

AVILA RE CAPITAL

 BAG | BUILDER
ADVISOR
GROUP

U.S. HOMEBUILDER EXECUTIVE OUTLOOK SURVEY
2026

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Where are we Headed in 2026 - Mortgage Rates, Land Costs and Builder Margins

Builders are asking the same questions right now: where is housing demand headed, what happens to margins and which costs will actually reset in 2026. Our team at Builder Advisor group and Avila Real Estate Capital established this survey to understand homebuilding executives' outlook on business conditions, where they have concern and see opportunities, and how they are planning for the year.

Our hope is that this survey will service to provide the industry insight into how executives in the industry are planning and preview the kind of activity we may see as a result. As always, we welcome your comments and feedback on how we can make this survey as useful and insightful as possible.



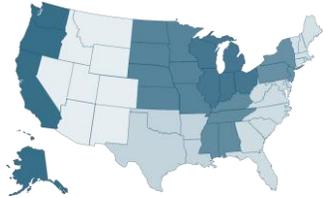
Tony Avila

CEO & Founder

Builder Advisor Group and Avila Real Estate Capital

Methodology

Fielded: **Jan 2026**



100%

NAHB region
representation



126

Executive
Respondents



91%

C-Level, President,
SVP, VP, or Director

Key Takeaways

1

Moderate levels of confidence in 2026, with expectations for market conditions to be similar or slightly better than last year

2

Large homebuilders (>\$1B per year) were less optimistic, expecting slightly worse market conditions and slower sales pace than last year

3

Demand uncertainty was cited overwhelmingly as the **biggest operational constraint** in 2026

4

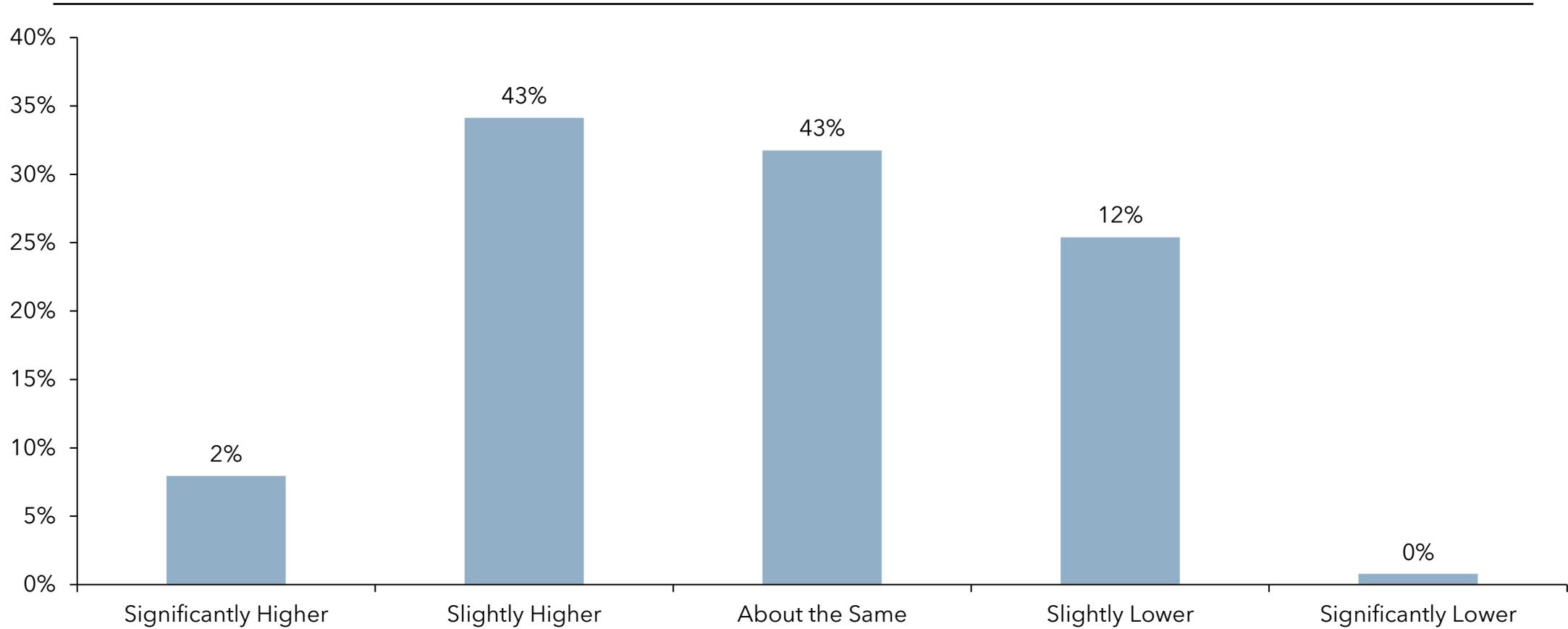
Executives expect **moderate changes** in **housing prices, lot prices, labor, and construction costs**. Expectations vary based on region and product types

5

Executives cited **lower interest rates, higher consumer confidence & job growth** and a more **stable economic/political environment** as key factors that could positively impact 2026

Expectations for Overall Market Conditions in 2026

Of those who expect a change, 45% of respondents feel conditions will be stronger vs 12% weaker



Expectations for Overall Market Conditions in 2026 – Size of Company

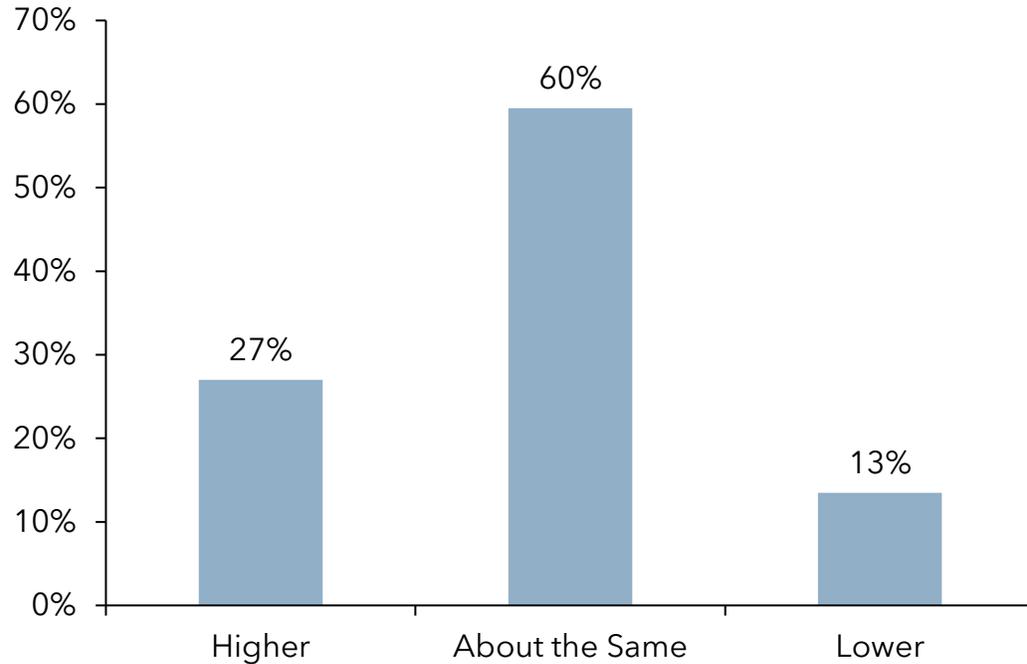
Vast majority expect flat to slightly strong market conditions through 2026, with 35% of respondents from firms reporting revenue greater than \$1B expecting slightly weaker conditions

Annual Revenue	Significantly Stronger	Slightly Stronger	About the Same	Slightly Weaker	Significantly Weaker	Total
<\$25M per year	0%	73%	13%	13%	0%	12%
	0	11	2	2	0	15
\$25 - \$50M per year	0%	47%	40%	13%	0%	12%
	0	7	6	2	0	15
\$51 - \$100M per year	0%	41%	50%	9%	0%	17%
	0	9	11	2	0	22
\$101 - \$250M per year	7%	48%	41%	4%	0%	21%
	2	13	11	1	0	27
\$251M - \$1B per year	4%	37%	56%	4%	0%	21%
	1	10	15	1	0	27
>\$1B per year	0%	20%	45%	35%	0%	16%
	0	4	9	7	0	20
Total Respondents	3	54	54	15	0	126

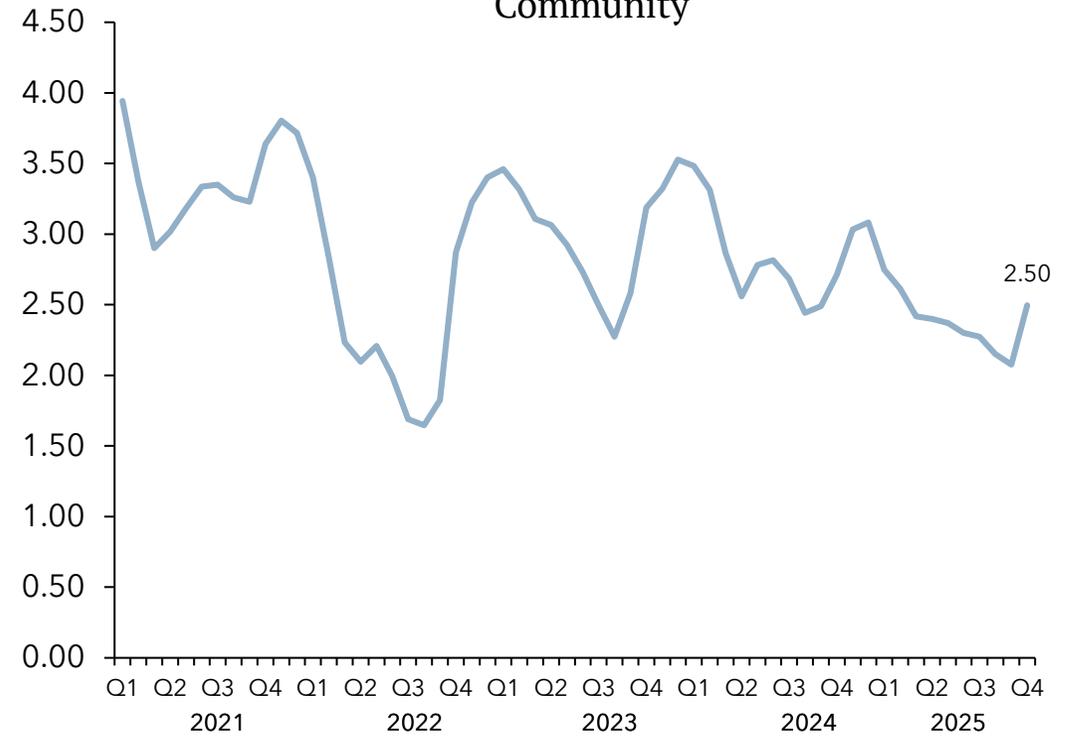
Expectations for Sales Pace

Most anticipate sales pace to remain flat in 2026. Of those who expect a change, twice as many expect a higher sales pace than those anticipating lower

What is your expected sales pace per community in 2026 compared with 2025?



National Average Net New Home Sales Per Community



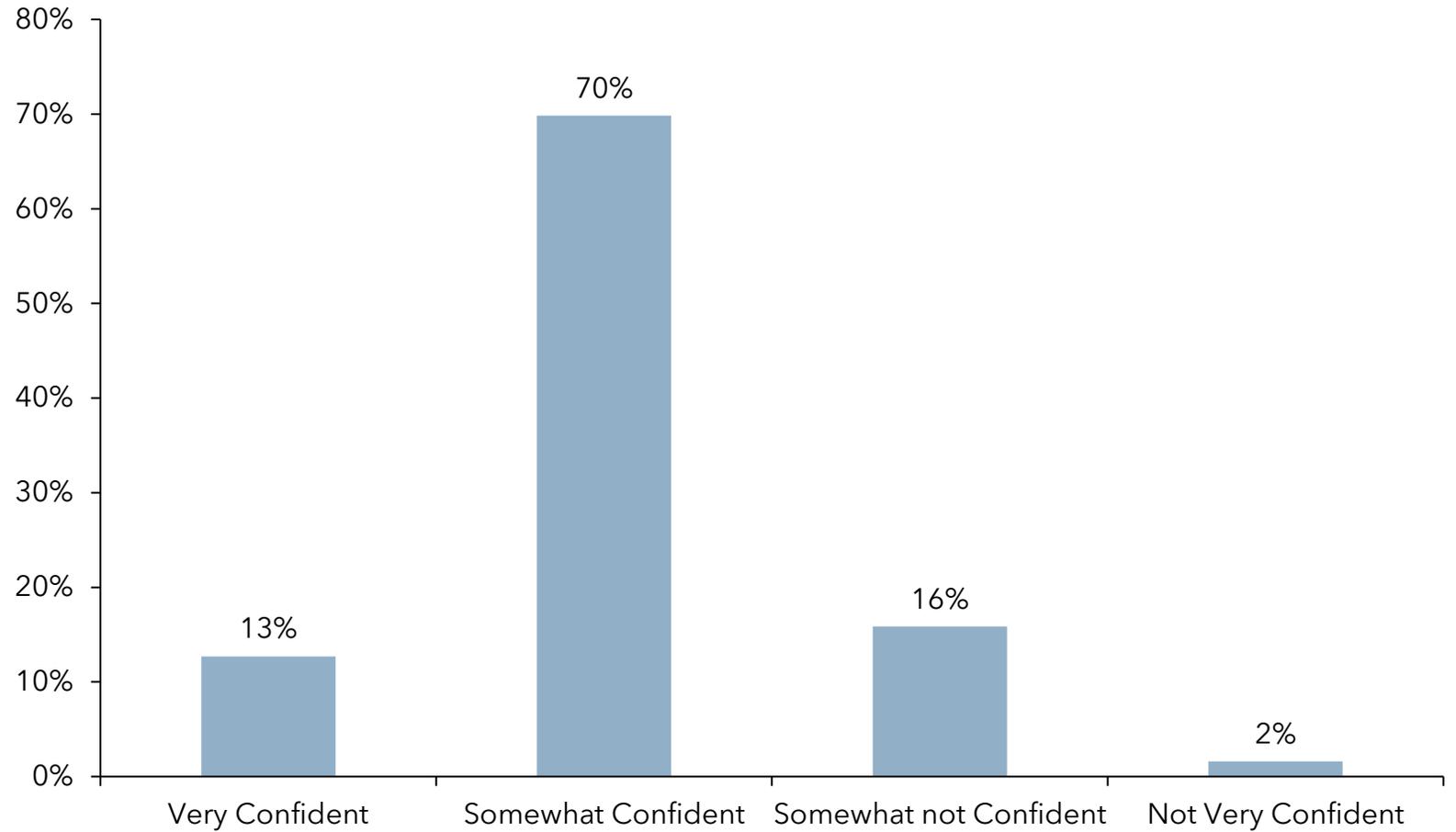
Expectations for Sales Pace – Size of Company

Executives from companies over \$1B expect a slower pace vs 2025 (35% lower vs 10% higher)

Annual Revenue	Higher	About the Same	Lower	Total
<\$25M per year	27%	67%	7%	12%
	4	10	1	15
\$25 - \$50M per year	33%	47%	20%	12%
	5	7	3	15
\$51 - \$100M per year	36%	50%	14%	17%
	8	11	3	22
\$101 - \$250M per year	37%	59%	4%	21%
	10	16	1	27
\$251M - \$1B per year	19%	74%	7%	21%
	5	20	2	27
>\$1B per year	10%	55%	35%	16%
	2	11	7	20
Total Respondents	34	75	17	126

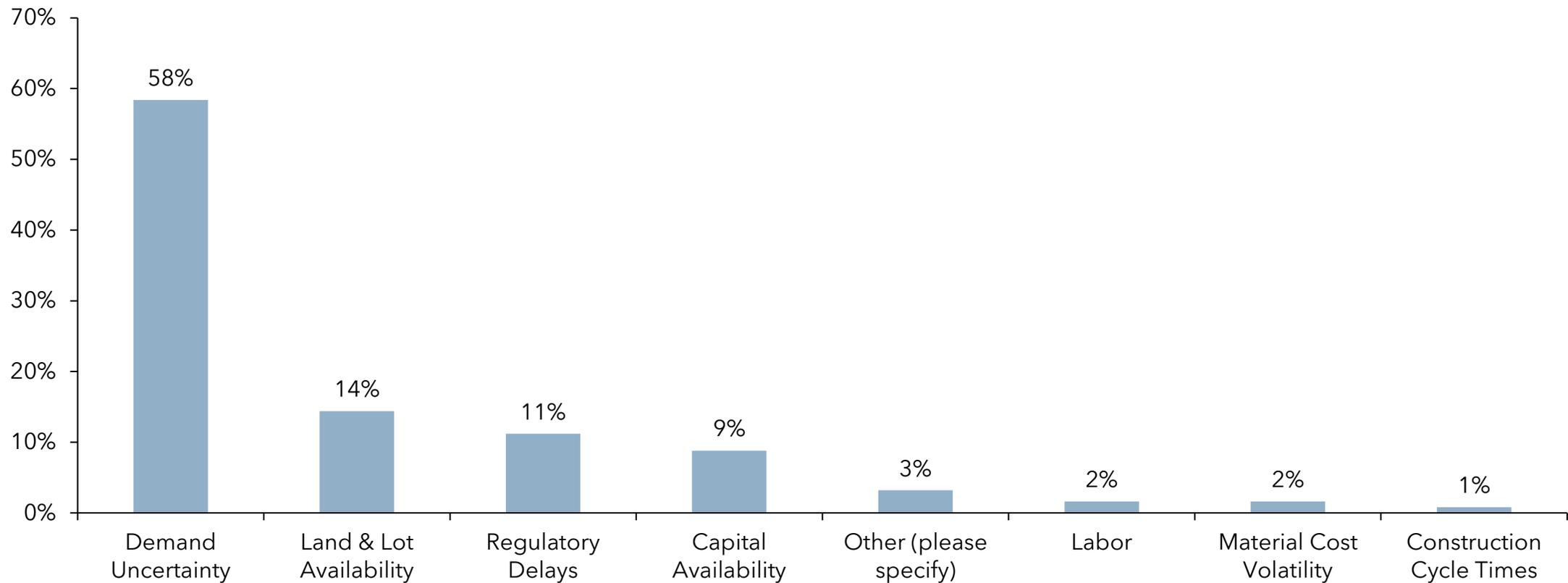
Homebuilders Confidence in 2026 Sales Targets

Vast majority of execs are "somewhat confident" in meeting volume and revenues targets for 2026



Homebuilders Top 2026 Challenges

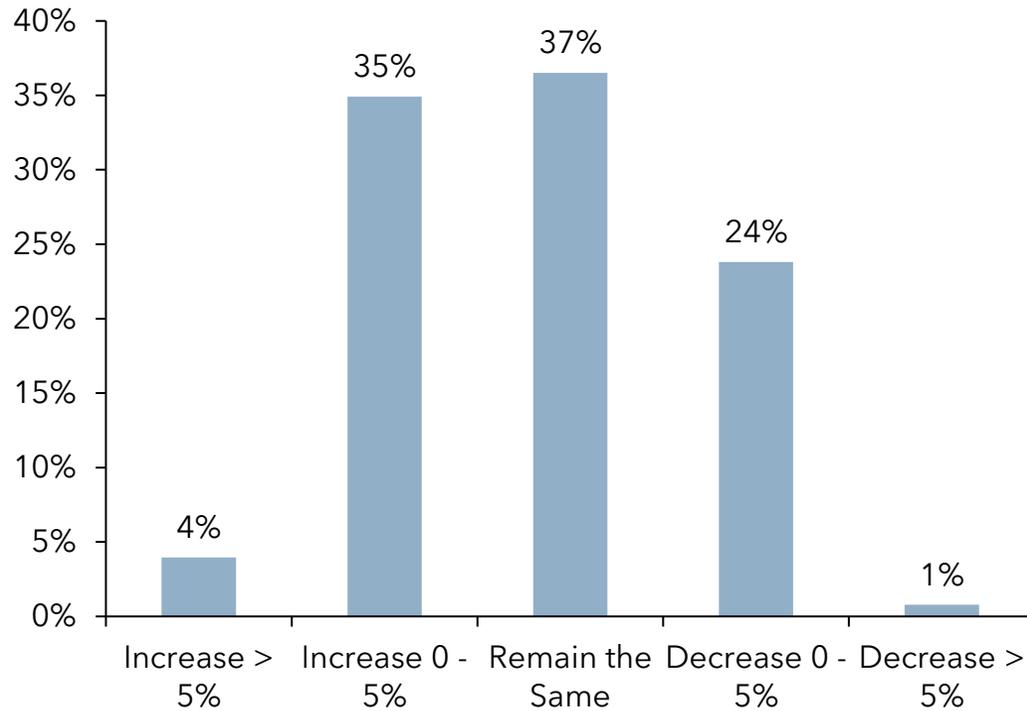
58% of surveyed builders cited demand uncertainty as the biggest operational constraint they expect, followed by land/lot availability, regulatory delays and capital availability



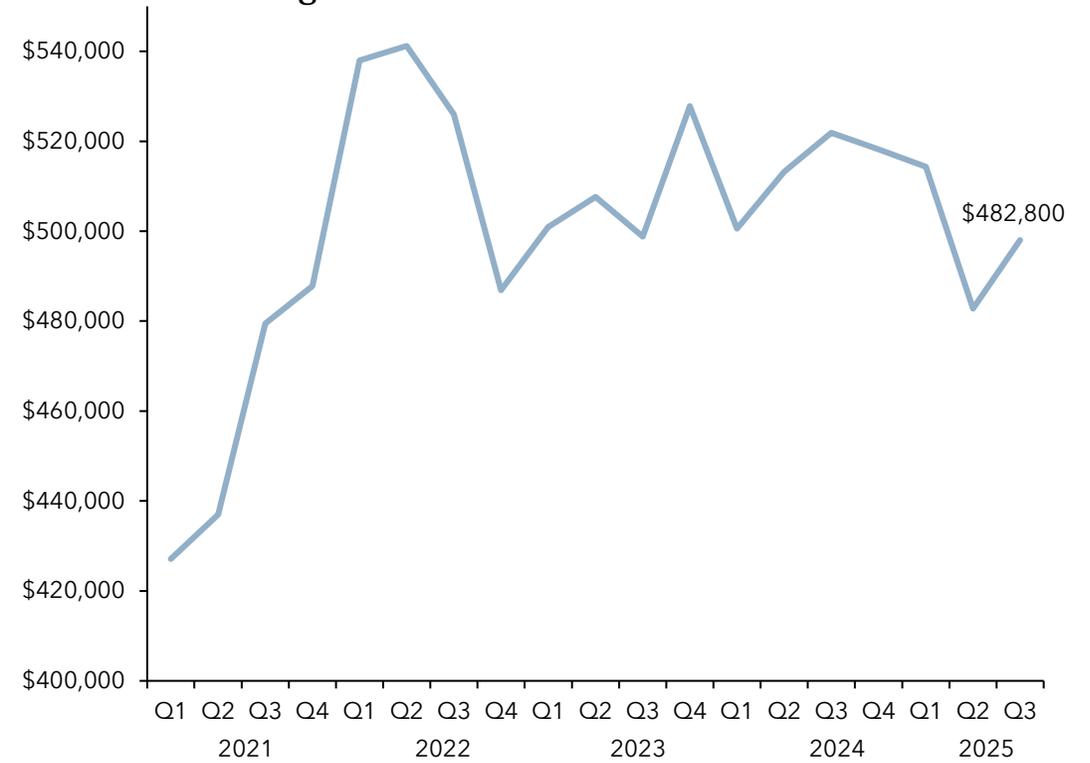
Expectations for Home Prices

Homebuilder responses were mixed, with a slight bias towards an increase in 2026 average home prices

How do you expect average home prices to change in 2026 relative to 2025?



Average Sales Price of New Homes Sold in the U.S.



Expectations for Home Prices – by Region

52% of Pacific and **37%** of Mountain region respondents expect home price increases

All other regions anticipate a slight home price decrease of **0 - 5%**

U.S. Region	Increase > 5%	Increase 0 - 5%	Remain Flat	Decrease 0 - 5%	Decrease > 5%	Total
Pacific AK, CA, HI, OR, WA	5%	48%	24%	24%	0%	33%
<i>Respondents</i>	2	20	10	10	0	42
Mountain AZ, CO, ID, MT, NV, NM, UT, WY	2%	35%	37%	26%	0%	34%
<i>Respondents</i>	1	15	16	11	0	43
West South Central AR, LA, OK, TX	2%	23%	42%	34%	0%	41%
<i>Respondents</i>	1	12	22	17	0	52
West North Central IA, KS, MS, MO, NE, ND, SD	0%	20%	20%	60%	0%	4%
<i>Respondents</i>	0	1	1	3	0	5
East North Central IL, IN, MI, OH, WI	0%	36%	9%	55%	0%	9%
<i>Respondents</i>	0	4	1	6	0	11
East South Central AL, KY, MS, TN	0%	23%	27%	46%	4%	21%
<i>Respondents</i>	0	6	7	12	1	26
South Atlantic DE, FL, GA, MD, NC, SC, VA, WV	0%	23%	37%	40%	0%	41%
<i>Respondents</i>	0	12	19	21	0	52
Middle Atlantic NJ, NY, PA	9%	27%	18%	45%	0%	9%
<i>Respondents</i>	1	3	2	5	0	11
New England CT, ME, MA, NH, RI, VT	0%	33%	0%	67%	0%	2%
<i>Respondents</i>	0	1	0	2	0	3

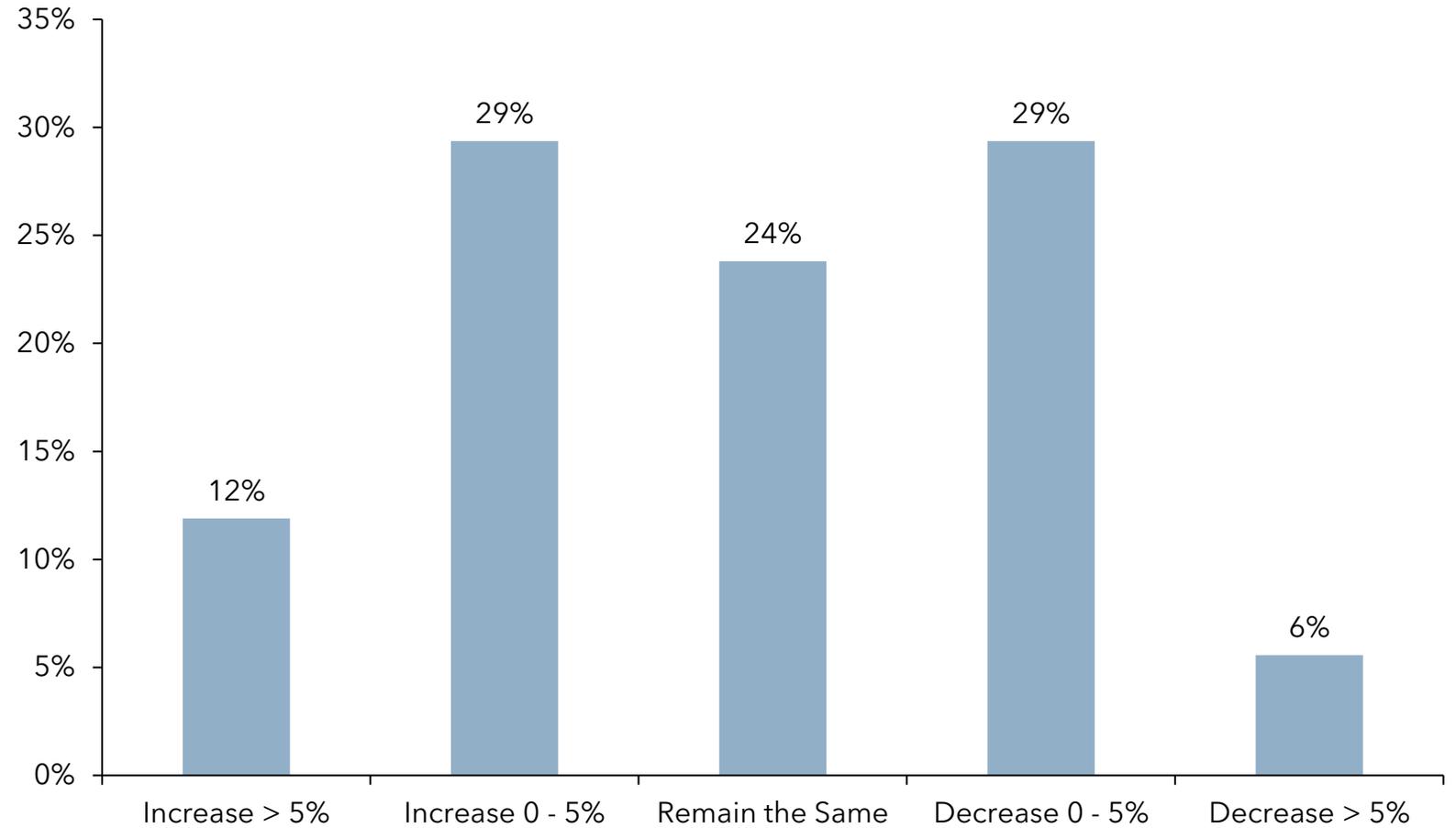
Expectations for Lot Prices

Overall, respondents were mixed with a slight bias toward increased lot prices

41% Increase **35%** Decrease

71% of "increase" respondents feel prices will increase 5% or less

84% of "decrease" respondents feel prices will decrease 5% or less



Expectations for Lot Prices – by Region

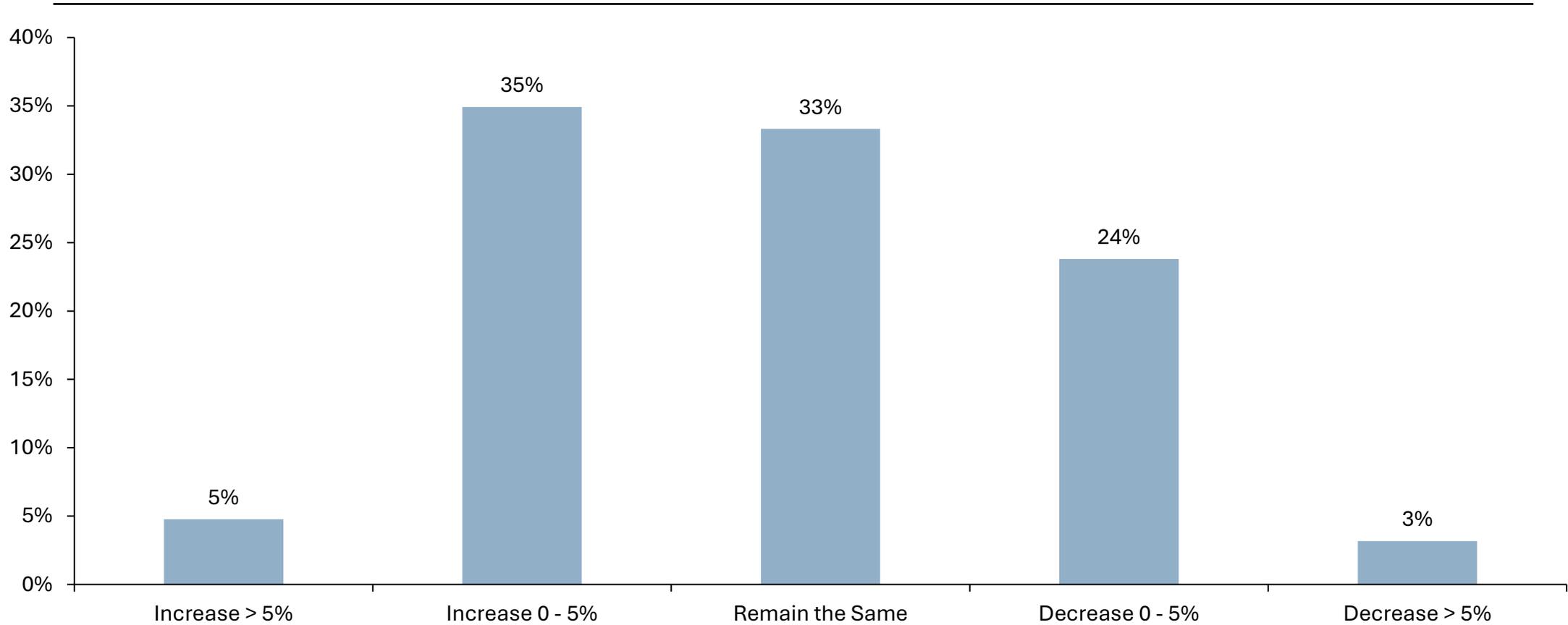
43% of Pacific respondents expect lot price increases, with most others leaning toward slight decreases

Upon excluding the Pacific region, the cumulative homebuilder consensus would shift to **slight lot price decrease**

U.S. Region	Increase > 5%	Increase 0 - 5%	Remain Flat	Decrease 0 - 5%	Decrease > 5%	Total
Pacific AK, CA, HI, OR, WA	17%	26%	21%	33%	2%	33%
<i>Respondents</i>	7	11	9	14	1	42
Mountain AZ, CO, ID, MT, NV, NM, UT, WY	7%	28%	21%	40%	5%	34%
<i>Respondents</i>	3	12	9	17	2	43
West South Central AR, LA, OK, TX	2%	23%	29%	38%	8%	41%
<i>Respondents</i>	1	12	15	20	4	52
West North Central IA, KS, MS, MO, NE, ND, SD	0%	40%	0%	60%	0%	4%
<i>Respondents</i>	0	2	0	3	0	5
East North Central IL, IN, MI, OH, WI	0%	45%	9%	36%	9%	9%
<i>Respondents</i>	0	5	1	4	1	11
East South Central AL, KY, MS, TN	0%	27%	19%	50%	4%	21%
<i>Respondents</i>	0	7	5	13	1	26
South Atlantic DE, FL, GA, MD, NC, SC, VA, WV	6%	31%	21%	37%	6%	41%
<i>Respondents</i>	3	16	11	19	3	52
Middle Atlantic NJ, NY, PA	27%	9%	18%	45%	0%	9%
<i>Respondents</i>	3	1	2	5	0	11
New England CT, ME, MA, NH, RI, VT	0%	33%	0%	67%	0%	2%
<i>Respondents</i>	0	1	0	2	0	3

Expectations for Labor Costs

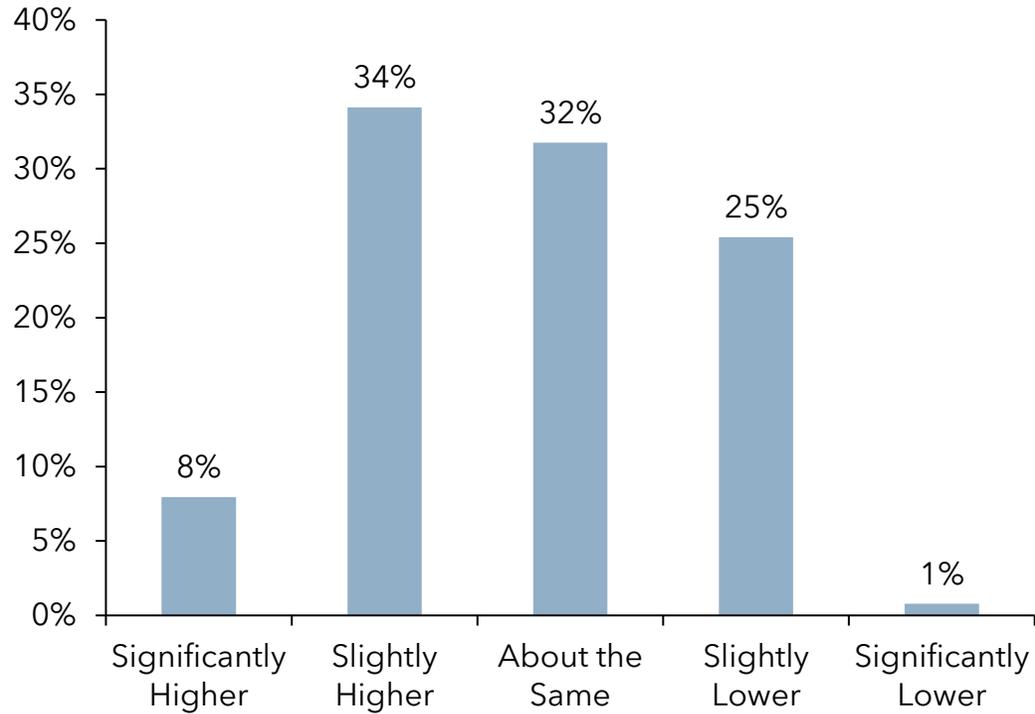
Of those who expect a change, 40% of respondents expect increased labor costs, while 27% expect decreases



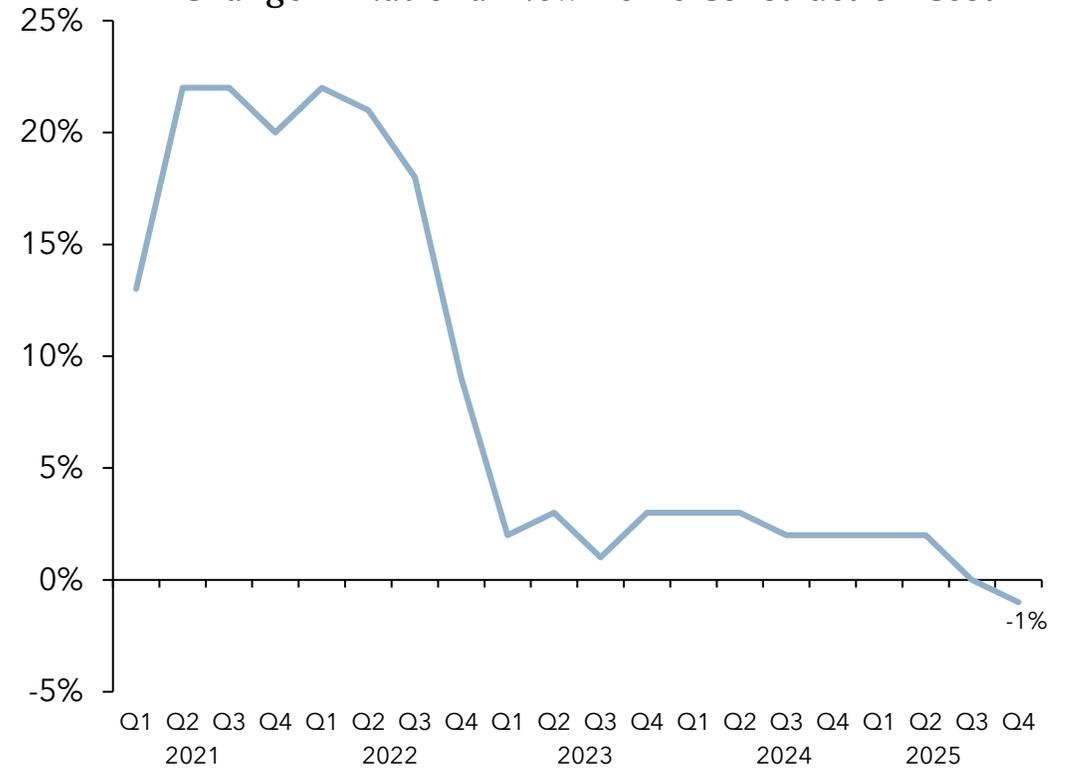
Expectations for Overall Construction Costs

Most anticipate overall construction costs to remain flat or slightly increase. Of those expecting increases, 81% expect moderate growth by 5% or less

What is your expectation for overall construction costs in 2026 relative to 2025



Change in National New Home Construction Cost



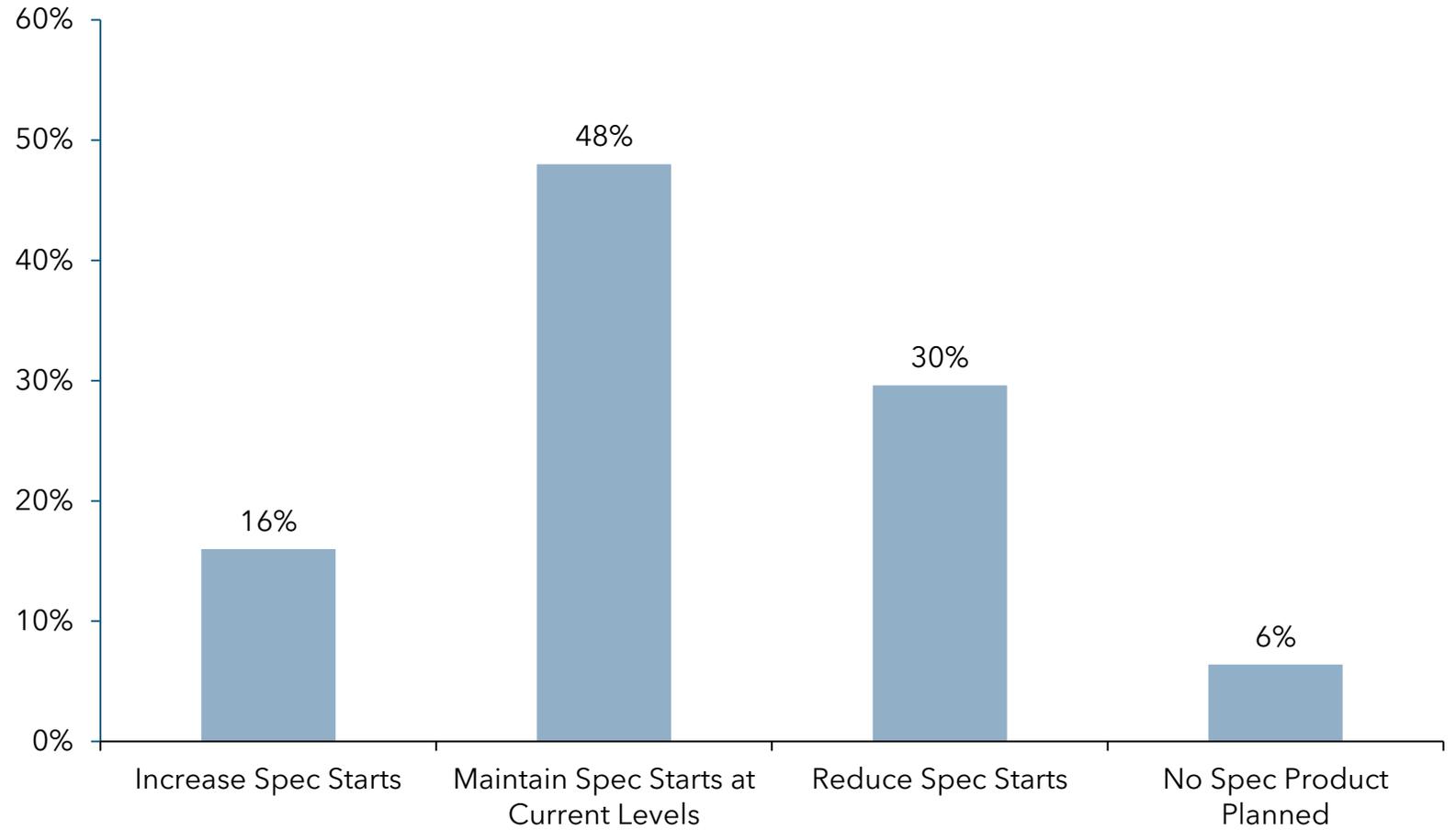
Expectations for Spec Starts

Majority of execs expect flat to reduced spec starts in 2026

Builders offering entry-level products expect significantly more spec starts than those offering luxury

 **Entry-level**
25% of builders anticipate increases in spec starts

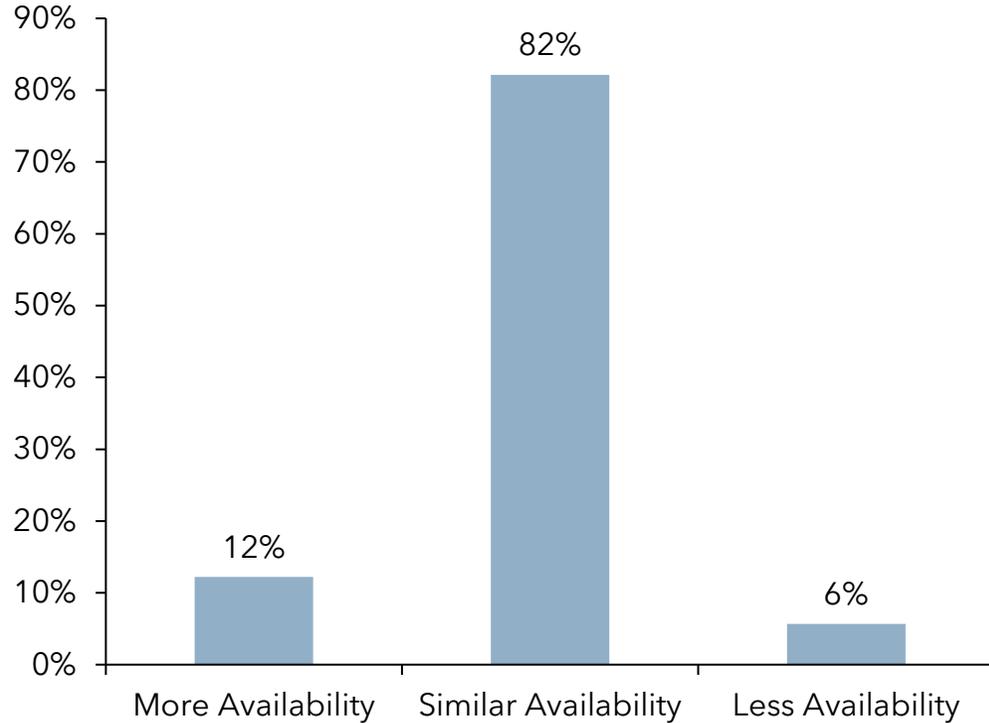
 **Luxury**
8% of builders anticipate increases in spec starts



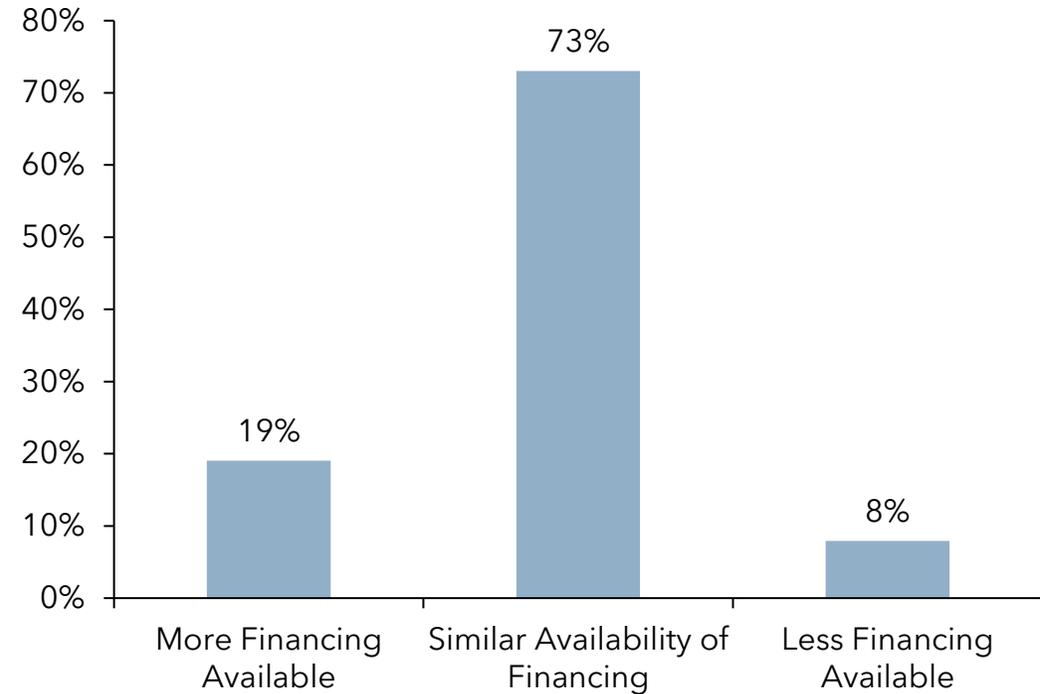
Expectations for Financing Availability

Executives expect similar financing availability and access to corporate credit in 2026

How do you expect access to corporate credit in 2026 to compare with 2025?



How do you expect availability of financing for acquisition, development & construction to change in 2026 compared to 2025?



Key Factors to Improve Outlook

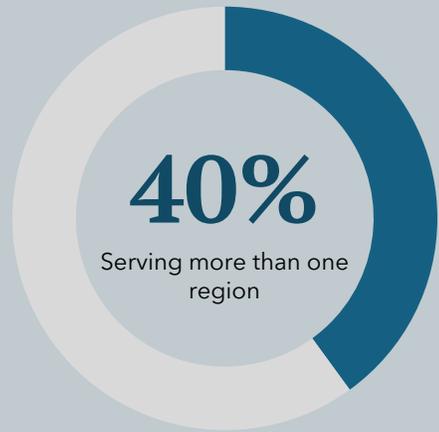
Lower interest rates and increased customer confidence were recorded as the most important factors that could improve a homebuilder's 2026 business outlook

Top Themes	Example Respondent Comment
Lower interest/mortgage rates (43%)	<ul style="list-style-type: none"> • <i>"Lower mortgage interest rates"</i> • <i>"Lower mortgage rates supporting improved affordability & demand"</i>
Higher consumer confidence/job growth (34%)	<ul style="list-style-type: none"> • <i>"Customer confidence increasing & better job growth"</i> • <i>"Consumer sentiment & consumer confidence"</i>
More political/macroeconomic stability (18%)	<ul style="list-style-type: none"> • <i>"More financial certainty in terms of interest rates & overall economic policy"</i>

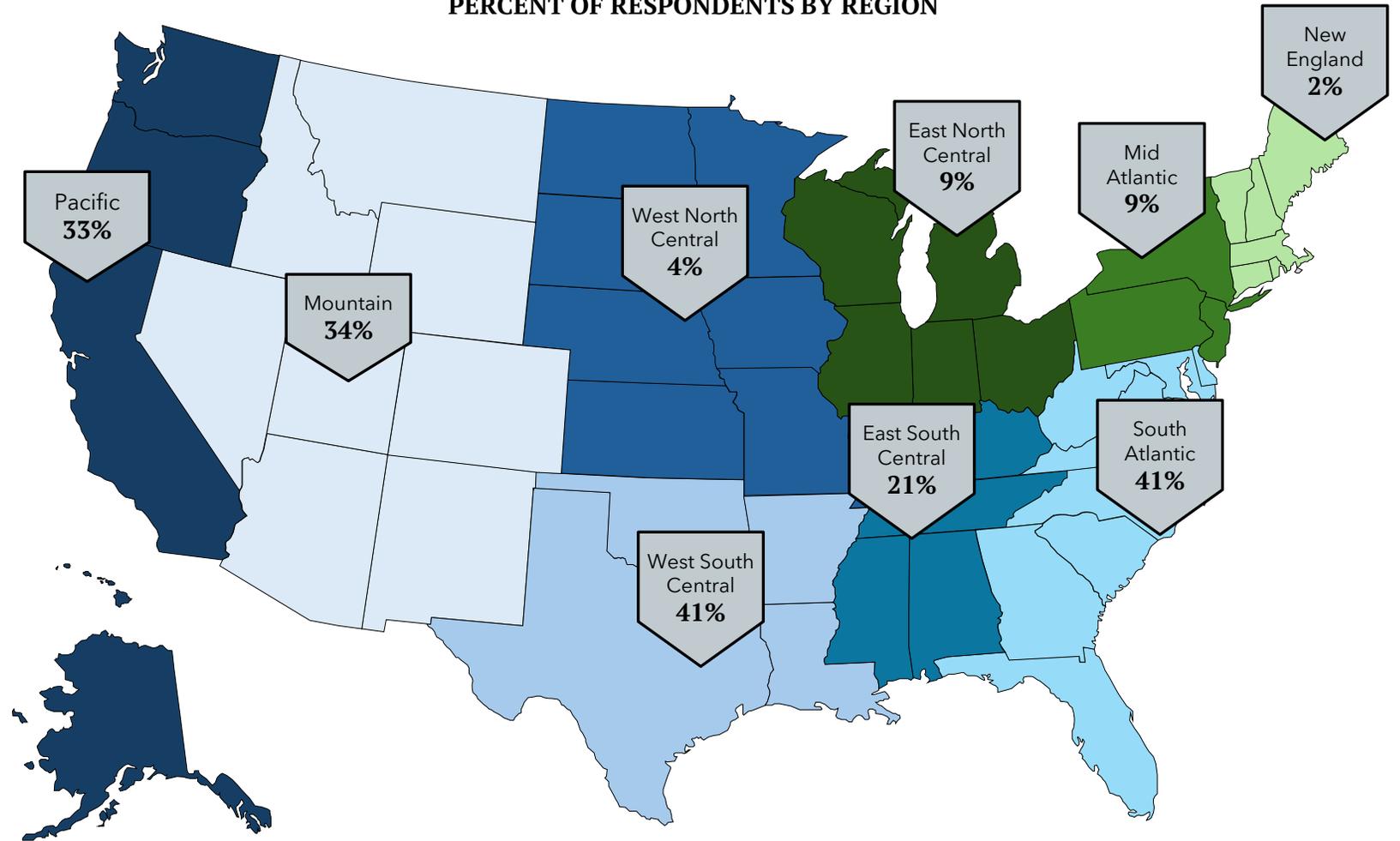
FIRMOGRAPHIC RESPONSES

Regions Surveyed

Geographically diverse range of responses across U.S., with all NAHB regions represented



PERCENT OF RESPONDENTS BY REGION



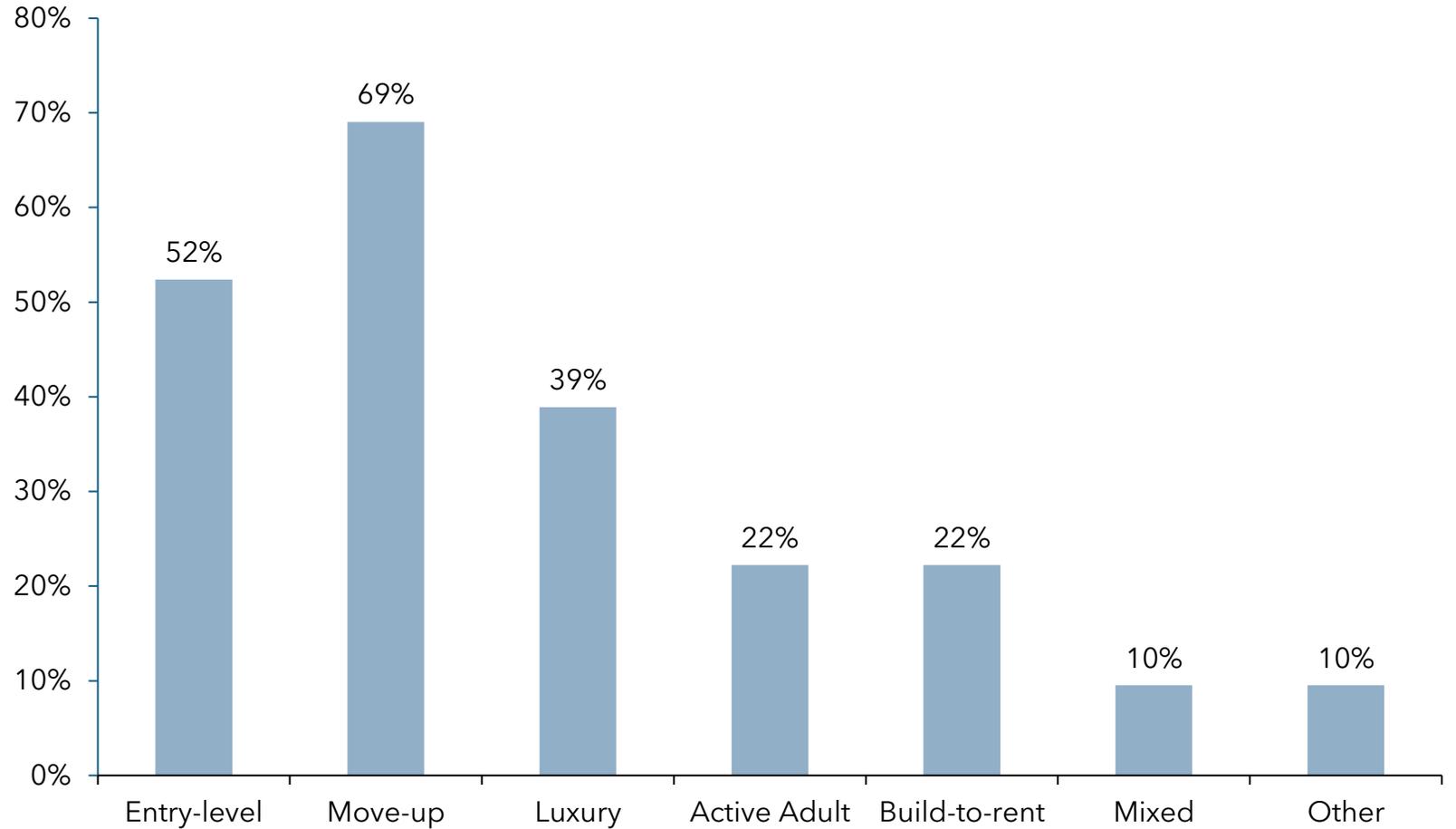
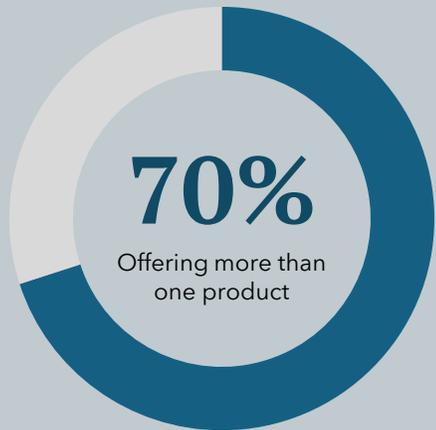
Primary Product Offering

Respondents offered a range of residential products...

Respondent Product Mix

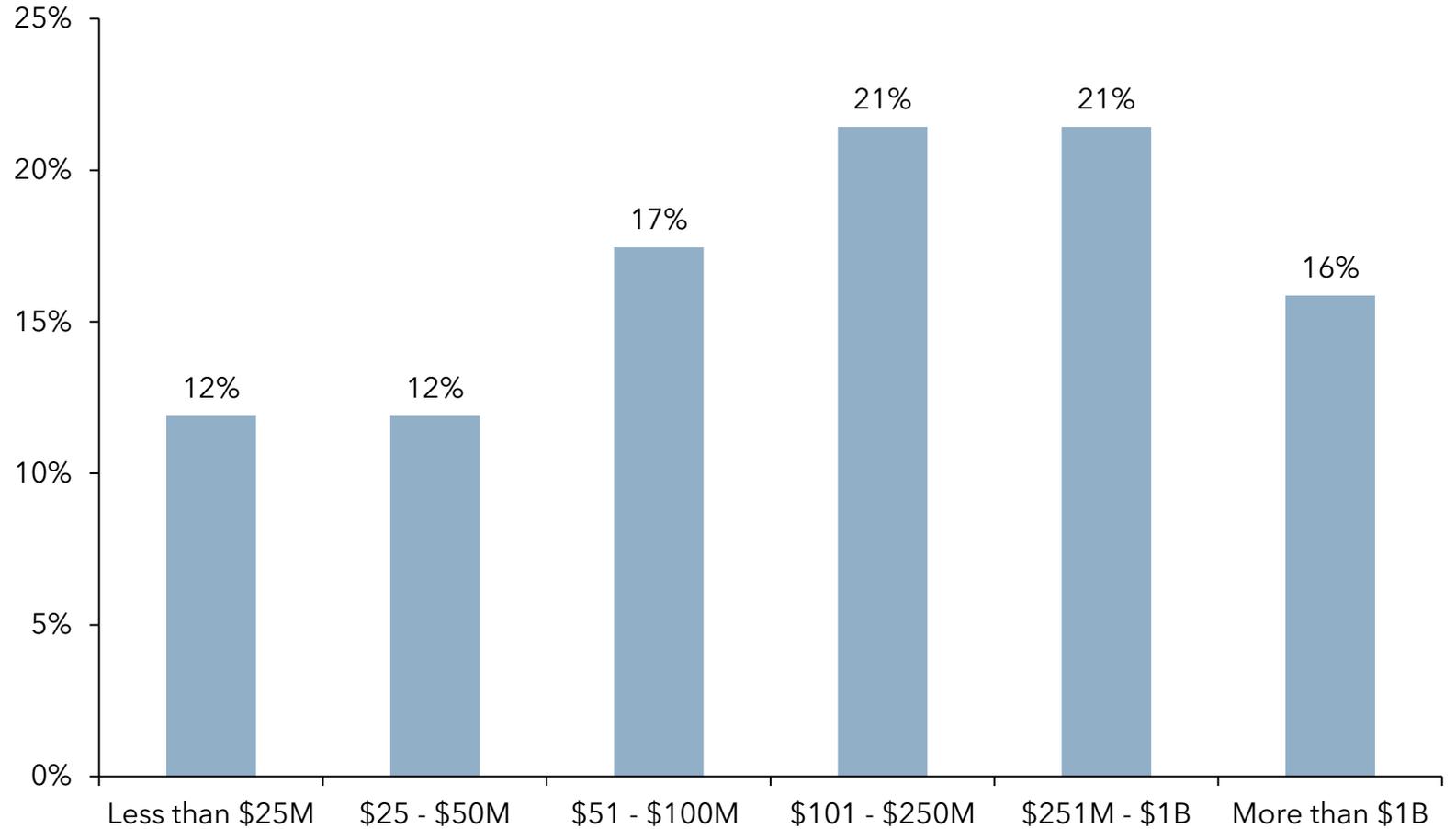


Entry-level, Move-up, and Luxury most offered



Approximate Annual Revenue

Survey results capture insights from builders of all operational scales



Role in Company

