RESVR MARKET INTELLIGENCE

2026

THE GREAT RECALIBRATION

THE FLORIDA & TEXAS HOME BUILDER FIELD GUIDE.

A field guide to the post-monopoly market reshaping America's two largest homebuilding states.

EXECUTIVE SUMMARY

THE SUPPLY MONOPOLY IS OVER.

For two years, production builders in Florida and Texas operated with an advantage that won't return: existing homeowners held sub-4% mortgages and refused to list, buyers had nowhere else to go, and new construction was the default. That window closed in early 2026. Florida's active listings crossed **159,000**. Texas absorbed a **50% monthly spike** in new listings. For the first time since 2019, buyers have options, and builders are competing.

The market that replaced it is harder in every dimension. Insurance in Florida now averages **$8,292 a year**, 4.17 times the 2019 figure. Cancellation rates across the public builders ran from **8% to 45.6%** in a single quarter. The median American homebuyer is now **59 years old**, and first-time buyers have collapsed to a historic low of **21%**. The only structural growth engine left is Hispanic households, which accounted for **100% of U.S. homeownership growth** in 2025.

The builders clearing this market are running **122-day cycle times** and **35-second lead responses**. Everyone else is absorbing the gap. This report maps exactly what separated them.

WHY THIS REPORT EXISTS

This report began as internal market intelligence. After many years helping Canada's top-tier production homebuilders increase their sales velocity and upgrade revenue, ResVR is expanding in the United States. As we deployed into Florida and Texas, we needed to know exactly how the top operators in America's two heaviest markets were navigating 2026: the new buyer, the shifting cost structures, and the exact friction points threatening builder margins today.

What we found was too consequential to keep to ourselves. We are publishing these field notes because the data here dictates the survival of any 200+ closing operation in the Sunbelt, **whether ResVR ever helps you sell a community or not.**

REPORT ROADMAP

WHAT THIS REPORT COVERS.

01

The Post-Monopoly Recalibration

How the two-year supply advantage protecting Florida and Texas builders came to an end.

02

Florida

The brutal math of the new coast-vs-interior divide, driven by crushing secondary costs.

03

Texas

The end of the lock-in effect and how existing inventory is resetting the Big Four metros.

04

The 2026 Buyer

How the buyer has aged, Hispanic households became the only structural growth engine, and cancellation now bifurcates by buyer pool.

05

The Playbook

How high-velocity manufacturers are using cycle time, capital structure, and MPCs to protect margins.

06

Strategic Threads

Five operational realities revenue leaders must confront over the next year.

01

PART ONE

THE POST-MONOPOLY RECALIBRATION

The two-year supply advantage that protected Florida and Texas builders has evaporated. This is the market that replaced it, and what it now demands from operators in the back half of 2026.

1.1 Relocation Matured

1.2 The Builder's Squeeze

PART ONE · RECALIBRATION

THE POST-MONOPOLY RECALIBRATION

For two years, production homebuilders in Florida and Texas operated with what could only be called a supply monopoly. Existing-home owners holding sub-4% mortgages refused to list. Buyers had nowhere to go but new construction. Home builders thrived.

That advantage has officially evaporated. In early 2026, Florida and Texas hit similar inventory walls. Florida's active listings crossed the **159,000** mark, pushing time-on-market to its slowest pace since the pandemic. Texas mirrored that slowdown, absorbing a sharp monthly spike in new listings that pushed total inventory and days-on-market to multi-year highs. The math is simple: for the first time since 2019, buyers have existing-home options, and builders are no longer the default choice.

The buyer driving the relocation surge changed at the same time. The 2022 buyer was running from cold winters, high taxes, lockdowns, and a frothy seller's market that funded the move. The 2026 buyer has options, time, and an existing home anchored by either a 3% mortgage or a market that can no longer deliver the equity they once expected. The decision to relocate is no longer a given.

Lennar Executive Chairman Stuart Miller named the shift early. On the company's Q4 2024 earnings call, he put it as plainly as a public-builder CEO can:

> "Underlying demand for new homes remains very strong. However, elevated cost of acquisition have challenged the customers' desire and ability to transact. The urgency to actually transact has quieted as customers adjust to a new normal."
>
> STUART MILLER · EXECUTIVE CHAIRMAN, LENNAR · Q4 2024[1]

We call this the Recalibration: the exact moment the market shifted from a low-friction supply monopoly back to a high-friction sales environment where margin, velocity, and qualification engineering decide who wins.

1.1 · RECALIBRATION

RELOCATION MATURED

The 2024 ACS reads, on first pass, as a softening story. Domestic in-migration to Florida fell 9.9% year-over-year and has declined for two consecutive years from the 2022 peak: 739,000 in 2022 has become 573,876 in 2024. Texas inflows held steadier at 556,156, but the state's net domestic migration is off its 2022 high by roughly 69%.[2]

THE RELOCATION SURGE HAS COOLED · 2022 PEAK → 2024

573,876

Florida in-migration in 2024, down 9.9% year-over-year

−69%

Texas net domestic migration vs. its 2022 peak

This is not a collapse. Florida and Texas remain the two largest destinations for U.S. domestic migration. The single largest state-to-state flow in the country is California to Texas at **77,161** residents in 2024, and the second-largest source into Florida is Texas itself, at **45,259**. The two Sunbelt giants now exchange populations with each other almost as much as they pull from the Acela Corridor.[2]

What has changed is buyer urgency, and that change carries three structural implications for home builders.

VOLUME — The incoming buyer pool is meaningfully smaller than the 2022 peak but still historically large. Builders planning capacity against 2022-vintage assumptions are **overbuilt for actual flow**.

COMPOSITION — Inflows skew more affluent and deliberate at the top, more financially constrained at the entry level. The traditional first-time cohort has collapsed; remaining growth concentrates in **Hispanic and multigenerational households**, segments most builders never centered their product mix on.

BEHAVIOR — Coastal Florida is losing population while the interior absorbs it. Texas inventory has normalized to pre-pandemic levels and existing homes are competitive again. The digital-first sales funnel has gone **from optional to operationally critical**.

Together these shifts dictate a new operational reality: the friction of buying new construction has to be eliminated, because for the first time in years, buyers can simply walk across the street to the resale market.

1.2 · RECALIBRATION

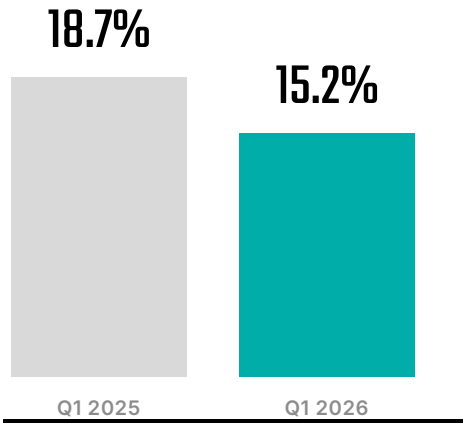
THE BUILDER'S SQUEEZE

The Florida and Texas market has put production homebuilders in a vice. The buyer can wait, so absorption pace has slowed. The resale market is competitive again, so pricing power is gone. Neither pressure is going away in the next twelve months.

The lock-in effect, the refusal of owners holding sub-4% mortgages to list at any cost, has begun to break (Parts 2 and 3 unpack it). Buyers who in 2022 had no choice but new construction now shop new against existing. Rates haven't bailed anyone out: they've settled into a **6.2%–6.5%** range, too high to unlock the next leg of affordability, low enough that buyers who waited for relief have realized the wait might be permanent.[3]

Gross margins have hollowed industry-wide trying to absorb the gap.

MARGINS ARE COMPRESSING ACROSS THE BOARD



Lennar gross margin: a 3.5-point compression in a single year.[4]

10.9%

of gross sales price went to PulteGroup incentives in Q1 2026, up **290 bps** year-over-year, directly causing **310 bps** of gross-margin compression.[5]

How do you keep absorption moving when buyer urgency has cooled and resale has returned? The builders pulling ahead in 2026 have already rebuilt their operating model around the new reality. The builders standing still are watching their gap widen every quarter.

02

PART TWO · FLORIDA

A TALE OF TWO COASTS

The state hasn't stopped growing, but the coast is contracting while the interior absorbs the inflow. A crushing secondary-cost stack is rewriting what affordability even means.

2.1 The Cost Structure That Broke the Coast

2.2 The Wealth Is Still Coming

2.3 What This Means by Submarket

PART TWO · FLORIDA

A TALE OF TWO COASTS

In 2024–2025, the Orlando metro gained 37,690 new residents. Meanwhile, Pinellas County (St. Petersburg) lost 11,834, the second-largest numeric population decline of any U.S. county, and Miami-Dade lost 10,115. Both stories are happening inside one state, competing for the exact same buyer pool.

COAST CONTRACTS WHILE THE INTERIOR ABSORBS · NET MIGRATION · 2024–2025

+37,690	ORLANDO	INTERIOR · ABSORBING
−11,834	PINELLAS CO.	COAST · CONTRACTING
−10,115	MIAMI-DADE	COAST · CONTRACTING

This is the geographic shape of the Recalibration in Florida: coastal counties contracting while the interior absorbs the inflow. Florida remains the absolute top destination for U.S. domestic migration, but the destinations *inside* the state have shifted, and the cost structure driving that shift is now the most important set of numbers for any builder operating there.

The state has split into two buyer markets running in parallel. The interior and inland-east (Orlando, Lakeland, inland Palm Beach) is absorbing a wealthier, more deliberate, more cost-discriminating pool. The coast (Pinellas, Sarasota, parts of Miami-Dade) is contending with buyers who are either priced out or already gone, with an international hedge providing the floor in South Florida specifically. Same state, two economies, two different playbooks required.

2.1 · FLORIDA

THE COST STRUCTURE THAT BROKE THE COAST

The average annual homeowner insurance premium in Florida hit **$8,292** in 2025, 4.17× the 2019 figure of $1,988, and 2.81× the national average. In coastal and high-risk zones, the premium now exceeds the property-tax bill. Roughly 70% of Florida new construction sits inside master-planned communities, and that is where HOA fees have inflated fastest: the median monthly fee in the Miami metro reached **$617** in 2025, equal to 26.9% of a typical monthly mortgage payment.[7]

WHAT FLORIDA BUYERS PAY BEYOND THE MORTGAGE · MONTHLY

$691	$617
INSURANCE / MO	HOA / MO

SECONDARY CARRY EVERY MONTH, ON TOP OF PRINCIPAL, INTEREST & PROPERTY TAXES

$1,308/mo

Florida's average premium of $8,292 is 4.17× its 2019 level[6]; HOA prevalence across for-sale listings has climbed to 43.6% in 2025 from 34.3% in 2019.[7]

The buyer is no longer underwriting a mortgage. The buyer is underwriting a mortgage *plus* an $8,000 insurance premium *plus* a $617 HOA fee *plus* property taxes. At a 6.4% mortgage rate the qualifying math gets brutal fast. The HOA line alone can cut a buyer's maximum qualifying mortgage by tens of thousands of dollars. These aren't theoretical pressures; they show up in builder P&Ls. Beazer Homes took an impairment on an Orlando condo project in Q3 2025, and CEO Allan Merrill named the cause precisely:

> "Unfavorable local pricing, persistent insurance cost increases, and HOA challenges."
>
> ALLAN MERRILL · CEO, BEAZER HOMES · Q3 2025[8]

2.1 · FLORIDA

SELLERS WITHDRAW, INSURANCE TURNS

The margin impact has been industry-wide. M/I Homes CEO Robert Schottenstein said the part out loud on the company's Q1 2026 call:

> "For a while, our Florida markets had some of the best margins in the company. That's not the case today."
>
> ROBERT SCHOTTENSTEIN · CEO, M/I HOMES · Q1 2026[9]

The pressure shows up on the seller side too. Through April 2026, active inventory in Cape Coral fell 27.1% year-over-year, Fort Myers dropped 24.7%, and Southwest Florida overall shed 21.7% of its active listings as owners chose to *delist* rather than chase the price down. Statewide listing growth had cooled from roughly +33% year-over-year in early 2025 to just +2.4% by April 2026, with net new listings down 13% that month.[10]

SOUTHWEST FLORIDA LISTINGS ARE VANISHING · ACTIVE INVENTORY, YOY TO APR 2026

−27.1%	−24.7%	−21.7%
Cape Coral active inventory, YoY	Fort Myers active inventory, YoY	Southwest Florida, overall

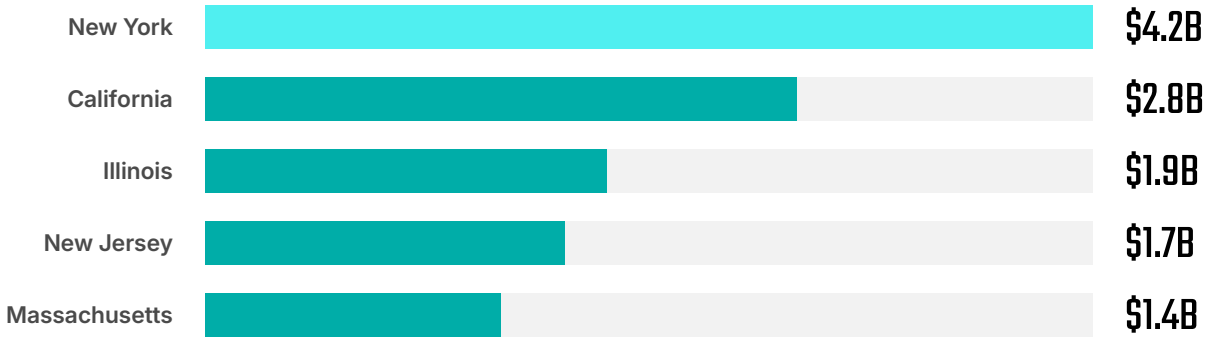
One signal underneath all this is worth tracking: the insurance side may finally be turning. Citizens Property Insurance, the state-run insurer of last resort, saw its policy count fall **72%** from a 2023 peak of 1,412,183 to 392,689 by January 2026. Citizens exists to cover what the private market won't, so a decline that steep means private carriers are coming back and taking the risk again. The headline insurance numbers are still painful, but the trend underneath them has shifted.[11]

2.2 · FLORIDA

THE WEALTH IS STILL COMING

Even with the geographic contraction on the coast, Florida remains the single largest beneficiary of wealth migration in the United States. IRS Statistics of Income data for the 2022–2023 filing year shows Florida pulled in **$20.65 billion** in net adjusted gross income, nearly four times Texas's net gain and more than the next four states combined. Roughly 45% of the state's net migration was high-income, with 50,485 households earning more than $200,000 a year.[12]

WHERE THE INBOUND WEALTH COMES FROM · NET AGI, 2023



The top source states are exactly where the lock-in is loosening fastest.[12]

THE WEALTH CONCENTRATES AT THE TOP AND ABROAD

$3.04B

Palm Beach County net AGI gain (inbound AGI $178,085 vs. $98,527 departing)

+52%

Canadian dollar volume into Florida residential, now $1.9B

45%

Share of all FL international purchases absorbed by the Miami MSA[13]

2.3 · FLORIDA

WHAT THIS MEANS BY SUBMARKET

The universal Florida strategy of 2022 is over. A state that once rewarded broad coastal concentration has fractured into micro-economies, each requiring a highly specific approach.

INSULATED

INTERIOR FLORIDA

Orlando · Lakeland · Inland Palm Beach

Master-planned and move-up builders here operate in a highly insulated market. High-income inbound migration has shielded the region from broader rate pressure. M/I Homes named **Orlando a top-profit division** in Q1 2026, proving margins can still be held inland.

MOST EXPOSED

SOUTHWEST FLORIDA

Tampa · Sarasota · Naples

This corridor absorbs the state's most acute headwinds. The cost structure is driving the general population outward, leaving a concentrated resort and active-adult pool. Taylor Morrison logged a **3% order increase in resort lifestyle** even as entry-level sales collapsed 21%. If product mix doesn't match that buyer, the market has turned hostile.

BIFURCATED

SOUTH FLORIDA PROPER

Miami-Dade · Fort Lauderdale · West Palm Beach

An unusual mix of domestic population loss and international demand resilience, burdened by the highest secondary-cost stack in the country. The entry-level segment is functionally dead; builders must pivot to the high end and the **international hedge**, leaving national affordability metrics behind.

03

PART THREE · TEXAS

INVENTORY RESETS THE GAME

The lock-in effect finally broke, flooding the market with resale supply for the first time since 2019. The Big Four metros have stopped moving together, and the arriving buyer is a different profile entirely.

3.1 The Big Four Don't Move Together

3.2 The Texas Buyer: Professionals Over Retirees

3.3 A Water Workaround

3.4 What This Means by Submarket

PART THREE · TEXAS

INVENTORY RESETS THE GAME

Texas added a record number of new home listings in 2025. By January 2026, new listings were running roughly 50% above the prior month, active inventory climbed double digits year-over-year, and the average home spent more than 80 days on the market, the highest in over a decade. The supply monopoly that defined production homebuilding through the early post-pandemic years is leveling.[14]

TEXAS INVENTORY HAS RESET · JANUARY 2026

+50%

Month-over-month jump in new listings, January 2026

80+

Days on market, the highest in over a decade

The buyer pool hasn't disappeared. California-to-Texas remains the single largest state-to-state migration flow in the country at **77,161** residents in 2024; the next-largest sources are Florida (42,300), New York (28,400), and Illinois (25,200), all high-cost states funneling residents into the Texas Triangle. The pipeline is intact. The conditions are not.[2]

The lock-in is finally breaking. Texans holding sub-4% mortgages had waited two years for rates to drop. The Texas Real Estate Research Center observed that life events (marriages, divorces, deaths, relocations) and rising equity gradually outweighed the math of giving up a 3% rate. By late 2025, with rates settled into the 6.2%–6.5% range and no relief in sight, the accumulated pressure released into the seasonal listing window. That January spike is what the release looked like at scale.

Production builders now compete with resale stock that didn't exist as inventory a year ago: homes built between 2010 and 2020, sitting in established neighborhoods with mature trees, and priced below what a builder can deliver against a 2026 cost base.

3.1 · TEXAS

THE BIG FOUR DON'T MOVE TOGETHER

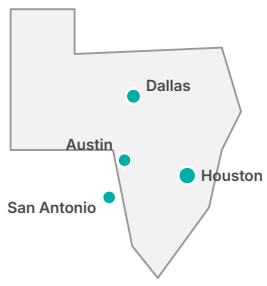
HOW THE BIG FOUR ENTERED 2026 · Q1 2026

METRO	SALES YOY	PRICE YOY	DAYS ON MKT	MEDIAN PRICE CUT
AUSTIN Deepest correction	+7.4%	−2.5 / −3.0%	80+	$35,000
SAN ANTONIO Largest sales decline	−9.9%	−2.5%	80+	$19,000
DALLAS–FORT WORTH Reset, still profitable	−6.1%	−1.2 / −1.7%	80+	$19,000
HOUSTON Volume leader	−3.9%	−1.0%	80+	$19,000

Source: Texas Real Estate Research Center, Texas Housing Insight, Q1 2026.[14] Austin's sales recovered, but on meaningfully cheaper homes, a continuation of the correction that began in 2023.

Beazer Homes captured what the softening looks like inside operations, reporting a Texas sales pace of 1.3 homes per community per month, well below the company's historic 1.9–3.1 range, with "notable underperformance in a region representing approximately 40% of active communities."[8] M/I Homes' Robert Schottenstein framed the Dallas margin reset directly:

FOUR MARKETS, FOUR TRAJECTORIES



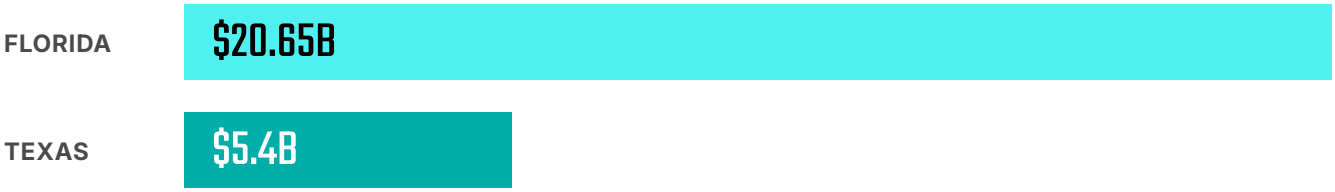
> "We have had very strong margins in Dallas for a long time. They are lower now than they were... but comparatively speaking, we still have very solid margins in Dallas."
>
> ROBERT SCHOTTENSTEIN · CEO, M/I HOMES · Q1 2026[9]

3.2 · TEXAS

THE TEXAS BUYER: PROFESSIONALS OVER RETIREES

The wealth profile of Texas in-migration differs sharply from Florida's, and the difference shapes how builders price into the state. IRS data for 2022–2023 shows Texas pulled in roughly **$5.4 billion** in net adjusted gross income, about a quarter of Florida's $20.65 billion. Just 13.7% of Texas's net inflow earned more than $200,000 a year, against 45% in Florida.[12]

FLORIDA PULLS IN ROUGHLY 4× THE WEALTH TEXAS DOES · NET AGI, 2022–2023



High-income share of net migration: **45% in Florida** vs. **13.7% in Texas**.

The Texas pipeline runs professional and upper-middle. The Californians, Floridians, New Yorkers, and Illinoisans moving in skew toward corporate relocations (Tesla, Oracle, Hewlett Packard Enterprise) and dual-earner families, rather than the high-net-worth retiree driving Florida's wealth migration. For builders, this makes Texas an entry-level affordability market: M/I Homes reported that its most affordable line, the Smart Series, represents **nearly 90%** of sales in San Antonio and Houston.[9] The margin pressure sits at different friction points than in Palm Beach or Naples: qualifying fallout, decision fatigue at option selection, and cancellation. The builders winning are reducing friction across all three.

3.3 · TEXAS

A WATER WORKAROUND

A second-order issue is reshaping Texas land strategy in ways that don't show up in absorption data yet, but will define which builders have growth available in 2027 and beyond. Texas Association of Builders CEO Scott Norman emphasized that municipal water and sewer capacity has become the binding constraint on new community starts in high-growth counties.[15] Builders report that securing "will-serve" letters (the document confirming water and sewer can actually be delivered to a planned community) has become highly contested and more expensive than the underlying land acquisition.

> Securing a "will-serve" letter has become more expensive than the land it sits on.
>
> TEXAS ASSOCIATION OF BUILDERS · 2025[15]

This explains why Houston's market is geographically spreading. The Greater Houston Builders Association's 2025 Annual Forecast highlighted that builders are increasingly developing in outer-ring counties thirty to forty miles from the urban core, driven by the search for land that can both deliver sub-$350,000 product *and* secure municipal infrastructure commitments without years of delay.[16] The "Missing Middle" of attainable Texas housing is being built further out, not because builders prefer it, but because the inner-ring infrastructure is going dry.

HOUSTON IS BUILDING FURTHER OUT · OUTER-RING STRATEGY

30–40 mi

How far from the urban core Houston builders are now developing

<$350K

The attainable price point driving the outer-ring land search[16]

3.4 · TEXAS

WHAT THIS MEANS BY SUBMARKET

Texas has matured from a uniformly strong growth market into four submarkets with four operating realities. The arriving buyer is walking into a softer market flush with existing inventory, definitively ending the "everybody wins" era of 2022.

VOLUME ENGINE

HOUSTON

Dayton · Beasley · outer-ring

The state's volume leader, with the most resilient pricing and absorption. Growth is pushing outward, and the builders winning in 2026 secured **Tier 2 land positions** early enough to deliver affordable product at scale in outer-ring markets.

RESET, PROFITABLE

DALLAS–FORT WORTH

Northern suburbs · southern fringe

Margins have reset, but established operators remain profitable. The market is **bifurcating sharply**: luxury communities in the northern suburbs keep turning, while entry-level inventory on the southern and eastern fringes faces mounting pressure.

DEEPEST CORRECTION

AUSTIN

2023–2024 correction

The most discounted metro in the state and the slowest to clear. Builders are absorbing **$35,000 average price cuts**, forced to wait for the correction to fully digest before operations normalize.

CAUTIONARY TALE

SAN ANTONIO

Largest YoY sales decline

The affordability-focused product mix that dominated in 2022 has collided with a buyer pool struggling to qualify, leaving builders **highly exposed to entry-level cancellation spikes**.

04

PART FOUR · THE 2026 BUYER

THE NEW 2026 BUYER

Older, wealthier, more Hispanic, more multigenerational, more digital, and substantially more willing to walk at the close. None of it maps to the product mix the industry was built for.

4.1 The Hispanic Shift

4.2 Money on the Table

4.3 Why Buyers Walk in 2026

4.4 The Digital-First Decision

PART FOUR · THE 2026 BUYER

THE NEW 2026 BUYER

The median U.S. homebuyer is 59 years old. First-time buyers have collapsed to 21% of the market, a historic low, roughly half the 40% share that defined the pre-2008 era. Seventy-nine percent of all buyers are now repeat buyers, walking in with equity from a previous sale and a median 23% down payment, the largest cushion since 2003.[17]

WHO'S BUYING IN 2026

59	21%	23%
Median age of the U.S. homebuyer	First-time buyer share, a historic low	Median repeat-buyer down payment, most since 2003

This is not the buyer the industry's product mix and sales infrastructure were built for. The buyer who showed up in 2026 is older, wealthier on average, more concentrated in Hispanic and multigenerational households, more digitally engaged before any sales contact, and substantially more willing to walk away at the close. Each of those shifts breaks a different assumption baked into the 2022 operating model, and the parts that follow take them one at a time.

4.1 · THE 2026 BUYER

THE HISPANIC SHIFT

In 2025, Hispanic households added **441,000** net new homeowners, the largest single-year increase for any ethnic group on record, and 100% of net U.S. homeownership growth last year. Without Hispanic households, the country posts a net decline in homeowners; 92.6% of all new U.S. household formations in 2025 came from Hispanic households.[18]

HISPANIC HOUSEHOLDS ARE GROWING · 2025

441K	100%	92.6%
Net new Hispanic homeowners, 2025 (a record)	Of net U.S. homeownership growth	Of all new U.S. household formations

The geography sits in the Sunbelt. Texas has a Hispanic population of 12.6 million and Florida around half that at 6.7 million, with a median age nearly thirty years younger than the median repeat homebuyer. This is not a niche segment; it is multi-decade demand arriving precisely as the broader pool ages out of household formation.[18]

The product implications are direct. Multigenerational buying is a rising share of the market, with income pooling between generations as the financing mechanism, enabling households to secure larger, more flexible homes than a single earner could qualify for. Dual-master configurations, in-law suites, finished basements, and four-bedroom-plus floorplans are common features for this buyer. Yet the production mix being delivered across Florida and Texas is still centered on the **3-bed, 2-bath** template, roughly 47% of all new single-family starts, calibrated for a young couple with one child. That product is no longer the median demand.[17]

4.2 · THE 2026 BUYER

MONEY ON THE TABLE

The 2026 market is defined by a massive capital bifurcation. One segment arrived with immense resources; the other is stretched to the regulatory limit. National cash purchases hit a twelve-year high of **39.1%** in 2025, Texas all-cash closings climbed sharply, and the share runs higher still in South Florida's international and new-construction segments. The divergence dictates two fundamentally different business models, visible right in the Q1 2026 earnings data.[19]

TWO BUYERS, TWO BUSINESS MODELS · Q1 2026

THE LEVERAGE BUYER

STRETCHED

Representative: D.R. Horton

Average income	$95,600
Average FICO	721
Debt-to-income	At ceiling
Financing	Heavy FHA

THE EQUITY BUYER

CASH-FLUSH

Representative: Taylor Morrison

Average income	$181,000
Average FICO	750
Equity at signing	20%
Financing	Low reliance

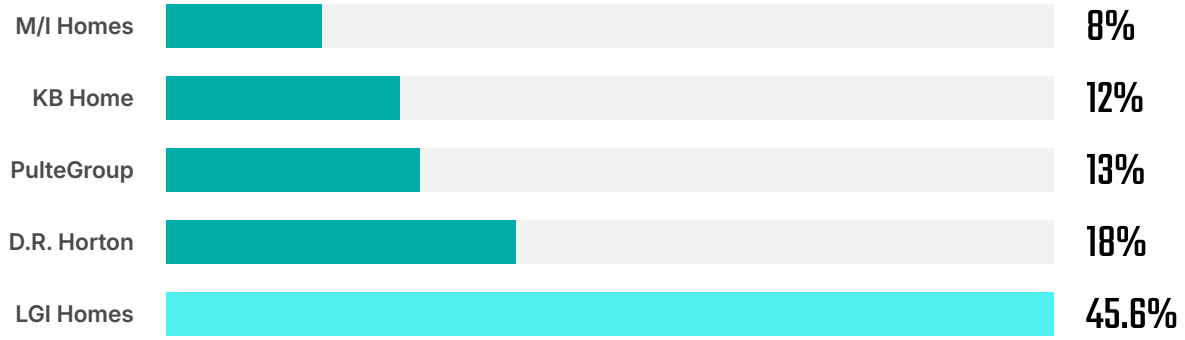
Both buyers are active in Florida and Texas today.[20][21] Serving them requires two fundamentally different approaches: different product, different sales process, different financing machinery.

4.3 · THE 2026 BUYER

WHY BUYERS WALK IN 2026

Cancellation rates across the public-builder peer group in Q1 2026 ranged from 8% to 45.6%, a 37.6-point spread inside a single quarter and a single rate environment. The spread tracks almost entirely with which buyer pool a builder sells into.

CANCELLATION TRACKS THE BUYER POOL · Q1 2026



M/I and KB Home are built-to-order operations selling high-FICO, equity-rich buyers. LGI targets thin-credit entry-level buyers and over-books its pipeline ~100%, so half the contracts evaporate before close, by design.[22][23]

Financing fallout (entry-level)

The cause is qualification. The fix is headroom: **deeper buydowns, captive-mortgage capture, expanded FHA programs, ARM products**. LGI's 45.6% and D.R. Horton's 18% are the same dynamic at different volume.

Resale contingency (move-up)

The buyer is qualified and wants to move, but their existing home hasn't sold. The fix is different: **earlier existing-home qualification, contingent terms, bridge financing**. PulteGroup's 13% rise traced to active-adult buyers stuck here.

4.4 · THE 2026 BUYER

THE DIGITAL-FIRST DECISION

By the time a buyer walks into a model home, most of the deciding is done. Effectively 100% of new-construction buyers begin their search online, with AI-driven tools now standard for property curation, neighborhood evaluation, and budget modeling before any sales conversation. The median search-to-contract window runs roughly two months: a 2-to-4-week phase where buyers eliminate options digitally, then a 4-to-6-week phase where they engage builders only on a short list.[27]

HOW A 2026 BUYER DECIDES · SEARCH TO CONTRACT

2–4 wks	4–6 wks
DIGITAL ELIMINATION	ACTIVE SELECTION · SHORT LIST ONLY

Roughly two months from first search to signed contract. Nearly 100% begins online, and the model-home visit lands only at the very end.[27]

SPEED IS THE SALE

35 sec

Lennar's average response to a digital inquiry in Q1 2026, a **71% improvement** year-over-year, with qualified leads up 10%. The industry median is closer to several hours. The builder who answers in 35 seconds makes the short list; the builder who answers in three hours doesn't.[4]

This is not a temporary shift. Each new cohort arrives more digital than the last, and the Hispanic households driving the market's only structural growth skew the youngest of all. The digital pre-decision phase is where the sale is increasingly won or lost. And that, candidly, is the reason ResVR exists.

PART FOUR · IN SUMMARY

WHAT THIS BUYER MEANS

OLDER. WEALTHIER ON AVERAGE. MORE HISPANIC, MORE MULTIGENERATIONAL. CASH-FLUSH AT THE TOP, CREDIT-ENGINEERED AT THE BOTTOM. PATIENT BEFORE THE DECISION, LEVERAGED AT THE CLOSE. AND MORE DIGITAL THAN ANY COHORT BEFORE IT.

None of those traits map cleanly to the product mix, the sales infrastructure, or the qualifying machinery that production homebuilding was built around in 2022. Every one of them moved at once, which is why the 2026 buyer reads as a different customer entirely rather than the same customer in a softer market.

PART 4 IN FOUR NUMBERS

4.1 · THE HISPANIC SHIFT

441K

Net new Hispanic homeowners in 2025, accounting for 100% of U.S. homeownership growth.

4.2 · MONEY ON THE TABLE

39.1%

National cash purchases at a twelve-year high, as the buyer pool splits into two business models.

4.3 · WHY BUYERS WALK

8–45.6%

The cancellation spread in a single quarter, tracking almost entirely with which buyer a builder serves.

4.4 · THE DIGITAL-FIRST DECISION

35 sec

Lennar's lead-response time, the speed that now decides whose short list a builder makes.

Part 5 turns from who is buying to who is winning, and what the builders clearing this market have actually built.

05

PART FIVE · THE PLAYBOOK

THE NEW OPERATING MODEL

The builders clearing the 2026 market run like high-velocity manufacturers. Four disciplines separate them from the field, and each one is now non-optional.

5.1 Cycle Time Moats

5.2 The Spec Whipsaw

5.3 The Land-Light Pivot

5.4 The Master-Planned Community Still Prevails

PART FIVE · THE PLAYBOOK

WHAT'S WORKING: THE NEW OPERATING MODEL

Lennar's single-family detached cycle time dropped to 122 days in Q1 2026, an all-time company low and an 11% improvement year-over-year.[4] The operating model that has emerged at the top of the industry is a high-velocity manufacturing engine. That abstraction breaks into four concrete disciplines, and a builder using all four is clearing the 2026 market while a builder pulling one or two absorbs the gap.

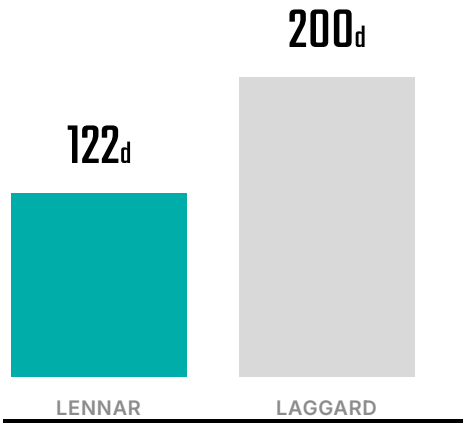
5.1 · SPEED	**Cycle-time compression.** In a 6% rate environment every idle permitted lot compounds carry through financing, taxes, and overhead. Lennar's 122 days is the benchmark.
5.2 · INVENTORY	**Spec strategy.** Right-sizing finished inventory to the new buyer pace (or pivoting back to build-to-order) to stop bleeding margin on unsold homes.
5.3 · CAPITAL	**Asset-light land.** Off-balance-sheet land banking that keeps inflation out of cost of goods sold and capital out of multi-year land inventory.
5.4 · GEOGRAPHY	**MPC concentration.** Amenity-driven price-floor protection in master-planned communities, the surviving stronghold of Sunbelt volume.

5.1 · THE PLAYBOOK

CYCLE TIME MOATS

Construction cycle time has become the most contested operational metric in production homebuilding. In a 6% mortgage environment, every additional day a permitted lot sits idle compounds carry costs. Lennar's 122 days is industry-leading; Meritage cut from ~120 days in Q1 2025 to ~110 in Q2 through backlog-conversion discipline and exceptional spec management.[24]

THE COST OF A SLOW BUILD CYCLE



A 200-day cycle absorbs $20,000+ in extra carry per home versus Lennar's 122.[4]

AT SCALE

$100M+

At 8,000–14,000 closings per year, the carry delta between a leader and a laggard runs into **hundreds of millions of dollars** of margin annually.

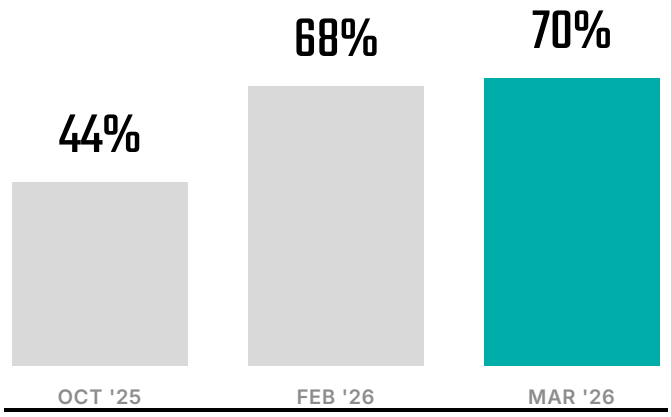
Speed-to-lead is even more lopsided. At IBS 2025 and the Sunbelt Builder Show 2025, the most-attended sessions on the schedule were both about AI-driven lead-response automation. The practitioner consensus: builders without sub-minute lead response are conceding pipeline share to the public builders every week. For a buyer pool shopping new against existing for the first time since 2019, speed-to-lead is no longer optional.

5.2 · THE PLAYBOOK

THE SPEC WHIPSAW

In October 2025, only 44% of KB Home's net new orders were built-to-order. By February 2026 that share reached 68%; by early March it crossed 70%. In five months one of the largest publicly-traded builders pivoted its entire product mix back to BTO, with CEO Jeff Mezger framing it as a deliberate response to the "elevated finished inventory" that hit the industry as builders carried unsold spec into a softening market.[23]

KB HOME'S PIVOT BACK TO BUILD-TO-ORDER · SHARE OF NET NEW ORDERS



KB Home's built-to-order share of net new orders.[23]

ONE TARGET, THREE PATHS

Meritage right-sized to **4,700 specs** (−30% YoY, 14 per store, the lowest since 2022). Lennar ran turn hot instead, reaching **2.5× inventory turn** and a 17.4% return on inventory. Each path clears the same problem: finished homes sitting unsold bleed margin.[24]

The BTO pivot solves the carrying-cost problem but creates a selling problem: how do you sell a home the buyer can't walk through? Builders with standardized model lines are increasingly answering with virtual showhomes that let a buyer experience and commit to a home before the foundation is poured. This is the gap ResVR was built to close.

5.3 · THE PLAYBOOK

THE LAND-LIGHT PIVOT

Lennar completed its Millrose spinoff in 2025, formally transitioning toward an asset-light, land-light model. By Q1 2026, 86% of Lennar's home sites came through land-banking partnerships rather than balance-sheet ownership, up from 52% a year prior. The intent was structural: stop trapping capital in multi-year land inventory across a cycle.[4]

HOW BUILDERS ARE DE-RISKING LAND

86%

Lennar home sites land-banked in Q1 2026 (up from 52% a year prior)

~0

PulteGroup net debt-to-capital, after $5.2B land + $1.4B to shareholders[5]

+10%

D.R. Horton land & lot costs, YoY[20]

PulteGroup reached a comparable balance sheet through capital discipline rather than a spinoff, fully funding its land pipeline and returning a billion-plus to shareholders in a margin-compressed year with no incremental leverage. Meritage went further on selectivity, using off-balance-sheet structures aggressively while maintaining strict deal-by-deal walk-away protections.[24]

The implication for revenue leaders is real. Land-heavy builders absorb lot inflation directly into cost of goods sold; asset-light builders push it into a financing structure that doesn't compress gross margin the same way. In a 15% gross-margin environment, that capital-structure choice can be the difference between profitable and not.

5.4 · THE PLAYBOOK

THE MASTER-PLANNED COMMUNITY STILL PREVAILS

For all the fragmentation across Florida and Texas, one geography keeps outperforming. John Burns Research & Consulting's 2026 Top 50 Master-Planned Communities report shows Florida captured 15 spots and Texas 17, meaning **32 of the top 50** MPCs nationally sit in these two states. Together they represented 43% (Florida) and 26% (Texas) of net new sales among Top 50 MPCs, with The Villages and Lakewood Ranch holding the #1 and #2 national rankings despite surrounding markets softening.[25]

WHY THE MASTER-PLANNED COMMUNITY KEEPS WINNING

32 / 50

Top-50 MPCs in FL + TX (15 Florida · 17 Texas)

$212K

Toll Brothers avg. design-studio + lot-premium spend (25% of base price)[26]

$100K+

PulteGroup move-up / active-adult options per home[5]

The MPC structure provides what the broader market is missing: amenity-driven price-floor protection, lifestyle differentiation, and a buyer choosing the community as much as the home. It is also where the Equity Buyer's spending lands, and the design studio is where that move-up margin is made or lost. Builders capturing it digitally, letting buyers configure and price upgrades before they ever sit with a sales counselor, are converting that spend at scale.

A parallel trend is the rise of builder-developed MPCs, bypassing third-party developers to improve delivery speed and pricing control. For a 200+ closing operation, that vertical-integration move is a hedge against the supply-chain volatility hitting both states: insurance and HOA inflation in Florida, water and permitting bottlenecks in Texas. Builders without MPC exposure are operating in the most exposed slice of the FL/TX market.

PART FIVE · IN SUMMARY

THE TAKE-AWAY

Leading production homebuilders in Florida and Texas have spent the last eighteen months mastering four disciplines: cycle speed, inventory strategy, capital structure, and geography. Builders running all four are clearing the 2026 market. Builders pulling only one or two are absorbing the gap, quarter after quarter.

THE FOUR DISCIPLINES, BY THE NUMBERS

5.1 · CYCLE TIME MOATS

122 days

Lennar's industry-leading cycle. A 200-day cycle absorbs $20,000+ more carry per home.

5.2 · THE SPEC WHIPSAW

70%

KB Home's built-to-order share after a five-month pivot off unsold finished inventory.

5.3 · THE LAND-LIGHT PIVOT

86%

Lennar home sites now land-banked off the balance sheet, up from 52% a year prior.

5.4 · THE MPC STILL PREVAILS

32 / 50

Top-50 master-planned communities sitting in Florida and Texas, the surviving stronghold of volume.

None of this transfers cleanly. The model working at Lennar may be unworkable at a mid-cap regional; the MPC concentration protecting PulteGroup's margin takes a decade of land positions to build; the captive-mortgage operation letting M/I close 96% of its sales presumes you have one in the first place. The shape of the field is what this report set out to show. The threads worth pulling are in Part 6.

06

PART SIX · STRATEGIC THREADS

FIVE THREADS TO TRACK

Not prescriptions. You know your own P&L better than any external report. Five observations instead, and the threads where the field is moving fastest over the next twelve months.

01 Speed Has Become a Moat

02 Migration Has Matured

03 The Buyer Has Changed

04 Cancellation Is a Buyer-Pool Problem

05 Geography Is No Longer Fungible

THREAD 01 OF 5

01
SPEED HAS BECOME A MOAT

Lennar's 122-day cycle and 35-second lead response are competitive moats, not just operational wins. Every extra build day compounds carry; every extra minute of lead response cedes pipeline. The 122-vs-200-day gap is **$20,000+ per home**, and it is widening as the leaders keep optimizing: Lennar improved response 71% year-over-year, and Meritage cut ten days off cycle in a single quarter.

THE WIDENING SPEED GAP

122 days	35 sec	$20K+
Lennar's single-family cycle time, an industry low	Average response to a digital inquiry	Extra carry per home at a 200-day cycle

ASK IN A REVIEW

Your **true median lead-response time** across every digital surface, and how your cycle time indexes against the public peer group. In 2026 those two metrics decide who reaches the buyer first.

THREAD 02 OF 5

02
MIGRATION HAS MATURED

The 2024 ACS may be the punctuation on the post-pandemic Sunbelt surge. Florida in-migration has fallen two consecutive years; Texas has stabilized well below its 2022 peak. Stuart Miller's framing, that "the urgency to actually transact has quieted," is the cleanest read of the data. Builders who planned capacity on 2022-vintage assumptions are **overbuilt for the actual 2026 flow**. The pool is structural-but-smaller: still historically large, no longer surging.

OFF THE 2022 PEAK, BUT STILL THE NATION'S DESTINATIONS

573,876
Florida in-migration in 2024, down two years running

−69%
Texas net domestic migration vs. its 2022 peak

77,161
California to Texas, still the largest U.S. flow

THE BASELINE

Plan to the **structural-but-smaller pool**, not the 2022 surge. Plans calibrated to "the wave will fix it" need rethinking; plans calibrated to "this is the new baseline" are the accurate ones.

THREAD 03 OF 5

03
THE BUYER HAS CHANGED

The median U.S. homebuyer is 59: in Texas 58, in Florida higher still. First-time buyers have collapsed to 21%, roughly half their pre-2008 share, while 79% of buyers are repeat buyers arriving with equity and a median 23% down payment. The growth that remains is **Hispanic and multigenerational**, with a median Hispanic homebuyer age of 31.

TWO COHORTS, THREE DECADES APART

59	21%	31
Median age of the U.S. homebuyer	First-time buyer share, a historic low	Median age of the Hispanic homebuyer

TWO BUYERS

At the dominant end, older and equity-carrying. At the growth end, younger, Hispanic, and multigenerational. **Different houses, different sales process, different financing.**

THREAD 04 OF 5

04
CANCELLATION IS A BUYER-POOL PROBLEM

The 8%-to-45.6% cancellation spread tracks almost entirely with which slice of the buyer pool a builder serves. M/I (8%) and KB Home (12%) sit at or near their best levels in years; LGI's 45.6%, attributed to "buyers who are ultimately unable to qualify," is the entry-level segment's structural reality, not a blip. Entry-level pipelines have to be **over-booked by roughly 100%** just to hit delivery targets.

A 37.6-POINT SPREAD IN ONE QUARTER

8%	45.6%	37.6 pts
Best-in-class, built-to-order (M/I Homes)	Entry-level, thin-credit (LGI Homes)	The gap between the two markets, widening

THE NUMBER TO TRACK

The **gap between the two markets**, currently 37.6 points and widening. It tells you more about a builder's customer-acquisition model than any single cancellation rate does.

THREAD 05 OF 5

05
GEOGRAPHY IS NO LONGER FUNGIBLE

The Florida that worked in 2022, with its large inflows, ascending margins, and coastal concentration, has bifurcated into a state that requires submarket-specific playbooks. Texas split into four submarkets that no longer move together. Running through both states, **32 of the top 50 master-planned communities** sit in Florida and Texas, and they held volume in 2025 while surrounding markets softened.

ONE REPORT, EIGHT OPERATING REALITIES

4	4	32 / 50
Florida archetypes, from insulated interior to bifurcated coast	Texas metros, from Houston's volume to San Antonio's decline	Top master-planned communities in the two states

THE REWARD

The land strategy and product mix that work in interior Florida do not work in Southwest Florida; what works in Austin does not work in Houston. The next twelve months **reward submarket discipline** and pressure those operating without it.

IN CLOSING

REBUILD THE MODEL BEFORE THE RECOVERY

The Great Recalibration is the shift from a market defined by demand surge and supply scarcity to one defined by qualification engineering and velocity. It happened gradually across 2024 and 2025, and crystallized in the Q1 2026 data this report draws on. The builders winning in Florida and Texas are operating differently than they did in 2022: **leaner balance sheets, captive financing, asset-light land, sub-minute lead response, concentrated MPC geography, and segment-specific product mix**.

None of this is permanent. Rates will drift back toward 5%, insurance and HOA inflation will moderate, inventory will rebalance. But the builders who built the new playbook through 2024 and 2025 will enter the next cycle with structural advantages that compound through the recovery.

WHO WE ARE

YOUR 24/7 VIRTUAL SHOWHOME

ResVR is a sales and design platform built specifically for production home builders: a 24/7 virtual showhome that lets a buyer tour a community, configure finishes, and price every upgrade long before a foundation is poured. For years it has helped Canada's top-tier builders lift sales velocity and upgrade revenue, and it is now expanding across Florida and Texas.

We hope this report helps you win the back half of 2026. And if it surfaced a gap or two in your own strategy, whether that's keeping today's digital-first buyer engaged or pre-selling homes before they're built, that's exactly what we do.

ResVR

BUYER-CONFIGURABLE VIRTUAL SHOWHOMES

BOOK A DEMO OR FIND OUT MORE

APPENDIX

SOURCES & REFERENCES

Citations are numbered to match the footnote markers throughout the report. Where a source is cited more than once, it keeps the same number. Figures are drawn from IRS wealth-migration data, U.S. Census ACS tables, public-builder earnings calls, and localized research from JBREC, TRERC, Realtor.com, NAR, and NAHREP.

1 **Lennar Corporation**, Q4 2024 Earnings Call (Stuart Miller remarks), December 2024.

2 **U.S. Census Bureau**, 2024 American Community Survey 1-Year Estimates, State-to-State Migration Flows (released January 2026).

3 **Freddie Mac**, Primary Mortgage Market Survey (30-year fixed-rate range), 2025–2026.

4 **Lennar Corporation**, Q1 2026 Earnings Release and Call, March 2026 (gross margin, cycle time, inventory turn, land-banking share, lead-response time).

5 **PulteGroup**, Q1 2026 and Q4 2025 Earnings Calls (incentives, cancellation rate, options/lot-premium spend, capital allocation).

6 **Insurify**, 2026 Insuring the American Homeowner Report (Florida average premium).

7 **Realtor.com Research**, Homeowners Associations Report 2025 (HOA prevalence, Miami metro median fee, qualifying-power impact).

8 **Beazer Homes**, Q3 2025 Earnings Call (Orlando impairment; Texas sales pace).

9 **M/I Homes**, Q1 2026 Earnings Call (Florida and Dallas margins; Smart Series mix; cancellation rate; captive-mortgage capture).

10 **Florida Realtors / Florida MLS** inventory data, 2025–2026 (Southwest Florida and statewide listing trends).

11 **Citizens Property Insurance Corporation** and Florida Office of Insurance Regulation, policy-count data (January 2026).

12 **IRS Statistics of Income**, 2022–2023 Migration Data (Florida and Texas net AGI; high-income household flows), via Realtor.com and NTU Foundation analysis.

13 **Florida Realtors**, 2025 Profile of International Residential Transactions (Canadian dollar volume; international share; South Florida cash share).

14 **Texas Real Estate Research Center** (Texas A&M), Texas Housing Insight (listings, days-on-market, Big Four metro table).

APPENDIX · CONTINUED

SOURCES & REFERENCES

15 **Texas Association of Builders** (Scott Norman), commentary on water / sewer "will-serve" constraints.

16 **Greater Houston Builders Association**, 2025 Annual Forecast Program (outer-ring land development).

17 **National Association of REALTORS**, 2025 Profile of Home Buyers and Sellers (buyer age, first-time and repeat shares, down payment, multigenerational buying).

18 **NAHREP**, 2025 State of Hispanic Homeownership Report (homeowner gains, household formation, demographics, digital engagement).

19 **ATTOM**, 2025 Year-End U.S. Home Sales Report (all-cash share of 39.1%, highest since 2013).

20 **D.R. Horton**, Q1 FY2026 Earnings and Investor Presentation (buyer income and FICO; land and lot-cost inflation).

21 **Taylor Morrison**, Q1 2026 Earnings Call (buyer income, FICO, equity position).

22 **LGI Homes**, Q1 2026 Earnings Call (cancellation rate; backlog).

23 **KB Home**, Q1 2026 Earnings Call (cancellation rate; built-to-order mix shift), with M/I Homes cancellation data.

24 **Meritage Homes**, Q1 and Q2 2025–2026 Earnings Calls (cycle-time reduction; spec-inventory reduction; off-balance-sheet land).

25 **John Burns Research & Consulting**, 2026 Top 50 Master-Planned Communities Report (rankings, sales share, builder-developed lots), with commentary in Florida Trend.

26 **Toll Brothers**, Q1 2026 Earnings Call (design-studio and lot-premium spend per buyer).

27 **National Association of REALTORS** and industry buyer-behavior data (online-search prevalence, AI search tools, search-to-contract window).

A full claim-by-claim mapping with confidence ratings and verification status lives in the Research Inventory v2 evidence map. This report was fact-checked against live primary and first-tier sources in May 2026.