

Monitor

Building Materials

VOLUME
411



BUILDING CAUTIOUSNESS

FLAT ACTIVITY

While the residential market stagnates, remodeling and non-residential activity provide a modicum of optimism

SHORT-LIVED SURGE

The start of the spring building season spurred a short-lived run-up in prices, only to peter out in later months

RIGHT-SIZING

Hardwood producers have reduced production to successfully stave off downward pricing pressures amid flagging demand

In This Issue

MONITOR BUILDING MATERIALS

gagroup.com

JULY 2025

VOLUME 411

03	Trend Tracker - Inventory	08	Lumber and Woodworking Equipment
04	Trend Tracker - M&E	09	Monitor Information
05	Overview	10	Experience
06	Softwood Lumber and Panels	11	Meet Our Team
07	Hardwood Lumber	12	About GA Group



Deals are a moving target with a constantly shifting mix of people, numbers and timing. We are here to simplify this process for you. Our associates are experts at analyzing situations and quantifying values you need on the most complex deals, so you can leverage our extensive industry knowledge to close the deal.

Trend Tracker

	Lumber	Building Materials
NOLVs	Mixed ⬆️⬆️	Mixed ⬆️⬆️
Sales Trends	Consistent —	Consistent —
Gross Margin	Increasing ▲	Decreasing ▼
Inventory	Decreasing ▼	Increasing ▲

NOLVS

- Lumber:** Leaner inventory levels have buoyed prices, while the start of the spring and summer building seasons has supported demand, but the positive impact has been offset in some cases at the distributor level by competitive pricing pressures eroding margins.
- Building materials:** Softness in the market has been offset in some cases by a right-sizing of inventory, lowering weeks of supply and reducing excess inventory levels.

SALES TRENDS

While the start of the building season generated some momentum during the spring, particularly compared to a sluggish 2024, stagnation and caution continue to prevail in the market.

GROSS MARGIN

- Lumber:** A lower level of product available in the market is generally keeping market prices afloat, but competitive pricing pressures have created some challenges at the distributor level.
- Building materials:** Softness in the market has been a detriment to building material distributors unable to push manufacturer price increases through to customers.

	Market Prices	
	Three Months	Year
Softwood	Decreasing ▼	Increasing ▲
Hardwood	Consistent —	Consistent —

INVENTORY

- Lumber:** Production cutbacks at the mill level have continued over the first half of 2025, and cautious buying persists at the distributor level.
- Building materials:** Soft demand has led to a buildup of inventory, which has been exacerbated by some anticipatory purchases amid trade uncertainties.

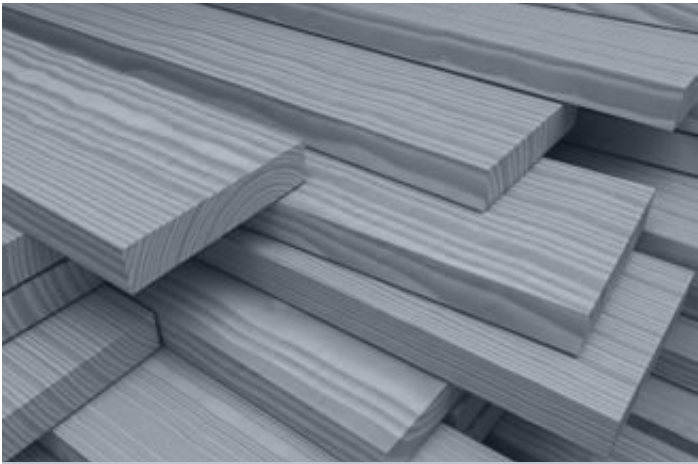
PRICING

- Lumber:** Curtailments to production at the mill level continue to keep prices relatively buoyant versus last year, and tariff uncertainties added to a period of rising prices in the spring. However, pricing has flattened more recently.
- Building materials:** Sluggish downstream demand, a lack of storm activity, and competitive pricing pressures have led to depressed pricing.



Trend Tracker - M&E

	Woodworking Sawmills / Furniture
Used Pricing	Decreasing ▼
Used Trade Movement	Increasing ▲
OEM Pricing	Consistent —
Technology Advancement	Consistent —
Auction Activity	Increasing ▲



- **Used Pricing:** An influx of used equipment has flooded the market in the wake of several mill closures, which has led to bearish pricing for used equipment. As has been the case in recent years, late-model equipment, particularly CNC, continues to elicit strong value and stabilize woodworking equipment pricing.
- **Used Trade Movement:** Late-model equipment continues to impel trade activity, with demand for newer technologies buoyant, in contrast to more tepid demand for older equipment. As noted, a wave of mill closures in a stagnant market has resulted in more equipment available for sale.
- **OEM Pricing:** OEM pricing has stabilized, particularly for equipment produced in the U.S. and Europe. While list prices have not declined, lead times have decreased and inventory levels have increased, resulting in more discounting off MSRP. Tariffs have the potential to create upward momentum, but the impact is yet to be seen.
- **Technology Advancement:** After a period of increase, investment in new technologies, particularly for automation and 3D prototyping, has stabilized at a relatively healthy level.



Overview

According to the U.S. Census Bureau, year-to-date construction spending totaled \$841.5 billion through May 2025, a 2.1% decrease from the same period in 2024, as weakness in the residential construction market continues to plague the overall industry.

The seasonally adjusted annual rate for privately owned housing starts reached 1.26 million units in May 2025, 9.8% below the revised April estimate and 4.6% below the May 2024 rate. The recent declines in homebuilding are due to a sharp decline in the multifamily sector and relatively flat output in the single-family sector, which is related to economic and tariff uncertainty. Year-to-date, single-family starts posted a 7.1% decline, indicating hesitation from prospective homebuyers.

While mortgage rates have generally trended lower in recent months compared to the start of 2025, they remain elevated compared to several years ago. These elevated rates can make it more difficult for homebuilders to secure acquisition, development, and construction loans to increase homebuilding activity. Buddy Hughes, Chairman of the National Association of Home Builders (“NAHB”) and a home builder and developer from Lexington, North Carolina, noted that the NAHB’s latest builder survey indicates that development and market conditions remain a serious concern for builders, with consumer confidence lower and interest rates higher for buyers and builders alike. Hughes additionally noted that nearly 40% of homebuilders reduced sales prices recently to offset difficult housing affordability conditions.

On the positive side, U.S. remodeling activity has been relatively strong in 2025, with the NAHB anticipating a 5% gain for the year. NAHB Remodelers Chair Nicole Goolsby Morrison noted in a May press release that factors such as restricted new housing inventory, aging housing stock, and growing equity that owners have in their homes continue to prompt existing homeowners to undertake remodeling projects. Additionally, remodeling projects are more appealing to homeowners if they do not need to finance their projects at current interest rates.

On April 4, 2025, the U.S. Department of Commerce announced the preliminary results of its sixth administrative review of duties on imports of Canadian lumber, more than doubling tariff rates from 14.40% to 34.45%. Preliminary rates do not take immediate effect but may be indicative of final countervailing duty rates, which are expected to be announced in August 2025. The most recent review affirmed the previous conclusions put forth by the U.S. Department of Commerce that countervailing and anti-dumping duties are necessary and their revocation would likely result in the recurrence of an imbalanced trade market.

KEY FACTORS

- The residential construction industry continues to underwhelm and has yet to rebound from last year’s high interest rates.
- Tariff uncertainty continues to impact activity up and down the supply chain.

Softwood Lumber and Panels

Softwood lumber and panels are produced from gymnosperm trees, such as Pine and Spruce, and are typically used for structural building purposes, as well as millwork.

The first half of 2025 was characterized by cautious optimism, given the spring building season and more balanced supply and demand dynamics carrying over from 2024. Demand and pricing can be described as steady yet modest, as stubbornly high interest rates remain amid trade tensions, policy uncertainty, and other economic factors, which have been partially offset by the annual spring surge that led to initial upticks in pricing. In general, the first half of 2025 saw some modest price recovery at the onset of the spring building season, and pricing ultimately peaked in March before leveling out. Composite prices were approximately 16.1% higher in March 2025 compared to the same time period in 2024.

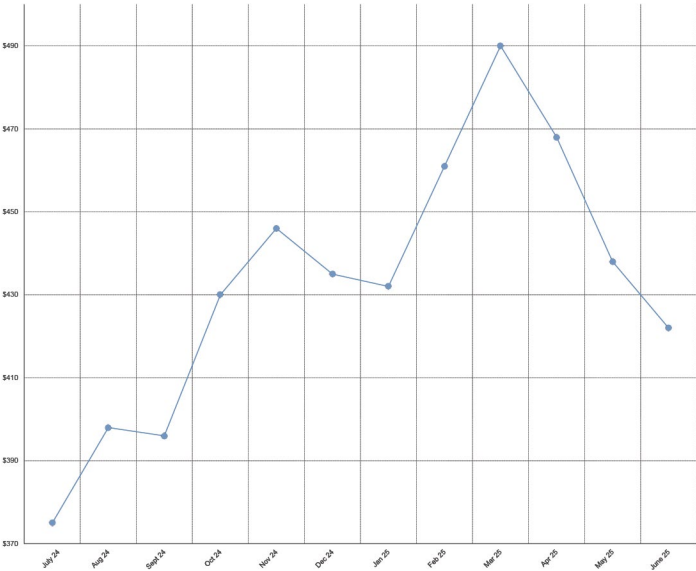
On the supply side, mills have adjusted to torpid demand by running leaner, and Canadian wildfires have further thinned supplies, keeping prices elevated versus last year. However, persistent high interest rates, combined with cautious buyers looking to avoid large inventory commitments, especially in an uncertain political and economic environment, have kept prices in check. Despite a lack of truly robust demand, price upticks this year reflect a market of moderate recovery and cautious optimism.

Appraisal trends for lumber have been generally positive in the first half of 2025, as most appraisals are comparing to periods in 2024 when prices were showing sharper declines due to high interest rates and inflation issues that were influencing spending more heavily. With lackluster demand and mills more oversupplied but looking to shed inventory from production curtailments in 2024, NOLVs at the mill level in 2025 have seen a modest boost as prices have risen, despite the aforementioned cautiousness that still characterizes the market.

At the distributor level, companies have right-sized their inventory levels, cautiously buying to run as lean as possible while still meeting demand that tends to improve with the traditional building season. This has led to lower weeks of supply, positively affecting NOLVs versus appraisals in 2024, when inventory levels remained at higher-than-desired levels amid lackluster demand.

As the industry has slowed, competitive pricing pressures have negatively impacted gross margins as companies have made price concessions to retain market share. This has resulted in lower gross margins versus prior appraisals, negatively affecting NOLVs. In other instances, companies have been focusing on multi-family projects, which carry a less favorable margin, negatively affecting NOLVs.

1 Soft Lumber - Price per MBF



At the time of the prior Building Materials Monitor in January 2025, softwood panel prices exhibited a flat to downward trajectory from trade stagnation amid cautious buying, ultimately leading to price declines. In 2025, similar to lumber, the annual spring surge led to a modest upward price trajectory, with leery undertones. Supply has been tighter, leading to upward pressure, but buyers, hesitant to overreact while still assessing supply and demand amid trade tensions, have kept pricing relatively in check.



Hardwood Lumber

As we reach the halfway point of 2025, the hardwood market has remained relatively stable in the face of industry headwinds. Despite prolonged sluggishness in the U.S. housing market and a challenging trade environment, hardwood lumber prices have remained stable. Declining mill production amid mill curtailments and closures has been the primary driver in stabilizing prices, as log availability has been low.

International trade has been the primary topic of conversation in the hardwood industry this year. Although many of the initial tariffs announced by the administration have been paused as trade deals are negotiated, announcements and upcoming deadlines on these tariffs have still caused significant disruptions in the export market. The standoff between the U.S. and China has had a particularly adverse impact on hardwood trade. China remains the largest international purchaser of American hardwoods, and shipments of lumber to China were down 13.7% through April, while shipments to Canada, another significant trade partner in hardwoods, were down 25.3%. Through April, global export volume of lumber was down 9.6% and log exports were down 7.0%, including a 50.4% decline in logs exports to China. Hesitation will persist among foreign buyers until it is determined how the tariff situation will play out. If trade deals are not negotiated among primary Asian and North American trading partners, among others, export activity could remain at historically low levels, which could lead to further production cuts and/or mill closures in the U.S. in an effort to stabilize pricing and right-size supply.

Stateside, the housing market has shown little sign of improvement in the early part of 2025. May housing starts came in at 1.26 million, a 9.8% decline from April numbers and a 4.6% decline from May 2024 starts. Residential building permits also showed no improvement, with the 1.39 million figure representing 2.0% drop from April and a 1.0% decline from May 2024. Domestic repair and remodel indicators have been slightly more optimistic, with the Leading Indicator of Remodeling Activity, published by the Joint Center for Housing Studies of Harvard University, projecting a 1.8% gain by the end of 2025. This indicator provides a short-term outlook of national home improvement and repair spending to owner-occupied homes.

The modest forecasted increase is driven primarily by the slight uptick in existing home sales through May. Cabinet sales, which are an additional outlet for hardwood production and are driven by the housing market, are reportedly down 6% through May, despite the increase in home sales and restrained optimism in the remodel market.

Economic uncertainty continues to be the theme in building materials and hardwood lumber. A resolution to the U.S. tariffs and potential retaliatory actions is expected in the relative short term, which will at least provide some clarity for international trade markets. Consumers and industry operators alike remain on edge as it relates to U.S. tariffs, waiting to see if they will be fully implemented and whether they will lead to further inflation concerns. It will remain a balancing act for producers and buyers up and down the supply chain for the remainder of this year. U.S. lumber buyers remain cautious with purchases, but constrained supply has kept price declines at bay, with prices generally exceeding year-ago levels at the midway point of 2025.

Appraisal values have fluctuated in 2025. NOLVs at this time are highly dependent on company-specific metrics related to gross margin and turnover. Stable pricing has not led to any market corrections on valuations. Rather, how an individual company has managed inventory levels in the face of depressed demand has been the key driver of value. GA anticipates that the second half of 2025 will reflect similar appraisal results, with values driven less by macroeconomic events and more by specific company financial metrics.

Lumber and Woodworking Equipment

Woodworking machinery, including equipment used for furniture manufacturing and equipment used for lumber production, is heavily impacted by the construction market. However, as each segment serves a variety of end-uses, their market trajectories often diverge.

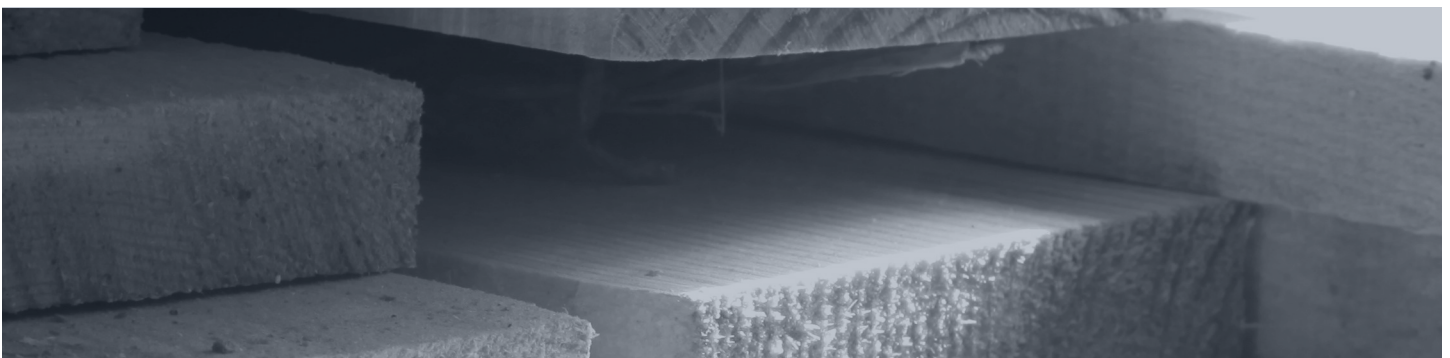
The sawmill and lumber production industry has shown moderate declines in equipment values during the first half of 2025 after significant declines in the previous year. The slowdown in the lumber market caused mill closures, which in turn have increased the volume of equipment available on the used market. Lead times for new equipment have come down and OEM manufacturers are offering significant discounts from MSRP in order to sell equipment, further decreasing used equipment pricing.

After an active 2024, closures, consolidations, and restructurings amongst producers and wholesalers of lumber have slowed. Despite a flattening of activity, several mills have been sold this year, as a lukewarm construction market has led to a challenging operational environment, particularly for older and smaller operations that struggle to compete with the economies of scale of larger operations. GA continues to monitor liquidations in the sawmill and furniture manufacturing spaces.

Over the past five years, GA has seen several swings in the sawmill market. After the initial stages of the COVID-19 pandemic, a rebound in economic activity, combined with high lumber prices, caused the demand for good quality used equipment to exceed the level of equipment available in the market. This led to values for used equipment holding steady or in some cases increasing.

Softwood mill equipment fared better than hardwood mill equipment due to its primary use in the building materials market. In subsequent years, lumber prices declined back to more traditional levels. Higher mortgage rates have caused new home sales to slow, further increasing lumber inventories and decreasing prices. This trend continued into 2025, causing mill closures and an increased number of auction sales. GA will continue to monitor this closely.

Over the past several years, the relative health of the housing market and an increase in disposable income have buttressed demand for higher-end consumer goods such as custom woodwork and furniture. These higher-end and more specialized products require smaller production runs, and producers have responded by investing in automation and smart technology to minimize changeover time and maximize flexibility in an effort to reduce downtime and maintain manufacturing efficiency. A focus on production efficiency is essential to survival in a market that has become increasingly competitive, as keeping costs low is necessary in a sea of lower-cost, foreign-produced alternatives. In this vein, newer, more innovative products, such as CNC-driven technologies, have come to dominate trade activity, as older models, despite their charms, have become somewhat synonymous with lost efficiency. While demand for used late-model equipment remains buoyant, lead times for newer equipment have declined and availability has increased, which could set the stage for lower used pricing in the future.



Monitor Information

The *Building Materials Monitor* relates information covering most building projects, including industry trends, market pricing, and their relation to our valuation process. GA internally tracks recovery ranges for specialty and exotic hardwoods and softwoods, building product retailers and wholesale distributors, and specialty building products, but we are mindful to adhere to your request for a simple reference document. Should you need any further information or wish to discuss recovery ranges for a particular segment, please feel free to contact your GA Business Development Officer.

The information contained herein is based on a composite of GA's industry expertise, contact with industry personnel, liquidation and appraisal experience, and data compiled from a variety of well-respected industry publications and sources believed to be reliable. GA does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this issue. Neither GA nor any of its representatives shall be liable for use of any of the information in this issue or any errors therein or omissions therefrom.



Experience

LIQUIDATIONS

GA has been involved in the liquidation of three National Home Centers building products locations, the liquidation of inventory and fixed assets across eight North Pacific Building Materials distribution centers, and the auctions of various woodworking companies, including Woodworking IVA, The Truss Company, Lux Cabinetry, LLC, and Graeber's Lumber & Millwork.

APPRAISALS

In addition, GA has worked with and appraised numerous manufacturers and distributors within the building materials, lumber, and woodworking industries. While our clients remain confidential, they range in scale from smaller, more specialized regional businesses to major global and national industry leaders, and include the following sampling of companies:

- The nation's largest supplier of building materials for home building, as well as professional and contract builders.
- One of the largest roofing products distributors in the U.S., with locations throughout the country and sales exceeding \$2 billion annually.
- Global leaders in home fixtures and plumbing products, including faucets, sinks, toilets, and bath tubs, with presence in over 40 countries.
- Leading manufacturers of HVAC systems, serving residential, light commercial, and commercial applications, with annual sales exceeding \$1 billion.
- The largest publicly-traded roofing distributor in the U.S.
- One of the nation's largest producers of OSB, siding, and engineered wood products.
- The largest independent distributor of wallboard, acoustical, and other specialty building materials in the U.S.
- One of the world's leading manufacturers of windows and doors.
- Regional sawmills, log processors, and producers of green and kiln-dried lumber.
- Manufacturers and distributors of fasteners and bolts used in light and heavy construction.
- Suppliers of iron and wood building components utilized in stair construction.
- Specialty producers of custom interior wood doors for the education, commercial, health care, institutional, and hospitality industries.
- A leading distributor of roofing materials with 60 distribution facilities nationwide.
- A manufacturer and distributor of exterior residential building products, primarily servicing professional contractors.
- Distributors of exotic imported hardwoods utilized in high-end building projects.
- Independent building material and plumbing product retailers and wholesalers, each serving distinct regional customer bases.
- A diversified holding company operating in the building materials supply industry, with a focus on more specialized supply services.
- A manufacturer and distributor of metal roofing and accessories for residential, light commercial, and agricultural applications.
- Various companies' woodworking machinery and equipment, including producers of dimensional lumber, hardwood lumber, plywood, and fiberboard.

In addition to our vast liquidation and appraisal experience, GA maintains contacts within the building materials and lumber and woodworking equipment industries that we utilize for insight and perspective on recovery values.

Meet Our Team

APPRAISAL & VALUATION TEAM

BUSINESS DEVELOPMENT



Bill Soncini
National Sales Manager
Midwest Region
(773) 495-4534
[CONTACT](#)



Jennie Kim
Managing Director
Western Region
(818) 974-0602
[CONTACT](#)



Ryan Mulcunry
Managing Director
Northeast / New York / Canada Regions
(857) 231-1711
[CONTACT](#)



David Seiden
Managing Director
Mid-Atlantic / Southeast Regions
(404) 242-0683
[CONTACT](#)



Nick Disimile
Director, Business Development
Southwest Region
(516) 707-7040
[CONTACT](#)



Akilah Moore
Director, Business Development
Midwest Region
(708) 921-1262
[CONTACT](#)

OPERATIONS

Chad P. Yutka, ASA
Executive Managing Director
Valuation & Transaction Advisory Services
(312) 909-6078
[CONTACT](#)

Bill O'Brien
Managing Director
(781) 866-2020
[CONTACT](#)

Will Jacoby
Senior Project Manager
(857) 233-8677
[CONTACT](#)

Tim Pearson
Senior Managing Writer
(508) 944-2377
[CONTACT](#)

ASSET DISPOSITION TEAM

Scott Carpenter
CEO
GA Retail Solutions
(818) 746-9365
[CONTACT](#)

Paul Brown
Senior Vice President
Head of Industrial Solutions
(203) 292-8111
[CONTACT](#)



About GA Group

GA Group is a privately-held financial services company offering a comprehensive set of tailored solutions to meet our clients diverse needs. Our teams value, monetize, lend against or acquire assets across a broad range of sectors from both healthy and distressed companies.

GA Group and its predecessors are celebrating 50 years of client service and its current leadership has over 100 years of collective experience in the industry. GA Group is majority-owned by Oaktree Capital Management.



MONITOR BUILDING MATERIALS
gagroup.com
JULY 2025
VOLUME 411

WESTLAKE VILLAGE (HQ)
2829 Townsgate Road,
Suite 103
Westlake Village, CA 91361

ATLANTA
3424 Peachtree Road NE,
Suite 2200
Atlanta, GA 30326

BOSTON
300 First Avenue,
Suite 201
Needham, MA 02494

CHICAGO
1 N. Franklin
Suite 1150
Chicago, IL 60606

DALLAS
910 S. Pearl Expy,
Suite 21
Dallas, TX 75201

AUSTRALIA
Level 29, Chifley Tower
2 Chifley Square
Sydney, NSW 2000
Australia

GERMANY
Prinzregentenstr 18
5th Floor
80538 Munchen,
Germany

