



## FEATURED OPTIONS RADAR REPORT



### Lennar Bulls Active into Housing Pullback

**Ticker/Price:** LEN (\$75.70)

#### Analysis:

**Lennar (LEN)** bullish flow this week including over \$3M in May \$72.50 calls bought on 11/10 and today the January \$60 puts being sold to open 3,575X for \$1.20. LEN has seen sellers in the December \$67.50 and \$65 puts as well recently. Shares have pulled back to the 23.6% Fibonacci of a strong trend since March and nice reversal day yesterday giving a short-term level to lean against for a move back to 52-week highs. LEN is also basing at the February highs and longer-term measured move out of this is \$100. The \$23.96B company trades 9.33X earnings, 1.06X sales, and 6.2X FCF with a small yield and low-double digit growth. LEN is coming off a strong quarter buoyed by low rates and continued demand from first-time buyers and 'move-up' buyers transitioning out of more densely-populated areas. LEN acknowledged challenges going into 2021 but sees their more cautious approach to labor and production costs giving them a big advantage over peers. The company expects to lag volumes but the focus on current inventories to cover cost increases in areas like lumber will help them generate higher ROC and ROE. LEN also expects to utilize their size and scale advantage in bigger, more attractive markets to win land position and create a more predictable, measured pace of growth for the next 2-3 years as they see the current secular shift lasting much longer post-pandemic. Analysts have an average target for shares of \$81 and both Susquehanna, BTIG and JP Morgan a Street High \$94. The latter on 10/8 out positive and noting that single-family housing starts are currently only approaching their long-term average after an "unprecedented" 13 years of being below 1.0M, giving plenty of room for further upside. Short interest is 2.8% and near multi-year lows. Hedge fund ownership fell 2% in Q2, Aristotle Capital a buyer of shares while Sanders Capital a top holder with 10M+ shares.

#### Hawk Vision:



**Hawk's Perspective:** LEN a quality housing name and continue to like the group into 2021 with low mortgage rates and pent-up demand, but choppy/sloppy charts right now and will wait for better entries.

**Confidence Ranking:** \$\$