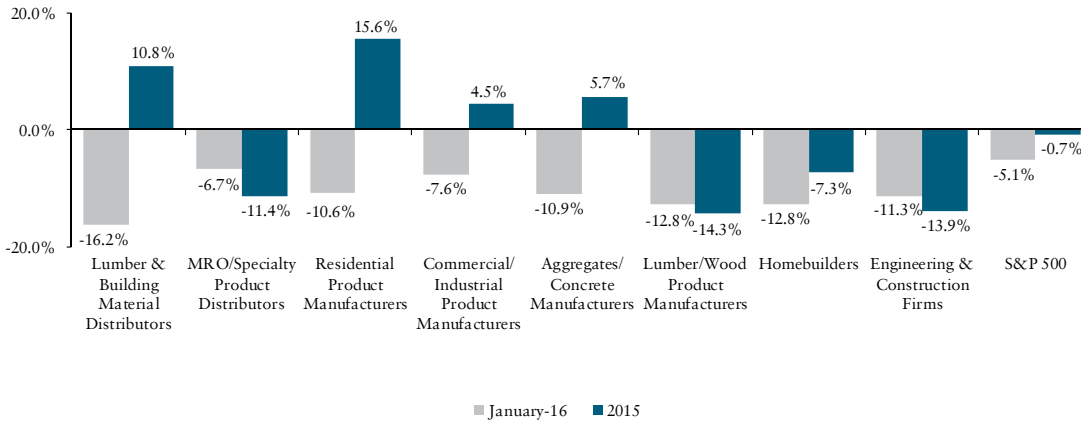


Building Products & Construction Industry Insights

PERCENTAGE CHANGE IN STOCK INDICES



Source: S&P Capital IQ

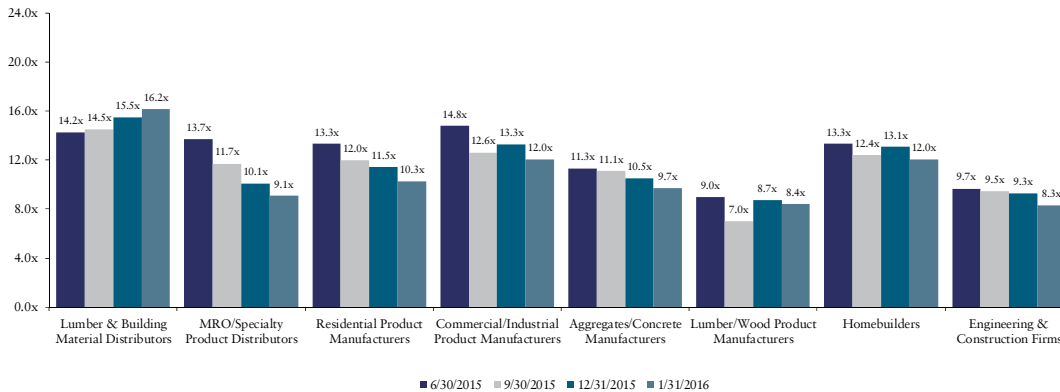
LARGEST STOCK PRICE CHANGES

(For the Month of January)

Largest Price Gains	Category	% Change
Universal Forest Products Inc. (NASD:UFPI)	Lumber/Wood Product Manufacturers	0.8%
NVR, Inc. (NYSE:NVR)	Homebuilders	0.5%
Titan Cement Company S.A. (ATSE:TITK)	Aggregates/Concrete Manufacturers	0.1%
Largest Price Declines	Category	% Change
ARCADIS NV (ENXTAM:ARCAD)	Engineering & Construction Firms	-33.7%
Builders FirstSource, Inc. (NASD:BLDR)	Lumber & Building Material Distributors	-27.5%
Bluelinx Holdings Inc. (NYSE:BXC)	Lumber & Building Material Distributors	-26.4%
Lumber Liquidators Holdings, Inc. (NYSE:LL)	Lumber & Building Material Distributors	-25.6%

Source: S&P Capital IQ

PUBLIC COMPANY EBITDA VALUATION MULTIPLES¹



Source: S&P Capital IQ

(1) Represents the median EBITDA valuation multiple for each segment. Valuation multiple is defined as total enterprise value divided by latest twelve months ("LTM") EBITDA. Total enterprise value ("TEV") is defined as equity value plus third-party debt less cash.

January 2016
Review

CONTACTS

BUILDING
PRODUCTS AND
CONSTRUCTION
INVESTMENT
BANKING

David Patterson

Managing Director

+1 704 602-3903

david.b.patterson@pjc.com

Grant Hamilton

Principal

+1 704 602-3912

grant.t.hamilton@pjc.com

HK Hallett

Analyst

+1 704 602-3966

h.k.hallett@pjc.com

Jay Carroll

Analyst

+1 704 602-3967

jason.c.carroll@pjc.com

LEARN MORE

Visit our Web site at
www.piperjaffray.com

Publicly Held Building Products and Construction Companies

(USD in Millions, except share prices)

Ticker	Market Data				Financial Performance Data			Valuation Multiples			
	Stock Price 1/31/16	% of 52-Week High	Equity Value	Total Enterprise Value	LTM			TEV / LTM			
					Net Sales	EBITDA	EBITDA Margin	Net Sales	EBIT	EBITDA	
Lumber & Building Material Distributors											
Beacon Roofing Supply, Inc.	NASD:BECN	\$40.50	92.0%	\$2,396	\$2,573	\$2,515	\$159	6.3%	1.0x	20.7x	16.2x
Builders FirstSource, Inc.	NASD:BLDR	8.03	48.1	877	2,803	2,505	125	5.0	1.1	N/M	22.5
Bluebird Holdings Inc.	NYSE:BXC	0.39	30.5	35	497	1,943	27	1.4	0.3	N/M	18.2
CanWel Building Materials Group Ltd.	TSX:CWX	3.05	68.6	129	229	588	22	3.8	0.4	13.1	10.4
Huttig Building Products Inc.	NasdaqCM:HBP	3.19	77.4	79	144	649	16	2.4	0.2	11.3	9.1
Installeg Building Products, Inc.	NYSE:IBP	20.83	69.5	653	772	616	59	9.6	1.3	19.7	13.0
Lumber Liquidators Holdings, Inc.	NYSE:LL	12.91	18.4	350	316	1,016	13	1.3	0.3	N/M	23.9
Tile Shop Holdings, Inc.	NASD:TTS	15.11	86.3	776	825	284	47	16.7	2.9	N/M	17.4
TopBuild Corp.	NYSE:BLD	26.78	73.7	1,009	1,098	1,588	81	5.1	0.7	16.9	13.6
Median:			69.5%	\$653	\$772	\$1,016	\$47	5.0%	0.7x	16.9x	16.2x
MRO/Specialty Product Distributors											
HD Supply Holdings, Inc.	NASD:HDS	\$26.27	71.4%	\$5,258	\$9,575	\$9,195	\$900	9.8%	1.0x	12.2x	10.6x
Watsco Inc.	NYSE:WCO	116.21	87.3	3,793	4,339	4,086	352	8.6	1.1	13.0	12.3
WESCO International Inc.	NYSE:WCO	40.38	54.1	1,701	3,042	7,652	463	6.0	0.4	7.5	6.6
Wolseley plc	LSE:WOS	49.07	78.7	12,426	13,609	20,851	1,500	7.2	0.7	17.0	9.1
W.W. Grainger, Inc.	NYSE:GWV	196.69	77.8	12,200	13,899	10,006	1,594	15.9	1.4	9.9	8.7
Median:			77.8%	\$5,258	\$9,575	\$9,195	\$900	8.6%	1.0x	12.2x	9.1x
Residential Product Manufacturers											
American Woodmark Corp.	NASD:AMWD	\$69.00	76.8%	\$1,123	\$951	\$883	\$92	10.4%	1.1x	11.7x	10.3x
Continental Building Products, Inc.	NYSE:CBPX	14.94	61.7	630	928	432	125	29.0	2.1	12.4	7.4
Fortune Brands Home & Security, Inc.	NYSE:FBHS	48.59	85.3	7,760	8,753	4,394	567	12.9	2.0	18.5	15.4
Gibraltar Industries, Inc.	NASD:ROCK	21.24	76.2	659	837	961	75	7.8	0.9	17.9	11.1
Griffon Corporation	NYSE:GFF	15.18	78.9	686	1,537	2,016	171	8.5	0.8	15.2	9.0
Headwaters Incorporated	NYSE:HW	15.97	73.4	1,182	1,614	895	156	17.4	1.8	15.8	10.3
Masco Corporation	NYSE:MOS	26.39	86.2	8,879	10,956	8,608	1,094	12.7	1.3	11.7	10.0
Masonite International Corporation	NYSE:DOOR	55.51	75.8	1,687	2,116	1,835	164	8.9	1.2	24.3	12.9
Mohawk Industries Inc.	NYSE:MHK	166.41	78.4	12,302	15,411	8,025	1,333	16.6	1.9	15.8	11.6
Owens Corning	NYSE:OC	46.19	95.2	5,385	7,361	5,343	798	14.9	1.4	14.5	9.2
PGT, Inc.	NASD:PGTI	9.80	60.2	477	615	382	60	15.8	1.6	12.1	10.2
Ply Gem Holdings, Inc.	NYSE:PGEM	9.97	65.2	679	1,653	1,859	163	8.7	0.9	15.9	10.2
Quanex Building Products Corporation	NYSE:NX	18.51	84.4	629	663	646	60	9.3	1.0	N/M	11.1
Compagnie de Saint-Gobain S.A.	ENXTPA:SGO	41.05	84.6	23,393	32,483	46,748	4,516	9.7	0.7	12.2	7.2
The Sherwin-Williams Company	NYSE:SHW	255.67	86.9	23,803	25,672	11,304	1,680	14.9	2.3	17.3	15.3
Simpson Manufacturing Co., Inc.	NYSE:SSD	32.63	84.9	1,575	\$1,332	776	136	17.5	1.7	12.2	9.8
Trex Co. Inc.	NYSE:TREX	37.56	65.1	1,159	1,205	426	88	20.7	2.8	16.4	13.7
USG Corporation	NYSE:USG	17.89	54.4	2,603	4,369	3,805	465	12.2	1.1	13.7	9.4
Median:			77.6%	\$1,379	\$1,634	\$1,847	\$163	12.8%	1.3x	15.2x	10.3x
Commercial/Industrial Product Manufacturers											
AAON Inc.	NASD:AAON	\$21.53	85.0%	\$1,165	\$1,116	\$346	\$80	23.2%	3.2x	16.2x	13.9x
Armstrong World Industries, Inc.	NYSE:AWI	38.68	63.7	2,141	2,911	2,430	287	11.8	1.2	14.9	10.2
Kingspan Group plc	ISE:KRX	25.68	91.3	4,546	5,064	2,492	265	10.6	2.0	N/M	19.1
Lennox International, Inc.	NYSE:LI	119.82	86.5	5,399	6,282	3,446	422	12.2	1.8	17.5	14.9
NCI Building Systems Inc.	NYSE:NCS	10.38	58.2	768	1,113	1,564	112	7.2	0.7	16.2	9.9
Valmont Industries, Inc.	NYSE:VMI	106.59	82.8	2,456	2,956	2,748	365	13.3	1.1	11.0	8.1
Median:			83.9%	\$2,298	\$2,934	\$2,461	\$276	12.0%	1.5x	16.2x	12.0x
Aggregates/Concrete Manufacturers											
Boral Limited	ASX:BLD	\$3.96	81.2%	\$2,943	\$3,514	\$3,307	\$361	10.9%	1.1x	15.9x	9.7x
CEMEX, S.A.B. de C.V.	NYSE:CMX	4.53	43.2	7,938	23,778	13,395	2,456	18.3	1.8	16.4	9.7
CRH plc	ISE:CRG	26.27	85.7	21,626	23,062	22,231	1,896	8.5	1.0	23.3	12.2
Eagle Materials Inc.	NYSE:EXP	53.54	60.3	2,640	3,125	1,129	315	27.9	2.8	13.9	9.9
Grupo Cementos de Chihuahua SAB de CV	BMV:GCC *	2.40	92.7	798	1,072	685	145	21.2	1.6	11.3	7.4
HeidelbergCement AG	DB:HEI	73.10	87.6	13,737	21,305	14,948	2,542	17.0	1.4	14.0	8.4
Martin Marietta Materials, Inc.	NYSE:MLM	125.58	70.3	8,306	9,576	3,267	766	23.4	2.9	19.3	12.5
Summit Materials, Inc.	NYSE:SUM	15.87	55.5	789	2,122	1,365	231	16.9	1.6	18.7	9.2
Titan Cement Company S.A.	ATSE:TITK	19.15	97.5	1,489	2,326	1,476	212	14.3	1.6	N/M	11.0
Vulcan Materials Company	NYSE:VMC	88.20	82.6	11,759	13,570	3,320	746	22.5	4.1	N/M	18.2
Wienerberger AG	WBAG:WIE	15.28	79.1	1,788	2,507	3,314	382	11.5	0.8	18.2	6.6
Median:			81.2%	\$2,943	\$3,514	\$3,307	\$382	17.0%	1.6x	16.4x	9.7x

Publicly Held Building Products and Construction Companies

(USD in Millions, except share prices)

Ticker	Market Data				Financial Performance Data			Valuation Multiples			
	Stock Price 1/31/16	% of 52-Week High	Equity Value	Total Enterprise Value	LTM			TEV / LTM			
					Net Sales	EBITDA	EBITDA Margin	Net Sales	EBIT	EBITDA	
Lumber/Wood Product Manufacturers											
Boise Cascade Company	NYSE:BCC	\$20.66	47.1%	\$802	\$941	\$3,619	\$178	4.9%	0.3x	7.6x	5.3x
Canfor Corp.	TSX:CFP	11.13	49.1	1,478	1,893	2,786	294	10.5	0.7	9.8	6.4
Louisiana-Pacific Corp.	NYSE:LPX	15.72	82.9	2,246	2,552	1,883	-2	N/M	1.4	N/M	N/M
Norbord, Inc.	TSX:NBD	17.37	83.7	1,484	2,239	1,063	50	4.7	2.1	N/M	N/M
Universal Forest Products Inc.	NASD:UFPI	68.89	87.6	1,387	1,423	2,854	162	5.7	0.5	11.8	8.8
West Fraser Timber Co. Ltd.	TSX:WFT	34.20	61.3	2,820	3,123	3,024	371	12.3	1.0	10.0	8.4
Weyerhaeuser Co.	NYSE:WY	25.61	71.5	13,072	17,440	7,136	1,518	21.3	2.4	16.9	11.5
Median:			66.4%	\$1,484	\$2,239	\$2,854	\$178	5.7%	1.0x	10.0x	8.4x
Homebuilders											
Beazer Homes USA Inc.	NYSE:BZH	\$8.55	40.3%	\$283	\$1,560	\$1,627	\$49	3.0%	1.0x	N/M	N/M
CalAtlantic Group, Inc.	NYSE:CAA	32.49	69.5	3,932	6,292	2,600	348	13.4	2.4	18.5	18.1
DR Horton Inc.	NYSE:DHI	27.51	83.1	10,172	12,662	10,824	1,229	11.4	1.2	10.8	10.3
Hovnanian Enterprises Inc.	NYSE:HOV	1.54	39.6	231	2,325	2,148	80	3.7	1.1	N/M	N/M
KB Home	NYSE:KBH	10.86	62.3	1,002	3,069	3,032	163	5.4	1.0	19.2	18.8
Lennar Corporation	NYSE:LEN	42.15	75.2	8,676	14,582	9,474	1,135	12.0	1.5	13.3	12.8
MDC Holdings Inc.	NYSE:MDC	21.76	69.7	1,064	1,795	1,836	107	5.9	1.0	17.4	16.7
M/I Homes, Inc.	NYSE:MHO	17.92	66.4	442	1,075	1,317	106	8.0	0.8	10.9	10.2
Meritage Homes Corporation	NYSE:MTH	33.01	66.2	1,309	2,175	2,497	213	8.5	0.9	10.9	10.2
NVR, Inc.	NYSE:NVR	1,651.00	95.9	6,424	6,626	4,941	592	12.0	1.3	11.6	11.2
PulteGroup, Inc.	NYSE:PHM	16.76	71.7	5,852	7,450	5,743	754	13.1	1.3	10.5	9.9
Toll Brothers Inc.	NYSE:TOL	27.62	65.5	4,710	7,577	4,171	506	12.1	1.8	15.7	15.0
Median:			67.9%	\$2,621	\$4,680	\$2,816	\$280	9.9%	1.1x	12.5x	12.0x
Engineering & Construction Firms											
AECOM	NYSE:ACM	\$27.44	77.5%	\$4,183	\$8,330	\$17,990	\$1,020	5.7%	0.5x	19.8x	8.2x
ARCADIS NV	ENXTAM:ARCAD	13.36	39.4	1,107	1,795	3,484	248	7.1	0.5	11.9	7.2
Fluor Corporation	NYSE:FLR	44.89	72.1	6,357	5,436	19,199	1,216	6.3	0.3	5.3	4.5
Granite Construction Incorporated	NYSE:GVA	38.63	87.0	1,521	1,358	2,331	146	6.3	0.6	17.2	9.3
Jacobs Engineering Group Inc.	NYSE:JEC	39.23	81.3	4,828	5,030	12,115	593	4.9	0.4	11.3	8.5
Tutor Perini Corporation	NYSE:TPC	13.21	49.5	648	1,384	4,922	198	4.0	0.3	9.0	7.0
Skanska AB	OM:SKA B	19.19	78.5	7,886	7,948	17,971	663	3.7	0.4	13.6	12.0
SNC-Lavalin Group Inc.	TSX:SNC	28.45	84.5	4,261	3,507	7,285	342	4.7	0.5	13.3	10.3
Median:			78.0%	\$4,222	\$4,268	\$9,700	\$468	5.3%	0.5x	12.6x	8.3x

MONTHLY M&A DEAL BRIEFS — JANUARY 2016

Date Announced	Target	Target Description	Acquiror
Distributors/Retailers			
1/27/16	Wolf-Gordon, Inc., a portfolio company of Corinthian Capital Group, LLC	New York-based designer and distributor of commercial wallcoverings and interior building products.	Saw Mill Capital LLC
1/12/16	Pleasants Hardware, Inc., a subsidiary of The C.F. Sauer Company	Virginia-based retailer and distributor of architectural hardware products.	Taylor's Do It Centers, Inc.
1/7/16	Darby Doors, Inc.	Alabama-based manufacturer and seller of doors, millwork, hardware and building specialties.	US LBM Holdings, LLC, a portfolio company of Kelso & Co.
1/4/16	Construction Resources, Inc. and Builder Specialties, Inc.	Leading specialty building products distributors for homebuilders in the Southeast.	Monomoy Capital Partners
Residential Product Manufacturers			
1/25/16	Quality Aluminum Products, Inc.	Michigan-based manufacturer of residential exterior aluminum products.	Blackford Capital LLC
1/7/16	Paradigm Windows Solutions	Maine-based manufacturer of premium quality custom vinyl windows.	CapitalWorks, LLC
1/6/16	SunSetter Products, LP	Massachusetts-based manufacturer of deck and patio awnings.	Springs Window Fashions, LLC, a portfolio company of Golden Gate Capital
1/5/16	Blue Heron Enterprises, LLC and Fox Chase Enterprises, LLC	Northeast-based manufacturers of hidden deck fastening systems.	Simpson Strong-Tie Company Inc., a subsidiary of Simpson Manufacturing Co., Inc. (NYSE:SSD)
Commercial/Industrial Product Manufacturers			
1/25/16	Icopal a/s, a portfolio company of Investcorp	Denmark-based manufacturer of roofing and waterproofing products.	GAF, a subsidiary of Building Materials Corporation of America
1/21/16	ARN Industries, Inc. (d/b/a Halco Lighting Technologies, LLC)	Georgia-based designer and supplier of lamps, fixtures and ballasts for the commercial, industrial, residential and specialty lighting markets.	Summer Street Capital Partners, LLC
1/21/16	Ahlstrom Oyj (HLSE: AHL1V), Building & Wind Business Unit	European-based producer of glassfiber tissue used mainly in flooring applications and reinforcements used in windmill blades.	Owens Corning (NYSE:OC)
1/14/16	BermanGlass	British Columbia-based designer and manufacturer of architectural glass.	Forms and Surfaces, Inc.
1/13/16	Kovach Inc.	Arizona-based designer, manufacturer and installer of high quality panel and glazing systems for commercial building enclosures.	AV Capital Holdings, LLC
1/4/16	Industrial Acoustics Company, Inc., a portfolio company of AEA Investors LP	New York-based developer, manufacturer, fabricator and seller of products designed to suppress noise and to condition the acoustical environment inside enclosed spaces.	United Process, Inc. (d/b/a Sound Seal), a portfolio company of Hamilton Robinson Capital Partners
Aggregates/Concrete Manufacturers			
1/12/16	Western Emulsions, Inc., a portfolio company of Marwit Capital and Saybrook Capital	Arizona-based manufacturer and supplier of asphalt emulsion solutions for pavement preservation, repair and recycling applications.	Idaho Asphalt Supply, Inc.
Lumber/Wood Product Manufacturers			
1/21/16	Wynndel Box and Lumber Ltd.	British Columbia-based producer of premium boards and customized specialty wood products.	Canfor Corp. (TSX:CFP)
1/21/16	Assets of Gem Forest Products	Idaho-based sawmill.	Woodgrain Millwork
Builders & Contractors			
1/28/16	Stroh Corporation	Iowa-based provider of mechanical, electrical, plumbing and energy services.	MMC Corp.
1/25/16	Key Green Builder Services, LLC	Texas-based provider of insulation installation services to residential customers.	Installed Building Products, Inc. (NYSE:IBP)
1/25/16	Golden Eagle Roofing Company	Texas-based provider of roofing repair and installation services to residential and commercial customers.	Cherubim Interests, Inc. (OTCPK:CHIT)
1/18/16	Anchor Shoring & Caissons Ltd.	Ontario-based provider of design and installation services for soil retention systems and engineered foundation systems.	GFL Excavating Corp.
1/14/16	Atlas Trillo Heating & Air Conditioning Inc.	California-based installer, servicer and repairer of central heating/gas furnace systems, wall heaters and other heating solutions for homes and businesses.	American Residential Services LLC, a portfolio company of Charlesbank Capital Partners, LLC
1/12/16	Big City Access, Inc.	Texas-based provider of scaffolding and access equipment services to the commercial market.	Rock Hill Capital Group, LLC
1/12/16	Aspen Air Conditioning Inc.	Florida-based provider of installation and maintenance services for air conditioners.	American Residential Services LLC, a portfolio company of Charlesbank Capital Partners, LLC
1/8/16	Acadia Homes & Neighborhoods LLC	Georgia-based homebuilder.	Taylor Morrison Home Corporation (NYSE:TMHC)
1/6/16	Source Refrigeration & HVAC, Inc., a portfolio company of Arsenal Capital Partners	California-based designer, installer, repairer and maintainer of refrigeration and HVAC systems.	Audax Group, Inc.
1/4/16	First Choice Repair	Florida-based managed repair network of high-quality contractors servicing damaged commercial and residential properties.	VeriClaim, Inc., a subsidiary of Sedgwick Claims Management Services, Inc.

MONTHLY M&A DEAL BRIEFS (CONT'D) — JANUARY 2016

Date Announced	Target	Target Description	Acquiror
Engineering & Construction Firms			
1/19/16	The Heimburg Group, Inc.	Florida-based provider of engineering, design and planning services for transportation infrastructure.	Hardesty & Hanover, LLC
1/19/16	Target Engineering Group, Inc.	Florida-based provider of construction management, professional engineering and construction inspection services.	Keystone Capital, Inc.
1/13/16	Clark Construction Group, LLC	Maryland-based provider of building and construction services.	Management
1/12/16	EPN Group LLC	Florida-based provider of engineering services for transportation, storm water/drainage, permitting and general civil engineering services.	Pennoni Associates Inc.
1/10/16	Holm, Blough & Company	Wyoming-based provider of civil engineering and land surveying services.	Morrison-Maierle, Inc.
1/8/16	Triangle Surveying & Mapping, Inc.	Florida-based provider of surveying services to private developers, city, state and federal agencies.	Maser Consulting P.A.
1/6/16	Kennedy Consulting Inc.	Texas-based provider of engineering consulting services.	Johnson, Mirmiran & Thompson, Inc.
1/4/16	Marvin Stein & Associates LLC	Washington-based provider of office planning and commercial interior design services.	NELSON & Associates Interior Design and Space Planning, Inc.
1/4/16	Wakelee Associates, LLC	New Jersey-based provider of construction and mitigation consulting services.	J.S. Held, LLC, a portfolio company of Lovell Minnick Partners, LLC
1/4/16	Trademark Construction, Inc.	Texas-based provider of general construction services.	HIIT Contracting Inc.
1/4/16	Petrin Corporation and Scaffolding Rental And Erection Services, L.L.C.	Louisiana-based providers of industrial insulation, coatings, fireproofing, and scaffolding services.	Brown & Root Industrial Services LLC
Other			
1/8/16	Phillips Screw Company, Inc.	Massachusetts-based manufacturer and distributor of patented fastener drive systems.	Gemini Investors

HOUSING STARTS FALL IN DECEMBER

Seasonally adjusted annual housing starts fell in December, decreasing to 1,149,000 a 2.5% decrease from November's upwardly revised rate of 1,179,000. December's rate was 6.4% above the December 2014 rate of 1,080,000.

Single-family housing starts decreased to a seasonally adjusted annual rate of 768,000 in December, 3.3% lower than the November rate of 794,000. Single-family starts rose 6.1% on a year-over-year basis.

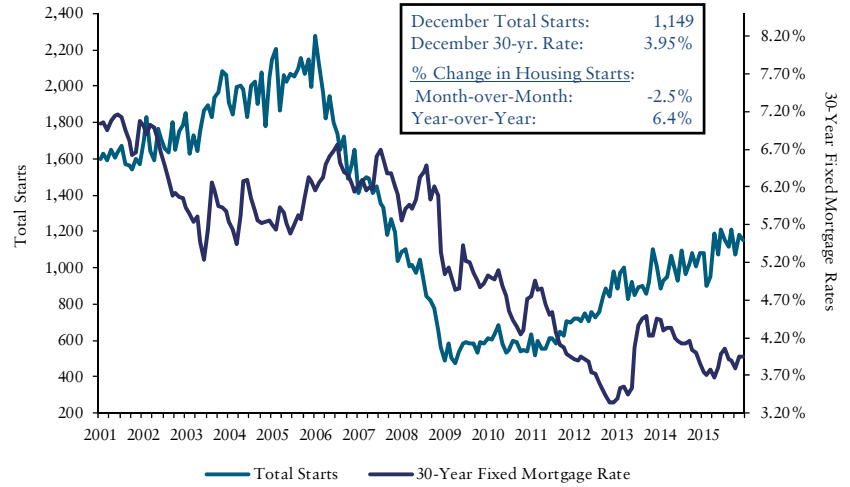
Multifamily starts decreased to 381,000 starts, 1.0% lower than the downwardly revised November rate of 385,000. Total multifamily starts in December were up 7.0% year-over-year.

Housing starts increased on a month-over-month basis by 24.4% in the Northeast, and declined 12.4%, 3.3% and 7.6% in the Midwest, South and West, respectively.

The national average weekly commitment rate for a 30-year conventional, fixed-rate mortgage rose to 3.95% in December. November's rate was 3.94%.

TOTAL HOUSING STARTS

(Seasonally Adjusted Annual Starts in Thousands)



	December	Month-over-Month % Change	Year-over-Year % Change
Total Starts	1,149	-2.5%	6.4%
Single-Family	768	-3.3%	6.1%
Multifamily	381	-1.0%	7.0%

Source: U.S. Department of Commerce and Freddie Mac

HOUSING PERMITS DECREASE IN DECEMBER

Seasonally adjusted annual housing permits fell 3.9% in December. Permits decreased to 1,232,000 after registering a downwardly revised 1,282,000 in November. December's permits increased 14.4% on a year-over-year basis.

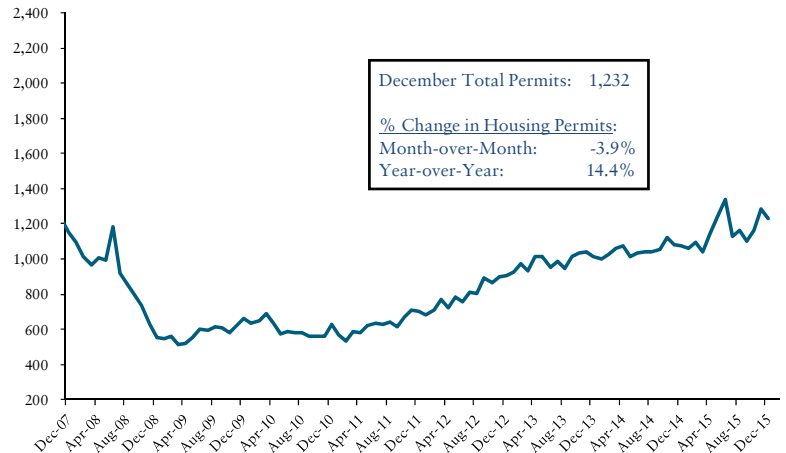
Permits for single-family houses rose to 740,000, a 1.8% increase from the upwardly revised November rate of 727,000. Single-family permits were 8.0% higher than the December 2014 rate of 685,000.

Multifamily permits decreased in December, falling to 492,000, down 11.4% from the November rate of 555,000. Multifamily permits were 25.5% higher on a year-over-year basis.

On a monthly basis, permits increased by 62.0% in the Northeast, and decreased by 22.1%, 4.4% and 17.9% in the Midwest, South and West, respectively.

TOTAL HOUSING PERMITS

(Seasonally Adjusted Annual Permits in Thousands)



	December	Month-over-Month % Change	Year-over-Year % Change
Total Permits	1,232	-3.9%	14.4%
Single-Family	740	1.8%	8.0%
Multifamily	492	-11.4%	25.5%

Source: U.S. Department of Commerce

NEW HOME SALES RISE IN DECEMBER

New home sales increased in December to a seasonally adjusted rate of 544,000, 10.8% higher than November's upwardly revised rate of 491,000. New home sales were up 9.9% on an annual basis.

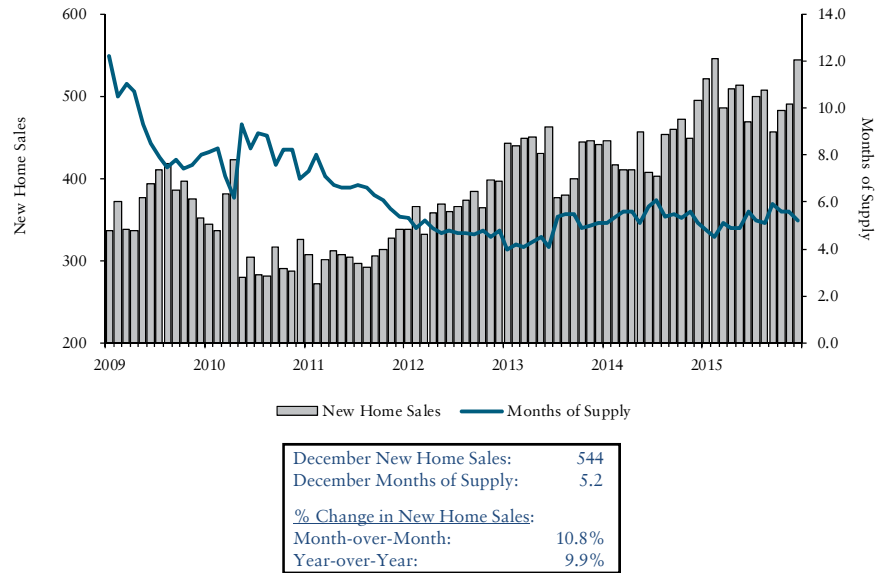
On a monthly-basis, new home sales rose 20.8%, 31.6%, 0.4% and 21.0% in the Northeast, Midwest, South and West, respectively.

The estimate of new houses on the market at the end of December was 237,000, representing 5.2 months of supply at the current sales rate.

The median price of new homes sold in December was \$288,900, a decrease from the November median of \$305,000. Unlike existing home sales, which are recorded at closing, new home sales are recorded at contract signing and do not reflect cancellations.

NEW HOME SALES & MONTHS OF SUPPLY

(Seasonally Adjusted Annual Sales in Thousands)



Source: U.S. Department of Commerce

EXISTING HOME SALES RISE IN DECEMBER

Existing home sales rose in December to 5.46 million from 4.76 million in November. December's sales rate was 14.7% above November's rate and 7.7% higher than the December 2014 rate of 5.07 million.

Distressed home sales accounted for 8.0% of sales in December, down from November. All-cash sales accounted for 24.0% of transactions in December, down from 27.0% in November.

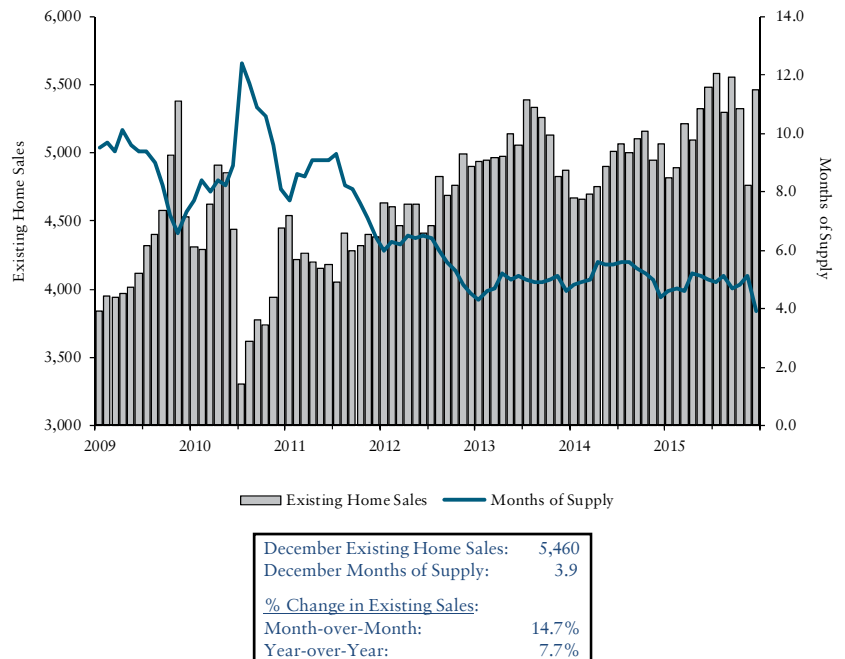
Existing home sales rose 8.7%, 10.9%, 14.6% and 23.2% in the Northeast, Midwest, South and West, respectively.

Total housing inventory decreased to 1.79 million units in December, representing a 3.9 month supply of inventory at the current sales pace.

The national median existing home price rose to \$224,100 in December. December's median price rose 7.6% compared to December 2014.

EXISTING HOME SALES & MONTHS OF SUPPLY

(Seasonally Adjusted Annual Sales in Thousands)



Source: National Association of Realtors

DECEMBER REGIONAL HOUSING SUMMARY

(Seasonally Adjusted Amounts in Thousands)

	Northeast	Midwest	South	West	Total
Housing Starts	163	148	583	255	1,149
Month-Over-Month % Change	24.4%	-12.4%	-3.3%	-7.6%	-2.5%
Year-Over-Year % Change	44.2%	-11.9%	16.6%	-14.7%	6.4%
Housing Permits	209	159	602	262	1,232
Month-Over-Month % Change	62.0%	-22.1%	-4.4%	-17.9%	-3.9%
Year-Over-Year % Change	106.9%	-2.5%	5.1%	9.2%	14.4%
New Home Sales	29	75	273	167	544
Month-Over-Month % Change	20.8%	31.6%	0.4%	21.0%	10.8%
Year-Over-Year % Change	9.9%	-6.5%	38.9%	0.0%	9.9%
Existing Home Sales	750	1,220	2,270	1,220	5,460
Month-Over-Month % Change	8.7%	10.9%	14.6%	23.2%	14.7%
Year-Over-Year % Change	11.9%	9.9%	4.6%	8.9%	7.7%

HOUSING AND MORTGAGE RATE FORECAST

(As of 12/31/15)

(Starts and Home Sales in Thousands)

	2010	2011	2012	2013	2014	2015(E)	2016(P)	2017(P)	15-Year Average
Total Starts	586	612	784	928	1,001	1,108	1,257	1,521	1,219
% Change	5.7%	4.5%	28.1%	18.4%	7.8%	10.7%	13.4%	21.0%	
Single-Family Starts	471	434	537	620	647	711	840	1,089	917
% Change	6.6%	-7.9%	23.6%	15.5%	4.3%	9.9%	18.2%	29.6%	
Multifamily Starts	114	178	247	308	354	397	417	433	302
% Change	2.2%	55.7%	38.9%	24.8%	14.8%	12.3%	4.9%	3.8%	
New Single-Family Home Sales	321	306	368	430	440	496	607	802	669
% Change	-14.2%	-4.6%	20.0%	16.9%	2.3%	12.8%	22.4%	32.1%	
Existing Single-Family Home Sales	3,705	3,793	4,125	4,473	4,334	4,576	4,550	4,809	4,716
% Change	-4.2%	2.4%	8.8%	8.4%	-3.1%	5.6%	-0.6%	5.7%	
30-Year Fixed-Rate Mortgage	4.69%	4.46%	3.66%	3.98%	4.17%	3.87%	4.47%	5.28%	5.06%

Source: National Association of Home Builders, National Association of Realtors and Freddie Mac

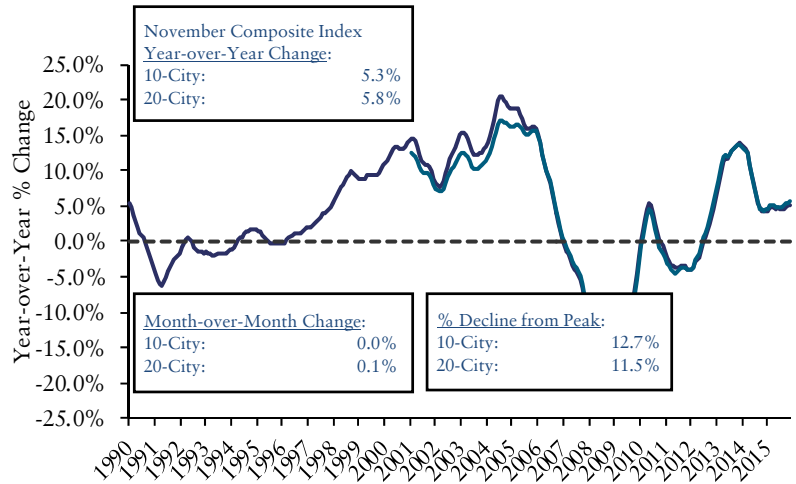
HOME PRICES RISE IN NOVEMBER

Home prices rose on both a month-over-month basis and annual basis in November. On a monthly basis, the 20-City Index reported gains of 0.1% while the 10-City Index held steady. On an annual basis, the 10-City Index increased 5.3% and the 20-City Index rose 5.8%. For the 24th straight month, all 20 metro areas experienced year-over-year growth. Fourteen metro areas also experienced month-over-month growth.

Portland, San Francisco and Denver posted the highest year-over-year gains, rising 11.1%, 11.0% and 10.9%, respectively. The most significant monthly gains occurred in Miami, Seattle and Tampa, which increased by 0.8%, 0.5% and 0.5%, respectively.

The S&P/Case-Shiller® Home Price Indices are considered to be a superior gauge of single-family home prices compared with the median sales-price data released by the Commerce Department or National Association of Realtors, because they track multiple sales of the same property and are therefore not influenced by changes in the mix of homes sold. The 10-City Composite is a value-weighted average of the 10 original metro indices. Data for the 20-City Composite was not tracked prior to January 2000.

S&P/CASE-SHILLER® HOME PRICE INDICES



Metropolitan Area	Year-over-Year % Change	Month-over-Month % Change	Metropolitan Area	Year-over-Year % Change	Month-over-Month % Change
Atlanta	5.7%	-0.3%	Miami	8.1%	0.8%
Boston	4.7%	-0.5%	Minneapolis	4.8%	0.1%
Charlotte	5.3%	0.3%	New York	3.7%	-0.3%
Chicago	2.0%	-0.7%	Phoenix	5.9%	0.3%
Cleveland	2.2%	0.0%	Portland	11.1%	0.3%
Dallas	9.4%	0.2%	San Diego	6.0%	0.3%
Denver	10.9%	0.1%	San Francisco	11.0%	0.3%
Detroit	6.3%	0.1%	Seattle	9.7%	0.5%
Las Vegas	5.2%	-0.1%	Tampa	6.0%	0.5%
Los Angeles	6.2%	0.3%	Washington	2.1%	0.1%

Source: Standard & Poor's

BUILDER CONFIDENCE HOLDS STEADY IN JANUARY

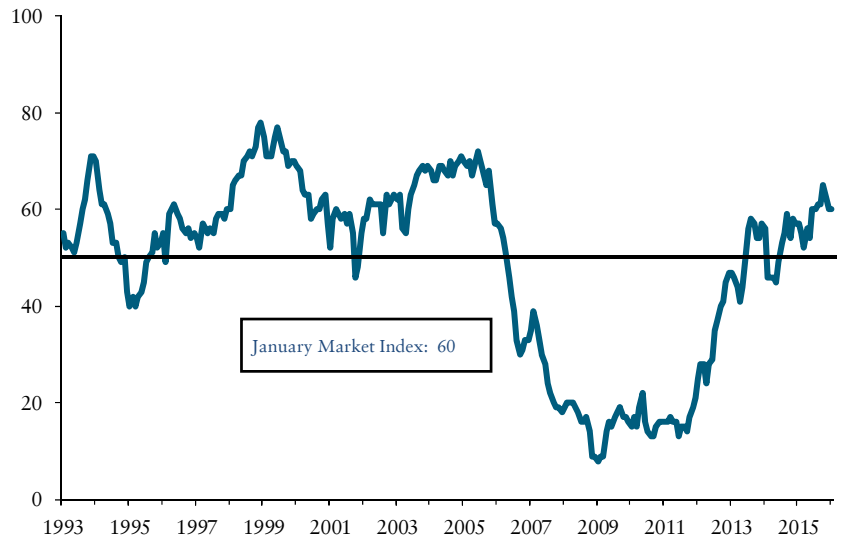
NAHB's single-family Housing Market Index (HMI) registered 60 in January, showing no change from December's revised mark.

The component that gauges current sales conditions rose two points from December's mark of 65, the component that gauges sales for the next six months decreased from 66 to 63, and the component that gauges traffic of prospective buyers fell two points to 44.

The three-month moving average experienced decreases in all four regions. The Northeast fell 1 point to 49, the Midwest fell 1 point to 57, the South fell two points to 61 and the West fell 1 point to 75.

The HMI reflects builders' current sentiment of the market based on current and projected new home sales and current traffic levels of prospective home buyers. Ratings higher than 50 indicate more positive or good responses from builders. Historically, builder sentiment tends to contract by a greater margin than actual sales and production activity.

NAHB HOUSING MARKET INDEX



Source: National Association of Home Builders

STABLE SPENDING EXPECTED FOR REMODELING

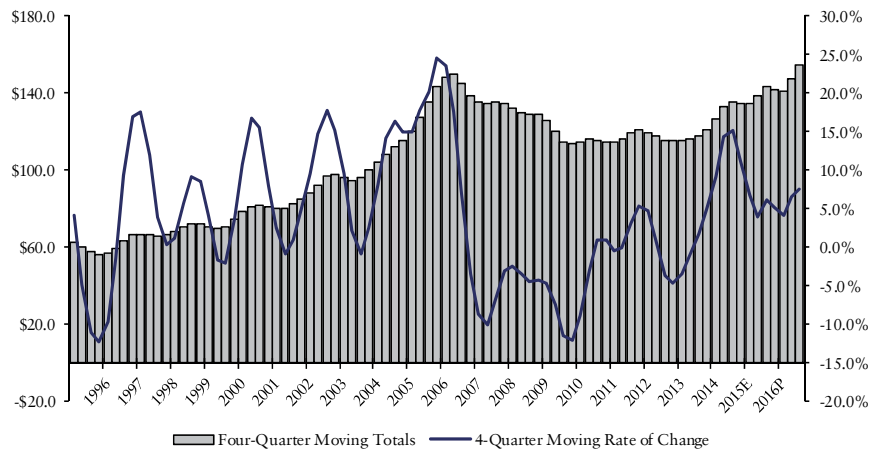
Home improvement spending is expected to rise moving forward into 2016 as the broader housing market continues its recovery. The Leading Indicator of Remodeling Activity (LIRA) projects 4.3% year-over-year growth in homeowner improvement spending in the first quarter of 2016.

The LIRA estimates that remodeling spending for the four quarters ended December 2015 was \$141.7 billion, representing a 5.3% increase compared to the four-quarter period ended December 2014. The LIRA projects the four-quarter moving totals to rise 4.3% in the first quarter of 2016, as well as 6.6% and 7.6% in the second and third quarters of 2016, respectively.

The LIRA measures and projects only a portion of the U.S. home improvement market, namely spending by homeowners on property improvements. Other components of the broader market — spending by homeowners on maintenance and repairs, spending on improvements and maintenance and repairs for rental and vacation property—are not included in the LIRA figures. The LIRA is released quarterly (April, July, October and January) by the Joint Center’s Remodeling Futures Program.

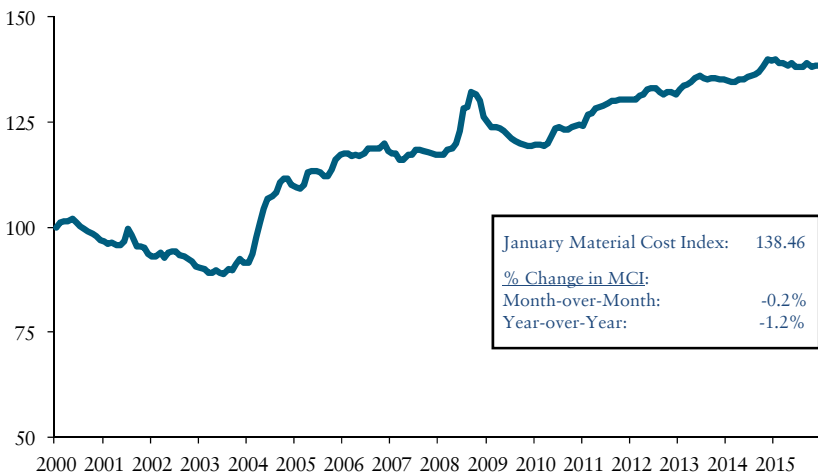
THE LIRA REMODELING ACTIVITY INDICATOR

(As of January 2016, Next Release in April 2016, \$ in Billions)



Source: Joint Center for Housing Studies

ENR MATERIAL COST INDEX



Source: Engineering News Record

Component 20-City Averages

	January	Month-over-Month % Change	Year-over-Year % Change
Cement (\$/Ton)	\$114.50	-0.2%	-1.3%
Steel (\$/CWT)	\$49.50	-0.2%	-2.2%
Lumber (\$/MBF)	\$473.76	-0.1%	1.4%

The Engineering News Record (ENR) Material Cost Index (MCI) is a weighted aggregate index of the prices of constant quantities of portland cement, structural steel and lumber. These particular materials were chosen because of their predominant use in construction and their stable relationship to the nation’s economy and price structure.

ENR has been collecting and publishing its price data on 75 different building materials for over 50 years. The price data is collected locally from 20 major U.S. cities and the prices are quoted from the same suppliers each month. ENR computes its latest indexes from these figures on a monthly basis. The indexes are not seasonally adjusted. As presented in the chart, the ENR MCI has been adjusted to reflect 2000 = 100.

ARCHITECTURAL BILLINGS RISE IN DECEMBER

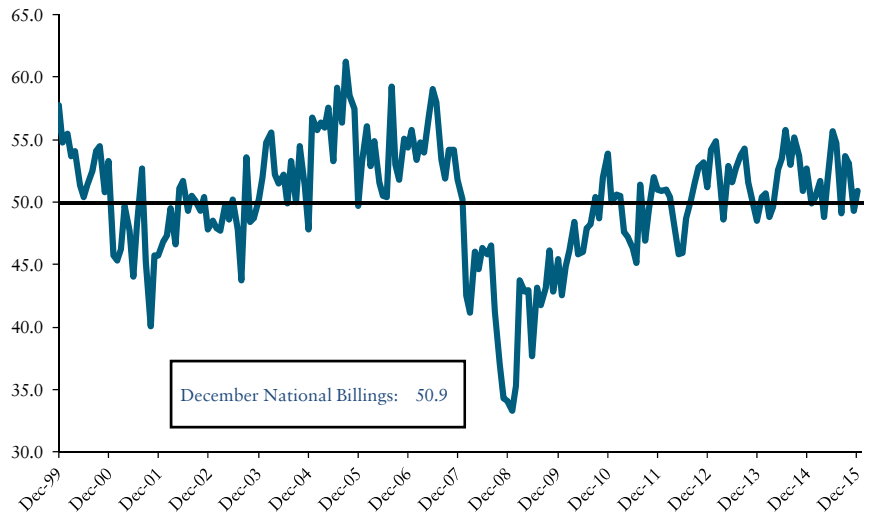
The AIA's Architecture Billings Index (ABI) was 50.9 for the month, rising above November's score of 49.3. New project inquiries increased 1.6 points to a score of 60.2 for the month. Design contracts dropped 2.5 points to a score of 51.0.

The residential sector fell 0.9 points to 52.9 and the institutional sector increased 0.2 points to 52.2. The mixed sector decreased 1.1 points to 46.5 and the commercial/industrial sector fell 3.7 points to 47.3.

The Northeast region rose 0.5 points to 46.7 and the Midwest fell 1.7 points to 46.1. The South fell 2.1 points to 53.3 and the West fell 0.8 points to 53.7.

The ABI shows an approximate nine to twelve month lag time between architecture billings and construction spending. Economists consider the ABI a leading indicator that provides a glimpse into the future of non-residential construction activity. All data is seasonally adjusted. Regional and sectorial indexes are three-month moving averages due to small sample size. If an equal share of firms report an increase as report a decrease, the score for that month will be 50. A score above 50 indicates that firms in aggregate are reporting an increase in activity that month compared to the previous month, while a score below 50 indicates that firms are reporting a decrease in activity.

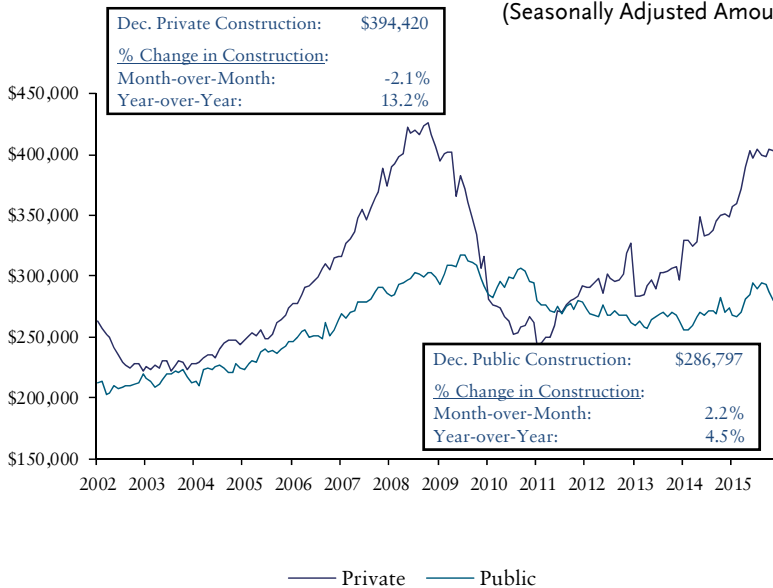
AIA ARCHITECTURAL BILLINGS INDEX



Source: American Institute of Architects

NON-RESIDENTIAL CONSTRUCTION PUT-IN PLACE

(Seasonally Adjusted Amounts in Millions)



	December	Month-over-Month % Change	Year-over-Year % Change
Total Nonresidential	\$681,217	-0.4%	10.0%
Private	394,420	-2.1%	13.2%
Public	286,797	2.2%	4.5%
Lodging	22,348	-1.3%	46.8%
Office	59,048	-1.8%	32.9%
Commercial	68,756	-0.6%	15.1%
Healthcare	38,839	-3.2%	2.4%
Educational	88,036	-0.8%	9.9%
Religious	3,237	-4.1%	3.0%
Public Safety	8,338	-4.6%	-10.5%
Amusement and Recreation	20,498	0.5%	24.4%
Transportation	44,651	-0.8%	5.3%
Communication	22,625	4.0%	30.9%
Power	86,278	-0.3%	-23.6%
Highway and Street	95,838	9.6%	14.4%
Sewage and Waste Disposal	23,732	1.3%	6.1%
Water Supply	12,934	-2.9%	-8.1%
Conservation and Development	6,951	-9.9%	1.3%
Manufacturing	79,107	-7.2%	48.5%

Source: U.S. Department of Commerce



PIPER JAFFRAY IS A LEADING INVESTMENT BANK AND ASSET MANAGEMENT FIRM.

Piper Jaffray Companies (NYSE: PJC) is an investment bank and asset management firm headquartered in Minneapolis with offices across the U.S. and in London, Zurich and Hong Kong. Securities brokerage and investment banking services are offered in the United States through Piper Jaffray & Co., member NYSE and SIPC, and in Europe through Piper Jaffray Ltd., authorized and regulated by the Financial Conduct Authority, and in Hong Kong through Piper Jaffray Hong Kong, authorized and regulated by the Securities and Futures Commission. Asset management products and services are offered through three separate investment advisory affiliates registered with the U.S. Securities and Exchange Commission: Advisory Research Inc., Piper Jaffray Investment Management LLC and PJC Capital Partners LLC.

© 2016 Piper Jaffray Companies. 800 Nicollet Mall, Suite 1000, Minneapolis, Minnesota 55402-7020.

Visit our Web site at www.piperjaffray.com.

