



Architectural Coatings Q4 2025: Too little, too late. Interest rate cuts fail to stimulate home sales or new construction starts and high prices drive consumers away from home improvement.

Market Volume Estimate from Economic Indicators through December 2025

Introduction

The American Coatings Association (ACA) and The ChemQuest Group, a consulting firm with extensive expertise in the coatings industry, are pleased to share the latest Industry Pulse on Architectural Coatings, developed using a predictive model that attempts to size the architectural coatings market based on various known drivers of demand. This includes factors such as existing home sales data published by industry groups such as the National Association of Realtors; current government statistics, including construction figures; and historical data, including the discontinued Census Bureau MA325F report on coatings shipments. The model seeks to measure the current market, based on data collected by the government and by industry groups, and to forecast the market to a forward-looking six quarters.

Executive Summary: New and existing home sales – the primary drivers of architectural coatings demand – remained low through all of 2025, keeping coatings market demand flat.

The housing forecast data has stabilized, and the major forecasting groups (Fannie Mae, Mortgage Bankers Association and National Association of Realtors) have maintained a conservative outlook for 2025 and 2026. After 10 consecutive quarterly forecasts that projected double-digit housing growth as part of a “return to normal,” the new reality has settled-in and the home sales forecasts are more moderate and more consistent quarter-to-quarter. The small interest rate reduction in September 2025 was met with market “boredom” and no one was fooled into thinking that existing home sales would move much from the four-million-unit base level we reached in mid-2025. Actual home sales data through November validates this. The outlook for 2026 does point to growth but is still conservative – as we all understand that the housing problem is much bigger than what a quarter-point rate change can fix.

As a result, the coatings market forecast – which is mathematically derived from home sales, new construction and lease turnover rate – is back to a 1.5-2% growth rate through 2028, which is the historic market CAGR. While the growth rate is back to normal, the market volume has dropped well below pre-COVID levels and does not appear likely to grow at an accelerated rate back to 825 million gallons (from 2019). The volume in 2025 is all the way down to 763 million gallons and will grow slowly – at roughly 15 million gallons per year (2%) for the next few years – just barely touching 800 million gallons by 2028.

Table 1 shows the key economic indicators that drove the architectural coatings forecast in Q3 2025 and that impact the forecast in the current iteration in Q4 2025. The economic indicators – for the first time in many quarters – did not change significantly, quarter-to-quarter. Existing home sales (EHS) and new home sales (NHS) projections for 2025 and 2026 remained the same in December as they were in September.

Table 1: Housing Forecast and ACA Coatings Market Forecast at Q4 2025 – Change from Q3 2025

Gallons in millions, home sales units in 000s

Gallons in millions, Home sales units in 000s															
Year	Forecast at 09-30-25						Forecast at 12-30-25								
	EHS	% YoY	NHS	% YoY	FC Arch Gallons	% YoY	EHS	% YoY	Chg in FC EHS	NHS	% YoY	Chg in FC NHS	FC Arch Gallons	Chg Gal	New YoY Gal
2025f	4,056	-0.1%	665	-3.1%	770.8	-1.2%	4,063	0.1%	7	675	-1.6%	10	763.0	-7.8	-2.2%
2026f	4,361	7.8%	710	6.8%	786.1	2.0%	4,366	7.5%	5	705	4.4%	(5)	778.4	-7.7	2.0%

EHS = existing home sales units. NHS = new home sales units. Housing forecast data from Fannie Mae (FM) and Mortgage Bankers Association (MBA). Architectural gallon forecast is from the ACA forecast model.

The architectural coatings forecast for full year 2025 dropped by 1%, from 770.8 million gallons to 763 million gallons due to DIY project incidence and a decline in home improvement spending among current homeowners. This is the portion of the coatings demand model that reflects ongoing home maintenance and home improvement projects not impacted by home sales or housing turnover. The economic uncertainty and rising prices for all consumer goods in Q3-Q4 2025 stifled those home maintenance projects as consumers allocated their discretionary dollars elsewhere and put off home projects. All of the major home improvement retailers reported these trends in their Q3 financial reports and we expected that Q4 reporting (available late January 2026) will confirm that this trend continued in Q4. As a result, that “base” portion of the forecast was lowered, taking the total 2025 forecast to 763 million gallons, or a (2.2%) decline in volume from 2024.

The impact of the decline in consumer spending in 2025 is shown in the DIY/PRO split view in Table 2. Notice the (6.2%) decline in DIY gallon demand in 2025 – this was the real impact on 2025 result. This DIY volume estimate for 2025 is based on actual retailer reports through Q3 2025 and an assumption of a soft Q4 in DIY home improvement based on general consumer uncertainty and reallocation of spend to other categories. If the final 2025 retailer data presents a different view for home improvement, the forecast will be adjusted upward and reported in the Q1 2026 release of this report. We have high confidence, however, that DIY spending was down in Q4 2025 and this 2025 gallon volume of 763 million gallons will hold.

Table 2: Architectural Coatings Forecast by Market Segment – DIY v. PRO

Gallons in millions, home sales units in 000s

As Forecast December 30, 2025

Year	US Total		DIY Total		PRO Total		Predictors				DIY-PRO MIX	
	Architectural Gallons (M)	Growth to Prior Year	Architectural Gallons (M)	Growth to Prior Year	Architectural Gallons (M)	Growth to Prior Year	Existing Home Sales	Growth to Prior Year	New Home Sales	Growth to Prior Year	DIY %	PRO %
2024	780.2	0.5%	278.3	-2.4%	501.9	2.3%	4,076	-1.0%	685	3.0%	36%	64%
2025	763.0	-2.2%	261.1	-6.2%	501.9	0.0%	4,063	-0.3%	675	-1.5%	34%	66%
2026	778.3	2.0%	265.7	1.8%	512.6	2.1%	4,366	7.5%	705	4.4%	34%	66%

Source: ACA Model for Architectural Coatings 12/30/2025

Forecast to 2028

The forecast for home sales, new construction and lease turnover is factored into the ACA model of coatings demand along with the DIY project incidence estimates based on economic consumer confidence. The actual volume from 2018-2024 is shown in Table 3 with the forecast for 2025-2028.

Table 3: Annual Forecast for Architectural Coatings Market Demand (in millions of gallons)

Year	Forecast at 09-30-25		Forecast at 12-30-25		Home Sales Actual/FC			
	Architectural Gallons	Growth to Prior Year	Architectural Gallons	Growth to Prior Year	Existing Home Sales	Growth to Prior Year	New Home Sales	Growth to Prior Year
2018	815.2	1.6%	815.2	1.6%	5,341	-3.1%	831	1.3%
2019	824.9	1.2%	824.9	1.2%	5,331	-0.2%	790	-4.9%
2020	856.5	3.8%	856.5	3.8%	5,678	6.5%	822	4.1%
2021	839.2	-2.0%	839.2	-2.0%	6,127	7.9%	771	-6.2%
2022	813.2	-3.1%	813.2	-3.1%	5,030	-17.9%	641	-16.9%
2023	776.0	-4.6%	776.0	-4.6%	4,119	-18.1%	665	3.7%
2024	780.2	0.5%	780.2	0.5%	4,076	-1.0%	685	3.0%
2025f	770.8	-1.2%	763.0	-2.2%	4,063	-0.3%	675	-1.5%
2026f	786.1	2.0%	778.4	2.0%	4,366	7.5%	705	4.4%
2027f	798.9	1.6%	792.8	1.8%	4,523	3.6%	716	1.6%
2028f			806.5	1.7%	4,679	3.4%	768	7.3%

Source: ACA Model for Architectural Coatings; based on data available as of 12-30-2025, Housing Data from National Association of Realtors, Fannie Mae, Mortgage Bankers Association. Data for 2028 is from Mortgage Bankers Association only – Fannie Mae will not release 2028 projection until later in 2026.

Note the highlighted (boxed) area in the chart above. This is the newest view of the annual trend for 2025-2028. As previously covered, the 2025 gallon data was most impacted by economic uncertainty reflected in lower consumer spending on home improvement. The 2026-2028 projection returns to market growth, but at a slow rate as home sales still remain in that new lower level below 5 million units. In earlier reports, the housing forecasts were optimistic that a return to existing home sales of 5 million+ units and new home sales of 1 million+ units was achievable by 2026 or 2027, but the housing supply challenge and the millions of homeowners locked in at interest rates below 3% just does not support a return to that home sales volume. These estimates appear to be much more realistic for the long-term view of housing market activity which directly affects the coatings market.

Architectural Coatings Market Forecast – by Quarter to Q4 2027

The quarterly forecast model follows the home sales data and factors in consumer spending activity and DIY project incidence to arrive at the estimated market activity by quarter as shown in Table 4.

Table 4: Quarterly Forecast for Architectural Coatings Market Demand (in millions of gallons)

	Forecast: Architectural Coatings (M) (at 12-30-25)	Forecast Growth/ Decline to Prior Year Quarter	Existing Home Sales Actual/ FC from MBA Dec 2025	Existing Home Sales Actual/FC Fannie Mae Dec 2025	New Single Family Unit Home Sales MBA Dec 2025	New Single Family Unit Home Starts MBA Dec 2025	New Multi- Unit Home Starts MBA Dec 2025
Q1 2024f	185.3	-1.0%	-4.1%	-4.0%	4.2%	28.7%	-37.5%
Q2 2024f	238.2	-1.5%	-4.7%	-3.9%	-0.7%	8.0%	-35.1%
Q3 2024f	219.4	2.2%	-3.2%	-2.1%	4.4%	0.2%	-10.4%
Q4 2024f	137.3	3.7%	7.3%	7.3%	3.9%	-4.4%	-13.0%
2024 Annual	780.2	0.5%	-1.0%	-0.7%	3.0%	6.9%	-25.6%
Q1 2025f	182.4	-1.6%	-0.6%	-0.4%	-1.2%	-4.8%	11.9%
Q2 2025f	232.7	-2.3%	-1.5%	-0.8%	-4.2%	-6.8%	21.7%
Q3 2025f	213.4	-2.7%	3.3%	2.1%	-1.4%	-7.0%	20.2%
Q4 2025f	134.5	-2.0%	2.3%	-1.2%	12.4%	-12.3%	9.1%
2025 Annual	763.0	-2.2%	0.6%	0.1%	1.3%	-7.5%	15.5%
Q1 2026f	184.2	1.0%	3.8%	1.8%	10.5%	-11.2%	4.9%
Q2 2026f	237.8	2.2%	9.3%	8.6%	9.3%	-3.4%	-3.4%
Q3 2026f	218.8	2.5%	9.5%	10.1%	5.6%	0.8%	-15.7%
Q4 2026f	137.4	2.2%	4.3%	9.4%	-0.5%	3.5%	-16.4%
2026 Annual	778.4	2.0%	6.7%	7.5%	5.9%	-2.9%	-7.8%
Q1 2027f	187.9	2.0%	4.5%	9.3%	3.7%	2.7%	-17.0%
Q2 2027f	242.2	1.8%	3.2%	7.8%	4.3%	2.9%	-15.7%
Q3 2027f	222.4	1.7%	3.2%	7.5%	2.0%	3.6%	-10.4%
Q4 2027f	140.3	2.1%	3.0%	7.3%	2.0%	3.6%	-5.6%
2027 Annual	792.8	1.9%	3.5%	7.9%	3.0%	3.3%	-12.5%

Source: ACA Model for Architectural Coatings; based on data available as of 12/30/2025

Forecast Dependencies

The forecast is driven by a statistical model that balances the effects of home sales, new construction, and property maintenance (commercial and residential) on architectural coatings market demand. Any major economic event or downturn would impact all three of these market volume drivers.

Contact

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