



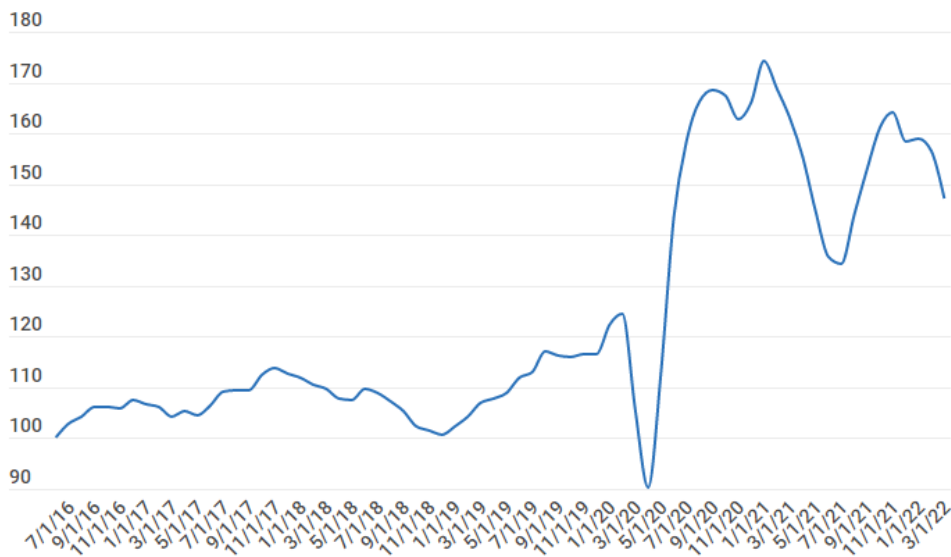
## Zonda's Pending Sales Index Reveals New Home Sales Fell 6.0% in March on Low Inventory

*—Rising mortgage rates are acting as a motivator for some buyers and a deterrent for others—*

**Newport Beach, Calif., April 21, 2022**—Today, the experts at Zonda, the housing industry's foremost advisors, released the New Home Pending Sales Index (PSI) for March 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 147.1 for March, representing a 9.8% decrease from March 2021. The index is 15.6% below cycle highs.
- On a month-over-month basis, seasonally adjusted new home sales posted a decline from February to March, down 6.0%.
- Buyers in March rushed to lock in the lowest possible mortgage rate, driving sales pace, a component of the PSI, up on a non-seasonally adjusted basis.

### New Home Pending Sales Index



Source: Zonda; Data is seasonally adjusted and as of March 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 16.4% year-over-year in March as supply continued to trickle lower. The average sales rate per community input also fell, decreasing 10.0% 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, even the sales rate number isn't capturing the full demand environment because 90% of builders are still capping sales. The new home order volume ticked lower while average sales pace again rose month-over-month on a non-seasonally adjusted basis and is at the highest level since April 2021.

"Mortgage rates averaged 4.17% in March and buyers have been reacting differently depending on their financial situation and motivation behind wanting to buy a home," said Ali Wolf, Zonda's chief economist. "Some buyers have been motivated by the rising interest rates to lock in their largest monthly cost, especially in a high inflation environment. Others have been deterred either by fear or financial force."

Pending new home sales trended above March 2021 levels in just five of our 25 select markets, down from nine last month. Five of 25 of our select markets increased month-over-month. Riverside and New York both registered double-digit year-over-year gains, increasing 10.9% and 10.7%, respectively.

## New Home Pending Sales Index for select markets

Rank	METRO	SA MOM	SA YOY
1	Riverside/San Bernardino	-7.1%	10.9%
2	New York	-7.5%	10.7%
3	Austin	-1.5%	8.5%
4	Washington, DC	-4.3%	3.3%
5	Salt Lake City	-10.8%	2.6%
6	Los Angeles/OC	0.1%	-2.6%
7	Houston	-5.3%	-4.8%
8	Las Vegas	8.4%	-5.1%
9	Orlando	-7.8%	-5.1%
10	San Antonio	-11.1%	-6.3%
11	Denver	0.7%	-6.9%
12	Charlotte	3.9%	-8.1%
13	Seattle	-11.9%	-10.2%
14	Minneapolis	-11.4%	-11.3%
15	Philadelphia	-11.8%	-11.9%
16	Jacksonville	-4.3%	-12.6%
17	Sacramento	-6.1%	-12.8%
18	Phoenix	-3.8%	-13.3%
19	Cincinnati	-10.5%	-14.9%
20	Raleigh	0.5%	-17.5%
21	Tampa	-7.8%	-17.8%
22	Atlanta	-3.3%	-23.2%
23	Dallas	-12.1%	-28.1%
24	San Francisco	-11.1%	-30.8%
25	Baltimore	-16.3%	-30.9%

Source: Zonda; Data is seasonally adjusted and as of March 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-three 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 seven of Zonda's select markets, a decrease from ten last month. On the volume side, zero metros posted an increase compared to last year, down from three last month.

## New Home Pending Sales Index Components for select markets

	New Home Orders	Average Sales Rate	Spread
Los Angeles/OC	-30.6%	7.8%	38.4%
Seattle	-32.9%	2.7%	35.6%
Atlanta	-44.0%	-11.0%	33.0%
Charlotte	-27.5%	-0.2%	27.3%
Baltimore	-51.7%	-24.5%	27.2%
Riverside/San Bernardino	-9.2%	14.8%	24.1%
Philadelphia	-30.2%	-8.3%	22.0%
Jacksonville	-31.2%	-9.3%	21.9%
Orlando	-22.6%	-2.2%	20.4%
Salt Lake City	-11.9%	8.1%	20.0%
Tampa	-34.6%	-14.7%	19.9%
New York	-2.6%	14.7%	17.3%
Raleigh	-28.5%	-12.9%	15.6%
Cincinnati	-26.6%	-11.0%	15.6%
Washington, DC	-8.6%	5.0%	13.6%
Dallas	-35.7%	-23.2%	12.5%
Austin	-1.4%	10.8%	12.2%
San Francisco	-37.8%	-27.0%	10.8%
Denver	-16.3%	-5.9%	10.5%
San Antonio	-15.7%	-6.8%	8.9%
Houston	-11.7%	-4.9%	6.9%
Las Vegas	-12.4%	-6.6%	5.8%
Minneapolis	-13.3%	-12.0%	1.3%
Sacramento	-15.2%	-15.7%	-0.5%
Phoenix	-14.2%	-15.7%	-1.5%

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

“The housing market is an interest rate sensitive industry so it is natural to expect that higher borrowing costs will impact homebuyer demand,” said Wolf. “Rate buydowns, funds towards closing costs, education on down payments, and information on the values of homeownership will go a long way with today’s shoppers.”

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 47.1% above the base level.

The next Zonda New Home PSI press release, featuring April 2022 data, will be issued on Friday, May 20, 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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