PulteGroup Inc. (PHM)

Updated October 22nd, 2025 by Quinn Mohammed

Key Metrics

Current Price:	$121	**5 Year CAGR Estimate:**	5.4%	**Market Cap:**	$24 B
Fair Value Price:	$108	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date[1]:**	12/17/2025
% Fair Value:	112%	**5 Year Valuation Multiple Estimate:**	-2.2%	**Dividend Payment Date[1]:**	01/03/2026
Dividend Yield:	0.7%	**5 Year Price Target**	$151	**Years Of Dividend Growth:**	6
Dividend Risk Score:	B	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

PulteGroup was founded in 1950 by Bill Pulte. The company has delivered more than 800,000 homes across the United States. It is the nation's third largest homebuilders and has operations in over 45 major cities. The company is marketed under the following brands: Pulte, Centex, Del Webb, DiVosta, American West, and John Wieland Homes and Neighborhoods. The company caters to the needs of first-time, move-up, luxury and active adult homebuyers. PulteGroup trades on the NYSE under the ticker PHM and is based in Georgia, Atlanta. In 2024, PulteGroup recorded $18 billion in home sale revenues.

PulteGroup reported third quarter 2025 results on October 21st, 2025, for the period ending September 30th, 2025. Home sale revenue for the quarter was $4.2 billion, a 2% year-over-year decrease. The company generated net income of $586 million, or $2.96 per share, a 12% decrease from $3.35 a year ago.

Net new orders decreased by 6% to 6,638 homes. The net new order value also dropped 8% from the prior year to $3.6 billion. Gross margin as a percentage of home sales was 26.2%, down 260 basis points from the year-ago quarter. And the quarter-end backlog decreased by 18% to 9,888 homes valued at $6.2 billion, which is 19% lower than the prior year. Average sales price increased by 3% from the prior year, to $564,000.

The company repurchased 2.4 million of its common shares in the third quarter for $300 million. At the quarter-end, the company had $1.5 billion in cash and a debt-to-capital ratio of 11.2%.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.36	$1.67	$2.24	$3.41	$3.66	$5.18	$7.43	$11.01	$11.72	$14.69	***$11.37***	***$15.95***
DPS	$0.33	$0.36	$0.36	$0.38	$0.45	$0.50	$0.57	$0.61	$0.68	$0.82	***$0.88***	***$1.23***
Shares[2]	349.2	319.1	286.8	277.1	270.2	266.5	259.9	236.2	221.2	209.8	***200.0***	***180.0***

PulteGroup has improved its earnings-per-share at an impressive growth rate in the last ten and five years, boasting a 30% and 32% CAGR, respectively.

The housing market which PulteGroup operates in is still hot, as demand is high, and the supply is very limited. PHM has many brands which allow them to sell to a variety of clientele interested in purchasing housing. Notably, around 60% of closings are attributed to move-up and active-adult buyers, who typically represent higher-margin transactions. The company has a backlog of home orders to construct, but home closings in the most recent period were 5% lower than last year. Cancelations were also up to 12% from 10% in the year-ago quarter.

The increasing average sale price continues to add to the company's earnings growth. Finally, the company's share count has been reduced by more than 5% annually in the last ten years, which significantly increases the earnings-per-share as earnings are spread across fewer outstanding shares.

[1] Estimate
[2] In millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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We estimate the company can deliver 7.0% EPS growth from this relatively high point into 2030. The increase in interest rates and resultant mortgage rates heavily impacted new order levels and cancellations in the first part of 2023, but rates have come down in 2024 and 2025, and we see demand for housing is still very strong, bolstered by population growth. In fact, PulteGroup estimates that the U.S. has a shortage of several million homes.

The corporation's dividend has grown by 11% on average over the past five years, and we estimate it will grow at around 7% in the next five years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.9	11.3	11.3	8.4	9.0	7.5	8.8	5.1	6.0	9.4	***10.6***	***9.5***
Avg. Yld.	1.6%	1.9%	1.4%	1.3%	1.4%	1.3%	1.0%	1.3%	0.9%	0.6%	***0.7%***	***0.8%***

Pulte's price-to-earnings multiple is above our estimate of fair value today at 10.6 based on 2025 forecasted earnings, implying a small negative change in the valuation. PHM is not an income stock with its yield of just 0.7%, and we expect the yield to remain around here as the company prefers to repurchase shares and invest in the business.

Safety, Quality, Competitive Advantage, & Recession Resiliency

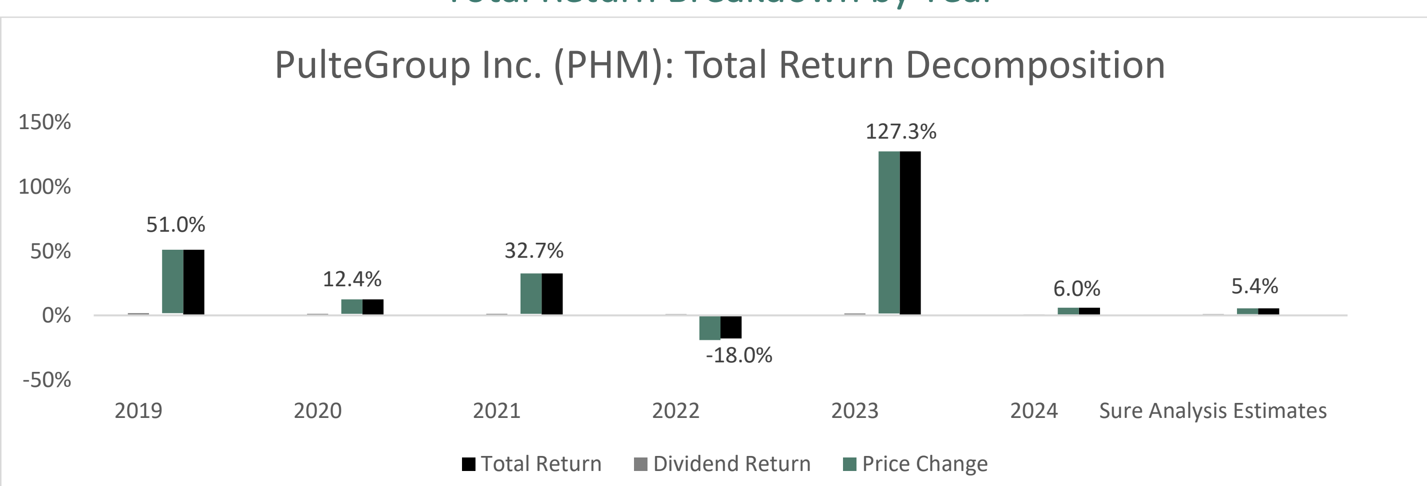
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	24%	22%	16%	11%	12%	10%	8%	6%	6%	6%	***8%***	***8%***

The payout ratio remains exceptionally low so the dividend is safe and should continue to grow in the years to come at roughly the rate of earnings. However, PulteGroup is more interested in investing for growth than it is in becoming an income stock. PulteGroup is not recession resistant and was clobbered in the Great Financial Crisis. In fact, the corporation reported higher net income per share in 2005 than it did in 2020. From 2007 to 2011, the company reported net losses and slashed its dividend to zero. While the company is benefiting from strong demand today, interest rates and housing demand can cause volatile earnings in a recession. We don't see any significant competitive advantage over its peers, but we like the fact that PHM has different banners catering to a variety of client types.

Final Thoughts & Recommendation

We see PulteGroup as a strong company in the homebuilding market, and PHM is forecasted to generate 5.4% total annual returns over the next five years, comprised of the 0.7% starting yield and 7.0% EPS growth, partly offset by 2.2% P/E multiple compression. We are downgrading PulteGroup to hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5,982	7,677	85,78	10,188	102,13	11,036	13,927	16,229	16060	17950
Gross Profit	1,628	1,948	1,863	2,373	2,397	2,778	3,782	4,834	4719	5221
Gross Margin	27.2%	25.4%	21.7%	23.3%	23.5%	25.2%	27.2%	29.8%		29.1%
SG&A Exp.	795	957	892	1,012	1,044	1,011	1,209	1,381	1313	1321
D&A Exp.	46	54	51	49	54	66	70	71	81	89
Operating Profit	820	977	957	1,348	1,339	1,747	2,557	3,442	3396	3900
Operating Margin	13.7%	12.7%	11.2%	13.2%	13.1%	15.8%	18.4%	21.2%		21.7%
Net Profit	494	603	447	1,022	1,017	1,407	1,946	2,617	2602	3083
Net Margin	8.3%	7.9%	5.2%	10.0%	10.0%	12.7%	14.0%	16.1%		17.2%
Free Cash Flow	-383	29	631	1,389	1,018	1,726	931	556	2105	1562
Income Tax	322	331	492	326	323	322	564	822	2602	923

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	9,189	10,178	9,687	10,173	10,716	12,205	13,353	14,797	16090	17360
Cash & Equivalents	754	699	273	1,110	1,218	2,582	1,779	1,053	1807	1613
Accounts Receivable	363	307	213	153	118	69	57	44	27	
Inventories	5,450	6,771	7,147	7,253	7,681	7,722	9,048	11,326	11800	12670
Goodwill & Int. Ass.	110	155	141	127	125	163	147	136	125	115
Total Liabilities	4,430	5,519	5,533	5,355	5,257	5,636	5,863	5,882	5704	5242
Accounts Payable	328	405	394	352	436	511	621	566	619	728
Long-Term Debt	2,378	3,461	3,445	3,376	3,092	3,164	2,655	2,632	2462	2145
Shareholder's Equity	4,759	4,659	4,154	4,818	5,458	6,570	7,490	8,914	10380	12120
LTD/E Ratio	0.50	0.74	0.83	0.70	0.57	0.48	0.35	0.30	0.24	0.18

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.6%	6.2%	4.5%	10.3%	9.7%	12.3%	15.2%	18.6%	16.9%	18.4%
Return on Equity	10.3%	12.8%	10.1%	22.8%	19.8%	23.4%	27.7%	31.9%	27.0%	27.4%
ROIC	7.1%	7.9%	5.7%	12.9%	12.1%	15.4%	19.6%	24.1%	21.3%	22.7%
Shares Out.	349.2	319.1	286.8	277.1	270.2	266.5	259.9	236.2	221.2	209.8
Revenue/Share	16.63	22.44	27.96	35.77	37.10	40.96	53.58	68.72	72.62	85.53
FCF/Share	-1.06	0.08	2.06	4.88	3.70	6.41	3.58	2.35	9.52	7.45

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.