AlixPartners

Brick by brick

Exploiting opportunities in Europe's building products and home improvement sector

The disruption that's gripped much of Europe's building products sector creates opportunities across the value chain.

Structural headwinds from elevated interest rates and inflation have flowed through Europe's building products segment and into distribution channels, including home improvement retail, creating a new normal of lower growth across the region. Growth rates have bifurcated, with the emergence of pockets of strength skewed towards southern Europe and commercial opportunities such as the data center boom.

Labor shortages, elevated input prices, and ongoing supply chain challenges are keeping a roof on recovery. The disruption creates opportunities for companies to prioritize segments for profitable growth, adapt their portfolios, and drive efficiency through cost-out programs while building resilience with price discipline"

With many European markets at an inflection point and competing opportunities in the U.S. and the Middle East, it's crucial to review portfolios, capital allocation, and operations to capitalize on some emerging green shoots.

Constrained growth | The European housing market witnessed considerable pressure in the last years; creating a mismatch between supply, demand, affordability, access.

Construction & New Homes
Growth drivers and key challenges

Theme	Impact last 5 Years	Expected impact next 5 years
Consumer confidence	↘	↗
Mortgage costs	↘	↗
House price growth	↘	↘
Building materials	↘	↘
Labor costs	↘	↘
Labor availability	↘	↘
Policy and regulations	↘	↗
Market impact	↘	↗

A modest uptick is expected, supported by favorable regulation and easing mortgage rates – but costs and labor shortages will continue to constrain growth.

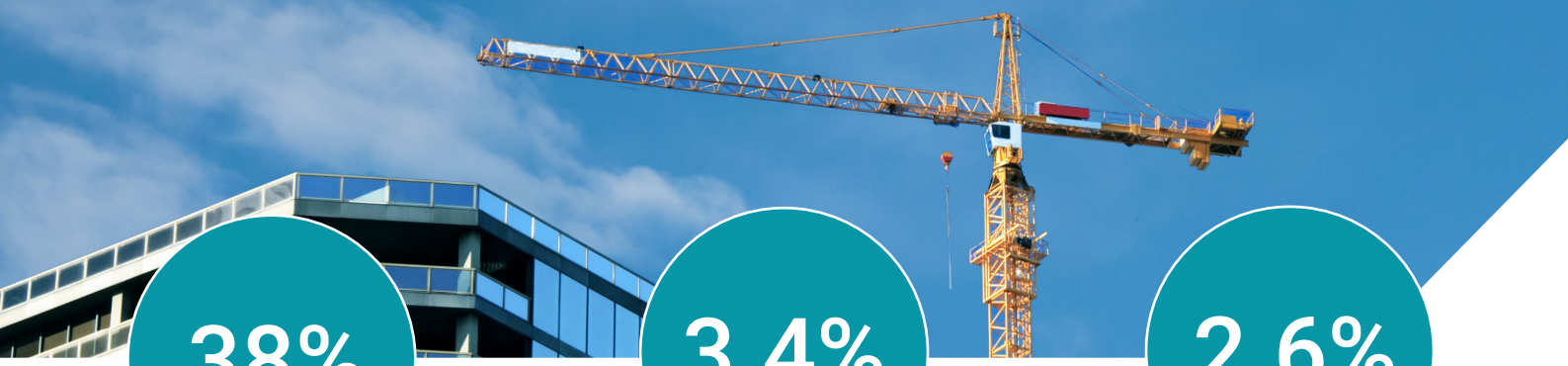
Home Renovation & DIY
Growth drivers and key challenges

Theme	Impact last 5 Years	Expected impact next 5 years
Consumer confidence	↘	↗
Covid impact	↗	→
# of transactions (homes)	↘	→
House price growth	↘	↘
Average renovation prices	↘	↘
Labor availability	↘	↘
Policy and regulations	↗	↗
Market impact	↘	↘

The post-Covid surge has unwound as inflation pushed renovation costs higher; Demand remains soft, and a meaningful recovery will require further easing in material and labor costs.

Key: ↘ Negative impact ↘ Slightly negative impact → No net effect ↗ Slightly positive impact ↗ Positive impact

Sources: AlixPartners Analysis
Note: The arrows represent the impact of the theme in the left column on the market



38%

Rise in building material prices 2020-25

3.4%

Annualized growth in housing starts through 2030

2.6%

Annualized growth in home improvement sales

Source note: EU27 + UK

There is a gradual recovery in the residential market, but permits remain well below 2021 peaks, meaning Europe will continue to under-build relative to demographic needs, worsening structural housing shortages in many countries.

This self-reinforcing cycle of low demand and high prices is limiting recovery, and requires weighing the balance of cost-out, a meaningful price reset, and leveraging regulatory and government efforts to improve infrastructure.

AlixPartners' work with clients in the building products and home improvement sector focuses on four key enablers.

Prioritize

Win where margins matter: prioritize segments with pricing power and scale competitively.
Steer portfolios toward less price-sensitive, higher-margin offerings to offset market pressure.

Perform

Build a lean, resilient operating model suited for the disruptive environment. Eliminate structural cost while hardening supply chains against future disruption.

Transform

Price for profit, not volume – recover margin before chasing market share. Deploy negotiation analytics and empower sales to close deals at higher margins.

Manage

Consolidate to capture competitive advantage and exit where none exists. Use disciplined M&A and ruthless portfolio pruning to build a stronger, more focused business.

Broad portfolios without strategic adaptation destroy value. Customer needs and regulations shift faster than volumes grow. Winners will be those who reshape their portfolio, sales model, and service delivery around what customers need and will pay for.

Operational excellence and supply chain resilience are margin shields in a flat market, offsetting volume declines, protecting cash, and unlocking resources for growth. Companies that embed this resilience into their operating model won't just survive volatility; they'll outpace rivals.

Summary country deep dives | European construction shifts toward infrastructure, led by Poland and the Nordics, as residential weakens in core Western markets.

Country/Region	Residential	Infrastructure	Highlights
Germany	↘	↗	• High rates and construction costs continue to suppress new housing; residential activity has dropped since 2023 • Civil engineering remains the bright spot, supported by energy and transport investment • Overall construction volume expected to stagnate or decline through 2026
France	↘	→	• Construction volume fell ~1.5% in 2025; permits remain weak, keeping new housing subdued • Renovation and sustainability upgrades drive most activity, supported by public investment
Nordics and Netherlands	↗	↗	• Early recovery signs; these markets expected to outpace most of Europe in the near term • Infrastructure, green energy, and digital assets drive growth • Netherlands still soft in 2025–26, but stabilizing; Nordics show above-average medium-term momentum
Italy	↘	↗	• Residential slowdown driven by expiry of renovation incentives • Weak overall market, but infrastructure and energy-transition projects provide resilience
UK	↘	↗	• Planning permissions at decade-low; CPA Spring 2026 forecasts construction output -2.5% in 2026 • The government targets 1.5M new homes by 2029, but OBR projects only 1.2-1.3M UK-wide by 2029-30
Poland	↗	↗	• Structural housing shortages and supportive policies maintain strong residential demand • Large EU-funded transport and energy projects fuel continued civil-engineering growth
Turkey	↗	↗	• Strong growth driven by post-earthquake reconstruction and public-investment programmes • Housing demand remains elevated, while infrastructure (transport, energy, logistics) expands rapidly • Prefabrication and digital construction adoption rising to offset labour shortages
Middle East	↗	↗	• Residential and infrastructure activity both remain "strong" despite Middle East crisis, supported by giga-projects (e.g. NEOM, Palm Jebel Ali) and large-scale upgrades to transport, utilities, and social infrastructure • Structural growth driven by population expansion, megaprojects, and long-term governmental investments • Crisis may lead to a shift to more renovation/reconstruction, while new build could slow down

Key: ↘ Slowdown expected → Market to remain flat ↗ Growth expected

Companies need to rebalance their footprint, capacities, and capabilities toward infrastructure-driven markets and projects, building scale, technical expertise, and delivery models for more complex, publicly funded work while managing exposure to weakening residential demand in core Western Europe.

How AlixPartners can help

The building products and home improvement sector is entering a new normal that requires decisive action across multiple fronts. **We partner with sector leaders to:**

Strengthen commercial performance: Sharpen pricing discipline, unlock margin by customer and product, and rebuild profitability.

Drive operational excellence: Streamline cost structures, optimize supply chains, and build resilience against volatility.

Reshape your portfolio: Focus on high-margin segments, identify exits, and reallocate resources to where returns matter most.

Execute M&A strategically: Identify consolidation opportunities, strengthen scale, and capture synergies.

Transform through digital and organizational change: Unlock efficiency and build capabilities for the market ahead.

Across performance improvement, restructuring, M&A advisory, and corporate strategy, we've helped building sector companies turn analysis into action. Let's talk about where your priorities lie.

Performance improvement | We have worked across all cost, cash and revenue and growth areas to transform operational performance of our clients.

Selected AlixPartners case examples

			Focus areas				
			1	2	3	4	5
AlixPartners reference: company and situation		**Gross impact**	**Working capital**	**Customer and transformation**	**Supply chain optimization**	**Category procurement/ sourcing**	**Organization transformation**
£1B UK builders' merchant	Delivered COGS, category management and commercial transformation securing 4% integration and supply market change sourcing savings combined with pricing actions. Supported full Buying and Category team development and capability building.	~£35M savings in 6 months	✓	✓	✓	✓	✓
Leading European foam and furnishings manufacturer	Developed company-wide value creation plan. Led delivery of complex category management and supplier optimisation programme, and sourcing capability building and organizational streamlining.	~£30M EBITDA improvement	✓		✓	✓	✓
€2B global industrials manufacturer	Led a whole company cost transformation including commercial profitability, footprint optimization (plant closure), Overheads and Org. assessment and full review of procurement materials and services delivering €50M run rate in 3 years.	€50M cost reduction in 3 years	✓	✓	✓	✓	✓
£1B turnover UK- based merchant group	Cash and commercial optimization; assessment of true customer and range profitability, creation of supplier COGS programme, and embedding of improved stock and working capital practices.	~£30M EBITDA improvement		✓		✓	✓
£35B UK DIY retailer	Developed a radical pipeline of £1.3B cost savings by stress-testing existing (underperforming) plans, introducing new disruptive cost levers, and accelerating program delivery.	£1.3B+ cost savings pipeline developed	✓	✓	✓	✓	✓
£4B global building materials manufacturer	Conducted a commercial optimization exercise with the main focus on understanding of true profitability at the customer and product/service level.	~1.4% EBITDA uplift	✓	✓			✓

> AlixPartners is my 'weapon and enabler of choice' – They bring deep practitioner experience speed to results and pragmatism to work well with my team to get results fast".
>
> – FTSE 50 CEO

Our senior integrated building and home improvement team

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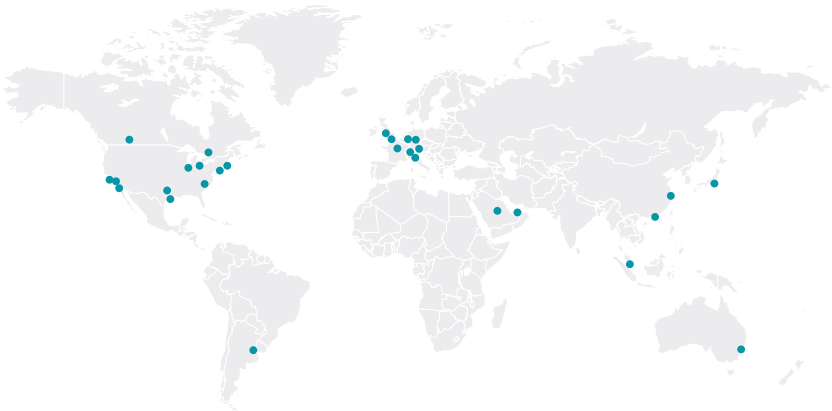
Who we are



3,500+
professionals

1981
year founded

28
global offices across four continents

10
offices in EMEA with 1,000+ professionals

Boston | Buenos Aires | Calgary | Chicago | Dallas | Detroit | Houston | Los Angeles | New York | San Francisco
Silicon Valley | Washington DC | Wilmington | Dubai | Düsseldorf | Frankfurt | Hong Kong | London | Manchester | Milan
Munich | Paris | Riyadh | Shanghai | Singapore | Sydney | Tokyo | Toronto | Zürich

About us

For more than 40 years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done and only measure our success in terms of the results we deliver. Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side.

When it really matters.

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