

Event Recap: 2024 International Builders Show

Las Vegas, NV | March 2024

Key 2024 IBS Takeaways

- The 2024 IBS drew record numbers as over 76,000 attendees and 1,800 exhibitors packed the Las Vegas Conference Center and delivered a resounding endorsement of **expectations for increasing tailwinds across the residential and light commercial end markets for both new construction and repair/remodel.**
- Multiple factors, including the overall housing shortage, a historic dip in existing home sales, and affordability challenges continue to create a notable imbalance in the market, driving **record levels of pent-up demand.** As some or all of these factors begin to ease, experts believe they will support meaningful, long-term tailwinds across a variety of end markets.
- **Contractors and home builders are already signaling a meaningful increase in activity** as the year progresses, expecting a ramp in land acquisition and construction activity.
- New home sizes are decreasing to combat affordability challenges. However, **labor shortages remain top of mind and continue to drive increased costs** for new construction.
- While **inflation worries have somewhat subsided** early in 2024, they remain top of mind. **Other potential headwinds, such as increasing environmental regulation and local land use decisions,** are generating rising levels of concern for industry professionals.
- The recent announcement by the Biden administration signals a growing recognition that **the current standstill in the market is unsustainable and, if improvement is slow to materialize, may require government action to resolve.**



The 2024 IBS exhibitor show floor covered over 600,000 sqft. at the LVCC

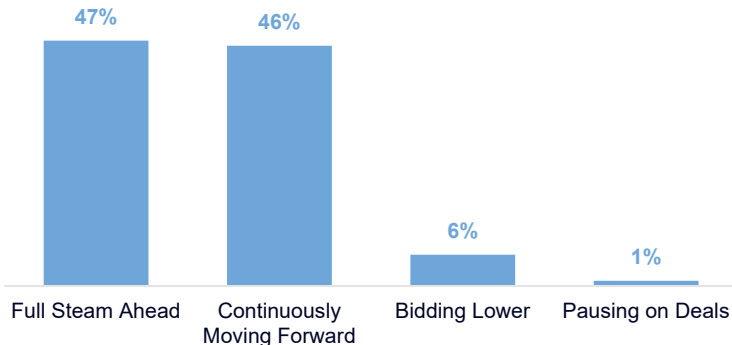


New Construction Takeaways

- Recent surveys and market indicators point to a **meaningful ramp in both land development and housing starts**.
 - ~50% of builders are planning on being aggressive in their land acquisition strategy, compared to less than 5% 18 months ago.
 - ~80% of builders anticipate more housing starts in their business than last year. While estimates for the total quantum of housing needed vary, the need for stimulating housing construction is clear.
- The recent dip in the new home lot supply index, after a period of rapid growth, indicates new construction is ticking back up which will require additional land development.
- As a result, after consecutive declines in single family starts in '22 and '23, the **National Association of Home Builders expects new construction activity to grow through 2027**.

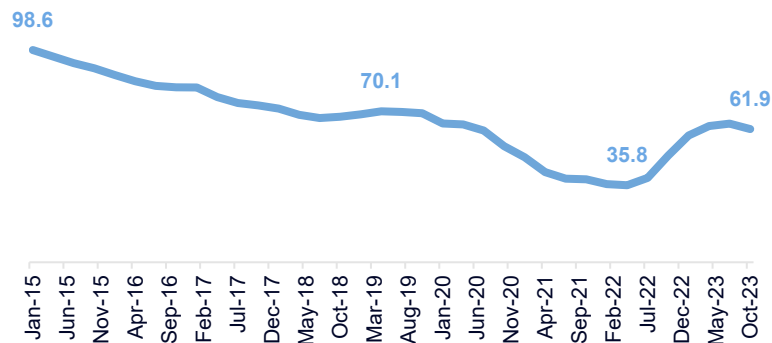
2024 Land Acquisition Strategy Survey¹

% of Respondents



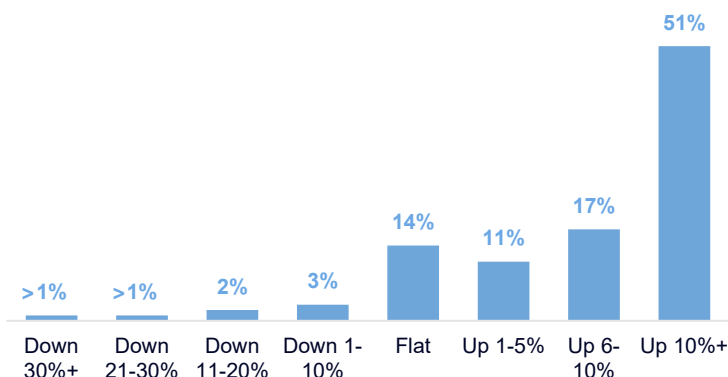
New Home Lot Supply Index²

Index Value



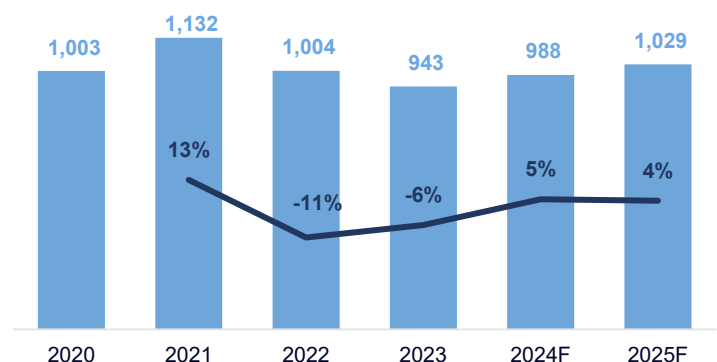
Anticipated Housing Starts Survey³

% of Respondents



Single-Family Housing Starts⁴

Thousands of Units



1) Zonda Survey
2) Zonda New Home LSI

3) Zonda Survey
4) US Census Bureau

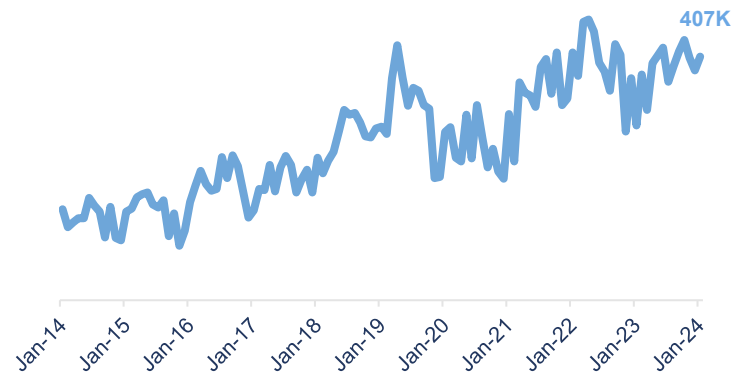


Additional Thoughts

- On the construction services side, labor shortages persist and continue near all time highs as measured by open construction positions. There were ~407,000 open positions in January 2024, and the Home Builders Institute estimates that ~740,000 new construction workers need to be hired per year to keep up with the housing shortage.
- In addition, while inflation concerns have eased, all other builder concerns grew in mind share. 47% of builders mentioned environmental regulations, up from 41% in 2022, while 37% highlighted local land use decisions.
- Given the growing pressure, the Biden administration announced housing affordability is moving to the top of its agenda, outlining plans that aim to construct two million additional homes and increase affordability for both renters and homeowners. However, passing these measures through congress will be challenging at best.
- Specific legislative items include a new \$10,000 tax credit for first-time home buyers, strengthening the Low-Income Housing Tax Credit, and up to \$25,000 in down payment assistance to first-generation home buyers.
- Not surprisingly, given these challenges and concerns over environmental regulations, sustainable/energy efficient and productivity-oriented building products garnered significant attention at the show. Categories such as insulation and heat conductivity were of particular interest.

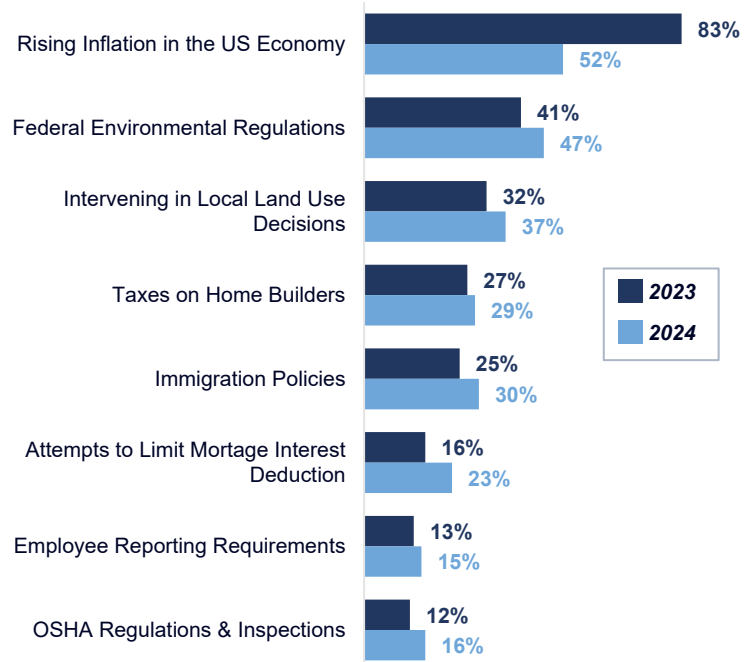
Construction Job Openings¹

Thousands of Openings



2024 Problems Faced Survey²

% of Respondents



Selected Innovative Brands



1) Bureau of Labor Statistics
2) Zonda Survey



CASCADIA

Cascadia Capital

Building Products Investment Banking Team

Sub-vertical
Industry Expertise



Customized
Approach



Proven Results

Cascadia Overview

80+

Investment Banking
Professionals

495+

Transactions
Completed

\$16+

\$16+ Billion in Total
M&A Transactions
Closed

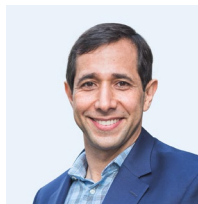
Sector Overview

Building Products Manufacturing & Distribution

- Interior & Exterior Products
- Infrastructure & Construction Materials
- Paint & Coatings
- Electrical, HVAC & Lighting

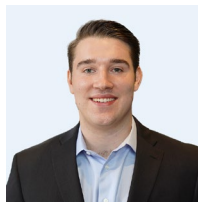
ATLANTA
AUSTIN
LOS ANGELES
MINNEAPOLIS
NASHVILLE
NEW YORK
SEATTLE

Contact the Building Products and Distribution Team



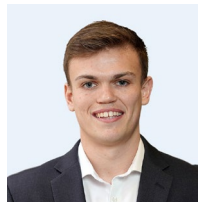
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