



Building Products M&A Market Finds its Footing

The building products industry gathered at well attended conferences in early 2024. The National Association of Home Builders International Builders' Show (IBS) and Kitchen and Bath Show (KBIS) attracted its largest crowd in 15 years, reflecting a growing sense of optimism within the sector. Beyond the volume of attendees at conferences this year, several key takeaways point toward a maturing and evolving market:

Focus on Efficiency

Builders are actively seeking solutions to navigate labor shortages and higher material costs. Turnkey installation services and prefabricated construction methods were a major theme, highlighting a desire for streamlined processes.

Start of an M&A Recovery

Strategic players remain hungry for M&A opportunities to find additional growth avenues. Private equity firms are seeing an increase in the pace of transactions going to market and are

beginning to see a return of sponsor-to-sponsor activity.

Material Conversion

Businesses that are building platforms that embrace material conversion can differentiate themselves and achieve high growth by disrupting categories with traditional materials.

Residential and New Construction Services

As manufacturing and distribution channels continue to consolidate, many financial sponsors and strategic buyers are looking to residential and new construction services businesses as the next wave of consolidation.

Lincoln International co-hosted an event with Zonda (a national housing data platform) at IBS that attracted over 150 strategic and financial investors – a record-breaking turnout. This robust participation underscores the significant interest in the building products M&A landscape.

(continued on next page)

Window of Emerging Opportunity

The tide is turning in building products M&A in 2024, offering investors attractive end market dynamics after 18+ months of uncertainty (2H 2022 – 2023). Though the adjustment to higher interest rates has taken time, the industry has found its footing as the calendar turns to a new year. While there are differing growth rates depending on the market, certain product categories are demonstrating more resilience than others. The potential for the Federal Reserve to lower rates in 2024 could boost residential construction, and fuel M&A activity in the building products space.

Strategic and financial buyers will be well positioned to exploit these end-market trends to identify M&A opportunities.

Low Inventory	Aging Demographics	Mortgage Rates
The magnitude of housing undersupply is debated, but most forecasters believe the national housing deficit is at least 1.5 million units, setting the stage for sustained longer-term new construction growth.	Millennials, a large and growing demographic segment, are entering prime homeownership years, driving demand for new housing units.	While interest rates have fluctuated, historically low long-term averages suggest rates may stabilize and potentially even decrease in the future, making homeownership more accessible.

Despite a near-record level of ‘work in progress’ entering 2023, multi-family starts still grew 7% higher in 2024, reaching approximately 1 million units underway. The short-term slowdown in new starts reflects the absorption of existing projects. In the long term, the multi-family sector is expected to benefit from continued urbanization trends and a growing rental market.

Buyers that are comfortable underwriting new construction opportunities will find ample opportunities across manufacturing, distribution and residential services to deploy capital.



The tide is turning in building products M&A in 2024, offering investors attractive end market dynamics after 18+ months of uncertainty (2H 2022 – 2023).

(continued on next page)

A Time for M&A

This period of transition presents a unique opportunity for M&A activity. We have observed strategic acquisitions by companies expanding into new product categories and geographies in their search for growth. Private equity firms with significant committed funds are also ready to invest. Sellers should be prepared for a potentially crowded M&A landscape later in the year, which could be exacerbated by lower interest rates. Early preparation, including financial housekeeping and due diligence, will be crucial for capitalizing on the uptick in M&A activity.

If you are a strategic or financial investor interested in exploring M&A opportunities in the building products sector, please contact the Lincoln building products team below to discuss your specific goals and how we can assist you in achieving them.

For other perspectives, visit us at www.lincolnternational.com/perspectives.

Get to know Lincoln's Global Mergers & Acquisitions Group at www.lincolnternational.com/services/ma/.