

HOUSING MACRO FORECAST 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



HOMECENTERS



BUILDING PRODUCTS



MORTGAGE & REAL ESTATE SERVICES



MANUFACTURED HOUSING



APARTMENTS



SINGLE-FAMILY REITS



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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.



Agenda

Mortgage and Existing Home Forecasts

Homebuilding Forecasts

Manufactured Housing Forecasts

Single-Family Rental Forecasts

Multifamily Rental Forecasts

Homecenters and Consumer Forecasts

Building Products Forecasts

Zelman & Associates' Macro Forecasts

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

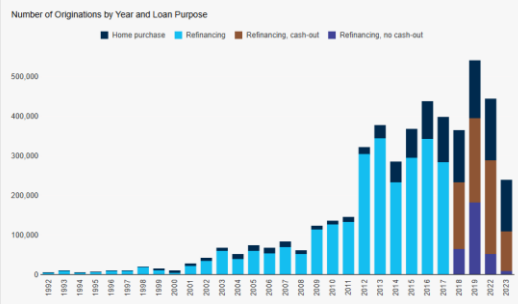


Public Homebuilder Community Exposure by Metro Market

% 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 Mar...	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%	





MACRO MORTGAGE FINANCE AND EXISTING HOME FOR-SALE FORECASTS

Key Sector Views, Themes and Topics

- Mortgage Rates Relatively Stable YTD, But Higher For Longer Continuing
- An Elongated Trough in Existing Home Sales / Purchase Originations
- Expecting Resale Home Prices to Follow New Home Prices Lower
- Relative Stock Preferences for Secular Growers

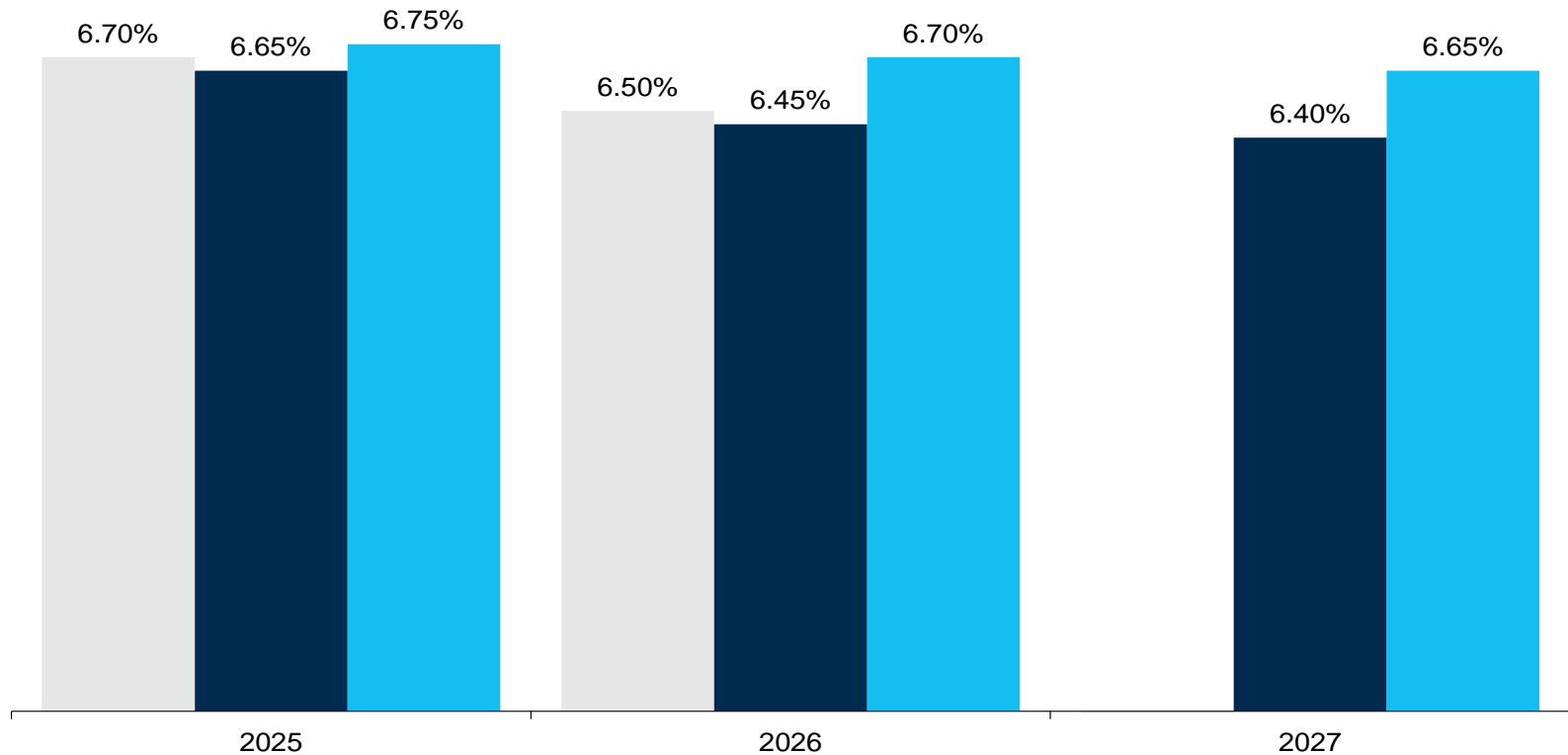
Mortgage Rate Trajectory ‘Higher for Longer’

Projected Annual Average 30-Year Fixed Mortgage Rate Based on Implied Forward Yield Curve

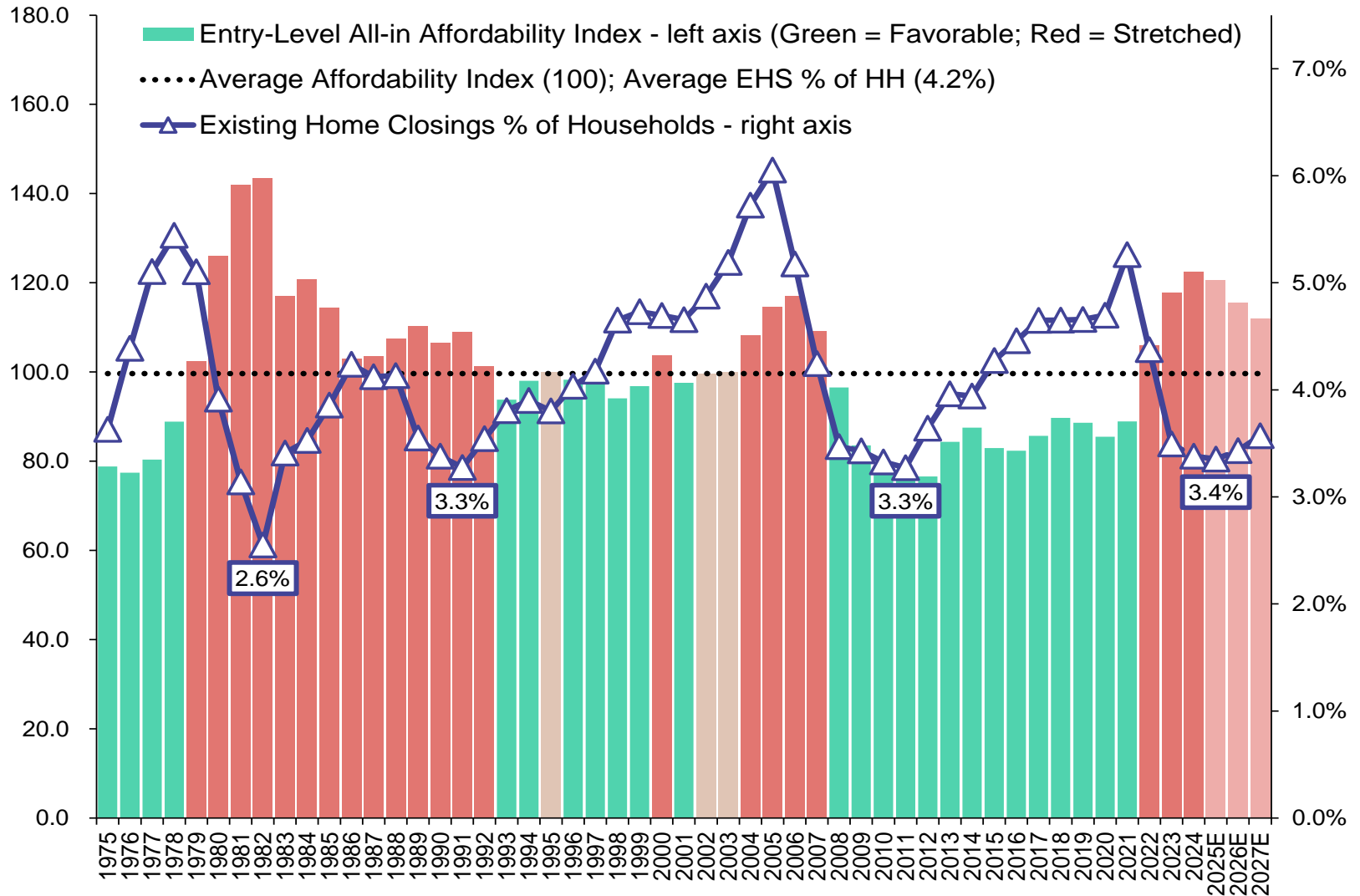
■ As of Dec-24

■ As of Mar-25

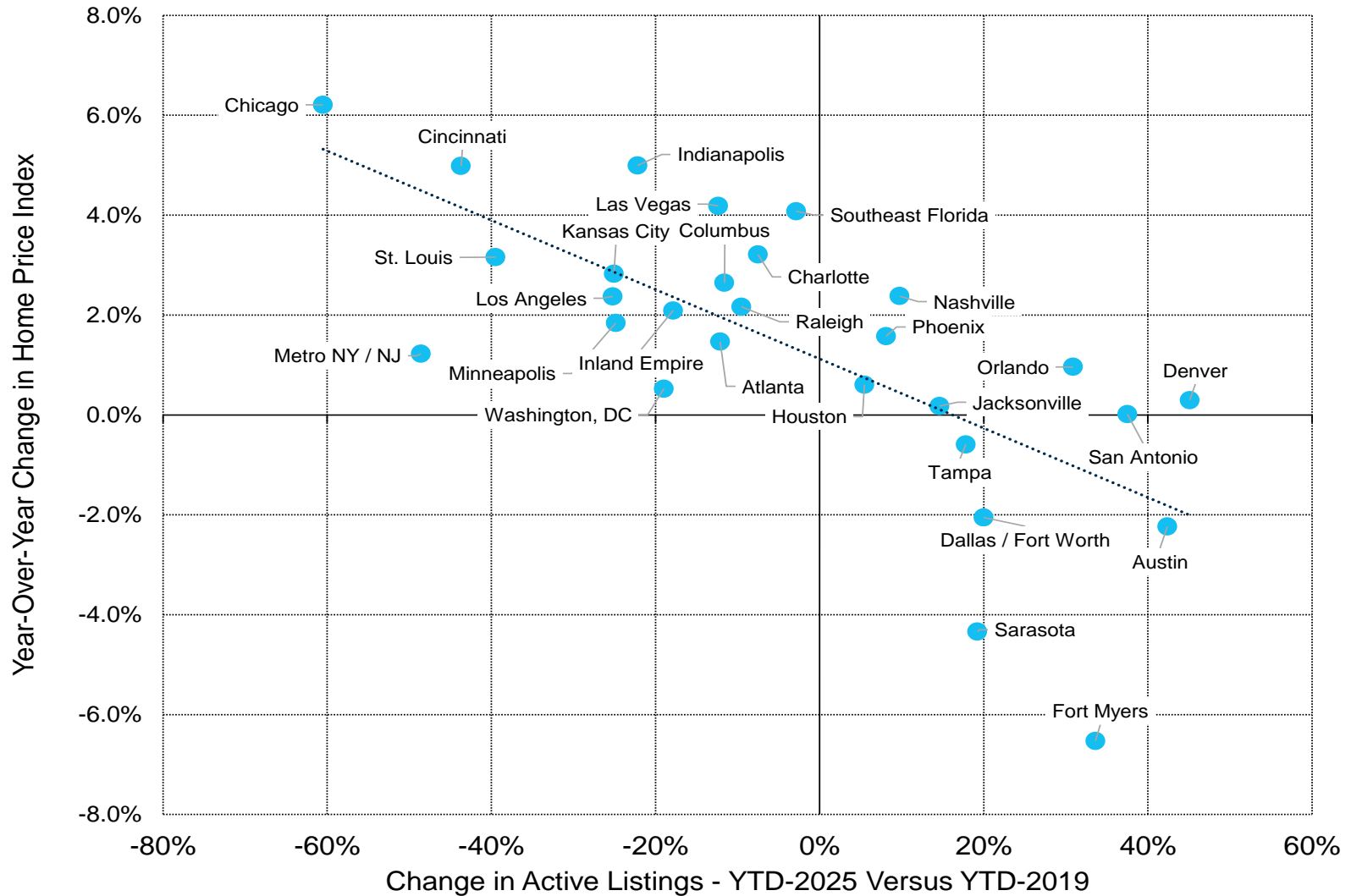
■ As of Jun-25



EHS Turnover Remaining Near Recessionary Lows



As Inventory Continues to Grow, Expecting Prices to Tilt Lower



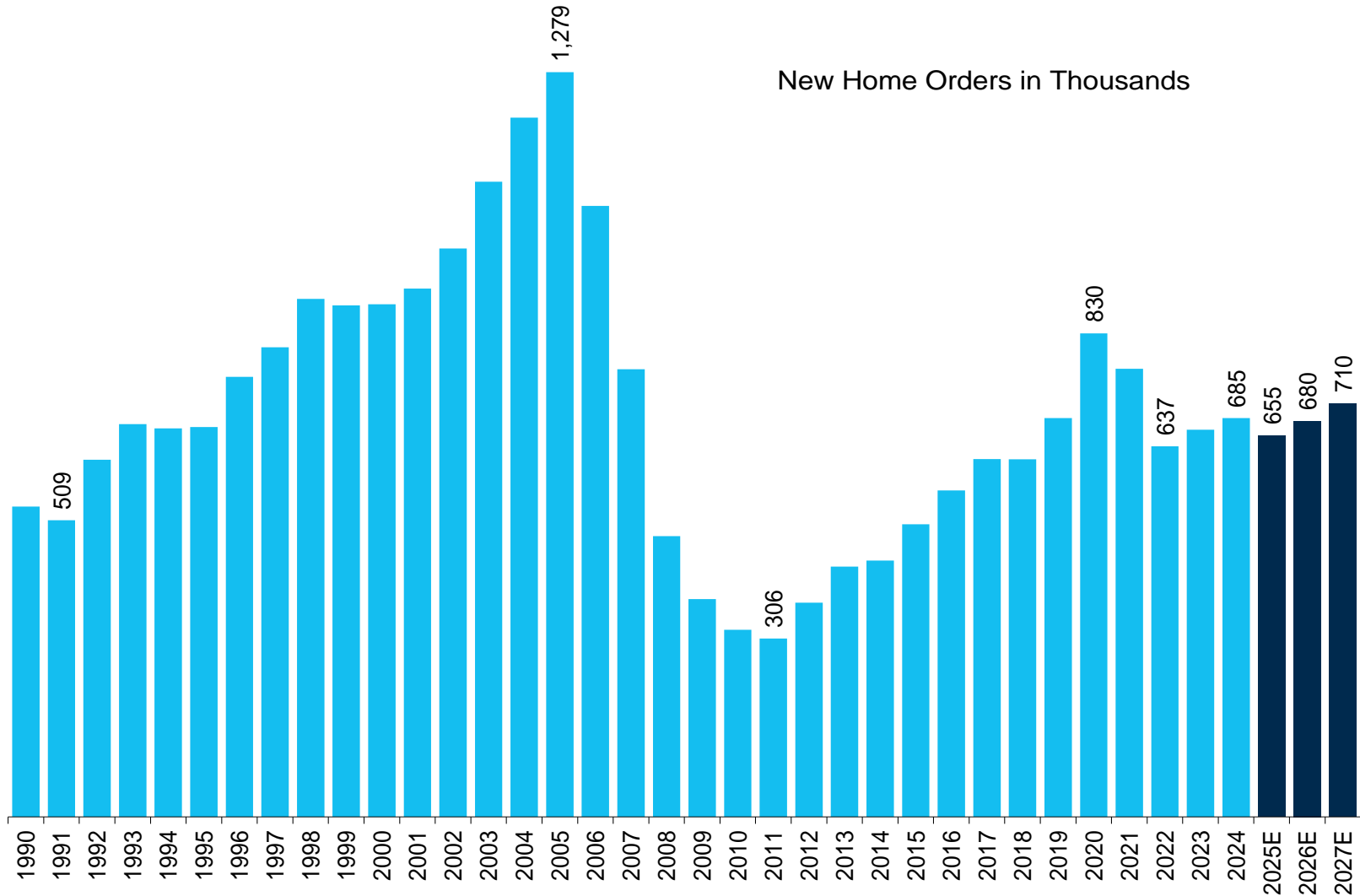


MACRO HOMEBUILDING FORECASTS

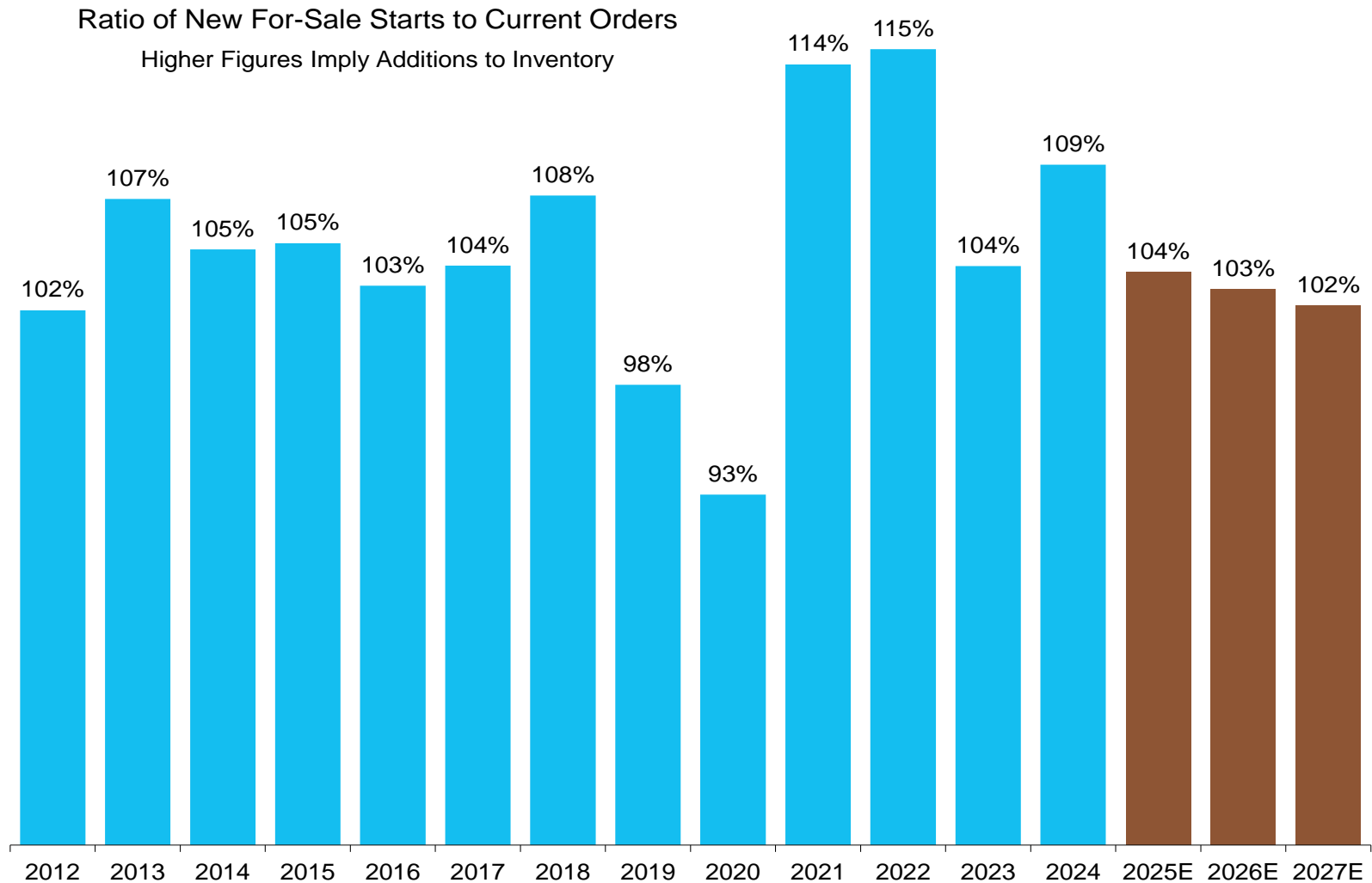
Key Sector Views, Themes and Topics

- Tough Spring and Macro Uncertainty Drives New Home Sales Outlook Lower
- While Still Elevated, Starts Pulling Back on Lower Homebuilder Confidence
- Unlike Wine, Inventory Doesn't Get Better With Age; Expect More Builders to Push Pace Over Price if Tough Times Persist
- Pricing Now Expected to Remain Under Pressure Through 2026

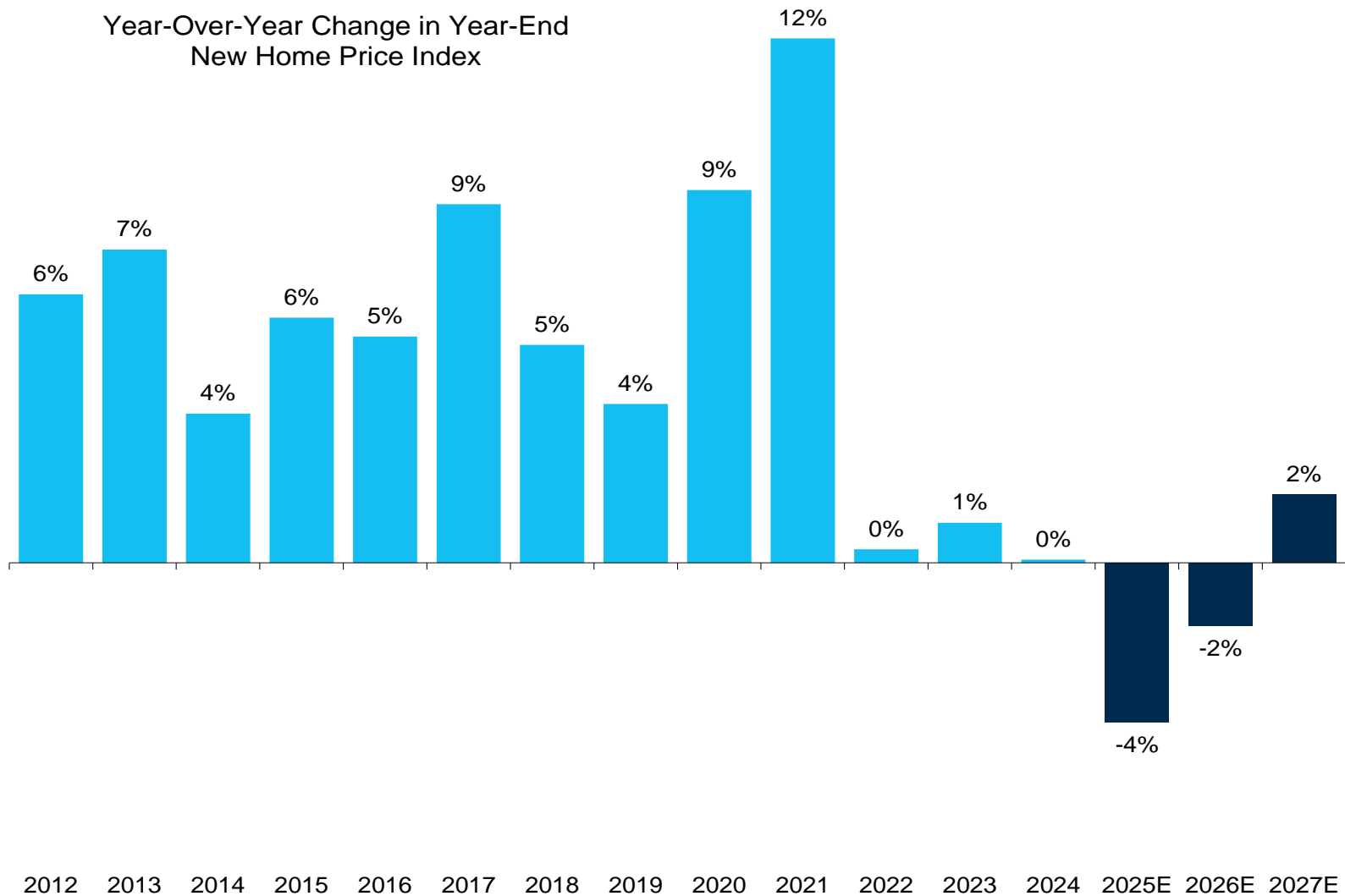
Reducing 2025-27 New Home Sales Estimate by 6%



Builders Finally Beginning to Dial Back Pace of Spec Starts



Price to Remain Under Pressure Until Absorptions Stabilize



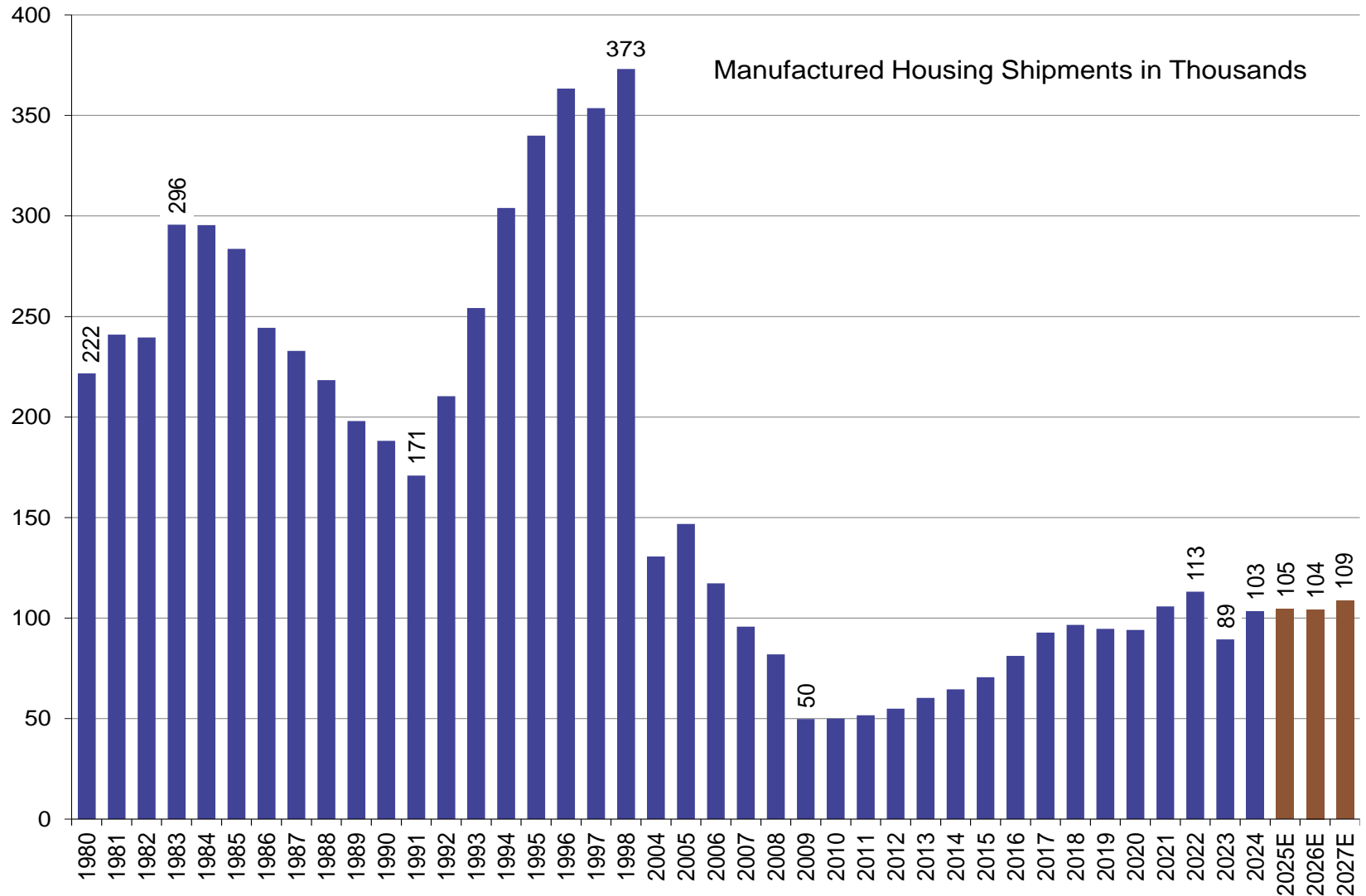


MACRO MANUFACTURED HOUSING FORECASTS

Manufactured Housing Key Takeaways

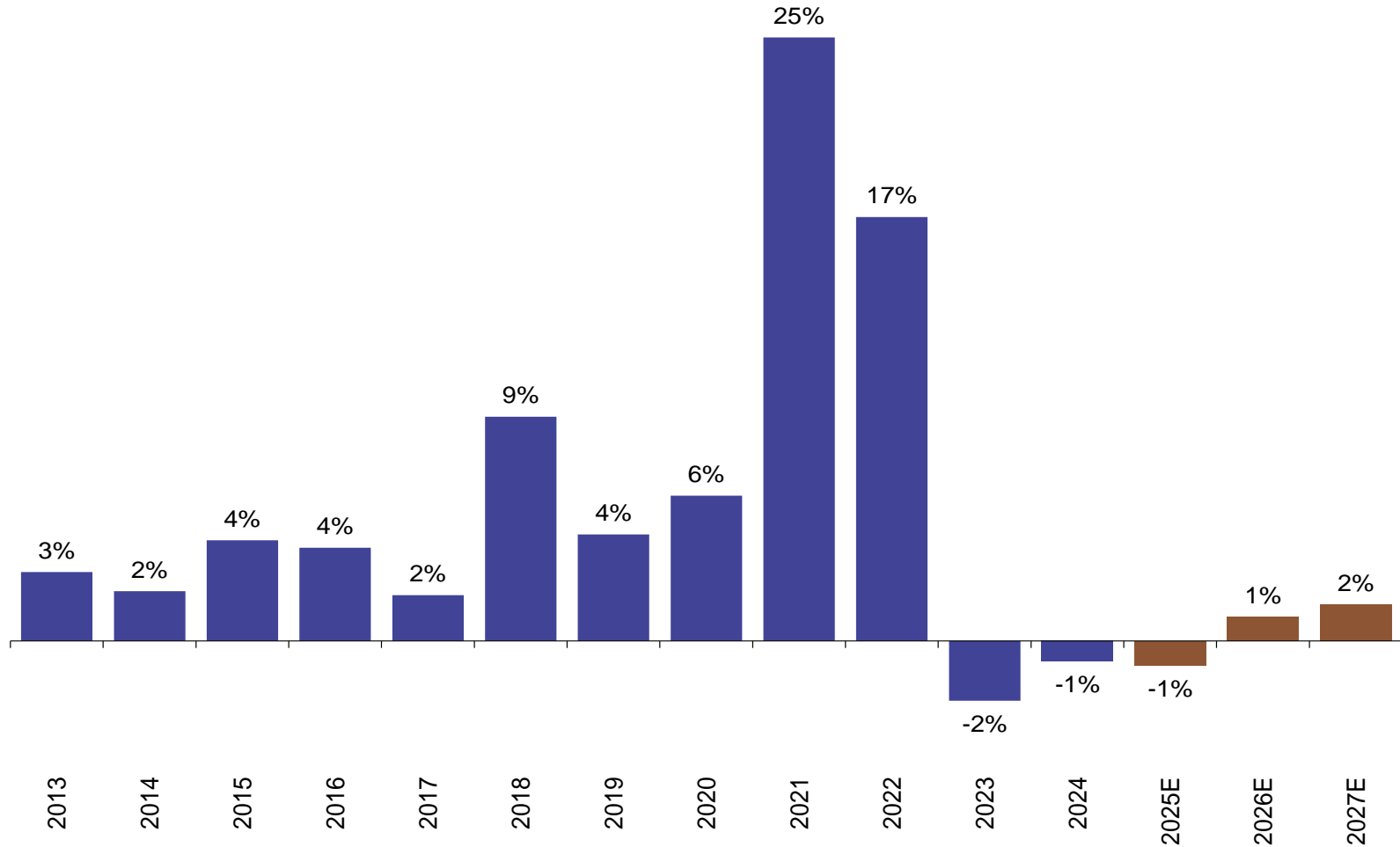
- Reducing 2025-27 Volume Forecasts by 6% in Aggregate
- Now Expecting 2026 Shipments to Pull Back Fractionally Year Over Year
- Forecast ASP to Decline 1% in 2025, Modest Increases in 2026-27

Expecting Relatively Stable Volume Until Reacceleration in '27



Forecasting Another Year of Price Declines in 2025

Year-Over-Year Change in Manufactured Housing Prices



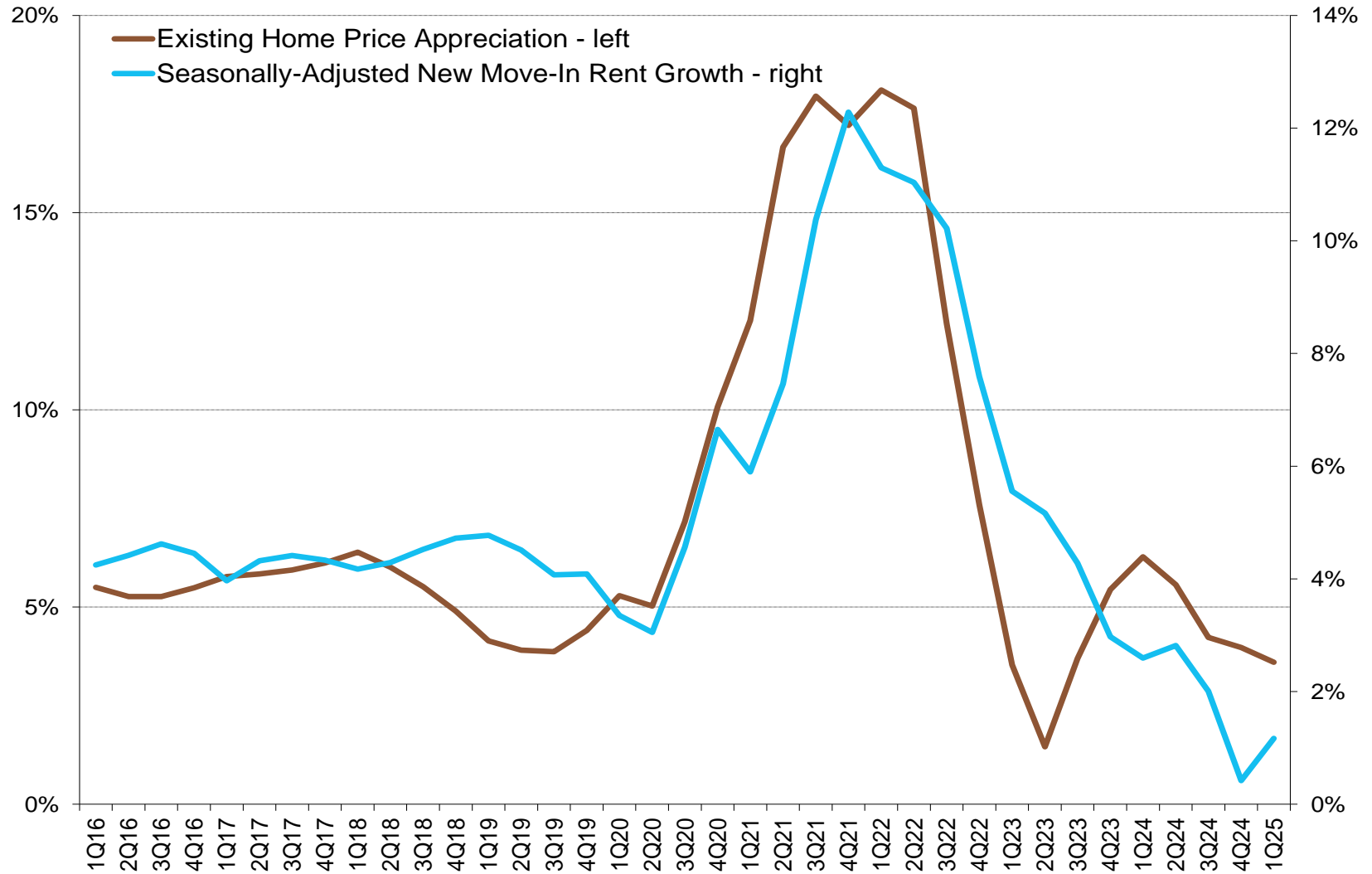


MACRO SINGLE-FAMILY RENTAL FORECASTS

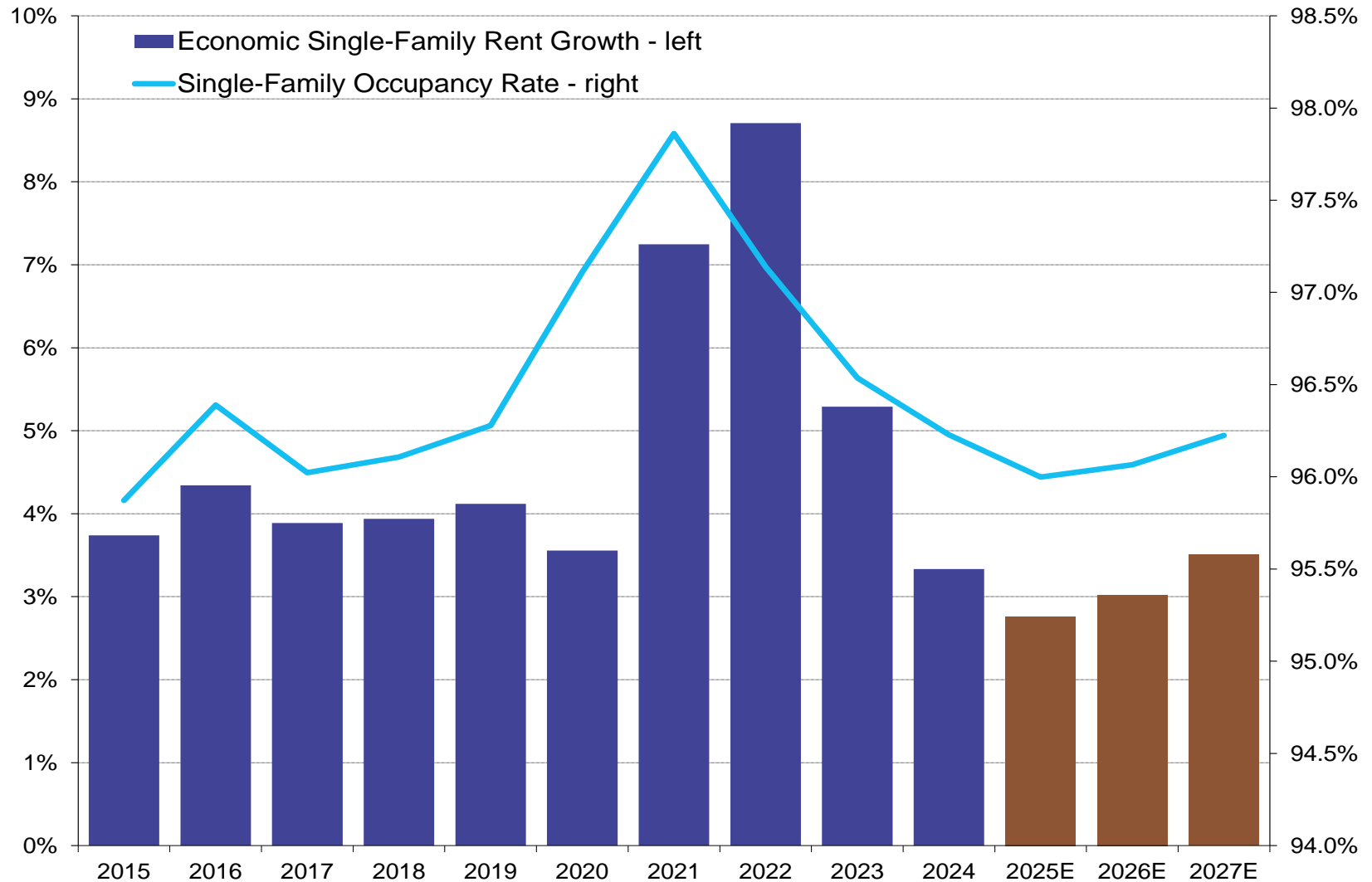
Single-Family Rental Housing Key Takeaways

- Occupancy Stronger Than Expected Year to Date
- New Move-In Rent Growth Highly Correlated to Wages, Existing Home Pricing
- Lowering 2025-27 Blended Rent Growth Forecasts
- Encouragingly, Affordability Normalizing Back Toward Pre-COVID Averages

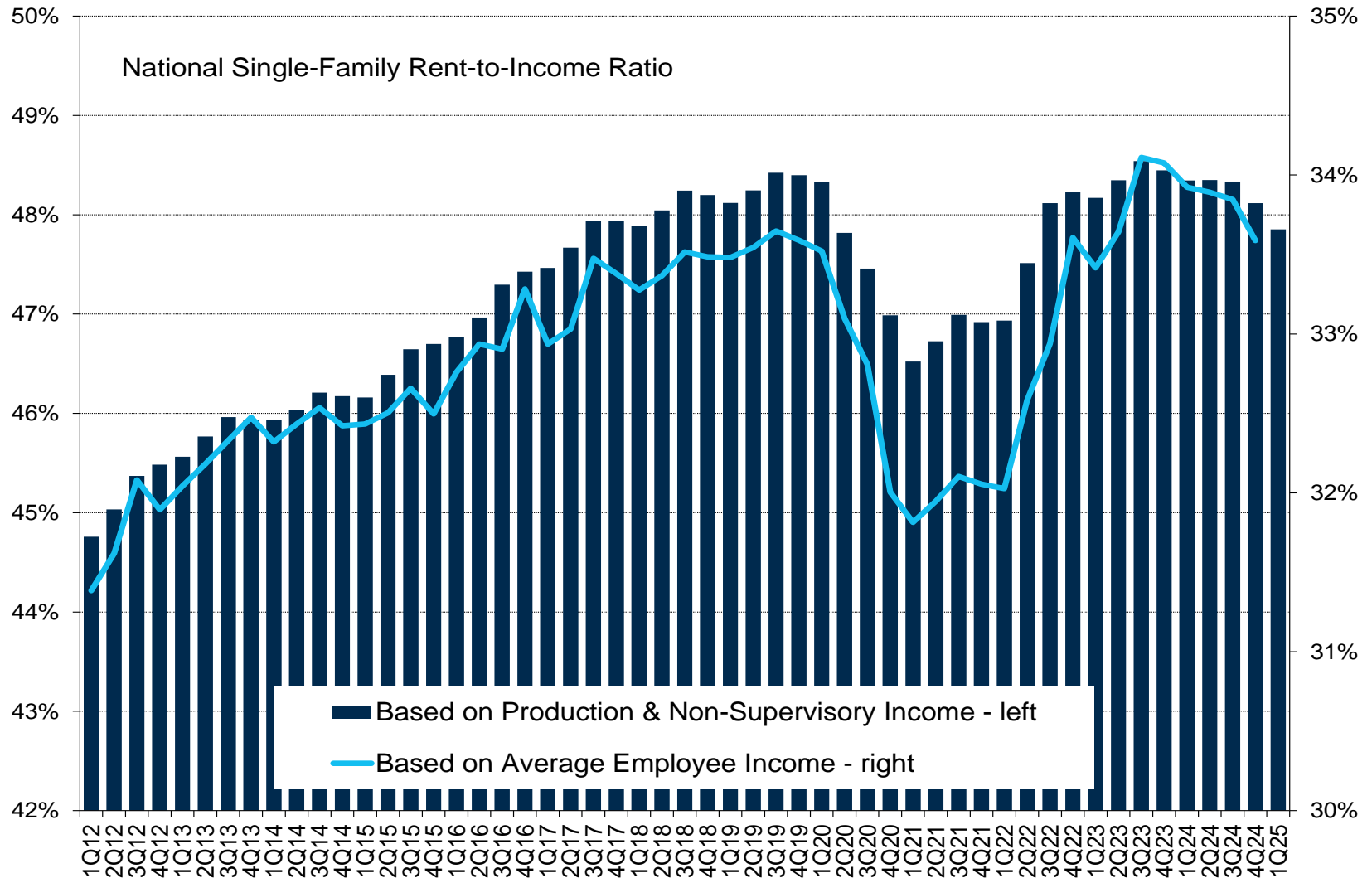
Macro Uncertainty Impacting For-Sale, Rent Markets Alike



Expecting Fundamentals to Improve in 2026



Affordability Slowly Rebalancing



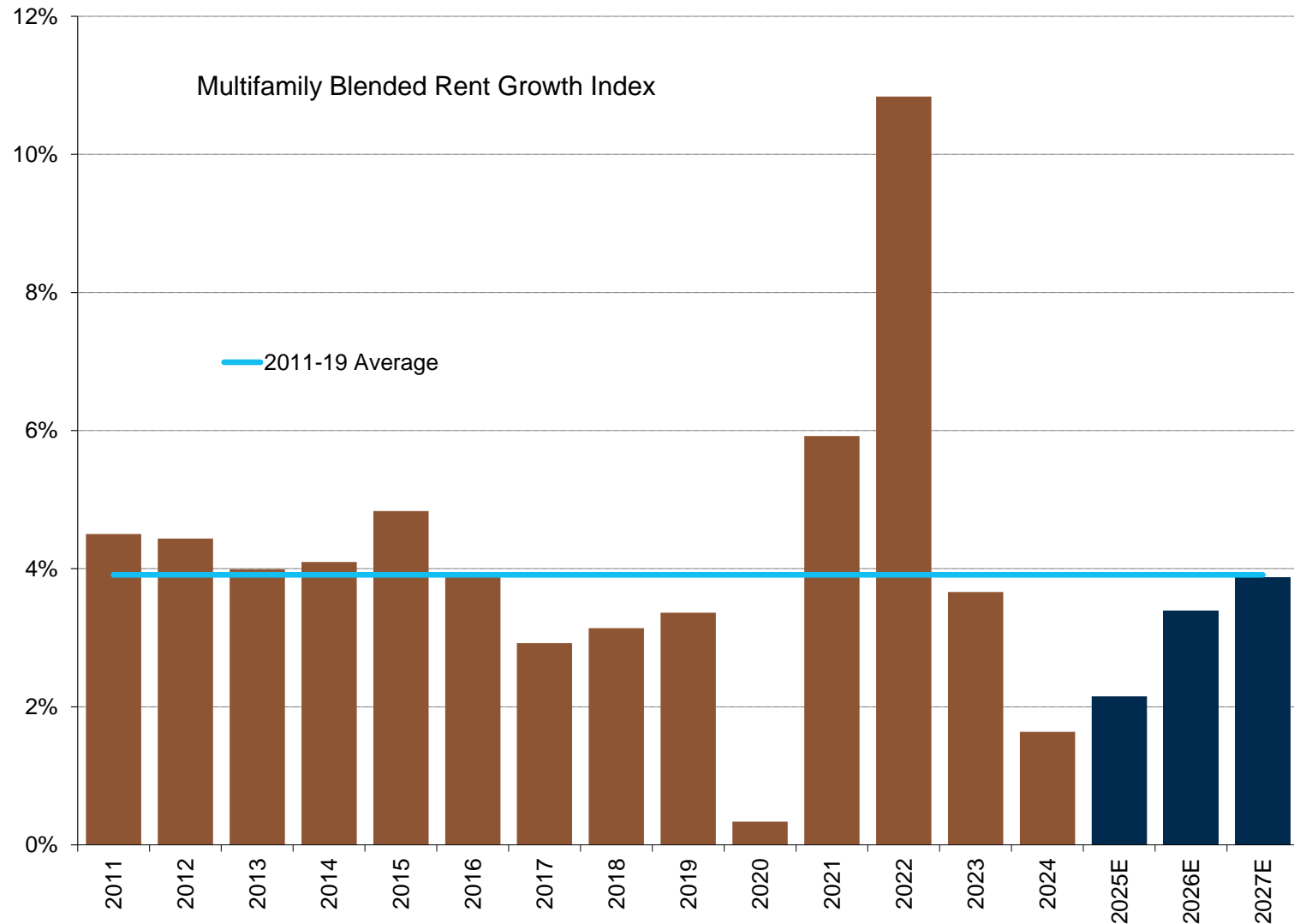


MACRO MULTIFAMILY FORECASTS

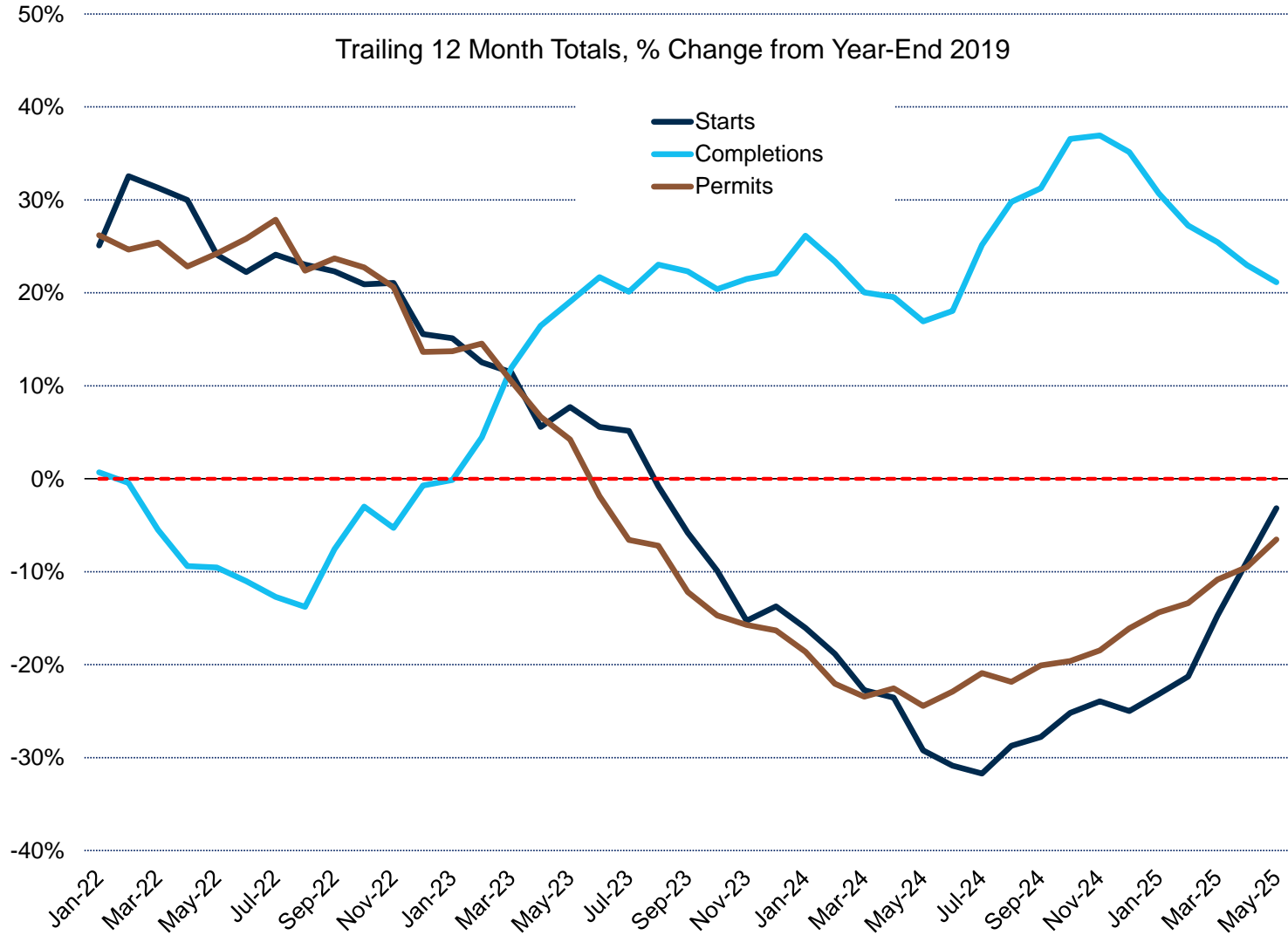
Multifamily Housing Key Takeaways

- Multifamily Benefitting from Other Sector Headwinds
- Rent Growth Still Challenged by Elevated Supply...
- But Headed Back Toward Long-Term Average
- Occupancy and Demand Strong
- Developers Enticed by Rent Growth, Slowing Completions
- Completions Easing, Still Expected to be Above Trend

2025 Apartment Rent Forecast Moving Down Slightly



Permits, Starts Nearing 2019 Levels, Completions Still Above



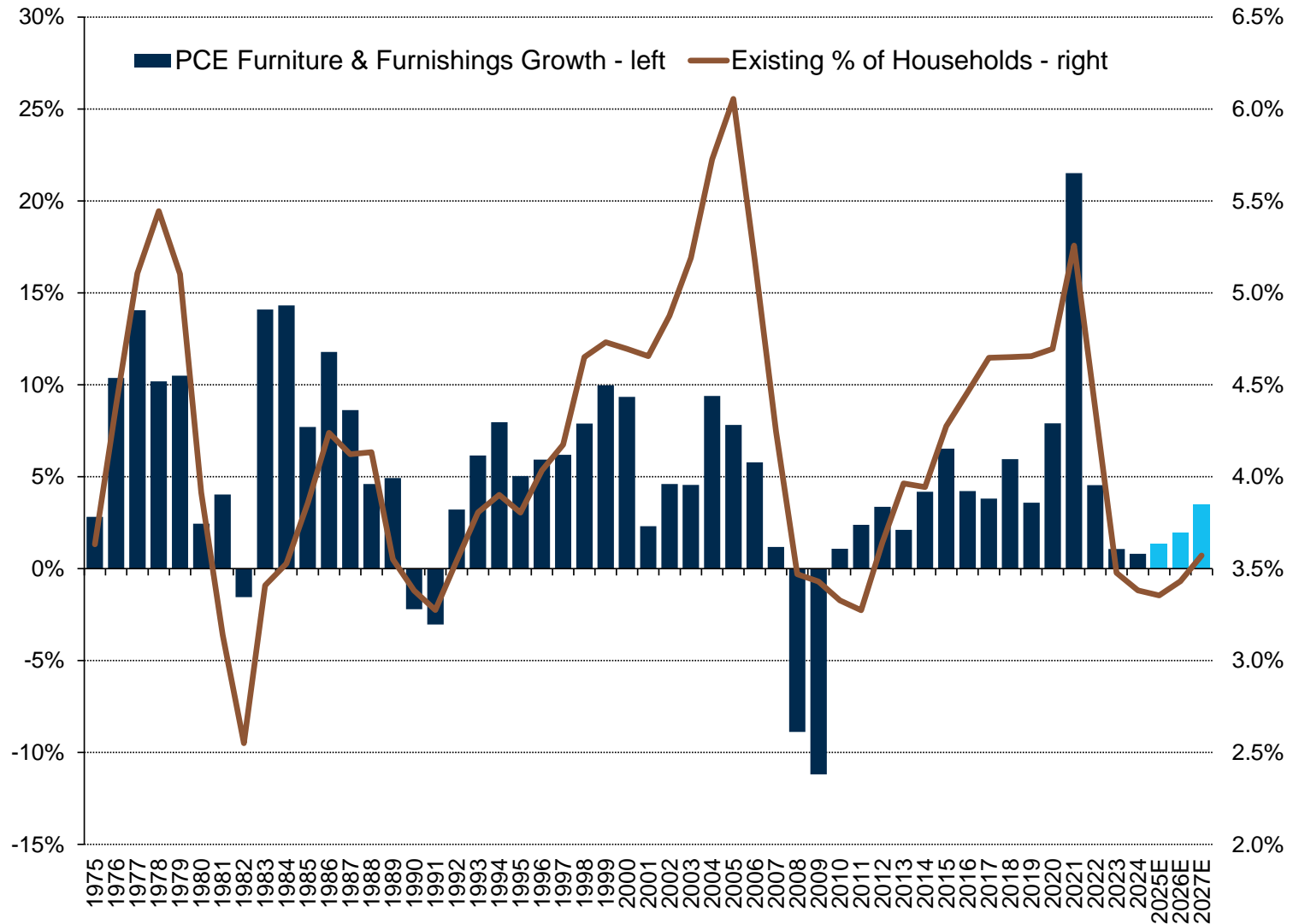


MACRO HOMECENTERS & CONSUMER FORECASTS

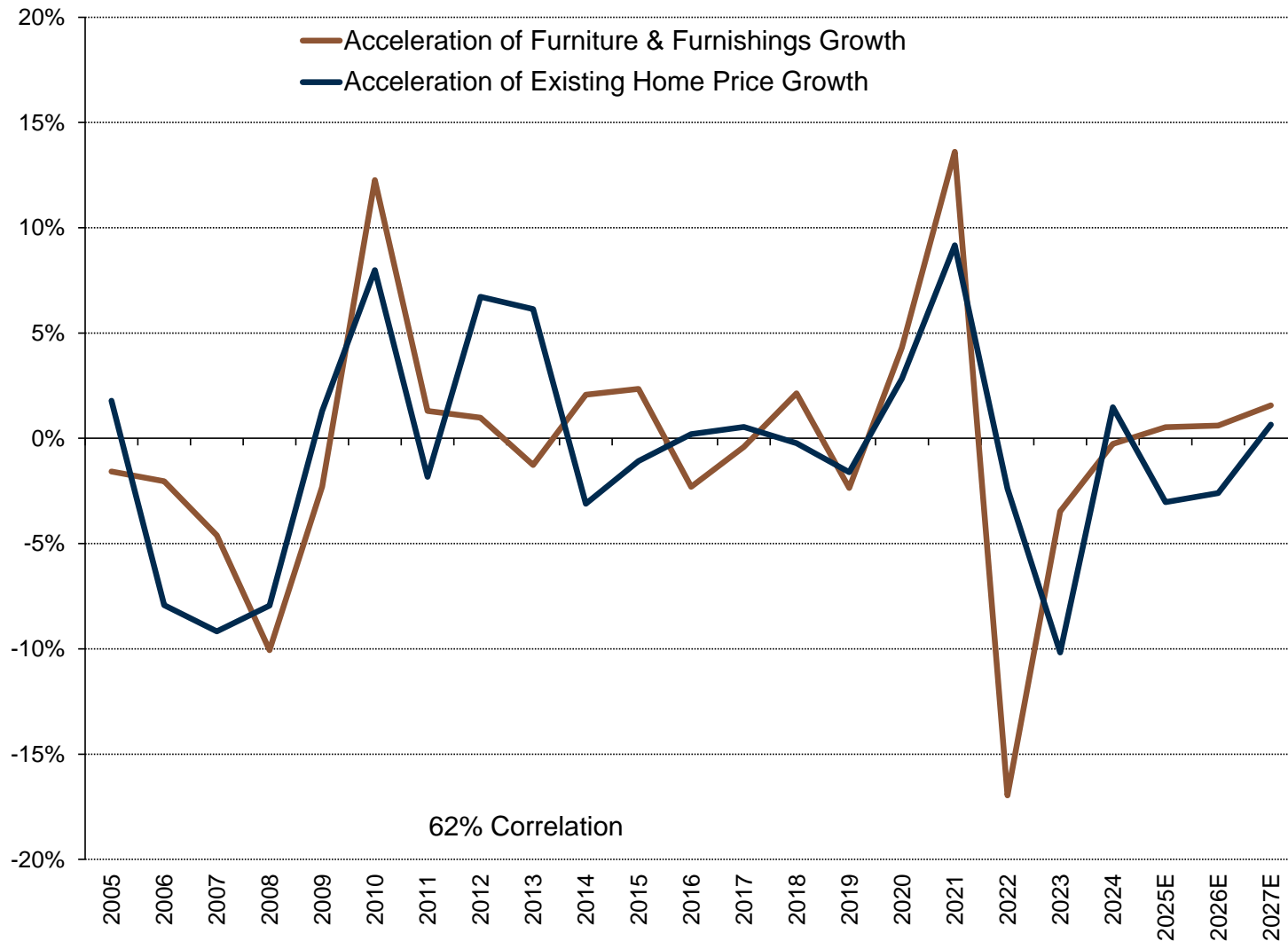
Homecenters & Consumer Key Takeaways

- Slower Recovery in EHS to Elongate Home Improvement and Furniture Recovery
- Decelerating or Negative HPA Growth Not Ideal to Home Improvement and Furniture Growth
- Consumer Confidence Recovering but Still Below Late Last Year
- Share of Wallet Loss to Continue through 2027
- Expect Low-Single Digit Average Growth Over Next Three Years

Housing Turnover at Near-Recessionary Lows for Longer



Home Price Growth Deceleration in 2026-27 Not Ideal



The background is a dark blue gradient with a faint, high-resolution image of various construction tools and materials. On the left, a pair of pliers is visible. In the center and right, there are images of rebar, a hammer, and other construction components. The overall aesthetic is professional and industrial.

BUILDING PRODUCTS OUTLOOK

Building Products Key Takeaways

Residential Markets Still Sluggish in 2025-26

- New residential: low-to-mid single digit decline in 2025, flat in 2026
- Home improvement: flattish in 2025, low-single digit growth in 2026-27

Non-Residential Markets Resilient

- For the last few quarters, supplier non-residential revenue growth has come in better than expected. We expect flattish trends in 2025, followed by modest growth in 2026-27.

Price/Mix Improving, Though Homebuilders Pushing Back

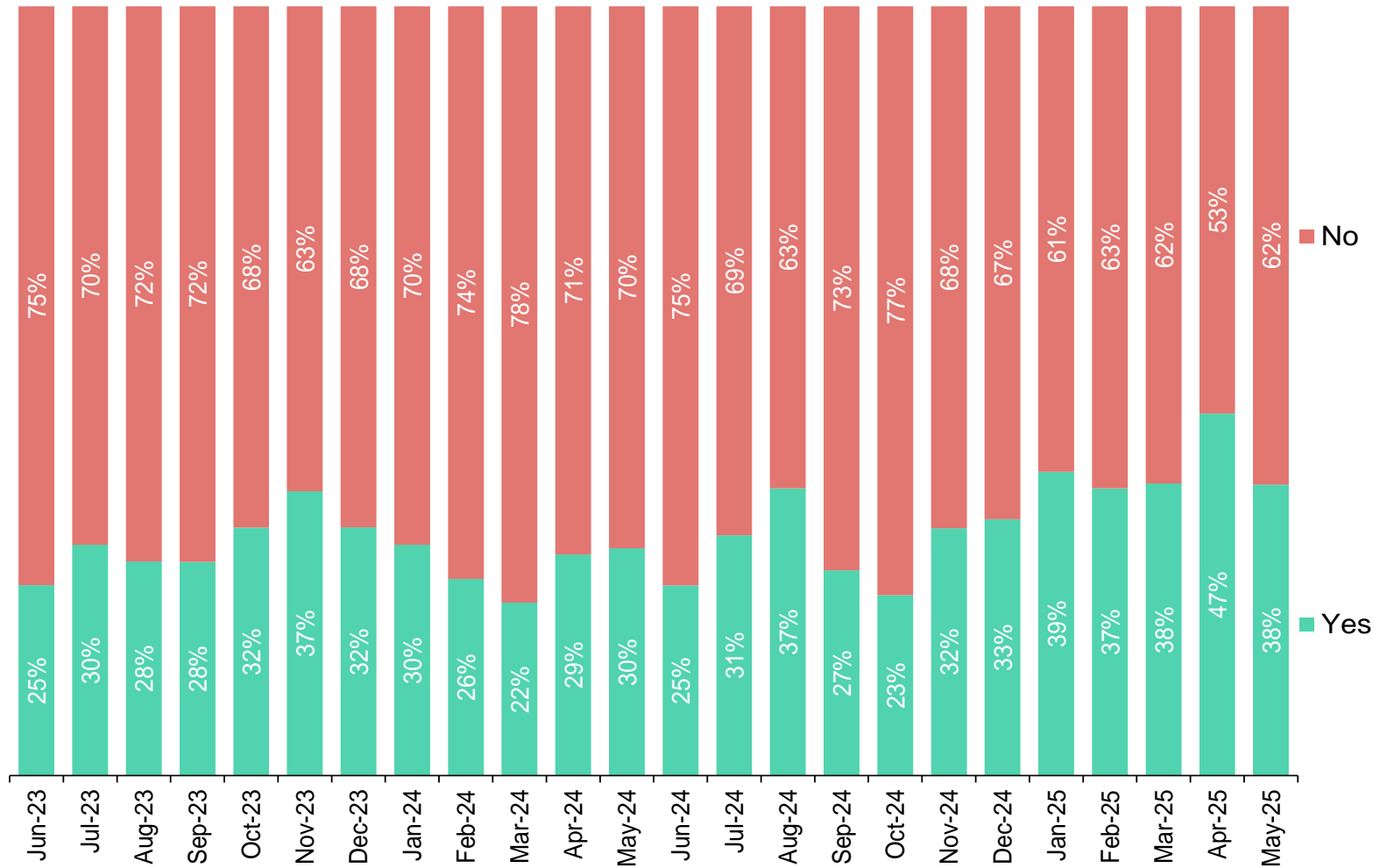
- Given stable-to-up input costs and incremental tariffs, we continue to expect pricing to increase in 2025-26, though the magnitude may lag cost inflation

Margin Pressure Likely to Continue

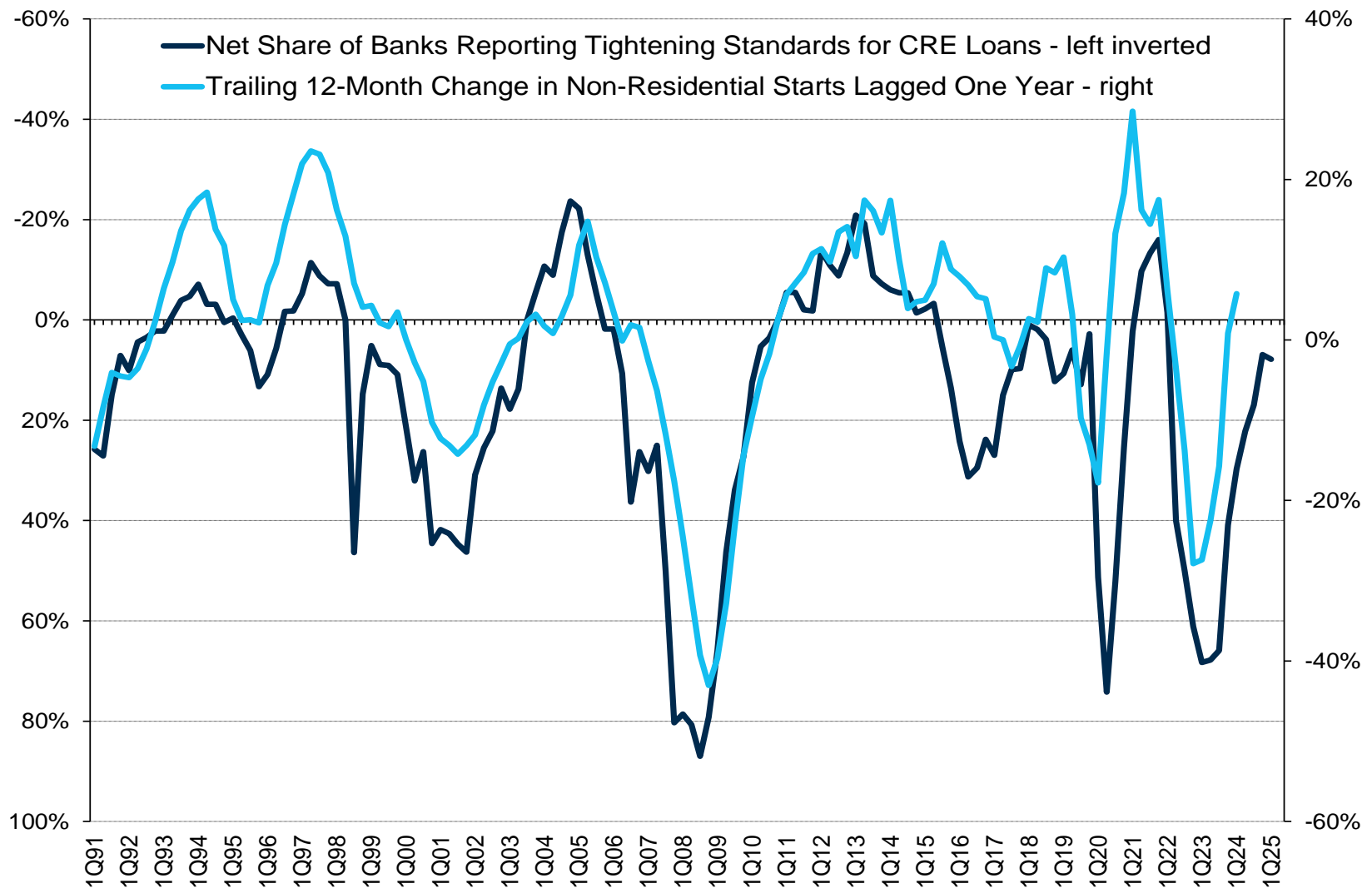
- Narrowing price/cost tailwinds, volume deleverage, and labor inflation have pressured margins year to date, which is limiting earnings growth for the sector in 2025 and potentially 2026.

Price Concessions to Homebuilders Have Moved Higher

Contacts' Price Concessions to Homebuilders



Looser Lending Standards to Aid Non-Residential Starts





ZELMAN MACRO FORECASTS

Summary of Select Macro Housing Forecasts

	2020	2021	2022	2023	2024	2025E	2026E
30-Year Fixed Mortgage Rate	3.11%	2.96%	5.33%	6.80%	6.73%	6.65%	6.45%
Housing CPI Inflation	2.9%	2.5%	5.8%	7.6%	5.4%	3.9%	2.8%
Existing Home Closings Growth	4%	14%	-16%	-20%	-2%	5%	9%
Production New Home Orders	831	770	637	666	684	685	715
Single-Family Starts	989	1,126	1,005	947	1,012	1,000	1,025
Single-Family Completions	911	970	1,021	1,000	1,019	1,065	1,045
Multifamily Rental Revenue Growth	-0.1%	7.0%	10.5%	2.6%	1.5%	2.6%	3.6%
Single-Family Rental Revenue Growth	4.4%	8.1%	7.9%	4.7%	3.0%	2.6%	3.3%
Existing Home Price Appreciation	10.7%	17.3%	6.0%	5.8%	4.2%	2.9%	3.3%
New Home Price Appreciation	8.9%	12.5%	0.3%	1.0%	0.1%	-1.6%	0.2%
Building Products Revenue Growth	2.2%	14.2%	10.1%	-3.2%	0.0%	-0.5%	2.2%
Purchase Mortgage Dollar Origination Growth	19%	25%	-15%	-23%	3%	9%	13%
Refinance Mortgage Dollar Origination Growth	152%	-3%	-74%	-71%	67%	10%	29%

Note: Estimates published between March 27th and March 31st, 2025


Always Have Our Forecasts and Data at Your Fingertips

[My Dashboard](#) [Sector Overviews ▾](#) [Research Library](#) [My Saved Charts](#)

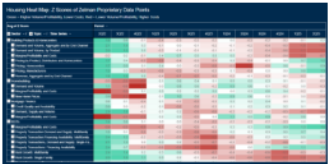
MY SAVED CHARTS

View all

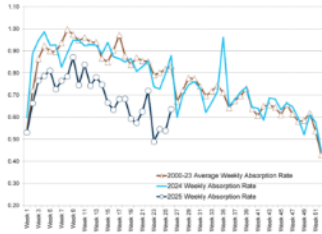
Add Chart



Summary of Macro Homebuilding Forecasts



Building Product & Homecenters Z Scores



Absorptions Jump Higher, but Well Below Typical Seasonality

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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

1. In the past 12 months, Zelman & Associates, LLC, its partners, affiliates, officers or directors, or any analyst involved in the preparation of this report has received compensation for products or services other than investment banking services from the subject company.
2. Zelman Partners LLC, an affiliate of Zelman & Associates LLC, has acted as a lead or co-manager of an offering of securities of the subject company, expects to receive or intends to seek compensation for investment banking services from the subject company within the next three months, and has had the subject company as an investment banking client within the past 12 months.
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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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