Toll Brothers, Inc. (TOL)

Updated December 15th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	$141	**5 Year CAGR Estimate:**	6.6%	**Market Cap:**	$13 B
Fair Value Price:	$116	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date[1]:**	01/10/26
% Fair Value:	121%	**5 Year Valuation Multiple Estimate:**	-3.8%	**Dividend Payment Date:**	01/24/26
Dividend Yield:	0.7%	**5 Year Price Target**	$188	**Years Of Dividend Growth:**	6
Dividend Risk Score:	A	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Toll Brothers, Inc. is a leading U.S. luxury home builder, the 4th largest by revenues. The company builds homes in more than 60 markets across 24 states. It also operates architectural, engineering, mortgage, title, land development, insurance, home technology and landscape subsidiaries, and develops master-planned and golf course communities. Toll Brothers was founded in 1967, is headquartered in Fort Washington, Pennsylvania, and has a market capitalization of $13 billion. It delivered 11,292 homes in 2025, collecting $10.8 billion of home sales revenues.

On December 8th, 2025, Toll Brothers reported fourth quarter 2025 results for the period ending October 31, 2025. For the quarter, the company produced $3.4 billion of home sales revenues, up 5% year-over-year. It delivered 3,443 homes at an average price of $988K. Quarterly net income declined from $475 million to $447 million, and EPS fell 1.1% to $4.58 from $4.63. The backlog at the end of the quarter was valued at $5.5 billion, a 15% decrease over Q4 2024, and comprised 4,647 units, which declined 22%.

Leadership provided its first quarter and FY 2026 outlook. In the next quarter, it expects to deliver 1,850 units at an average price of approximately $990K. For the full year, Toll Brothers expects to deliver 10,300 to 10,700 units at an average price per home of $980K.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.18	$3.17	$4.85	$4.03	$3.40	$6.63	$10.90	$12.36	$15.01	$13.49	***$12.94***	***$20.84***
DPS	-	$0.24	$0.41	$0.44	$0.44	$0.62	$0.77	$0.83	$0.90	$0.98	***$1.00***	***$1.61***
Shares[2]	168.3	162.2	152.0	145.0	130.1	124.1	116.8	110.0	103.7	99.0	***96.0***	***78.3***

Toll Brothers' EPS has soared in the last decade. Over the last nine and five years, the company has enhanced its EPS by 22.4% and 31.7% CAGR.

The number of households and families in the United States has been growing at a faster pace than the number of new homes being built. As a result, the U.S. is undersupplied by millions of units, driving scarcity for Toll Brothers' product as the demand remains very high. Furthermore, the current stock of existing homes is aging, making new homes more appealing.

Toll Brothers only started paying a dividend in 2017, but has since increased it every single year except for 2020, in light of the pandemic. However, its dividend is now double what it was during the pandemic, and TOL has increased its dividend at a CAGR of 15.9% over the last five years. Toll Brothers should have little problem in further improving its dividend by 10% annually over the next five years. Its payout ratio is remarkably low and its EPS growth trajectory can support this.

The share count of Toll Brothers has declined at a fast rate over the last decade. It has reduced its float by -5.7% CAGR since 2016. And in FY 2025, 2024 and 2023, it repurchased $652M, $627M and $562M of its common stock.

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[1] Estimated date.

[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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Furthermore, since 2016, Toll Brothers has repurchased over 91 million shares at an average price of approximately $50, which has been highly accretive given the current stock price of TOL is now $141.

We believe Toll Brothers could achieve $12.94 in EPS for 2026, and deliver 10% annual EPS growth through 2031.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	13.1	12.3	8.0	9.3	11.2	8.9	4.5	5.8	8.6	9.0	***10.9***	***9.0***
Avg. Yld.	-	0.3%	1.0%	1.2%	1.3%	0.9%	1.5%	1.2%	0.7%	0.8%	***0.7%***	***0.9%***

Over the last ten and five years, Toll Brothers traded at an average P/E ratio of 9.1 and 7.4, respectively. We peg fair value for the stock at 9.0 times earnings, while it currently trades at 10.9 times earnings. As a result, we forecast a headwind to total returns from valuation compression. The dividend is likely to remain below 1% for the foreseeable future, as Toll Brothers is not an income stock, and likely won't be in the near term.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	-	8%	8%	11%	13%	9%	7%	7%	6%	7%	***8%***	***8%***

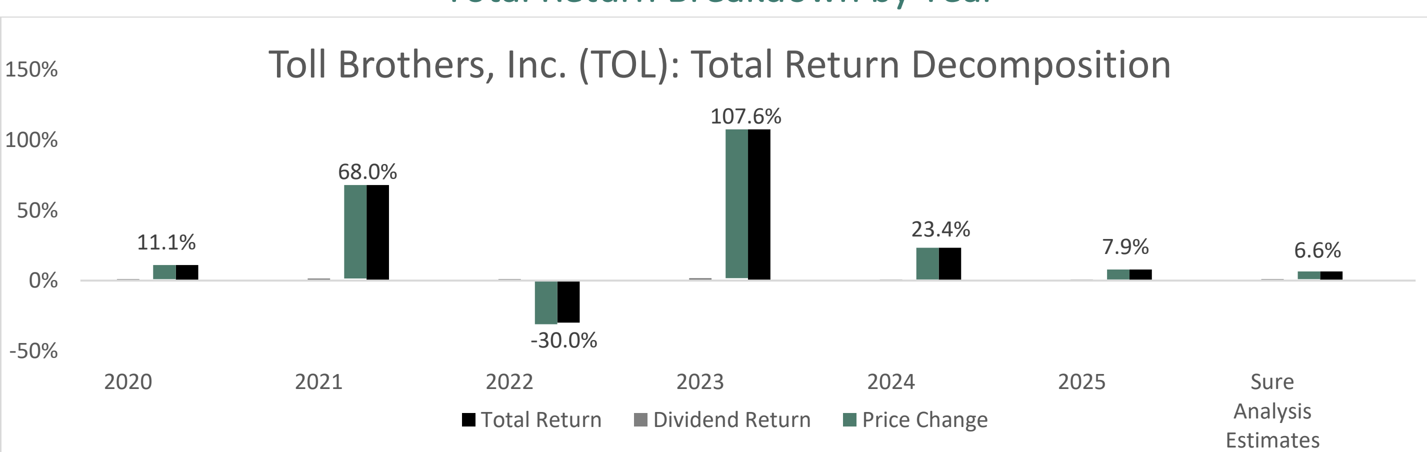
Toll Brothers operates in markets where land approvals are more challenging, which means high barrier to entry for competitors, whereas it already possesses a strong foothold and knowledge in these areas. Furthermore, it caters to a wide range of consumers by offering a varied product line of houses, such as luxury mid- and high-rise urban for-sale communities, luxury first-time homes aimed at millennials, luxury move-up homes, and master-planned communities.

As of October 31st, 2025, the company had $3.5 billion total liquidity, which includes $1.26 billion of cash and equivalents, and a net debt-to-capital ratio of 15.3%. It received a Baa2 credit rating from Moody's, BBB from S&P and BBB+ from Fitch. Furthermore, its dividend payout ratio is extremely low at just 8% of EPS, and combined with its strong EPS growth rate, Toll Brothers has the capacity to continue raising the dividend for years to come. Of course, tariffs on lumber are now a headwind to the homebuilding industry which is likely to have a negative impact on the profitability of the business.

Final Thoughts & Recommendation

Toll Brothers is the 4th largest U.S. homebuilder by revenues. Shares of TOL have increased by 12% year-to-date, while the S&P 500 Index rose by 13%. From here on out, we forecast Toll Brothers could deliver 6.6% annualized total returns through 2031, comprised of 10% EPS growth, and the 0.7% dividend yield, partly offset by -3.8% P/E multiple compression. Toll Brothers maintains a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	5,170	5,815	7,143	7,224	7,078	8,790	10,276	9,995	10,847	10,970
Gross Profit	1,025	1,253	1,606	1,560	1,418	1,943	2,486	2,634	3,022	2,847
Gross Margin	19.8%	21.5%	22.5%	21.6%	20.0%	22.1%	24.2%	26.4%	27.9%	26.0%
SG&A Exp.	533	606	820	879	867	922	978	909	982	1,034
D&A Exp.	23	25	25	72	69	76	77	76	81	81
Operating Profit	498	653	795	681	550	1,021	1,509	1,725	2,040	1,721
Operating Margin	9.6%	11.2%	11.1%	9.4%	7.8%	11.6%	14.7%	17.3%	18.8%	15.7%
Net Profit	382	535	748	590	447	834	1,287	1,372	1,571	1,346
Net Margin	7.4%	9.2%	10.5%	8.2%	6.3%	9.5%	12.5%	13.7%	14.5%	12.3%
Free Cash Flow	122	833	560	351	899	1,236	915	1,193	937	937
Income Tax	207	279	186	197	140	267	417	470	514	445

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	9,737	9,445	10,245	10,828	11,066	11,538	12,289	12,527	13,368	14,520
Cash & Equivalents	634	713	1,182	1,286	1,371	1,638	1,347	1,300	1,303	1,259
Inventories	7,354	7,281	7,598	7,873	7,659	7,916	8,733	9,058	9,713	10,680
Total Liabilities	5,502	4,908	5,476	5,709	6,138	6,197	6,267	5,714	5,681	6,234
Accounts Payable	282	275	362	349	411	562	619	598	492	616
Long-Term Debt	3,775	3,220	3,698	3,921	3,958	3,563	3,329	2,860	2,833	2,788
Shareholder's Equity	4,229	4,531	4,760	5,072	4,875	5,295	6,006	6,797	7,671	8,271
LTD/E Ratio	0.89	0.71	0.78	0.77	0.81	0.67	0.55	0.42	0.37	0.34

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.0%	5.6%	7.6%	5.6%	4.1%	7.4%	10.8%	11.1%	12.1%	9.7%
Return on Equity	9.0%	12.2%	16.1%	11.9%	8.9%	16.2%	22.6%	21.4%	21.7%	16.9%
ROIC	4.8%	6.8%	9.2%	6.7%	5.0%	9.4%	14.1%	14.4%	15.6%	12.4%
Shares Out.	168.3	162.2	152.0	145.0	130.1	124.1	116.8	110.0	103.7	99.8
Revenue/Share	29.38	34.31	46.32	49.31	53.93	69.87	87.10	90.04	103.61	109.91
FCF/Share	0.70	4.91	3.63	2.39	6.85	9.83	7.76	10.75	8.95	

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