

Homebuilder Industry: Customers and Suppliers

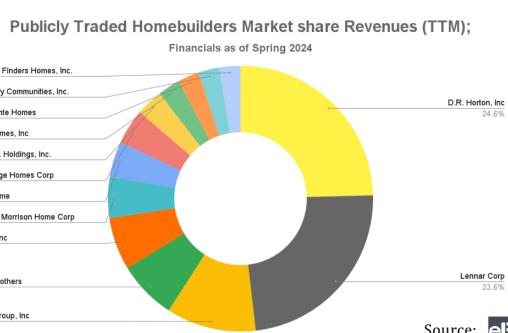
Customers		Suppliers	
	Individual homebuyers <ul style="list-style-type: none"> First-time buyers Move-up buyers Downsizers 		Land Developers / Lot Providers <ul style="list-style-type: none"> Developers that buy raw land, entitle it, and sell finished lots to builders. Land is the largest cost input (~20–25% of total)
	Investors <ul style="list-style-type: none"> Individuals and companies who buy homes as rental properties or fix-and-flip investments 		Construction Materials <ul style="list-style-type: none"> Lumber, concrete, roofing, windows, doors, appliances, HVAC, etc.
	Property developers and builders <ul style="list-style-type: none"> Commercial developers: apartment complexes, office buildings, shopping centers etc. Others 		Trade Labor / Subcontractors <ul style="list-style-type: none"> Framers, plumbers, electricians, roofers — usually hired on contract.
	Institutional and government clients <ul style="list-style-type: none"> Government: public works, housing projects Institutions: new facilities or renovations Non-profit: community projects 		Financing & Services <ul style="list-style-type: none"> Mortgage lenders, title companies, inspection and utility providers.
			Logistics & Equipment Providers <ul style="list-style-type: none"> Equipment rental, transport firms, IT systems (ERP, BIM, etc.).

[Industry Overview](#)
[KPIs, Drivers and Data](#)
[Forecast](#)

Homebuilder Industry: Competitors

 DR HORTON <small>America's Builder</small>	Entry-level homes; vertically integrated lot sourcing via Forestar
 LENNAR	Broad mix from entry to move-up; known for efficiency and scale
 PULTEGROUP	Move-up and active adult; multi-brand portfolio (Centex, Del Webb)
 Toll Brothers <small>AMERICA'S LUXURY HOME BUILDER</small>	Luxury focus
 NVR	Asset-light model (doesn't own land). Entry-level expansion focus
 Meritage Homes	Entry-level expansion focus
 kb HOME	Build-to-order model

Segment	Who They Are	Representative Companies	Strategic Focus
National Public Builders	Biggest national homebuilders, publicly traded	D.R. Horton, Lennar, PulteGroup, Toll Brothers, NVR	Operate nationwide; have scale, brand recognition, and detailed public data
Regional / Private Builders	Medium-sized builders focused on certain states or metro areas	Tri Pointe, Taylor Morrison, LGI, Century Communities	Regional specialization, exposure to local markets
Substitutes / Adjacent	Other sources of new housing supply	Build-to-rent developers (Invitation Homes, AMH), Custom builders, Manufactured housing firms (Clayton Homes, Skyline Champion)	Compete for similar buyers; influence pricing and demand for new homes

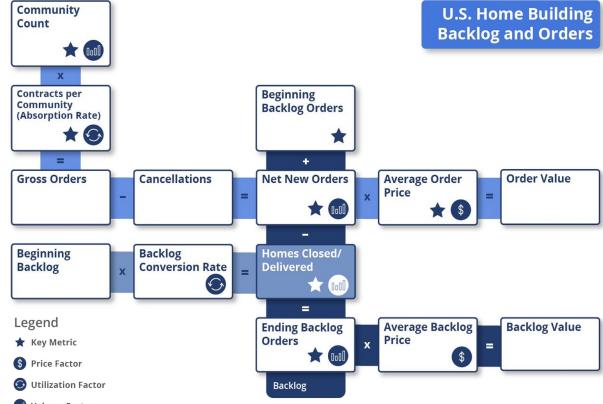


The homebuilder industry is moderately consolidated, with the top 10 public builders controlling ~40% of the new-home market (2024, NAHB). Scale and geographic diversification are key competitive advantages.

[Industry Overview](#)
[KPIs, Drivers and Data](#)
[Forecast](#)

Key KPIs and Drivers Across the Homebuilder Value Chain



Stage	Key KPI	Typical Drivers	U.S. Home Building Backlog and Orders
Demand	Net New Orders, Absorption Rate	Mortgage rates, affordability, consumer sentiment, employment	
Pipeline	Backlog Units, Backlog Conversion Rate, Cancellation Rate	Build cycle time, buyer confidence, interest rate volatility	
Production	Housing Starts, Construction Cycle Time	Labor availability, materials cost, weather	
Profitability	Gross Margin, EBIT Margin, pre-tax margin, Average Selling Price (ASP)	Land cost, materials, pricing power, incentives	
Financial Outcomes	Earnings, ROE, Cash Conversion, Debt-to-Capital	Leverage, capital allocation, inventory turnover	<p><i>Mortgage rates and affordability drive the front end of the cycle, while execution speed and cost control determine how much of that demand converts into earnings.</i></p>

Industry Overview

KPIs, Drivers and Data

Forecast

Public Data Sources



Core industry KPIs FRED / Census

Housing Starts (HOUST), Building Permits (PERMIT), New Home Sales

Leading indicator of demand MBA Weekly Survey

Mortgage rates, applications

Leading sentiment driver NAHB / Wells Fargo HMI

Builder confidence index

Real-time proxy for demand Google Trends

Mortgage rates, applications

Cost & Labor Drivers BLS / BEA

Employment, construction labor cost, materials cost

Company Fundamentals Company Filings / SEC

Gross Margin, EPS, ROE, Orders, Backlog, ASP, Land Pipeline

Industry Overview

KPIs, Drivers and Data

Forecast

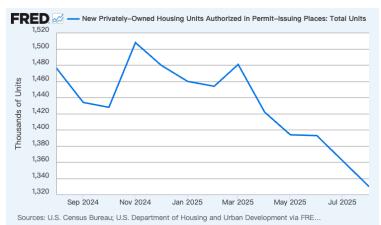
Qualitative Forecasting

Goal: U.S. Housing Starts (HOUST) - Sep-2025



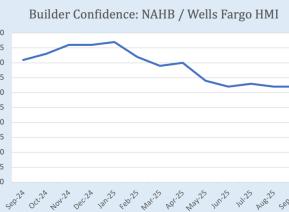
Building Permits

- ~1.33 M, slightly above current starts (1.31 M)
- Down 2.4 % MoM (Aug 2025)
- Down 11 % YoY



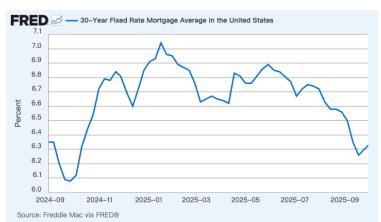
Builder Confidence

- September 2025: 32 (unchanged MoM)
- Down from 41 in the same month last year



Mortgage Rate

- September 2025: 6.26–6.5 %
- Down from August (6.56–6.63 %)
- Similar or slightly above last year (6.08–6.35 %)



Google Trends

- No major change in “new homes near me” or “mortgage rate”
- Slight uptick in “new homes” searches



Forecast: ~1.34M

vs Aug-2025: +2.5% MoM
vs Sep-2024: -1.3% YoY

Industry Overview

KPIs, Drivers and Data

Forecast

Quantitative Forecasting – SARIMAX Model



Model

$$\Delta Y_t = c + \varphi_1 \Delta Y_{t-1} + \theta_1 \varepsilon_{t-1} + \beta_1(\text{Permit}_{t-1}) + \beta_2(\text{MortgageRate}_t) + \varepsilon_t$$

Forecasts housing starts from past patterns, last month's permits, and current mortgage rates.

Model Fit

Factors	Coefficient	P-value	significant
Building Permits (Lagged)	0.69	0.000	✓
Mortgage Rates	-29.5	0.000	✓

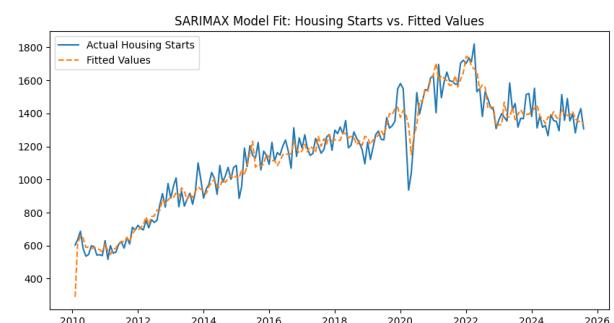
Model fit: captures short-term fluctuations and long-term trends well

SARIMAX Model

- Forecasts future values using **past patterns**
- Captures **trend** and **seasonal cycles**
- Includes **external factors** (e.g., permits, mortgage rates)

Forecast

- 1.34 million**
- Range (95% confidence interval): 1.19M – 1.49M



Industry Overview

KPIs, Drivers and Data

Forecast

Customers & Industry Segments

- Building Radar — *Who Are the Customers of a Construction Company?* <https://www.buildingradar.com/construction-blog/who-are-the-customers-of-a-construction-company>

Competitors & Market Structure

- eInvesting for Beginners — *Publicly Traded Home Builders: 2024 Results.* <https://einvestingforbeginners.com/publicly-traded-home-builders-report-spring-2024-results-schil/>
- Eye on Housing (NAHB) — *Top Builder Market Share Across Metros (2025).* <https://eyeonhousing.org/2025/07/top-10-builder-market-share-across-metros/>
- NAHB — *Pro Builder Housing Giants (2024).* <https://www.nahb.org/blog/2024/06/pro-builder-housing-giants>
- Wikipedia — Company Background & Industry Overview. <https://www.wikipedia.org>

KPIs & Industry Frameworks

- R2 Management Partners — *KPIs Every Home Builder Must Track.* <https://r2managementpartners.com/kpis-every-home-builder-must-track-for-success/>
- S&P Global — *Visible Alpha: Guide to Home Building KPIs (PDF).* <https://www.spglobal.com/content/dam/spglobal/mi/en/documents/solutions/visible-alpha-guide-to-home-building-kpis.pdf>

Industry Data & Indicators

- FRED — Housing Starts (HOUST), Building Permits (PERMIT), Mortgage Rates (MORTGAGE30US). <https://fred.stlouisfed.org>
- Google Trends — Search interest for “new homes.” <https://trends.google.com/trends/explore?date=2024-05-01%202025-11-05&geo=US&q=new%20homes>
- NAHB — *Housing Market Index (HMI).* <https://www.nahb.org/news-and-economics/housing-economics/indices/housing-market-index>

Industry Overview**KPIs, Drivers and Data****Forecast**