M&A Activity Report 2025

Building Products Distribution Industry

WESTERN

Mergers & Acquisitions

Executive Summary

The Building Products Distribution industry, which includes lumber and other construction material wholesalers, has experienced pronounced valuation volatility in recent years as investors reassess growth prospects in a shifting macroeconomic environment.

After several years of rapid consolidation and valuation swings, the building products distribution sector is entering a new phase – defined less by growth euphoria and more by margin discipline.

EV/Revenue multiples reached a local peak of ~1.2x in 2021 before contracting sharply to ~0.4x in 2022. The market rebounded strongly in 2023–2024, holding steady near 1.3x, before easing back to ~1.1x in 2025. While still above trough levels, the recent contraction underscores growing caution around demand visibility and risk appetite. EV/EBITDA multiples have shown even greater swings, climbing to ~11.6x in 2021, then rebounding to ~17.0x in 2024 before moderating to ~10.4x in 2025. This volatility reflects heightened sensitivity to commodity price cycles, credit conditions, and uneven housing demand.

On the transactions front, activity has been dominated by strategic buyers such as Beacon Roofing Supply, SRS Distribution, and US LBM Holdings, each executing multiple acquisitions to expand geographic reach and strengthen product offerings. Financial buyers, including Platinum Equity and American Securities, have remained active but in smaller volumes. Notable deals range from multibillion-dollar consolidations to targeted regional transactions, reflecting both intense competition and the fragmented nature of the industry.

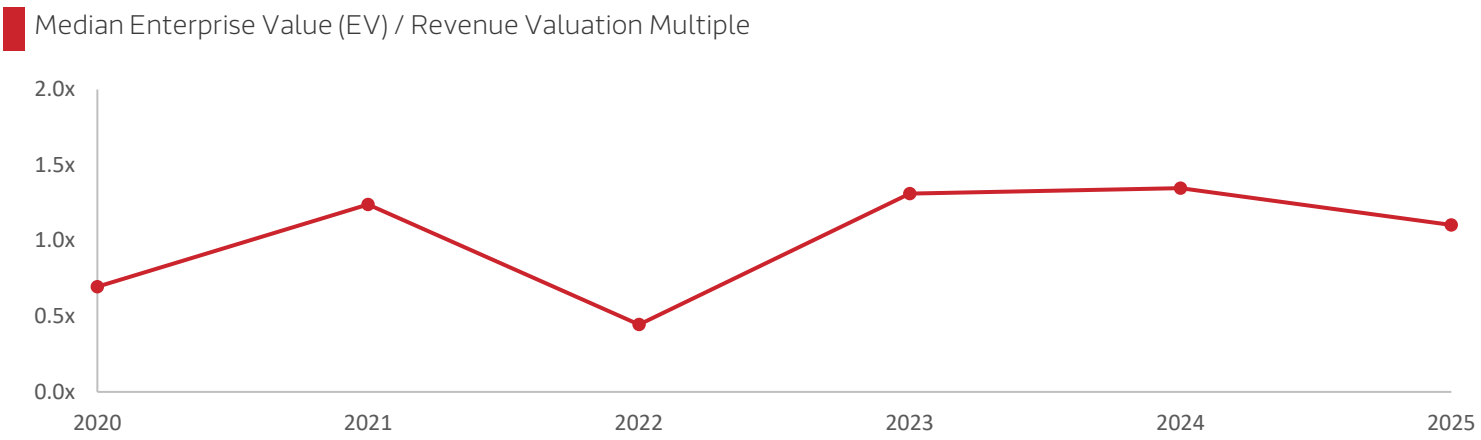
Looking ahead, sellers must contend with several transaction challenges, including input cost instability, tariff and trade policy uncertainty, labor shortages, and working capital pressures. At the same time, disconnects in valuation stemming from the buyer's caution and the expectations of the seller may lead to extended negotiations. Owners seeking to maximize outcomes should stabilize margins through hedging and pricing strategies, diversify their sourcing of materials, strengthen operational resilience, and maintain financing flexibility to align with evolving buyer priorities.

EV/Revenue

For the first time in recent years, EV/Revenue valuation multiples have shown renewed signs of contraction. After reaching a high of ~1.2x in 2021, the median Enterprise Value (EV) to Revenue multiple declined sharply to ~0.4x in 2022. Multiples rebounded strongly in 2023 and held steady into 2024 at ~1.3x before easing back to ~1.1x in 2025. While levels remain above the 2022 trough, the recent pullback signals mounting caution in the market. With higher financing costs, softening housing demand, and persistent volatility in construction material pricing, valuation multiples may face further pressure as investors reassess growth visibility and risk appetite.

Mean EV/Revenue
1.1x

Median EV/Revenue
1.0x



Sources: Pitchbook, CapIQ

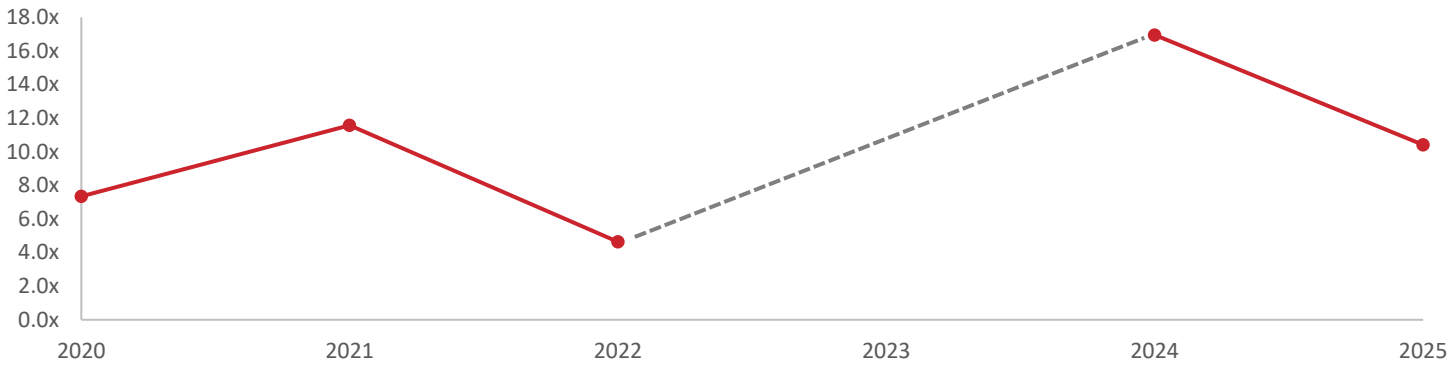
EV/EBITDA

EV/EBITDA valuation multiples have experienced sharp swings in recent years. After rising to a peak of ~11.6x in 2021, multiples contracted significantly, falling to ~4.6x in 2022. The market rebounded strongly in 2024, surging to ~17x — the highest level in the observed period — before moderating to ~10.4x in 2025. While still above prior trough levels, the volatility highlights the sector's heightened sensitivity to construction demand cycles, commodity price fluctuations, and shifting credit conditions. Looking forward, tighter financing and uneven end-market demand may continue to weigh on deal valuations.

Mean EV/EBITDA
9.7x

Median EV/EBITDA
10.2x

Median Enterprise Value (EV) / EBITDA Valuation Multiple



**EV/EBITDA multiples for 2023 deals are not available*

Recent Transactions

Major deals within the industry

SRS DISTRIBUTION was acquired by The Home Depot
Deal Size: $18,649.0m
EV/Revenue: 1.9x
EV/EBITDA: 17.0x

GMS Gypsum Management & Supply, Inc. was acquired by SRS DISTRIBUTION
Deal Size: $4,265.9m
EV/Revenue: 1.1x
EV/EBITDA: 10.2x

BROSCO Since 1890 was acquired by Boise Cascade
Deal Size: $166.2m
EV/Revenue: NA
EV/EBITDA: NA

Kamco Supply Corp. was acquired by GMS Gypsum Management & Supply, Inc.
Deal Size: $321.5m
EV/Revenue: 1.3x
EV/EBITDA: NA

BEACON was acquired by QXO
Deal Size: $11,496.7m
EV/Revenue: 1.2x
EV/EBITDA: 10.7x

FLEETWOOD Windows & Doors was acquired by MASONITE
Deal Size: $285.0m
EV/Revenue: NA
EV/EBITDA: NA

REW Materials was acquired by FBM
Deal Size: $600.0m
EV/Revenue: NA
EV/EBITDA: NA

WOOLF DISTRIBUTING was acquired by ADENTRA
Deal Size: $136.8m
EV/Revenue: 0.8x
EV/EBITDA: NA

Sources: Pitchbook, CapIQ, Industry Reports

Most Active Buyers

Strategic & Financial

Most Active Buyers	No. of Deals
Strategic Buyers	
Beacon Roofing Supply, Inc.	10
SRS Distribution Inc.	10
US LBM Holdings, LLC	7
Financial Buyers*	
Platinum Equity, LLC	3
American Securities LLC	2

**Buyers with at least 2 deals*

Key Transaction Challenges

In the Industry

- Input Cost Instability
  Ongoing fluctuations in the prices of lumber, plywood, and other construction materials could create unpredictable margins, making it challenging for acquirers to normalize earnings and set reliable valuations. Material cost volatility is expected to persist, adding layers of uncertainty to any future transaction.
- Tariff and Trade Policy Shifts
  Potential changes in tariffs and trade regulations on timber and related materials may create further sourcing risks. Acquirers may face difficulties in evaluating the impact of policy shifts on supply chains, which could increase costs and create valuation gaps during the transaction process.
- Working Capital and Inventory Management
  Wholesalers may struggle with inventory management as lead times normalize but demand remains sluggish, leading to higher working capital needs and potential friction in negotiations over excess inventory and slow-moving stock.
- Valuation Disconnect
  As market conditions shift, a gap may remain between seller expectations, driven by the post-pandemic boom, and buyer concerns over higher financing costs, margin pressures, and uncertain demand. This could result in longer negotiations and increased reliance on performance-based deal structures.
- Consolidation and Competitive Pressures
  The trend of consolidation within the building products and materials distribution sector is expected to intensify. Larger acquirers may continue to drive up competition for high-quality assets, putting pressure on smaller wholesalers and raising integration risks for acquirers.

Preparing for a Transaction

For a Business Owner

- Stabilize Demand & Margins
  Use hedging contracts or pass-through pricing clauses to protect against price changes in materials. This ensures more stable costs and helps buyers predict earnings, making the business more attractive in uncertain markets.
- Diversify Sourcing & Policy Monitoring
  Develop relationships with suppliers in multiple regions to reduce dependence on any one source. Keep track of changes in tariffs and trade policies and have backup plans ready in case there are disruptions in supply chains or imports.

Sources: Pitchbook, CapIQ, Industry Reports

- Strengthen Operations
  Focus on keeping your workforce by offering training and incentives, which will improve retention. Build a logistics system that can handle weather disruptions and use real-time ERP systems to better control inventory and operations.
- Align Valuation Expectations
  Work with the buyer to address any differences in valuation by using earn-outs or contingent payments based on future performance. Provide clear, realistic financial forecasts to help reduce uncertainty and align both parties' expectations.
- Enhance Financing Flexibility
  Anticipate tighter credit conditions and explore alternatives like asset-based lending, partnerships, or joint ventures. These options can help keep deals moving forward and provide more flexibility in financing.

About Western

About

Western Commerce Group is an M&A and strategic advisory firm that focuses on family-owned and privately held businesses. Since its founding in 1998, the firm has completed transactions totaling $12 billion and has advised 160 clients across more than 30 U.S. states, as well as Canada and Mexico. The firm emphasizes long-term client relationships, providing trusted advisory support that aligns with clients' strategic goals and preserves the legacy of their businesses.

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Sources: Pitchbook, CapIQ, Industry Reports