



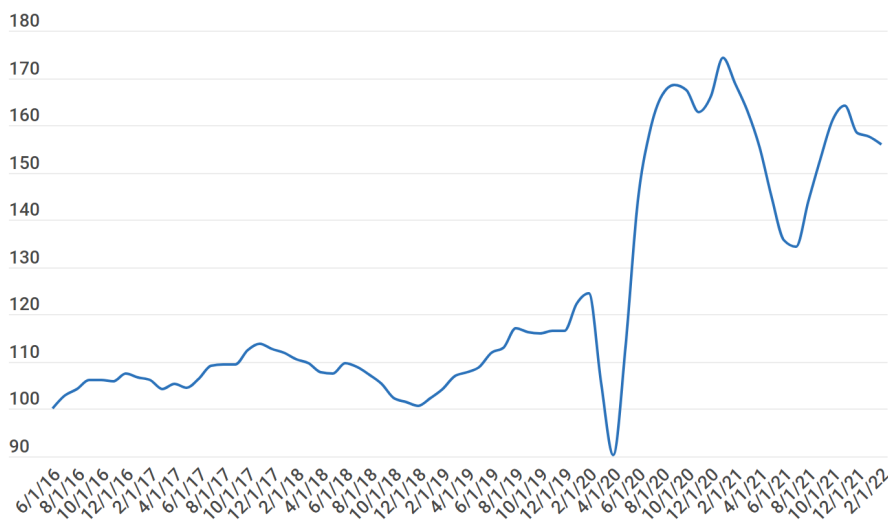
New Home Sales Fell 1.1% Month-Over-Month in February, Zonda Reports

—The lack of inventory is holding back total sales volume —

Newport Beach, Calif., March 21, 2022—Today, the experts at Zonda, the housing industry’s foremost advisors, released the New Home Pending Sales Index (PSI) for February 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 156.0 for February, representing a 7.6% decrease from February 2021. The index is 25.2% higher than February 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 was 10.4% below the recent peak as 90% of builders intentionally slowed sales to better align with their production capacity in February.

New Home Pending Sales Index



Source: Zonda; Data is seasonally adjusted and as of February 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 16.5% year-over-year in February as supply continued to trickle lower. The average sales rate per community input also fell, decreasing 7.1% 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. The new home order volume ticked lower while average sales pace rose month-over-month on a non-seasonally adjusted basis.

"February marked another month defined by both home price and mortgage rate urgency," said Ali Wolf, Zonda's chief economist. "Home shoppers are still actively looking, but the supply-side is replete with challenges, which is limiting the total number of new home sales."

Pending new home sales trended above February 2021 levels in nine of our 25 select markets, up from three last month. Ten of 25 of our select markets increased month-over-month. San Antonio registered both the largest year-over-year and month-over-month increase, jumping 16.0% from last year and 9.9% from last month.

New Home Pending Sales Index for select markets

Rank	METRO	SA MOM	SA YOY
1	San Antonio	9.9%	16.0%
2	New York	5.4%	15.1%
3	Seattle	-7.0%	9.3%
4	Los Angeles/OC	4.6%	8.6%
5	Sacramento	-9.0%	7.8%
6	Riverside/San Bernardino	0.3%	7.0%
7	Austin	-2.0%	2.0%
8	San Francisco	6.4%	1.4%
9	Salt Lake City	9.1%	0.8%
10	Las Vegas	-16.9%	-2.3%
11	Philadelphia	-1.1%	-3.1%
12	Orlando	0.6%	-4.0%
13	Houston	-2.5%	-5.2%
14	Phoenix	-2.7%	-7.9%
15	Jacksonville	-0.3%	-8.6%
16	Minneapolis	-3.3%	-10.9%
17	Washington, DC	-5.5%	-14.7%
18	Charlotte	-5.4%	-15.1%
19	Tampa	-1.0%	-16.4%
20	Denver	-4.8%	-21.8%
21	Atlanta	1.4%	-22.9%
22	Dallas	-6.7%	-24.3%
23	Cincinnati	2.6%	-24.6%
24	Raleigh	4.6%	-25.2%
25	Baltimore	-7.3%	-28.4%

Source: Zonda; Data is seasonally adjusted and as of February 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 ten of Zonda's select markets, an increase from five last month. On the volume side, three metros, New York, San Antonio, and Sacramento, posted an increase compared to last year, up from zero last month.

New Home Pending Sales Index Components for select markets

	New Home Orders	Average Sales Rate	Spread
Los Angeles/OC	-24.8%	22.2%	47.0%
Atlanta	-45.1%	-9.7%	35.4%
Seattle	-13.4%	20.4%	33.8%
Riverside/San Bernardino	-16.8%	14.0%	30.8%
Baltimore	-49.4%	-22.6%	26.8%
Philadelphia	-24.8%	1.8%	26.6%
Salt Lake City	-17.7%	8.3%	26.0%
Charlotte	-32.8%	-7.8%	25.0%
Tampa	-36.7%	-12.3%	24.4%
San Francisco	-13.1%	9.1%	22.1%
Orlando	-21.3%	-1.4%	19.9%
New York	1.3%	20.0%	18.6%
Jacksonville	-25.6%	-7.2%	18.4%
Cincinnati	-37.8%	-19.8%	18.0%
Raleigh	-37.2%	-19.9%	17.3%
Dallas	-33.9%	-18.1%	15.7%
Washington, DC	-26.8%	-12.2%	14.6%
Las Vegas	-15.0%	-1.0%	14.0%
Houston	-16.2%	-2.9%	13.3%
San Antonio	2.5%	15.6%	13.1%
Austin	-7.9%	4.9%	12.8%
Denver	-29.7%	-21.0%	8.7%
Minneapolis	-15.4%	-11.0%	4.4%
Sacramento	2.9%	4.6%	1.7%
Phoenix	-10.1%	-10.3%	-0.2%

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

“For now, consumers are motivated by mortgage rates rather than deterred, but we need to recognize that won’t always be the case,” said Wolf. “Now is the time to be planning and strategizing around affordability constraints.”

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 56.0% above the base level.

The next Zonda New Home PSI press release, featuring March 2022 data, will be issued on Thursday, April 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 15th 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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