

Analyst Ben Jones
Website <https://benjonesinvestments.com/>
Email ben@benjonesinvestments.com
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Ticker MHO (NYSE)
Price USD 128.88
Sector Homebuilder, Consumer Durables
Website <https://investors.mihomes.com>

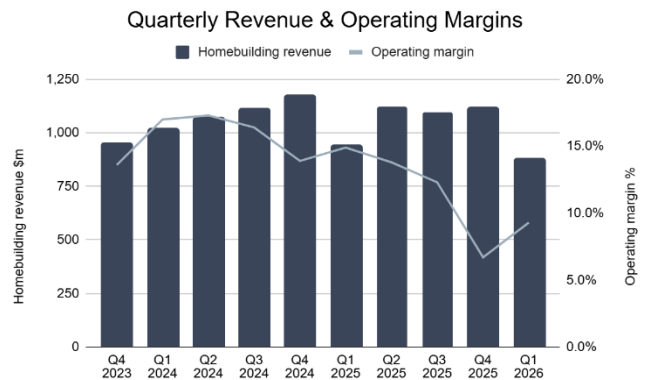


M/I Homes is a US homebuilder based in Columbus, Ohio, with homebuilding operations across 10 states. They build single-family homes and townhouses, delivering 8,921 homes in 2025.

Q1 2026 earnings

USD millions	Q1 2026	Q1 2025	% change
Completions	1,914	1,976	-3.1%
Average sales price \$000s	459	476	-3.6%
Revenue	921	976	-3.6%
Operating income	86	141	-39.0%
Net income	68	111	-38.7%
EPS common shareholders	2.55	3.98	-35.9%
Cancellation rate	8%	10%	-2%
Operating margin	9.3%	14.4%	-5.1%
Net debt / equity	-2.2% (net cash)	-2.7% (net cash)	0.5%
Equity	3,192	3,006	6.2%
RoE (annualised)	8.5%	14.8%	-6.3%

Quarterly Results Trend



Financial Highlights

- Homes delivered decreased 3.1% YoY to 1,914 deliveries.
- The decline in home deliveries was accompanied by the average sales price dropping 3.6% to \$459,000, resulting in a 6.5% YoY drop in homebuilding revenue. Total revenue declined 3.6% following slightly higher land revenue.
- New contracts increased 2.5% from 2,292 in Q1 2025 to 2,350 in Q1 this year.
- Gross margins and operating margins both fell, with operating margins down to 9.3% from 14.4% in Q1 last year. Gross margins dropped 4% YoY on a lower average sales price, with an additional point of margin contraction

from higher S,G&A expenses. The drop in average sales price is predominantly due to increased use of mortgage rate buydowns as a buyer incentive.

- Gross debt was unchanged at \$697m and resulted in a mild decline in gross debt / equity ratio to 21.8% and little change to the net debt / equity ratio of -2.2% (ie positive net cash position). The strong balance sheet ensures M/I Homes can comfortably weather any potential deterioration in the housing market, and take advantage of such a slump with opportunistic land purchasing.
- Backlog units declined from 2,847 units in Q1 2025 to 2,245 units in Q1 this year. Again, this reflects the weaker environment from higher rates impacting customer demand.
- Land lot purchases were \$79m in Q1, down from \$146m in Q1 2025. This reflects a slightly more conservative approach during a higher rate environment. M/I Homes own or control 50,043 lots which corresponds to a 5-6 year supply.
- M/I Homes mortgage operations captured 96% of their business in Q1, up from 92% a year prior. Financial services revenue was \$31m in Q1, flat YoY, with financial services operating income down to \$14m from \$16m in Q1 last year.
- Average LTV was 85% in Q1 vs 83% in Q1 last year and there was a decreased use of government financing with 66% of loans conventional and 34% FHA or VA, compared to 57% and 43% respectively in Q1 last year.
- Share repurchases of \$50m. This brings total repurchases to 18% of outstanding shares since Feb 2022.

Operational Highlights

- M/I Homes say they have seen no impact from tariffs so far this year, but uncertainty still remains going forward.
- M/I Homes had 230 communities in Q1 vs 233 in Q4 and 226 in Q1 2025. M/I Homes is guiding 5% growth in community count for FY 2026.
- Moody's upgraded credit rating from Ba2 to Ba1.

Management Comments

- Robert Schottenstein, CEO: "In the face of challenging market conditions, we produced very solid first quarter results – led by increased new contracts, gross margins of 22%, pre-tax income of 10%, and a return on equity of 12%. We continue to believe that long-term housing demand is supported by favorable demographic trends and an undersupply of housing. We have a strong financial position with record shareholders' equity of \$3.2 billion, cash of \$767 million, and no borrowings under our \$900 million credit facility. With a strong balance sheet, a diverse product offering, and well-located communities, we believe we are well positioned to continue delivering solid results despite all of the market uncertainty."
- Schottenstein sees plenty of growth opportunities within existing markets, seeing the possibility of expanding to 13,000-14,000 annual completions without needing to open up to any new markets.
- Management doesn't expect to see much more of a decline in operating margins, even if a higher rate environment lasts for longer.

Ben Jones Investments Outlook

- Volumes are solid and provide a positive sign of ongoing demand, despite higher mortgage rates.
- There is undoubtedly some weakness in the US housing market presently, and we see this primarily across increased use of incentives impacting gross margins, and through slightly higher LTVs.
- We expect to see lower rates ahead that will provide support. The housing market is also cyclical and we see M/I Homes as undervalued based on long-run average home price growth, margins and volume growth.
- The decline in operating margins is not unusual in higher rate environments and the decline is from historically high margins. M/I Homes operating margins at 9.3% in Q1 is slightly lower than long-run average operating margins. We still see M/I Homes as undervalued based on long-run operating margins of 11%.

- M/I Homes has a strong balance sheet that ensures it can comfortably weather any housing market deterioration, while taking advantage of better land buying opportunities that would inevitably accompany a downturn.
- We like M/I Homes capital allocation policy which maintains cash to be opportunistic in a downturn while also repurchasing shares at attractive valuations.
- We still see the US as having a fundamental housing shortage that will help support property prices through periods of higher rates.
- Historically, higher rates driven by higher inflation tend to support real home prices as nominal home prices keep pace with inflation.
- Given the caution around higher rates and tariffs, we like homebuilders that are undervalued, have above average margins, and strong balance sheets. M/I Homes ticks all three boxes in our view.