



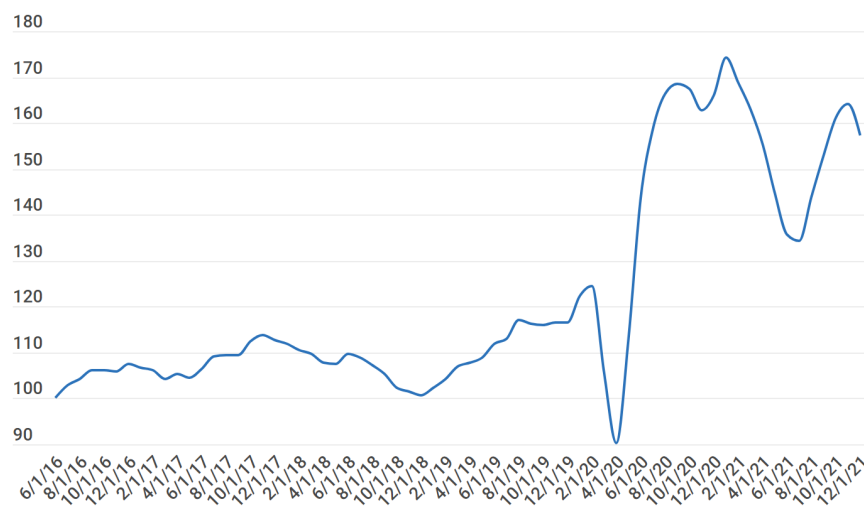
## New Home Sales Fell 4.0% Month-Over-Month in December, Zonda Reports

**—December’s report snaps the five-month streak of positive month-over-month gains—**

**Newport Beach, Calif., January 24, 2022**—Today, the experts at Zonda, the housing industry’s foremost advisors, released the New Home Pending Sales Index (PSI) for December 2021. The New Home PSI shows pending sales slipped both month-over-month and year-over-year. The index is a leading residential real estate indicator based on the number of new home sales contracts signed across the country.

- The New Home PSI came in at 157.3 for December, representing a 5.3% decrease from December 2020. The index is 35.2% higher than December 2019.
- On a month-over-month basis, seasonally adjusted new home sales posted a decline from November to December, down 4.0%.
- The housing market is below peak activity seen in January 2021. The index is 9.7% below the recent peak but is 26.3% higher than the pre-pandemic high seen in February 2020.

### New Home Pending Sales Index



Source: Zonda; Data is seasonally adjusted and as of December 2021

The New Home PSI is a unique measure of the housing market because it is made up of two components\*: new home orders and the average sales rate per community. The new home orders component fell 17.1% year-over-year in December as supply continued to trickle lower. The average sales rate per community input returned to the negative after November's positive read, decreasing 4.3% year-over-year.

New home orders, which look at total sales volume, have been significantly impacted with ever decreasing active project count. In other words, sales are down primarily because inventory is scarce. The average sales rate per community captures how well builders are selling at the open communities and strips out the supply side. The new home order volume fell month-over-month, but the average sales rate was practically unchanged.

“The rollercoaster in the housing market is not over yet. Both new and resale inventory remain down double-digits compared to last year, interest rates are on the rise, and the disruptions caused by the supply chain are running amok,” said Ali Wolf, Zonda's chief economist. “Demand for housing is still strong but there are headwinds.”

Pending new home sales trended above December 2020 levels in just six of our 25 select markets, down from 16 last month. Seven of 25 of our select markets increased month-over-month. Los Angeles/Orange County registered the largest year-over-year increase, jumping 36.4% and is currently at cycle highs.

## New Home Pending Sales Index for select markets

RANK	METRO	SA MOM	SA YOY
1	Los Angeles/OC	0.8%	36.4%
2	Orlando	-5.3%	23.8%
3	San Antonio	-6.1%	19.0%
4	New York	-13.6%	13.8%
5	Las Vegas	10.6%	10.5%
6	Riverside/San Bernardino	-6.9%	8.0%
7	San Francisco	4.8%	-0.2%
8	Washington, DC	-14.0%	-0.7%
9	Jacksonville	-7.9%	-0.9%
10	Tampa	0.7%	-1.3%
11	Houston	-3.8%	-2.2%
12	Seattle	-23.8%	-3.6%
13	Denver	3.5%	-5.1%
14	Sacramento	3.9%	-6.4%
15	Austin	-2.2%	-7.7%
16	Phoenix	-5.0%	-10.7%
17	Baltimore	-14.8%	-11.3%
18	Cincinnati	-2.4%	-12.9%
19	Philadelphia	-7.4%	-13.2%
20	Raleigh	-10.4%	-15.0%
21	Charlotte	-7.2%	-15.9%
22	Minneapolis	4.4%	-17.5%
23	Atlanta	-5.0%	-22.8%
24	Dallas	-3.1%	-28.3%
25	Salt Lake City	-15.4%	-29.0%

Source: Zonda; Data is seasonally adjusted and as of December 2021

The relationship between the percent change in the average sale rate and new home orders can reflect an imbalance of supply and demand -- 24 of 25 select markets posted a positive spread, indicating current levels of volume are being restrained by lack of supply. Sales pace

remains up year-over-year in 12 of Zonda's select markets, a decrease from 20 last month. On the volume side, two metros posted an increase compared to last year, down from six last month.

## New Home Pending Sales Index Components for select markets

	New Home Orders	Average Sales Rate	Spread
Los Angeles/OC	-7.2%	53.0%	60.2%
Atlanta	-46.1%	-9.9%	36.2%
Riverside/San Bernardino	-18.4%	16.4%	34.8%
Baltimore	-36.6%	-6.4%	30.3%
Orlando	-0.8%	27.5%	28.3%
Charlotte	-34.9%	-8.4%	26.5%
Philadelphia	-33.9%	-8.7%	25.2%
Tampa	-22.7%	0.5%	23.2%
Jacksonville	-20.8%	0.2%	21.0%
San Francisco	-14.5%	6.0%	20.4%
Raleigh	-30.3%	-10.0%	20.3%
Seattle	-17.5%	2.5%	20.0%
Cincinnati	-29.1%	-9.1%	20.0%
Salt Lake City	-42.5%	-23.6%	19.0%
Washington, DC	-16.5%	1.7%	18.1%
Dallas	-39.0%	-22.4%	16.6%
Houston	-15.2%	0.3%	15.5%
New York	1.9%	17.2%	15.3%
Las Vegas	-4.3%	10.7%	15.0%
San Antonio	5.2%	17.9%	12.7%
Denver	-17.5%	-4.8%	12.7%
Austin	-17.6%	-5.0%	12.6%
Minneapolis	-24.1%	-17.5%	6.6%
Phoenix	-15.5%	-12.8%	2.6%
Sacramento	-5.8%	-13.8%	-8.0%

Source: Zonda; Data is not seasonally adjusted and as of December 2021

“Getting a true read on the housing market is tricky today given 75% of builders in December were intentionally capping their sales given the lack of available inventory,” said Wolf. “The expectation is that new home supply will increase throughout the year but development and building delays continue to pose a challenge in trying to get more homes built.”

New home data is susceptible to outsized swings in contract activity based on shifts in the number of actively selling communities. As a result, Zonda normalizes the data to ensure consistency across the index. The New Home PSI blends the cumulative sales of active or recently sold-out projects with the average sales rate per community, which adjusts for fluctuations in supply. Furthermore, the New Home PSI is seasonally adjusted based on each markets’ specific seasonality and removes outliers. The index is baselined to 100 for June 2016. Today’s national New Home PSI is 57.3% above the base level.

The next Zonda New Home PSI press release, featuring January 2022 data, will be issued on Monday, February 22, 2022 at 9:00 a.m. ET.

\*Note that the PSI calculation includes weights and seasonal adjustments. The year-over-year changes related to the components removes both and are just looking at the raw index values.

### **Methodology**

The Zonda New Home Pending Sales Index (PSI) is built on proprietary, industry-leading data that covers 60% of the production new home market across the United States. Reported number of new home pending contracts are gathered and analyzed each month. Released on the 15<sup>th</sup> business day of each month, the New Home PSI is a leading indicator of housing demand compared to closings because it is based on the number of signed contracts at a new home community. Zonda monitors 18,000 active communities in the country and the homes tracked can be in any stage of construction.

The new home market represents roughly 10% of all transactions, allowing little movements in supply to cause outsized swings in market activity. As a result, the New Home PSI blends the cumulative sales of activity recently sold out projects with the average sales rate per community, which adjusts for fluctuations in supply. Furthermore, the New Home PSI is seasonally adjusted based on each markets’ specific seasonality, removes outliers, and uses June 2016 as the base month. The foundation of the index is a monthly survey conducted by Zonda. It is necessary to monitor both new and existing home sales to establish an accurate picture of the relative health of the residential real estate market.

**About Zonda**

Zonda provides data-driven housing market solutions to the homebuilding and multifamily industries. From builders to building product manufacturers, mortgage clients, and multifamily executives, we work hand-in-hand with our customers to streamline access to housing data to empower smarter decisions. As a leading brand in residential construction, our mission is to advance the home building industry, because we believe better homes mean better lives and stronger communities. Together, we are building the future of housing.

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