Industry Update

State of the Housing Market

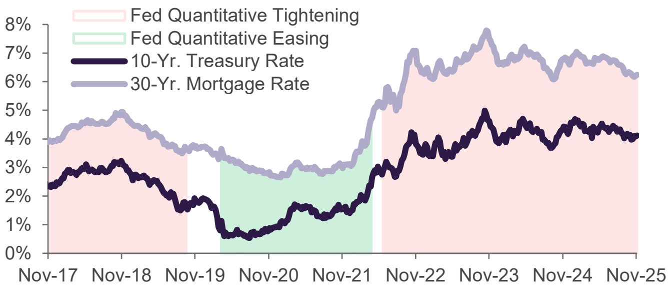
Average 30-year mortgage rates have eased from 7.04% in January to ~ 6.25% by mid-November, yet total housing starts have fallen to 1.31 million (SAAR) as of August, down 6% y/y. Challenges remain to unlock frozen housing conditions:

- **Affordability challenges go beyond rates:** While home price appreciation is slowing, total home prices remain elevated relative to median incomes. Additionally, rising property taxes and insurance are up 62% in the last five years, adding to the total cost of homeownership
- **Structural undersupply persists:** Years of underbuilding, labor shortages, and regulatory hurdles have kept new construction constrained – limiting supply and pushing median home prices to a wealthier cohort. Additionally, the existing “lock-in-effect” has constrained available for-sale supply as homeowners are reluctant to forgo sub 5% mortgage rates
- **Demographic shifts:** First-time buyers now average 40 years old, up from 33 just five years ago, reflecting delayed household formation, affordability constraints, and economic uncertainty
- **Consumer Confidence:** AI-driven job fears, geopolitical uncertainty, and broader economic sentiment weigh on purchase decisions. A recent Grant Thorton survey reported 28% of workers fear their job could be reduced or replaced by AI in the next 12 months

Bottom line: Rates remain a catalyst, but the “liftoff” point for housing may require a broader arsenal of support combined with stronger consumer confidence and policy adjustments to boost activity

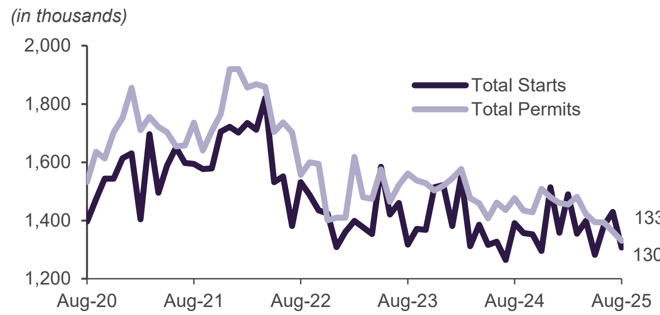
10-Yr. Treasury vs. 30-Yr. Mortgage

The Fed announced a pause in the roll-off of mortgage securities from its balance sheet effective 12/02/25, which could accelerate mortgage rate declines relative to 10-yr. treasury yields



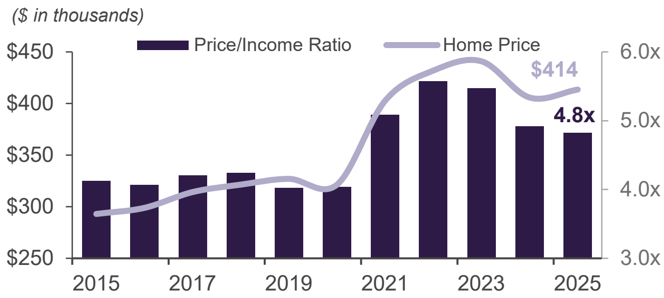
Housing Starts vs. Permits

Single-family starts remain stagnant against broader consumer uncertainty and ongoing affordability challenges. Multi-family starts and permits may be stabilizing after steep declines a year ago



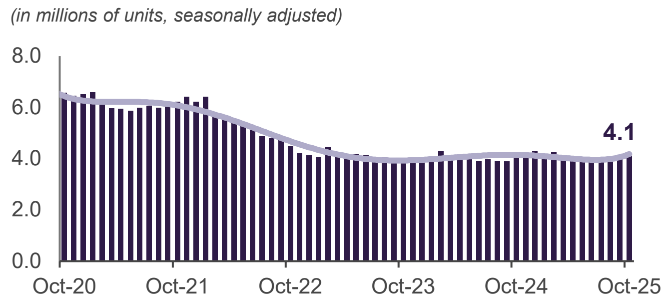
Median New Home Price to Income

Median home prices are 4.8x median incomes, well above the 50-year average of ~4x. A $125K annual income household can now afford less than 52% of U.S. listings, down from ~75% in 2019



Monthly Existing Home Sales

Existing home sales climbed 1.7% in October, with YoY gains across the Northeast, Midwest, and South, but down in the West. Supply tightened to 4.4 months from 4.5 months in September



Note: Due to the government shutdown, data releases for select September and October data have been delayed
Sources: Bloomberg, FRED, Census.gov, Grant Thorton, National Association of Realtors

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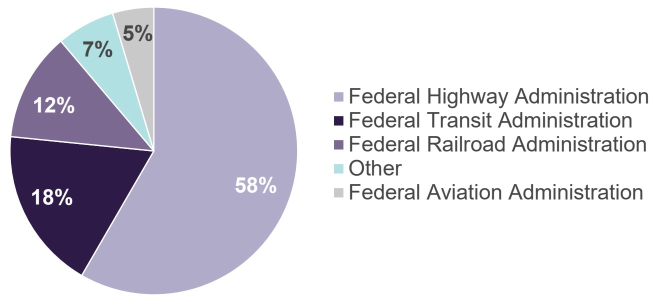
Non-Residential: Infrastructure Investment and Jobs Act ("IIJA")

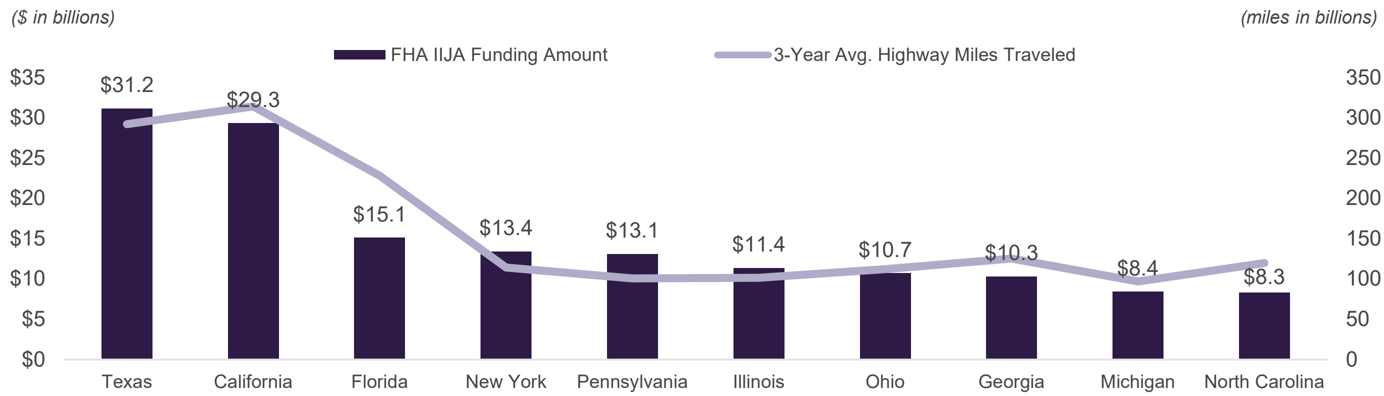
- Enacted in November 2021, the IIJA committed over $1.2T in funding for transportation and infrastructure spend across the U.S. through September 2026, with approximately half dedicated to new infrastructure investments
- The IIJA has had a positive ripple effect on the building products industry, bolstering performance of aggregate, ready-mix concrete, roadbuilding, and heavy civil contractors
- Approximately half of IIJA funding dedicated to roads and highways was allocated to the top ten states for traveled road miles, see chart below. As of September, the value of transportation projects expected to break ground before year end reached ~$14 billion, up 40% from a year ago
- Discussions are underway in Congress to determine if the IIJA funds will be reauthorized and extended beyond September 2026. Federal infrastructure funding has a history of being reauthorized, with funds from every bill since the 1990's eventually reauthorized

Department of Transportation IIJA Funding

~75% of all IIJA funds were allocated to the Department of Transportation ("DoT"), totaling ~$431 billion as of August, with 58% of these funds dedicated to improving highway infrastructure. Only ~41% of all DoT IIJA funds have been outlayed [(1)]



Largest Portion of IIJA Highway Funding is Allocated to Top 10 States for Road Miles Traveled



IIJA Project Spotlight

IIJA funds for southern states with high population growth like Texas, Florida, Georgia and North Carolina have a larger portion of funds allocated to new construction aimed at adding capacity to existing infrastructure (i.e., adding a lane to an existing road), while projects in mature states across the Northeast are more focused on repairing existing infrastructure

New Construction Projects

Florida

Complete: 2031 — **I275/SR93 & SR60 Lane Additions and Reconstruction:** ~$600MM committed to add lanes and reconstruct roadways

Complete: 2032 — **First Coast Expressway (SR23) New Build:** ~$250MM committed to build a new, divided four lane roadway with tolls and a new bridge build

Texas

Complete: 2026 — **IH 635 Lane Additions and Reconstruction:** ~$635MM committed to add lanes and reconstruct roadway in Dallas

Complete: 2027 — **New Construction of IH 10 Connector Loops:** ~$365MM committed to building connector loops on IH 10 in San Antiono

Repair Projects

New York

Complete: 2028 — **Bronx River Parkway Bridge Replacements:** ~$235MM committed to replacement of old bridges in the Bronx

Complete: 2025 — **Rehabilitation of Grand Central Parkway Bridges:** ~$135MM committed to the rehab of old bridges in Queens County

Pennsylvania

Complete: 2027 — **I95 North Reconstruction Project:** ~$240MM committed to improving northbound lanes and replacing bridges

Complete: 2027 — **I83 East Shore Section 3:** ~$150MM committed to improving existing corridor and widening roads in the beltway surrounding the state capital

(1) Outlayed funds refer to the cash disbursement made by a federal agency. Obligated funds are the amount that has been committed to spend

Sources: WhiteHouse.gov, Government Finance Officers Association, U.S. Government Accountability Office, Department of Transportation(s), Federal Highway Administration, American Road and Transportation Builders Association, Bureau of Transportation Statistics, USASpending.gov