2026 Forum for Housing Executives - East

October 13, 2026

On October 13, Builder Advisor Group, Avila Real Estate Capital, and Pacific InterWest hosted the Forum for Housing Executives in Lafayette Hill, PA – the first East Coast edition of the annual forum. The event brought together corporate leaders from some of the nation's top builders and developers[1]. Sessions covered capital markets and M&A, Japanese investment in U.S. homebuilding, changing household needs, applications of AI, public and private builder strategies, and the industry outlook. The forum includes builders that represent close to half of all new single-family home deliveries[2] in the United States.

Attendees

Public Builders

- Century Communities
- D.R. Horton
- Hovnanian Enterprises
- Lennar Corporation
- LGI Homes
- M/I Homes
- Toll Brothers

International Builders

- Daiwa House (Stanley Martin Homes)
- Empire Homes
- Sekisui House
- Sumitomo Forestry (DRB Group)
- Vinte Group

Land Developers

- Contender Development
- Forestar Group
- Hillwood Communities
- Mark III Properties
- Metro Development Group
- Terra Nova Land Development

Private Builders

- AmeriCraft Homes
- Athens Construction Group
- Brown Haven Homes
- Caruso Homes
- Creative Homes
- Drees Homes
- Enchanted Homes
- Executive Construction Homes
- Flamingo Homes
- Foxlane Homes
- Greenwood Homes
- Homebound
- Homes by WestBay
- JPOrleans
- Kittle Homes
- Mattamy Homes
- My Home Communities
- Piedmont Residential
- Riverwood Homes
- Trinity Family Builders
- UnionMain Homes
- Van Metre Homes
- W.B. Homes

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Highlights and Key Takeaways

- **Macro & Rates:** Approximately $10 trillion in Treasuries must be refinanced within 12 months[3] as foreign holdings of U.S. debt decline[4]; the 30-year mortgage rate could track toward 7.25% if the 10-year Treasury holds at 5.5%[5].
- **Affordability:** Affordability remains a structural challenge involving land costs, impact fees, zoning, construction costs and a mismatch between available homes and household needs—not just mortgage rates.
- **Market outlook:** Net new-home prices down approximately 3% year over year after incentives, with the Midwest showing positive net price appreciation; higher rates and strained affordability are expected to persist through 2026–27.
- **Builder margins:** Public-builder gross margins are at approximately 20%, down from approximately 26% at their Q4 2022 peak[10]; incentives of approximately 8–12% of home price, versus 2–3% in 2021[11].
- **Private builders:** Median private-builder gross margins fell from approximately 20% in 2024 to 18% in 2025, with ROE down from approximately 17% to 6% and debt-to-capital up from approximately 52% to 62%.
- **M&A:** 12 announced homebuilder deals in 2026, compared with 17 in all of 2025. Japanese-backed builders accounted for approximately five of the 2026 transactions.
- **Japanese capital:** Daiwa House, Sekisui House and Sumitomo Forestry described different approaches to operating their U.S. builders, ranging from relatively autonomous brands to a consolidated platform.
- **Capital and land:** New investment-grade issuance priced at approximately 5.1% coupons versus 7.2% for high yield[13]; rising land impairments indicate new deals are difficult to underwrite at current margins and absorptions.[14]
- **Consumer preferences:** Willingness to buy a smaller home doubled from ~20% to ~40% in two years, and buyers will accept a smaller yard but still want one. Location is the first trade-off: 41.1% said a home in their preferred location was too expensive.
- **AI and operations:** Sessions covered connected design and construction data, purchasing analysis, trade-company automation and AI-native homebuilding. Panelists emphasized operational outcomes rather than AI adoption for its own sake.
- **Builder strategy:** Public and private builders described different responses to slower demand: protecting price or margin, adjusting speculative inventory, underwriting land to current conditions, and differentiating through product and location.

Global Macroeconomic Update

Tony Avila: Chief Executive Officer, Builder Advisor Group & Avila Real Estate Capital

- $10T in Treasuries to be refinanced within 12 months[3], pressuring yields
- Foreign buyers hold less Treasury debt[2]: the U.S. may need to attract buyers to refinance
    - China's Treasury holdings down to under half of their ~$1.3T peak[4]
    - This could keep borrowing costs, including mortgage rates, elevated
- 30-year mortgage rate tracking toward 7.25% if 10-year holds at 5.5%[5]
    - Historical spread: 175bps over the 10-year; currently wider but normalizing[5]
- Inflation drivers: energy shock (Iran conflict), Canada tariffs and lingering China tariff effects[6]
- Consumer sentiment near record lows; personal savings rate at multi-year bottom[7]
    - Investment (AI, defense and infrastructure) and government spending are offsetting consumer drag[8]
- A $27,000 affordability shortfall for median new home when comparing today's mortgage environment with 2021[9]

Housing Market Update: M&A and Capital Markets

Zach Legge: President, Builder Advisor Group

- M&A remains active: 12 homebuilder M&A transactions reported in 2026
    - Diverse buyer pool of public builders, large private builders, Japanese-backed strategics, and non-builder capital (Berkshire)
    - Japanese-backed companies accounted for 5 transactions in 2026
- Public-builder performance:
    - Gross margins falling from 26% to 20% (4Q22 peak to today)[10]
    - EBITDA margins falling from 18% to 9% (4Q22 peak to today)[10]
    - Pre-tax margins falling from 14% to 7% (4Q22 peak to today)[10]
    - Incentive usage: up to 8-12% of price, compared to 2-3% in 2021[11]
    - Market capitalization down ~24% year over year[12]
- Private-builder benchmarks:
    - Median gross margin down from ~20% in 2024 to ~18% in 2025
    - Net margin near 2%; ROE down from ~17% to ~6%; debt-to-capital up from ~52% to ~62%
- Capital and land:
    - New investment-grade issuance pricing at ~5.1% coupons vs. ~7.2% for high yield[13]
    - Rising land impairments; new deals difficult to underwrite at current margins and absorption[14]
        - Impairment as % of inventory remains low[14]

Japanese Capital in U.S. Housing: A Conversation with Sumitomo Forestry, Sekisui House and Daiwa House

Bob Martin: Senior Vice President & Chief Financial Officer, Sekisui House
Randy Kotler: Chief Financial Officer, Stanley Martin (Daiwa House)
Ronny Salameh: President & Chief Executive Officer, DRB Group (Sumitomo Forestry)

- Different ownership models:
  - Daiwa House: U.S. builders operate relatively autonomously under a common ownership structure
  - Sekisui House: consolidating its U.S. builders onto a unified platform
  - Sumitomo Forestry: keeps local brands and management in place; Brightland subsequently integrated into DRB
- Long-term investment horizon: Japanese parents plan on 50-year horizons, versus the typical five-year business plan
  - All three firms noted considerable growth in actual and planned closings
- Construction strategy:
  - Companies are bringing Japanese construction systems and higher-end product to the U.S.
  - DRB pursuing domestic vertical integration through design, component plants, and labor businesses
- Acquisition criteria: strong people and culture, sound balance sheets, and attractive land positions in target markets

Pains, Gains, Trade-offs, Housing Behavior and Design

Teri Slavik-Tsuyuki: Principal, tst-ink

- Location is the first trade-off: four of eight measured buyer trade-off factors related to location; 41.1% of respondents said a home in their preferred location was too expensive
- Smaller homes gaining acceptance: willingness to buy a smaller home rose from ~20% to ~40% in two years
  - Yard access still matters: buyers are more willing to accept a smaller yard than to give up a yard altogether
- Affordability is structural: land costs, impact fees, zoning, materials, labor, rate lock, and investor pressure all contribute to a broader mismatch between homes and households
- Households are more varied than the conventional family-home model: no single household type accounts for more than 30% of the buying population
  - Unmet needs among smaller and multigenerational households
  - 64% of U.S. households are one- or two-person households, while only 4% of new product is 1,400 square feet or less

Homebuilding AI from Design to Construction

Michael Bergin: Co-Founder, Higharc
Bogdan Constantin: President, Brown Haven Homes

- Higharc and Brown Haven generate and update plans and related business outputs from connected home-design data
- Brown Haven went live in ~6 months and offers 40–60 priced options per plan, reducing red-line requests
    - Drafter throughput up from ~20–25 points per week to 25 points per day
    - New-plan launches cut from ~one quarter to as little as two days for top drafters
- Brown Haven reported gross margin rising from 29% to 36.7% during the year (company-reported result, not attributed to software alone)
- Brown Haven's Oasis purchasing analysis identified vendor-selection savings of ~$16,000 per home

Public Homebuilder Strategies in a Challenging Market

Eric Lipar: Chief Executive Officer, LGI Homes
Jim Francescon: Executive Vice President, Century Communities
Karl Mistry: Chief Executive Officer, Toll Brothers

Key Takeaways

- Affordability extends beyond the mortgage rate to insurance, property taxes, gas, and everyday expenses
- Gross margins at historic lows; incentives ranging from ~3–8%.
    - Not seeing sufficient additional absorption to justify pushing incentives further
    - Some builders prioritizing price over sales pace
- Land strategy: All three builders are taking a more cautious approach to land; deals that may have worked in the past are not penciling in current market. They use institutional land banking selectively to provide optionality because it is considerably more expensive.
- Emerging lock-in effect: owners with bought-down mortgages may struggle to obtain comparable payments if they move
- Some builders are looking to develop scale in existing geographic markets
- Purchasing and direct-cost reduction are promising AI applications
- ARM usage up from below 5% in Q1 2025 to the low-30% range in Q2 2026

Thrive Amid Uncertainty

John Achille: President, Insulation Distribution and Install, TopBuild Corp

- Act quickly when conditions change: "Project Speed" launched in February 2025, reviewing ~450 U.S. locations over roughly six weeks to decide which to consolidate and which underperforming markets to exit
- Make decisions with ~80% of the information: move quickly and correct course if necessary; that discipline carried into 2026
- Protect the business so it can serve others: during the 2008 downturn, delaying difficult cuts left his insulation business unable to pay suppliers

    - "Failure is feedback, and it's not final"
- Operational excellence as customer service: a healthy business obtains materials reliably and reaches builders' job sites on time
    - Branches ranked regularly, with work to improve the bottom quartile; restructuring is ongoing, not a one-time exercise
- Combining operations with technology: TopBuild brings operational excellence to QXO, while Brad Jacobs's technology ambitions could change how suppliers work with builders
- Integrating a historically local business: ~162 DBAs following ~52 acquisitions over the past decade; local brands retained on a common ERP system, with a new branding process underway

AI and Innovative Technologies in Homebuilding

Brandon Elliott: Founder, TradeWize
Nikki Pechet: Co-Founder & Chief Executive Officer, Homebound
Oliver Alexander: Founder & Chief Executive Officer, Prophetic

- Homebound: AI-native homebuilding platform spanning business workflows; cited benefits for cycle times, labor efficiency, quality, and customer and trade experience
- Prophetic: technology enabling the automation of the land acquisition process
- TradeWize: automates workflow steps for trade companies serving single-family residential construction, with a focus on direct costs
- Implementation takeaways:
    - Start with a defined process and stakeholders
    - Purchase an outcome rather than "AI"; excessive token usage and inefficient workflows are a common shortfall of rushed AI implementation
    - Pros and cons in deploying AI throughout the organization or developing a separate AI-native operation

Industry Outlook

Ken Perlman: Managing Principal, John Burns Research and Consulting
Zach Nyberg: Senior Vice President of Real Estate Strategy & Research, John Burns Research and Consulting

- Economy holding up better than the new-home market; general economic uncertainty is a leading reason prospective buyers are holding back
- Net new-home prices (after incentives) down ~3% YoY; markets with more finished inventory have less pricing power
    - Average incentives of 9.4% on inventory homes and 5.5% on presales
- Midwest is the region showing positive YoY net price appreciation
    - Selected metros with returning pricing power: Cincinnati, Indianapolis, Boston, Charleston, and Minneapolis
- Higher rates and strained affordability expected to persist through 2026–27, with incremental growth expected to return in 2028–29
- Immigration policy affecting both construction labor and homebuyer demand

How Private Builders Prevail in a World of Big Builders

Drew Holzwarth: Chief Executive Officer, Greenwood Homes
Edwin Woods: Executive Vice President & Chief Operating Officer, DRB Group
Willy Nunn: Founder & President, Homes by WestBay

- Recent sales conditions varied by builder:
  - Some divisions in certain regions were ahead of plan, but all builders noted a substantial slowdown in closures in recent months
- Product and buyer differentiation:
  - All three private builders shared examples of product differentiation:
    - Wellness features, including water and indoor-air quality, for higher-income buyers
    - Infill homesites with larger rural lots, and premium interior features that distinguish its product from production builders
- Incentives and financing:
  - The builders shared some examples of how they are using incentives:
    - Providing buyers capital to apply to a rate buydown or options and upgrades
    - Educating buyers on mortgage choices, including adjustable-rate products, rather than relying solely on 30-year fixed-rate incentives
    - Large margin difference between presales and inventory homes and builders must respond to competing resales
- Inventory and capital:
  - Overall, builders are being more cautious with the pace of spec building.

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[1] Based on Builder 100 list of top homebuilders

[2] Based on Builder 100 and Builder Advisor Group internal data

[3] U.S. Treasury Monthly Statement of Public Debt (Sept 30, 2026)

[4] Treasury (TIC), U.S. Treasury MSPD

[5] Freddie Mac, U.S. Treasury

[6] Treasury (TIC), U.S. Census Bureau

[7] BEA, University of Michigan (Oct. Prelim)

[8] BEA

[9] U.S. Census, Freddie Mac, FHFA

[10] S&P Global

[11] S&P Capital IQ, company earnings releases and calls

[12] S&P Capital IQ

[13] SEC filings and company press releases

[14] S&P Capital IQ, company filings