



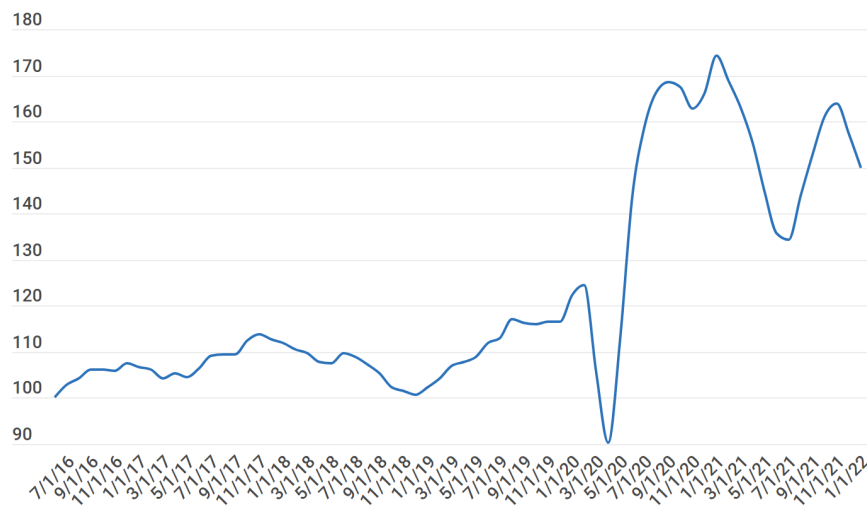
## New Home Sales Fell 4.8% Month-Over-Month in January, Zonda Reports

—*January sales were impacted by inventory shortages and sales caps*—

**Newport Beach, Calif., February 22, 2022**—Today, the experts at [Zonda](#), the housing industry’s foremost advisors, released the New Home Pending Sales Index (PSI) for January 2022. 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 149.8 for January, representing a 14.0% decrease from January 2021. The index is 22.5% higher than January 2020, a pre-pandemic comparison.
- On a month-over-month basis, seasonally adjusted new home sales posted a decline from December to January, down 4.8%.
- The housing market is below peak activity seen in January 2021. The index is 14.0% below the recent peak but is 20.2% higher than the pre-pandemic high seen in February 2020.

### New Home Pending Sales Index



Source: Zonda; Data is seasonally adjusted and as of January 2022

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 23.5% year-over-year in January as supply continued to trickle lower. The average sales rate per community input also fell, decreasing 13.2% 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. In today's market, however, with builders intentionally capping sales, even the sales rate number isn't capturing the full demand environment. Both the new home order volume and average sales pace rose month-over-month on a non-seasonally adjusted basis.

“Reviewing sales data in today's market needs to be done with a discerning eye; the market is still being distorted by industrywide challenges, including limited lot inventory, a skilled labor shortage, and supply chain delays that are holding back full potential, said Ali Wolf, Zonda's chief economist. “We recognize, though, that headwinds are picking up, especially with how quickly mortgage rates have risen.”

Pending new home sales trended above January 2021 levels in just three of our twenty-five select markets, down from six last month. Four of twenty-five of our select markets increased month-over-month. Riverside/San Bernardino registered the largest year-over-year increase, jumping 4.4%.

## New Home Pending Sales Index for select markets

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1	Riverside/San Bernardino	-6.8%	4.4%
2	Orlando	-1.5%	3.2%
3	Las Vegas	0.0%	2.6%
4	Seattle	-9.7%	-0.2%
5	Los Angeles/OC	-3.8%	-1.1%
6	San Antonio	-1.6%	-3.7%
7	Phoenix	-7.6%	-4.5%
8	Denver	-7.0%	-5.4%
9	Houston	-0.8%	-5.5%
10	Sacramento	-13.7%	-7.3%
11	Jacksonville	-1.8%	-8.7%
12	Tampa	-7.4%	-11.2%
13	New York	1.8%	-11.7%
14	Salt Lake City	-6.2%	-14.9%
15	Washington, DC	-2.1%	-15.1%
16	Minneapolis	5.7%	-15.9%
17	Philadelphia	1.4%	-18.6%
18	San Francisco	-23.5%	-20.4%
19	Baltimore	-3.9%	-21.0%
20	Cincinnati	1.9%	-21.8%
21	Charlotte	-4.1%	-25.3%
22	Austin	-10.2%	-26.8%
23	Dallas	-7.6%	-31.9%
24	Raleigh	-7.2%	-34.0%
25	Atlanta	-8.0%	-35.8%

Source: Zonda; Data is seasonally adjusted and as of January 2022

The relationship between the percent change in the average sale rate and new home orders can reflect an imbalance of supply and demand. Twenty four of twenty-five 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 five of Zonda's select markets, a decrease from twelve last month. On the volume side, zero metros posted an increase compared to last year, down from two last month.

## New Home Pending Sales Index Components for select markets

	New Home Orders	Average Sales Rate	Spread
Los Angeles/OC	-30.9%	11.4%	42.3%
Riverside/San Bernardino	-19.8%	12.2%	32.0%
Atlanta	-54.7%	-24.4%	30.3%
Baltimore	-42.1%	-16.1%	26.0%
Seattle	-17.4%	8.4%	25.8%
Orlando	-18.0%	7.3%	25.2%
Charlotte	-41.6%	-18.7%	23.0%
Salt Lake City	-30.5%	-8.3%	22.2%
Philadelphia	-36.1%	-14.7%	21.4%
Tampa	-29.2%	-9.3%	20.0%
Jacksonville	-26.0%	-7.6%	18.4%
Raleigh	-46.4%	-28.5%	17.9%
Cincinnati	-35.8%	-18.0%	17.8%
San Francisco	-31.0%	-15.3%	15.6%
Houston	-18.0%	-2.7%	15.3%
Las Vegas	-11.1%	3.5%	14.6%
Dallas	-41.0%	-26.4%	14.6%
Washington, DC	-27.0%	-12.7%	14.3%
New York	-21.8%	-7.9%	13.9%
Denver	-16.0%	-4.7%	11.3%
Austin	-35.0%	-23.7%	11.2%
San Antonio	-14.7%	-4.4%	10.3%
Minneapolis	-21.8%	-15.3%	6.5%
Phoenix	-7.8%	-7.2%	0.6%
Sacramento	-7.9%	-13.0%	-5.1%

Source: Zonda; Data is not seasonally adjusted and as of January 2022

“The housing market in 2022 can be defined by two words so: enthusiasm and panic,” said Wolf. “Buyers are trying to rush into this tight market before rates raise much higher and builders are in a race against time to help meet the interest.”

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 49.8% above the base level.

The next Zonda New Home PSI press release, featuring February 2022 data, will be issued on Monday, March 21, 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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