Home Improvement

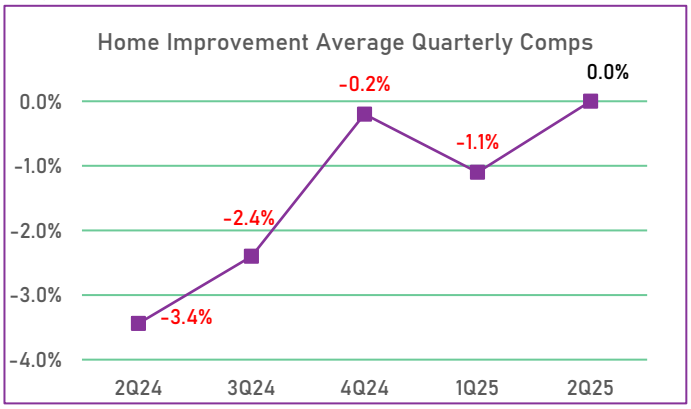
Key Takeaways

- Industry average comps and sales remain under pressure amid a mixed macroeconomic backdrop
- Housing affordability and tariff threats remain difficult challenges
- Spending on residential improvements and repairs expected to moderate through 2Q26, signaling a slower, more uneven recovery than initially anticipated

	Comps	Sales (millions)	YoY Sales % Change	E-Comm % Growth	E-Comm % of Sales	Quarter-End Date
Retail Home improvement						
ACE Hardware	-0.8%	$2,820.1	3.9%	N/A	N/A	6/28/25
Floor & Decor	0.4%	$1,214.2	7.1%	2.0%	18.0%	6/26/25
Home Depot	1.0%	$45,277.0	4.9%	10.1%	15.6%	8/3/25
Lowe's	1.1%	$23,959.0	1.6%	7.5%	13.0%	8/1/25
Sherwin-Williams	0.1%	$6,314.5	0.6%	N/A	N/A	6/30/25
Tile Shop	-3.5%	$88.3	-3.4%	N/A	N/A	6/30/25
Tractor Supply	1.5%	$4,439.7	4.5%	N/A	N/A	6/28/25
Average - Retail	0.0%		2.7%			
Building & Materials Suppliers						
BlueLinx	N/A	$780.1	1.5%	N/A	N/A	6/28/25
Boise Cascade	N/A	$1,740.1	-3.2%	N/A	N/A	6/30/25
Builders FirstSource	N/A	$4,234.1	-5.0%	N/A	N/A	6/30/25
Fastenal	N/A	$2,080.3	8.6%	N/A	N/A	6/30/25
Ferguson	N/A	$8,497.0	6.9%	N/A	N/A	7/31/25
Graybar Electric	N/A	$3,369.9	12.1%	N/A	N/A	6/30/25
MSC Industrial	N/A	$971.1	-0.8%	N/A	N/A	5/31/25
Patrick Industries	N/A	$1,047.6	3.0%	N/A	N/A	6/29/25
W.W. Grainger	N/A	$4,554.0	5.6%	N/A	N/A	6/30/25
WESCO	N/A	$5,899.6	7.7%	N/A	N/A	6/30/25
Average - Building & Material			3.6%			

In 2Q25, the home improvement sector continued to show resilience amid a mixed macroeconomic backdrop of elevated interest rates, soft discretionary spending, and ongoing tariff pressures. Home Depot's comparable sales increased 1% and U.S. comps rose 1.4% amid steady demand in smaller projects and seasonal categories, helping offset softness in financing-dependent renovations such as kitchens and baths. Average ticket climbed 1.4% while comp transactions declined 0.4%, and big-ticket comps (>$1,000) grew 2.6% on strength in building materials, lumber, and hardware. Online sales also expanded at a double-digit rate, underscoring the Company's progress in blending digital and in-store channels. Meanwhile, Lowe's made strategic headway in the Pro market, officially closing its acquisition of Artisan Design Group (ADG) in June 2025. The addition of ADG enhances Lowe's capabilities in professional finish categories, including cabinetry, countertops, and flooring, and supports its push to narrow the Pro share gap with Home Depot. Management underscored the structural tailwind of new-home construction, citing the long-term U.S. housing shortage as a key driver of contractor spend. In August 2025, Lowe's announced another significant move with its planned $8.80 billion acquisition of Foundation Building Materials (FBM), a leading distributor of interior building products. The deal, expected to close in 4Q25, will further expand Lowe's distribution scale and deepen its integration with professional customers. Industry consolidation remains a defining theme in 2025. Alongside Lowe's transactions, Home Depot advanced its own expansion strategy with the June 2025 agreement to acquire GMS Inc. for $5.50 billion, further strengthening its specialty distribution network. Earlier in the year, QXO completed its acquisition of Beacon Roofing on April 29th. The deals highlight how

the largest players are accelerating M&A to consolidate their share in a fragmented market, enhance service breadth, and secure long-term positioning with high-value contractors and professional (Pro) customers.



Paint retailer Sherwin-Williams saw comps up 0.1% driven by the Paint Store Group, which implemented mid-single-digit price increases that offset low-single-digit volume declines. Similarly, Floor & Decor Holdings, Inc. achieved 0.4% comparable store sales (comp) growth, despite a 3.3% decline in transaction volume; it was the Company's first quarterly increase since 4Q22. In contrast, The Tile Shop reported a 3.5% decline in comps due to a decrease in traffic, and a narrowing of gross margin by 160 bps.

We continue to view the sector's medium-to-long-term outlook as constructive, supporting robust M&A, while the near-term macroeconomic backdrop remains uncertain. After holding the target federal funds range at 4.25%–4.50% in July, the Federal Reserve began easing policy in mid-September 2025, lowering the target range by 25 bps to 4.00%–4.25% on September 17. On remodeling demand, the Joint Center for Housing Studies' Leading Indicator of Remodeling Activity (LIRA) has moderated since its spring projection: earlier LIRA output (April) pointed to a 2.5% rise in annual remodeling expenditures to roughly $526 billion by Q1 2026, but the more recent LIRA release (July) trimmed near-term expectations, projecting only about 1.2% year-over-year growth into 2Q26, signaling a slower, more uneven recovery than initially anticipated.

The building and materials suppliers reported mixed performance, with industrial distributors generally posting stronger growth, as seen in the sales results of Fastenal (8.6%), Patrick Industries (3.0%), and W.W. Grainger (5.6%). Sales leaders included companies tied to the buildout of data centers and AI infrastructure, including Graybar Electric (12.1%), WESCO (7.7%), and Ferguson (6.9%). In contrast, suppliers exposed to the residential construction market reported declines. Boise Cascade sales declined 3%, primarily due to lower prices and volumes for engineered wood products (EWP) and plywood, reflecting underlying weakness from constrained demand. Similarly, Builders FirstSource's sales declined 5%, reflecting ongoing softness in new residential construction. Middle performers like MSC Industrial saw a slight sales dip (-0.8%). In contrast, BlueLinx Holdings Inc. increased net sales by 1.5%, driven by strong volumes in engineered wood and millwork, as well as growth in the multifamily construction sector. Looking ahead, tariff uncertainty will continue to weigh on supply chains, with companies adopting various strategies to mitigate the negative earnings impact.

2025 Seasonally Adjusted Retail Sales (Monthly % Change Year-Over-Year) Source: U.S. Census				Upcoming Comparative Periods		
	Jun'25	Jul'25	Aug'25	Sep'24	Oct'24	Nov'24
Total Retail Sales	4.4%	4.1%	5.0%	2.0%	3.1%	3.9%
Retail Sales Ex Auto	4.0%	3.9%	4.9%	2.5%	3.0%	3.1%
Retail Sales Ex Auto and Gas	4.7%	4.6%	5.4%	4.1%	4.2%	3.9%
By Category:						
Furniture & home furnishings	4.5%	5.4%	5.2%	2.5%	2.4%	2.5%
Electronics & appliance	0.1%	0.9%	3.7%	-4.9%	-2.1%	1.9%
Building materials, garden equip. & supplies	-0.2%	-2.5%	-2.3%	1.4%	2.8%	2.5%
Food & beverage stores	2.7%	2.4%	3.2%	2.6%	2.7%	2.2%
Grocery stores	2.9%	2.6%	3.4%	2.5%	2.7%	2.1%
Health & personal care	9.7%	5.7%	5.1%	7.1%	2.5%	2.5%
Gasoline stations	-3.3%	-2.4%	-0.7%	-10.7%	-7.7%	-4.2%
Clothing & clothing accessories	5.1%	6.4%	8.3%	2.3%	3.7%	2.9%
Sporting goods, hobby, musical instrument & book stores	0.5%	4.2%	4.7%	-2.2%	-2.5%	-3.3%
Footwear	2.5%	-0.1%	TBD	-7.6%	-6.5%	-3.3%
General merchandise	2.4%	1.5%	1.9%	2.6%	2.9%	2.7%
Department stores	-3.6%	-1.1%	-1.0%	-3.4%	-3.3%	-2.6%
Nonstore retailers	5.6%	7.8%	10.1%	7.2%	7.9%	8.4%
Food services & drinking places	6.9%	6.2%	6.5%	4.3%	4.9%	3.9%

This report is issued to the Subscriber for its exclusive use only and is compiled from sources which RetailStat, LLC ("RetailStat"), does not control and unless indicated is not verified. RetailStat, its principals, analysts, writers and agents do not guarantee the accuracy, completeness or timeliness of the information provided nor do they assume

responsibility for the information reported herein nor for failure to report any matter omitted or withheld. This report and/or any part thereof may not be reproduced, and/or transmitted in any manner whatsoever. Any reproduction and/or transmission without the written consent of RetailStat is in violation of Federal and State Law.