Toll Brothers, Inc. (TOL)

Updated May 24th, 2026 by Quinn Mohammed

Key Metrics

Current Price:	$134	**5 Year CAGR Estimate:**	9.6%	**Market Cap:**	$13 B
Fair Value Price:	$116	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date[1]:**	07/10/26
% Fair Value:	115%	**5 Year Valuation Multiple Estimate:**	-2.8%	**Dividend Payment Date:**	07/24/26
Dividend Yield:	0.8%	**5 Year Price Target**	$205	**Years Of Dividend Growth:**	7
Dividend Risk Score:	A	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Toll Brothers, Inc. is a leading U.S. luxury home builder, the fourth 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 April 21st, 2026, Toll Brothers announced it will acquire Buffington Homes of Arkansas, a private home builder in Fayetteville, Arkansas, which owns or controls more than 1,500 lots in the northwest Arkansas market. The deal is expected to close in Q3. It is Toll' Brothers' sixteenth acquisition since 1995.

On May 19th, 2026, Toll Brothers reported second quarter 2026 results for the period ending April 30th, 2026. For the quarter, the company produced $2.51 billion of home sales revenues, down 7.4% year-over-year. It delivered 2,491 homes at an average price of $1.009M. Quarterly net income decreased 26% from $352 million to $261 million, and EPS fell 22% to $2.72 from $3.50. The backlog at the end of the quarter was valued at $6.32 billion, an 8% decrease over Q2 2025, and comprised 5,394 units, which declined 11%.

Leadership provided its third quarter and FY 2026 outlook. In the next quarter, it expects to deliver 2,650 units at an average price of approximately $970K. For the full year, Toll Brothers now expects to deliver 10,400 to 10,700 units at an average price per home of $993K.

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	***$12.80***	***$22.56***
DPS	-	$0.24	$0.41	$0.44	$0.44	$0.62	$0.77	$0.83	$0.90	$0.98	***$1.04***	***$1.67***
Shares[2]	168.3	162.2	152.0	145.0	130.1	124.1	116.8	110.0	103.7	99.0	***95.5***	***77.9***

Toll Brothers' EPS has soared in the last decade. Over the last nine and five years, the company has increased 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.

We believe Toll Brothers could achieve $12.80 in EPS for 2026, and deliver 12% annual EPS growth through 2031.

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

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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.

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. 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 $134.

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	***10.5***	***9.1***
Avg. Yld.	-	0.3%	1.0%	1.2%	1.3%	0.9%	1.5%	1.2%	0.7%	0.8%	***0.8%***	***0.8%***

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 9.1 times earnings, while it currently trades at 10.5 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%***	***7%***

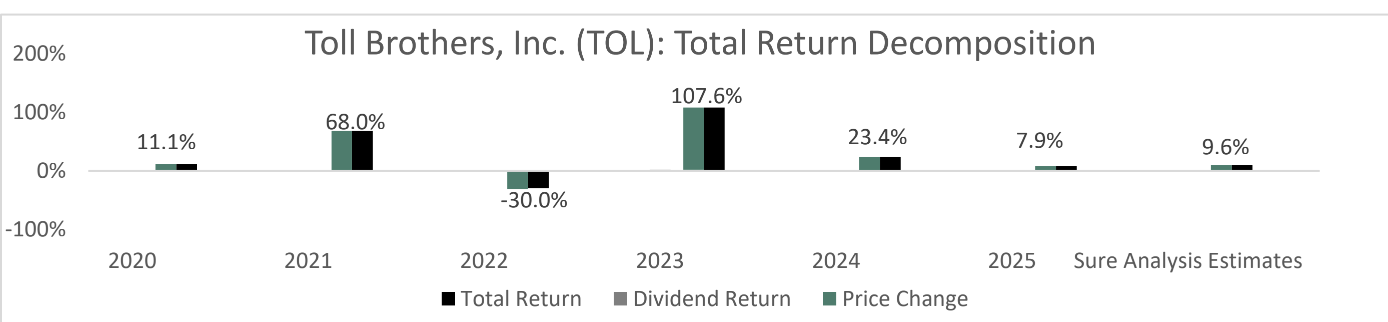
Toll Brothers operates in markets where land approvals are more challenging, which means high barrier to entry for competitors, whereas it already possesses a strong foothold and knowledge in these areas. Furthermore, it caters to a wide range of consumers by offering a varied product line of houses, 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 April 30th, 2026, the company had $3.34 billion total liquidity, which includes $1.1 billion of cash and equivalents, and a net debt-to-capital ratio of 15.4%. 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 fourth largest U.S. homebuilder by revenues. Shares of TOL have rallied 29% in the trailing twelve months, about equivalent to the S&P 500 Index which rose 28%. From here on out, we forecast Toll Brothers could deliver 9.6% annualized total returns through 2031, comprised of 12% EPS growth, and the 0.8% dividend yield, partly offset by -2.8% P/E multiple compression. Toll Brothers maintains a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2018	2019	2020	2021	2022	2023	2024	2025	2025
Revenue	5,170	7,143	7,224	7,078	8,790	10,276	9,995	10,847	10,970	10,970
Gross Profit	1,025	1,606	1,560	1,418	1,943	2,486	2,634	3,022	2,847	2,740
Gross Margin	19.8%	22.5%	21.6%	20.0%	22.1%	24.2%	26.4%	27.9%	26.0%	25.0%
SG&A Exp.	533	820	879	867	922	978	909	982	1,034	1,034
D&A Exp.	23	25	72	69	76	77	76	81	81	82
Operating Profit	498	795	681	550	1,021	1,509	1,725	2,040	1,721	1,707
Operating Margin	9.6%	11.1%	9.4%	7.8%	11.6%	14.7%	17.3%	18.8%	15.7%	
Net Profit	382	748	590	447	834	1,287	1,372	1,571	1,346	1,346
Net Margin	7.4%	10.5%	8.2%	6.3%	9.5%	12.5%	13.7%	14.5%	12.3%	12.3%
Free Cash Flow	122	560	351	899	1,236	915	1,193	937	937	1,026
Income Tax	207	186	197	140	267	417	470	514	445	445

Balance Sheet Metrics

Year	2016	2018	2019	2020	2021	2022	2023	2024	2025	2025
Total Assets	9,737	10,245	10,828	11,066	11,538	12,289	12,527	13,368	14,520	14,520
Cash & Equivalents	634	1,182	1,286	1,371	1,638	1,347	1,300	1,303	1,259	1,259
Inventories	7,354	7,598	7,873	7,659	7,916	8,733	9,058	9,713	10,680	10,680
Total Liabilities	5,502	5,476	5,709	6,138	6,197	6,267	5,714	5,681	6,234	6,234
Accounts Payable	282	362	349	411	562	619	598	492	616	616
Long-Term Debt	3,775	3,698	3,921	3,958	3,563	3,329	2,860	2,833	2,788	2,788
Shareholder's Equity	4,229	4,760	5,072	4,875	5,295	6,006	6,797	7,671	8,271	
LTD/E Ratio	0.89	0.78	0.77	0.81	0.67	0.55	0.42	0.37	0.34	0.35

Profitability & Per Share Metrics

Year	2016	2018	2019	2020	2021	2022	2023	2024	2025	2025
Return on Assets	4.0%	7.6%	5.6%	4.1%	7.4%	10.8%	11.1%	12.1%	9.7%	9.7%
Return on Equity	9.0%	16.1%	11.9%	8.9%	16.2%	22.6%	21.4%	21.7%	16.9%	16.9%
ROIC	4.8%	9.2%	6.7%	5.0%	9.4%	14.1%	14.4%	15.6%	12.4%	12.3%
Shares Out.	168.3	152.0	145.0	130.1	124.1	116.8	110.0	103.7	99.8	99.8
Revenue/Share	29.38	46.32	49.31	53.93	69.87	87.10	90.04	103.61	109.91	109.91
FCF/Share	0.70	3.63	2.39	6.85	9.83	7.76	10.75	8.95		10.28

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