

 **NAFCD + NBMDA**

2026

ANNUAL CONVENTION



 **NAFCD**  **NBMDA**
NORTH AMERICAN BUILDING MATERIAL
DISTRIBUTION ASSOCIATION

||

ITR Mid-Year Update

 *Presented by ITR Economics Senior Forecaster &
Economic Consulting Speaker Connor Lokar*

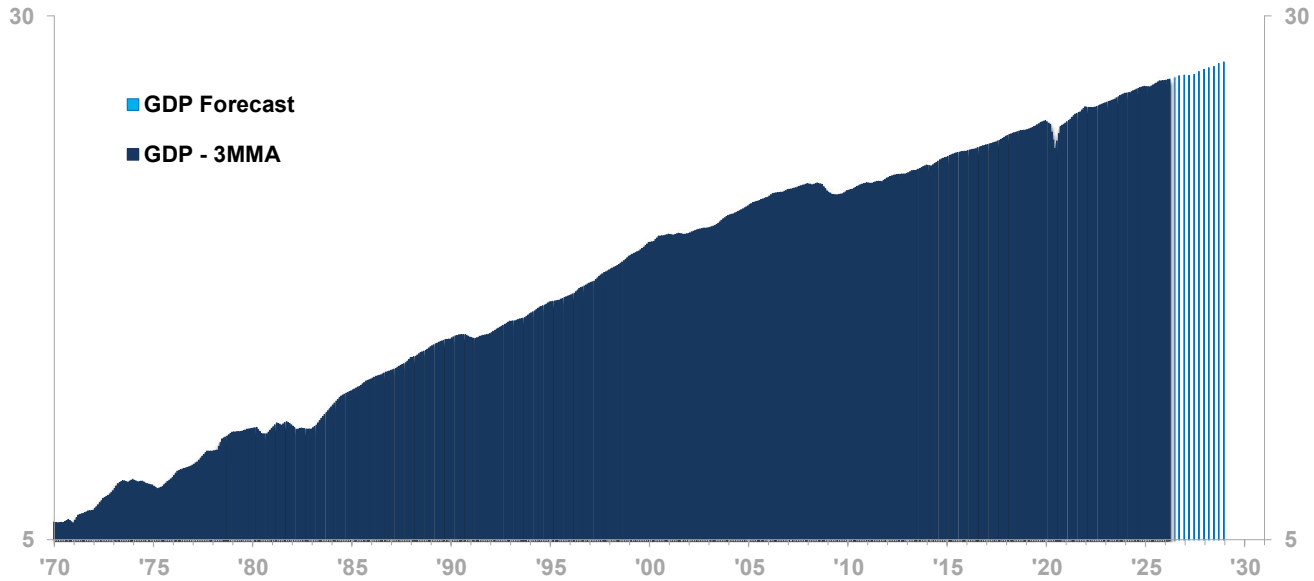



ITR ECONOMICS
Part of  Crowe

Plan for Total GDP Expansion Through 2028

US Real Gross Domestic Product

Quarterly Data Trend: Trillions of Chained 2017 Dollars

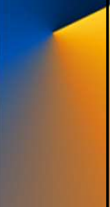


Source: BEA



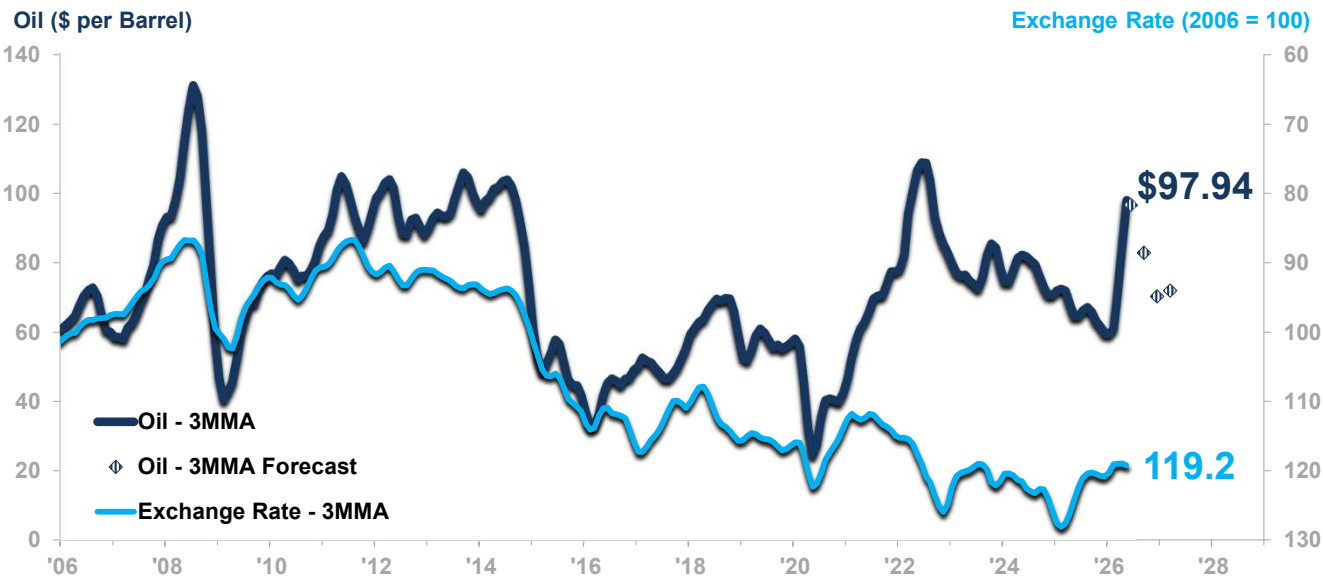
Global

 **NAFCD NBMDA**



We Expect Oil Prices to Normalize in 2H26

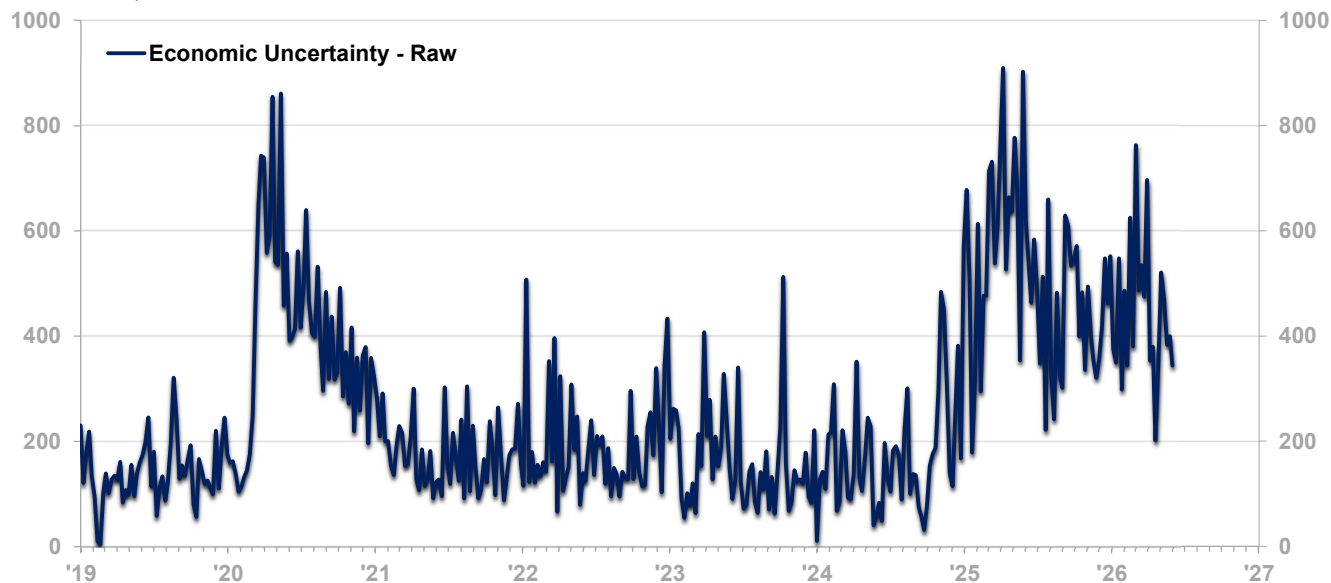
US Crude Oil Spot Prices to US Dollar Broad Nominal Trade Weighted Exchange Rate Index
Quarterly Data Trends



Sources: EIA, FRB

Higher Prices & Higher Uncertainty

US Economic Policy Uncertainty Index
Raw Data, 1985-2009 = 100



Source: Economic Policy Uncertainty

Adjusting Oil Relative to Earnings – Situation Becomes Less Dire

Cost of 22 Barrels of Oil as a Percentage of Median Annual Earnings
Uses Quarterly Data Trends: Percent



Sources: EIA, BLS, ITR

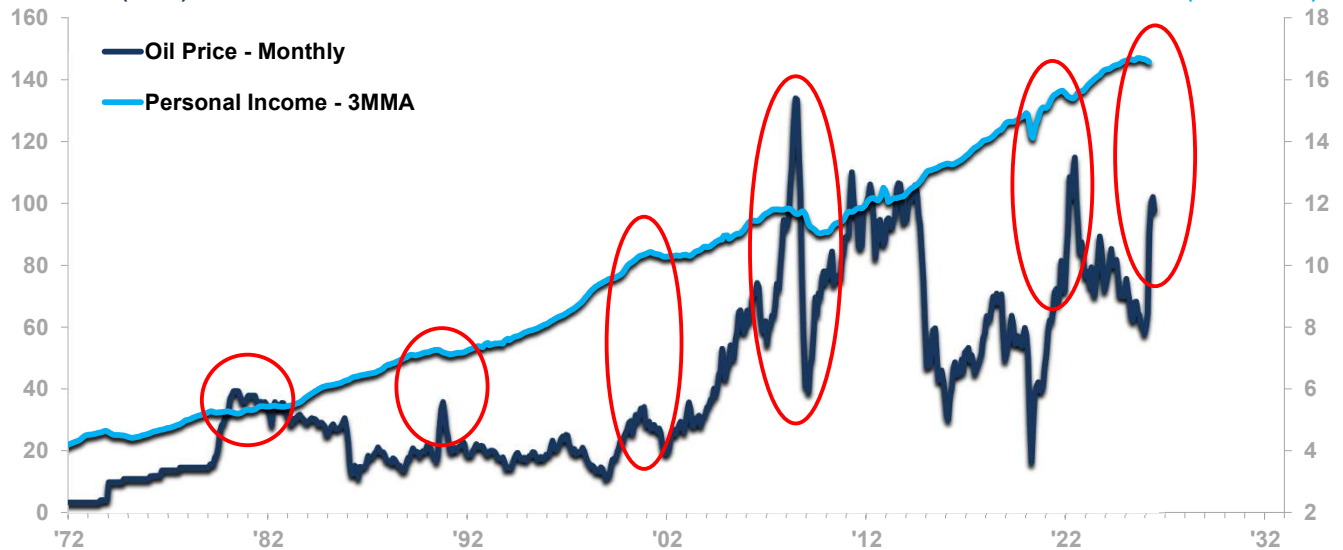
Not Causal, But Problematic

US Crude Oil Spot Prices to US Real Personal Income (excluding current transfer receipts)

Data Trends

Oil Price (\$/bbl)

Personal Income (Tril. 2017 \$)

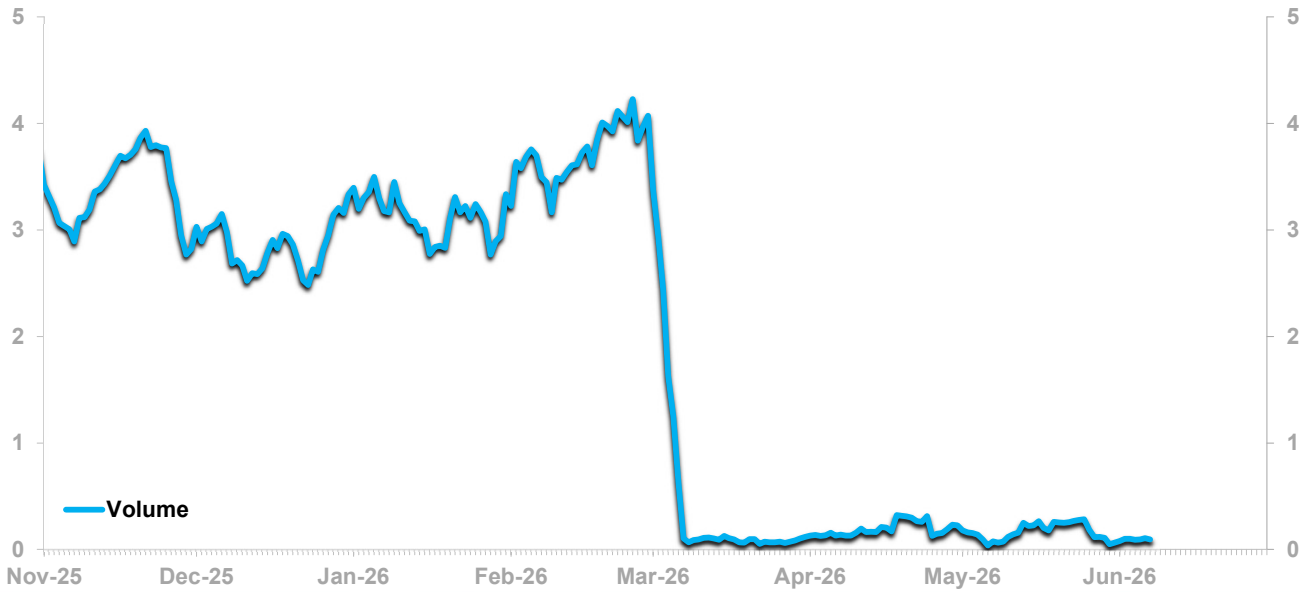


Sources: EIA, BEA

It Will Take Time for Trade Flows & Supply Chains to Normalize

7-Day Moving Average of Transit Trade Volume – Strait of Hormuz

Volume in Millions of Metric Tons

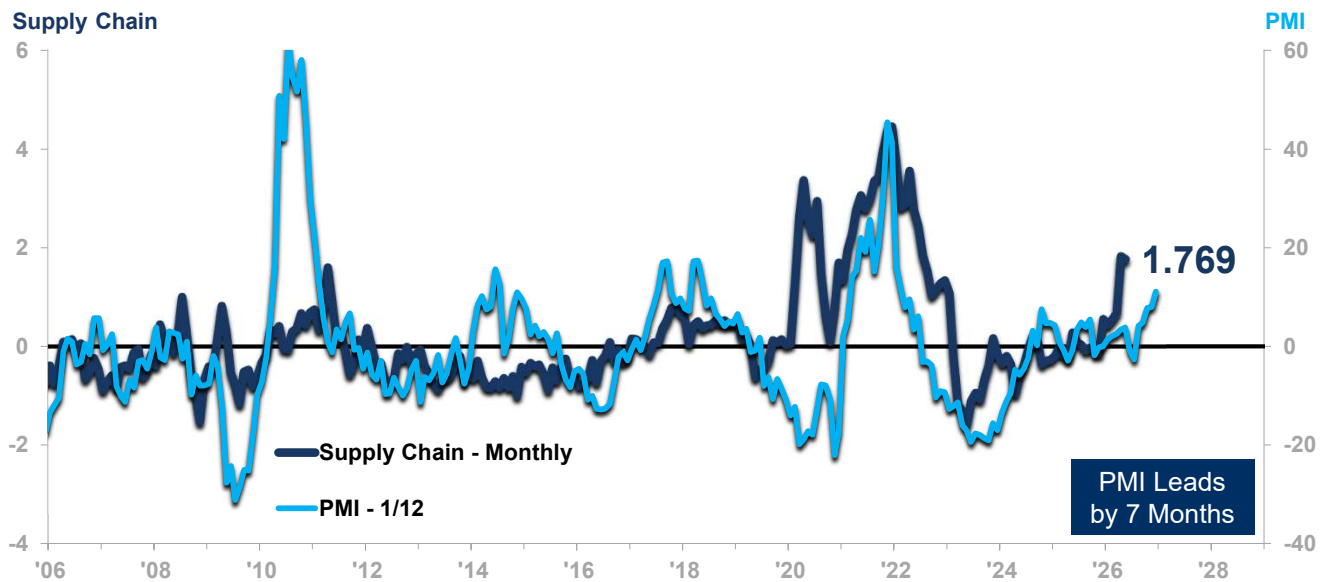


Source: IMF

Supply Chain Pressure is Building

Global Supply Chain Pressure Index to US Purchasing Managers Index

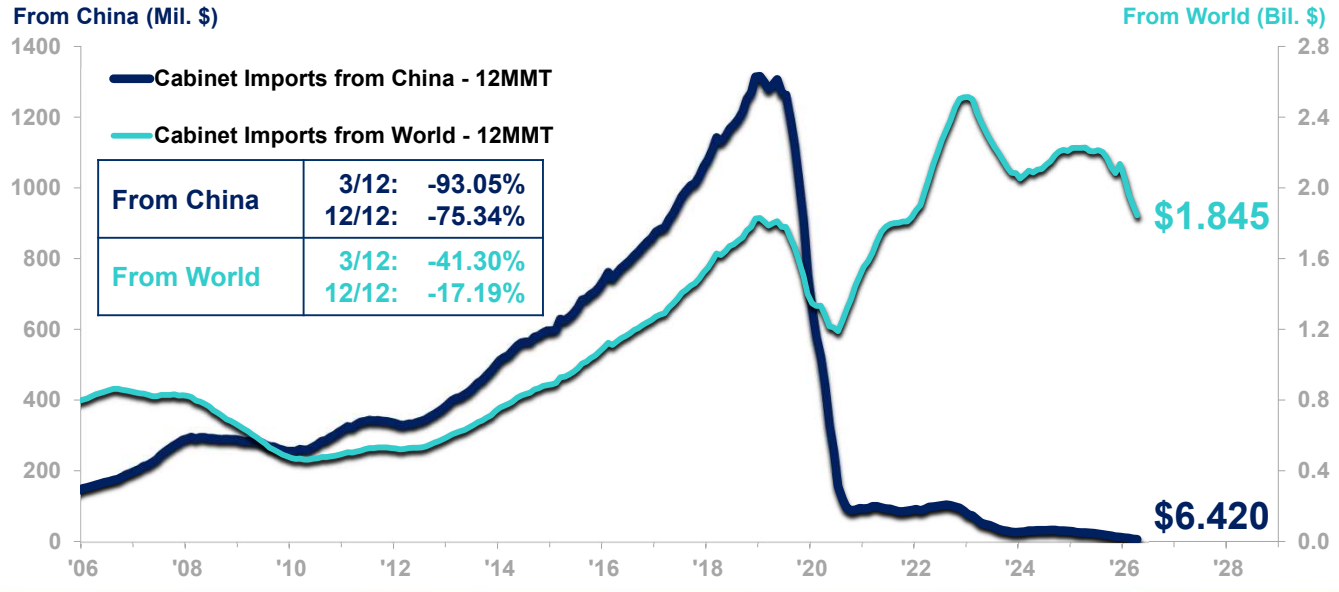
Pressure Index: Raw to PMI 1/12 Rate-of-Change



Sources: FRBNY, ISM

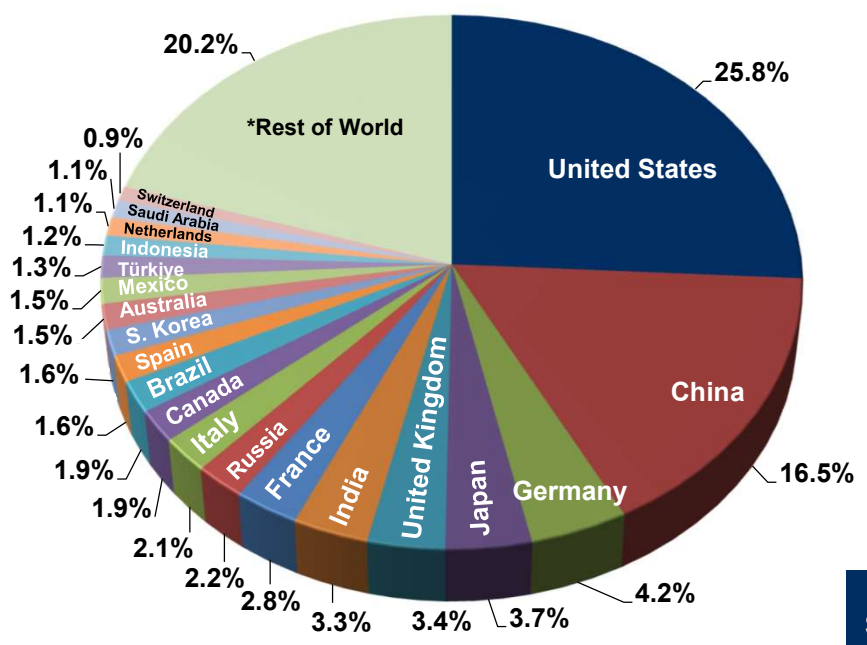
Cabinet Imports Are Down

US Cabinet Imports From China and the World
Annual Data Trends



Source: US Census Bureau

Percent of World GDP by Country



*Total World GDP:
\$119.1 Trillion US \$

Source: IMF, *56% of R-o-W are IMF Estimates



Global Summary

- Tariffs are mostly paid by the consumer and are inflationary.
- Tariff impacts should diminish as 2026 progresses.
- Geopolitical uncertainty to remain elevated in the near term.

NEXT STEPS:

- Nationalism provides protection from foreign competition and may reduce urgency of efficiencies and cost reduction.

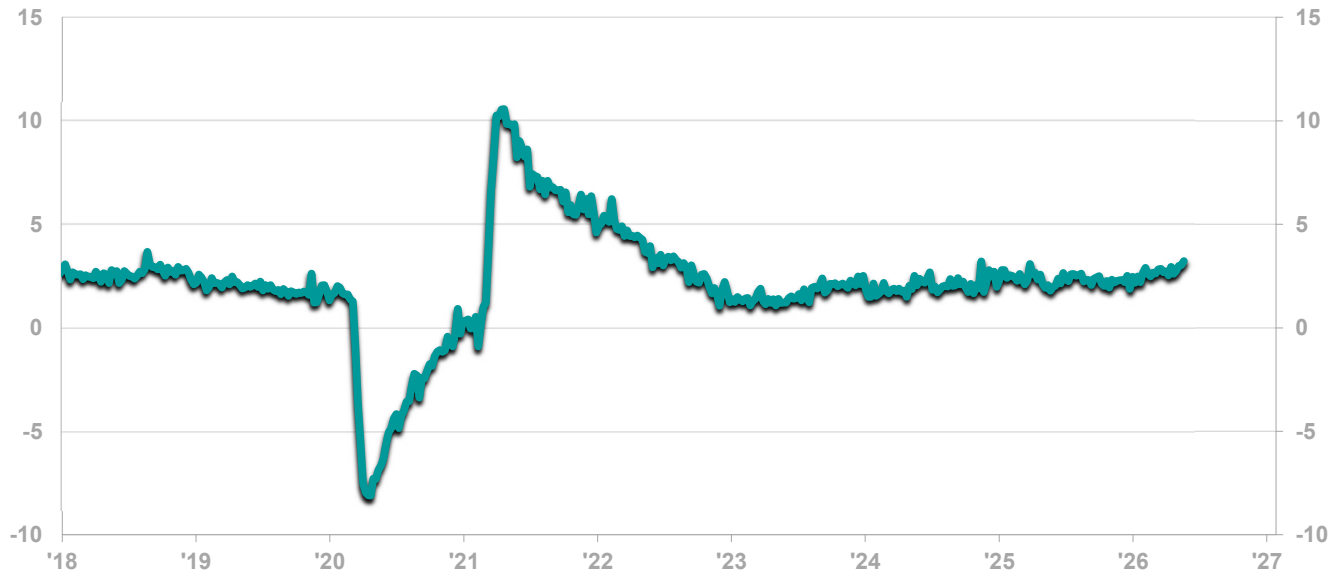


The US Economy

 **NAFCD NBMDA**

Weekly Economic Index Maintaining Healthy Trendline

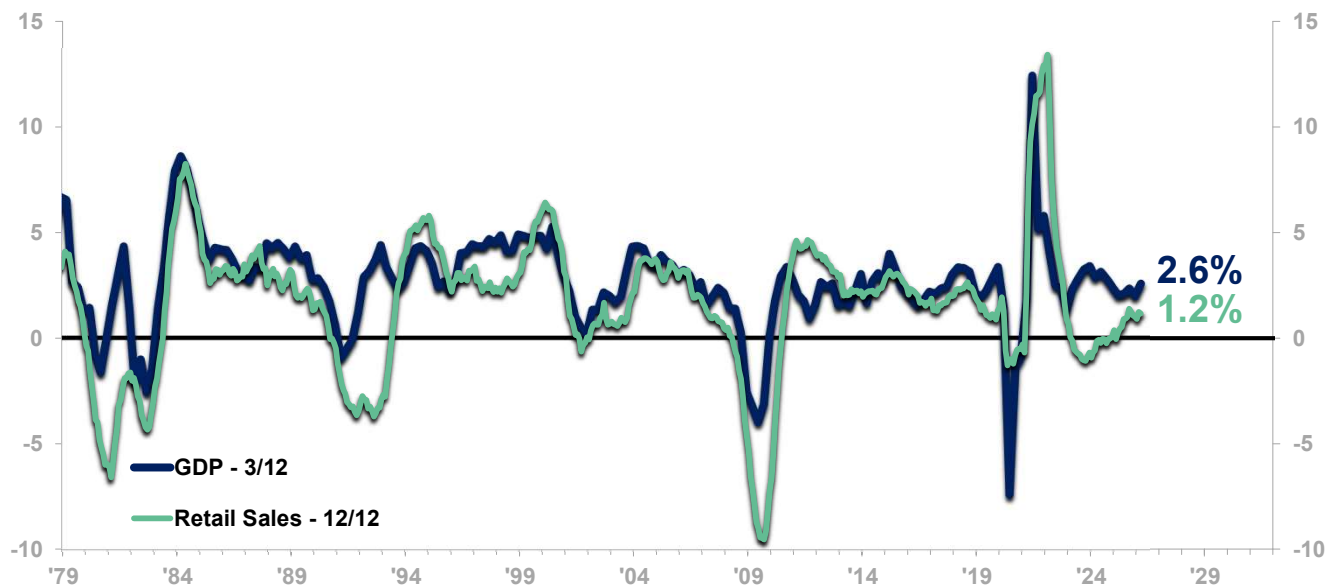
US Weekly Economic Index
Raw Data: Percent



Source: FRB Dallas

Deflated Retail Sales Trend is Healthy & Rising

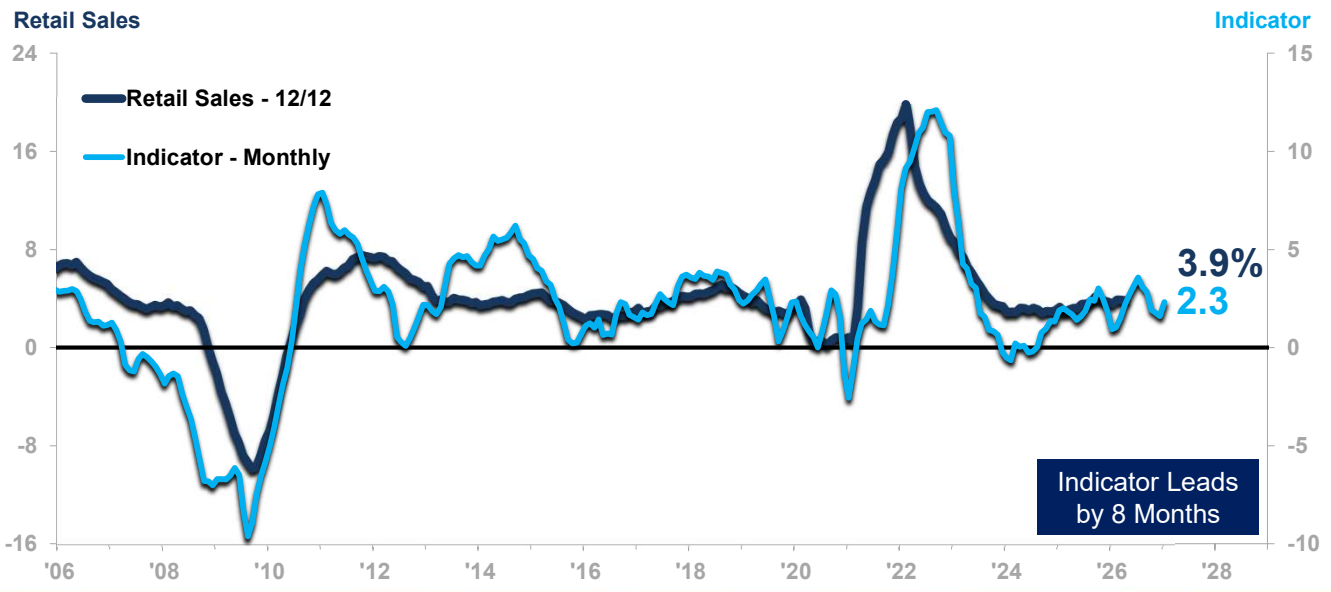
US Real Gross Domestic Product to US Total Retail Sales (deflated)
Rates-of-Change



Sources: BEA, US Census Bureau

Signal for Slowdown in 2H26 – Watching Closely

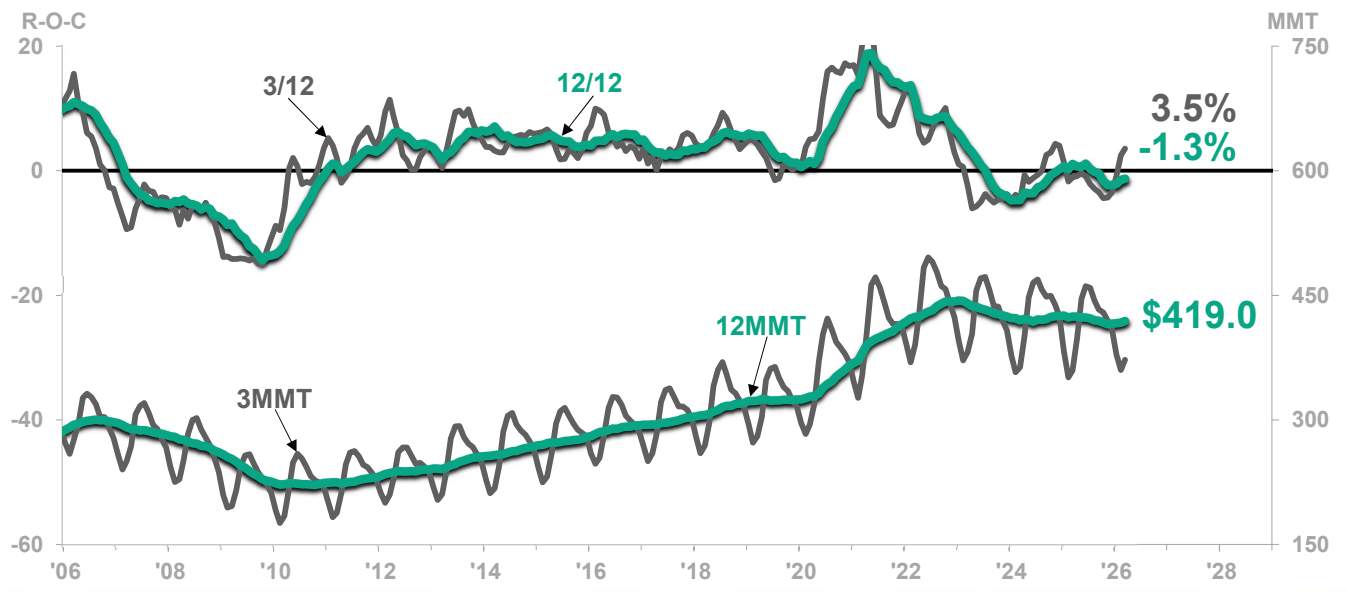
US Total Retail Sales to ITR Retail Sales Leading Indicator™
12/12 Rate-of-Change to Raw Data



Sources: US Census Bureau, ITR Economics

Building Materials Retail Channel Is Recovering

US Building Materials and Supplies Dealers Retail Sales
Billions of Dollars

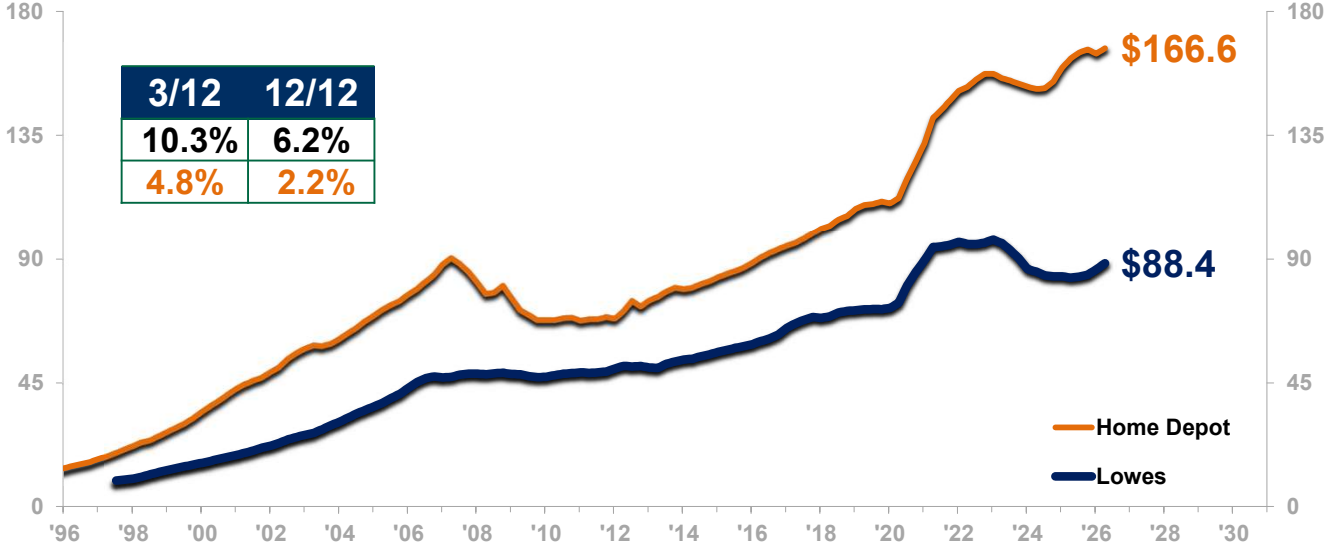


Source: US Census Bureau

Two Different Experiences

Lowe's Sales (publicly reported) to Home Depot Sales (publicly reported)
Annual Data Trends: Billions of Dollars

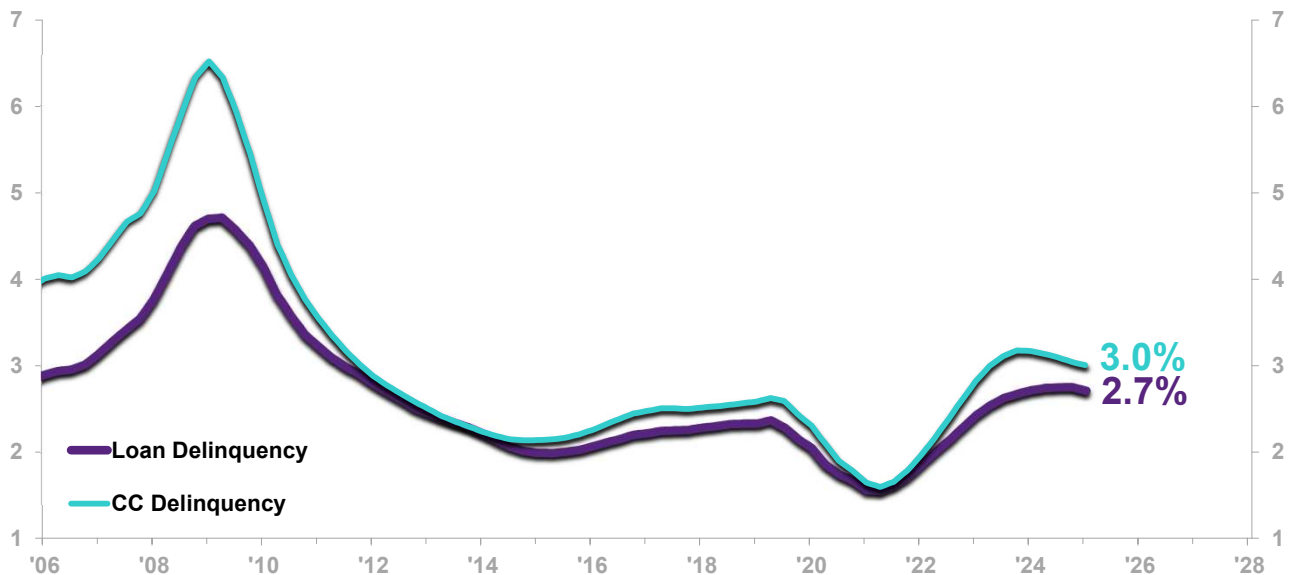
Home Depot



Source: EDGAR

Delinquency Rates in General Are Not an Issue

US Consumer Loan Delinquency Rate to US Consumer Credit Card Delinquency Rate
Annual Data Trends: Percent

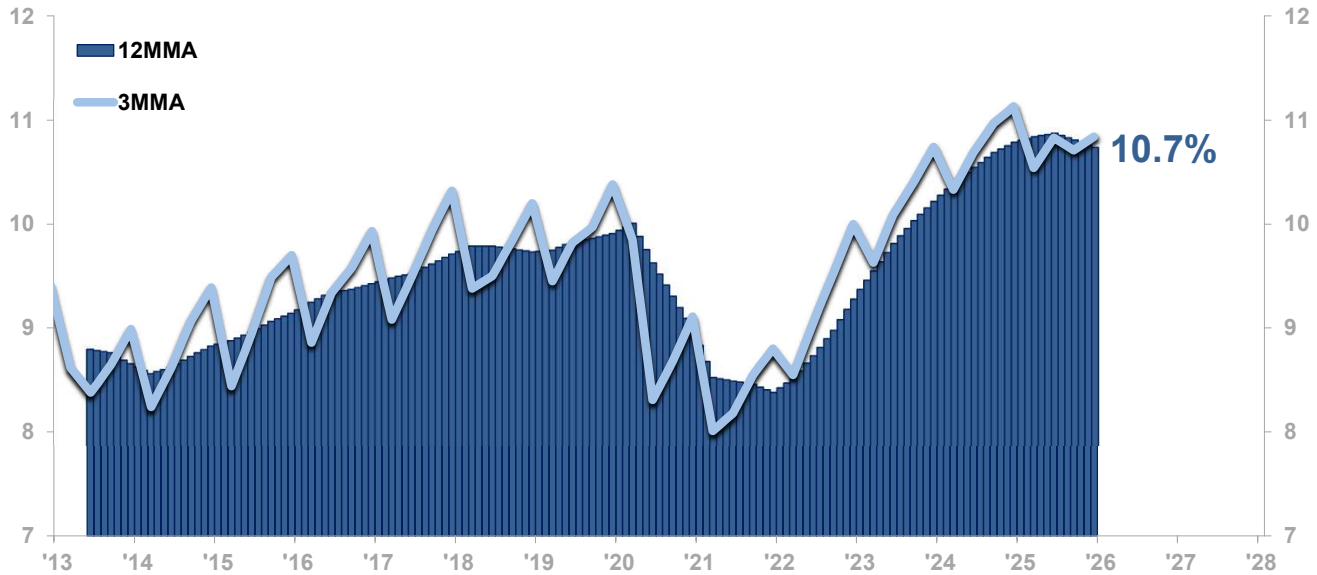


Source: FRB

Something to Watch

US Share of Consumer Credit Card Accounts Making the Minimum Payment

Data Trends: Percent

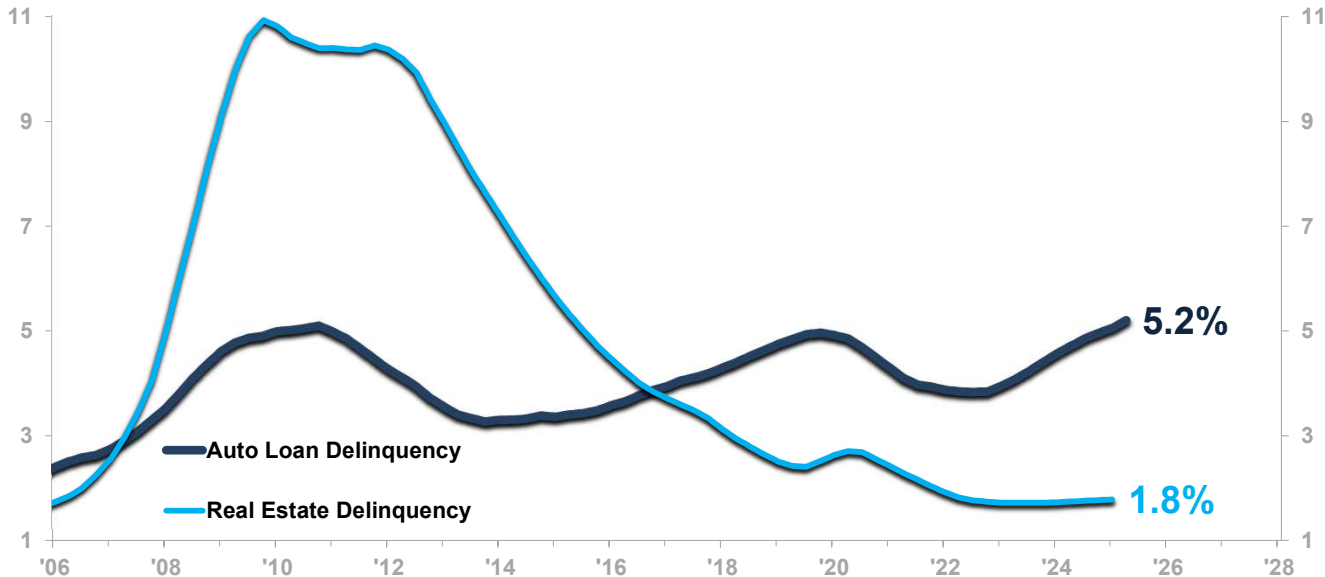


Source: FRB Philadelphia

Auto Loans Are More Concerning Than Mortgages

US Auto Loan Delinquency Rate (over 90 days) to US Real Estate Residential Loan Delinquency Rate

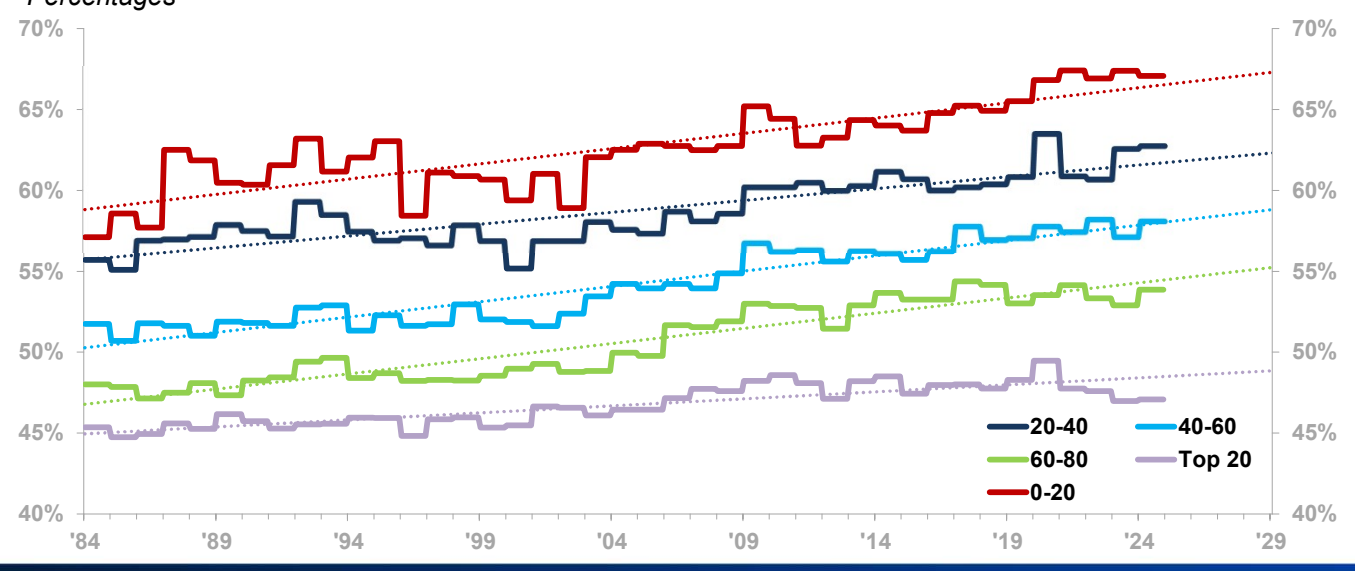
Annual Data Trends: Percent



Sources: FRBNY, FRB

Low to Middle Income Spending Getting Crowded Out; Middle to Upper Income Solid

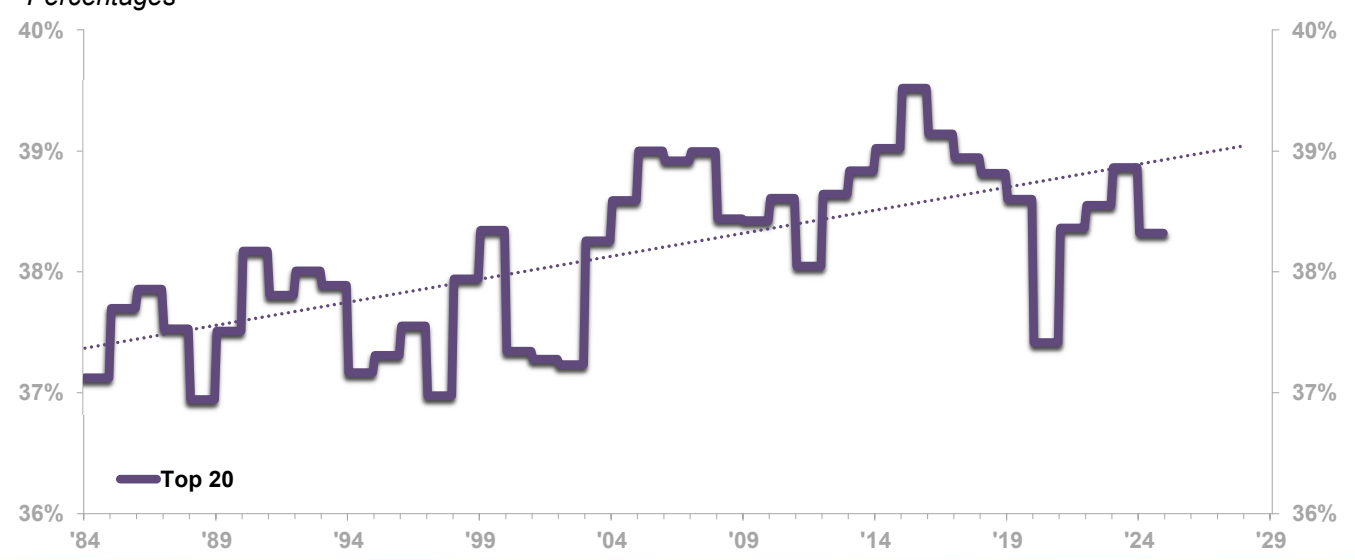
Food, Housing and Healthcare as a Percentage of Expenditure
Percentages



Source: BLS

Contribution to Consumer Spending of Upper Income Bracket Generally Rising

Highest Quintile Average Expenditures as a Percentage of All Average Expenditures
Percentages



Source: BLS



The US Macroeconomic Summary

- Head winds for 2027 are becoming more evident.
- Leading indicators portend sluggish ascent for 2026.
- Consumer financial health is good with incomes rising.

NEXT STEPS:

- Turn off the news and focus on the data.



Residential Construction



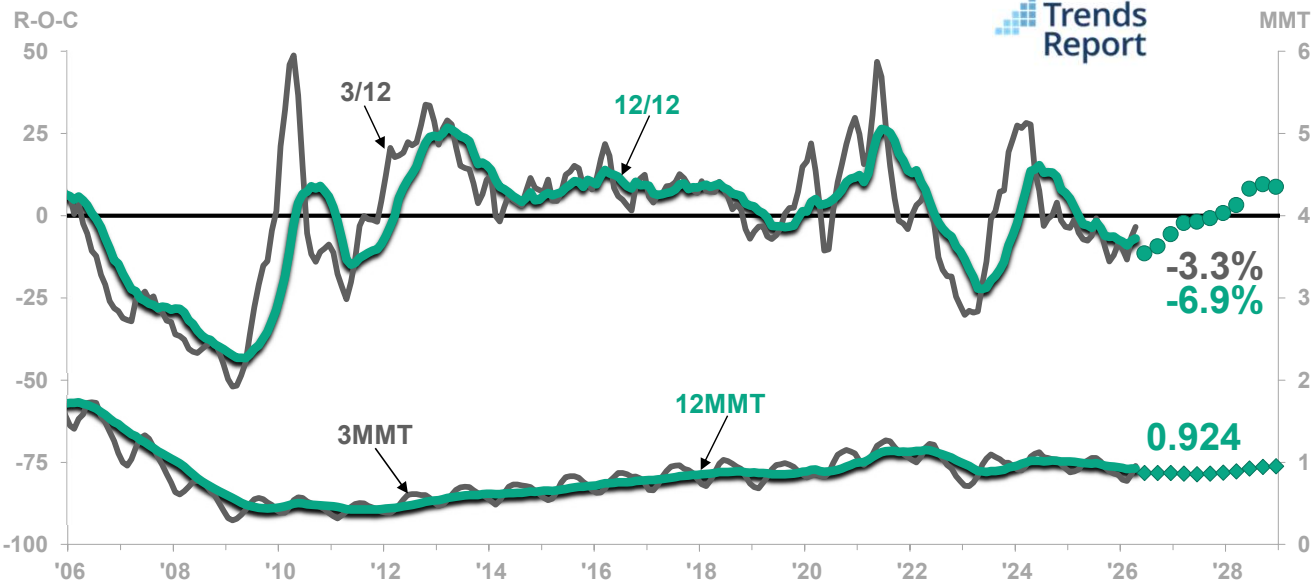
NAFCD NBMDA



Expect Housing to Stabilize in 2027

US Single Unit Housing Starts
Millions of Units

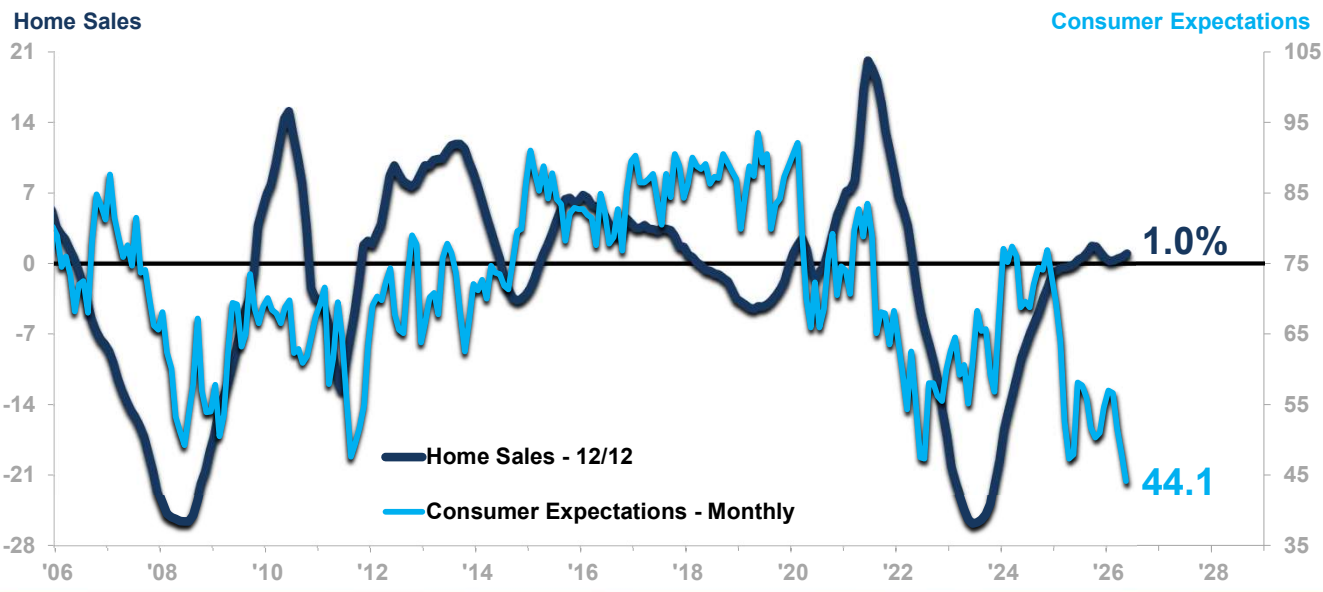
as seen in
ITR Economics' Trends Report



Source: US Census Bureau

Consumer Expectations Are Weighing on the Industry

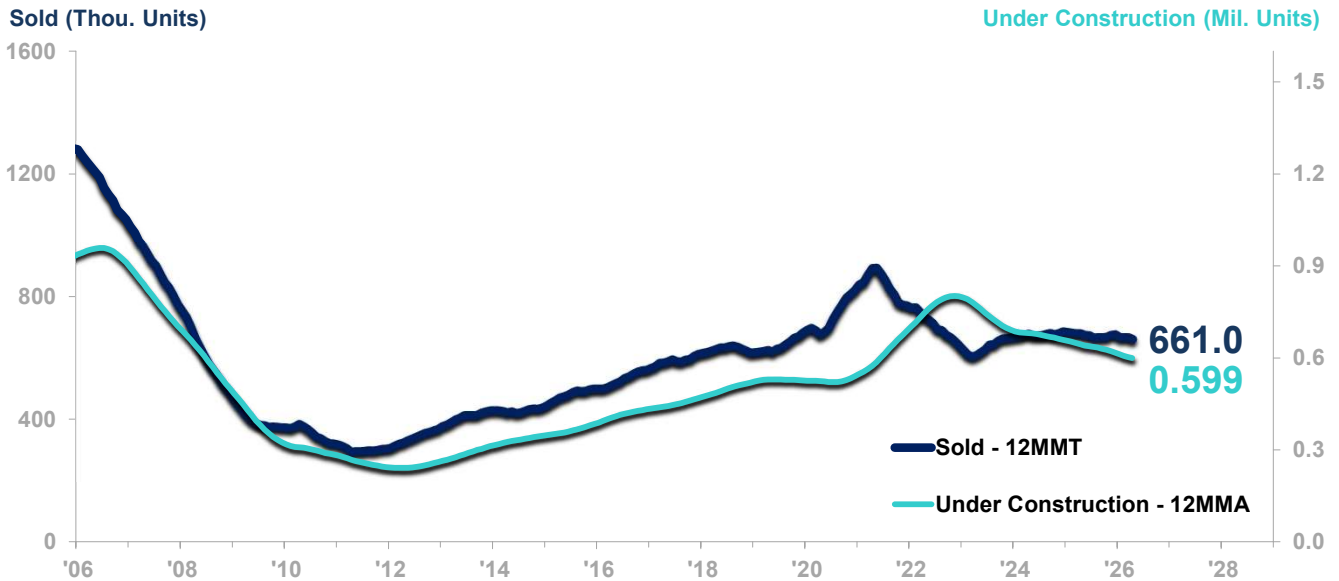
US Existing Home Sales to US Index of Consumer Expectations
12/12 Rate-of-Change to Monthly Data



Sources: NAR, University of Michigan

Construction Normalizing Relative to Sales Trend

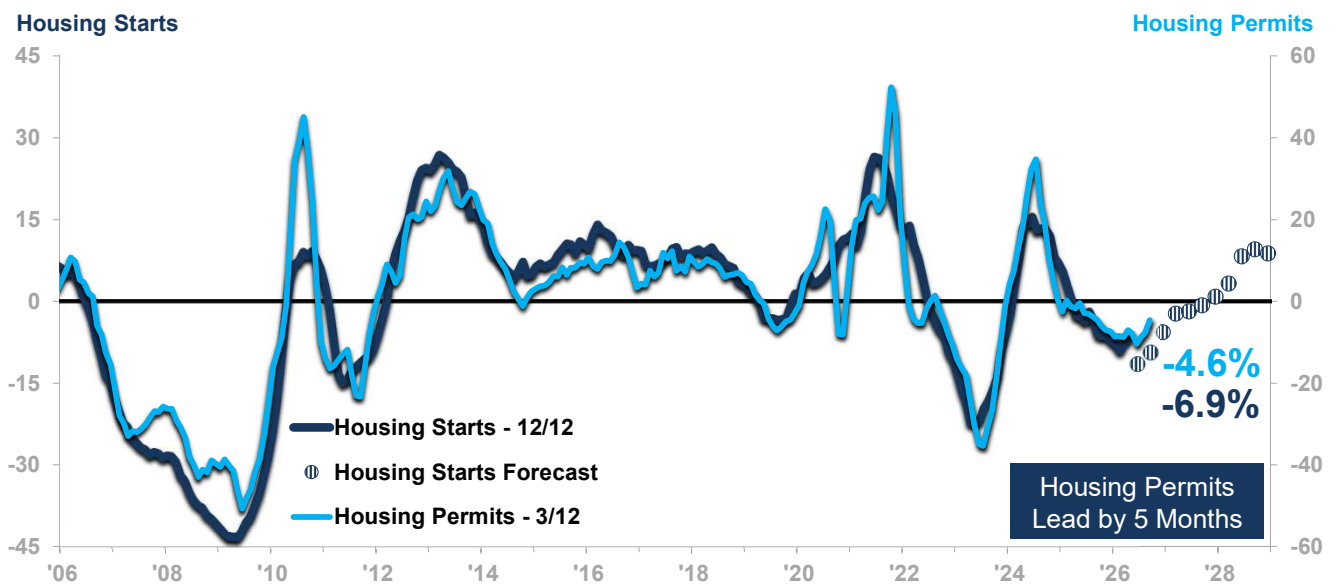
US New Single-Family Homes Sold to US New Single-Family Residential Housing Units Under Construction
Annual Data Trends



Source: US Census Bureau

Permits Signal 2H26 Cyclical Recovery

US Single-Unit Housing Starts to US Single-Unit Housing Permits
Rates-of-Change



Source: US Census Bureau

Uptick Bodes Well for Flattening Starts Trend in 2027

US Single-Unit Housing Starts to ITR Single-Unit Housing Starts Leading Indicator

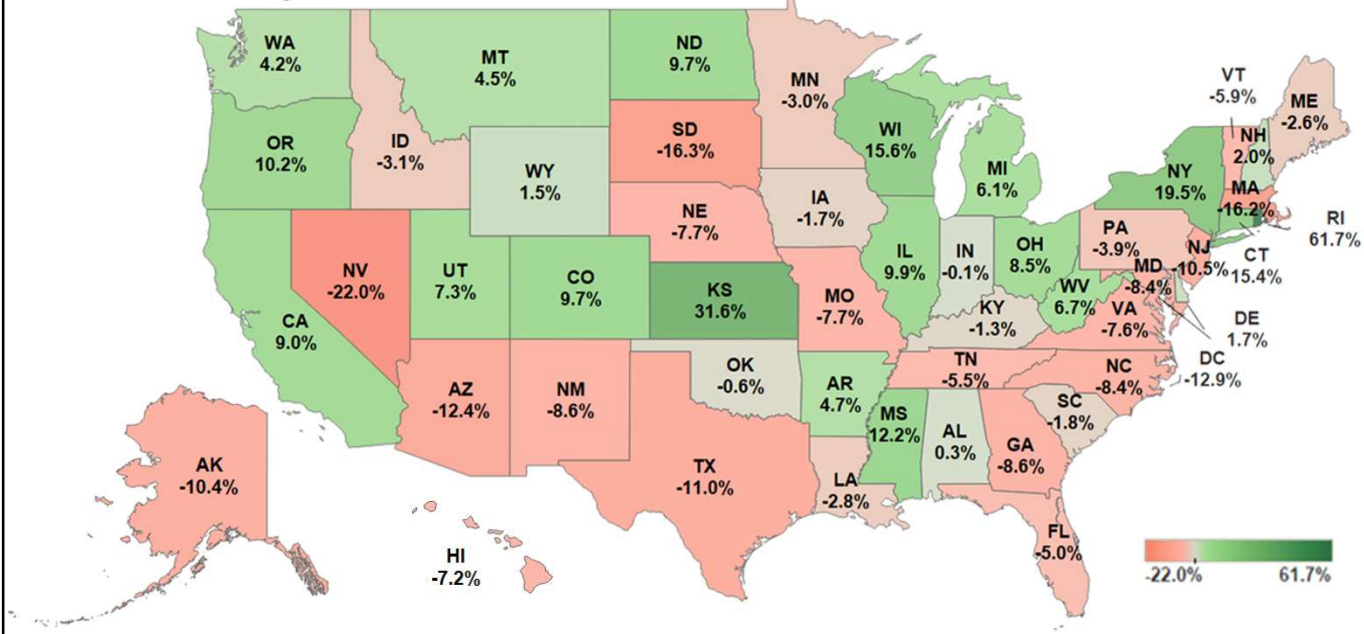
Rates-of-Change to Monthly



Sources: US Census Bureau, ITR

US Permits by State

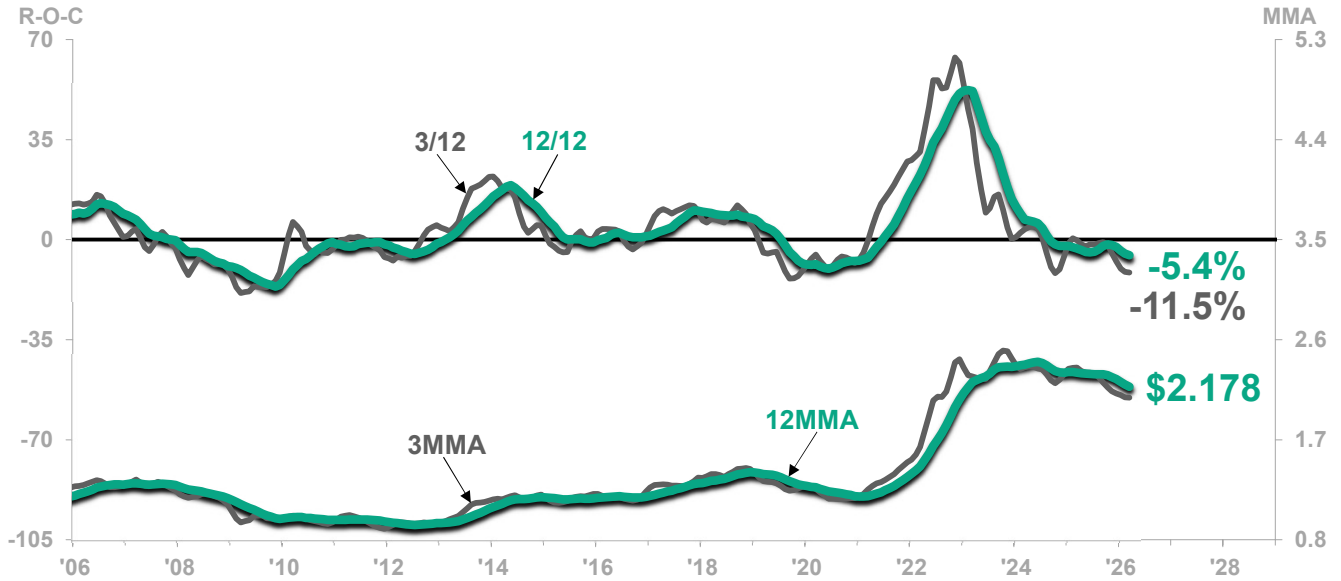
12/12 Rates-of-Change



Source: US Census Bureau

Average Mortgage Payment Has Been Inching Lower

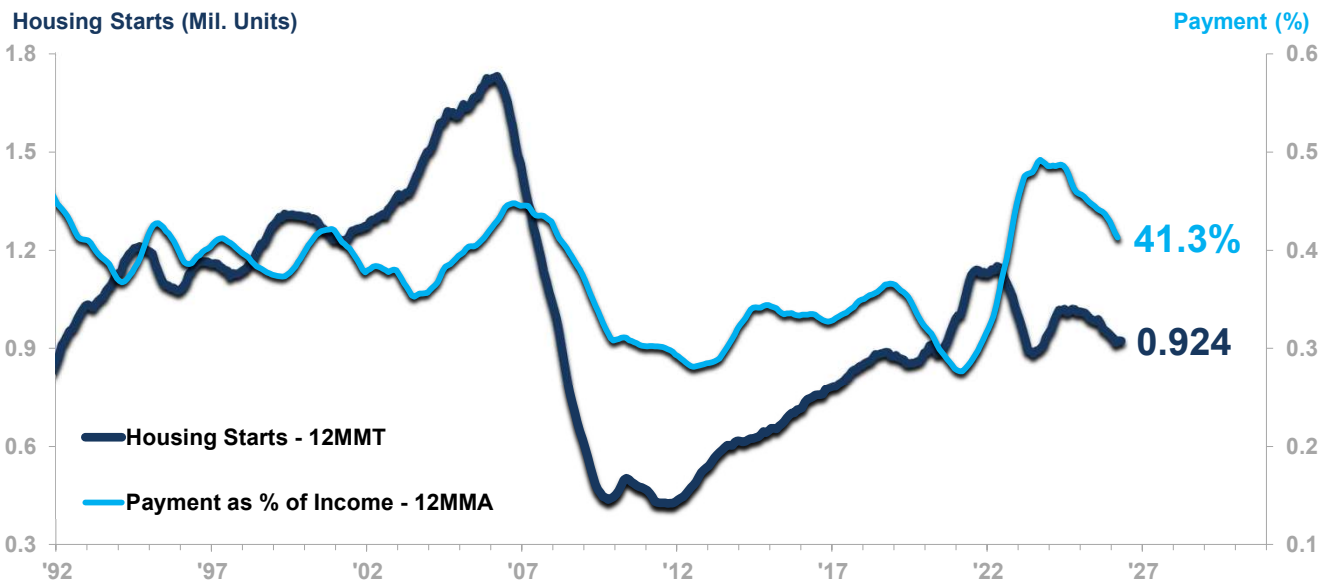
US Average Mortgage Payment
Thousands of Dollars



Sources: US Census Bureau, Freddie Mac

Modest Improvement as Real Wages Rise & Pricing Growth Cools

US Single-Unit Housing Starts to US Average Mortgage Payment as a Percent of Median Income
Annual Data Trends



Source: US Census Bureau, Freddie Mac, BLS

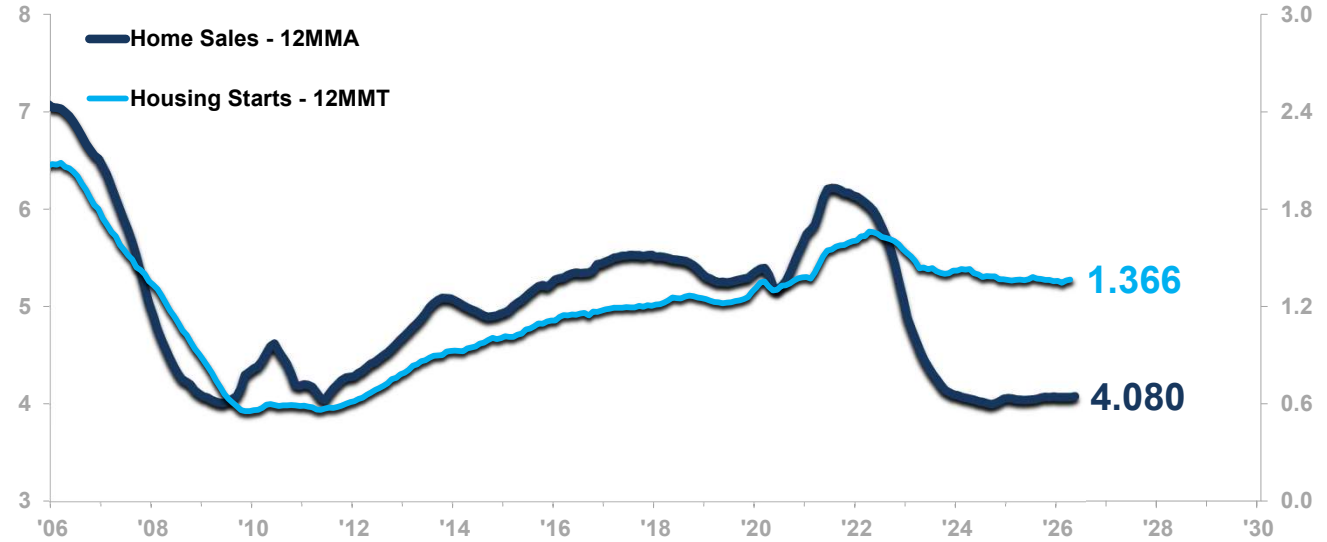
Golden Handcuffs Are Suppressing Existing Home Sales

US Existing Home Sales to US Housing Starts

Annual Data Trends

Home Sales (Mil. Units)

Housing Starts (Mil. Units)



Sources: NAR, US Census Bureau

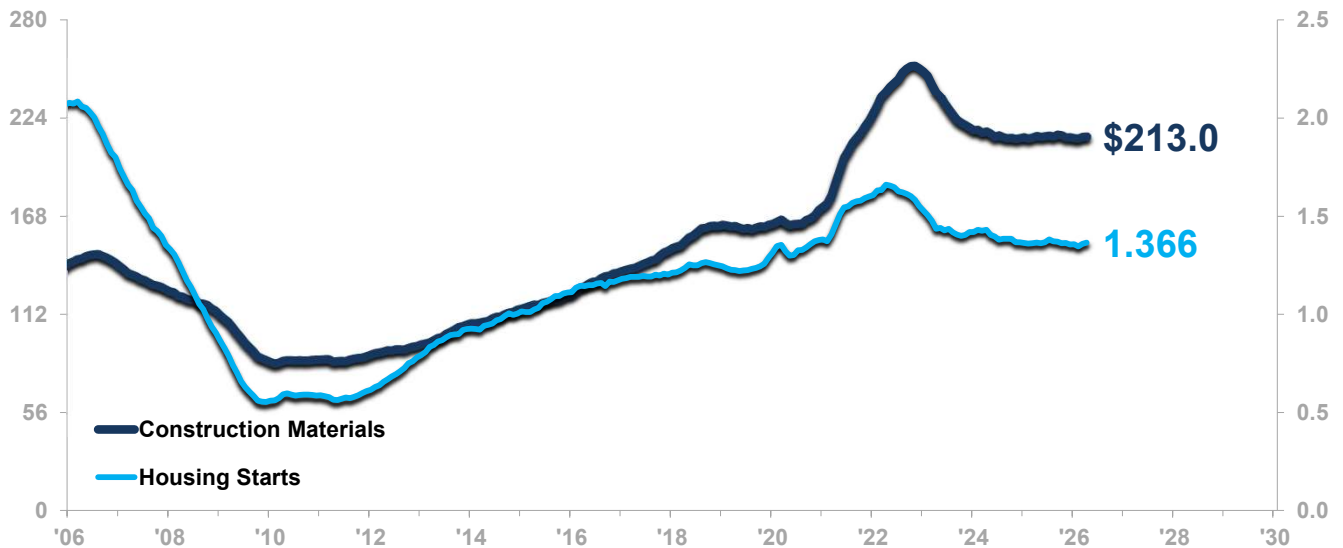
Residential Building Activity Clearly Correlates To Us

US Wholesale Trade of Lumber and Other Construction Materials to US Housing Starts

Annual Data Trends

Construction Materials (Bil. \$)

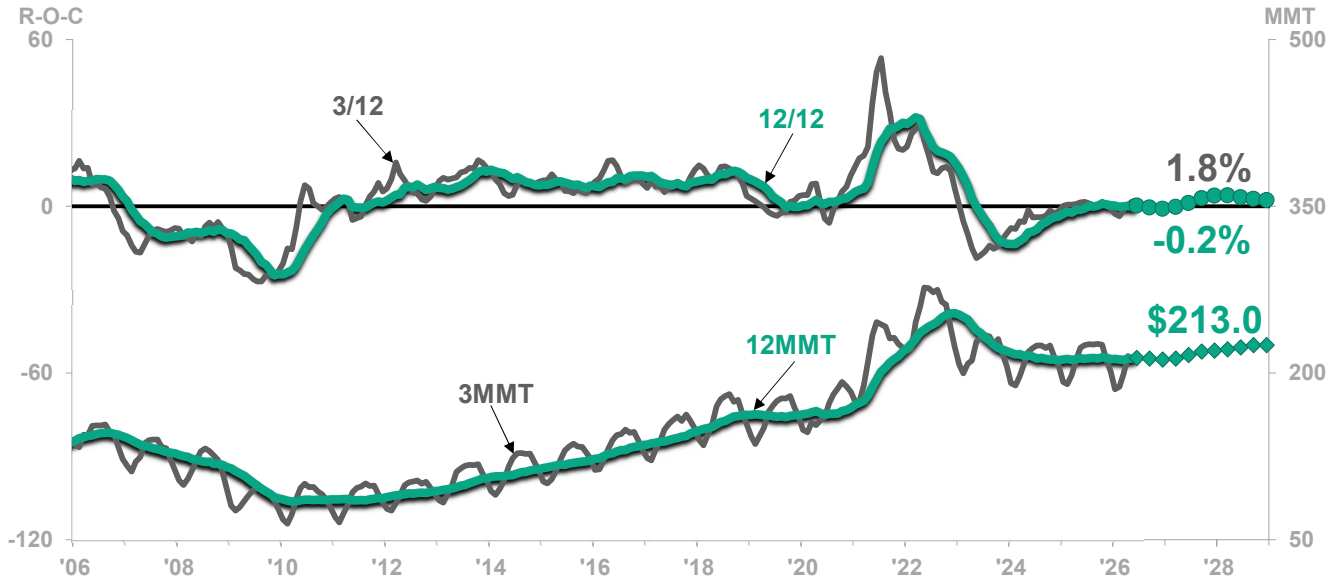
Housing Starts (Mil. Units)



Source: US Census Bureau

We Can't Rely Solely on the Market to Get Where We Want to Go

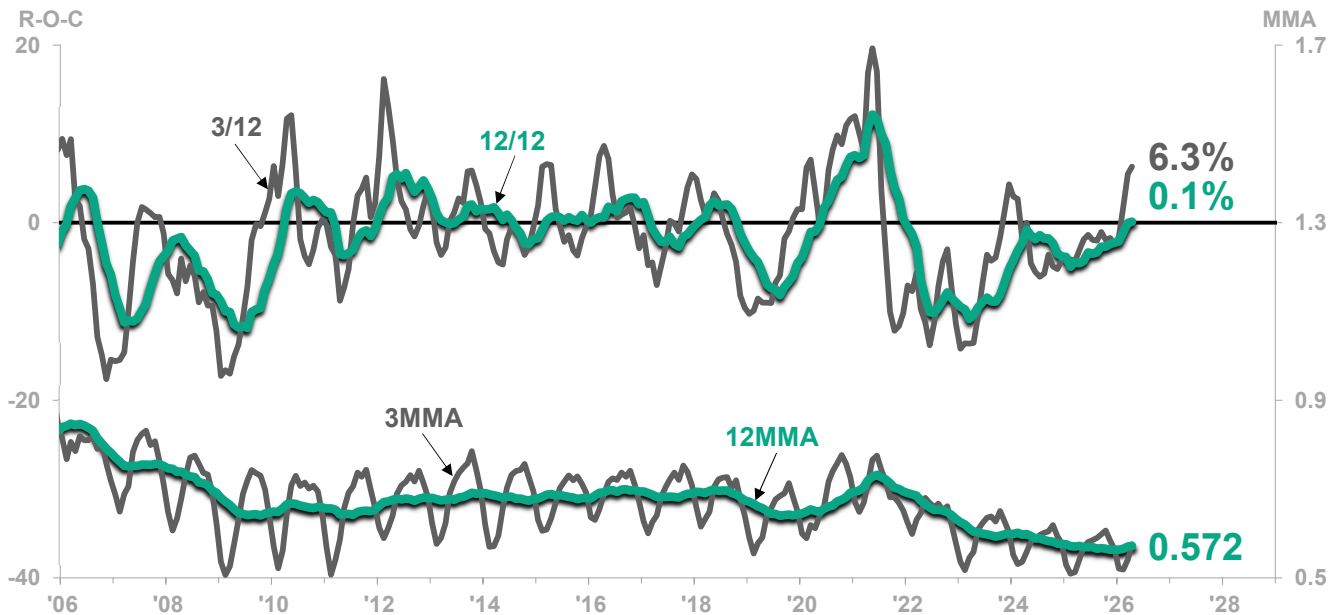
US Wholesale Trade of Lumber and Other Construction Materials
Billions of Dollars



Source: US Census Bureau

Seeing Some Signs of Life in Sales/Inventory Ratio

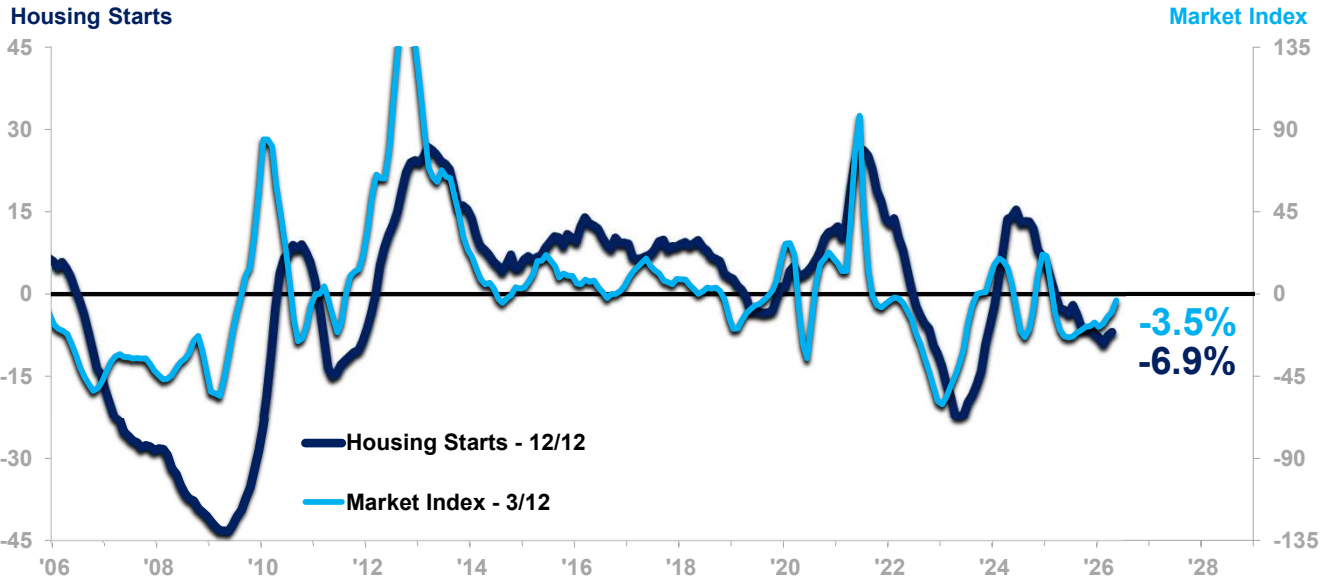
US Lumber and Other Construction Materials Wholesale Sales/Inventory Ratio



Source: US Census Bureau

Builder Sentiment Signaling Cyclical Recovery Later This Year

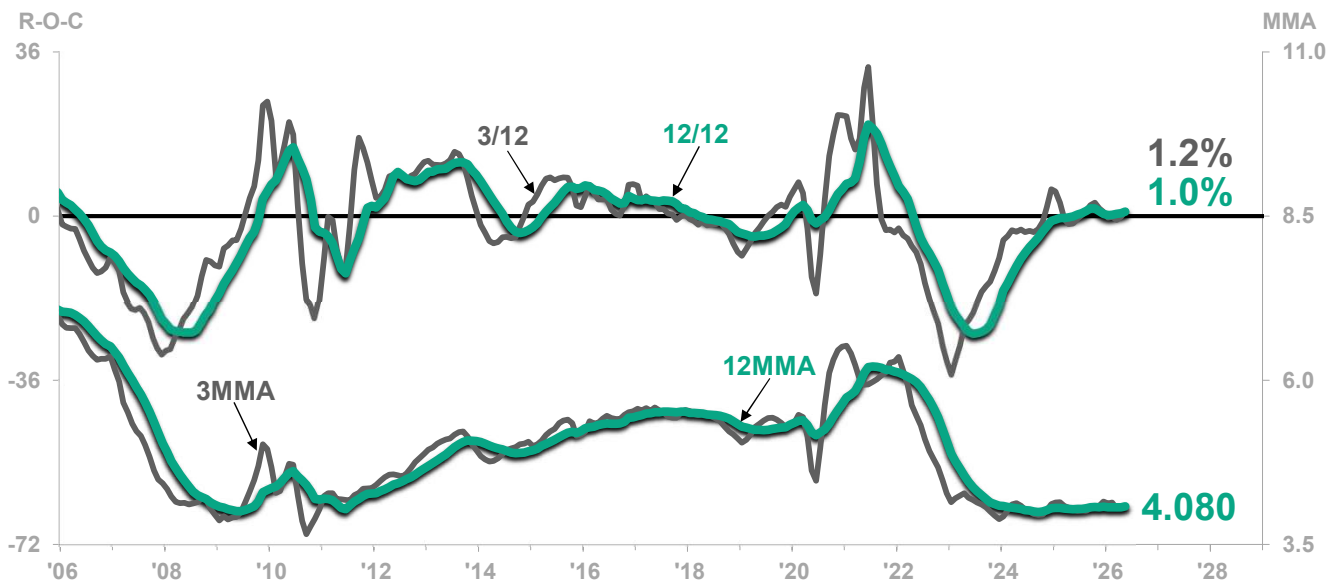
US Single-Unit Housing Starts to National Association of Home Builders Housing Market Index
Rates-of-Change



Sources: US Census Bureau, NAHB

Stuck at ~4 Million Unit Annualized Trend

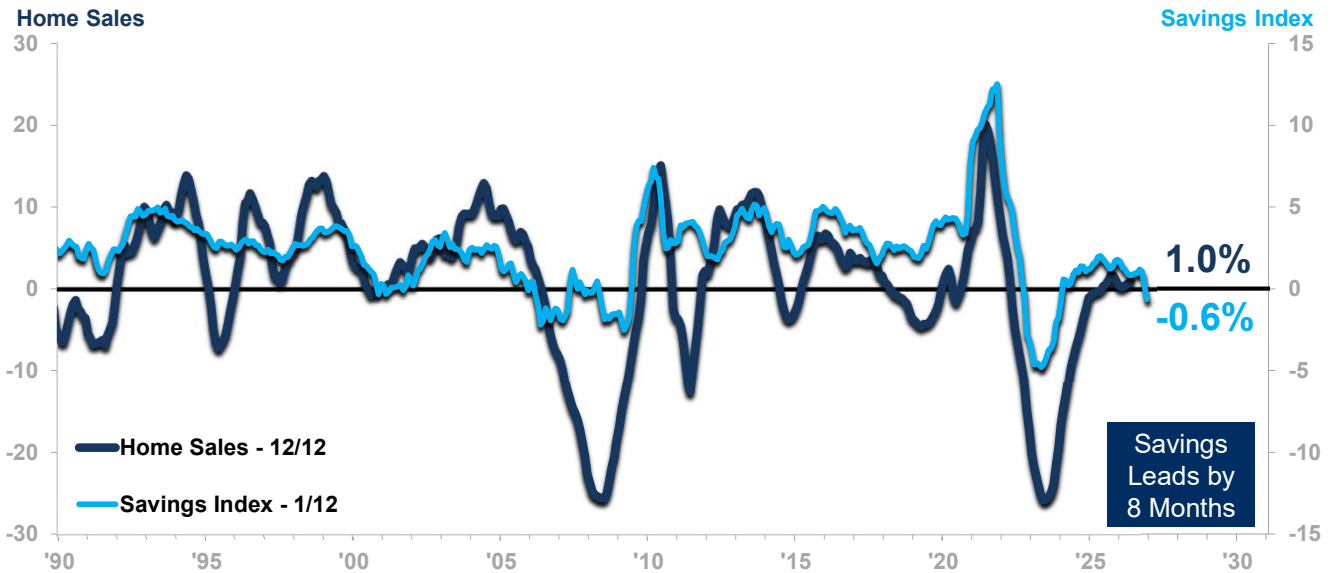
US Existing Home Sales
Millions of Units



Source: National Association of Realtors

Savings Challenges Not Helping With Home Affordability

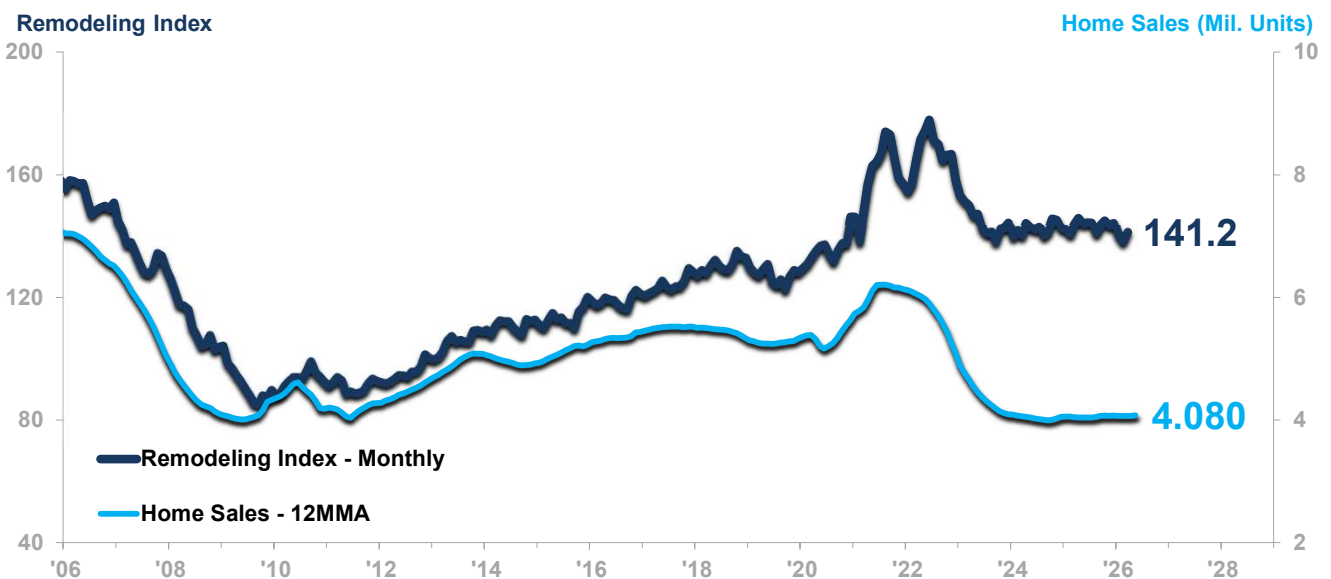
US Existing Home Sales to US Personal Savings Balance Index (deflated with US Consumer Price Index)
Rates-of-Change



Sources: NAR, BEA, & ITR Economics

Remodeling Index Weakening

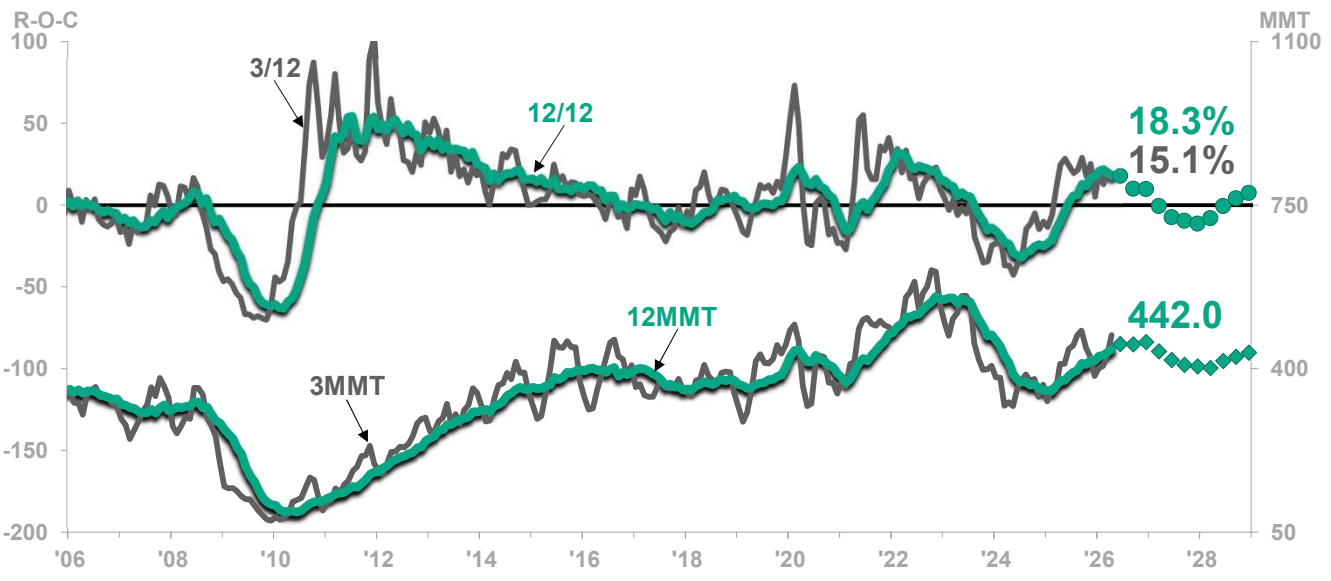
ITR Remodeling Market Index to US Existing Home Sales
Monthly Data, Annual Data Trend



Sources: ITR Economics, NAR

Favorable Near-Term Trend in Multifamily Market

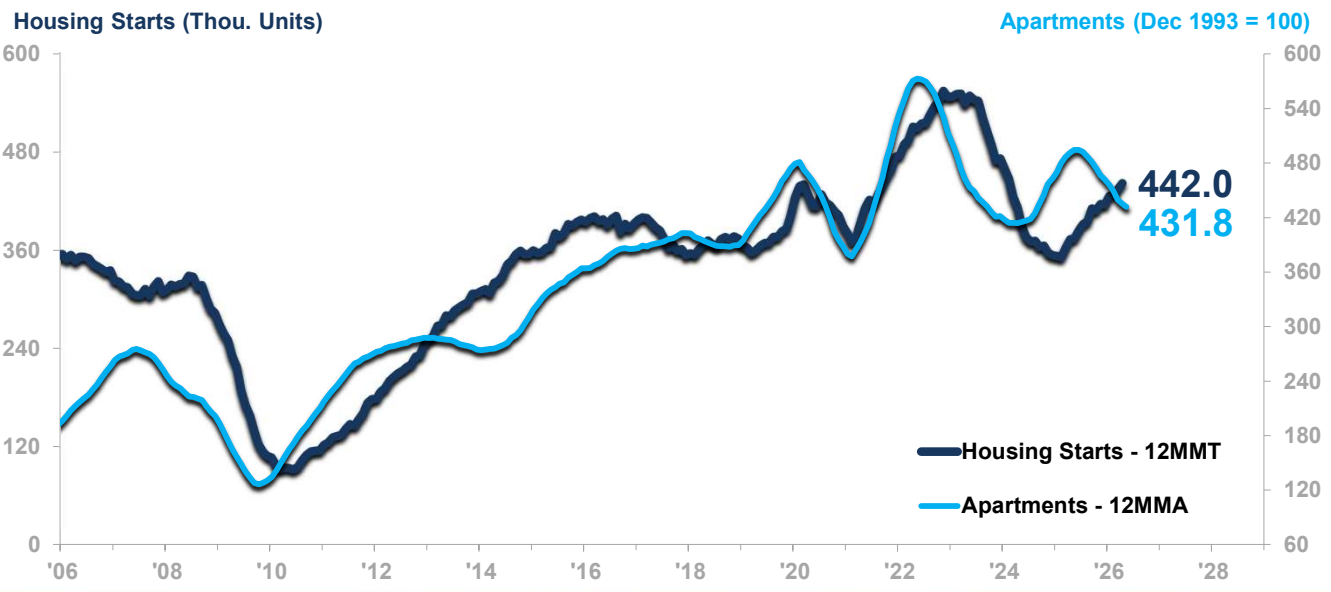
US Multi-Unit Housing Starts
Thousands of Units



Source: US Census Bureau

Decline in the Price index is a Negative Leading Indicator

US Multi-Unit Housing Starts to US Real Estate Price Index for Apartments
Annual Data Trends



Sources: US Census Bureau, Nareit

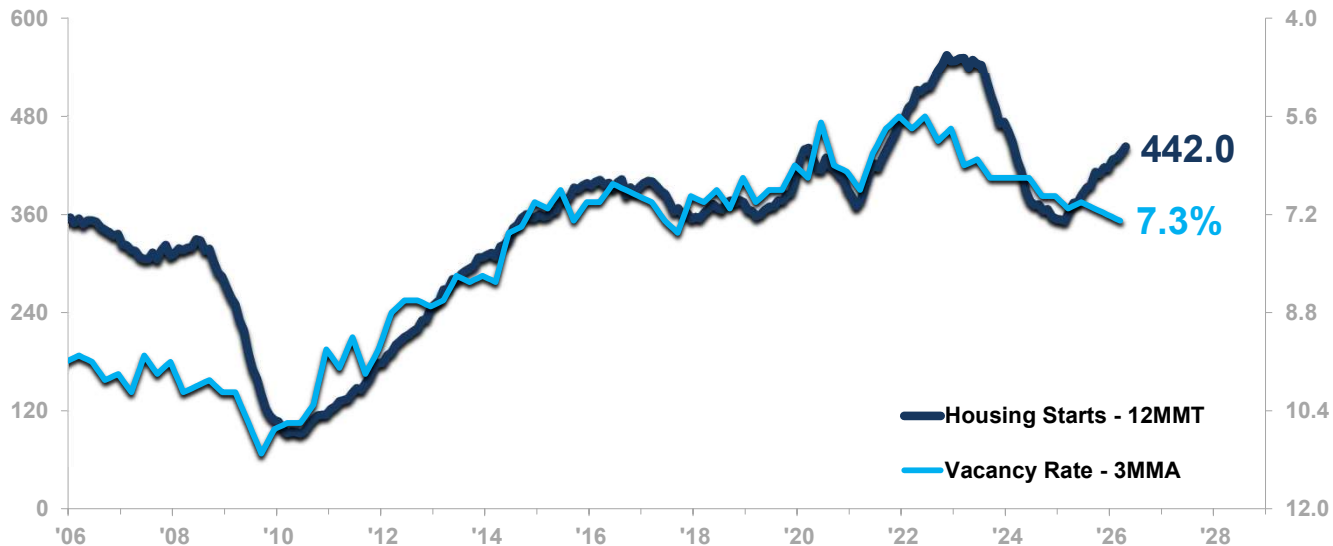
Weak Rental Vacancy Trend Portends Starts Weakness

US Multi-Unit Housing Starts to US Rental Vacancy Rate

Data Trends

Housing Starts (Mil. Units)

Vacancy Rate (%)

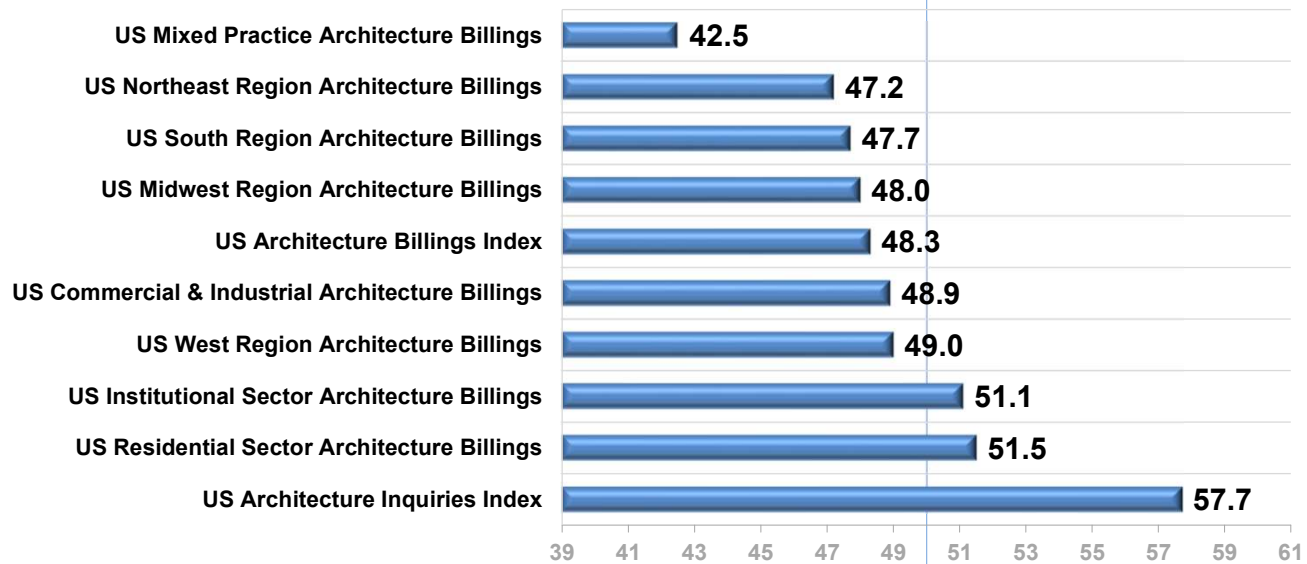


Source: US Census Bureau

Pickup in Inquiries is Promising

Architecture Billings Index

Monthly Data (Above 50 Indicates an Increase in Demand)



Source: AIA

The US Construction At-a-Glance

	Historical 12/12	Historical 12MMT	Current 12/12	2026	2027	2028	Highlights
US Multi-Unit Housing Starts			18.3	9.7	-11.5	7.3	National multi-unit permitting trends suggest near-term rise, but the South is an outlier. Expect 12MMT decline in 2027 and for a portion of 2028.
US Private Manufacturing Construction			-10.7	-11.8	-2.9	3.5	The 12MMT will decline into mid-2027. Rise will follow. Expect the 12MMT to trend toward the lower end of our forecast range.
US Private Multi-Tenant Retail Construction			-1.7	7.8	-5.5	3.1	Fundamental demand for retail space will drive Construction higher this year. Decline will follow in 2027, with rise returning in early 2028.
US Private Office Construction Excluding Data Centers			-12.6	1.2	9.7	-2.4	Construction will rise into 2027 but stay below past peaks amid high rates and uncertainty about return-to-office policies.
US Private Warehouse Construction			-8.0	8.9	12.3	4.7	Construction will begin rising imminently. Reshoring trends will provide some upside.
US Public Water and Sewer Facilities Construction			16.4	8.7	3.9	-1.3	Tax revenue trends will help drive Construction spending higher.
US Single-Unit Housing Starts			-6.9	-5.7	0.8	8.7	Affordability constraints and weak new home sales will weigh on Starts demand.
US Total Education Construction			-0.2	0.4	6.1	0.6	Construction spending will stabilize for the remainder of the year. Early signs of 2027 rise are developing.
US Total Hospital Construction			1.8	3.7	1.4	2.4	The 12MMT will generally rise through 2028, supported by healthy funding conditions and patient demand.



Source: ITR Economics Trends Report™

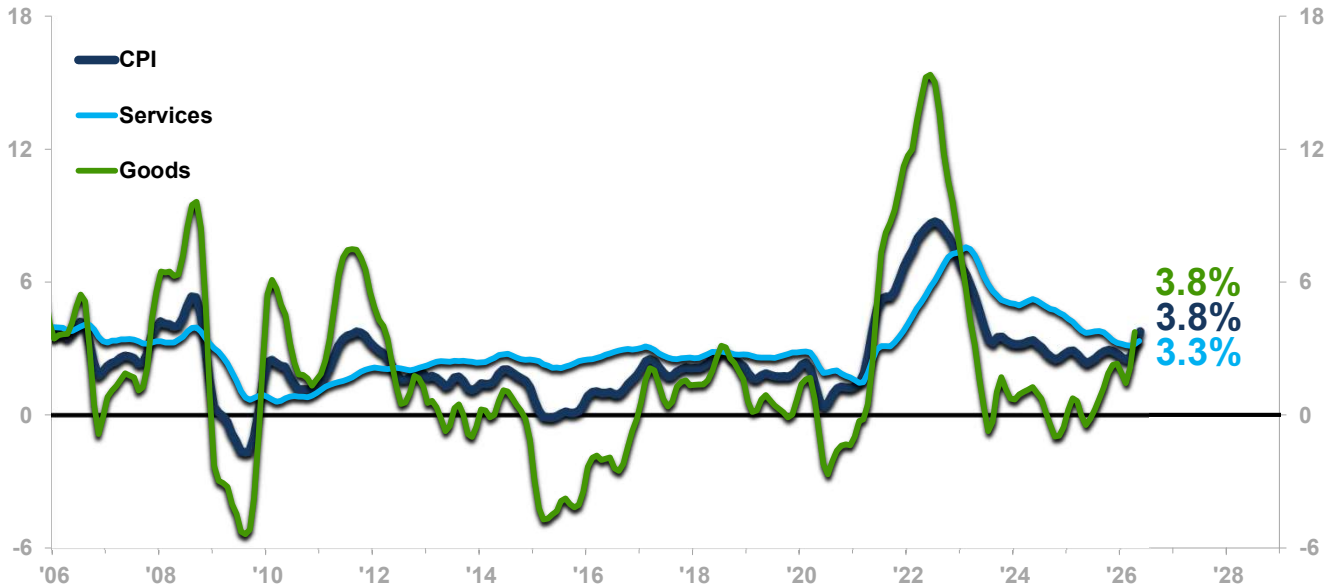


Inflation & Interest Rates

NAFCD NBMDA

Inflation is Building Momentum Across the Board

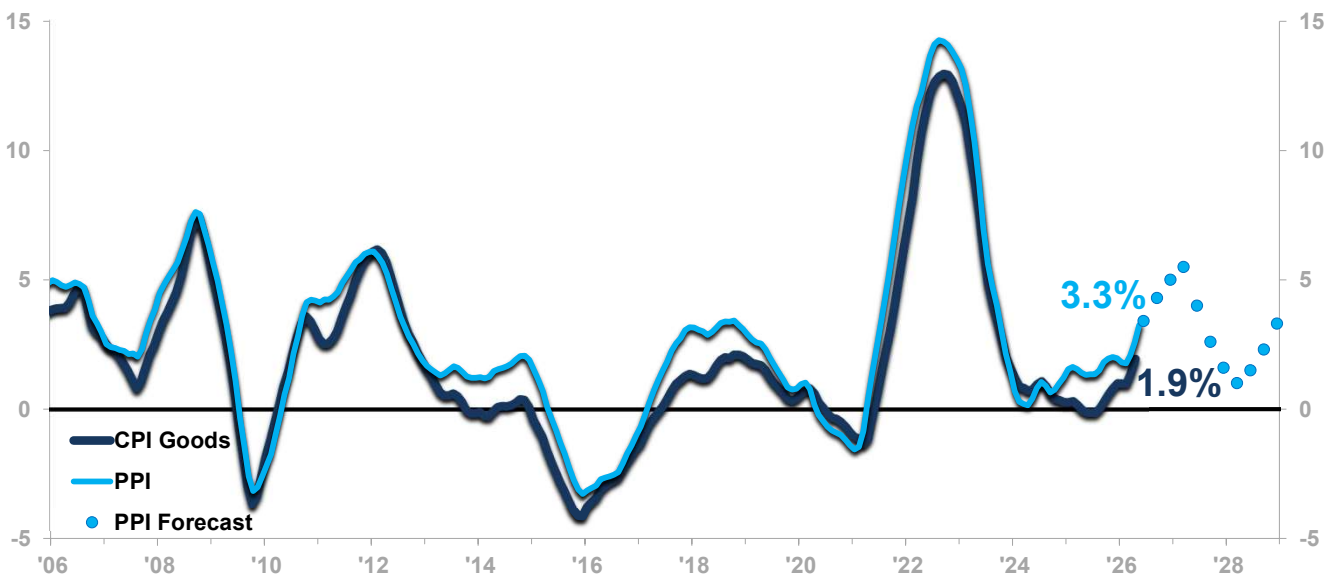
US Consumer Price Index to US Consumer Price Index for Services to US Consumer Price Index for Goods
3/12 Rates-of-Change



Source: BLS

Expect Higher Goods Inflation in 2026

US Consumer Price Index for Goods to US Producer Price Index Final Demand – Finished Goods
12/12 Rates-of-Change

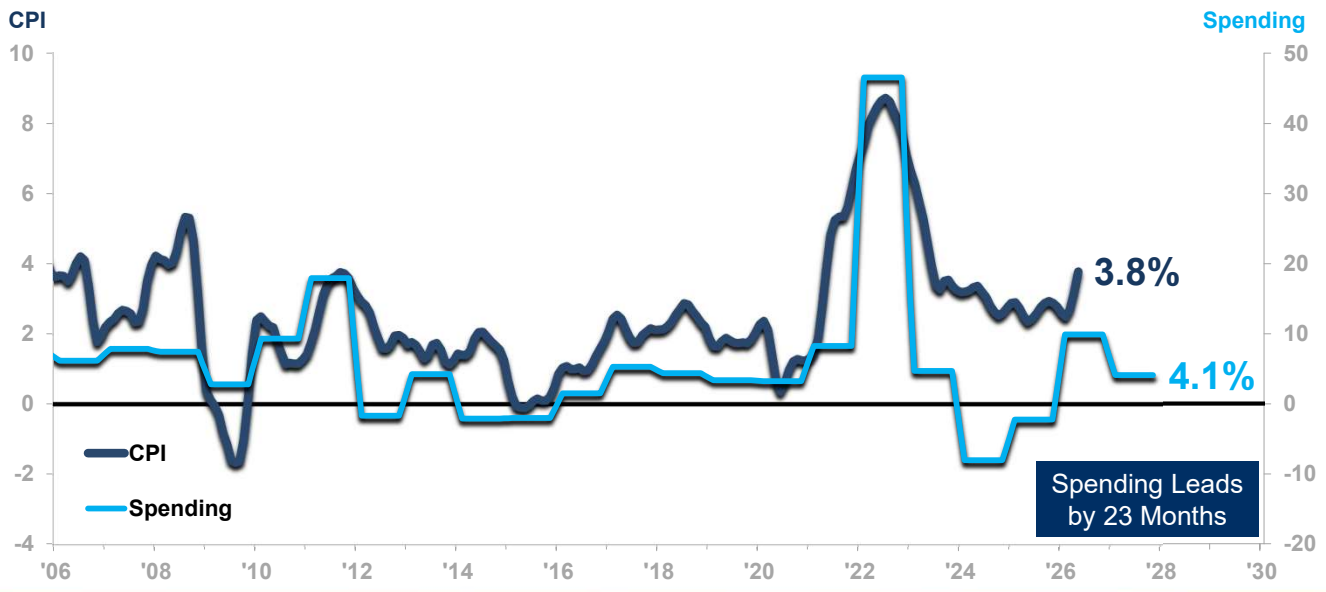


Source: BLS

Government Spending Sows Seeds of Future Inflation

US Consumer Price Index to US Total Federal Spending

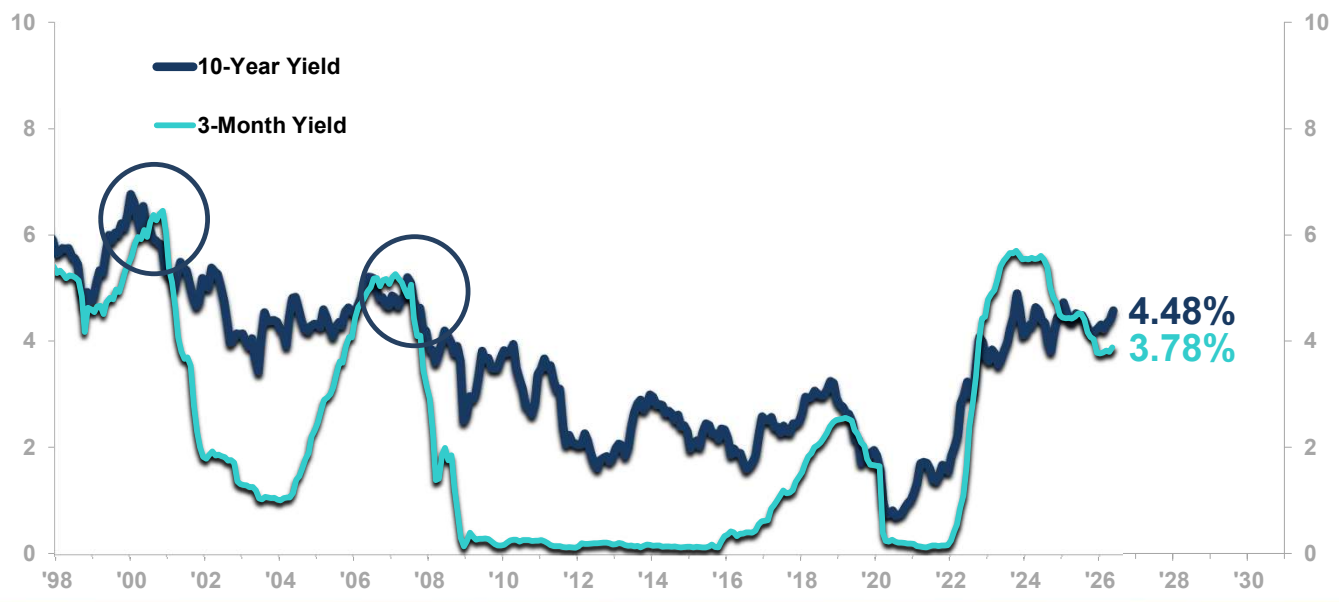
3/12 Rates-of-Change



Mortgage Rates Are Moving Higher – Headwind For Housing

US Government Long-Term Bond Yields to US 3-Month Treasury Bond Yield

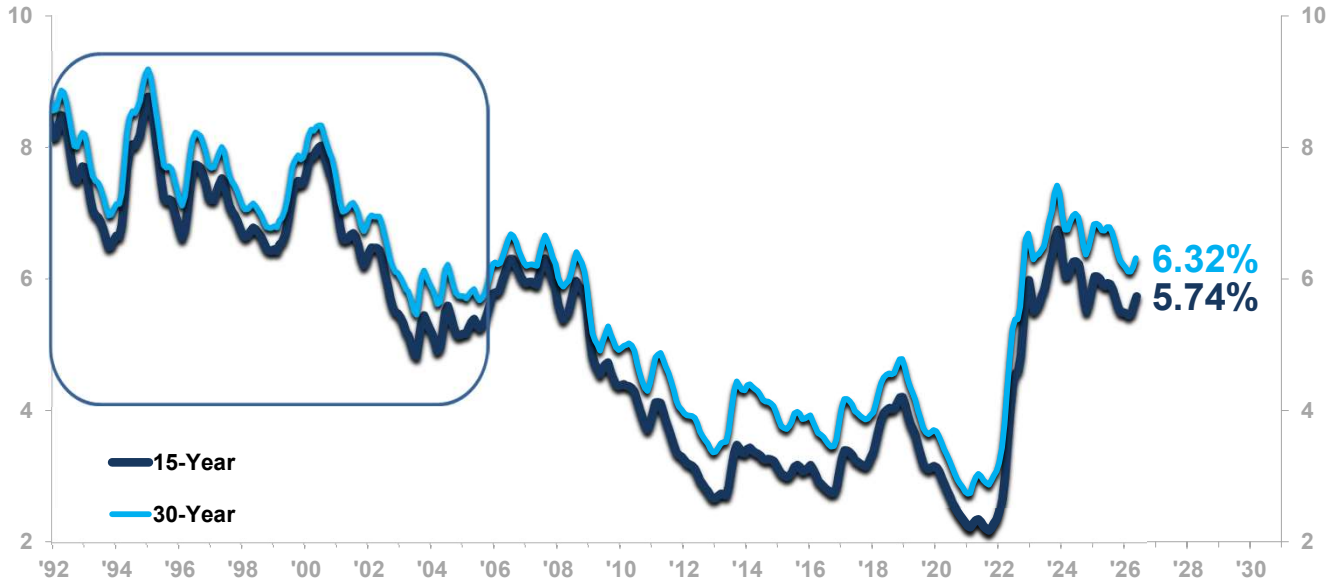
Raw Data: Percent



Mortgage Rates Trending into the "New Normal"

US 15-Year Mortgage Monthly Average Fixed Rate to US 30-Year Conventional Mortgage Rate

Quarterly Data Trends: Percent

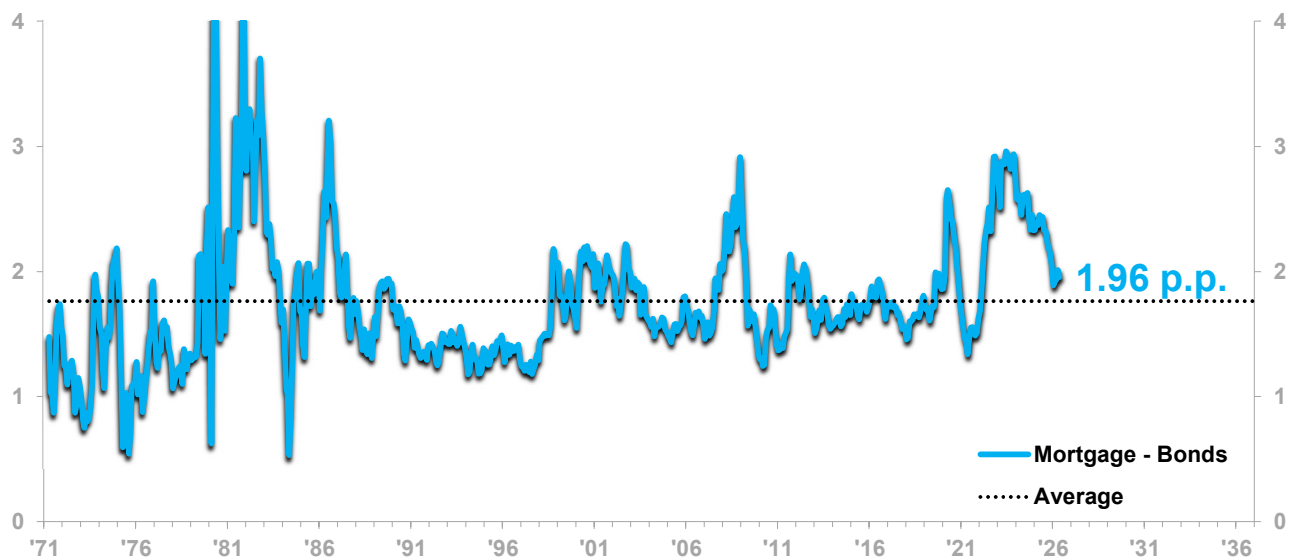


Source: Freddie Mac

Mortgage Rate Level is Normalizing

US 30-Year Mortgage Rate Minus US Long Term Government Bond Yields

Raw Data in Percentages

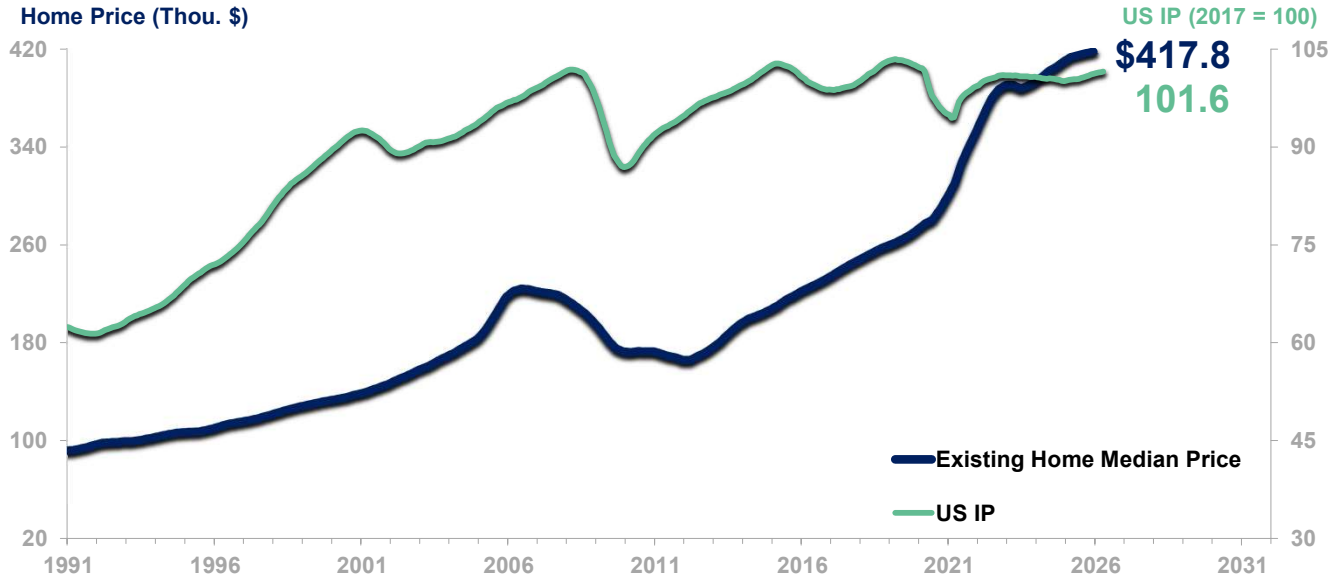


Sources: Freddie Mac, FRB

Home Price Rise Through Normal Recessions

US Existing Home Median Sales Price to US Industrial Production Index
Annual Data Trends

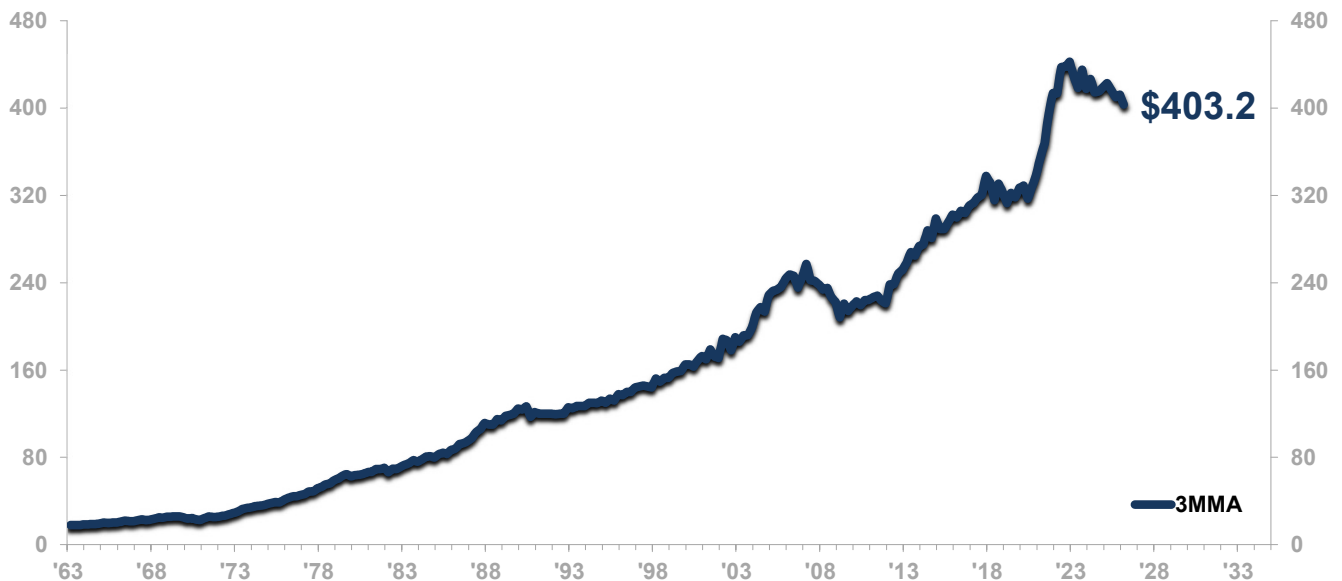
Home Price (Thou. \$)



Sources: National Association of Realtors, FRB

Mild Price Correction in Some Markets

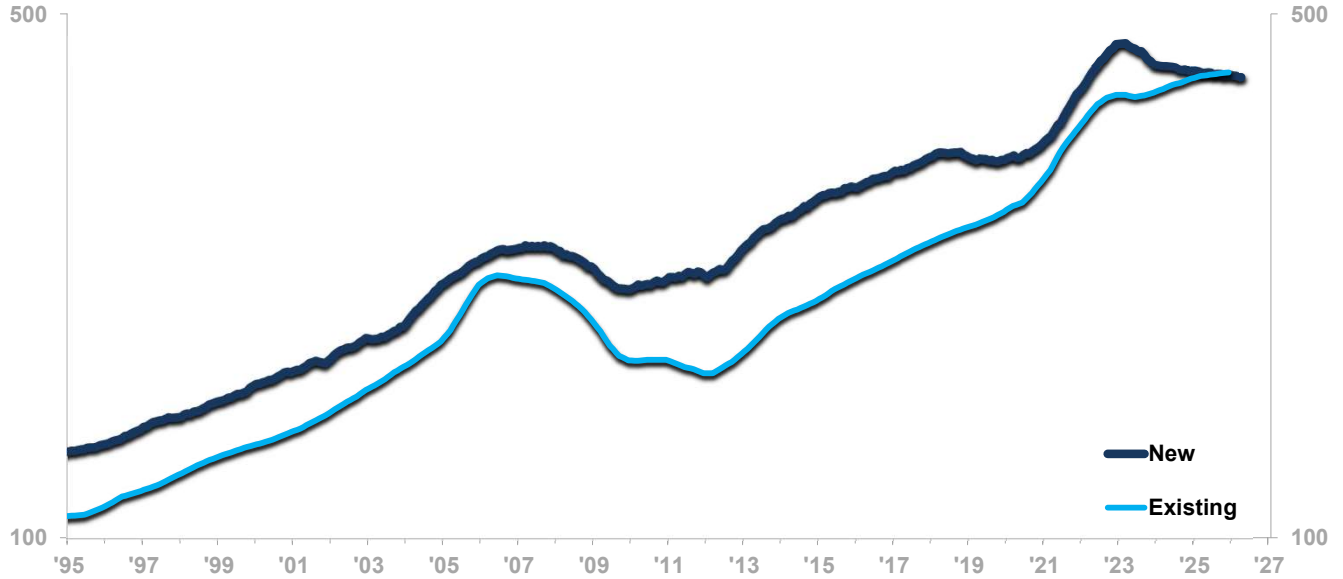
US New Home Median Sales Price
Quarterly Data Trends: Thousands of Dollars



Source: US Census Bureau

Existing Home Prices Holding Up Better, But Inventory Rising

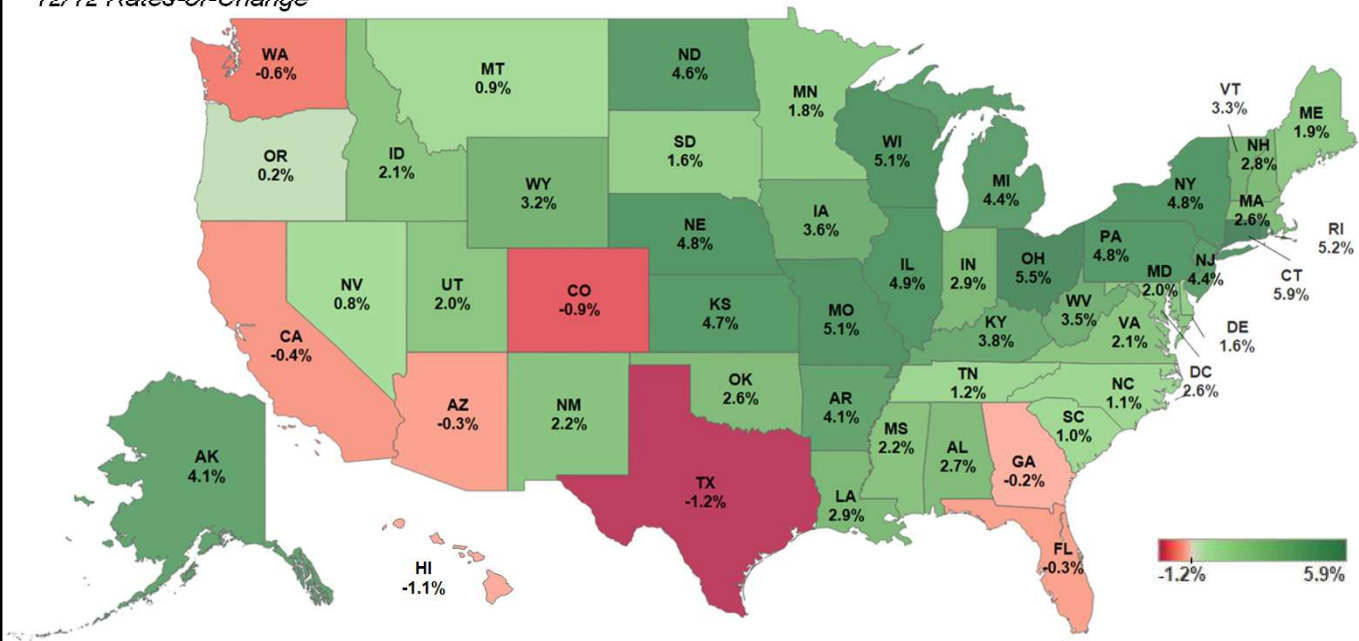
US New Single-Family Homes Median Sales Price to US Median Existing Single-Family Home Sale Price
Annual Data Trends



Sources: US Census Bureau, NAR

Median Home Sale Price by State

12/12 Rates-of-Change



Source: Data provided by Redfin, a national real estate brokerage.

Inflation Summary

- Differentiate “total” cost from “component cost.”
- Profitless prosperity will take out the weaker competition.
- Cost pressures will continue to require sound strategic management.

NEXT STEPS:

- Stay with us via our weekly [Fed Watch](#) YouTube free broadcasts:
youtube.com/@ITREconomics

What You Need To Do Right Now:

Develop relationships/strategies/tactics in the more resilient markets

Look For Countercyclical Opportunities

There are ALWAYS ways to make money; do not be chained to the past

Understand how inflation affects your company specifically

Have a strong subject matter experts on your team

You NEED to know how your company aligns with market data



ANY QUESTIONS?

What's next for your business?

Access forecasts, insights, and expertise to support confident, strategic decision-making.

Scan now →



Connor Lokar
Senior Forecaster & Senior
Economic Consulting Speaker



2026

ANNUAL CONVENTION

