Building Products Market Perspectives

- Employment conditions continued to improve as the Labor Department recorded 1.1 million new unemployment claims last week, substantially lower than economists’ estimates of 1.4 million
  - This week’s report represented the lowest amount of new unemployment claims since the start of the pandemic
- Pending home sales surged 16.6% in the month of June, which outpaced economist expectations by 12.5% and marked a 15-year high
  - This is the second consecutive month that pending home sales have exceeded expectations
  - New home sales are now expected to increase ~3%, while existing home sales are expected to decline ~3% for the remainder of 2020.
    - Prior to July’s update, new home sales were expected to rise ~1% and existing home sales were forecasted to decrease by ~8%
- Home prices increased by ~5% annually in the month of June after rising ~4% in May, demonstrating the housing market’s strong recovery
  - The housing market and homebuilding industries have remained resilient amidst the pandemic, and are expected to continue their growth as pent up demand and record low mortgage rates will bolster buyer sentiment in the coming months
- Homebuilders continue to report record earnings in June as the housing market continues its robust rebound from April lows
  - D.R. Horton reported net sales orders of 21,519, which is 5,931 higher than last year, and represents a 10% increase in revenues
  - Meritage Homes reported a 32% year-over-year revenue increase, driven by consecutive record monthly home orders in May and June, totaling 1,320 and 1,500, respectively
  - PulteGroup reported revenue of $2.5 billion and 5,937 home closings, representing a 3% and 6% increase from the prior year, respectively

Public Company Stock Performance Since February 21

Public Company Trading Performance Since February 21

For additional information on KeyBanc Capital Markets, please contact any of the individuals listed below:

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Sources: NAHB, NAR, Wall Street Research

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