

## Homebuilders

# 4Q23 quarterly market share tracker: Public builder share near new highs

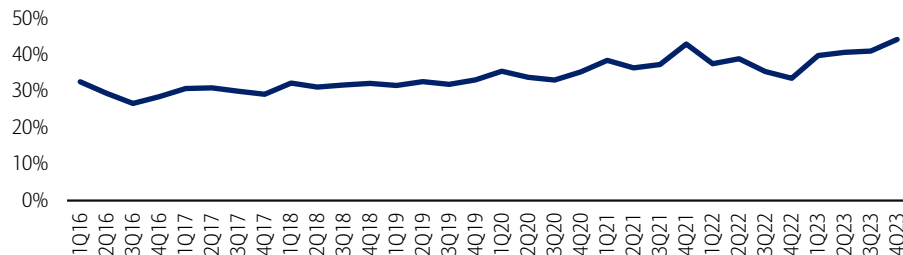
Industry Overview

## Public builders share gain accelerated in 4Q23

In 4Q23, major public homebuilders' net orders (in units) increased approximately 44% YoY compared to a 9.2% YoY increase in non-seasonally adjusted new home sales (NHS). Aggregate public builders' net orders in 4Q23 accounted for 41.8% of the 143K new home sales (up from 33.5% in 4Q22 and slightly above 41.0% in 3Q23). Public builder market share has increased since 2015 when the public builders held around 30% of share. We expect public builders to continue to outperform private builders in a higher rate environment given: 1) public (equity and debt) homebuilders have lower financing cost on work-in-progress and interest carry for land, and 2) public homebuilders have been able to use mortgage rate buydowns more effectively. In addition, The National Association of Home Builders (NAHB) survey indicates credit for Acquisition, Development & Construction Loans remained tight (although improved sequentially). Average contract interest rate for loans increased from 7.78% to 8.12% for land development and fell 8.66% to 8.41% for spec SF construction in 4Q23.

### Exhibit 1: Major public homebuilder net orders as a % of new home sales

Public homebuilders share in 4Q23 was 10% higher than in 4Q22



Source: Company Data, US Census Bureau

Homebuilders include: DHI, LEN, TOL, PHM, NVR, KBH, MTH, MDC, TMHC, CCS, LGIH, DFH

Note: New home sales are reported on a gross basis, while public builders report orders on a net basis, so in periods of high cancellations (similar to 3Q22/4Q22) our analysis understates the public builder market share relative to the industry.

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## Homebuilder orders slightly lower than normal seasonality

In 4Q23, major public homebuilders net orders were roughly 63K compared to 44K in 4Q22 and +24.0% from 51K pre-COVID (4Q19). Sequentially, public homebuilder orders decreased roughly (7.7%) QoQ (vs. 14.4% decrease in new home sales) in 4Q23 compared to pre-COVID seasonality of (6.5%). New home sales were weak as mortgage rates peaked in October but rebounded as mortgage rates fell in at the end of 2023.

## The big getting bigger; DHI, LEN, PHM, NVR all gain share

D.R. Horton passed Lennar as the largest builder by orders (units) while PulteGroup and NVR remained #3 and #4, respectively. On a trailing twelve-month basis, D.R. Horton (DHI), Lennar (LEN), PulteGroup (PHM), and NVR (NVR) had the largest market share gains in 4Q23 while KB Home (KBH) and Dream Finders Homes (DFH) market share stayed flat YoY.

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SF: Single Family

**Exhibit 2: Publicly traded homebuilders market share (based on new home sales) by year**

Public homebuilders market share rose to 41.8% in 4Q23 compared to 33.5% in 4Q22

New Orders/NHS - Market share	4Q23	4Q22	4Q21	4Q20	4Q19	4Q18	4Q17	4Q16	4Q15
D.R. Horton (DHI)	12.6%	10.2%	13.0%	10.1%	8.5%	8.8%	7.5%	7.3%	7.1%
Lennar Corp (LEN)	12.1%	10.1%	9.4%	7.5%	8.5%	8.5%	7.5%	7.5%	7.7%
PulteGroup (PHM)	3.7%	3.0%	4.1%	3.5%	3.7%	3.4%	3.3%	3.3%	3.2%
NVR, Inc (NVR)	3.1%	3.2%	3.4%	2.7%	2.9%	3.1%	3.0%	2.9%	2.7%
Meritage Homes Corp. (MTH)	1.7%	1.4%	2.0%	1.6%	1.4%	1.3%	1.2%	1.2%	1.4%
Taylor Morrison (TMHC)	1.4%	1.4%	1.9%	1.8%	1.7%	1.4%	1.3%	1.4%	1.3%
Century Communities (CCS)	1.4%	1.0%	1.6%	1.3%	1.2%	1.0%	0.6%	0.5%	0.4%
Toll Brothers (TOL)	1.4%	1.1%	1.8%	1.4%	1.2%	1.1%	1.3%	1.2%	1.1%
KB Home (KBH)	1.3%	0.5%	2.1%	1.9%	1.8%	1.6%	1.6%	1.8%	1.7%
LGI Homes (LGIH)	1.3%	0.7%	0.9%	1.4%	1.4%	1.0%	0.9%	0.6%	0.5%
M.D.C Holdings (MDC)	0.9%	0.1%	1.6%	1.3%	1.0%	0.8%	0.9%	0.8%	0.9%
Dream Finders Homes (DFH)	0.7%	0.8%	1.2%	0.7%	--	--	--	--	--
Total	41.8%	33.5%	42.9%	35.3%	33.1%	32.1%	29.1%	28.5%	28.1%

Source: Company Data. US Census Bureau

Homebuilders include: DHI, LEN, TOL, PHM, NVR, KBH, MTH, MDC, TMHC, CCS, LGIH, DFH

TOL and DHI Qs are corrected to match the rest of the companies

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**Exhibit 3: TTM Publicly traded homebuilders market share (based on new home sales) by year**

Public homebuilders market share rose sharply to 42.0% in 4Q23, as compared to 36.6% in 4Q22

New Orders/NHS - Market share (TTM)	4Q23	4Q22	4Q21	4Q20	4Q19	4Q18	4Q17	4Q16	4Q15
D.R. Horton (DHI)	12.7%	10.6%	10.7%	10.4%	8.6%	8.6%	7.8%	7.5%	7.6%
Lennar Corp (LEN)	10.5%	9.5%	8.4%	6.8%	7.5%	7.8%	7.4%	7.4%	7.8%
PulteGroup (PHM)	4.4%	3.6%	4.1%	3.6%	3.7%	3.7%	3.7%	3.6%	3.6%
NVR, Inc (NVR)	3.3%	3.0%	2.9%	2.8%	2.9%	3.0%	2.9%	2.8%	2.8%
Meritage Homes Corp. (MTH)	2.0%	1.8%	1.8%	1.7%	1.4%	1.3%	1.3%	1.3%	1.4%
Taylor Morrison (TMHC)	1.7%	1.5%	1.9%	1.8%	1.5%	1.4%	1.4%	1.3%	1.3%
KB Home (KBH)	1.7%	1.7%	2.1%	1.6%	1.9%	1.8%	1.8%	1.8%	1.8%
Toll Brothers (TOL)	1.3%	1.1%	1.6%	1.3%	1.2%	1.3%	1.4%	1.2%	1.2%
Century Communities (CCS)	1.3%	1.2%	1.6%	1.3%	1.2%	0.9%	0.6%	0.5%	0.5%
LGI Homes (LGIH)	1.2%	0.8%	1.2%	1.3%	1.2%	1.0%	1.0%	0.7%	0.7%
M.D.C Holdings (MDC)	1.1%	0.8%	1.4%	1.3%	1.1%	1.0%	0.9%	1.0%	1.0%
Dream Finders Homes (DFH)	0.9%	0.9%	0.9%	0.2%	--	--	--	--	--
Total	42.0%	36.6%	38.6%	34.3%	32.3%	31.8%	30.2%	29.2%	29.8%

Source: Company Data. US Census Bureau

Homebuilders include: DHI, LEN, TOL, PHM, NVR, KBH, MTH, MDC, TMHC, CCS, LGIH, DFH

TOL and DHI Qs are corrected to match the rest of the companies

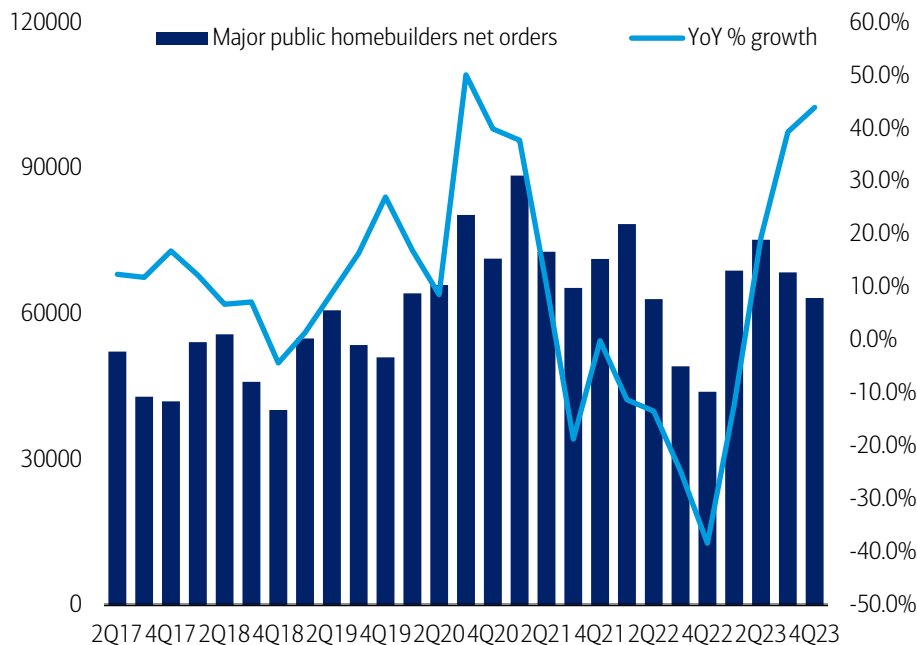
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**Homebuilders' orders increased 44% YoY**

In 4Q23, major public homebuilders net orders increased 44% YoY. Public homebuilders' orders were 63.2K in 4Q23 compared to 43.9K in 4Q22 and 51.0K in 4Q19. Sequentially, public homebuilders fell roughly (7.7%) QoQ in 4Q23.

**Exhibit 4: Major public homebuilder net orders**

Public homebuilders net orders increased 44% YoY in 4Q23



Source: Company Data. Homebuilders include: DHI, LEN, TOL, PHM, NVR, KBH, MTH, MDC, TMHC, CCS, LGIH, DFH

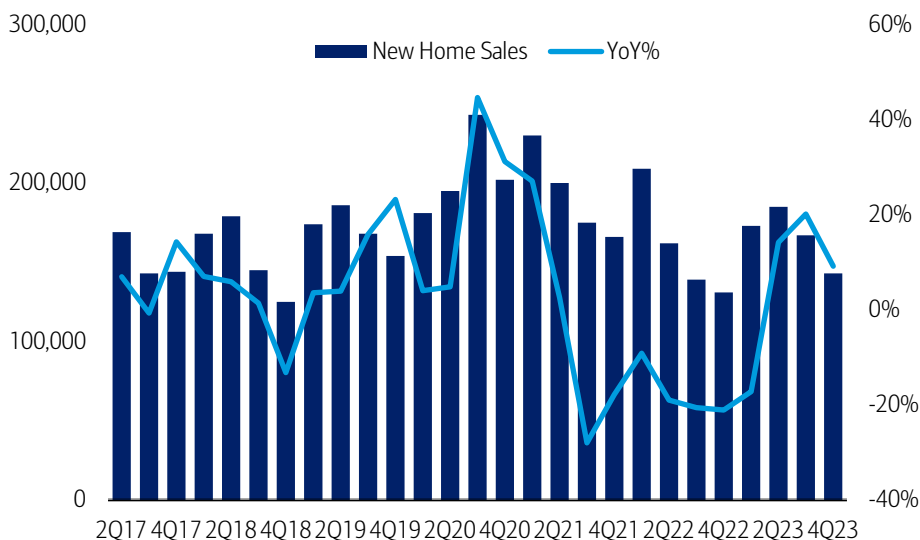
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**New home sales increased 9.2% YoY in 4Q23**

In 4Q23, new home sales (NHS) increased 9.2% YoY, representing a total of 143K homes compared to 131K in 4Q22. Sequentially, NHS fell (14.4%) QoQ in 4Q23. New home demand remains elevated due to historically low existing home inventory, despite higher mortgage rates.

**Exhibit 5: New Home sales**

New Home sales increased 9.2% YoY representing a total of 143,000 in 4Q23



Source: U.S. Census Bureau

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