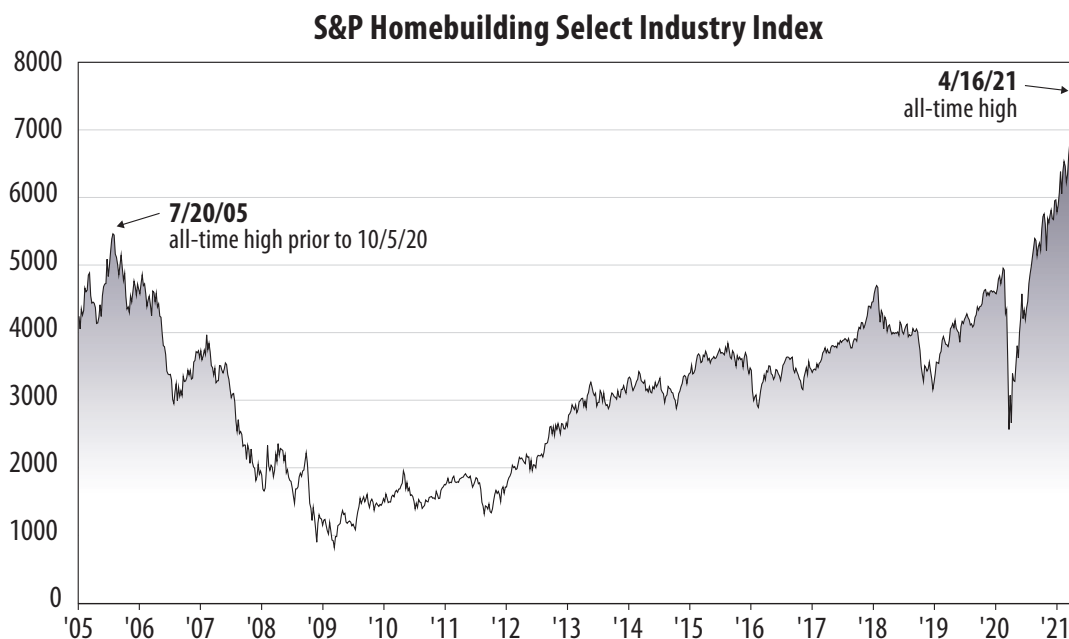


A Snapshot Of Homebuilder-Related Stocks



Source: Bloomberg. Weekly data points from 12/31/04-4/16/21. Daily points used to determine the all-time highs.
Past performance is no guarantee of future results.

View from the Observation Deck

1. After finally setting a new all-time high last year (close on 10/5/20 supplanted previous high on 7/20/05), the S&P Homebuilding Select Industry Index has gone on to establish many new highs. We used the term finally because it took over 15 years to do so. The most recent all-time closing high was set on 4/16/21.
2. Year-to-date through 4/16/21, the S&P Homebuilding Select Industry Index posted a total return of 30.71%, compared to 11.92% for the S&P 500 Index, according to Bloomberg.
3. Homebuilder-related stocks have also outperformed the broader market in this millennium. From 12/31/99 through 4/16/21, the S&P Homebuilding Select Industry Index posted a cumulative total return of 771.81% (10.70% annualized), compared to 329.63% (annualized) for the S&P 500 Index, according to Bloomberg.
4. Sentiment for new construction remains strong. The National Association of Home Builders Market Index (SA) registered a reading of 83 in April 2021, according to Bloomberg. The all-time high was 90, set in November 2020. A reading above 50 indicates more builders view conditions as good than poor. Its average reading so far in the current millennium (2000-April 2021) is 50. The low for the period was 8, set in January 2009.
5. Housing starts in the U.S. totaled an annualized 1.739 million in March 2021, beating the consensus estimate of 1.613 million starts, according to the U.S. Census Bureau. Starts were up 19.4% year-over-year in March.
6. In March, new building permits reached an annual rate of 1.766 million, topping the consensus estimate of 1.750 million, according to the U.S. Census Bureau. Permits were up 35.6% and 20.1% year-over-year for single-family units and multi-family homes in March.
7. The 2021 and 2022 consensus earnings-per-share estimates (in dollars) for the S&P Homebuilding Select Industry Index were \$456.77 and \$504.23, respectively, as of 4/21/21, according to Bloomberg. Actual earnings totaled \$355.74 per share in 2020.
8. Bloomberg's 2021 and 2022 estimated year-end price-to-earnings (P/E) ratios on the S&P Homebuilding Select Industry Index were 16.05 and 14.54, respectively, as of 4/21/21. The index's 5-year average P/E was 15.25 as of 4/21/21.
9. Freddie Mac reported that the U.S. housing market is currently short by some 3.8 million homes, according to Business Insider.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P Homebuilding Select Industry Index provides investors with an equity benchmark for U.S. traded Homebuilding-related securities. The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance.

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