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Lennar posts 47% rise in Q3 profit on higher sales and prices

Lennar (NYSE:LEN), rose in midday trades after the second-largest U.S. homebuilder posted a better-than-expected 47 percent rise in profit for its fiscal third quarter as the company sold more homes at higher prices.

Shares were up 6 percent to \$41.49 at 3:18 p.m. in New York.

Net income rose 47 percent to \$177.8 million, or \$0.78 per share, in the three months ended Aug. 31, the Miami, Florida-based company said in a statement today. That result beat the \$0.67 per share analysts were expecting on average.

Revenue climbed 26 percent to \$2 billion. The number of houses delivered rose 9 percent to 5,457. The average price of homes delivered increased to \$332,000 from \$291,000.

The company has been able to raise prices despite a choppy recovery in the U.S. housing market as it mainly caters to buyers looking for a second home. Such buyers are generally more comfortable with volatile interest rates.

The company also said orders, a key indicator of future revenue for homebuilders, jumped 23 percent in the third quarter, higher than the 8 percent growth in the second quarter. That was Lennar's first single-digit increase in orders in three years, largely due to weak demand in the spring selling season, typically the strongest period for U.S. homebuilders.

Toll Brothers, the largest U.S. builder of luxury homes, and Hovnanian Enterprises, a builder in 17 states, reported this month that their orders in the most recent quarter fell from a year earlier.

After a two-month slide in May and June this year, U.S. housing starts surged 15.7 percent to an eight-month high in July, suggesting the housing market recovery was back on track, according to the Commerce Department.

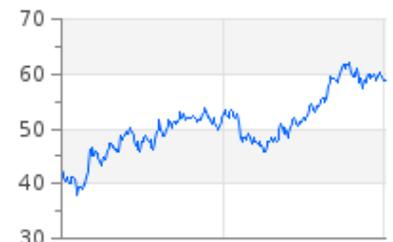
"This recovery has been driven by years of production deficit that has limited supply while demand has come back to the market," Stuart Miller, Lennar's chief executive officer, said in the statement.

Lennar builds homes for first-time and move-up buyers, retirees and multiple-generation households in 18 states. It also invests in apartments, master-planned communities, mortgage financing and commercial real estate.

Price: 59.47

Market Cap: \$18.88 billion

1 Year Share Price Graph



December 2018 June 2019 December 20

Share Information

Code: LEN

Listing: NYSE

52 week High Low
62.63 37.29

Sector: Builders and building materials

Website: www.lennar.com

Company Synopsis:

Lennar Corporation is a homebuilder and a provider of financial services. The home building operations include the construction and sale of single-family attached and detached homes, multi-level residential buildings, as well as the purchase and sale of residential land directly, and through unconsolidated entities in which the Company have investments.

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