

BLACKINTUS

NO NOISE. NO HYPE. JUST ANALYSIS.

INITIATING COVERAGE — INSTITUTIONAL EQUITY RESEARCH

Lennar Corporation

NYSE: LEN · Homebuilding / Residential
Construction

"Lennar reports Q3 fiscal 2026 earnings in roughly 72 hours. The stock just printed a fresh 52-week low, two of Wall Street's largest banks rate it a sell at or below today's price, short interest has climbed nearly five points in a month — and the company's own CEO says the thing dragging margins down for three straight years just started, for the first time, to shrink."

PRICE (SEP 14, 2026)
\$79.07

MARKET CAP
\$19.05B

STANCE
NEUTRAL

AS OF
Sep 14, 2026

01 / 12

The Hook

FACT Lennar Corporation reports fiscal third-quarter 2026 results around September 17, 2026 — roughly two to three trading days after this report is published. The stock closed at \$79.07 on September 14, having touched an intraday low of \$76.63 on September 10, a fresh 52-week low and a decline of roughly 44% from its 52-week high of \$140.71. Short interest has climbed to approximately 8.5% of the free float as of September 13, up roughly 4.5 percentage points over the prior month.

FACT Bank of America rates the stock Underperform with a \$70 price target, cut from \$77, citing pressure on return on tangible equity and a valuation-multiple cut to 0.9x forward tangible book from 1.1x. Wells Fargo and JPMorgan both carry price targets at or below the current trading price. S&P Global revised its outlook on Lennar from positive to stable in 2026, citing an 8% first-half revenue decline and homebuilding gross margin falling to 15.4% from 18.2% year over year, while affirming the BBB issuer rating.

FACT Set against that, Lennar's own Q2 FY2026 earnings call carried a specific, quantified claim from CEO Stuart Miller: the gap between current sales incentives (12.9% of average sales price) and management's "normalized" range (4–6%) is narrowing for the first time in three years. Construction costs are down 13% cumulatively and cycle time hit a record low of 121 days — real, disclosed operating improvements sitting underneath a demand picture that is still, by the company's own admission, constrained by "persistently elevated mortgage rates, constrained affordability, and cautious consumer sentiment."

THE TENSION

Every sentiment indicator here points bearish into an imminent print: a 52-week low, two sell-rated banks at or below the current price, rising short interest, and a credit-rating agency outlook cut. But the operational facts management has actually disclosed are more balanced than the sentiment — an incentive gap narrowing for the first time in three years, real construction-cost deflation, and record-low cycle times, layered on top of a balance sheet structurally transformed by last year's Millrose Properties land spinoff. This report tries to separate three distinct stories that are easy to conflate: (1) a genuine, ongoing, demand-driven margin compression cycle: real and still unresolved; (2) a one-time structural balance-sheet shift from the Millrose spinoff that mechanically distorts FY2025's inventory and free-cash-flow figures but says nothing about ongoing profitability; and (3) a near-term sentiment/positioning setup ahead of Wednesday's print that is a trading question, not a fundamental one.

FACT denotes a figure taken directly from a primary filing, earnings release, or a named third-party data source, each cited at point of use. **ESTIMATE** denotes a Blackintus assumption or projection. **OPINION** denotes Blackintus's own analytical judgment.

Investment Snapshot

PRICE / MKT CAP

\$79.07 / \$19.05B

STANCE

Neutral

BUSINESS QUALITY

B (Cyclical, Land-Light, Margin-Compressed)

VALUATION RISK

Moderate, Event-Driven

KEY CATALYSTS (NEXT 12MO)

Q3 FY2026 print (~Sep 17, 2026, imminent); incentive-gap narrowing trajectory; mortgage-rate path; FY2026 full-year delivery guidance (82,000-83,000 units) execution.

KEY RISKS

Affordability/mortgage-rate headwinds persisting; gross margin failing to hold the ~16% Q3 guide; credit-rating trajectory if debt/EBITDA keeps rising; near-term event risk from Wednesday's print.

What Must Go Right

OPINION

Three things need to hold for the stock to work from here rather than simply stop falling: the incentive gap (12.9% vs. 4-6% normalized) needs to keep narrowing as management claims it has just started to, rather than the current print being a one-quarter blip; gross margin needs to hold at or above the Q3 FY2026 guide of approximately 16% rather than sliding further below the FY2025 average of 17.7%; and the land-light balance sheet (82% of homesites option-controlled, versus 19% in 2013) needs to keep generating the liquidity (\$4.7B per S&P) that lets Lennar keep buying back stock and paying dividends through the down-cycle without further credit-rating pressure.

Business Quality & Valuation Risk — Rationale

OPINION

Business quality sits at B rather than higher because Lennar is, at its core, a highly cyclical, commodity-adjacent manufacturer of a big-ticket, financed good — margins swing hard with mortgage rates and affordability, and the current down-cycle has cut operating margin from 20.2% (FY2022) to 8.4% (FY2025), more than half. The land-light transformation (Millrose spinoff, option-controlled homesites) is a genuine structural improvement that reduces balance-sheet risk relative to Lennar's own history, which is why quality isn't lower still. Valuation risk is "Moderate, Event-Driven" rather than "Elevated" because the stock has already re-rated sharply (44% off its 52-week high) and current multiples (12.4x trailing P/E, 6.4x implied EV/EBITDA) are not stretched — but an earnings print landing within 72 hours of this report's publication is a real, near-term binary risk this section flags explicitly rather than tries to predict.

Business Model

FACT Lennar is one of the largest homebuilders in the United States, generating revenue primarily by acquiring or controlling land, constructing single-family homes, and selling them to homebuyers, with a smaller Financial Services segment (mortgage origination, title insurance) contributing operating earnings guided at \$95-100 million for Q3 FY2026. Fiscal 2025 revenue was \$34.2 billion, down 3.5% year over year, with 82,000-83,000 deliveries guided for the full fiscal 2026 year.

The Land-Light Transformation

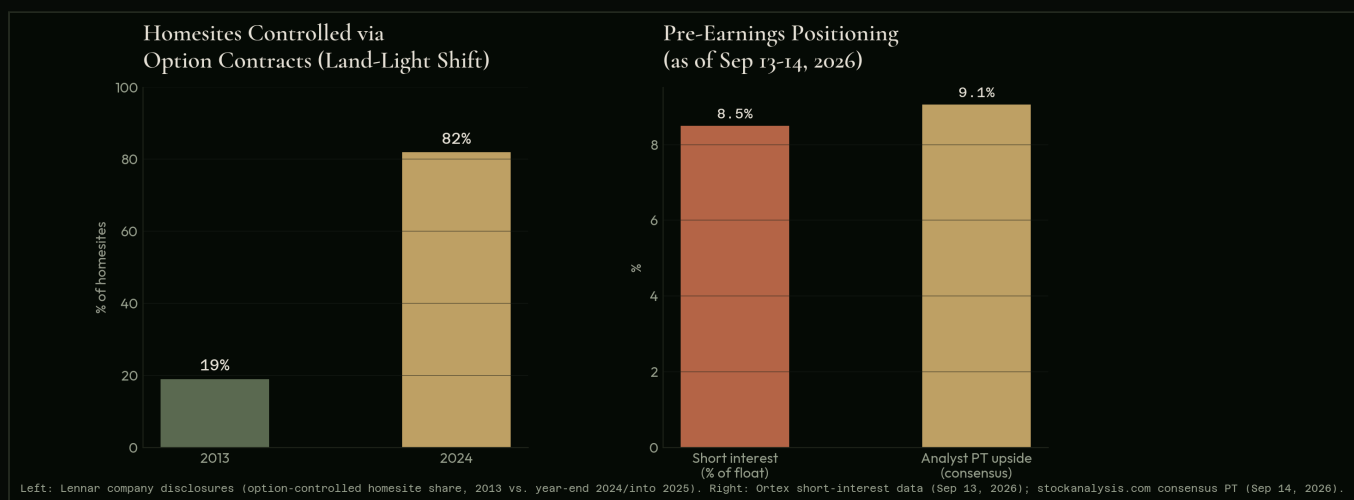


Figure 3.1 — Homesites controlled via option contracts (2013 vs. 2024) and pre-earnings positioning indicators.

FACT In February 2025, Lennar spun off Millrose Properties (NYSE: MRP), a land-banking REIT, contributing approximately \$5.5 billion of land and \$1.0 billion of cash. This move continued a strategic shift that has been underway for over a decade: the share of homesites Lennar controls via option contracts, rather than owns outright on its own balance sheet, rose from 19% in 2013 to 82% by the end of 2024.

OPINION This is the single most important structural fact in Lennar's business model right now, and it is easy to misread. It is not primarily a response to the current demand downturn — it is a multi-year capital-allocation strategy that happened to complete its largest single step (the Millrose spinoff) just as the demand cycle turned, which is why FY2025's balance sheet and cash-flow figures look so much more dramatic than the underlying operating business actually changed. Section 4 treats these as two separate stories rather than one.

Competitive Advantages and Moat Trajectory

FACT Management cites cumulative construction-cost reductions of 13% and a record-low construction cycle time of 121 days as of Q2 FY2026, alongside no outstanding borrowings on a \$3.1 billion revolving credit facility. **OPINION** Homebuilding has a thin structural moat by nature — land, labor, and materials are broadly available to well-capitalized competitors, and differentiation is mostly about operational execution (cycle time, purchasing scale, capital efficiency) rather than a durable pricing advantage. Lennar's land-light model and its disclosed cost/cycle-time improvements are real execution advantages relative to smaller, less-capitalized builders, but they do not exempt Lennar from the same mortgage-rate and affordability cycle that governs the entire industry, evidenced by peers D.R. Horton and PulteGroup both trading at higher margins but experiencing the same broad demand backdrop.

Revenue Mix and Growth Sustainability

FACT Q2 FY2026 deliveries were 20,519 homes (+2% year over year) against new orders of 21,749 homes (-4% year over year), with backlog of 16,818 homes valued at \$6.6 billion. Average sales price was \$371,000, down 5% year over year. **OPINION** The order/delivery divergence (orders down while deliveries are up) is a lagging-vs-leading indicator distinction worth watching closely at Wednesday's print — deliveries reflect homes closed from an already-full pipeline, while new orders are the cleanest real-time read on current demand, and a fourth consecutive quarter of order declines would be a more significant signal than another delivery beat.

Financials and Earnings Quality

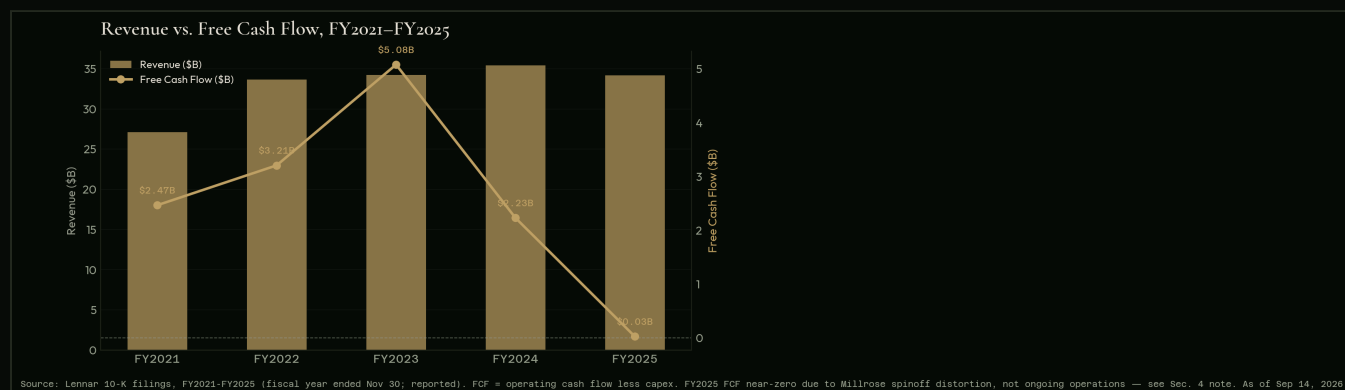


Figure 4.1 — Revenue and free cash flow, FY2021–FY2025.

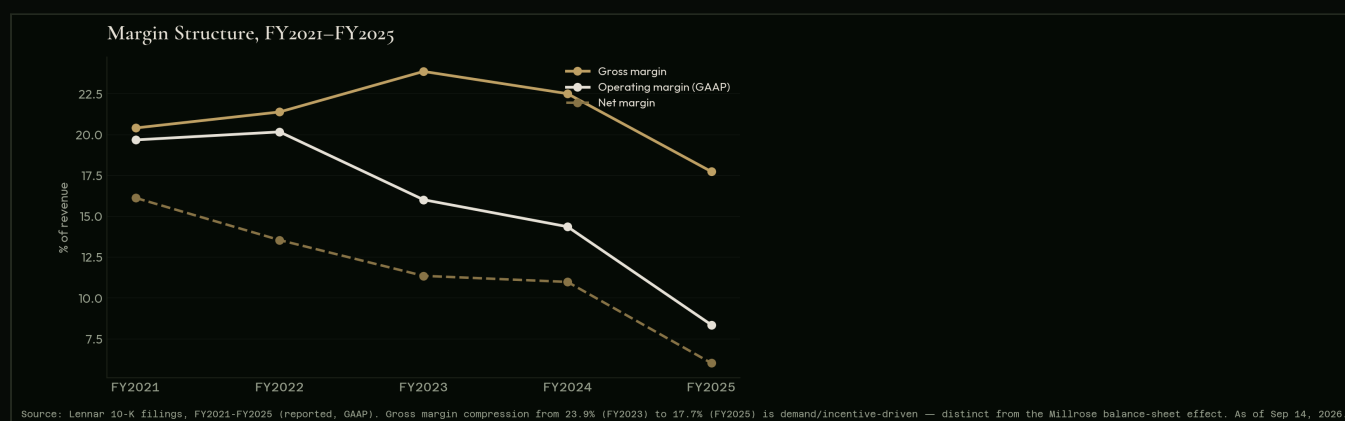


Figure 4.2 — Gross, operating, and net margin trend.

METRIC	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue (\$B)	27.1	33.7	34.2	35.4	34.2
Revenue growth	20.6%	24.1%	1.7%	3.5%	(3.5%)
Gross margin	20.4%	21.4%	23.9%	22.5%	17.7%
Operating margin	19.7%	20.2%	16.0%	14.4%	8.4%
Net margin	16.1%	13.6%	11.4%	11.0%	6.0%
Diluted EPS	\$14.27	\$15.72	\$13.73	\$14.31	\$7.98
Free cash flow (\$B)	2.47	3.21	5.08	2.23	0.03
FCF margin	9.1%	9.5%	14.8%	6.3%	0.1%
Total debt (\$B)	6.4	6.2	5.0	4.2	6.1

Inventory (\$B)	19.2	20.1	18.9	20.3	11.8
Net cash / (net debt), \$B	(3.6)	(1.6)	+1.3	+0.5	(2.6)

FACT — Source: Lennar 10-K filings, FY2021-FY2025 (fiscal year ended Nov 30). As of Sep 14, 2026.

Latest Quarter — Q2 FY2026 (Ended May 31, 2026)

METRIC	Q2 FY2026	YOY / NOTE
Total revenue	\$7.94B	—
Deliveries	20,519 homes	+2%
New orders	21,749 homes	(4%)
Average sales price	\$371,000	(5%)
Homebuilding gross margin	15.6%	vs. 17.8% prior year
Sales incentives (% of ASP)	12.9%	vs. 4-6% normalized
Net income	\$300M	—
Diluted EPS	\$1.24	—
Homebuilding debt / total capital	15.8%	—
Cash on hand	\$1.8B	plus \$3.1B undrawn revolver

FACT — Source: Lennar Q2 FY2026 earnings release (prnewswire.com / newsroom.lennar.com), reported Jun 11, 2026. Q1 FY2026 primary-source detail was not independently re-verified this session; Q2 FY2026 and FY2025 full-year figures used instead — a data-completeness note, not an estimate.

Earnings Quality Assessment — Separating Two Distinct Stories

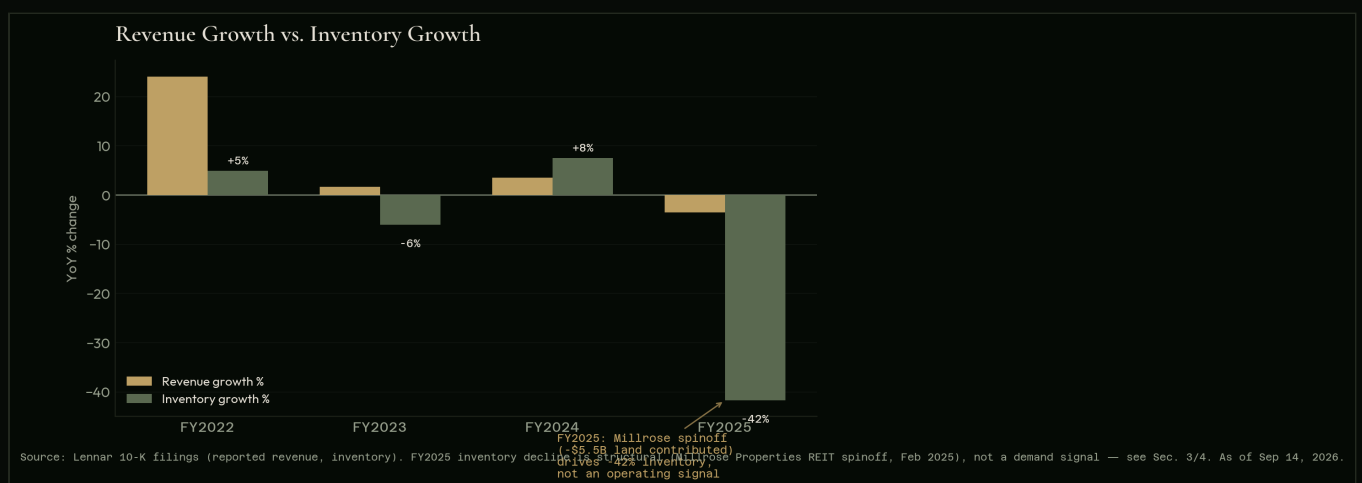


Figure 4.3 — Revenue growth vs. inventory growth, highlighting the FY2025 structural break.

FACT FY2025 inventory fell 42% year over year, from \$20.3 billion to \$11.8 billion, and free cash flow collapsed to essentially zero (\$28 million, a 0.1% margin) from \$2.2 billion the prior year. **OPINION** Read in isolation, this looks alarming. Read correctly, it is almost entirely the mechanical accounting effect of the February 2025 Millrose spinoff, which removed roughly \$5.5 billion of land inventory (and the corresponding future development capex) from Lennar's balance sheet in a single non-cash distribution to shareholders, not a sign that homes stopped selling or that cash stopped coming in from operations. Blackintus's valuation model in Section 6 explicitly normalizes for this by using the FY2021-FY2024 average FCF margin (14.7%) rather than the FY2025 print as its forward-looking base case.

FACT The separate, genuinely ongoing story is margin compression: gross margin fell from 23.9% (FY2023) to 17.7% (FY2025) and further to 15.6-15.8% in the most recent two quarters, driven by sales incentives running at 12.9% of average sales price against management's own 4-6% "normalized" range.

FACT Management's own Q2 FY2026 commentary frames this gap as narrowing for the first time in three years — a claim that, if it holds through the Q3 print, would be the single most important operating datapoint in this entire report; if it reverses, it would confirm the bear case that the current down-cycle has further to run.

Customer Demand and Industry Spending

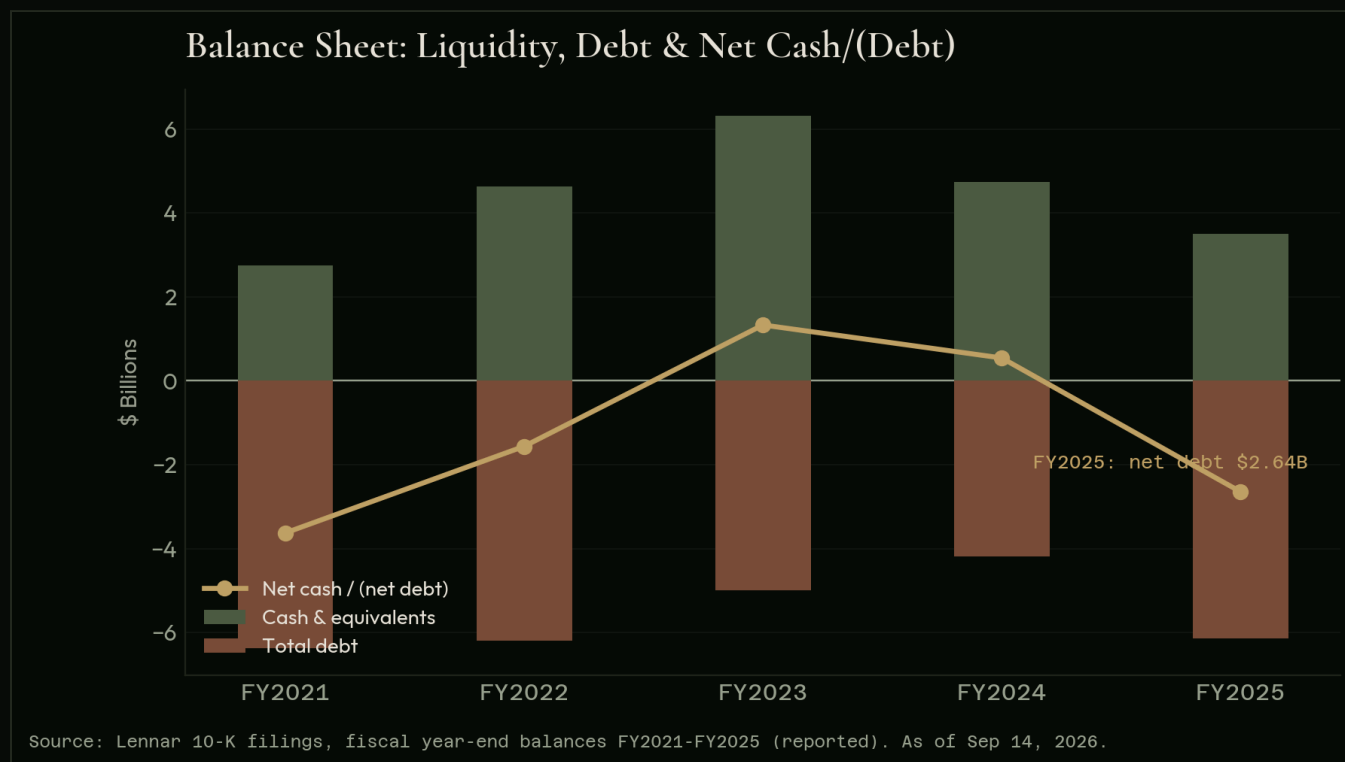


Figure 5.1 — Balance sheet: liquidity, debt, and net cash/(debt) trend, FY2021-FY2025.

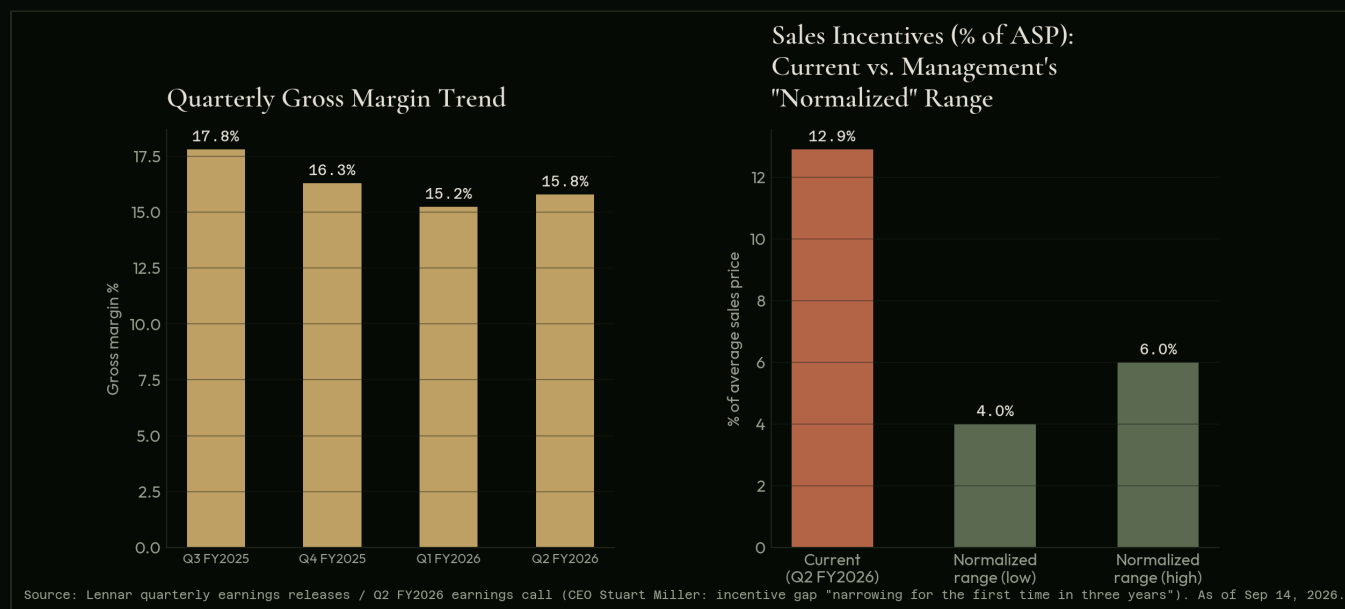


Figure 5.2 — Quarterly gross margin trend and sales-incentive gap vs. management's normalized range.

FACT S&P Global's stable outlook (revised from positive) rests on Lennar's inability to restore gross margins above 20%, an 8% first-half FY2026 revenue decline, and debt/EBITDA rising to 1.7x as of May 2026 from 0.9x in November 2025 — though S&P views this level as acceptable, expecting adjusted debt/EBITDA to stay below 2x over the next 24 months, supported by \$4.7 billion of liquidity. **FACT** Management attributes ongoing softness explicitly to "persistently elevated mortgage rates, constrained affordability, and cautious consumer sentiment" — an industry-wide demand backdrop, not a Lennar-specific execution problem, corroborated by both D.R. Horton and PulteGroup guiding cautiously through the same period.

THE BALANCE SHEET NOTE

FACT Lennar moved from a net cash position of roughly \$1.3 billion in FY2023 to a net debt position of roughly \$2.6 billion in FY2025, as total debt rose from \$4.2B to \$6.1B while cash fell from \$4.7B to \$3.5B — a swing driven partly by continued share buybacks (\$1.8B in FY2025) and dividends (\$0.5B) funded through a down-cycle rather than by operating distress; Lennar retains a BBB investment-grade rating with a stable outlook and \$4.7B of disclosed liquidity, including a fully undrawn \$3.1B revolver as of Q2 FY2026.

OPINION This is a company choosing to return capital through a cyclical trough from a still-investment-grade position, not a company under balance-sheet stress — the credit-rating outlook cut is a margin-trajectory signal, not a solvency signal.

Demand Context vs. Peers

FACT D.R. Horton reports a 21.3% gross margin and 12.0% operating margin; PulteGroup reports 25.6% gross margin and 16.1% operating margin — both meaningfully above Lennar's 17.7% and 8.4% respectively (FY2025). **OPINION** Lennar's margin underperformance relative to these two peers is real and predates the current cycle, reflecting Lennar's historically higher-volume, more price-competitive positioning (evidenced by the largest disclosed sales-incentive rate of the group) rather than a company-specific new problem — but it also means Lennar has the most incentive-driven margin recovery potential of the three if the "narrowing gap" claim from management holds, precisely because it is furthest from its own normalized range.

Valuation

MARKET CAP / EV \$19.1B / \$21.7B	TRAILING P/E 12.4x	FORWARD P/E 14.3x
IMPLIED EV / EBITDA 6.4x	DIVIDEND YIELD 2.5%	CREDIT RATING BBB, Stable

FACT — Source: stockanalysis.com, as of Sep 14, 2026. Implied EV/EBITDA computed by Blackintus from FY2025 operating income plus an estimated D&A add-back — homebuilders do not typically report a clean EBITDA line.

Peer Comparison

COMPANY	MKT CAP	FWD P/E	EV/EBITDA	GROSS MARGIN	OP. MARGIN	FCF MARGIN	DIV. YIELD
Lennar (LEN)	\$19.1B	14.3x	6.4x (implied)	17.7%	8.4%	0.1%	2.5%
D.R. Horton (DHI)	\$38.6B	12.4x	10.6x	21.3%	12.0%	9.6%	1.3%
PulteGroup (PHM)	\$22.2B	11.1x	8.5x	25.6%	16.1%	9.2%	0.9%

FACT — Source: stockanalysis.com, as of Sep 13-14, 2026. Industry (homebuilding & construction) median forward P/E is 10.8x per GuruFocus. LEN's FCF margin reflects the FY2025 Millrose-distorted print, not a normalized figure — see Sec. 4/6.

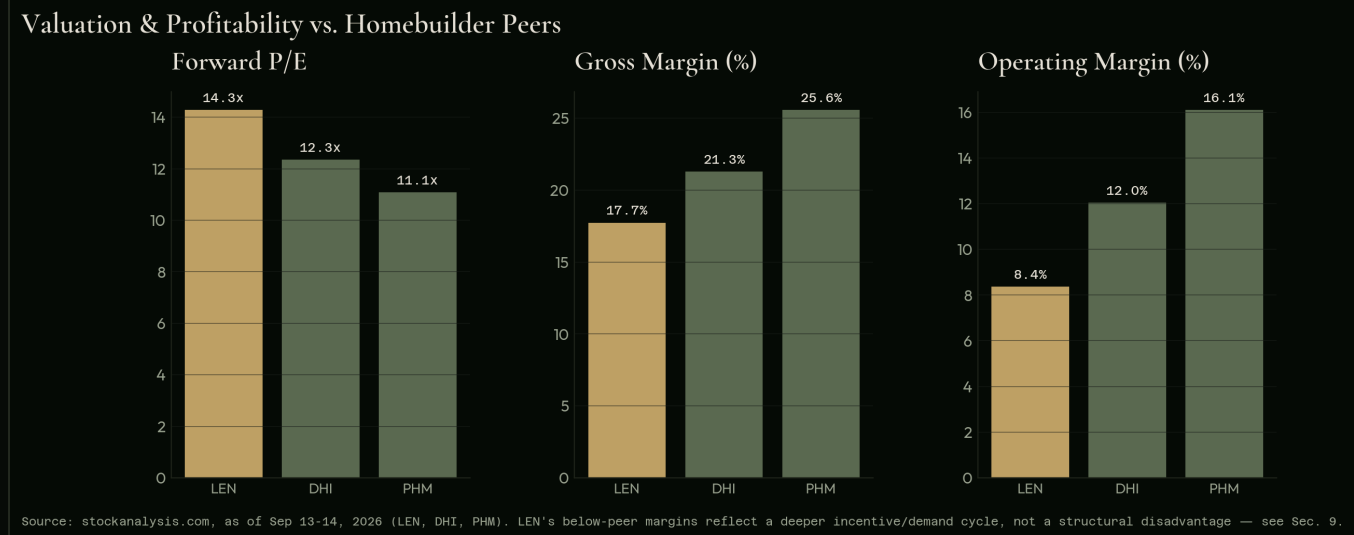


Figure 6.1 — Valuation and profitability vs. homebuilder peers.

OPINION Lennar trades at a lower implied EV/EBITDA (6.4x) than either DHI (10.6x) or PHM (8.5x), which on its face looks cheap, but the gap is fully explained by Lennar's currently much weaker margins rather than a market mispricing — the multiple compression has already happened, roughly in proportion to the margin compression. The peer comparison therefore argues for "fairly priced given current fundamentals" rather than "statistically cheap," with the real optionality sitting in whether Lennar's margins converge back toward DHI/PHM levels as the incentive gap narrows, not in the current multiple being obviously mispriced today.

Three-Scenario Valuation Framework **ESTIMATE**

Five-year (FY2026–FY2030) projection using a straight-line ramp from FY2025A margins to each scenario's terminal (FY2030E) margin, exit EV/EBITDA multiple applied to Year-5 EBITDA, discounted back at the stated WACC, net of Lennar's ~\$2.6B FY2025 net debt. The FY2025 free-cash-flow starting point is normalized to the FY2021–FY2024 average (14.7% margin) to exclude the one-time Millrose distortion. All figures below are Blackintus estimates, not company guidance.

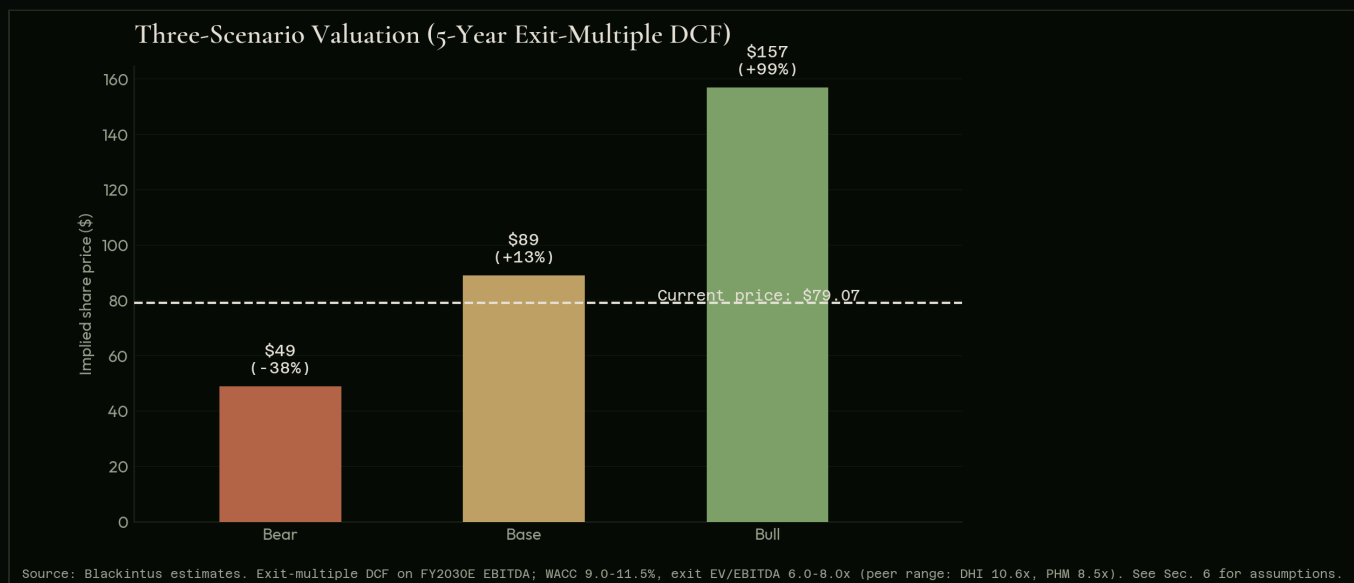


Figure 6.2 — Three-scenario implied share price vs. current price.

ASSUMPTION	BEAR	BASE	BULL
5yr revenue CAGR	(2.0%)	1.5%	4.0%
FY2030E operating margin	6.0%	8.5%	12.0%
FY2030E FCF margin	3.0%	6.5%	9.0%
Exit EV/EBITDA	6.0x	6.5x	8.0x
WACC	11.5%	10.0%	9.0%
FY2030E revenue	\$30.9B	\$36.8B	\$41.6B
FY2030E FCF	\$0.93B	\$2.39B	\$3.74B
Implied share price	\$49	\$89	\$157
Upside / downside vs. \$79.07	(38%)	+13%	+99%

ESTIMATE — Blackintus scenario model. Bear = affordability stays structurally impaired, incentive gap never closes, deliveries stagnate, trough cyclical multiple applies. Base = incentive gap narrows per management's own commentary, deliveries grow low-single-digits, multiple stays near today's ~6.4x implied level. Bull = meaningful mortgage-rate relief unlocks demand, incentives normalize toward 4-6%, multiple re-rates toward peer levels.

DCF Sensitivity (Perpetuity-Growth Method, Net of Debt) ESTIMATE

As a cross-check, a conventional perpetuity-growth DCF — same base-case revenue/FCF-margin path, terminal value via Gordon Growth rather than an exit multiple, net of Lennar's ~\$2.6B FY2025 net debt.

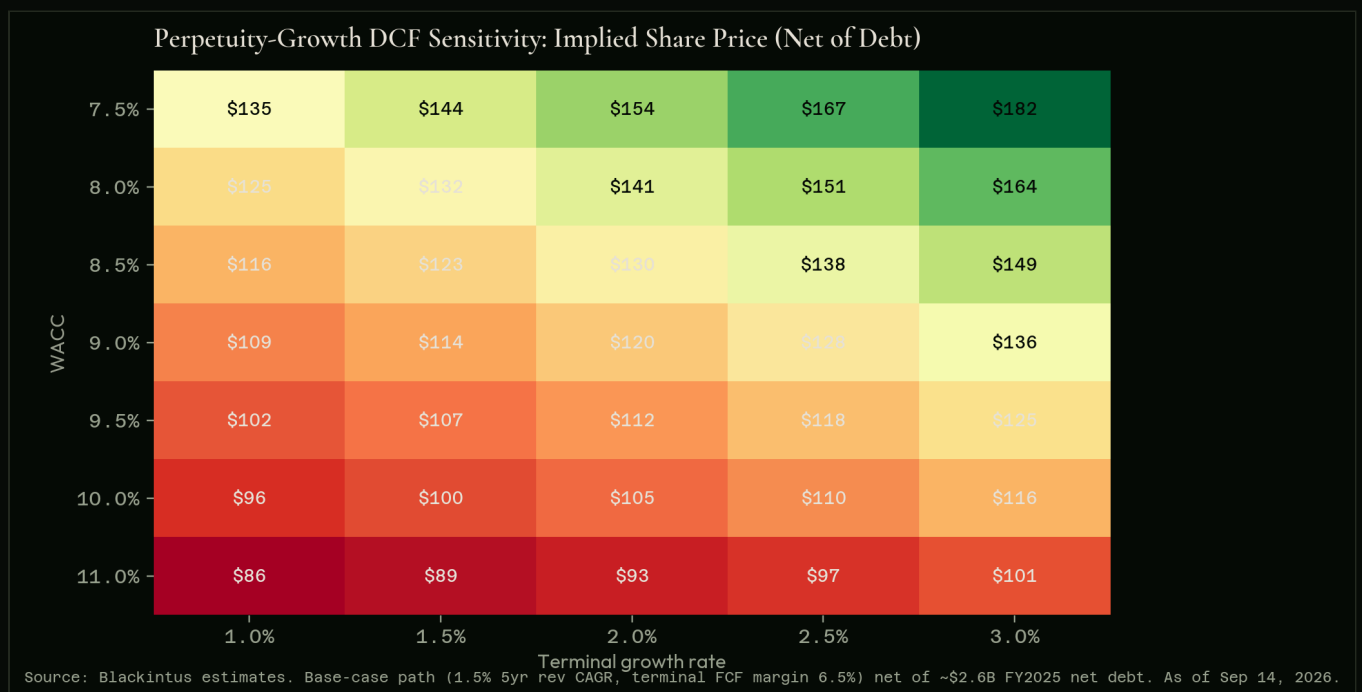


Figure 6.3 — DCF sensitivity, implied share price by WACC and terminal growth rate, net of debt.

METHOD SENSITIVITY — THE HONEST VALUATION READ

At base-case operating assumptions (10.0% WACC, 2.0% terminal growth), the perpetuity-growth DCF net of debt implies a share price of roughly **\$105** — about 33% above the current \$79.07, and notably higher than the exit-multiple Base case of \$89. The two methods diverge here for a different reason than in Blackintus's Microsoft coverage: the perpetuity method's Gordon Growth terminal value effectively assumes Lennar's cash-generation capability persists indefinitely at a modest 2% growth rate once incentive normalization is complete, while the exit-multiple method anchors to a peer/historical EV/EBITDA multiple (6.5x) that is itself depressed by the current down-cycle sentiment — a multiple that may not fully re-rate even if the underlying margin story improves. The honest takeaway: both methods land meaningfully above the current price in the base case, which is broadly consistent with the stock's 44% drawdown from its 52-week high pricing in more margin deterioration than management's own "narrowing gap" commentary would suggest — but both methods are also more sensitive than usual to whether Wednesday's print confirms or contradicts that commentary.

Implied Expectations

ESTIMATE Solving in reverse: at base-case terminal margins (8.5% operating, 6.5% FCF) and a 6.5x exit multiple, the revenue CAGR required over the next five years to justify the current \$79.07 price is approximately **(1.2%)** — i.e., the market is pricing in continued modest revenue decline. **OPINION** This is a meaningfully more pessimistic implied growth rate than Lennar's own FY2026 full-year delivery guidance (82,000-83,000 units, roughly flat to modestly up) suggests, and it sits well below Blackintus's own Base case (+1.5% CAGR). Put plainly: the current price is not demanding a recovery story — it already assumes the down-cycle continues. That asymmetry is the core argument for a Neutral rather than Bearish stance: further deterioration is priced in, but a confirmed "narrowing gap" at Wednesday's print would be a genuine positive surprise against what the stock currently implies.

Growth Catalysts

Next 3-6 Months

- **FACT** Q3 FY2026 earnings (quarter ended Aug 31, 2026), expected ~September 17, 2026 — consensus EPS estimate approximately \$1.30 (Alphastreet) — the single nearest-term catalyst, arriving within days of this report.
- **ESTIMATE** Whether the 12.9% incentive rate narrows further toward the 4-6% normalized range, confirming or contradicting management's "narrowing for the first time in three years" claim.
- **FACT** New-order trend versus the four-quarter pattern of Q3 FY2025 through Q2 FY2026 — a fourth consecutive year-over-year order decline would be a more significant signal than another delivery beat.

Next 12 Months

- **FACT** Full fiscal-year 2026 delivery guidance of 82,000-83,000 homes — execution against this range through year-end (Nov 30, 2026) is the clearest scoreboard for whether the demand backdrop is stabilizing or still deteriorating.
- **OPINION** Mortgage-rate trajectory over the next 12 months is, more than any company-specific catalyst, the single largest swing factor for the entire homebuilding sector, Lennar included — a meaningful rate decline would likely do more for the stock than any incremental operational improvement Lennar can control on its own.

Long-Term Structural

- **FACT** The land-light model (82% of homesites option-controlled) structurally reduces the capital intensity and land-price risk of Lennar's balance sheet relative to its own pre-2013 posture, a multi-year de-risking that is largely complete following the Millrose spinoff.
- **OPINION** Continued construction-cost deflation and cycle-time compression (13% and 121 days respectively, both disclosed as multi-year achievements) represent a durable, company-specific margin lever independent of the housing cycle — the part of the bull case that does not require a demand recovery to matter.

Risks and Thesis Breakers

RISK	PROBABILITY	IMPACT	MONITORING INDICATOR
Q3 FY2026 print disappoints (imminent)	Medium	High	Gross margin vs. ~16% guide; new orders vs. four-quarter declining trend
Incentive gap fails to keep narrowing	Medium	High	Sales incentives as % of ASP, quarter over quarter
Mortgage rates stay elevated / affordability worsens	Medium-High	High	30-year mortgage rate trend; new-order growth industry-wide
Further credit-rating deterioration	Low-Medium	Medium	Debt/EBITDA trend vs. S&P's 2x threshold; any further outlook or rating action
Capital returns (buybacks/dividends) outpacing FCF generation	Low-Medium	Medium	Buyback/dividend spend vs. normalized FCF, next 2-3 quarters
Peer margin gap persists structurally (not cyclically)	Low-Medium	Medium	LEN gross/op margin vs. DHI/PHM over multiple quarters
Land/entitlement cost inflation reversing the cost-deflation trend	Low	Medium	Construction cost per sq ft, quarter over quarter
Short-interest-driven volatility around the print	Medium	Low-Medium	Short interest % of float and options positioning into and out of earnings

OPINION — Blackintus risk ranking; probability/impact are qualitative judgments, not statistical estimates.

KEY THESIS BREAKER

A Q3 FY2026 print showing the incentive rate holding flat or widening beyond 12.9% (rather than narrowing, as management's own commentary implied it would) combined with a fourth consecutive quarter of declining new orders. That combination would confirm the bear case that the current down-cycle has further to run and that management's "narrowing for the first time in three years" claim was premature or cycle-specific rather than a genuine inflection — and would argue for the Bear scenario in Section 6 over the Base case this report currently weights most heavily.

Competitive Map

COMPETITOR / THREAT	WHERE IT COMPETES	RELATIVE ADVANTAGE	RISK TO LENNAR	WHAT TO MONITOR
D.R. Horton (DHI)	National homebuilding, entry-level to move-up	Largest homebuilder by volume; higher gross (21.3%) and operating (12.0%) margins; lower forward P/E (12.4x)	Superior scale and margin discipline could pressure Lennar's pricing/incentive competitiveness in overlapping markets	DHI quarterly margin and incentive trend vs. LEN's
PulteGroup (PHM)	National homebuilding, move-up and active-adult focus	Highest gross (25.6%) and operating (16.1%) margins in the peer set; higher-margin product mix skew	Demonstrates the margin ceiling achievable in the same demand environment Lennar operates in — makes Lennar's compression look more company-specific by comparison	PHM margin trajectory as a "best case" benchmark
Millrose Properties (MRP)	Land banking / REIT (former Lennar subsidiary)	Now an independent land-holding vehicle; not a direct product competitor	Limited direct risk; relationship is more structural (Lennar's land pipeline partner) than competitive	Millrose's own disclosures on land-option terms with Lennar
Regional / private homebuilders	Local and regional markets	Lower overhead in specific submarkets; can undercut on price locally	Fragmented, low-visibility competitive pressure in specific geographies rather than a national-scale threat	Regional permit and start data by market

Existing-home resale market	Substitute good for new construction	Lower price points where available; no new-construction premium	Elevated mortgage rates create a "lock-in effect" that has historically reduced existing-home supply, arguably benefiting new-home builders like Lennar on relative supply share, even as affordability hurts both	Existing-home inventory levels and mortgage "lock-in" data
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OPINION/FACT mixed — competitive positioning assessments are Blackintus analysis; margin and multiple figures cited are FACT where sourced elsewhere in this report.

Technical Analysis

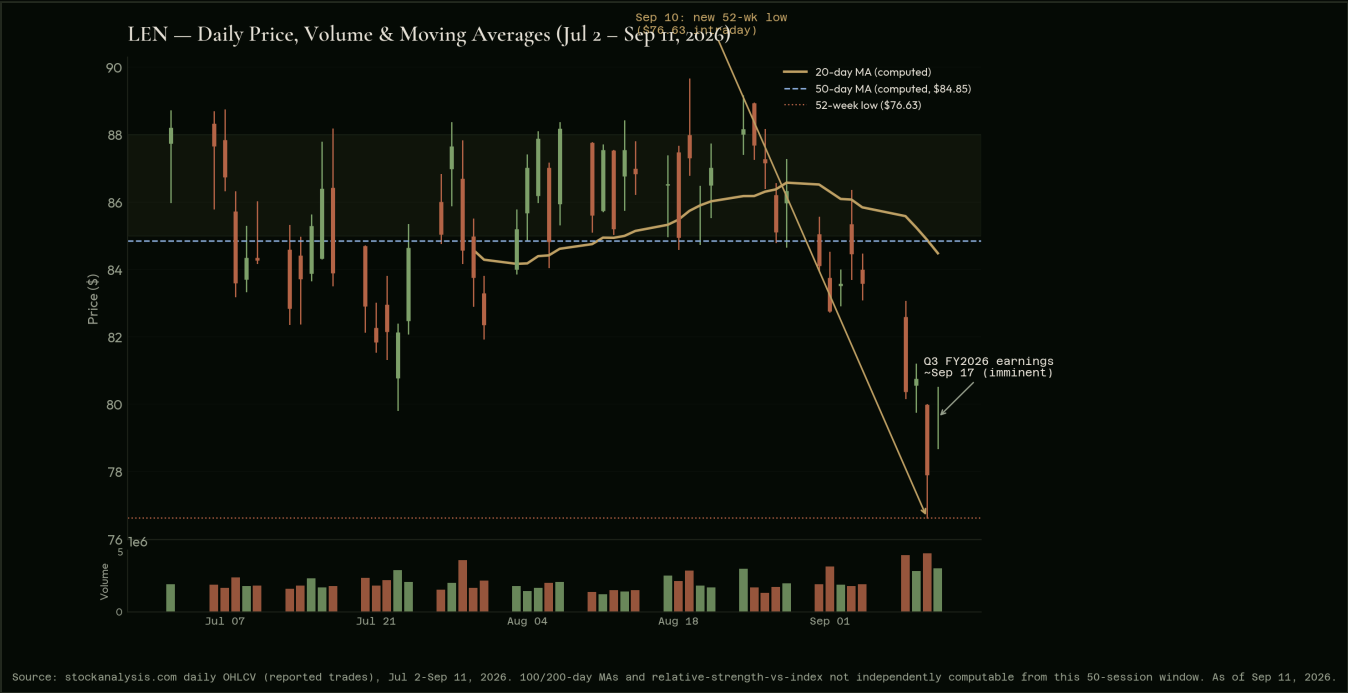


Figure 10.1 — LEN daily price, volume, and moving averages, Jul 2 – Sep 11, 2026. Source: stockanalysis.com (OHLCV), as of Sep 11, 2026.

INDICATOR	VALUE
Price (Sep 11, 2026, close)	\$79.60
Price (Sep 14, 2026, latest)	\$79.07
20-day MA	computed from real OHLCV — see chart
50-day MA	computed — exactly 50 sessions available, see chart
100-day / 200-day MA	Not independently computable this session — see note below
52-week high / low	\$140.71 / \$76.63 (FACT, per stockanalysis.com)
Sep 10, 2026 event	Intraday new 52-week low (\$76.63), closed \$77.90
Short interest (% of float)	~8.5% (Sep 13, 2026), up ~4.5pp over prior month

FACT — Source: stockanalysis.com daily OHLCV (20/50-day MAs computed directly by Blackintus from the real price series); 52-week high/low per stockanalysis.com. A live 100/200-day moving-average and relative-strength-vs-index feed was not accessible this session — Blackintus computed what the available 50-session OHLCV series supports rather than estimate the rest.

FACT

The 50-session window shows a persistent downtrend: LEN opened the window near \$88 in early July and has ground steadily lower to the high-\$70s by mid-September, punctuated by a sharp break below \$80 in the first two weeks of September that produced the fresh 52-week low on September 10.

OPINION

Unlike a sharp single-day gap (the pattern seen in Blackintus's MSFT and ORCL coverage), this is a grinding, elevated-volume downtrend with no clear capitulation candle yet — the September 8-10 volume spike (each day above 3.6 million shares, versus a typical 2-2.5 million) is the closest thing to a stress signal in the window, but it has not yet been followed by a clear reversal bar.

Trend Read

OPINION

Trend direction: bearish, with an event-risk catalyst (Q3 FY2026 earnings, ~Sep 17) arriving before the technical picture has had a chance to resolve on its own. Given that proximity, this report explicitly does NOT recommend a pre-earnings directional technical trade — the setup here is dominated by binary event risk, not by a clean chart pattern. For traders willing to hold through the print: a close back above \$85 (the early-September breakdown level) would be the first sign the downtrend is stabilizing; a close below \$76.63 (the current 52-week low) on above-average volume would confirm trend continuation. Risk/reward through an earnings event is asymmetric and hard to size conventionally — position sizing should reflect binary-event risk, not a technical stop-loss level.

Conclusion for the Swing Trader

TACTICAL CALL

Neutral / Event-Risk Caution

KEY LEVEL (SUPPORT)

\$76.63 (52-wk low)

KEY LEVEL (RESISTANCE)

\$85.00

OPINION

This report's tactical read is deliberately conservative given timing: Lennar reports Q3 FY2026 earnings within roughly 72 hours of this report's publication, and a stock that has already fallen 44% from its 52-week high, sits at elevated short interest (~8.5% of float), and carries a consensus that is split between Hold-rated firms and two Underperform/sell-side calls at or below the current price is not a clean technical setup — it is a binary-event setup. Blackintus does not recommend initiating a fresh directional swing position purely on the chart pattern into this print. For traders already positioned or willing to hold through the event: \$76.63 (the September 10 fresh 52-week low) is the level whose failure on volume would signal trend continuation into new-low territory; \$85.00 (the level LEN broke down through in early September) is the level whose reclaim would be the first sign of stabilization.

OPINION

Event risk: this is about as high as event risk gets for a swing setup — an earnings print landing inside the position-holding window, against a stock already near 52-week lows with rising short interest, means outsized moves in either direction (a short-covering rally on a "narrowing gap" confirmation, or a further leg down on a miss) are both live possibilities. Position-sizing caution: beta of 1.40 is meaningfully higher than the market and higher than mega-cap tech names Blackintus has covered previously (MSFT beta 1.11) — size any position through this specific print accordingly, and treat this section as a risk-management framework rather than a directional recommendation given the proximity of the catalyst.

TECHNICAL VS. FUNDAMENTAL — KEPT SEPARATE

This tactical read is a near-term price-structure call based on the last 50 trading sessions of real OHLCV data. It is not a restatement of the fundamental thesis in Section 12, and the two can diverge — a stock can look fundamentally close to fair value (per Section 6's Base case) while technically still in a confirmed downtrend, or vice versa. Treat this section as inputs for trade timing and risk management, not as investment conviction, and treat the imminent earnings print as a reason for extra caution rather than urgency.

Conclusion for the Long-Term Investor

BUSINESS QUALITY

Cyclical, Land-Light

Thin structural moat by nature, offset by a genuine multi-year de-risking of the balance sheet via the Millrose land-light transformation

FINANCIAL QUALITY

Compressed, Stabilizing (Claimed)

Operating margin fell from 20.2% to 8.4% over five years; management claims the incentive gap is narrowing for the first time in three years

BALANCE-SHEET STRENGTH

BBB, Stable, \$4.7B Liquidity

Investment-grade with a stable outlook, capital returns continuing through the down-cycle from a still-solid position

VALUATION ATTRACTIVENESS

Roughly Fair, Event-Sensitive

Implied required 5yr CAGR ((1.2%)) already prices in continued modest decline — less demanding than Lennar's own flat-to-up delivery guidance

Key Thesis Breaker

A Q3 FY2026 print showing the sales-incentive rate holding flat or widening beyond 12.9%, combined with a fourth consecutive quarter of declining new orders — the combination that would confirm the current down-cycle has further to run rather than the inflection management's own commentary implied.

Suggested Approach

OPINION **Neutral; a watch-list name into the Q3 print, not a pre-earnings conviction buy or sell.**

Lennar's valuation math in Section 6 does not require a demand recovery to work from here — the market is already pricing in continued modest revenue decline, a more conservative assumption than the company's own guidance. That asymmetry argues against being outright bearish at current levels. But the near-term setup — an earnings print inside 72 hours, a fresh 52-week low, rising short interest, and a genuinely still-unresolved margin-compression cycle — argues against treating this as a clean long entry either. The single most decisive piece of information this report is missing is sitting on the other side of Wednesday's print: whether the incentive gap actually kept narrowing. Investors comfortable holding through that binary event have a valuation cushion working in their favor per Section 6; investors who are not should wait for the print to clarify which of Section 6's three scenarios the data is actually tracking toward before sizing a position.

Final Verdict

"Priced For More Bad News Than Management Is Promising"

Lennar's last five fiscal years tell a story of a business whose margins compressed by more than half as the housing-affordability cycle turned against it, and whose balance sheet was simultaneously reshaped by a genuine, multi-year strategic shift toward a land-light model that culminated in last year's Millrose spinoff — two very different stories that FY2025's headline numbers make easy to conflate but that this report has tried to keep separate. The stock's 44% drawdown from its 52-week high, rising short interest, and sell-side target cuts all point to a market that has already priced in substantial further deterioration. Management's own disclosed claim — that the incentive gap driving the margin story is narrowing for the first time in three years — has not yet been confirmed or denied by a subsequent quarter, and that confirmation is roughly 72 hours away as this report is published. The honest position, given that timing, is not conviction in either direction but a clear framework for what Wednesday's print needs to show: continued incentive narrowing and stable-to-improving orders would argue the Base case in Section 6 is closer to right than the market's current implied expectations; a reversal on either front would argue the Bear case, and the 38% further downside it implies, deserves more weight than this report currently gives it.

SOURCES

Lennar Corporation Form 10-K, fiscal year ended November 30, 2025 (SEC EDGAR) · Lennar Q2 FY2026 earnings release (prnewswire.com / newsroom.lennar.com), reported Jun 11, 2026 · Lennar Q2 FY2026 earnings conference call commentary (CEO Stuart Miller), via The Motley Fool / Yahoo Finance transcripts · S&P Global Ratings, Lennar Corporation outlook revision (BBB, stable), 2026, via Investing.com secondary reporting and spglobal.com ratings research · Bank of America Securities, Lennar rating and price-target note (Underperform, \$70 PT), 2026, via Investing.com secondary reporting · Ortex, Lennar short-interest and options-positioning data, as of Sep 13, 2026 · stockanalysis.com — price, market cap, valuation multiples, financial statement history, daily OHLCV price history, and peer data (DHI, PHM), as of Sep 13-14, 2026 · GuruFocus — homebuilding & construction industry median forward P/E · Alphastreet, Q3 FY2026 earnings preview and consensus EPS estimate · Blackintus's own MSFT (Sep 2026) initiating-coverage report, for cross-report methodology and peer-beta comparison references.

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