



# Housing Macro Forecast Update

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April 2025

# Our Stock Coverage

## HOMEBUILDERS



## MANUFACTURED HOUSING



## BUILDING PRODUCTS



## MORTGAGE & REAL ESTATE SERVICES



## HOMECENTERS



## APARTMENT REITS



## SINGLE-FAMILY REITS



# OUR TEAM: RESEARCH

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Macro

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*Managing Director*  
Homebuilding

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*Associate*  
Building Products



# 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

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Homebuilding Forecasts

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Manufactured Housing Forecasts

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Single-Family Rental Forecasts

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Multifamily Rental Forecasts

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Homecenters Forecasts

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Building Products Forecasts

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Zelman & Associates' Macro Forecasts

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**SOLD**

**HOME  
FOR  
SALE**

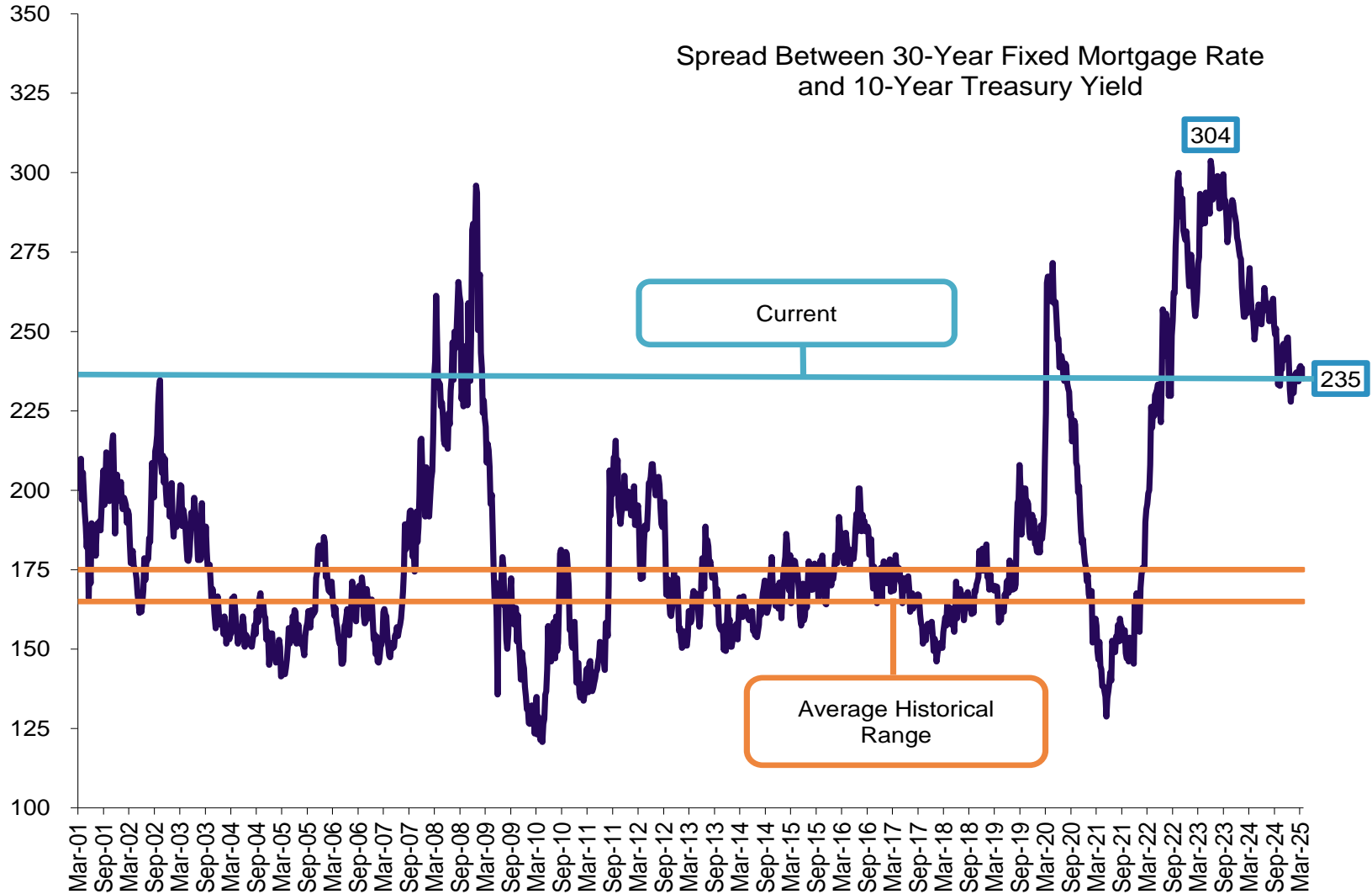
# Macro Mortgage Finance and Existing Home For-Sale Forecasts

# Key Sector Views, Themes and Topics

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- Rates a Touch Lower Than as of Last Quarter
- EHS/Purchase Growth Outlook Maintained
- Mix Shift to Higher Price Points Boosting ASP Growth
- Investment Theme: Secular Winners at Cycle Trough

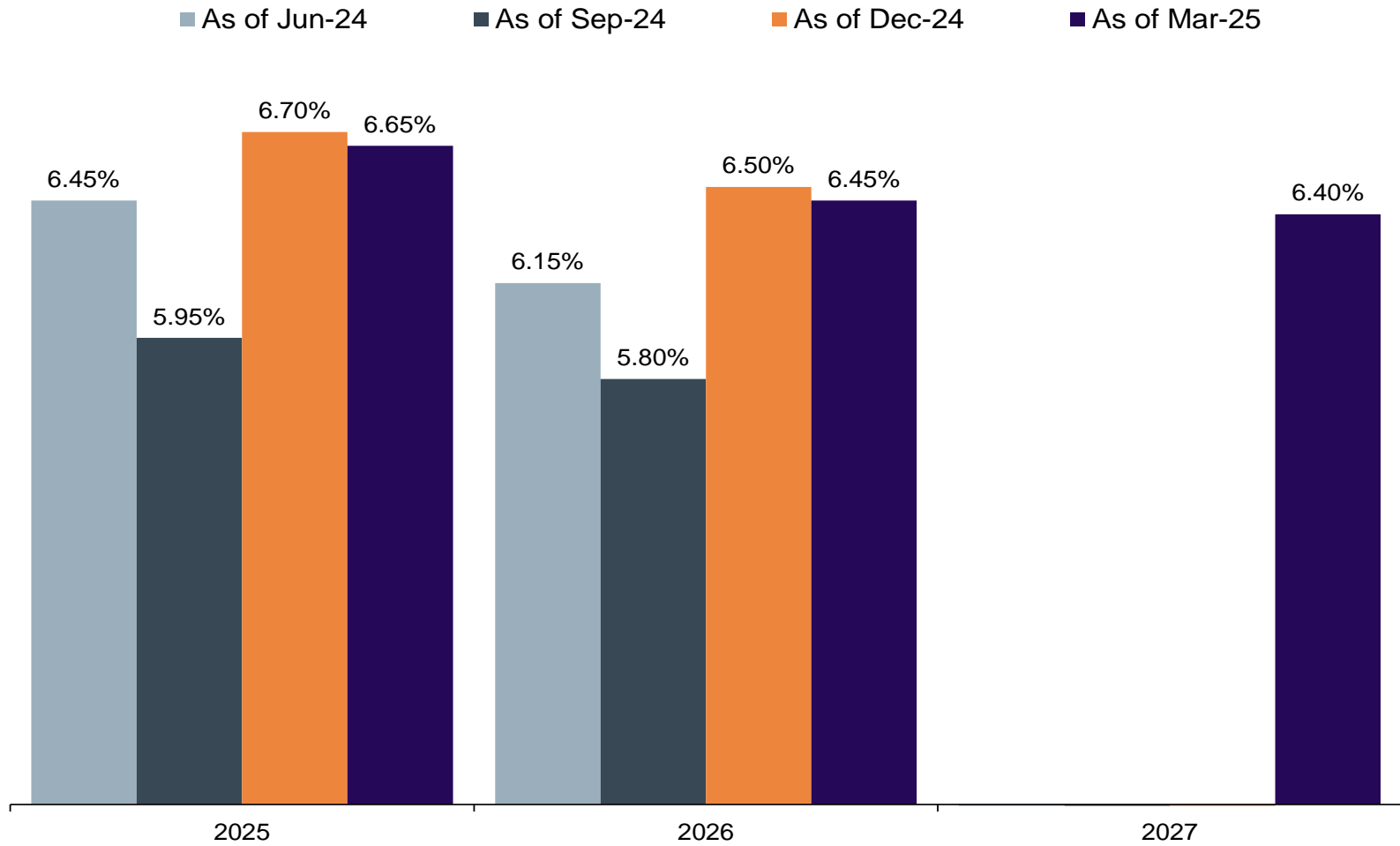
# Mortgage Spreads Have Compressed, But Still Elevated



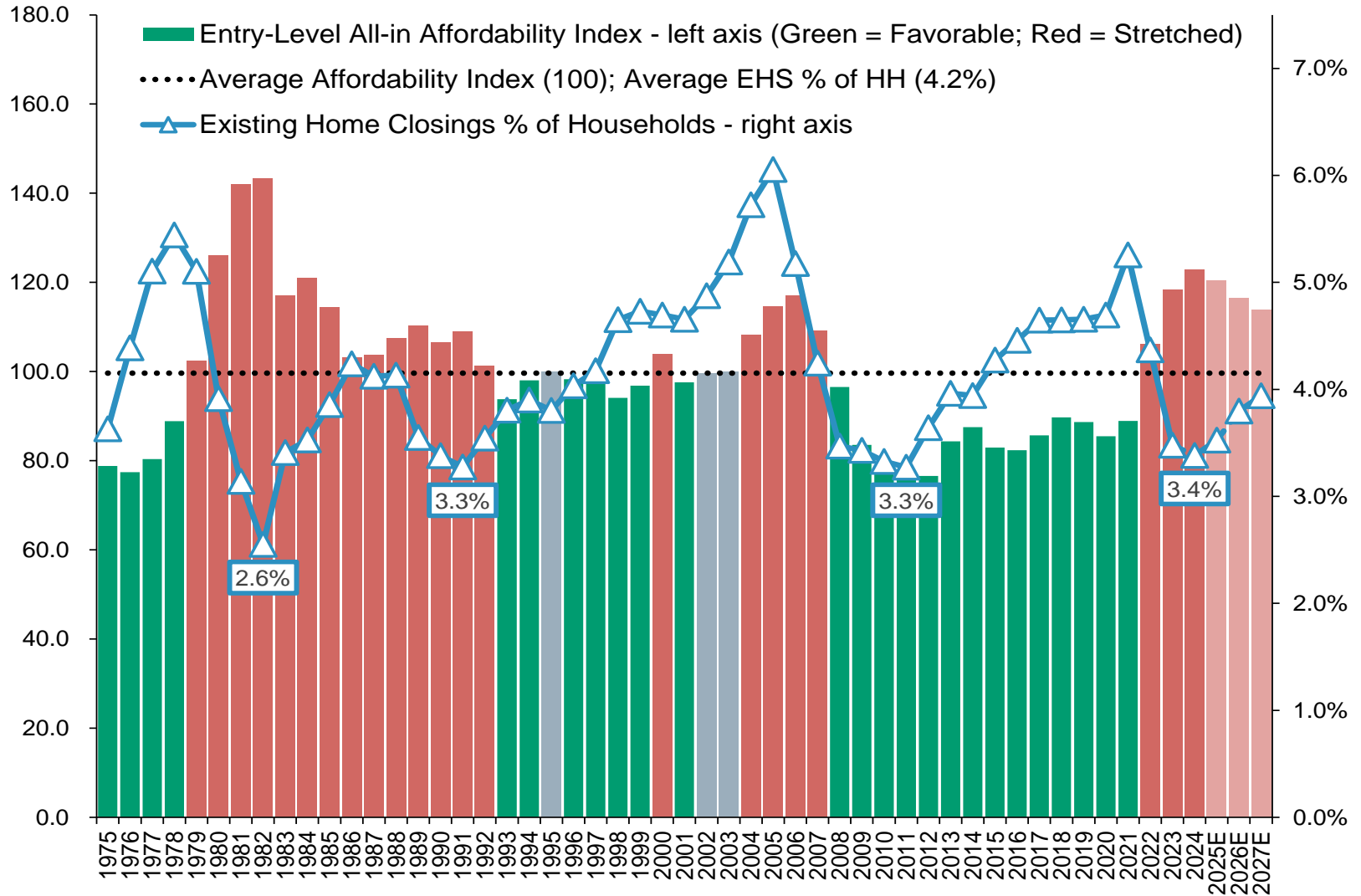


# Mortgage Rate Trajectory Marginally Improved

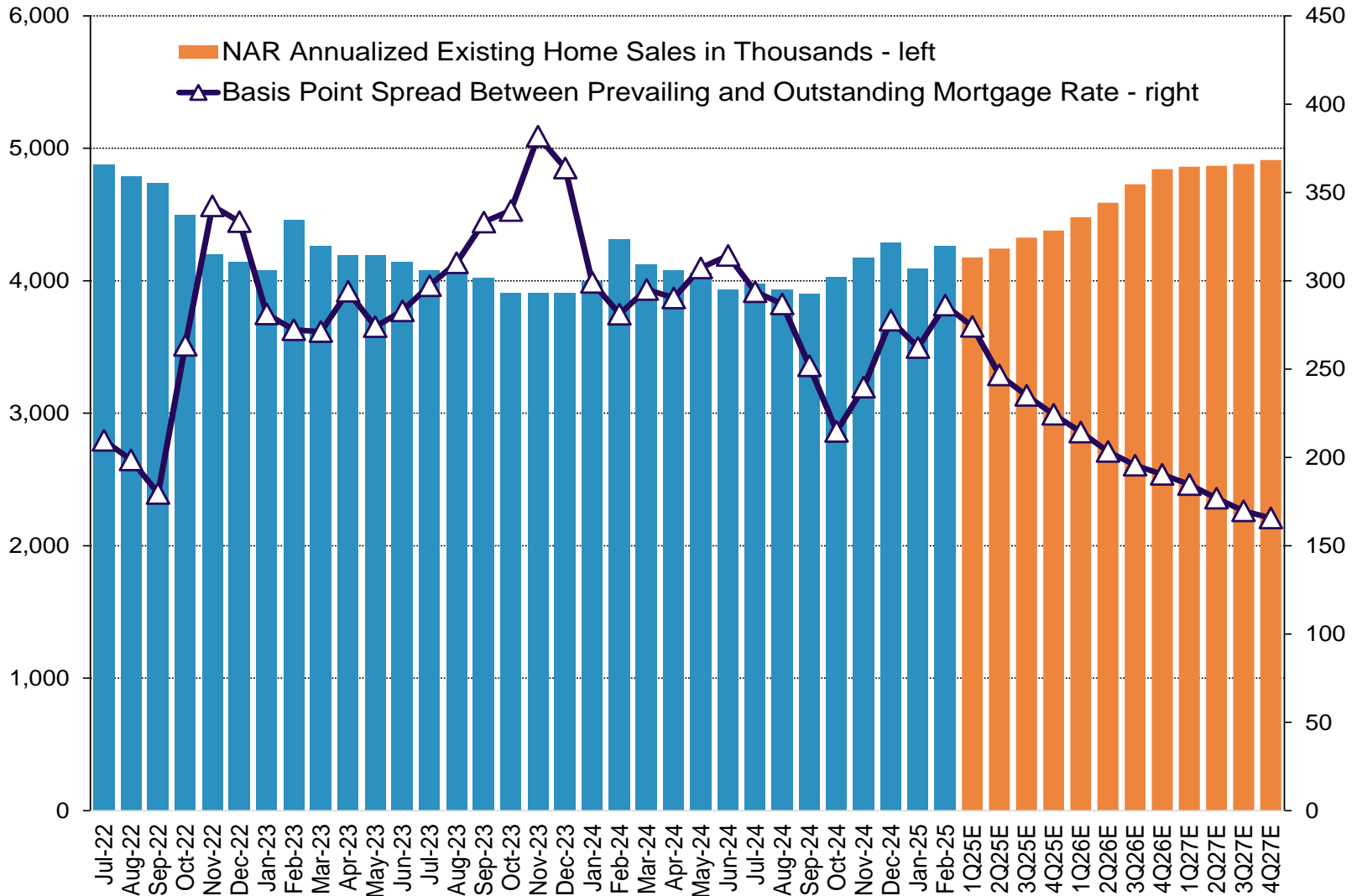
Projected Annual Average 30-Year Fixed Mortgage Rate Based on Implied Forward Yield Curve



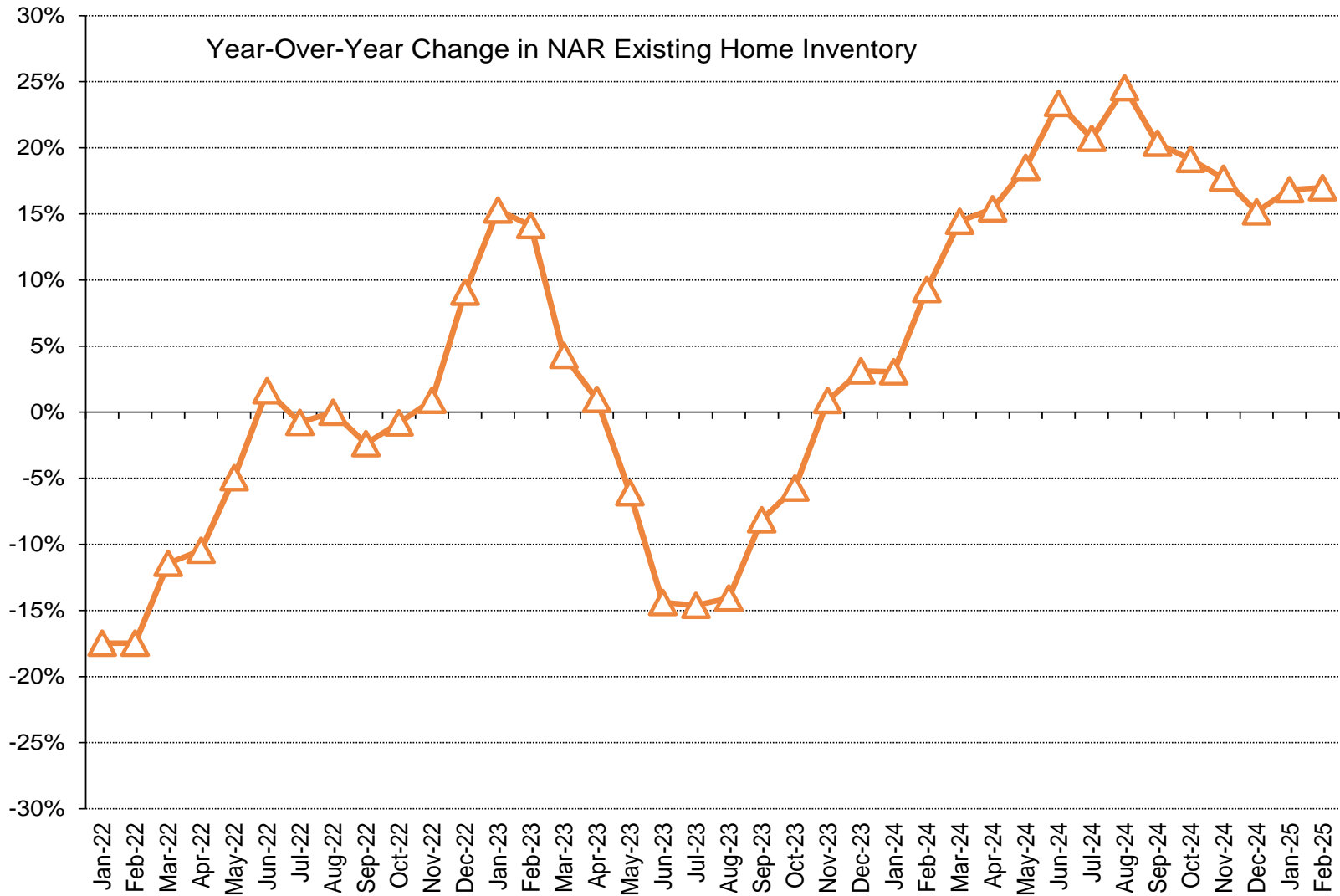
# Affordability Stretched, But Improving



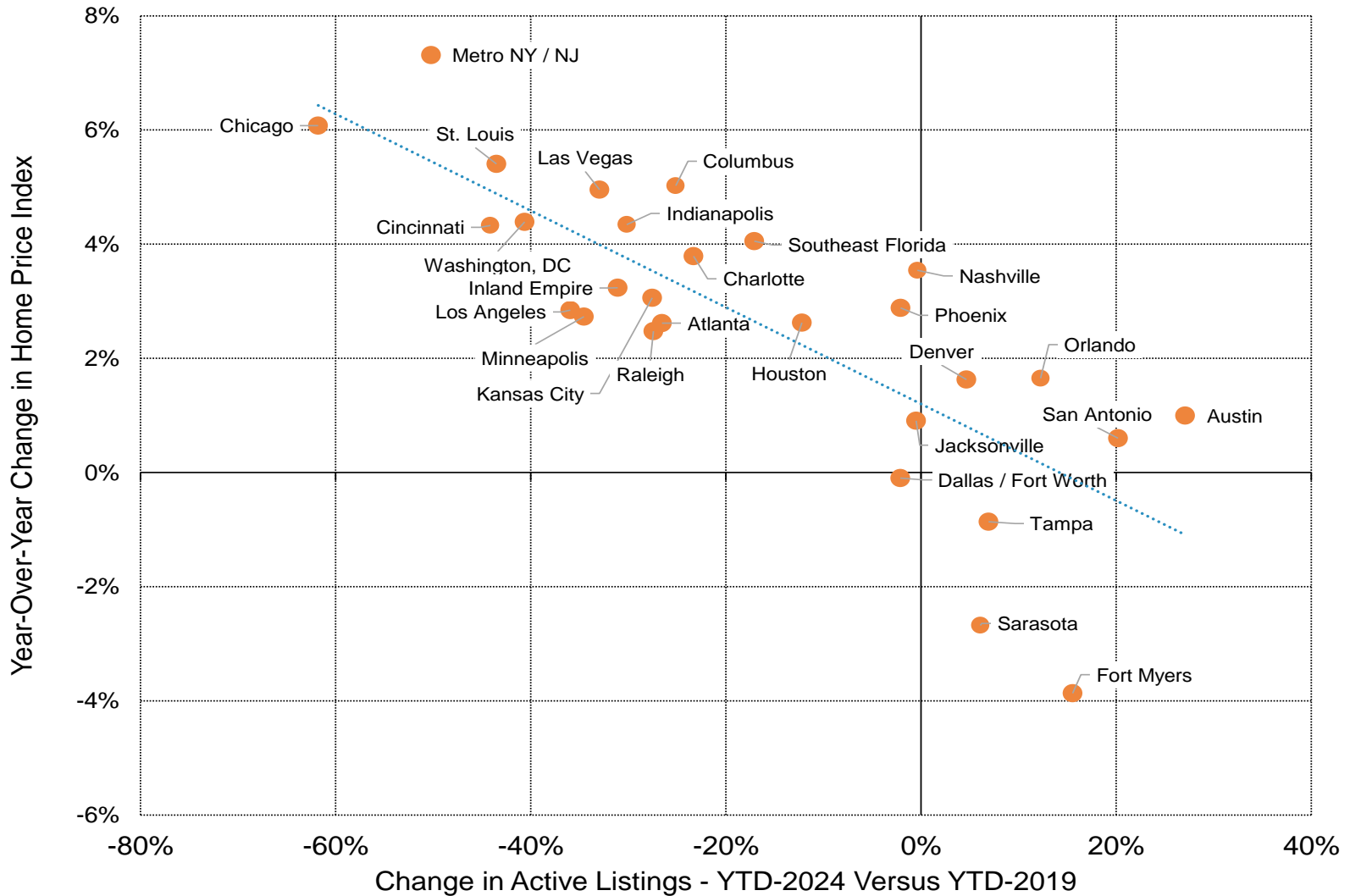
# Forecasting EHS Growth of 5%, 9%, 5% in 2025-27



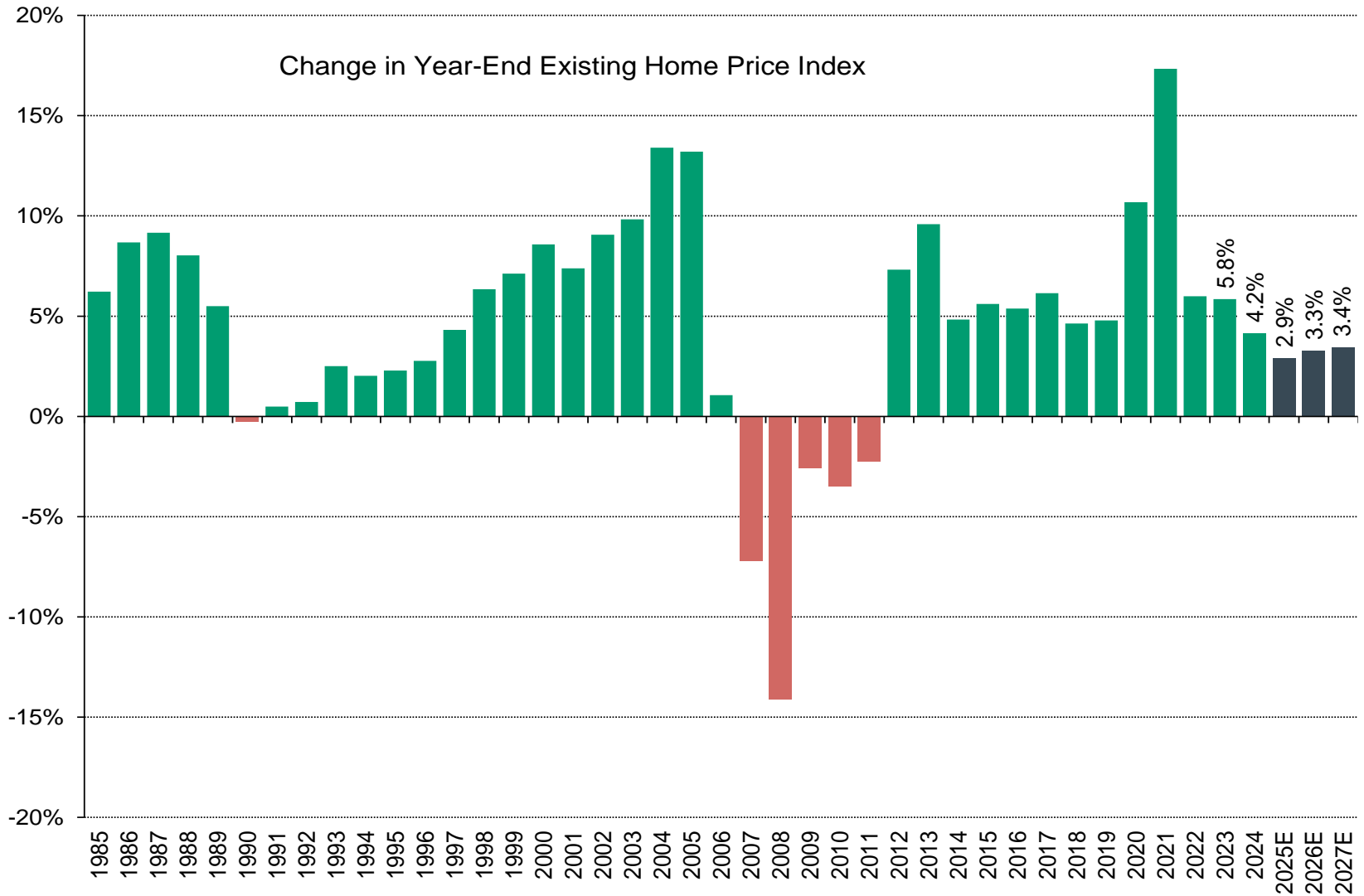
# Resale Inventory Continuing to Grind Higher



# Evident Relationship Between Inventory and Pricing



# Forecasting Below-Average HPA in 2025-27



# Mortgage & Real Estate Services Coverage

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## ➤ Outperform Rated Stocks

- Compass (COMP)
- Rocket Companies (RKT) / Redfin (RDFN)
- Zillow (Z)

## ➤ Neutral Rated Stocks

- Opendoor (OPEN)

## ➤ Underperform Rated Stocks

- Anywhere Real Estate (HOUS)
- RE/MAX (RMAX)



# Macro Homebuilding Forecasts

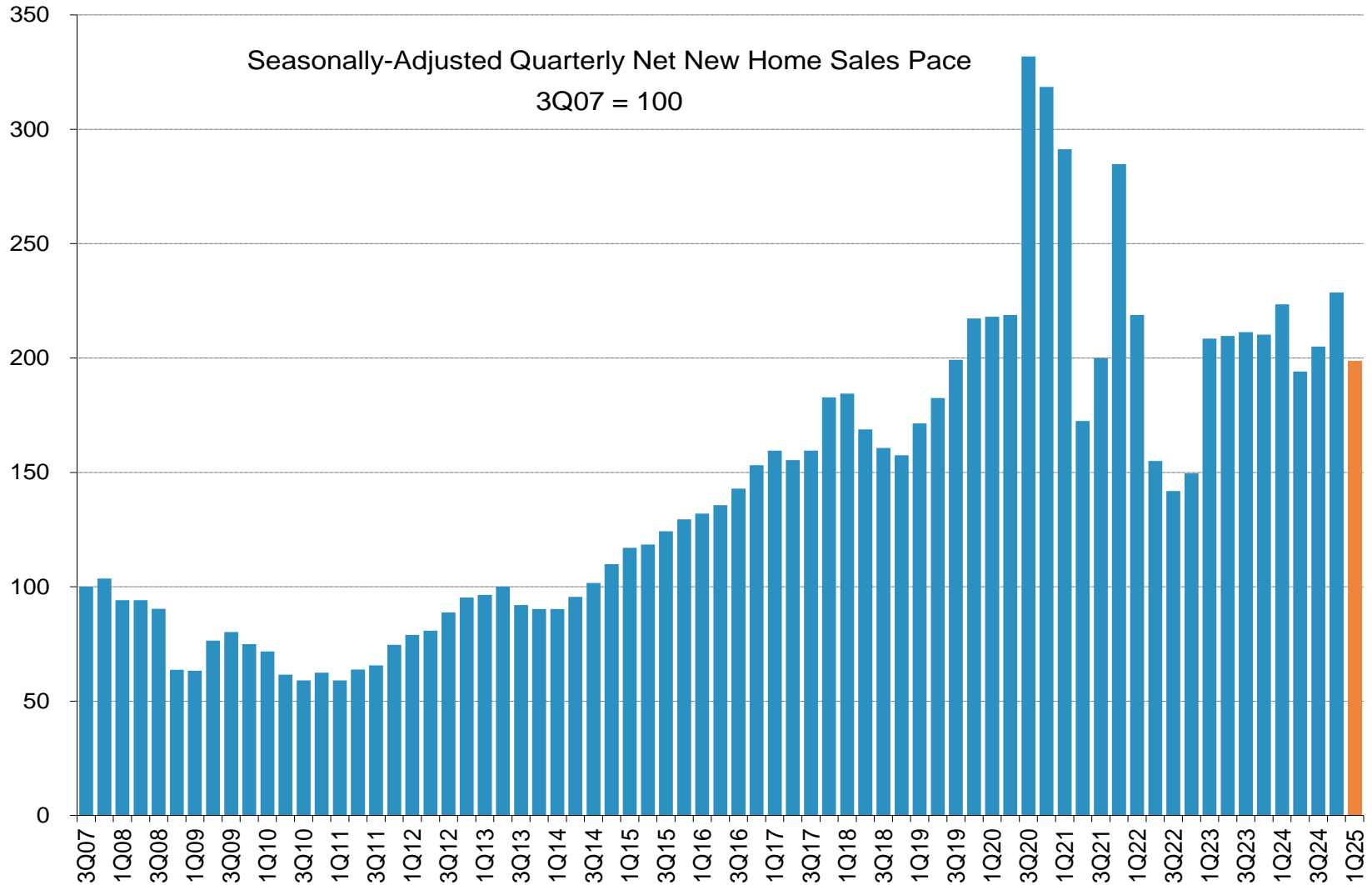


# Key Sector Views, Themes and Topics

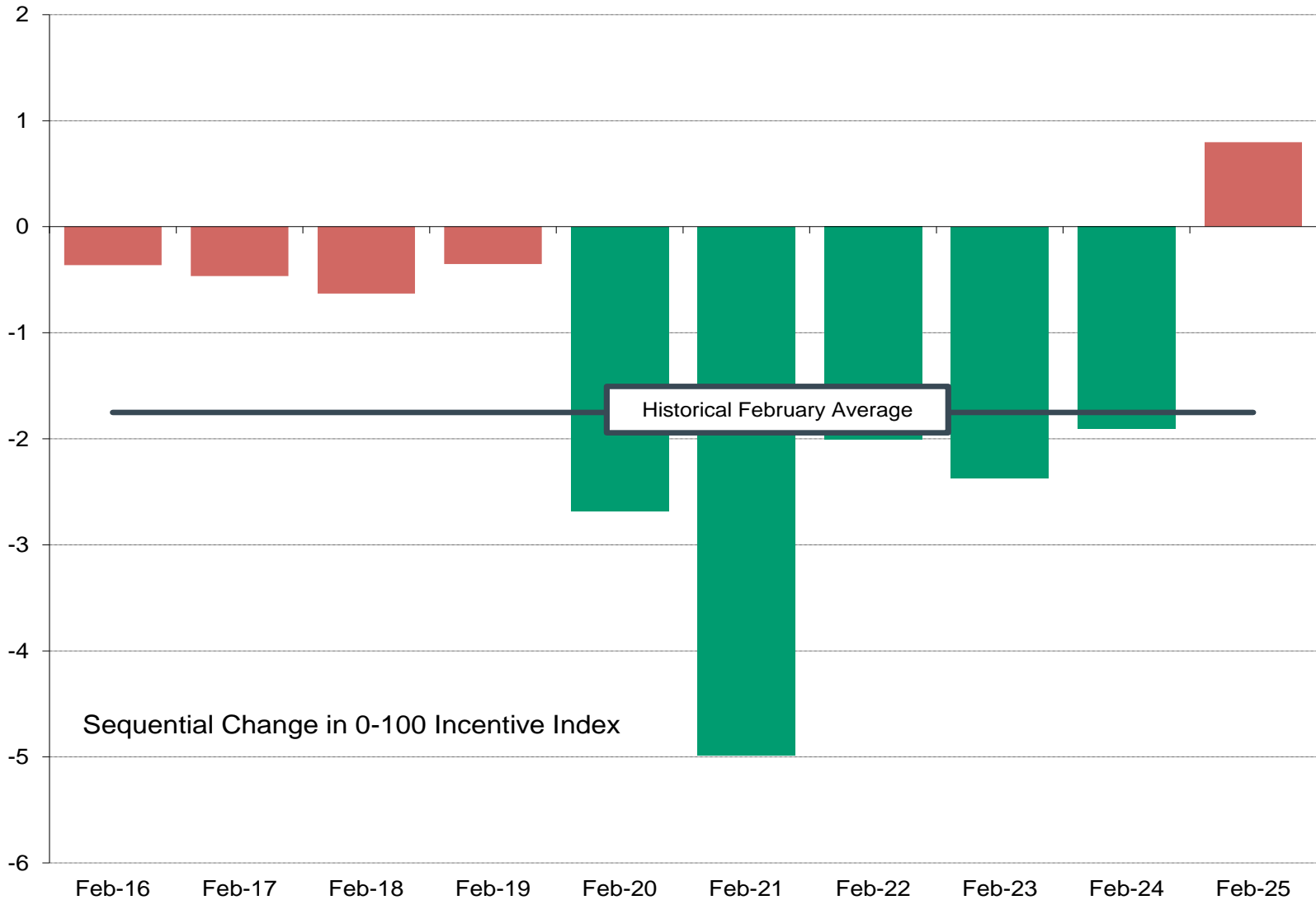
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- Pivotal Spring Selling Season Off to Slow Start
- 2025 Now Expected to be a Flat-to-Down Year
- Affordability Still Stretched; Net New Prices Trending Lower
- Spec Starts Still Elevated, but Likely to Moderate
- Framing Downside Risks in a Recession; Look to 1995 & 2000
- Staying Patient with HB Stocks for Now

# Early Innings of Spring Season Have Been Soft

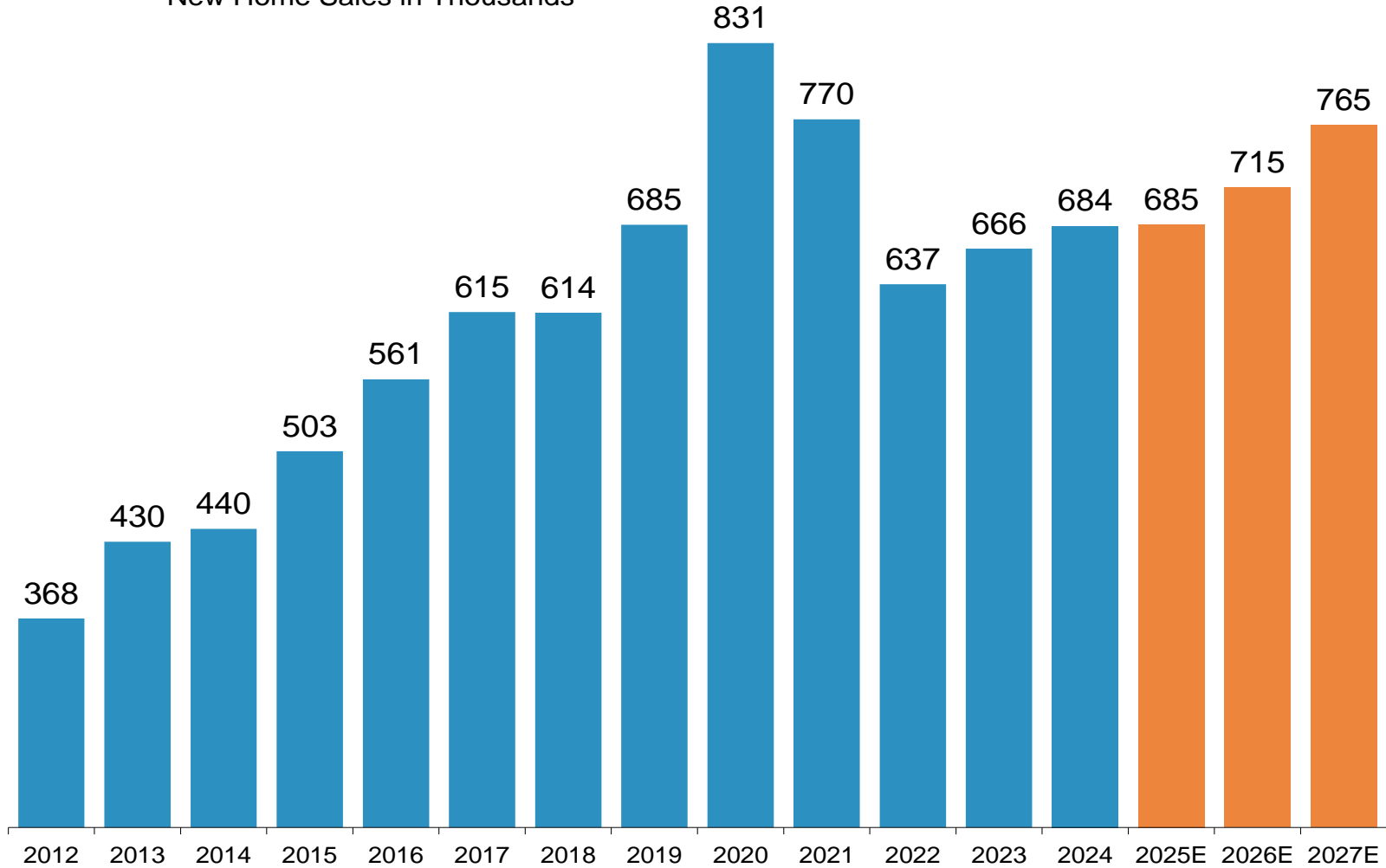


# No Seasonal Pullback in Incentives

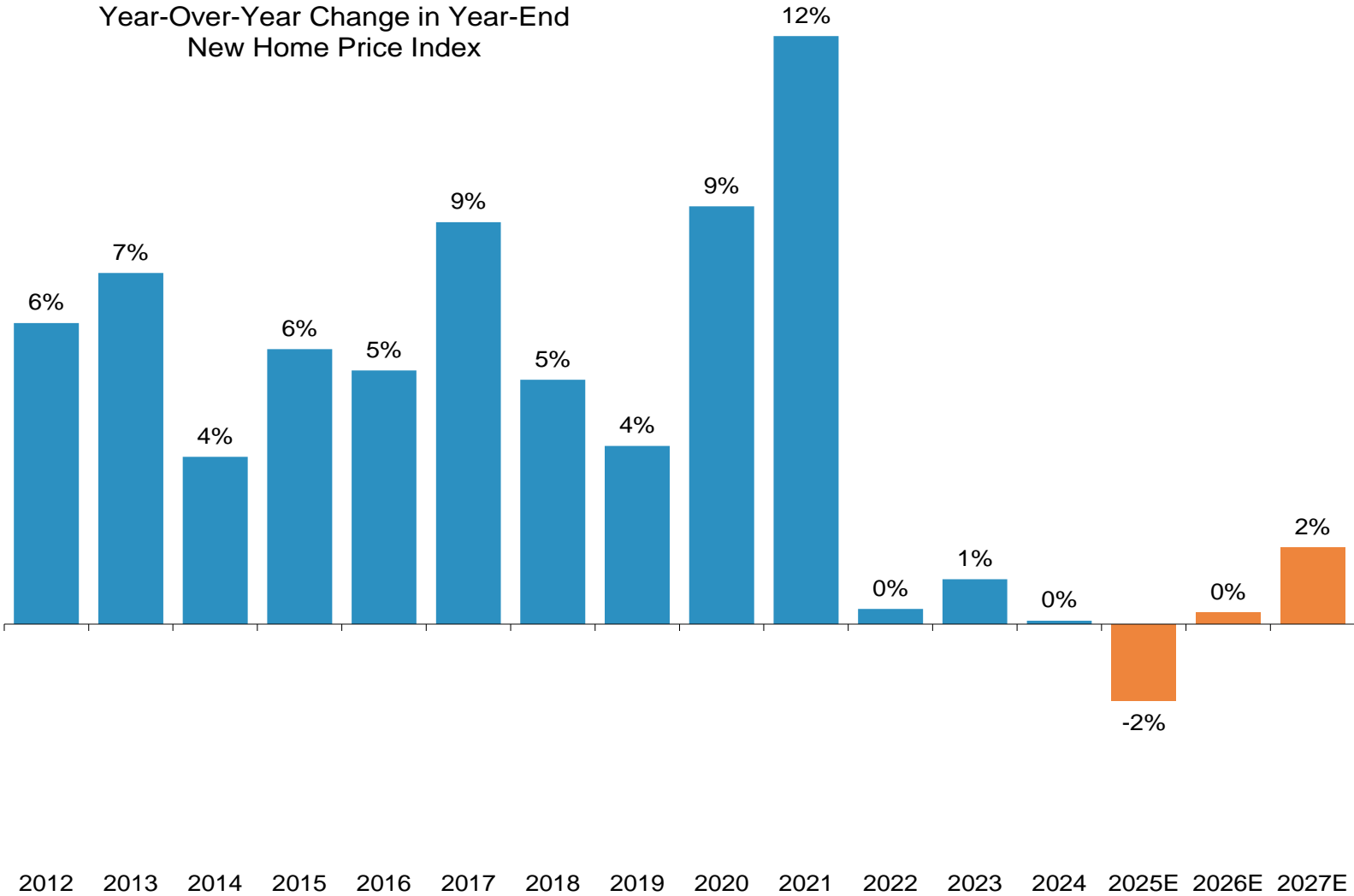


# No Longer Forecasting Growth in NHS in 2025

New Home Sales in Thousands

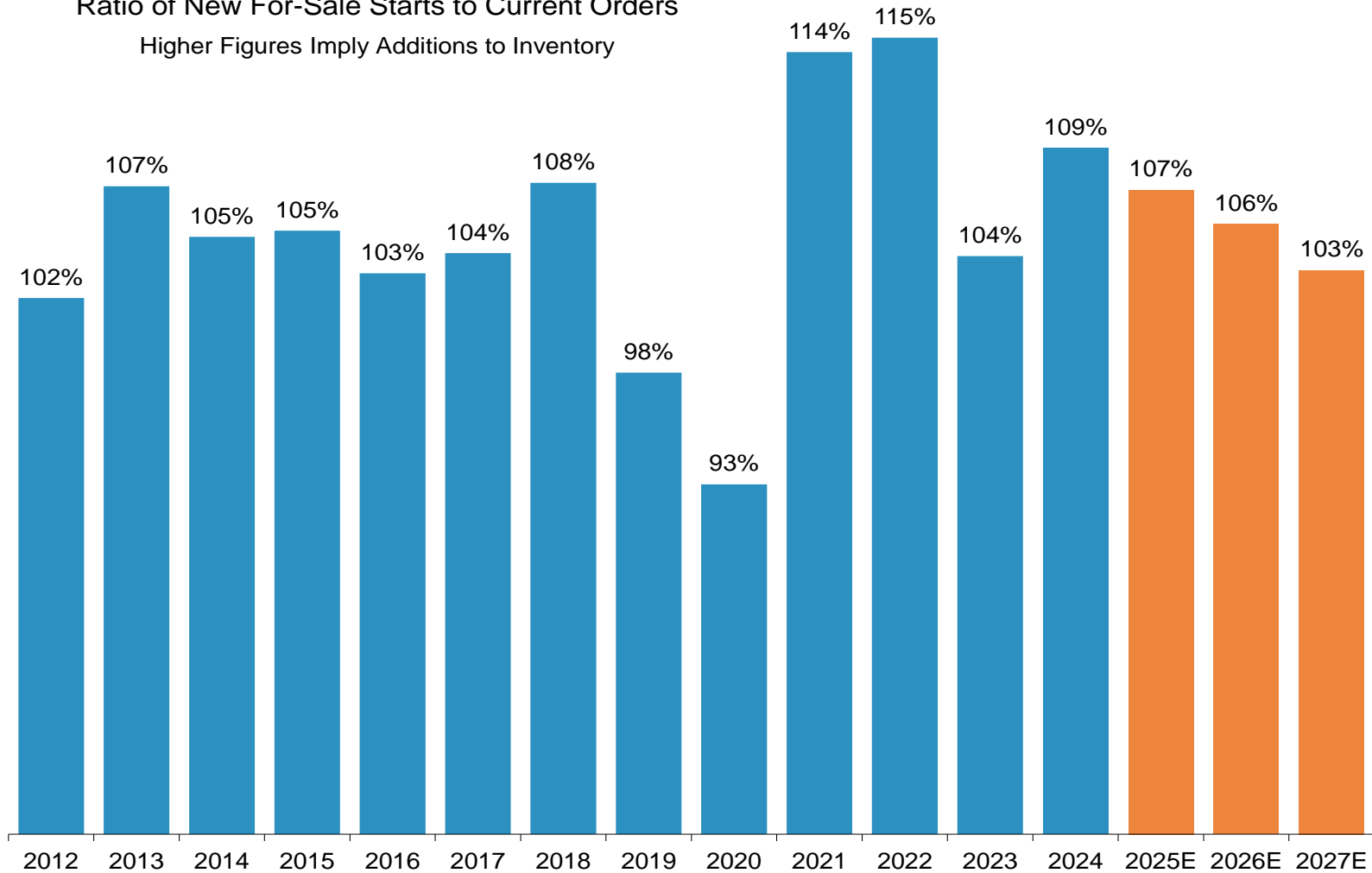


# Net Pricing Outlook Trimmed Yet Again

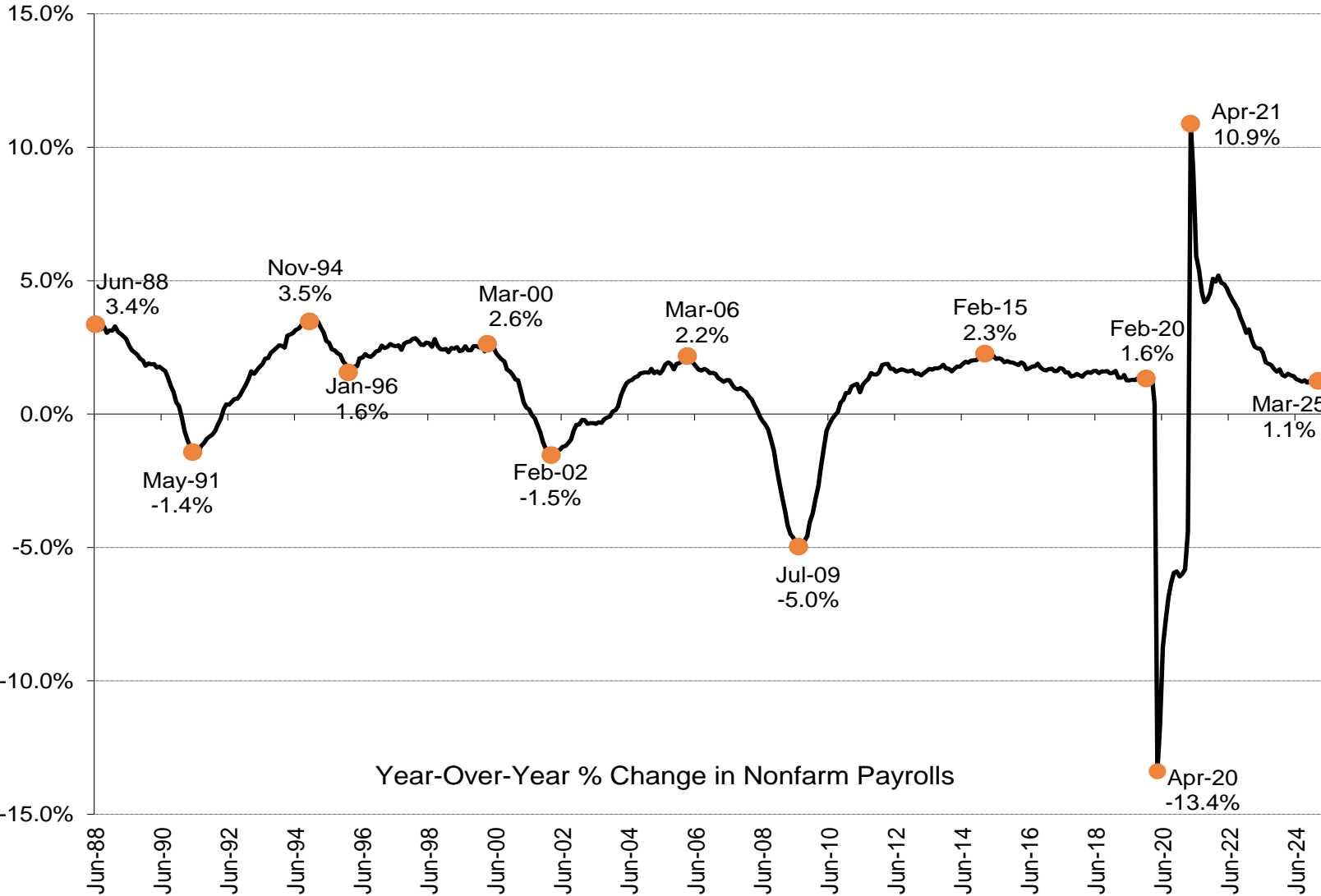


# Pace of Spec Starts Likely to Slow

Ratio of New For-Sale Starts to Current Orders  
Higher Figures Imply Additions to Inventory

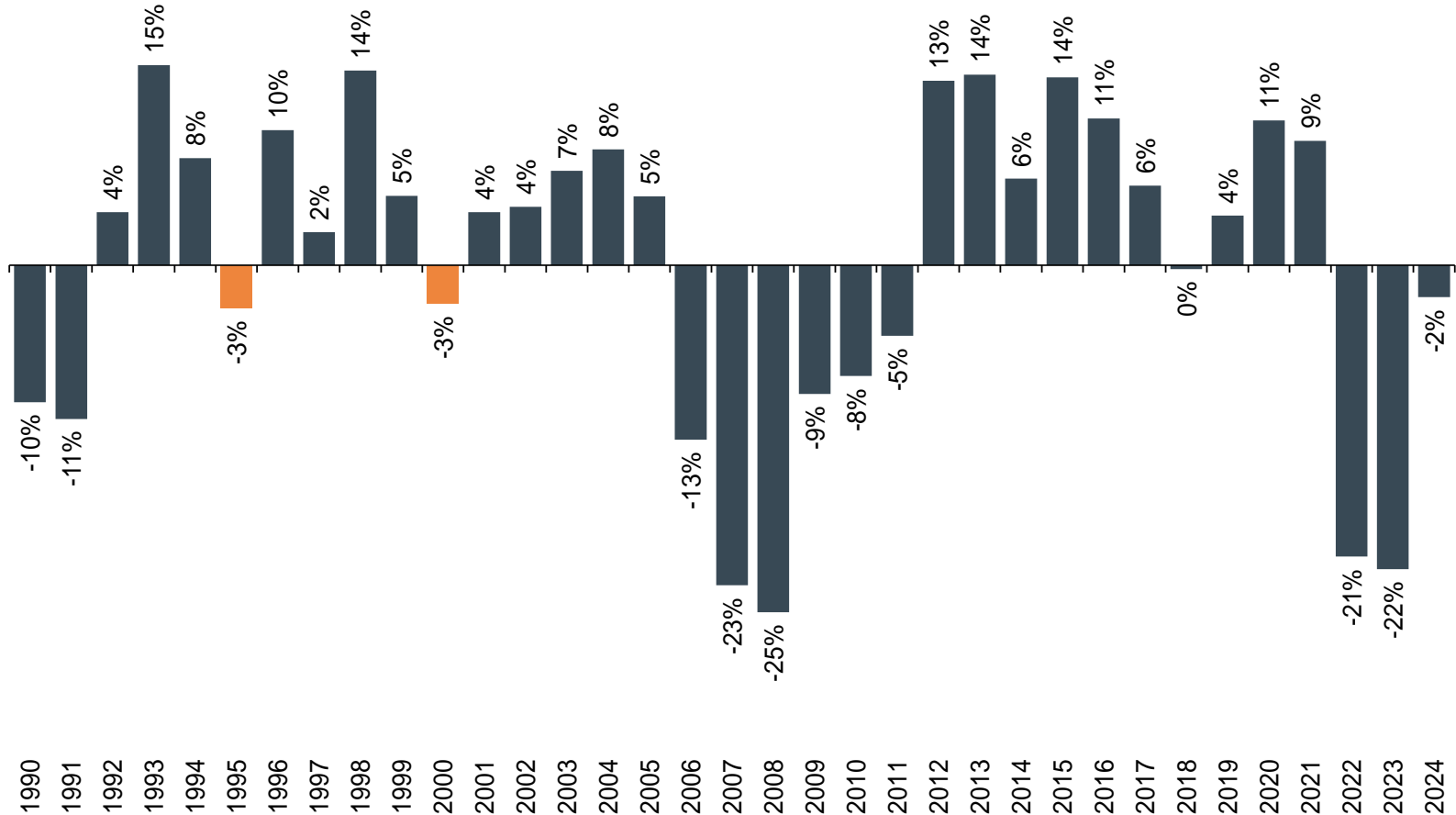


# As Slowdown Fears Build, Jobs are Key to Watch



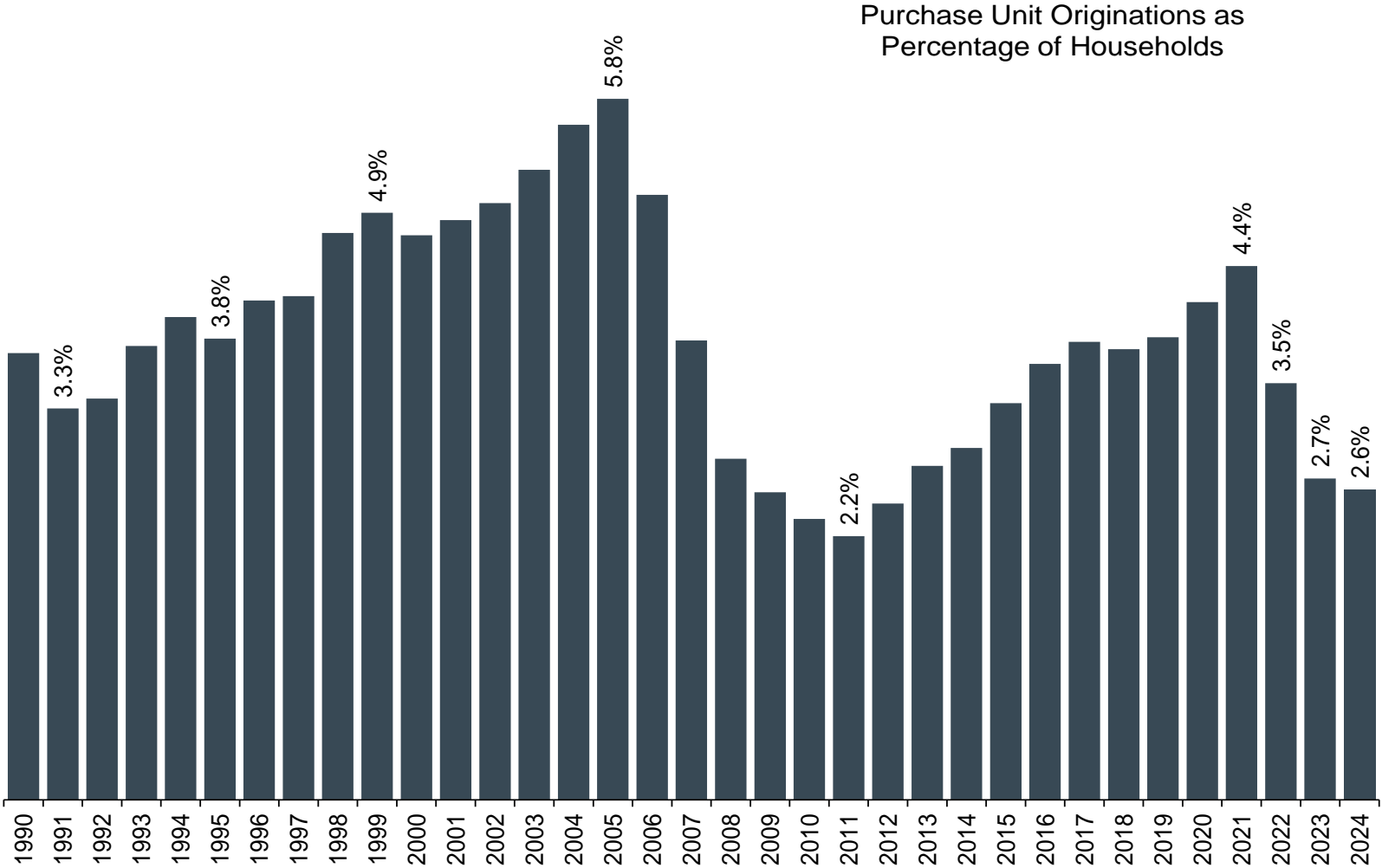
# Framing Downside Risks if Job Losses Accelerate

Year-Over-Year Change in Unit Purchase Mortgage Originations





# Tight Inventory, Starting Point Mitigates Downside



# 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	735	755	790	2%
% Change	2%	14%	14%	-17%	-5%	8%	-2%	3%	5%	
Production New Home Orders	685	831	770	637	666	684	685	715	765	4%
% Change	12%	21%	-7%	-17%	4%	3%	0%	4%	7%	
Starts % of Orders	98%	93%	114%	115%	104%	109%	107%	106%	103%	
Non-Production Single-Family Starts	216	220	247	273	255	264	265	270	280	2%
% Change	0%	2%	12%	11%	-7%	4%	0%	2%	4%	
Total Single-Family Starts	888	989	1,126	1,005	947	1,012	1,000	1,025	1,070	2%
% Change	1%	11%	14%	-11%	-6%	7%	-1%	2%	4%	
Average Single-Family Square Footage Start	2,504	2,477	2,538	2,499	2,414	2,373	2,363	2,339	2,332	-1%
% Change	-2%	-1%	2%	-2%	-3%	-2%	0%	-1%	0%	
Total Single-Family Completions	904	911	970	1,021	1,000	1,019	1,065	1,045	1,065	1%
% Change	7%	1%	6%	5%	-2%	2%	5%	-2%	2%	
Year-End Change in New Home Price Index	4%	9%	12%	0%	1%	0%	-2%	0%	2%	0%

# Homebuilding Coverage

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## ➤ Outperform Rated Stocks

- Dream Finders Homes (DFH)
- Lennar (LEN)
- Meritage Homes (MTH)

- Pulte (PHM)
- Taylor Morrison (TMHC)
- Toll Brothers (TOL)

## ➤ Neutral Rated Stocks

- Century Communities (CCS)
- D.R. Horton (DHI)

- M/I Homes (MHO)
- TRI Pointe Homes (TPH)

## ➤ Underperform Rated Stocks

- Beazer (BZH)
- Hovnanian (HOV)

- KB Home (KBH)
- NVR (NVR)



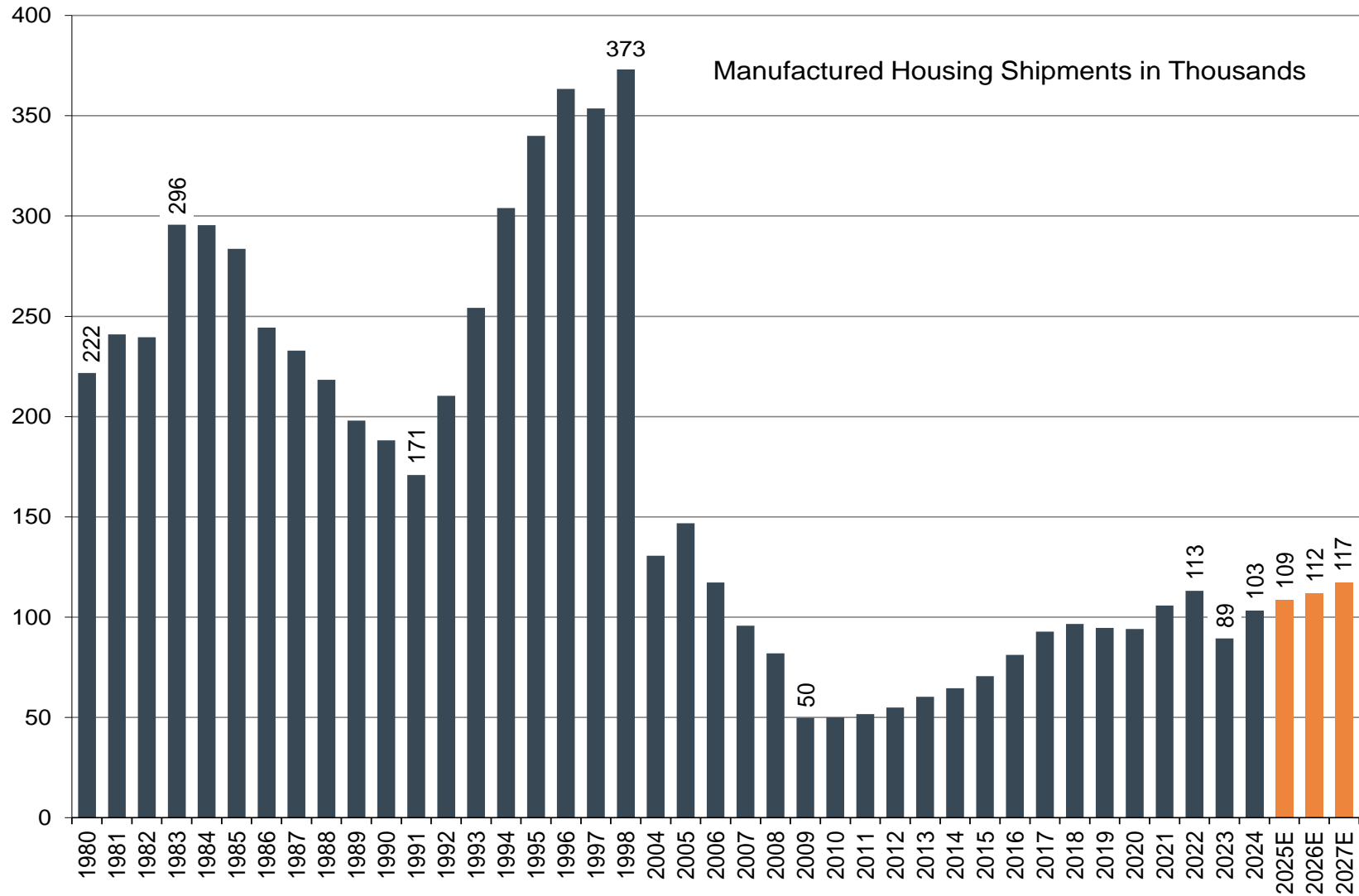
# Macro Manufactured Housing Forecasts

# Manufactured Housing Key Takeaways

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- Momentum Strong of Late
- Younger Consumers Leaning In
- Volume Forecasts
- Price Forecasts
- Capital Efficiency

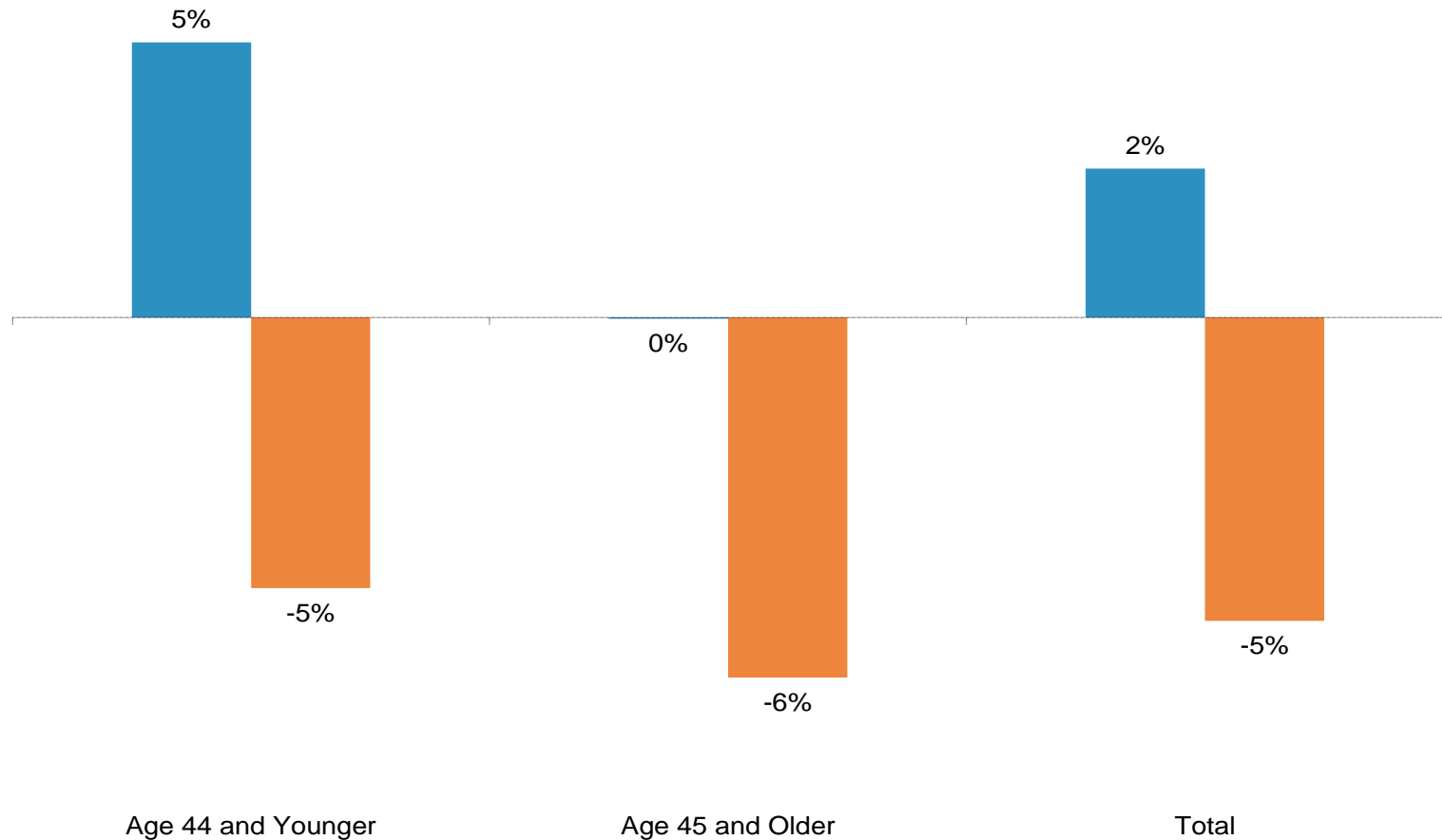
# Expect Shipments to Reach Multi-Decade Highs



# Recent Growth Driven by Younger Cohort

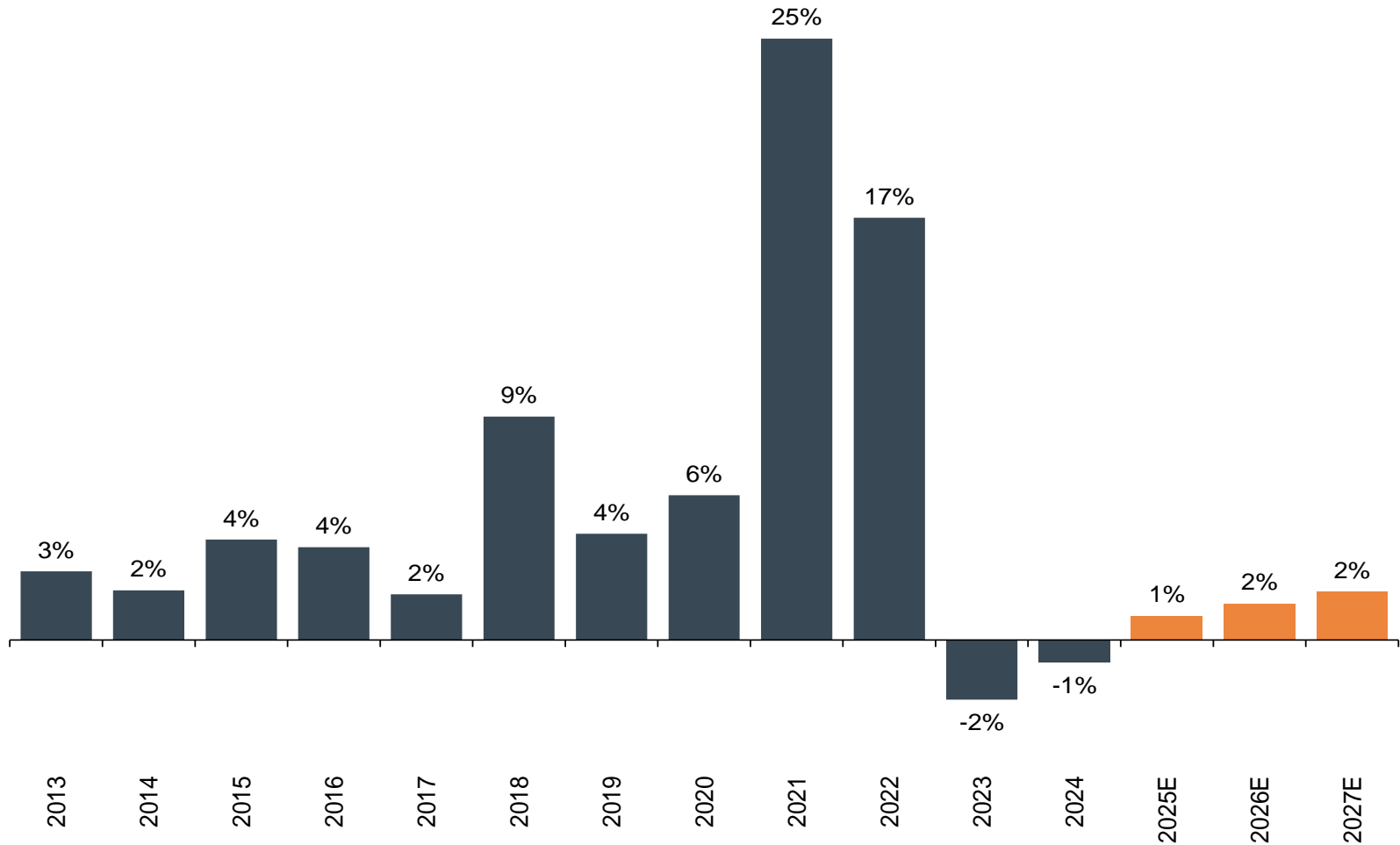
Five-Year Purchase Origination Volume CAGR by Age Cohort

■ Manufactured Housing ■ Site-Built Single-Family



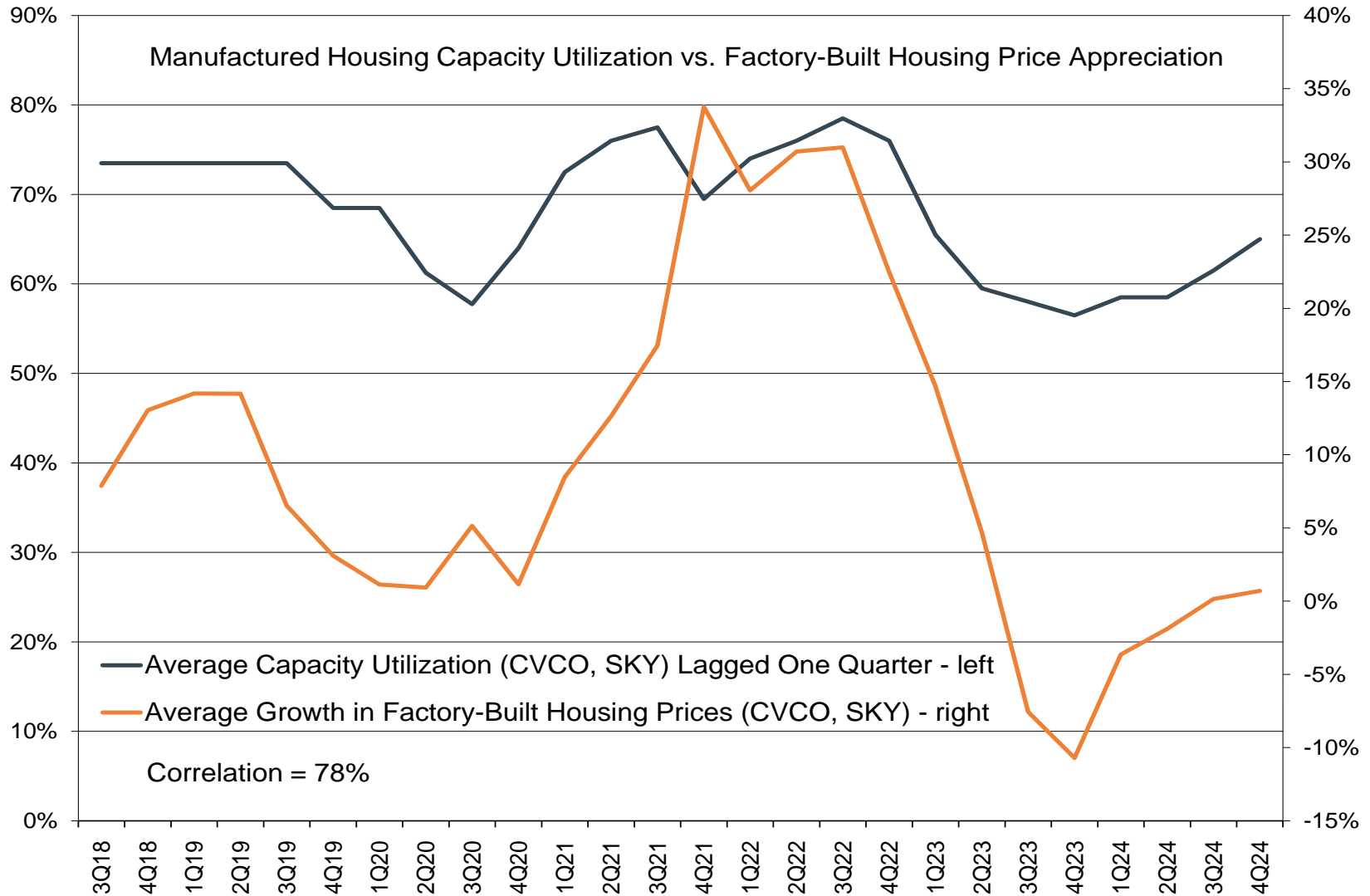
# Expecting Prices to Inch Higher Through 2027

Year-Over-Year Change in Manufactured Housing Prices





# Capacity Utilization a Positive Pricing Indicator



# Capital Efficiency, Cash Flow Metrics Strong

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Average Over Last Ten Years	CVCO/SKY	Homebuilders
Inventory Turns	6.6x	0.9x
FCF % of Net Income	106.8%	59.2%
NWC % of Sales	5.8%	72.1%
Return on Tangible Equity	21.8%	16.7%

# Manufactured Housing Coverage

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- Outperform Rated Stock
  - Cavco Industries (CVCO)
  
- Underperform Rated Stock
  - Champion Homes (SKY)



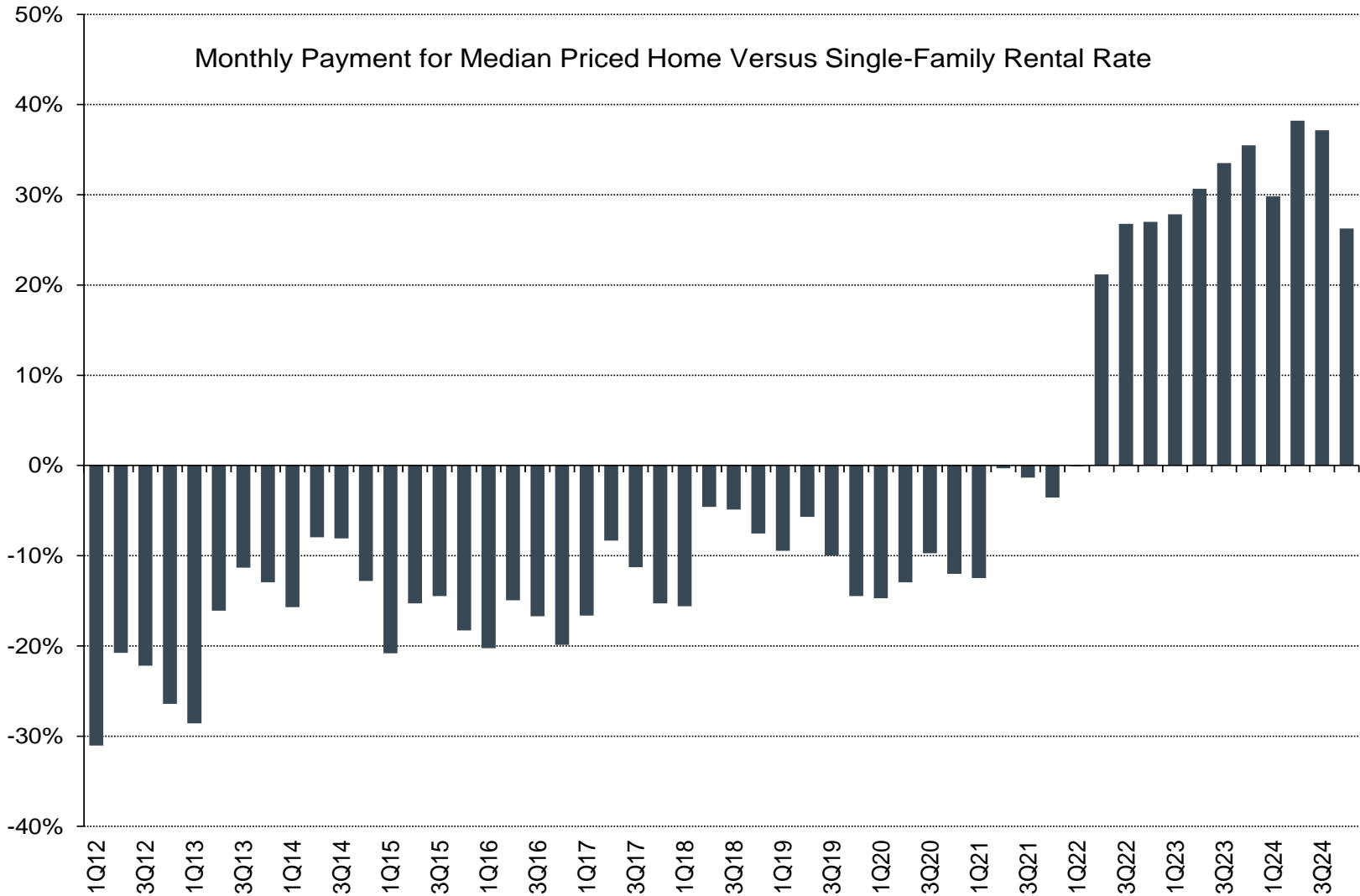
# Macro Single-Family Rental Forecasts

# Single-Family Rental Key Takeaways

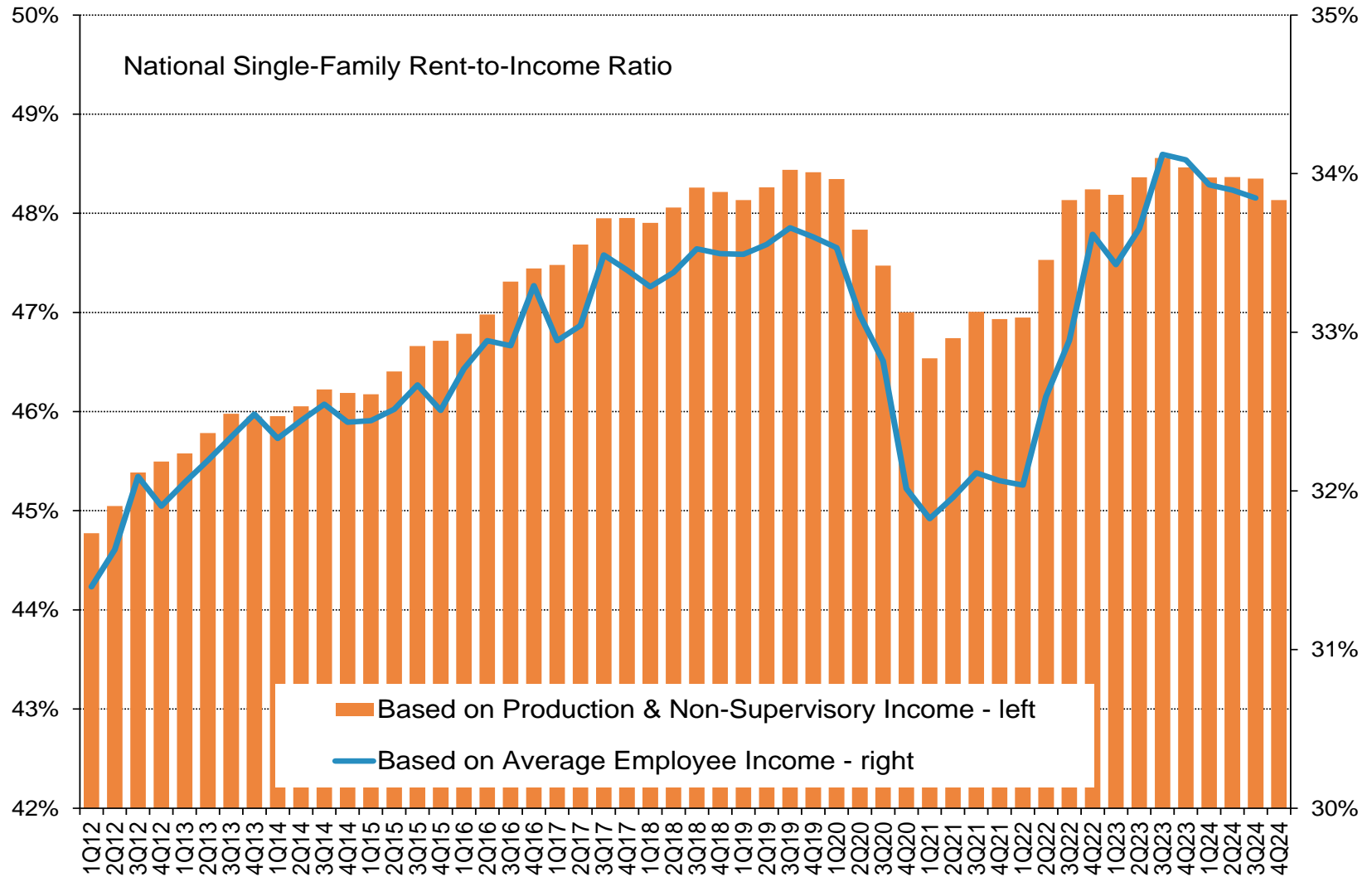
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- Own Versus Rent
- Affordability Still Stretched
- Rent Growth, Occupancy Outlook
- For Sale & For Rent Relationship
- Built-For-Rent Pipeline

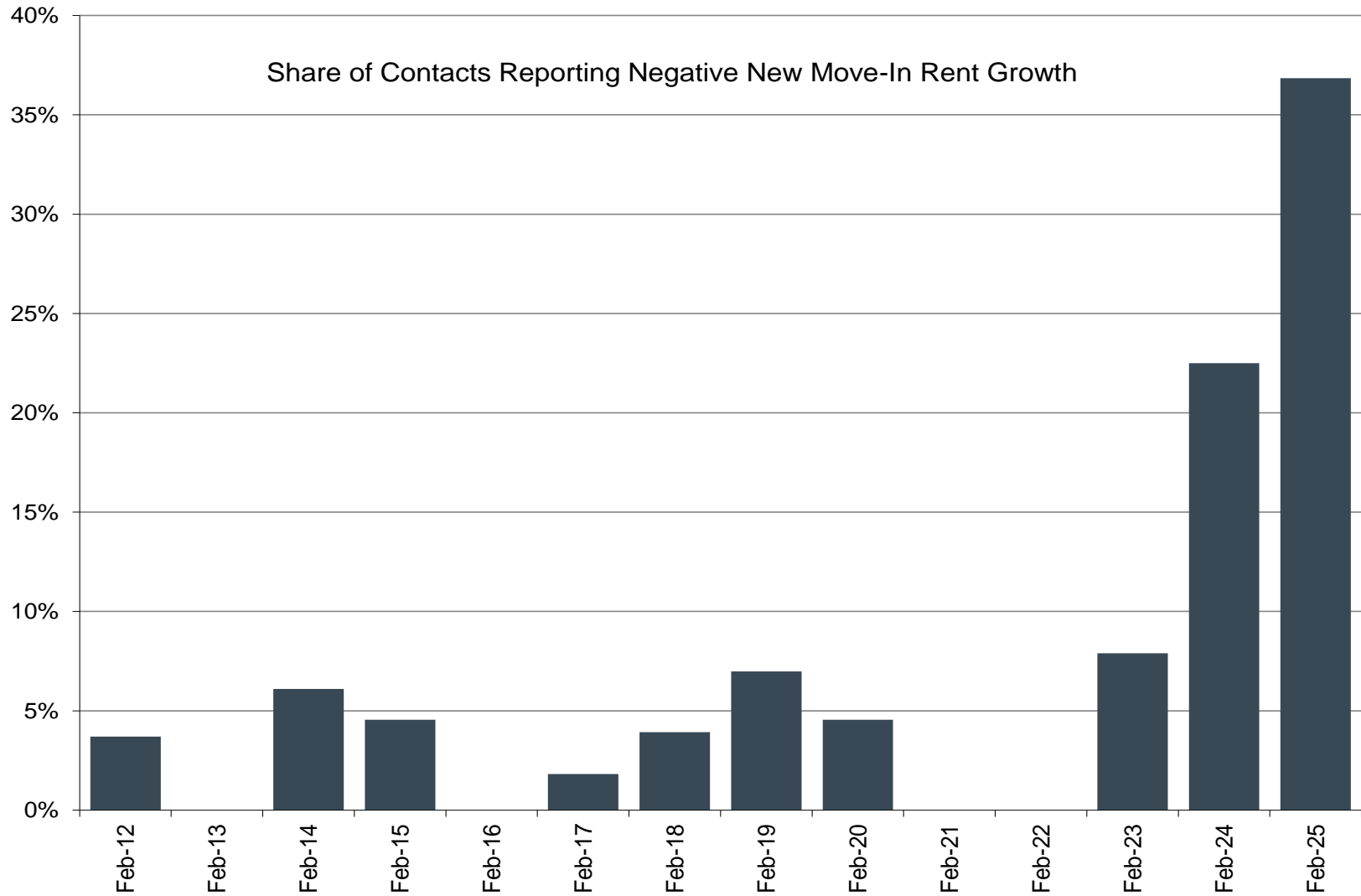
# Not Refuting Relative Affordability of SFR



# However, Affordability Still Stretched

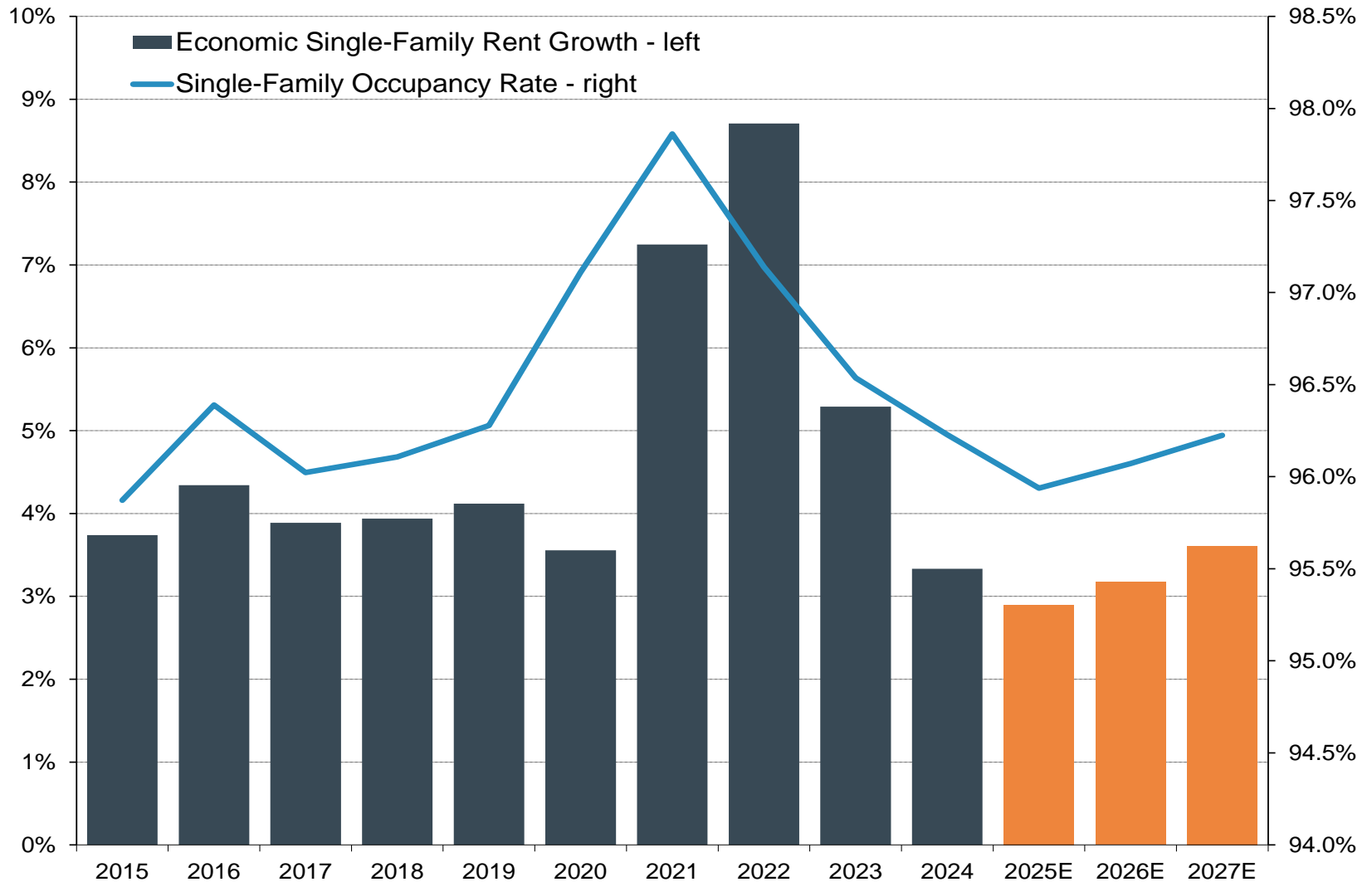


# Negative New Move-Ins Relatively Widespread

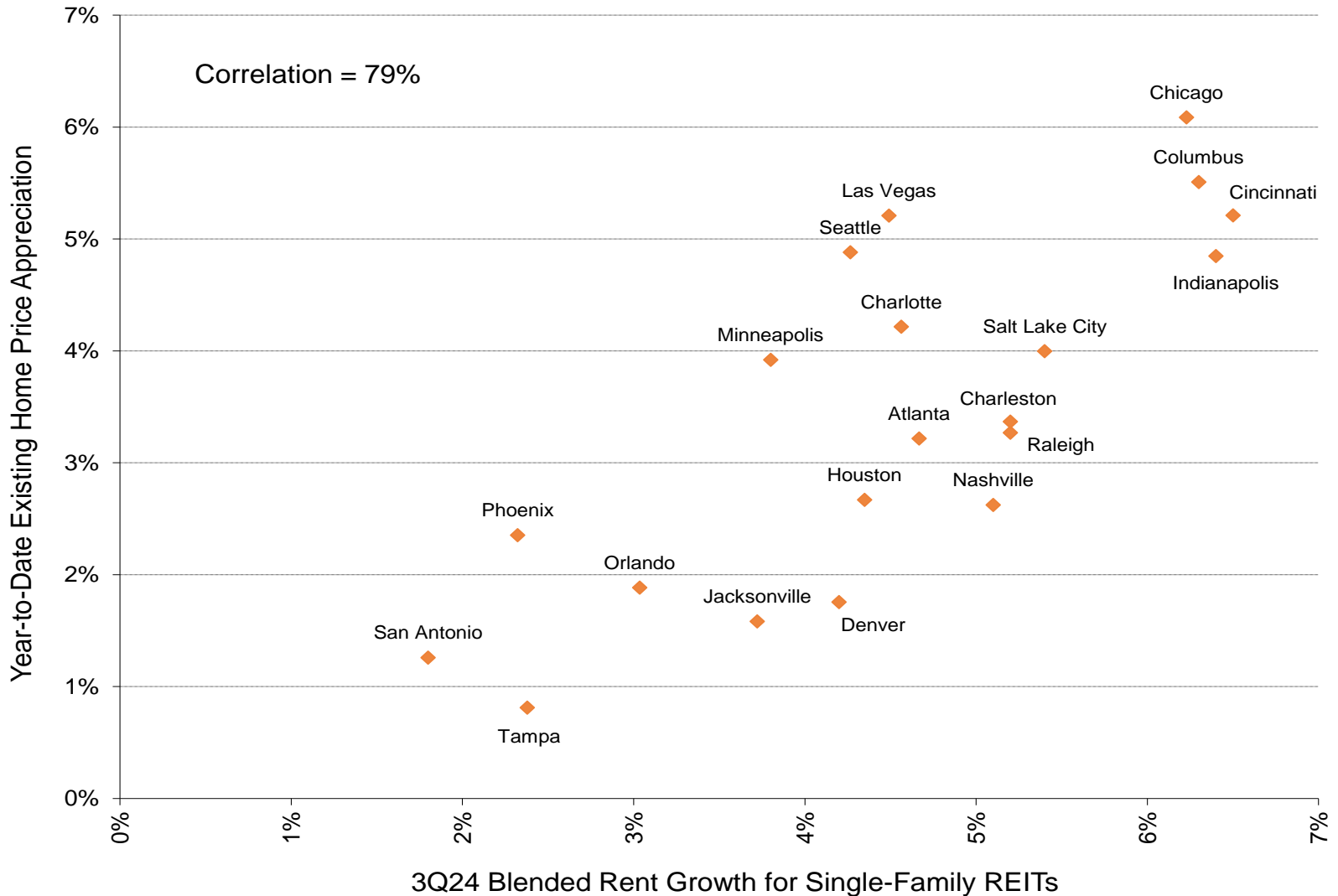




# Expecting 2025 to Mark Fundamental Trough



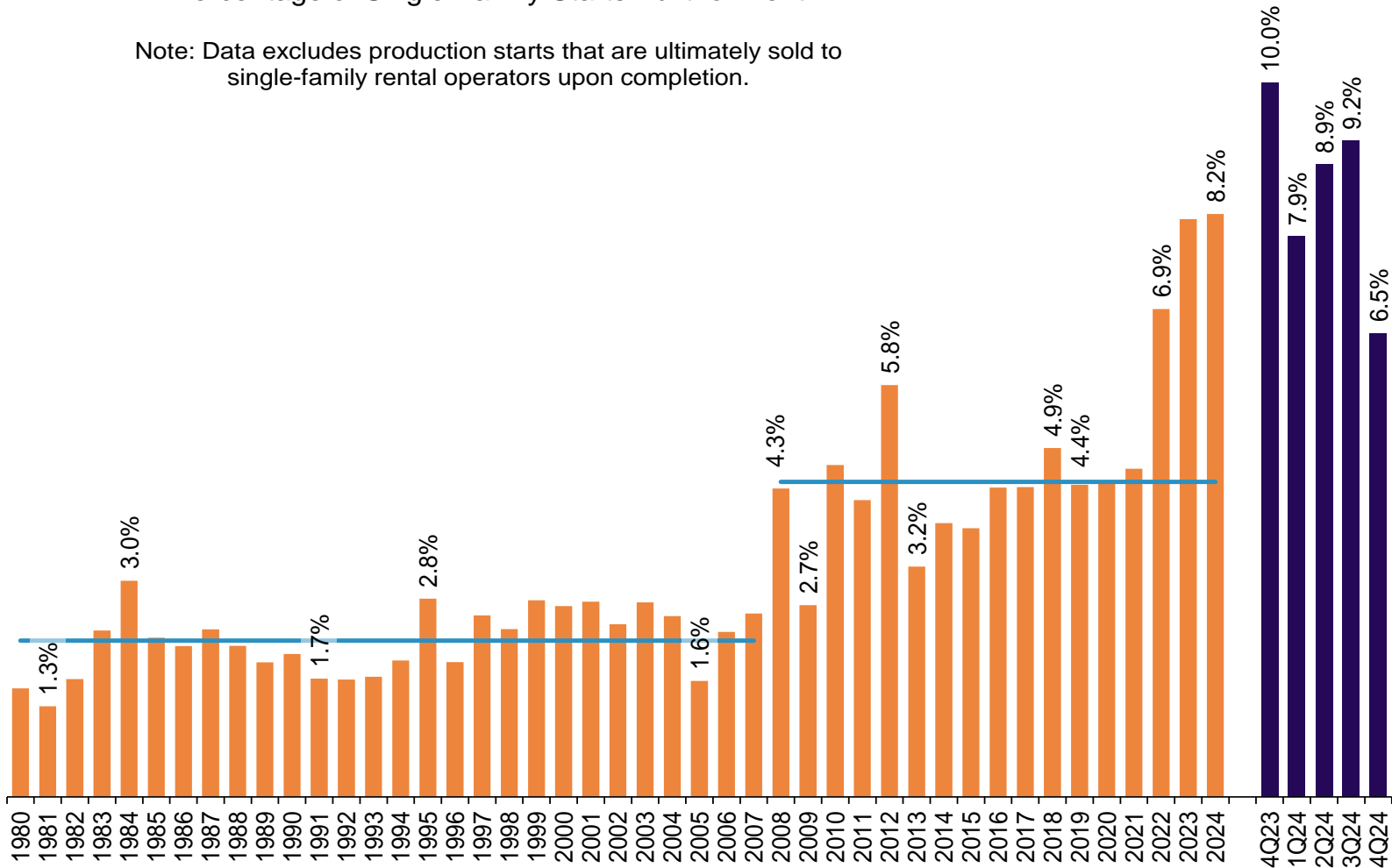
# SFR Does *Not* Benefit From Weak For-Sale Market



# Built-For-Rent Activity Easing From Highs

## Percentage of Single-Family Starts Built for Rent

Note: Data excludes production starts that are ultimately sold to single-family rental operators upon completion.



# Single-Family Rental Coverage

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- Outperform Rated Stock
  - Invitation Homes (INVH)
  
- Underperform Rated Stock
  - American Homes 4 Rent (AMH)



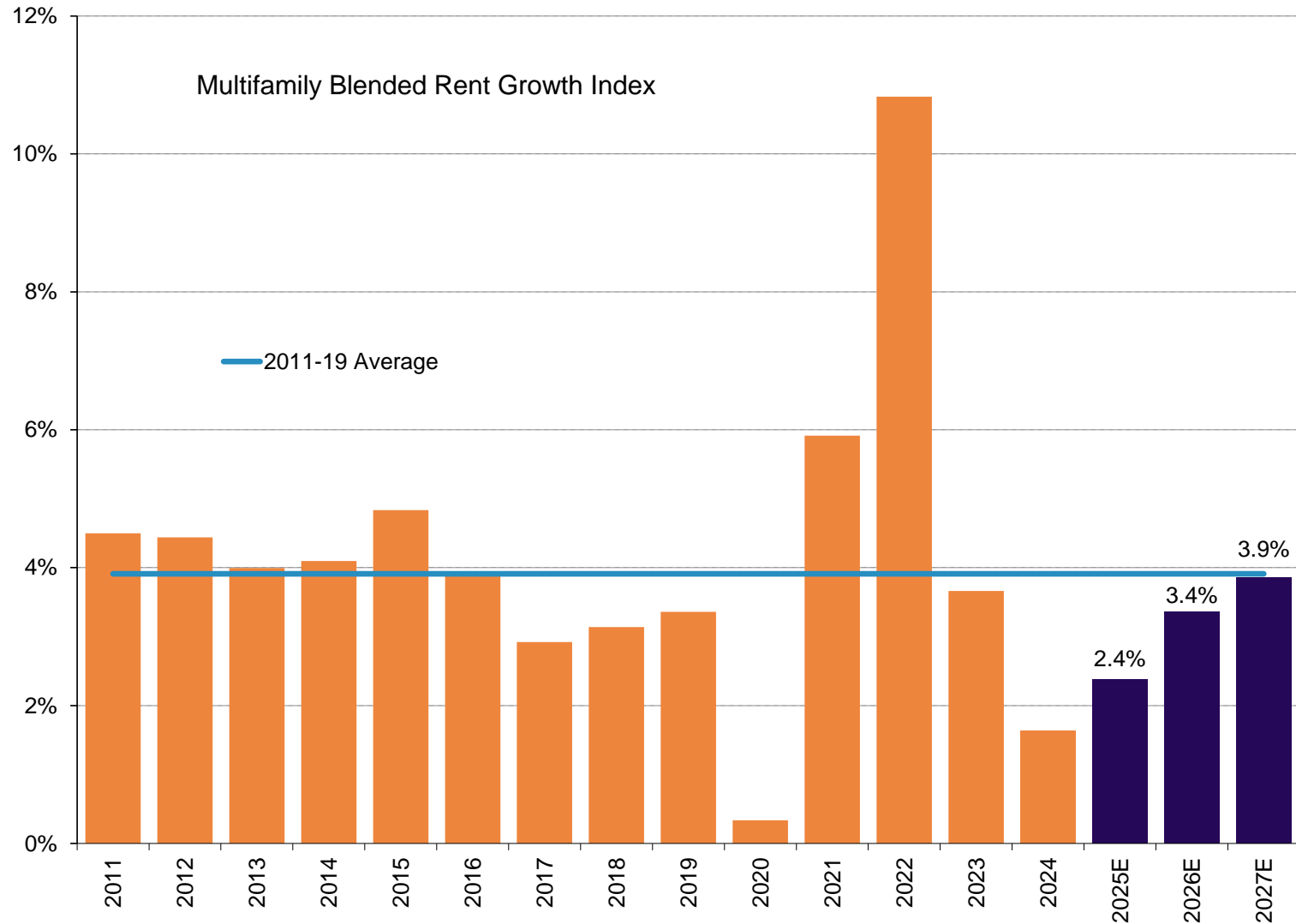
# Macro Multifamily Forecasts

# Multifamily Rental Key Takeaways

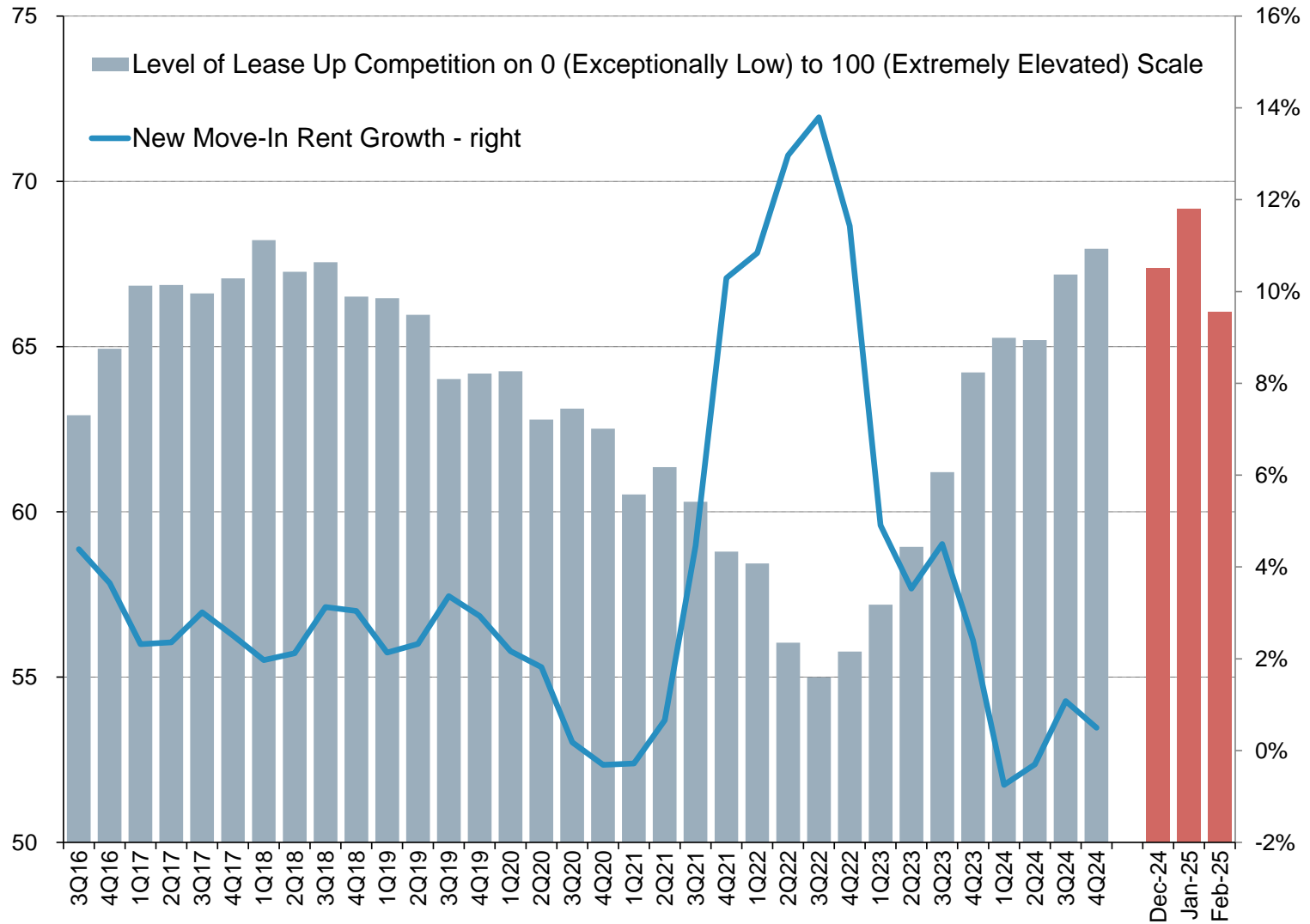
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- Rent Growth Outlook Slightly Better, Risks Apparent
- Completions Past Peak
- Multifamily Starts Easing, Sentiment Still Positive
- Wall of Maturities Could Be a Thing This Year

# Blended Rent Growth Approaching LTA

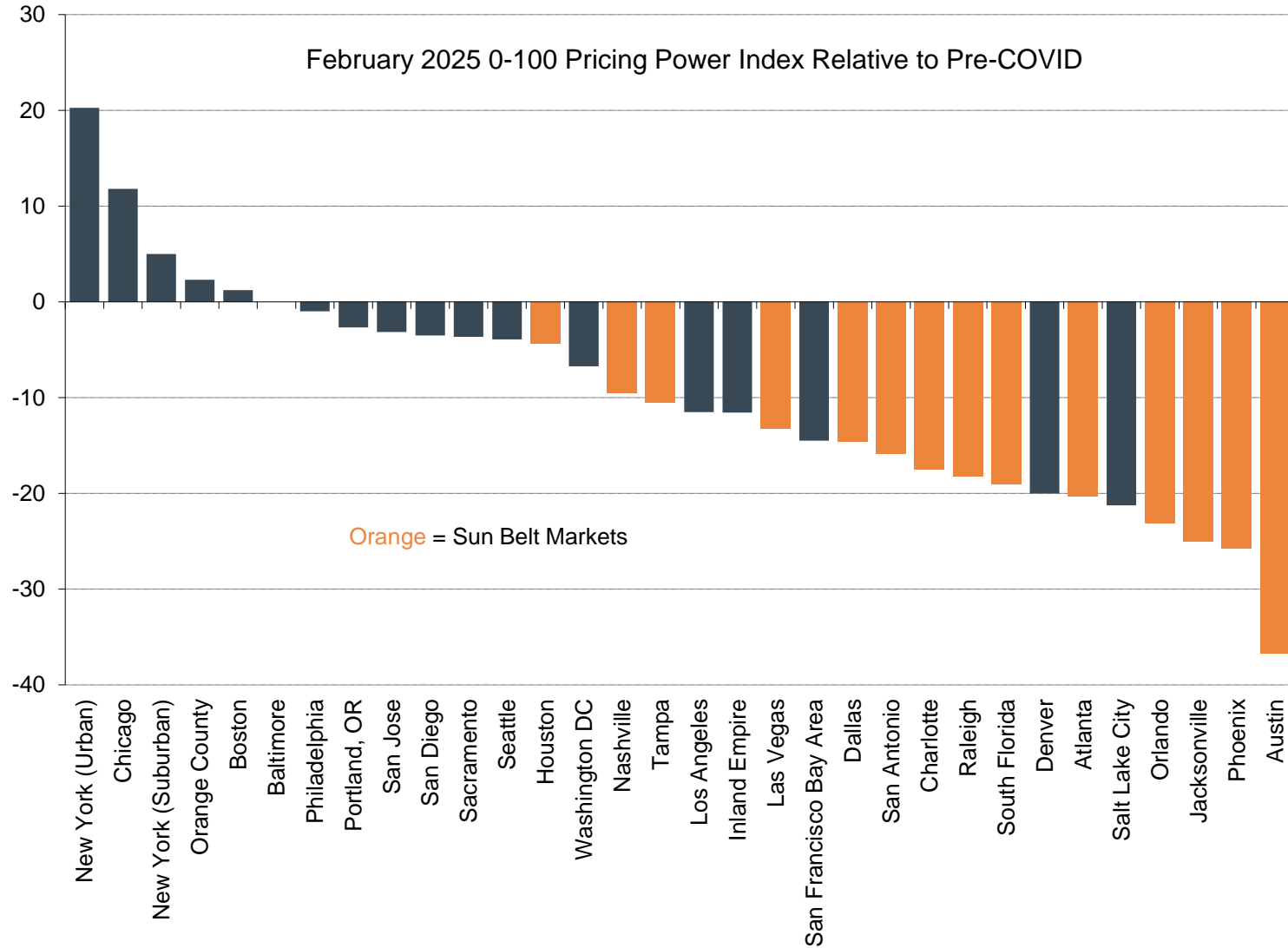


# Lease Up Pressure Easing at the Margin



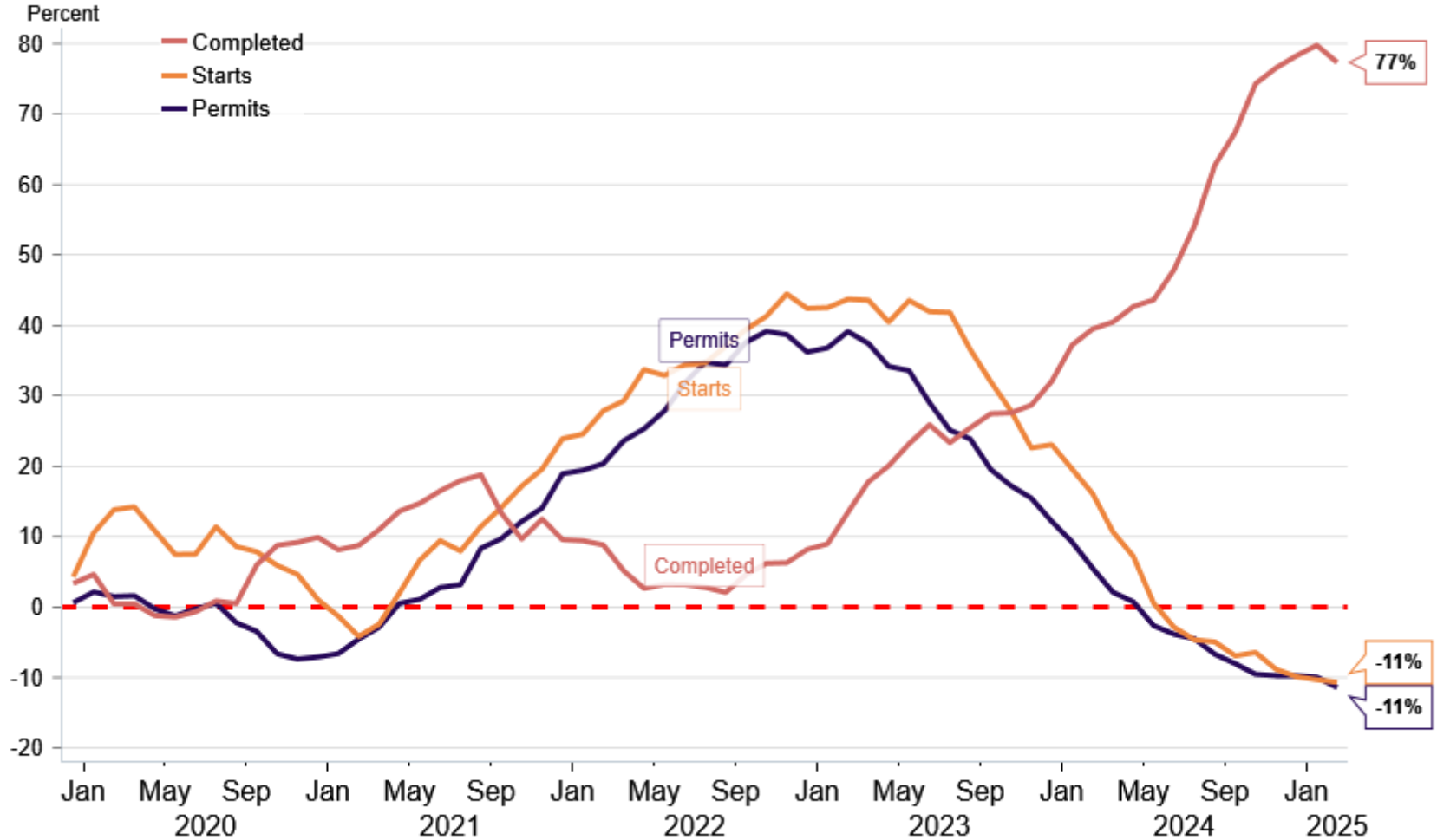


# Pricing Power Below Pre-Pandemic



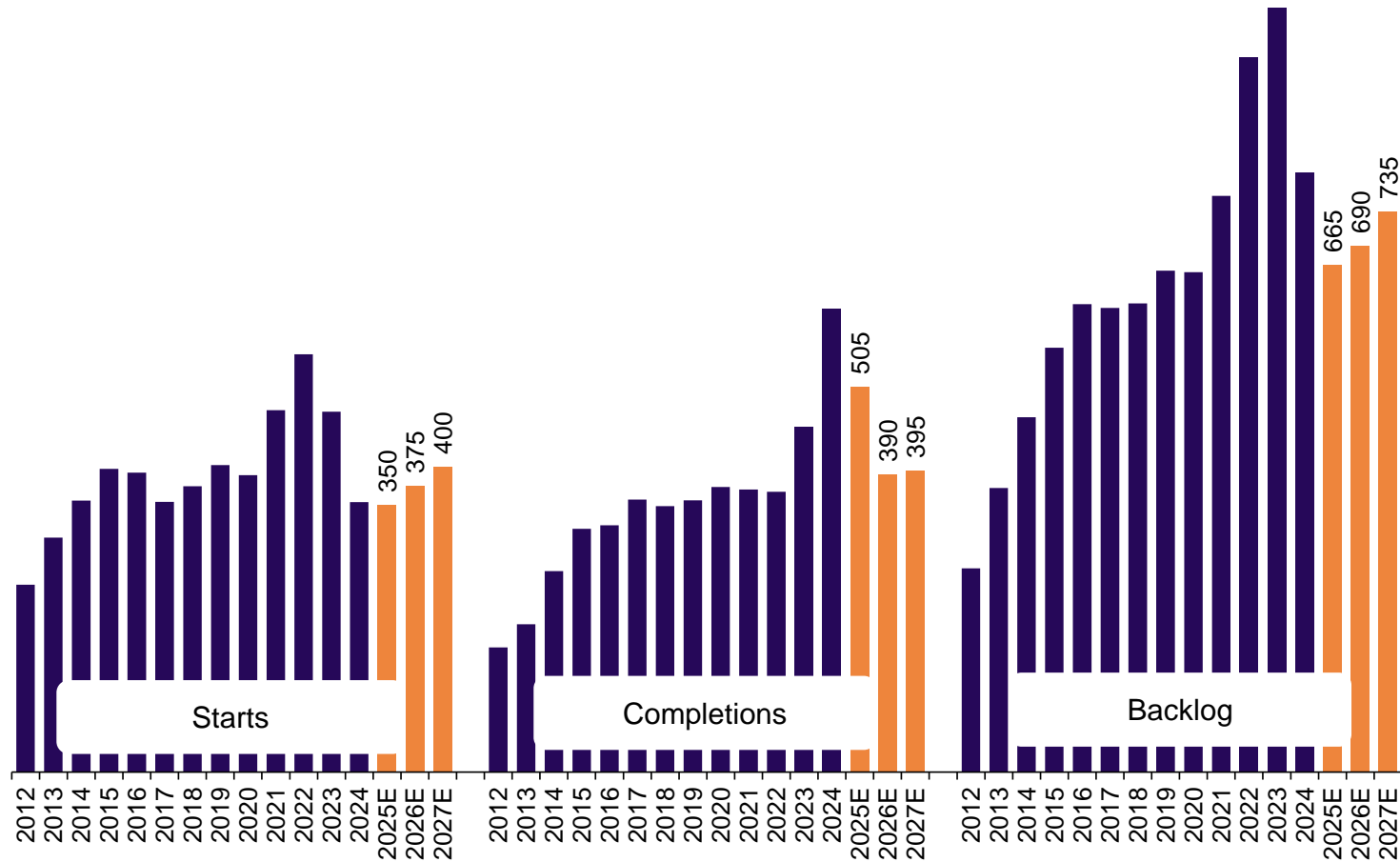
# Production Versus Pre-Pandemic

Multifamily 5+, NSA, Trailing 12 Month Total, Chg % from Dec 2019

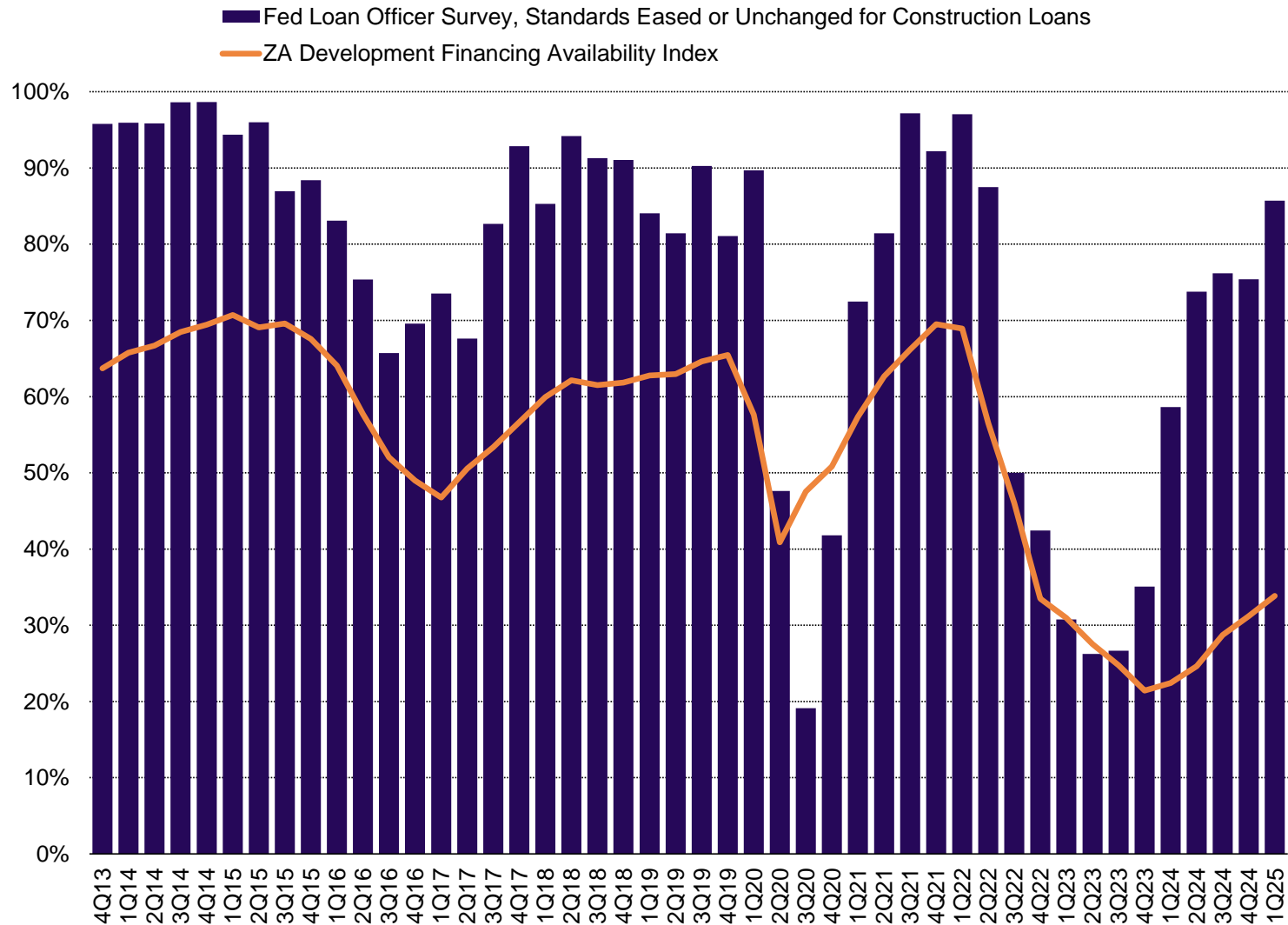


# Multifamily Production Outlook

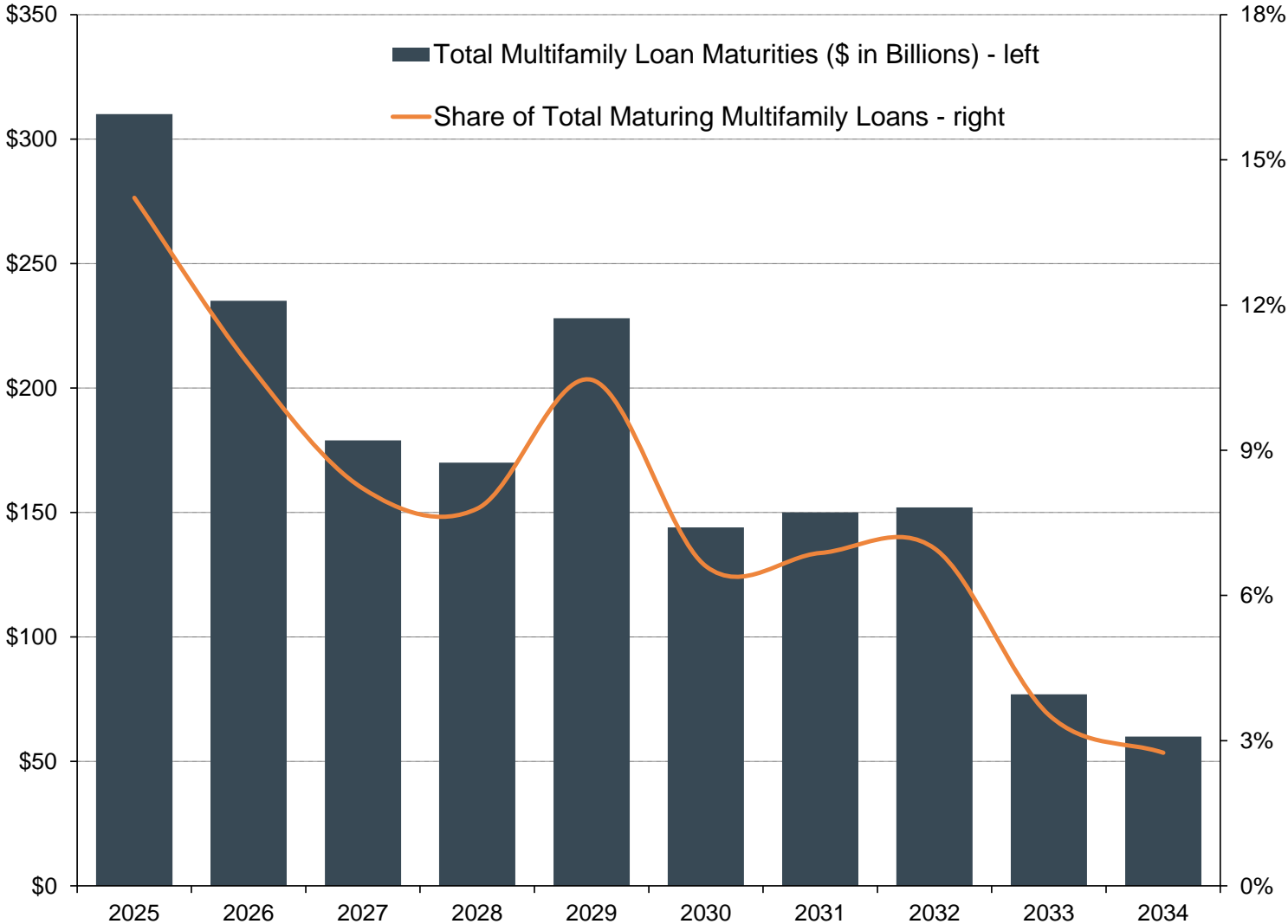
Multifamily Construction - Units in Thousands



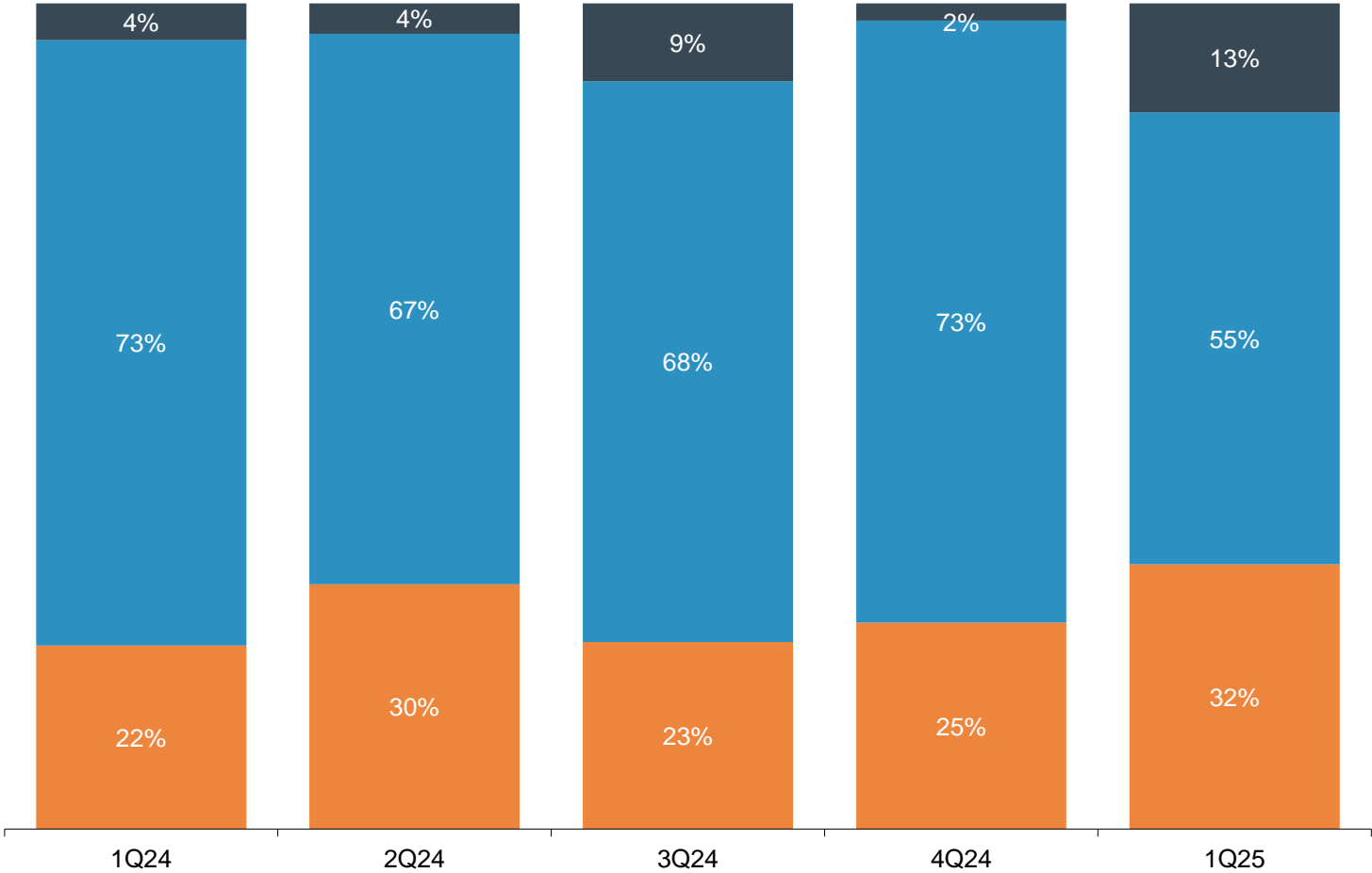
# Development Financing Getting Slightly Easier



# Wall of Maturities Might Materialize in 2025



# Contacts Perceive Distress Opportunity



- The 'wall of maturities' is overblown and I don't view it as much of an issue
- Lenders will work with borrowers to extend loans, limiting buying opportunities, especially given dry powder focused on the sector
- I believe elevated debt maturity levels will eventually create meaningful buying opportunities

# Apartment REIT Coverage

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## ➤ Outperform Rated Stocks

- AvalonBay (AVB)
- Equity Residential (EQR)

## ➤ Neutral Rated Stocks

- UDR (UDR)
- Essex Property Trust (ESS)

## ➤ Underperform Rated Stocks

- Mid-America Apartment Communities (MAA)
- Camden Property Trust (CPT)

A collection of various tools including a hammer, wrench, pliers, screwdriver, and power drill, all resting on a wooden surface. The tools are arranged in a somewhat organized manner, with some in a brown leather tool bag. The background is a rustic, weathered wooden surface.

# Macro Homecenters Forecasts

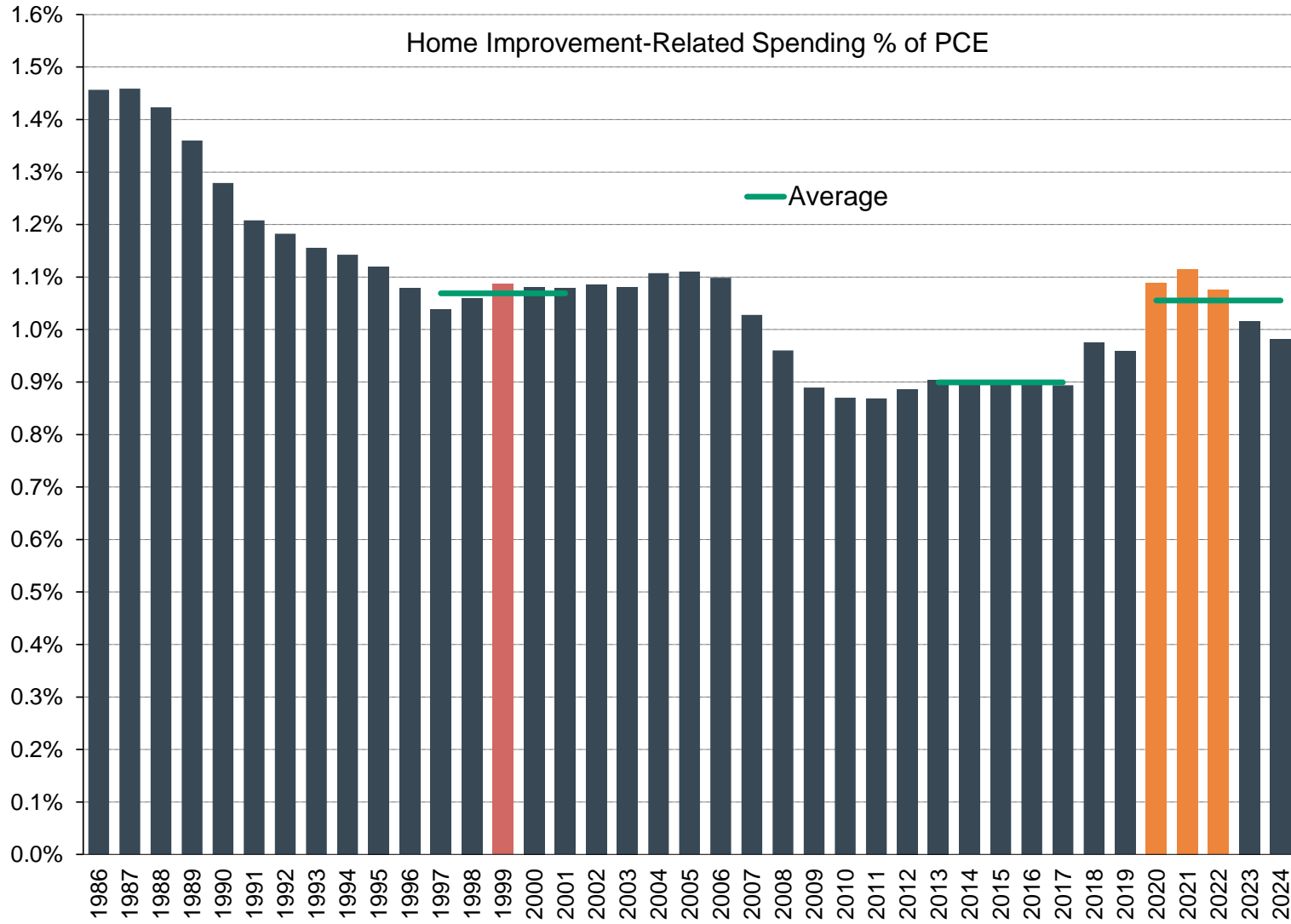


# Homecenter Key Takeaways

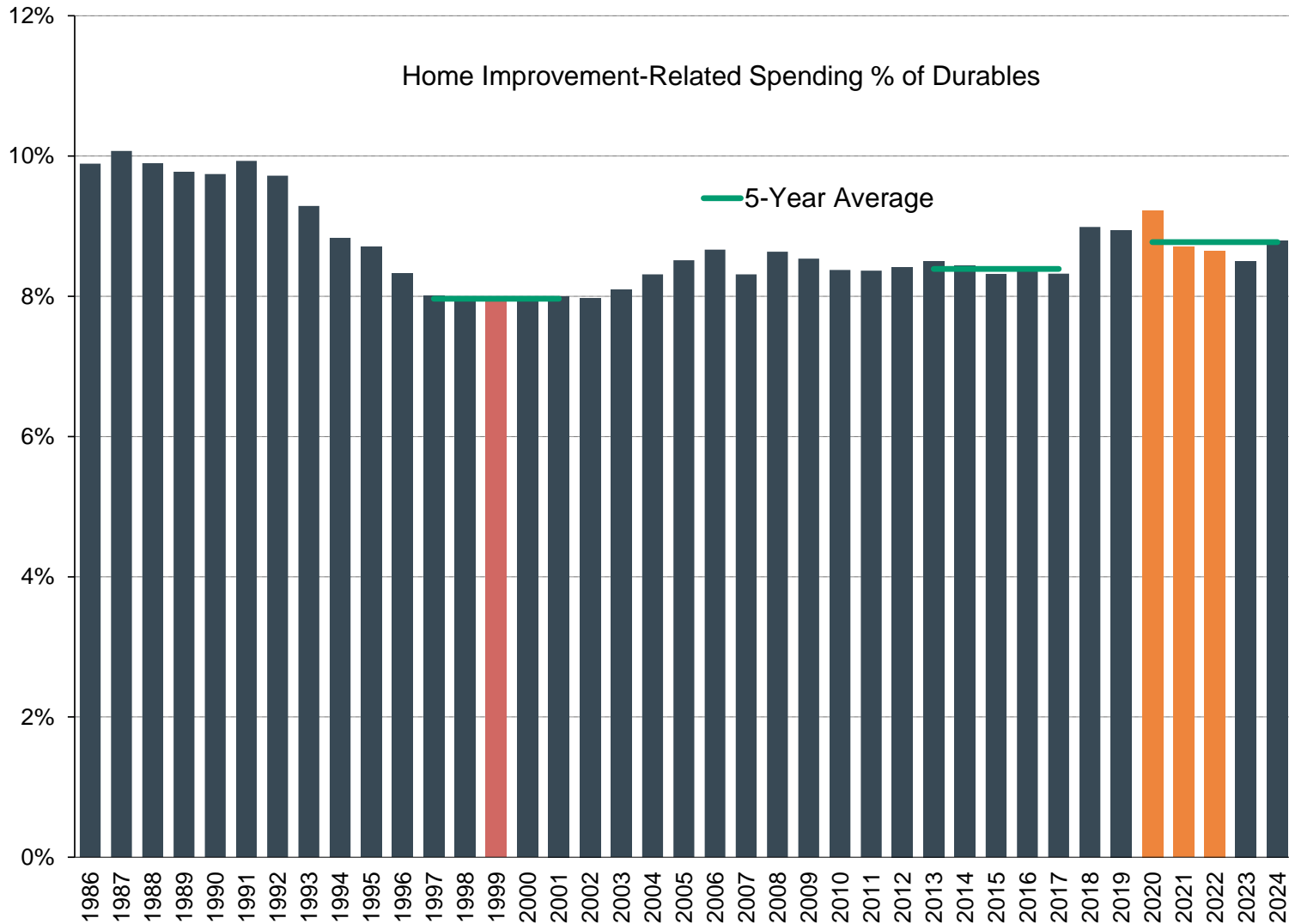
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- Key Retailer Comps Move Lower
- Home Improvement Share of PCE Back to Pre-COVID
- Home Improvement Share of Durables Has Stabilized
- Durables Could See Further Share Losses
- Consumer Confidence Declines Typically Lead to a Deceleration in Durables

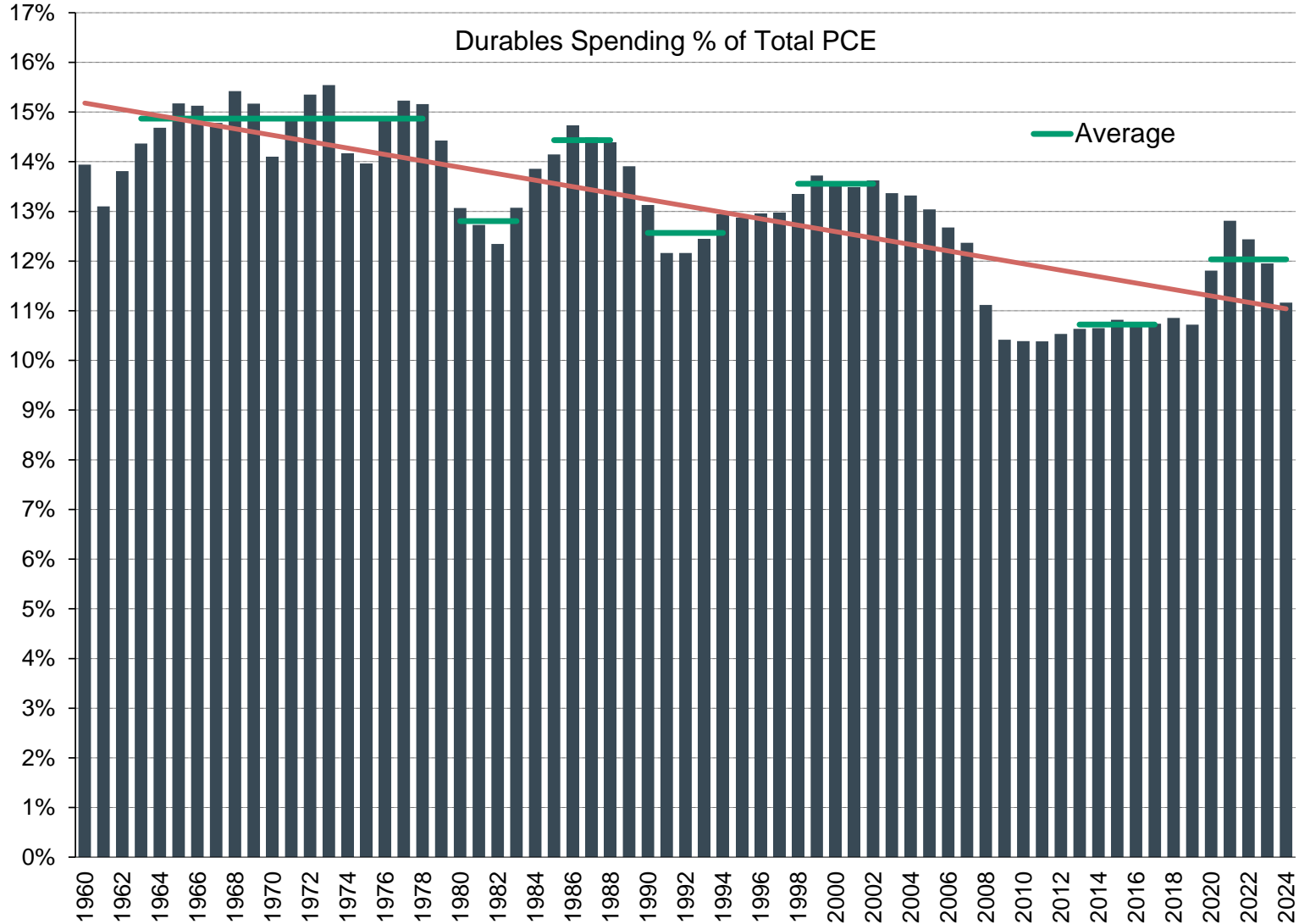
# Home Improvement Share Back to Pre-COVID



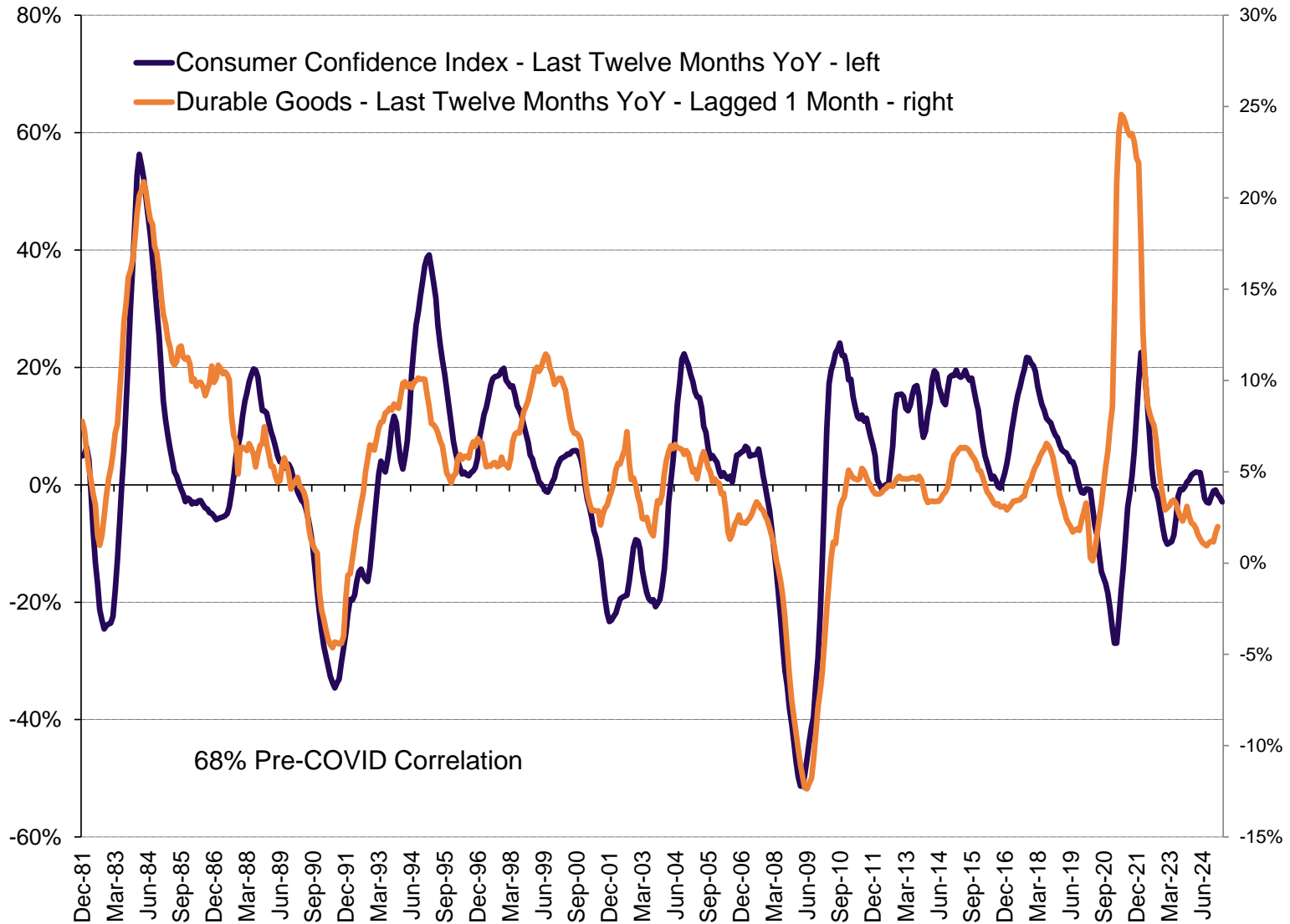
# HI Share of Durables Has Stabilized



# Durables Could See Further Share Losses



# Durables Decelerate When Confidence Declines



# Homecenter Coverage

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- Outperform Rated Stock
  - The Home Depot (HD)
- Neutral Rated Stock
  - Lowe's Company (LOW)

# Macro Building Products Forecasts



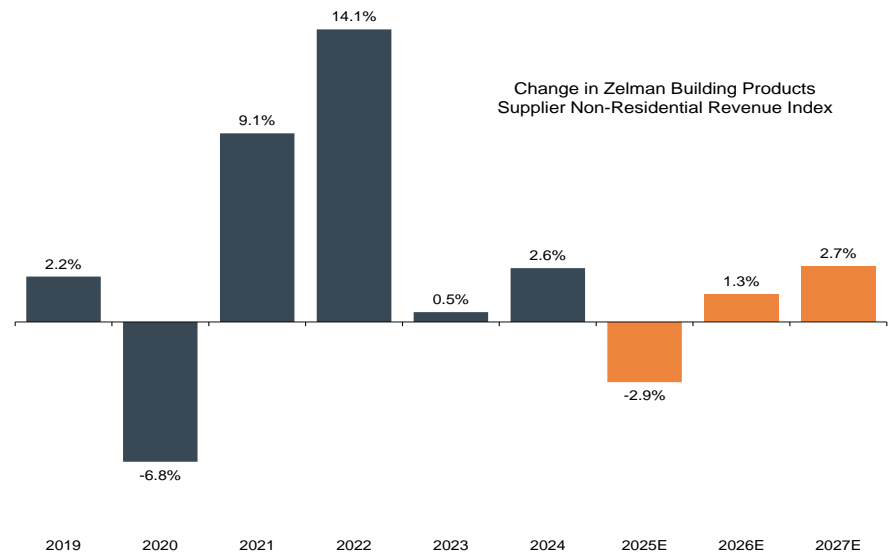
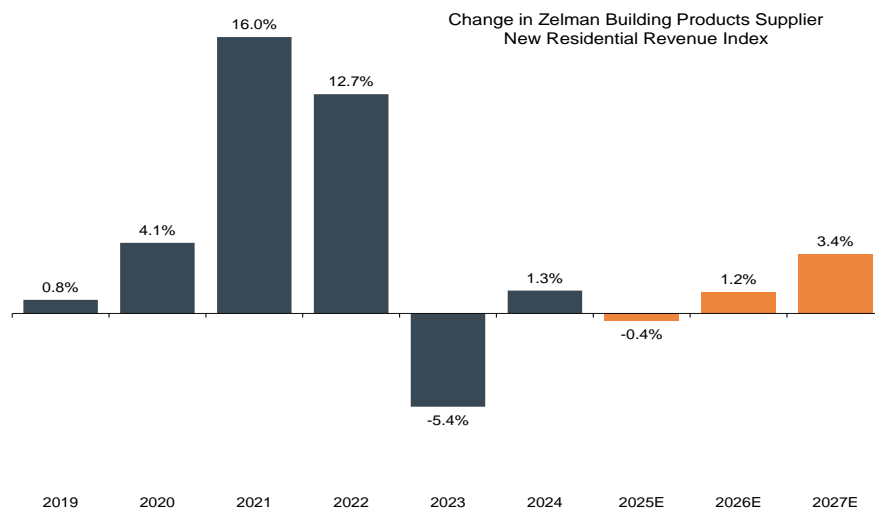
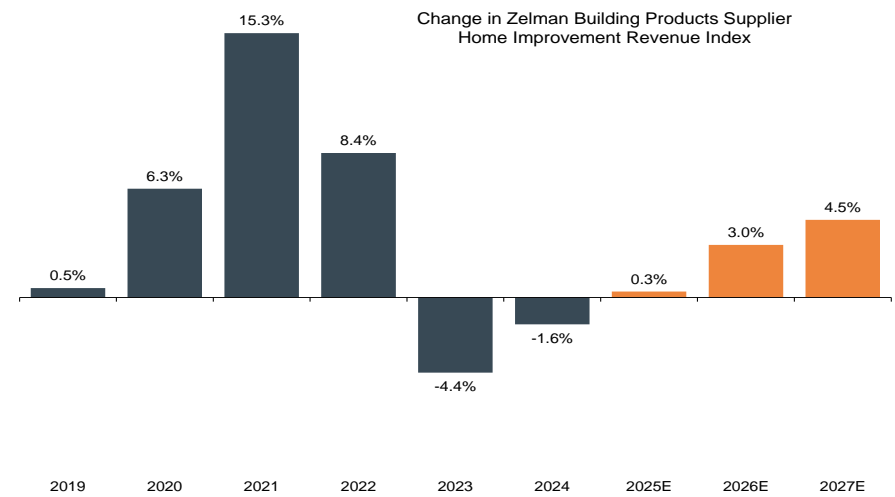
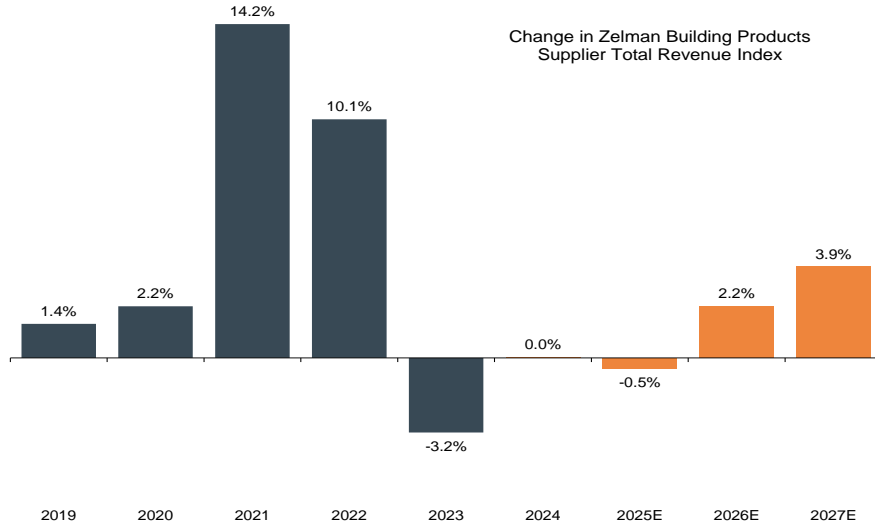
# Building Products Key Takeaways

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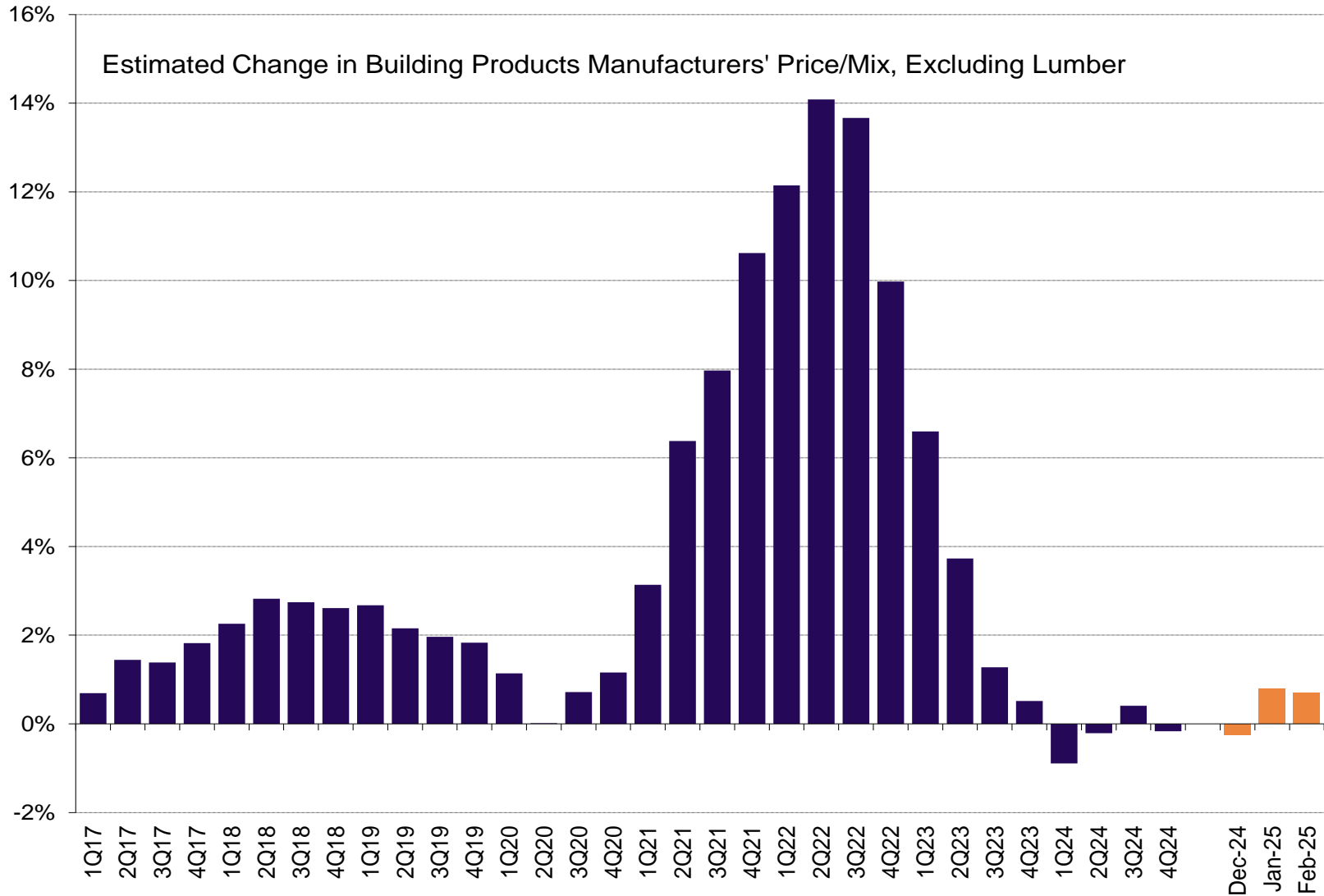
- Building Products Macro Forecasts
- Price/Mix Positive, But Cost Inflation Picking Up
- Home Improvement Outlook
- New Residential Outlook
- Non-Residential Outlook
- Policy Implications



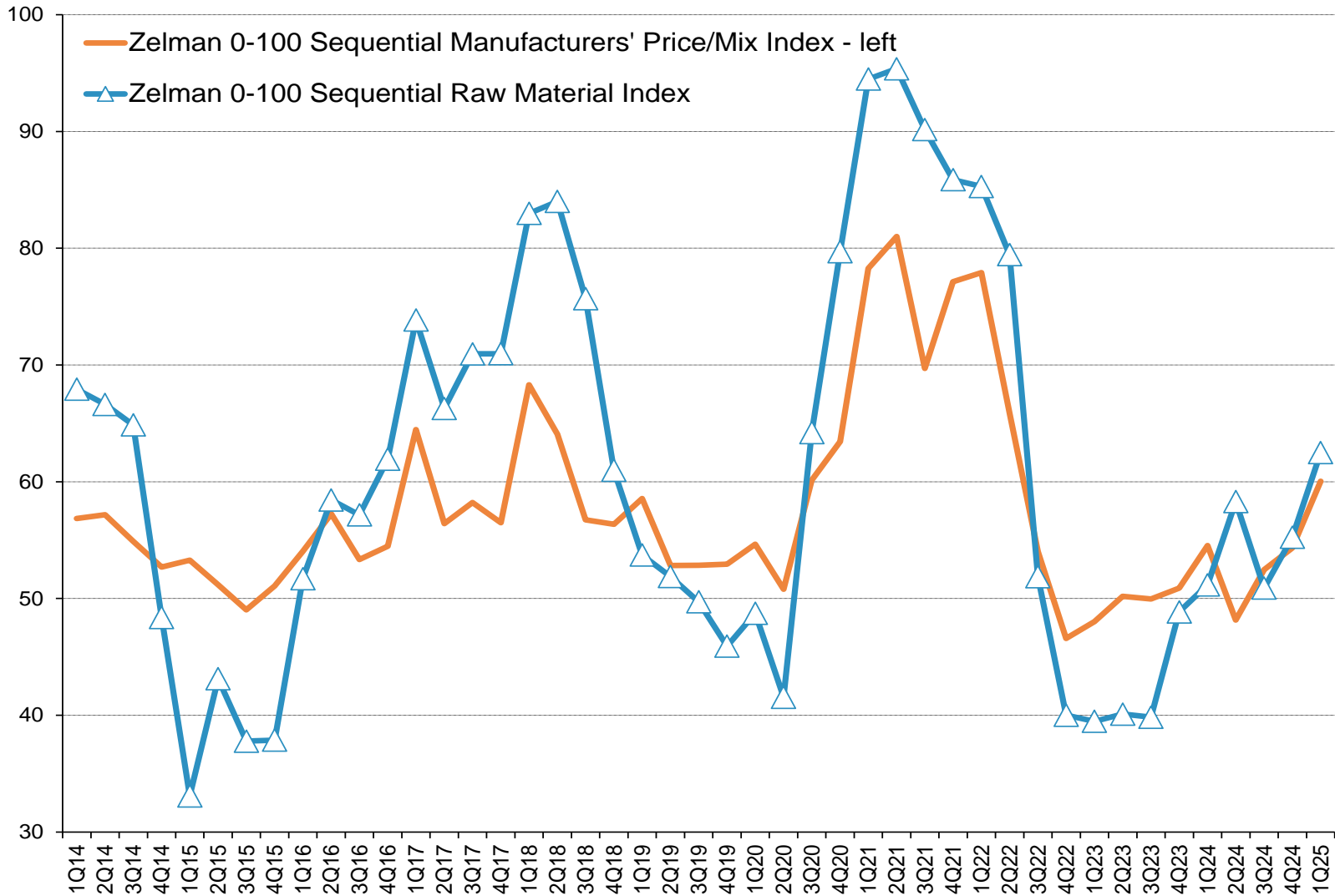
# Building Products Macro Forecasts



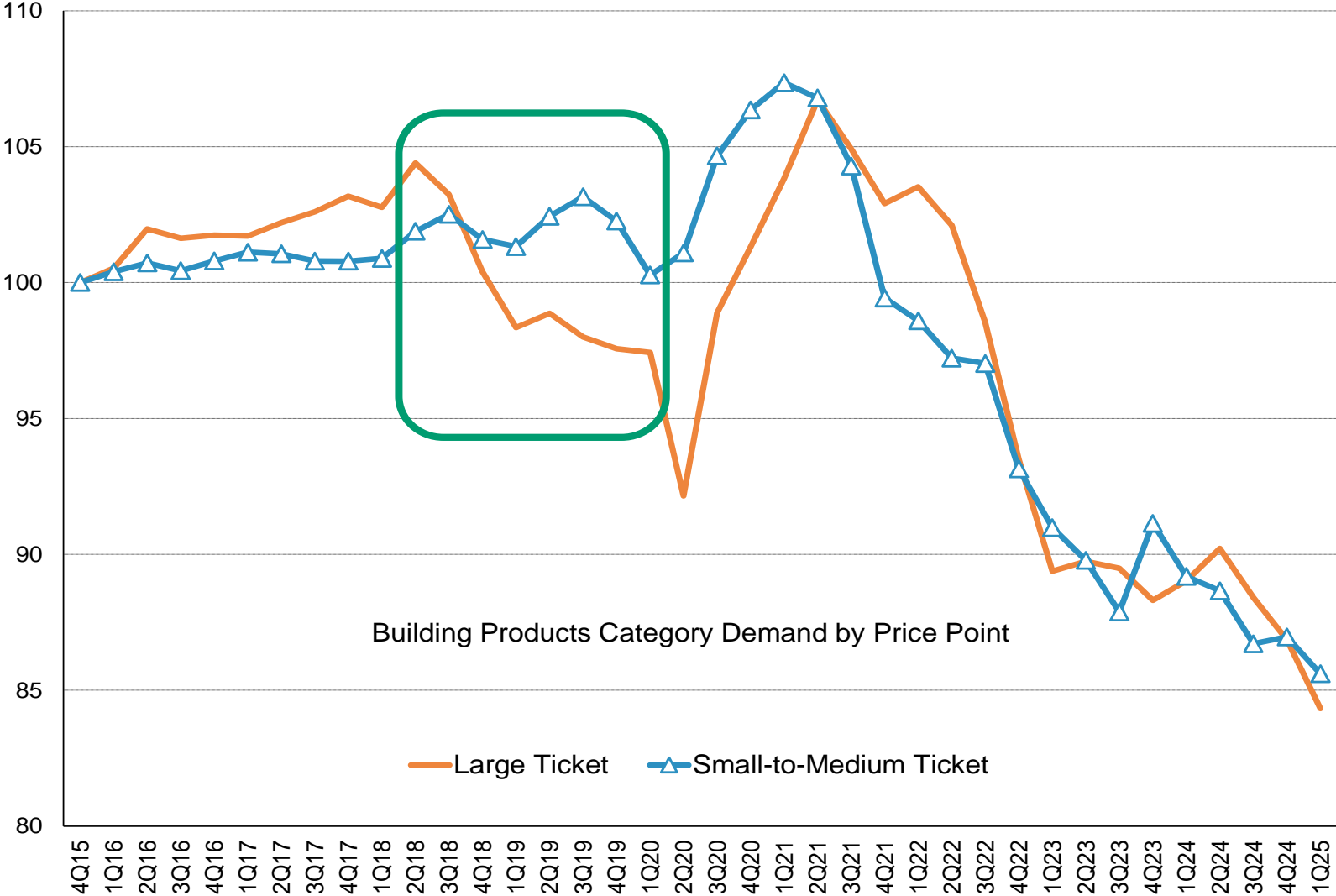
# Price/Mix Has Inflected Positively Year to Date



# Raw Material Inflation Slightly Outpacing Price/Mix

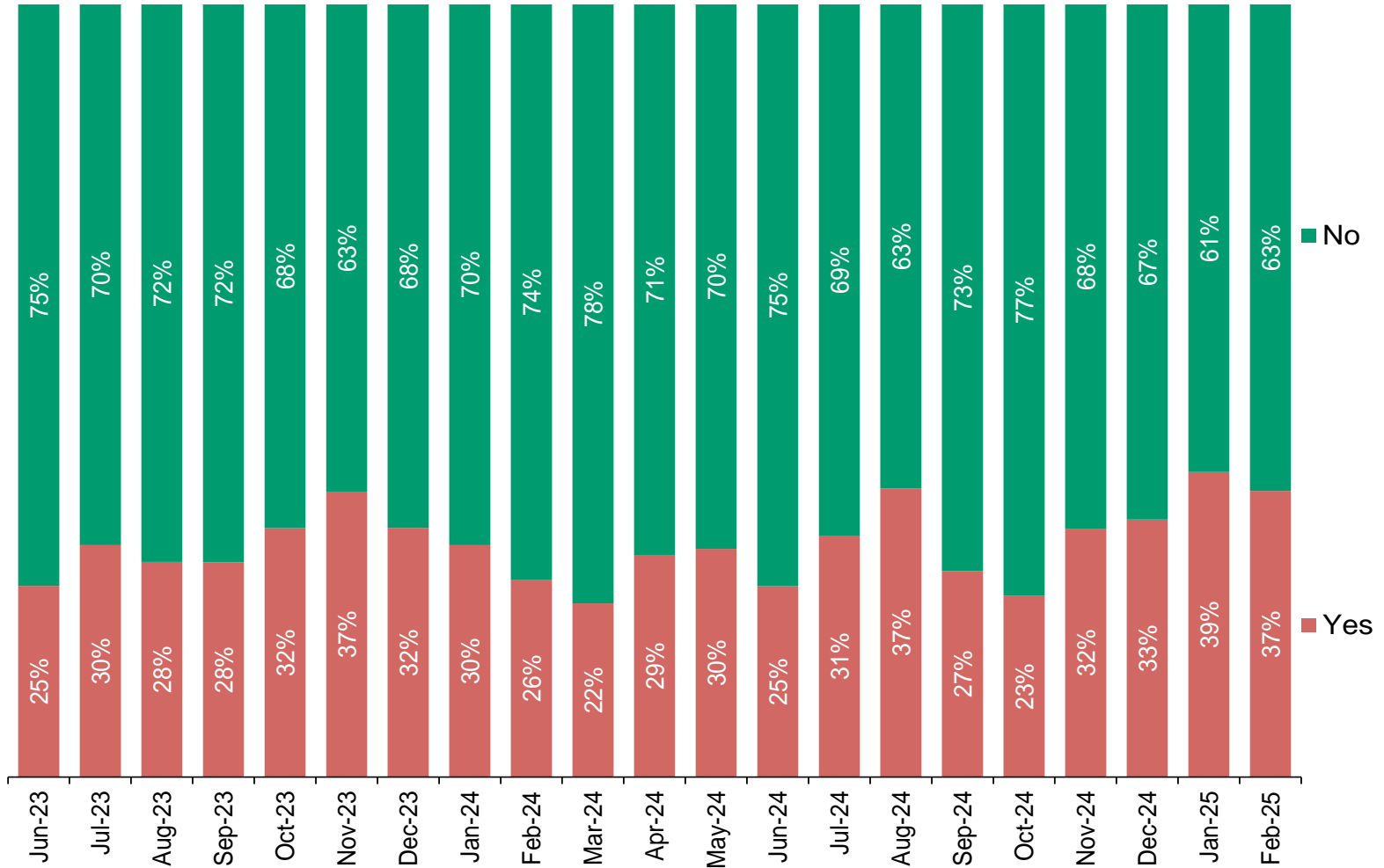


# Tariffs to Negatively Impact Large Ticket Demand

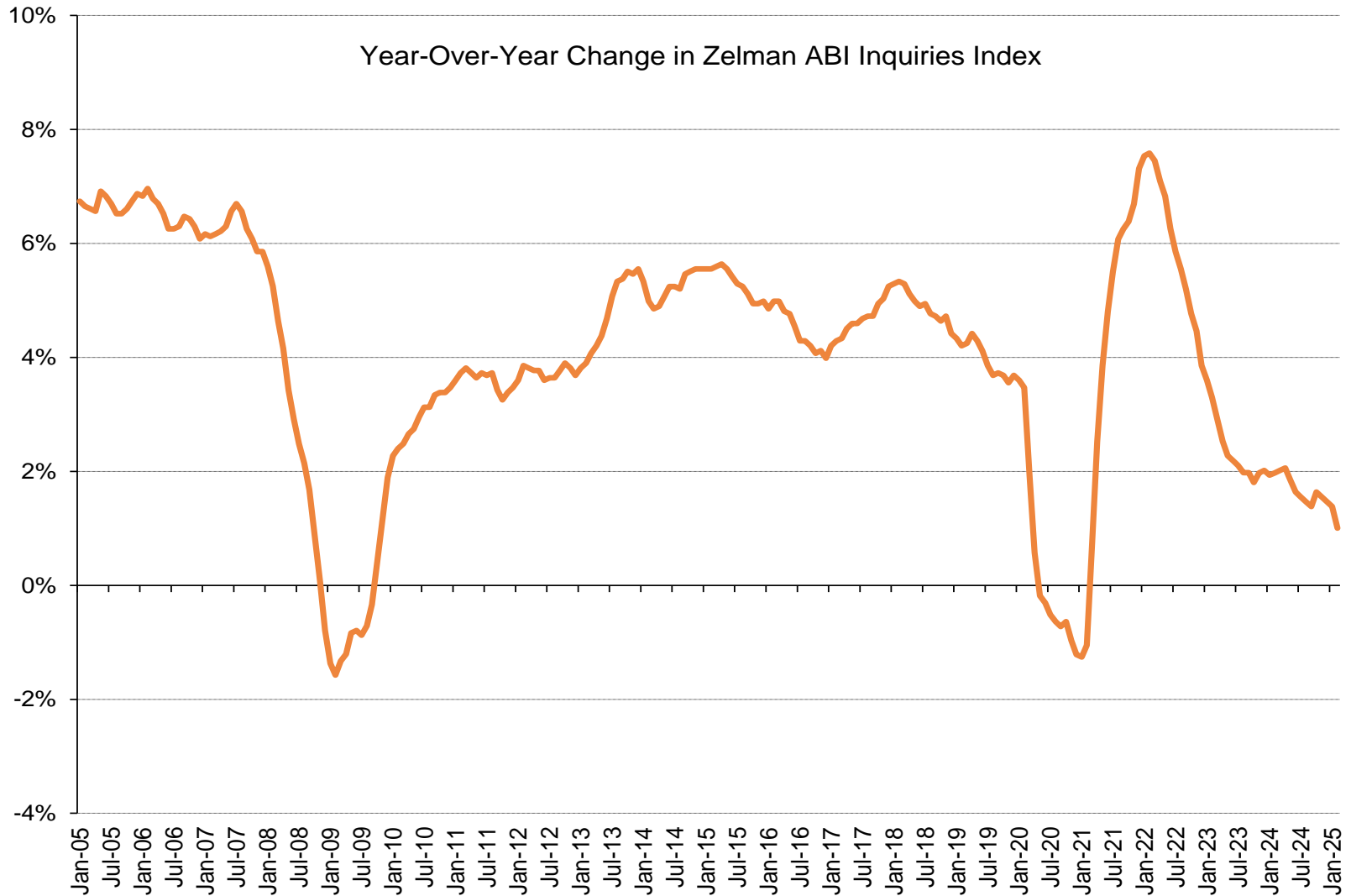


# HB Price Concessions at Elevated Levels

Contacts' Price Concessions to Homebuilders



# Project Inquiries Weakening, Negative for Outlook



# Policy Changes

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- Baseline 10% Tariffs on All Imports
- Reciprocal Tariffs Between 10-50%:
  - China: 34% (54% in total)
  - Vietnam: 46%
  - Indonesia: 32%
  - European Union: 20%
- Canada & Mexico: 25% Tariffs on non-USMCA products stand, no new changes

# Building Products Coverage

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## ➤ Outperform Rated Stocks

- Armstrong (AWI)
- Fortune (FBIN)
- Masco (MAS)
- Stanley (SWK)
- Trex (TREX)
- Sherwin-Williams (SHW)

## ➤ Neutral Rated Stocks

- American Woodmark (AMWD)
- Azek (AZEK)
- TopBuild (BLD)
- Builders FirstSource (BLDR)
- Beacon (BECN)
- MasterBrand (MBC)
- Ferguson (FERG)

## ➤ Underperform Rated Stocks

- Carlisle (CSL)
- Installed Building Products (IBP)
- Mohawk (MHK)
- Owens Corning (OC)



The background of the slide is a dark blue grid with a white line graph and a white bar chart. The line graph shows a fluctuating upward trend, while the bar chart at the bottom shows a series of vertical bars of varying heights. The text 'Zelman & Associates' Macro Forecasts' is overlaid in white, bold font.

**Zelman & Associates' 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

# Zelman & Associates Equity Research Team

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\*\*Below is a list of the Zelman & Associates' industry sectors that are currently weighted along with the list of companies covered by Zelman & Associates that constitute each "industry sector universe":

## **Mortgage & Real Estate Services**

Anywhere Real Estate (HOUS)  
Compass (COMP)  
Opendoor Technologies (OPEN)  
RE/MAX Holdings (RMAX)  
Redfin (RDFN)  
Rocket Companies (RKT)  
Zillow Group (Z)

## **Single-Family Rental**

American Homes 4 Rent (AMH)  
Invitation Homes (INVH)

## **Homecenters**

Lowe's Companies (LOW)  
The Home Depot (HD)

## **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)

## **Building Products**

American Woodmark (AMWD)  
Armstrong World Industries (AWI)  
AZEK Company (AZEK)  
Beacon Roofing Supply (BECN)  
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)

## **Apartments**

AvalonBay Communities (AVB)  
Camden Property Trust (CPT)  
Equity Residential (EQR)  
Essex Property Trust (ESS)  
Mid-America Apartment Communities (MAA)  
UDR, Inc. (UDR)

## **Manufactured Housing**

Champion Homes (SKY)  
Cavco Industries (CVCO)

# Disclosure

## Zelman & Associates Research Disclosures as of:

March 28, 2025

Company	Ticker	Rating	Price	Disclosure
American Homes 4 Rent	AMH	Underperform	\$37.58	None
American Woodmark	AMWD	Neutral	\$59.15	1
Anywhere Real Estate	HOUS	Underperform	\$3.46	None
Armstrong World Industries	AWI	Outperform	\$139.55	None
AvalonBay Communities	AVB	Outperform	\$213.58	None
AZEK	AZEK	Neutral	\$49.65	None
Beacon Roofing Supply	BECN	Neutral	\$123.82	None
Beazer Homes	BZH	Underperform	\$20.27	1
Builders FirstSource	BLDR	Neutral	\$124.51	1
Camden Property Trust	CPT	Underperform	\$122.30	None
Carlisle Companies	CSL	Underperform	\$342.61	1
Cavco Industries	CVCO	Outperform	\$513.96	None
Century Communities	CCS	Neutral	\$66.87	1
Champion Homes	SKY	Underperform	\$94.08	None
Compass	COMP	Outperform	\$9.13	None
D.R. Horton	DHI	Neutral	\$125.99	None
Dream Finders Homes	DFH	Outperform	\$22.70	1, 2
Equity Residential	EQR	Outperform	\$71.38	None
Essex Property Trust	ESS	Neutral	\$306.00	None
Ferguson	FERG	Neutral	\$160.51	None
Five Point Holdings	FPH	Outperform	\$5.30	None
Fortune Brands Innovations	FBIN	Outperform	\$60.82	1
Hovnanian Enterprises	HOV	Underperform	\$104.32	1
Installed Building Products	IBP	Underperform	\$170.63	1
Invitation Homes	INVH	Outperform	\$34.47	None
KB Home	KBH	Underperform	\$57.73	1
Lennar	LEN	Outperform	\$113.93	1
Lowe's Companies	LOW	Neutral	\$228.42	None
M/I Homes	MHO	Neutral	\$113.46	1
Masco	MAS	Outperform	\$68.67	None
MasterBrand	MBC	Neutral	\$13.10	1
Meritage Homes	MTH	Outperform	\$70.33	1
Mid-America Apartment Communities	MAA	Underperform	\$165.90	None
Mohawk Industries	MHK	Underperform	\$113.74	None
NVR	NVR	Underperform	\$7,181.68	None
Opendoor Technologies	OPEN	Neutral	\$1.13	None
Owens Corning	OC	Underperform	\$142.63	None
PulteGroup	PHM	Outperform	\$101.74	1
RE/MAX Holdings	RMAX	Underperform	\$8.56	1
Redfin	RDFN	Outperform	\$10.21	None
Rocket Companies	RKT	Outperform	\$13.03	None
Sherwin-Williams	SHW	Outperform	\$339.75	None
Stanley Black & Decker	SWK	Outperform	\$76.43	1
Taylor Morrison	TMHC	Outperform	\$59.98	1
The Home Depot	HD	Outperform	\$358.15	None
Toll Brothers	TOL	Outperform	\$105.08	1
TopBuild	BLD	Neutral	\$305.63	1
Trex	TREX	Outperform	\$57.31	None
TRI Pointe Homes	TPH	Neutral	\$31.85	None
UDR	UDR	Neutral	\$44.54	None
Zillow Group	Z	Outperform	\$68.74	None

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