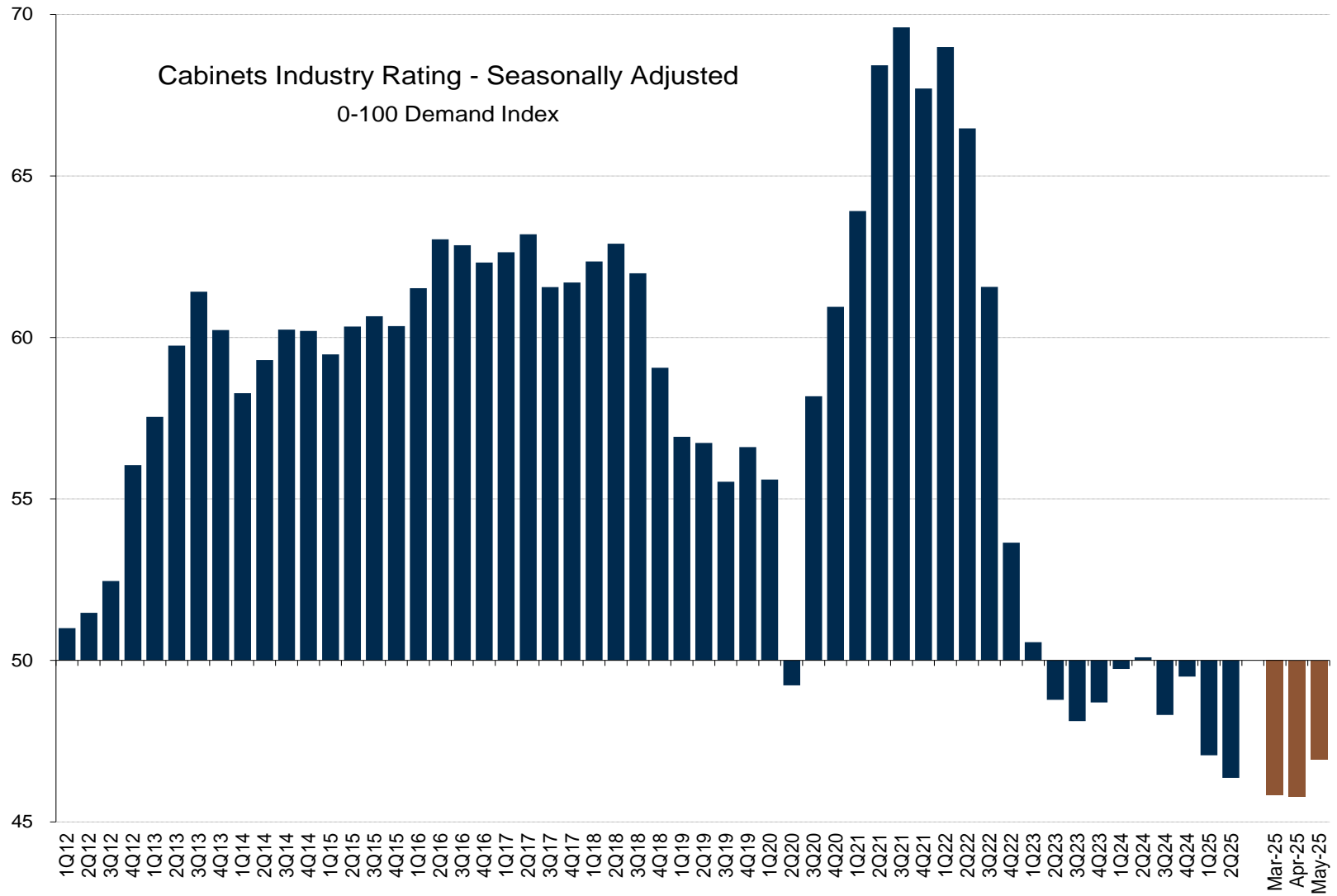
Non-Res Roofing, Ceilings and Paint Up Versus Last Year



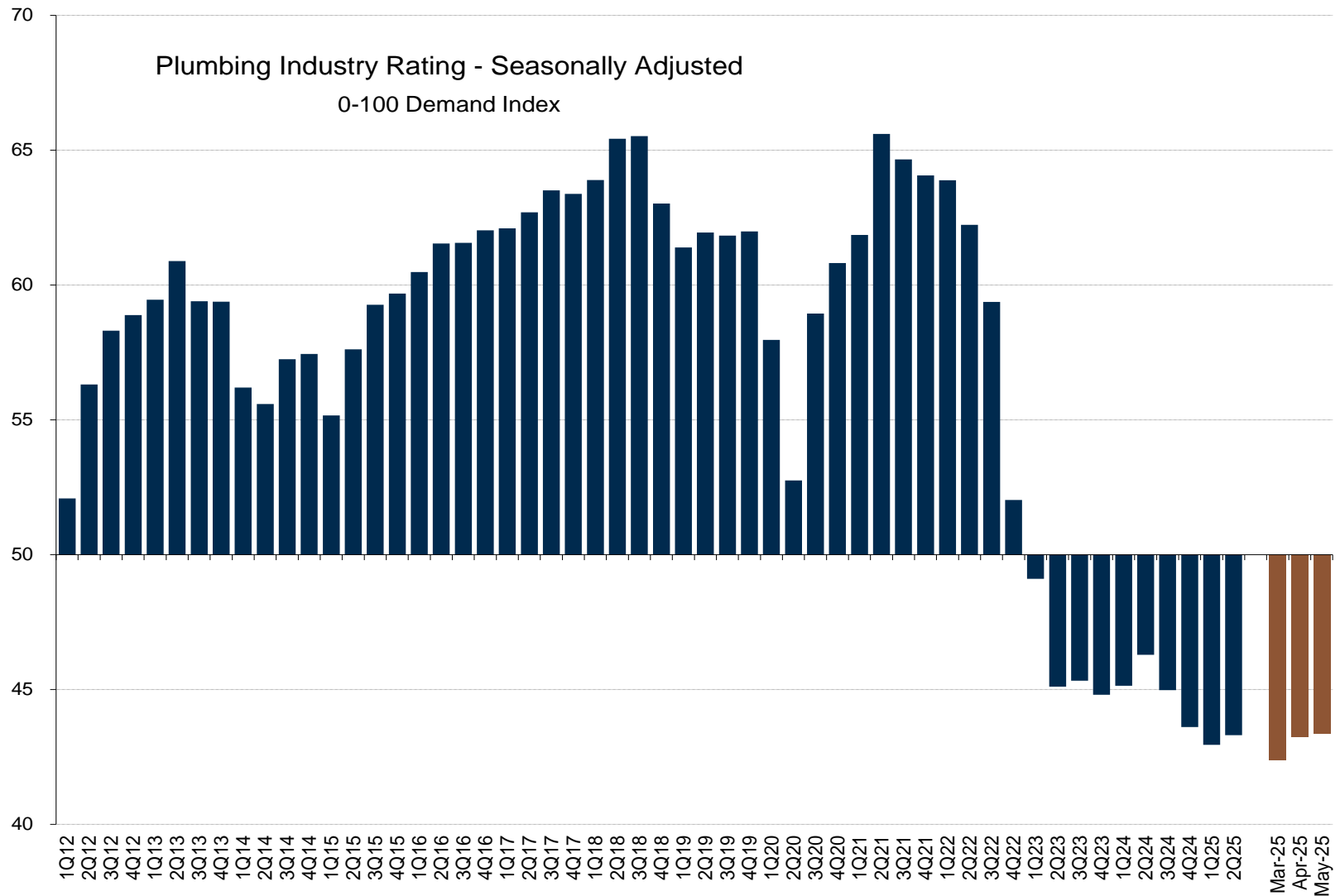
Pricing Trended Higher for Non-Lumber Categories



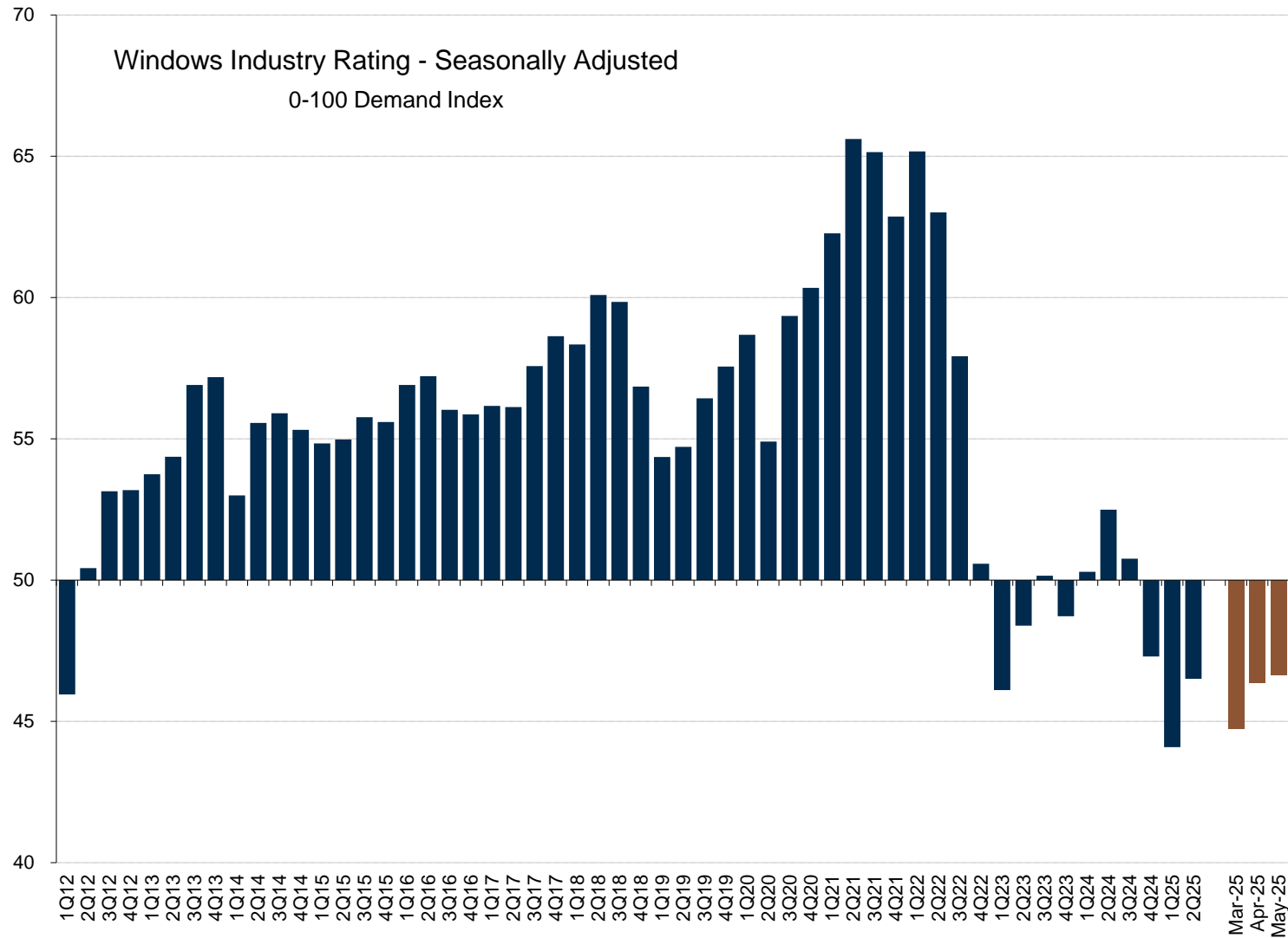
Zelman Demand Index - Cabinets



Zelman Demand Index - Plumbing



Zelman Demand Index - Windows

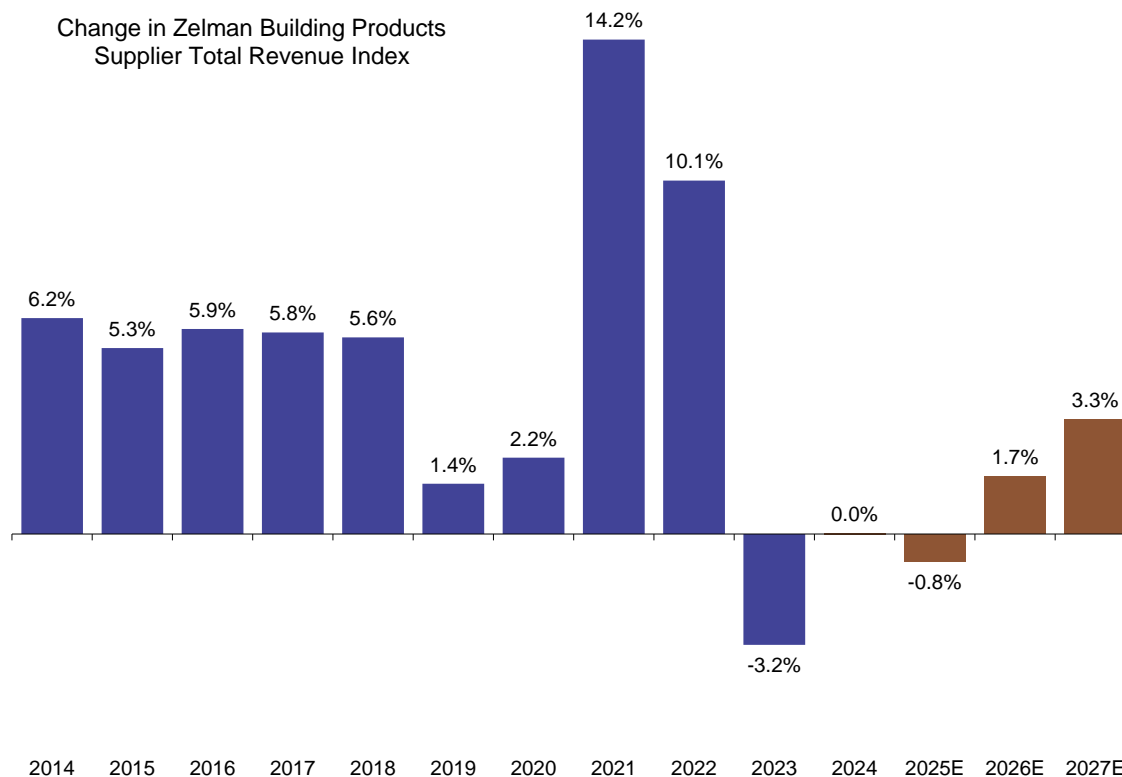




MACRO BUILDING PRODUCTS FORECASTS

Summary of Macro Building Products Forecasts

Building Products	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2024-27 CAGR
Key Retailer Comps	3.5%	21.5%	10.7%	2.0%	-3.3%	-2.4%	0.6%	2.5%	3.5%	2.2%
Supplier Total Revenue Growth	1.4%	2.2%	14.2%	10.1%	-3.2%	0.0%	-0.8%	1.7%	3.3%	1.4%
Supplier Residential Revenue Growth	0.6%	5.5%	15.5%	9.9%	-4.8%	-0.5%	-1.0%	1.7%	3.4%	1.4%
Supplier Home Improvement Revenue Growth	0.5%	6.3%	15.3%	8.4%	-4.4%	-1.6%	0.6%	2.6%	3.5%	2.2%
Supplier New Residential Revenue Growth	0.8%	4.1%	16.0%	12.7%	-5.4%	1.3%	-3.6%	0.3%	3.3%	0.0%
Supplier Non-Residential Revenue Growth	2.2%	-6.8%	9.1%	14.1%	0.5%	2.6%	-0.1%	1.3%	2.7%	1.3%





ZELMAN WEBSITE/DATA OFFERING



DISCLOSURES

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Disclosure

**** Below is a list of the Zelmans' industry sectors that are currently weighted along with the list of companies covered by Zelman that constitute each "industry sector universe":**

Homebuilding

Beazer Homes (BZH)
Century Communities (CCS)
D.R. Horton (DHI)
Dream Finders Homes (DFH)
Five Point Holdings (FPH)
Hovnanian Enterprises (HOV)
KB Home (KBH)
Lennar (LEN)
M/I Homes (MHO)
Meritage Homes (MTH)
NVR (NVR)
PulteGroup (PHM)
Taylor Morrison (TMHC)
Toll Brothers (TOL)
Tri Pointe Homes (TPH)

Mortgage & Real Estate Services

Anywhere Real Estate (HOUS)
Compass (COMP)
Opendoor Technologies (OPEN)
RE/MAX Holdings (RMAX)
Rocket Companies (RKT)
The Real Brokerage (REAX)
Zillow Group (Z)

Homecenters

Lowe's Companies (LOW)
The Home Depot (HD)

Apartments

AvalonBay Communities (AVB)
Camden Property Trust (CPT)
Equity Residential (EQR)
Essex Property Trust (ESS)
Mid-America Apartment Communities (MAA)
UDR, Inc. (UDR)

Building Products

American Woodmark (AMWD)
Armstrong World Industries (AWI)
Builders FirstSource (BLDR)
Carlisle Companies (CSL)
Ferguson (FERG)
Fortune Brands Innovations (FBIN)
Installed Building Products (IBP)
Masco (MAS)
MasterBrand (MBC)
Mohawk Industries (MHK)
Owens Corning (OC)
Sherwin-Williams (SHW)
Stanley Black & Decker (SWK)
TopBuild (BLD)
Trex Company (TREX)

Manufactured Housing

Champion Homes (SKY)
Cavco Industries (CVCO)

Single Family Rental

American Homes 4 Rent (AMH)
Invitation Homes (INVH)

Consumer

Floor & Decor Holdings (FND)
RH (RH)
Wayfair (W)
Williams-Sonoma (WSM)

Disclosure

Zelman & Associates Research Disclosures as of:				July 8, 2025
Company	Ticker	Rating	Price	Disclosure
American Homes 4 Rent	AMH	Underperform	\$35.47	None
American Woodmark	AMWD	Underperform	\$55.80	1
Anywhere Real Estate	HOUS	Underperform	\$3.78	None
Armstrong World Industries	AWI	Outperform	\$166.70	None
AvalonBay Communities	AVB	Outperform	\$201.47	None
Beazer Homes	BZH	Underperform	\$23.12	1
Builders FirstSource	BLDR	Neutral	\$127.24	1
Camden Property Trust	CPT	Underperform	\$113.31	None
Carlisle Companies	CSL	Neutral	\$400.66	1
Cavco Industries	CVCO	Outperform	\$446.77	None
Century Communities	CCS	Neutral	\$58.50	1
Champion Homes	SKY	Underperform	\$65.76	None
Compass	COMP	Outperform	\$6.29	None
D.R. Horton	DHI	Neutral	\$131.37	None
Dream Finders Homes	DFH	Outperform	\$26.23	1, 2
Equity Residential	EQR	Outperform	\$66.62	None
Essex Property Trust	ESS	Neutral	\$285.98	None
Ferguson	FERG	Neutral	\$222.73	None
Five Point Holdings	FPH	Outperform	\$5.78	None
Fortune Brands Innovations	FBIN	Outperform	\$53.10	1
Hovnanian Enterprises	HOV	Underperform	\$112.57	1
Installed Building Products	IBP	Underperform	\$192.68	1
Invitation Homes	INVH	Outperform	\$32.23	None
KB Home	KBH	Underperform	\$53.24	1
Lennar	LEN	Neutral	\$110.42	1
Lowe's Companies	LOW	Neutral	\$223.67	None
M/I Homes	MHO	Neutral	\$112.63	1
Masco	MAS	Outperform	\$65.55	None
MasterBrand	MBC	Underperform	\$11.40	1
Meritage Homes	MTH	Outperform	\$69.49	1
Mid-America Apartment Communities	MAA	Underperform	\$150.26	None
Mohawk Industries	MHK	Underperform	\$109.21	None
NVR	NVR	Underperform	\$7,518.37	None
Opendoor Technologies	OPEN	Neutral	\$0.73	None
Owens Corning	OC	Underperform	\$144.70	None
PulteGroup	PHM	Outperform	\$108.88	1
RE/MAX Holdings	RMAX	Underperform	\$8.11	1
Rocket Companies	RKT	Outperform	\$13.74	None
Sherwin-Williams	SHW	Outperform	\$346.00	None
Stanley Black & Decker	SWK	Outperform	\$71.69	1
Taylor Morrison	TMHC	Outperform	\$62.56	1
The Home Depot	HD	Outperform	\$367.50	None
The Real Brokerage	REAX	Outperform	\$4.11	None
Toll Brothers	TOL	Outperform	\$117.00	1
TopBuild	BLD	Neutral	\$356.89	1
Trex	TREX	Outperform	\$58.62	None
TRI Pointe Homes	TPH	Neutral	\$32.59	None
UDR	UDR	Neutral	\$40.96	None
Zillow Group	Z	Outperform	\$72.62	1

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Disclosure

Price Charts

For charts containing rating and price target information of covered companies, please contact Zelman via phone at 212-993-5840 or mail at 27101 East Oviatt Road, Suite 14, Bay Village, OH 44140.

As of October 6, 2023, Zelmans' Ratings are defined as follows:

OUTPERFORM: The security is expected to outperform the relevant benchmark* within the next 12 months.

NEUTRAL: The security is expected to perform in line with the relevant benchmark* within the next 12 months.

UNDERPERFORM: The security is expected to underperform the relevant benchmark* within the next 12 months.

* Relevant benchmark: Ratings are based on a stock's total return relative to Zelman & Associates' industry sector universe**, which consists of all companies covered by Zelman & Associates within the relevant sector (further specified below).

Zelman Ratings System prior to October 6, 2023

BUY: The security is deemed underpriced by at least 10-15% relative to fair value.

HOLD: The security is priced within approximately 10% of fair value.

SELL: The security is deemed over-priced by at least 10-15% relative to fair value.

Industry sector weightings are distinct from Zelman & Associates' stock ratings and are based on Zelman & Associates' expectations for the fundamentals and/or valuation of the sector relative to S&P 500. An industry coverage sector consists of all companies covered by Zelman within the relevant sector.

OVERWEIGHT: Zelman & Associates' expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.

MARKET WEIGHT: Zelman & Associates' expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

UNDERWEIGHT: Zelman & Associates' expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months

Zelman Distribution of Investment Ratings as of 06/30/2025:

OUTPERFORM/BUY: (40.7%; 4.5% Investment Banking Clients)

NEUTRAL/HOLD: (31.5%; 0.0% Investment Banking Clients)

UNDERPERFORM/SELL: (27.8%; 0.0% Investment Banking Clients)

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Disclosure

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