

2026 Forum for Housing Executives

March 24, 2026

On March 24, Builder Advisor Group, Avila Real Estate Capital, and Pacific InterWest hosted its 13th annual Forum for Housing Executives, which brought together the nation's top builders and developers to discuss the housing market outlook for 2026, global macroeconomic trends, land development, capital markets, and more. The forum includes builders that represent more than half of all new single-family home deliveries in the United States.

Attendees

Public Builders

- Century Communities
- Dream Finders Homes
- D.R. Horton
- Lennar Corporation
- LGI Homes
- Meritage Homes
- M/I Homes
- Taylor Morrison Home Corporation
- Toll Brothers

International Builders

- Daiwa House
- Empire Communities
- Sekisui House
- Sumitomo Forestry
- Open House Group

Land Developers

- Contender Development
- Forestar Group
- Hillwood Communities
- Hines Development
- Johnson Development
- Mark III Properties
- Metro Development Group
- The Signorelli Company

Private Builders

- Andries Builders
- Ashton Woods
- Bloomfield Homes
- Blue Heron
- Boulder Creek Neighborhoods
- Camden Homes
- Christopher Alan Homes
- Davidson Homes
- David Weekly Homes
- DRB Group
- Drees Homes
- Enchanted Homes
- Executive Construction Homes
- Fischer Homes
- Greenwood Homes
- Mckinley Homes
- MDC Holdings / Richmond American
- National Home Corporation
- Piedmont Residential
- Saratoga Homes
- Scott Felder Homes
- Shea Homes
- Signature Homes
- Stanley Martin
- Touchstone Living
- Williams Homes



Highlights and Key Takeaways

- **M&A:** M&A environment remains active as acquisitions supplement slowed organic growth. Buyer competition for builders that have more resilient operations. In some instances, there is a bid-ask spread when earnings projections have declined. Japanese acquirers are very acquisitive and have structural advantages. Private builders have become more acquisitive, representing 6 of BAG's last 10 transactions
- **Macro & Consumer Confidence:** Geopolitical uncertainty, recession fears, and stock market volatility are suppressing buyer sentiment more than any structural issue; a resolution to current tensions could unlock meaningful spring demand
- **Interest Rates:** Expecting two additional Fed Funds rate cuts in 2026; 30-year mortgage rates projected at 5.75% by year-end if geopolitical conditions stabilize; consensus holds rates in the high-5s to mid-6s through 2027
- **Affordability:** Home prices remain ~21% less affordable than historical norms; a household needs to earn \$112K to afford a \$500K home against a median U.S. income of \$78K; normalization is still 2+ years away
- **Housing Demand:** New home sales up 2% YoY through February but spring selling season is off to slower start; entry-level facing more headwinds than move-up
- **US GDP:** Expect global GDP to be reduced by 1% due to oil price shocks; expect US GDP projections to be reduced by at least a half of one percent
- **Land banking:** Every public builder agrees that Millrose has lowered their cost of land banking with more competition amongst land bankers. Builders are mixed on the benefits of land banking. Some argue the cost of capital is much higher than borrowing with bonds or off a bank credit facility
- **Immigration:** Down ~50% YoY, creating simultaneous headwinds for labor supply, job growth, and housing demand; outsized impact on Texas, Florida, North Carolina, and California
- **Private Lender Pivot:** As traditional banks impose more restrictive covenants, builders and developers are shifting toward private lenders, such as AREC, for more flexible financing solutions that are better aligned with builder strategies
- **Builder Strategy:** Builders are taking opposite approaches, some scaling back land and community count to protect margins, others investing ahead of an anticipated recovery; operational efficiency (speed, cost discipline, AI) is the new competitive edge
- **BTR Legislation:** Proposed federal bill would cap institutional SFR ownership; institutional capital already beginning to exit regardless of final outcome; BTR represents 10%+ of sales volume for some builders
- **Long-Term Outlook:** U.S. underbuilt by 1.1M homes; builder balance sheets strong; demographics favor recovery, missing ingredient is consumer confidence

Global Macro Overview

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

- Expecting two additional rate cuts in 2026; targeting Fed Funds rate of 3.00%-3.25% by year-end
 - 10-year Treasury target approximately 4.0%
 - 30-year mortgage rate projected at 5.75% by year-end if geopolitical conditions level
- Geopolitical risks dominating consumer sentiment in 2026
 - Conflict in the Middle East and cost of gas are the key psychological barriers to home buying this spring
 - Anticipating a resolution in coming weeks, geopolitical calm could unlock consumer spending
- Tariff impact was primarily on consumer demand, not on construction costs
 - Construction costs have actually decreased since prior-year tariff concerns
- Reduced immigration could create substantial headwind for demand and labor
 - Disproportionate impact on Texas, Florida, North Carolina, and California
 - Pent-up immigration demand expected to surge once policies normalize or new administration
- Median income currently sits at ~\$78K, yet an income of ~\$112K is necessary to afford a \$500K home
 - Builders marking over \$1 billion were less optimistic, expecting slightly worse market condition and sales pace compared to last year; smaller builders slightly more optimistic

State of the Housing Market

Ali Wolf: Chief Economist, Zonda

Tim Sullivan: Chief Advisory Officer, Zonda

- Consumer confidence suppressed by compounding macro concerns: war, recession fears, stock market volatility, higher oil/gas prices
- BLS reports U.S. lost jobs in 6 of the last 12 months; ADP reports 3 of 12 (both signal meaningful slowdown from prior years)
- Immigration down ~50% YoY; Fed data shows near 1:1 relationship between newcomers and job growth
 - Cultural and H-1B buyer pullback already visible in new home communities
- Mortgage rate consensus: high-5s to high-6s for all of 2026 and 2027
 - Year started at 6.2%, briefly touched 5.9%; now at 6.4-6.5% post-geopolitical surprise
 - 4-8% purchasing power improvement vs. prior spring
- New home sales up 2% YoY through February; spring selling season a 50/50 split – half of builders slower than expected, half on track or better
- Buyer conditions for purchase: confidence (not there), affordability (improving), reason to move (demographic need exists but inertia is high)
- Rent vs. own still favors renting on a monthly payment basis
 - ~30% more expensive to own; buy-downs bring spread to ~14%, a threshold buyers are more comfortable with

- Multifamily completions past peak; new starts unlikely to surge before 2027-2028
 - Concessions averaging ~8% on rents; once these burn off, rents can recover
- Long-term demographic risks: declining birth rate + reduced immigration = population deceleration
- Zonda forecast unchanged: flat to slightly down for sales and starts in 2026 vs. 2025

Lay of the Land

Danny Ellis: Executive Vice President, Hillwood Communities

- Hillwood Communities: ~40-year-old Dallas-based developer; owned by Ross Perot Jr.; 100+ active investments including major master-planned communities in DFW, Houston, and Austin
- Texas single-family start declines from 2021 peak:
 - DFW: 54,000 peak → 41,000 in 2025 (-24%)
 - Houston: 41,000 → 36,000 (-12%)
 - Austin: 26,000 → 14,000 (-47%)
- Lot oversupply in major Texas metros
 - DFW: ~32 months of VDL supply; ~110,000 lots, ~40,000 annual starts
 - Houston: ~24 months supply; 70,000 lots, ~36,000 starts
 - Austin: ~34 months supply; 40,000 lots, ~14,000 starts
- Affordability evolution in Hillwood communities
 - 2019: avg. price \$386K, 3.7% rate, \$104K household income required
 - 2023 peak: avg. price \$608K, 7.3% rate, \$209K household income required
 - 2026 YTD: avg. price \$558K, 6% rate, \$177K household income required
- 2025 home sales in Hillwood communities ~20% below 2020-2024 average
- Headwinds consist of lower absorption, lack of consumer confidence, mortgage rate lock-in effect, immigration/H-1B uncertainty, high raw land and development costs, tighter bank financing
- Tailwinds for the industry: long-term housing need remains; higher-end and large-lot buyers still active; land sellers beginning to adjust pricing and terms; special financing districts in Texas are essential tools
- Strategy: right-size phases to demand, flexible entitlements, grow existing projects via land additions, disciplined underwriting on new acquisitions

Builder Credit Solutions

John Brimberry: Chief Lending Officer, Avila Real Estate Capital

Phil Trujillo: Director - Homebuilder Finance, Avila Real Estate Capital

Nate Cichon: Director - Homebuilder Finance, Avila Real Estate Capital

Mishal Patel: Director - Homebuilder Finance, Avila Real Estate Capital

- AREC homebuilder finance platform launched in 2025; team has 20+ years working together across RBC, Texas Capital Bank, and Flagstar
 - Collective track record: \$22B+ in loans over 9 years at Flagstar; zero losses; 97% Principal and Interest collection during GFC
- Platform performance in under 12 months:

- 18 loans closed totaling ~\$650M
- Total AREC originations now ~\$1.3B (including prior A&D lending since 2022)
- Active underwriting pipeline: ~\$1.1B; pipeline in tracking: ~\$1.5B
- Focus on privately held builders producing 75 - 3,000 homes/year without access to public debt markets
- Products: builder revolving credit facilities, vertical construction loans, A&D loans, horizontal development
- Debt Fund 2 launching; investor base includes DR Horton, Sumitomo Forestry (via DRB Group), Dream Finders, Hillwood, Century Communities, and more

Public Builder Panel

Eric Lipar: Chief Executive Officer, LGI Homes

Liesel Cooper: Regional President, Dream Finders Homes

Jim Francescon: Executive Vice President, Century Communities

Hilla Sferruzza: Chief Financial Officer, Meritage Homes

- LGI (Lipar): managing business to a slower pace environment; volume down from ~10,000 homes (2021) to ~5,000 guidance (2026); protecting land developer margin above all else; "nothing is penciling at today's margins at today's pace the way we underwrite it"
 - LGI buying very little new land, community count intentionally reduced; staffing and section sizes scaled down to match absorption
- Dream Finders (Cooper): 100% land banked on a continuous treadmill of takedowns; "you can't make anything pencil, it's frustrating to sell a lot and not make any money"
 - Dream Finders finding higher-end price points holding better than entry-level
- Century (Francescon): tried both pace-first and price-first approaches; Q4 sales up 13% sequentially but incentives reached 1,300bps, up 200bps; recalibrated back toward a more balanced approach
 - 8% reduction in direct costs YoY through purchasing discipline; investing heavily in AI for operational efficiency
- Meritage (Sferruzza): counter-intuitively opening more communities, "if you stop buying land for 6 months, it's a 2.5-year recovery;" investing ahead of anticipated recovery in ~2 years
 - Meritage margins compressed from 31% to 19%
 - "You can't drop prices enough to overcome consumer confidence and hesitancy"
- Milrose (Lennar spinoff) discussion consensus is that it pulled margins down industry-wide by setting an artificially fast sales pace; flooded the market with excess insurance capital; land bank pricing for non-Lennar builders has since come down to near Millrose pricing levels
- M&A sentiment: bid-ask spread remains wide; public equity trading below book makes paying premiums difficult
 - "If spring selling doesn't show up, maybe we'll see more reasonableness on valuation from private sellers"
 - Japanese buyers flagged as a major M&A wildcard: "their calculus is very different, the multiples they're willing to pay are much higher than what American builders will pay"
 - Cultural fit emphasized as critical; Century's 9 acquisitions in 10 years favored bolt-ons into new markets over existing market consolidation

Leveraging Innovation for Affordability

Peter Jackson: President & Chief Executive Officer, Builders FirstSource

- Builders FirstSource is the largest U.S. building materials distributor; ~\$15B in sales; 550-600 locations in 43 states; only ~1/3 of revenue is traditional lumber distribution
- Commodity pricing update:
 - Canadian lumber duties severely impacting mills, many at or below break-even; U.S. lumber healthier with better capacity discipline, prices stable near \$400
 - OSB has significant excess capacity suppressing pricing
 - Oil-based products (resin, petroleum, diesel) already seeing upward price pressure
- BFS strategic direction includes evolving from pure distributor to integrated affordability and efficiency partner
- Acquired Pleasant Valley Homes (HUD and modular manufacturer in PA) as a strategic off-site manufacturing investment
- End-to-end data alignment, integrated supply chain connectivity, and off-site manufacturing are BFS's three levers for industry-wide affordability gains

AI Platforms for Homebuilders

Michael Bergin: Co-Founder, Higharc

- Construction industry productivity is declining while all other industries improve; home building does not operate from data – sales, purchasing, field, and buyer selections are completely disconnected
- Higharc generates homes as live data; any design change cascades across ERP, purchase orders, construction docs, and website in real time
- Real-world result at Signature Homes: concept to renderings and full construction documents in ~1.5 hours; permit documents submitted two weeks later; home fully framed six weeks after
- "2026 is the year of the AI-native homebuilder"

How AI is Changing Real Estate and Construction Workflows

Gordon Wintrob: Co-Founder & CTO, Newfront Insurance

- Newfront is a tech-enabled insurance brokerage acquired by WTW in 2026; placed ~\$1B in builders risk premium in 2025
- AI-powered certificate of insurance tracking replaces manual spreadsheet process; cuts process cost by ~67% and time spent on cert administration by ~40%
- AI contract review instantly parses insurance requirements and checks compliance against a builder's program in under 1 minute
- Risk Pulse: AI ingests all claims data across projects and states; surfaces recurring patterns to help builders proactively reduce risk

America at Home: What People Want in Home & Community Design

Teri Slavik-Tsuyuki: Principal, tst ink, LLC

- Four-wave American Home Study (2020-2025); 6,000 respondents; conducted in partnership with HUD and University of Pittsburgh
- Traditional two-parent, two-child family is now just 18% of U.S. market; majority of households are 1-2 person
 - Singles (primarily Gen Z and Boomers) are the fastest-growing household type
- Gen Z ranks the primary bedroom as the most important room – their first opportunity for personal private space
- 32% still work from home full-time; 29% hybrid; home office design is a permanent feature, not a pandemic artifact
- Features consumers say they would pay for: energy efficiency, functional kitchen, expanded storage, private outdoor space, whole-home water filtration/air quality, battery backup & solar
 - Preference driven by desire to reduce operating costs and improve health – not just lower purchase price
- Renting trends: 33% renting by choice in 2025, up from 24% in 2022; rent-to-own interest grew from 33% to 50% in two years
- Wellness satisfaction gap: community design that reduces costs, encourages movement, and fosters social connection is undersupplied

Negotiating Our Way Through 2026 and Beyond

John Burns: Chief Executive Officer, John Burns Research and Consulting

- Framing the macro as the "UnEconomy" – uneven, uncertain, yet unbroken
 - Uncertain: University of Michigan consumer sentiment near a 46-year low; measures future purchase intentions and big-ticket desire
 - Uneven: top 20% of income earners account for 60% of consumer spending; high-end faces less supply competition; entry-level has more competition and less demand
 - Unbroken: low unemployment not from strong job creation but from slowing labor force growth – 4.2M entering vs. 4.0M retiring
- Mortgage rate framework: rates are essentially where economists expect them
 - 50-year historical averages: inflation 3.2%, Fed Funds ~4.6%, 10-year Treasury ~5.8%, 30-year mortgage ~7.5%
 - Current 30-year at ~6.2% – slightly below the mathematically correct level; bond market implies mortgage rates staying in low-to-mid 6s through 2027
- Affordability improving directionally but still a 21% problem (higher than expected Payment / Income Ratio)
 - In 2023: affordability was 34% worse than historical normal – worst on record; now improved to 21%
 - Three years of income growth with minimal price appreciation is closing the gap; likely 2+ years from normalization
 - New homes are no longer at a premium vs. resale – arguably the better deal; builders should market this more aggressively
- Trump administration housing agenda

- Fannie Mae began buying mortgage bonds to reduce rates; when builders did not lower prices, administration escalated to public threats about margins, stock buybacks, and potential DOJ antitrust investigation
- Bill Pulte (FHFA Director) messaging to builders: drop prices, margins are not his concern
- 21st Century Road to Housing Act: streamlined Army Corps permitting, local affordable housing funds, infrastructure grants – but contains BTR provision limiting institutional SFR ownership to fewer than 350 homes per entity
 - BTR represents 10%+ of sales outlet for some builders; institutional capital already exiting regardless of final outcome
 - Senate bill passed; House pushing back on BTR provision; lobbying ongoing
- Demographics shifting from tailwinds to headwinds
 - 10-year growth: 40-55 year olds (move-up) and 70+ (unaddressed product gap); little growth in 25-39 (first-time buyers); declines in late-50s/early-60s active adult cohort
 - Florida: net domestic outflow in 2025 for first time outside a major hurricane – demand pulled forward in 2021-2024 now unwinding
 - Foreign buyer pullback: geopolitical economists note narrative shift from "everyone wants to be in America" to "fear about treatment upon arrival"
 - Median first-time buyer age now 35-40 vs. 29-30 historically; pent-up demand is real but delayed
 - Midwest markets showing positive net migration driven by affordability; less builder competition creates opportunity
- Current housing market (early 2026) is off to a difficult start
 - February sales lowest in eight years; entered spring with 2.8 move-in-ready homes per community – expected spring to reduce this to 2.0; not materializing
 - Both "good time to buy" and "good time to sell" surveys simultaneously negative – possibly unprecedented outside of 2008
- Upside potential: industry positioned for strong recovery when conditions improve
 - U.S. underbuilt by 1.1M homes; builder balance sheets strong; start reductions right-sizing supply
 - Missing element is confidence – rates stable, costs declining slowly, incomes catching up at 3-5%

Market Perspectives from Private Builders

Dwight Sandlin: Chairman, Signature Homes

Don Dykstra: Co-Founder & Chairman, Bloomfield Homes

Wade Jurney: Executive Chairman, National Home Corporation

Dwight Sandlin - Signature Homes

- ~50 homes/year in Birmingham and Nashville; ASP ~\$800K; fully integrated own developer; strong 2025 driven by decisions made 2-3 years earlier
- Core conviction: affordability is the defining issue of the next decade; the Fed's 2020-2021 policy error created permanent higher price levels; adaptation is the only path forward

- Strategic response: launched the Signature Series – complete product mix overhaul built around the new affordability reality
- Five operational pillars:
 - Customer Driven: 50% referral rate; referrals are the highest-ROI, lowest-cost marketing channel
 - Market Research & Product: 25% spec homes, each requiring a documented unique selling proposition before going to market
 - Community Design: controls entire community as own developer; sells emotionally – 52% of all mortgages below 4% means rational analysis says don't buy; emotional connection overcomes this
 - Speed: inventory turn is the most underappreciated lever in the industry
 - Customer Service: Net Promoter Score via five surveys per buyer (three pre-closing, two post-closing); all results published company-wide every Monday
- Inventory turn: benchmarked at 135 days (green-plate to completion) two years ago; drove to 100 days last year
 - Impact: 20% higher net income than at prior cycle time – purely from capital efficiency, no margin improvement required
 - "I will swap turn for margin any day of the week"
- Zero-tolerance final walkthrough standard: if any item is incomplete, superintendents and builders forfeit their entire bonus

Don Dykstra - Bloomfield Homes

- ~2,000 homes/year all in DFW; fully integrated; 35% family-owned, Sumitomo Forestry is strategic partner; 63 community locations across the metroplex
- Product strategy: one product series at four lot widths; mixed lot widths (50/55/60 ft) on the same street creates a custom neighborhood feel; 2.5- and 3-car garages are a differentiator
- Intentionally serves top 40% of DFW price spectrum; avoids direct commodity competition with Lennar and DR Horton
- Sumitomo Forestry growth target for Bloomfield: 3,000 homes/year (currently at 2,000)
- Capital structure: \$200M of fixed-rate debt in a syndicated loan (5-year term); matches long-duration land assets with fixed-rate financing; eliminates issuance costs
- Efficiency metric: closings per full-time employee; Bloomfield at 12 (peaked at 15); believes most builders run at 4-6 – an underused industry benchmark
- Tactical focus:
 - Challenging suppliers to deliver better-looking specs at the same price – competing against own resales in maturing neighborhoods
 - Smile-and-dial sessions with sales assistants (not agents) generated 85 appointments in two evenings
 - Spec management: peaked near 7 specs/community; now ~4; target 2

Wade Journey - National Home Corporation

- ~800 homes/year; ASP ~\$235K; affordable/starter segment; Texas, Oklahoma, North and South Carolina, Indiana

- Affordable market reality: at 10-13% concessions, best achievable gross margin is ~17%; no buffer for surprises
- Community count strategy: increased number of communities while reducing volume per community; just-in-time lot acquisition allows rapid pivoting without large pipeline exposure
- Bank financing pivot: banks grew nervous about speculative starter home inventory mid-2025;
 - Pivoted to Avila Real Estate Capital and one other private lender for all construction financing; flow restored, margins improving
 - Private capital is more flexible, relationship-oriented, and aligned with builder strategy than traditional bank credit
- Strategic posture: "hit the gym and bulk up" – viewing the downturn as an opportunity to gain market share; not waiting for rates to fall; focused on getting home prices down through cost discipline
- Modular: thoroughly explored and remains skeptical; factory operators were more wasteful than site builders; transportation costs eliminated any savings; prefers to be the second mover after others de-risk the concept

Builder M&A and Capital Markets

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

Zach Legge: President, Builder Advisor Group

- M&A has become the primary growth lever as affordability constrains organic growth
- Competition remains strong for the right builders; 17 transactions in 2025 (mostly consistent with years past); large-value transactions like Sumitomo Forestry's acquisition of Tri Pointe leading the charge
 - This headline transaction catapults Sumitomo into the top 5 builders in the nation looking to reach their 2030 goal of 23,000 annual home closings
- Shift in composition of acquirers; Japanese investors remain very active, private homebuilders prove to be very acquisitive (representing 6 of BAG's last 10 transactions)
- Public builder gross margins compressed from 27.7% peak in 2022 to 19.6% in 4Q2025
 - Rate buydowns, incentives, and stubborn land costs are the primary drivers; margin pressure expected to continue through 2026
- Balance sheets remain healthy despite earnings pressure, large cap builder cash reserves down from \$17.9B peak in 2023 to \$12.6B; net debt/capital at just 7%
- Backlog units down 22% YoY in FY2025; conditions worsened through the year from -2.1% in Q2 to -23.2% sequentially by Q4
- Move-up builders are holding price and margins; entry-level margins continues to compress
- Debt capital markets are open after drought in 2022/2023, \$6.9B in builder issuances in 2025
- Despite pre-tax income declining ~35% YoY on average, total market cap for public builders is up 4%, reflecting expansion in valuation multiples
- Average P/E for large public builders is ~13x; mid-size builders trading in the mid-teens; price-to-book is the most challenging with some builders trading below book value



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