Carbon Arc

The infrastructure for the AI economy

U.S. roofing: the storm cycle has run out

Re-roofing activity in the U.S. fell after nearly 2 years without a hurricane before Isaias made landfall this month. Manufacturers and contractors corroborate the demand-side story but have conflicting outlooks on 2027.

Redistribution permitted with attribution to Carbon Arc

Re-roofing permit activity falls alongside storm activity

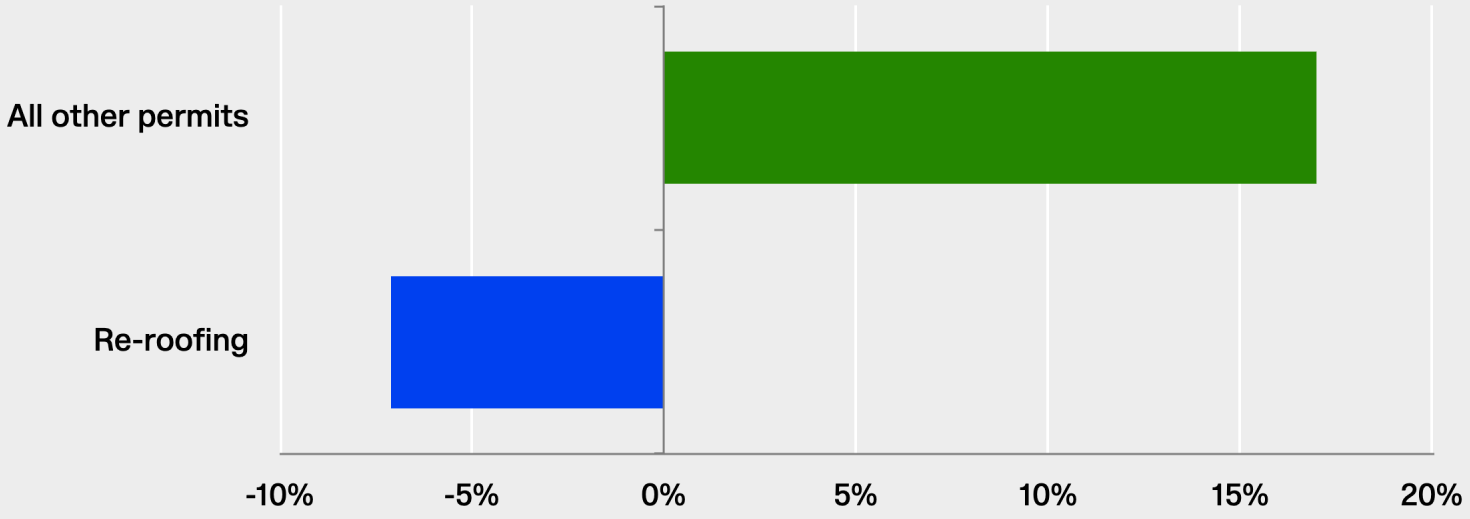
A lack of storm activity is driving re-roofing activity down in Florida, and in the whole U.S. as a result, despite increasing volume in northern regions. Call transcripts corroborate weak demand in Florida and show conflicting opinions on 2027.

- Re-roof permits fell 7.1% Y/Y through August while all other permits grew 17.0%. Only solar installations fell further Y/Y, while siding, plumbing and HVAC are all up double digits.
- Permits were flat Y/Y from June to August, after declines of 9% or more in every three-month block dating back to September 2025. Re-roofing's share of all permits remains down Y/Y, returning to its pre-2023 baseline.
- The Sun Belt is driving the national decline: Permits fell Y/Y in the South Atlantic, Mountain, and Pacific census divisions, but rose in 4 northern divisions and the West South Central.
- Re-roofing's share of permits in Florida in 3Q26 was 7.6%, the lowest level since Hurricane Irma landed in 2017 from highs driven by 2022's Hurricane Ian and 2024's Hurricane Helene and Hurricane Milton.
- A 1-in-25-year wind (always a named storm) lifts local re-roof share an average of 3 pp for seven months, while 1-in-3-year storms only pull forward demand, increasing activity slightly for 9 months before it falls below baseline.
- Manufacturers and distributors expect conditions to stay flat or worsen into 2027, but contractors expect improvement.

Re-roofing is shrinking inside a growing permit market

Re-roofing permits fell 7.1% Y/Y through August while all other permits rose 17.0% Y/Y, causing re-roofing to fall from 8.8% to 7.1% of all permits issued. Average permit value increased 10% but median value increased just over 1%, suggesting the weakest demand is at the low end of the market.

Permit volume, Jan to Aug 2026 against the same months of 2025



Re-roofing in detail

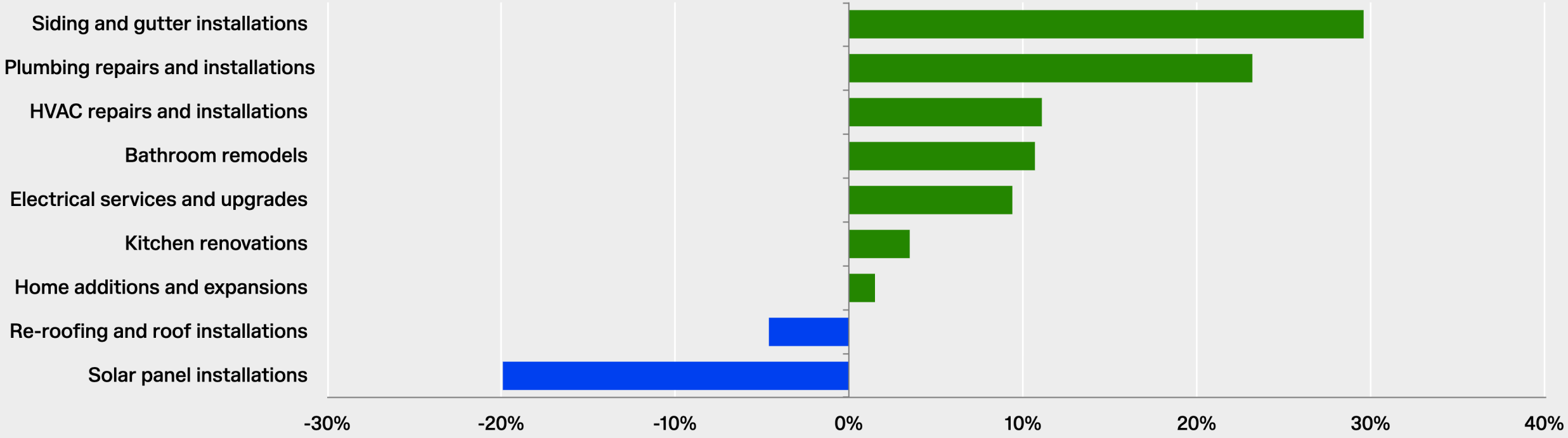
	2025	2026
Permits issued	462,868	430,184
Share of all permits	8.8%	7.1%
Median permit value	$15,000	$15,200
Average permit value	$31,174	$34,233

Source: Carbon Arc Housing Permits – CA002

Only solar installations have lower permit activity

Siding and roofing, two associated repair categories, split by 34 points in 2026 YTD, suggesting roofing-specific weakness in repair and renovation activity. Roofing installation activity grew while re-roofing fell, giving the comprehensive category –4.6% Y/Y growth, up from –7.1% for re-roofing alone.

Permit volume, Jan to Aug 2026 vs Jan to Aug 2025, by category

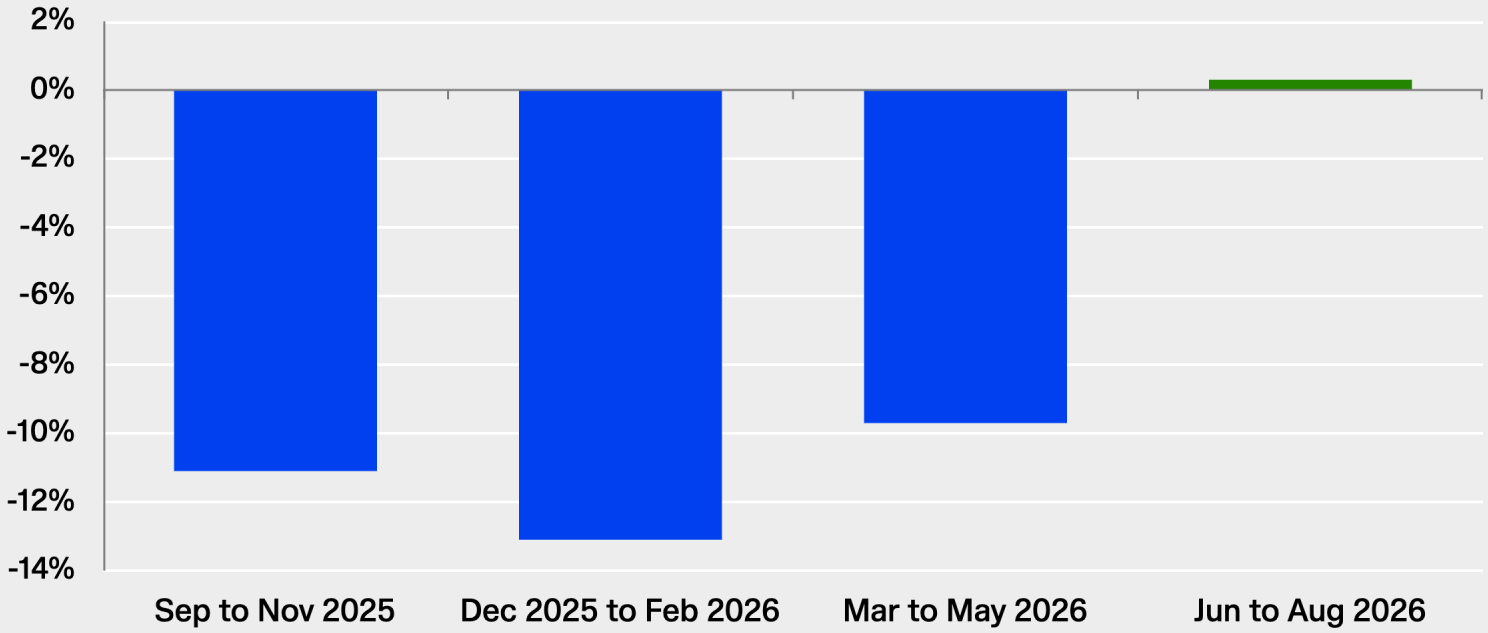


Source: Carbon Arc Housing Permits – CA002

Re-roof permits flat in Jun-Aug, recovering from double-digit declines

Over a constant panel of 5,235 ZIP codes, re-roofing permits rose 0.3% Y/Y in the three months ending in August, from a 9.7% decline between March and May and a trough of −13.1% over the winter.

Identified re-roof permits, year over year, by rolling three-month block



"I'm hearing some whispers of a rebound in the roofing market. I'm not sure I believe it yet."

Contractor

Texas and Florida · $13M

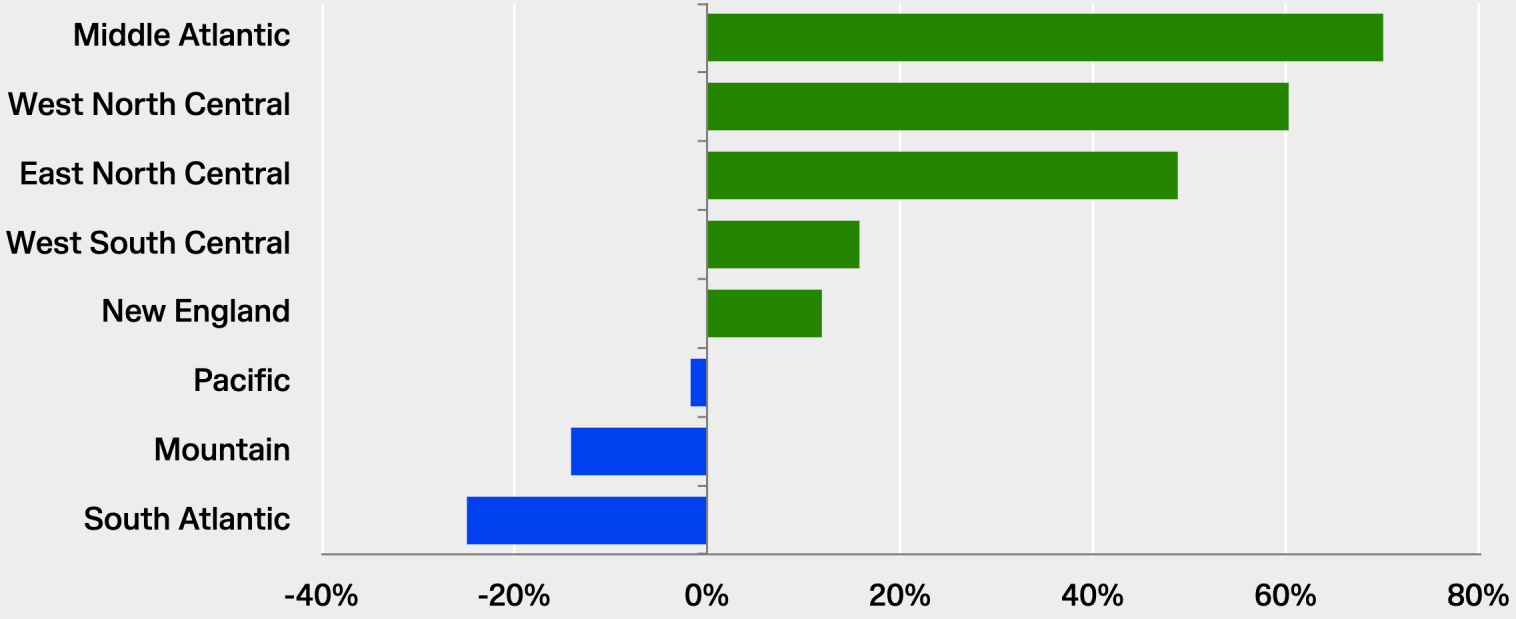
Transcript 09082603032

Source: Carbon Arc Housing Permits – CA002; Carbon Arc Transcripts

Roofing downturn driven by the Sun Belt

Permits fell 25% and 14% Y/Y in the South Atlantic and Mountain census divisions, which cover much of the Sun Belt. Four of the five outperforming census divisions are in the northern U.S.

Identified re-roof permit volume, Jan to Aug 2026 vs Jan to Aug 2025



"Southeast is a little bit softer... The New England is doing well and the Midwest is doing well where this time last year they weren't. And some of that's storm related in the Midwest."

Buying co-operative

National · $1B

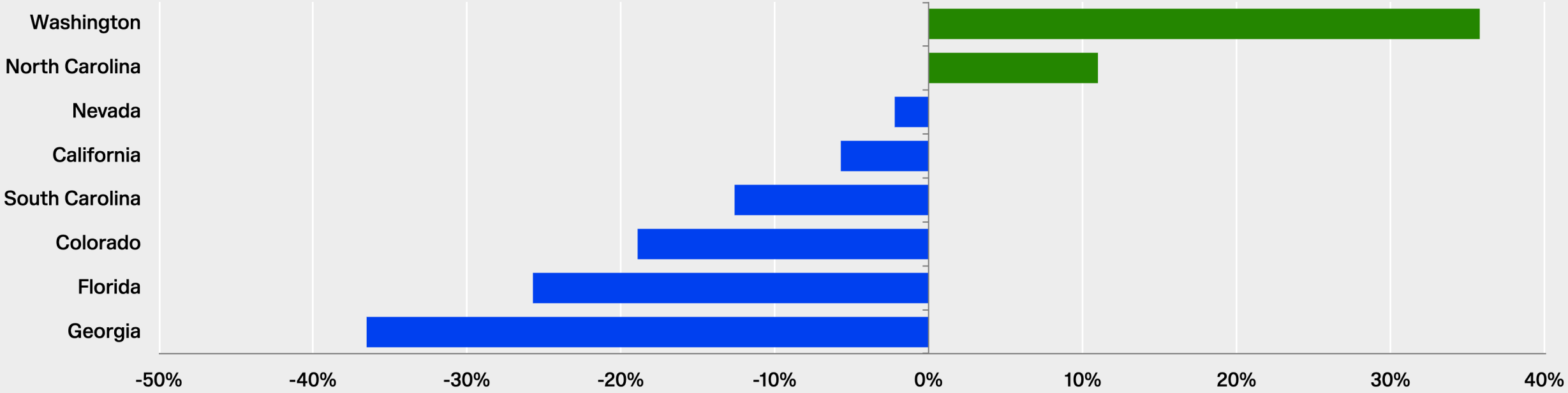
Transcript 08042603015

Source: Carbon Arc Housing Permits – CA002; Carbon Arc Transcripts

Breaking down falling divisions at a state level

Permit volume increases in Washington limited the downward trend in the Pacific region, while California's 5.7% decline is consistent with broader Sun Belt weakness. Eight of the ten states clear a floor of 1,000 permits in both years; Utah and Arizona do not.

Identified re-roof permit volume, Jan to Aug 2026 vs Jan to Aug 2025

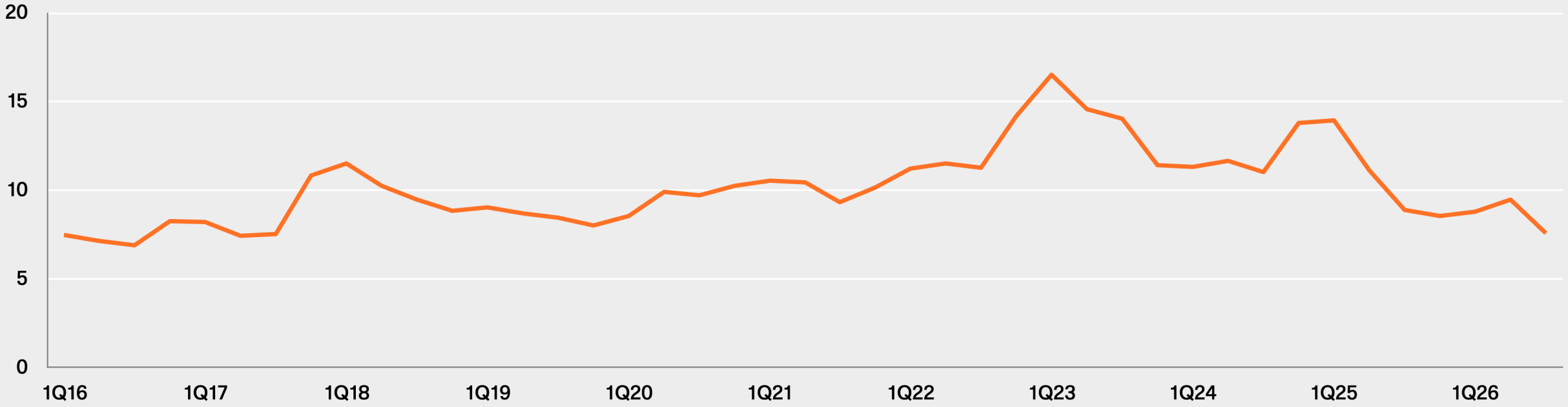


Source: Carbon Arc Housing Permits – CA002

Re-roofing in Florida falling from post-hurricane peaks to historic baseline

Re-roofing peaked at 16.5% of all permits in Florida in 1Q23 after Hurricane Ian, and more recently rose to 13.9% after Hurricanes Helene and Milton. 3Q26's 7.6% share is the lowest for roofing since just before Hurricane Irma made landfall in 2017.

Florida re-roof share of all Florida permits, percent, by quarter

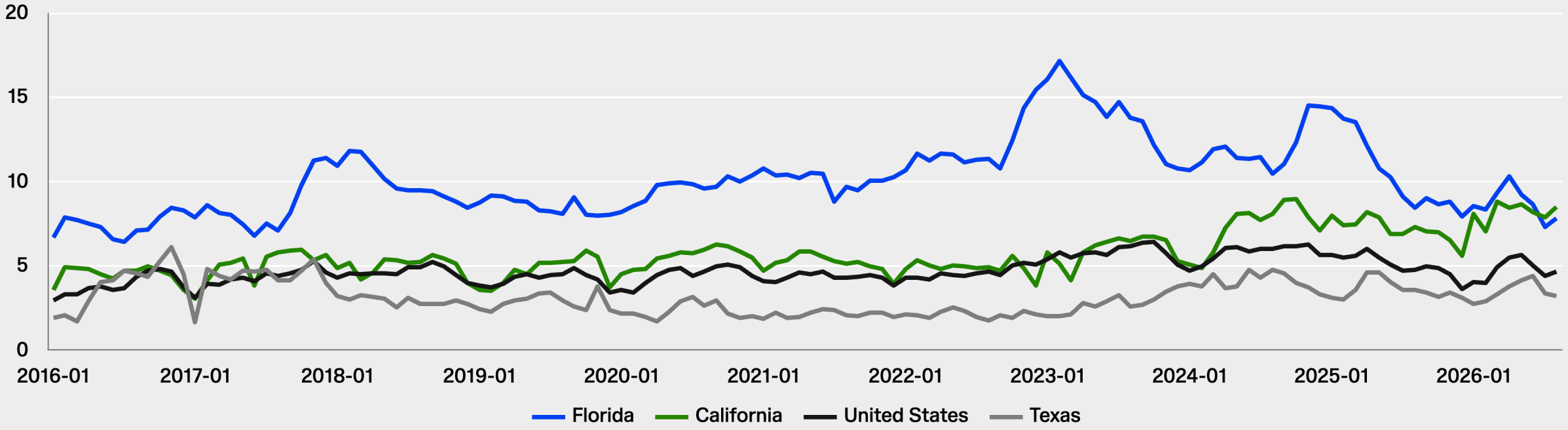


Source: Carbon Arc Housing Permits – CA002

Re-roofing share of permits returning to historic baseline

Re-roofing's share of permits issued in the U.S. peaked in 2023 and 2024 and is now hovering around its historic baseline of 4-5%. Activity in California is significantly above historic levels, surpassing Florida's fair-weather declines.

Re-roofing as a share of all permits issued, percent, monthly

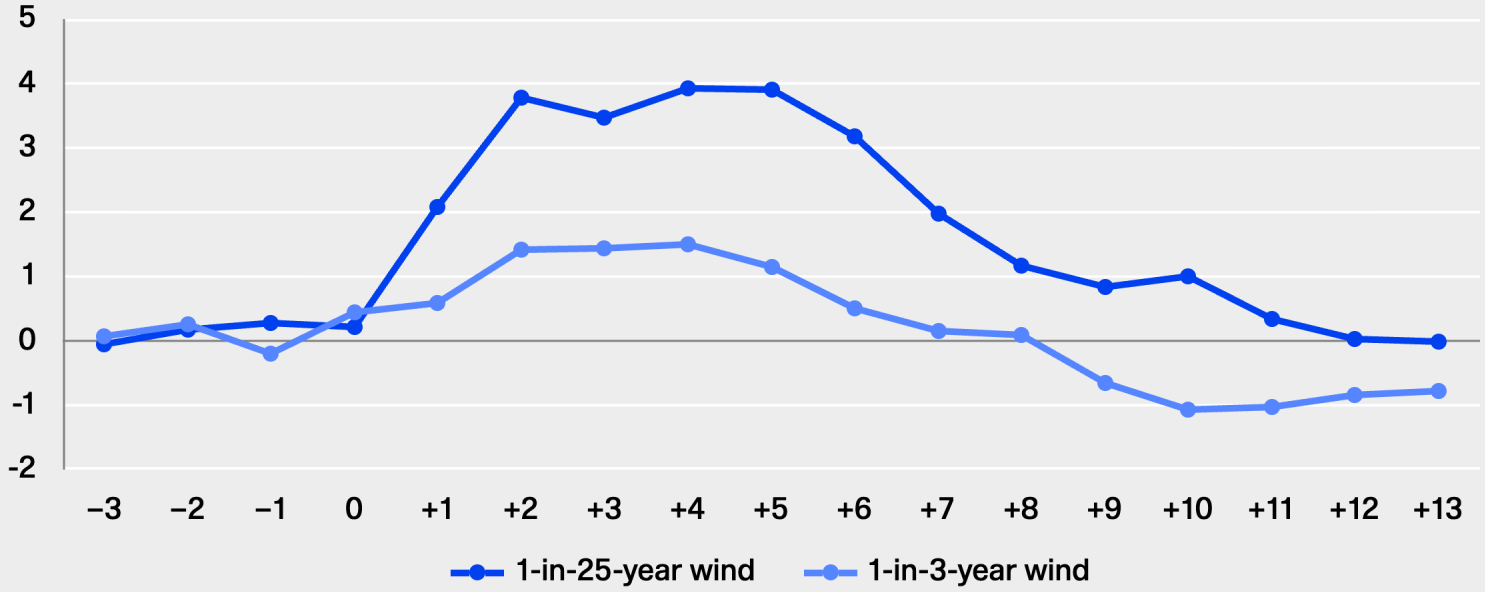


Source: Carbon Arc Housing Permits – CA002

Rare storms create demand; minor storms pull it forward

1-in-25-year storms, all of them named hurricanes (over the last 10 years), drove re-roofing's share of permits up an average of 3pp in the first seven months after landfall. More common storms also lift activity, but demand softens below baseline after 9 months, suggesting a pull-forward rather than creation of new demand. Two weeks ago, Isaias became the first hurricane to hit the U.S. since 2024.

Re-roof share of permits, percentage points versus month of landfall



"I think it's been soft all year, but I think it makes it weaker when you have two years with no landfall hurricane."

Shingle manufacturer

North America · $2B

Transcript 10062603040

Source: Carbon Arc Housing Permits – CA002, Carbon Arc – Extreme Weather Data – CA0059

Transcripts corroborate weakening demand from lack of storms

Call transcripts point to roofing contractors and suppliers in Florida struggling with a lack of storm-driven repairs.

"That's really been the challenge for us this year is the leak calls, the repair calls, they're really not coming in at the level we would have expected."

Contractor

Texas and Florida · $13M · 7 Oct 2026

Transcript 10072603042

"No one I've ever talked to in Florida in the last couple years is doing well."

Roofing roll-up CEO

Seven states · $150M · 12 Oct 2026

Transcript 10122603046

"The only thing that can help volume on the residential side is probably going to be storm activity."

Shingle manufacturer

North America · $2B · 1 Sep 2026

Transcript 09012603027

Supply-side outlook improves slightly in October, still leaning neutral

In repeated monthly conversations, experts were asked: over the next three to six months, do you expect business conditions to improve, remain the same, or get worse? Answers are verbatim.

Executive	August	September	October
Shingle manufacturer North America · $2B	—	**“I would say they get worse... short of a storm”**	**“They'll probably get worse before they improve”**
Buying co-operative National · $1B	—	**“They're going to remain the same... struggling till we maybe get into Q2 of ’27”**	**“I'd say they remain the same”**
Storm restoration Colorado and Florida · $18M	**“If we don't get a storm, Colorado market's going to be kind of staying flat”**	**“Remain the same, at least within my predominant Colorado market”**	**“My Q4s are typically... my lowest revenue points”**
Contractor Texas and Florida · $13M	**“I expect them to improve”**	**“I think things will improve. I want to be optimistic”**	**“I think they'll improve slightly”**
Re-roof contractor Washington · $10M	**“I expect them to get better”**	**“Three to six months it's going to fall and it's going to be expected”**	**“I'd say that we can still improve”**

What the panel expects in 2027

In the same monthly conversations, experts were asked for their outlook on 2027. Manufacturers expect continued weakness in 2027, while contractors are forecasting an improvement.

Who	Their call on 2027
Shingle manufacturer · $2B	**“Pessimistic for the first six or eight months.”**
Buying co-operative · $1B	**“We're really expecting a similar ’27 that we saw in ’26.”**
Building-materials distributor · $1B	**“In 2027 we'll start very slow for roofing”**
Roofing roll-up · 7 states · $150M	**“I think it'll be just a good year. I don't think it's going to be a banner”**
Storm restoration · CO and FL · $18M	**“I would be surprised if we didn't have a big storm year in 2027”**
Commercial contractor · South FL	**Revenue up 10 to 15%, margins up 0 to 100bps, helped by a shakeout of weaker competitors**
Contractor · Washington · $10M	**Stronger, targeting +10%**