



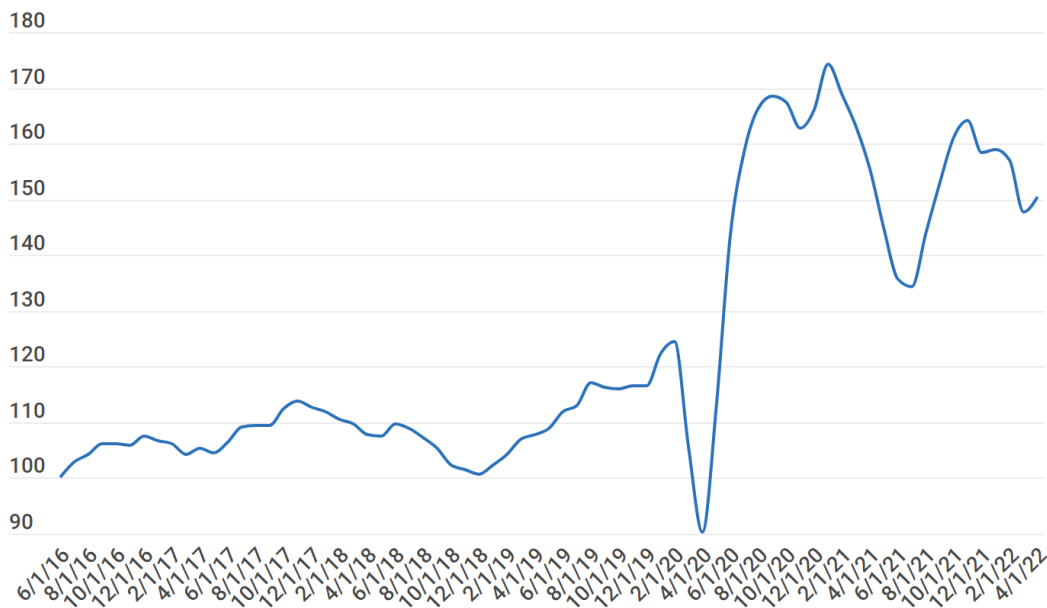
New Home Sales Rose 2.0% In April, Remain Down YOY

—New home market outperformed seasonality despite rates continuing their climb—

Newport Beach, Calif., May 25, 2022—Today, the experts at [Zonda](#), the housing industry’s foremost advisors, released the New Home Pending Sales Index (PSI) for April 2022. The New Home PSI shows pending sales rose month-over-month but remained down 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 150.4 for April, representing a 3.1% decrease from April 2021. The index is 13.6% below cycle highs.
- On a month-over-month basis, seasonally adjusted new home sales posted rose from March to April, up 2.0%, capturing buyer urgency in a rising rate environment.
- The impact of limited supply continues to be felt in the market as new home volume fell to the lowest level since December 2021.

New Home Pending Sales Index



Source: Zonda; Data is seasonally adjusted and as of April 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 9.6% year-over-year in April as supply continued to trickle lower. The average sales rate per community input also fell, decreasing 3.5% 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 over 80% of builders are still capping sales. The new home order volume ticked slightly lower while average sales pace was flat.

“Changes to Federal Reserve policy and elevated levels of inflation act as headwinds to an otherwise strong housing landscape via the impact on the mortgage market,” said Ali Wolf, Zonda's chief economist. “Mortgage rates averaged roughly 5% in the month of April. The higher mortgage rates have tested consumer confidence and ability to pay, as mortgage rates alone have pushed the monthly cost of owning up 30% since the start of the year.”

Pending new home sales trended above April 2021 levels in nine of our 25 select markets, up from five last month. 14 of 25 of our select markets increased month-over-month. Denver increased the most on a year-over-year basis, rising 16.1%, while Cincinnati grew the most month-over-month.

New Home Pending Sales Index for select markets

Rank	METRO	SA MOM	SA YOY
1	Denver	4.4%	16.1%
2	Washington, DC	-0.2%	14.3%
3	Austin	8.3%	13.6%
4	Salt Lake City	8.8%	12.7%
5	Riverside/San Bernardino	-0.6%	9.2%
6	Las Vegas	-2.5%	6.7%
7	Seattle	7.7%	2.9%
8	Charlotte	2.9%	2.1%
9	Cincinnati	11.8%	1.1%
10	Los Angeles/OC	-3.0%	-0.3%
11	Jacksonville	5.0%	-2.6%
12	Philadelphia	-0.7%	-2.7%
13	New York	-9.8%	-3.0%
14	Houston	-1.1%	-3.0%
15	San Antonio	2.3%	-4.4%
16	Sacramento	0.3%	-4.8%
17	Minneapolis	2.3%	-5.3%
18	Orlando	0.1%	-5.9%
19	Phoenix	4.7%	-6.3%
20	Raleigh	-4.9%	-10.4%
21	Atlanta	-1.7%	-14.6%
22	Dallas	-0.5%	-19.3%
23	Tampa	4.7%	-19.4%
24	Baltimore	1.5%	-28.2%
25	San Francisco	-5.7%	-30.4%

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

The relationship between the percent change in the average sale rate and new home orders can reflect an imbalance of supply and demand. All 25 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 13 of Zonda's select markets, an increase from seven last month.

On the volume side, three metros 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
Seattle	-30.0%	22.5%	52.6%
Los Angeles/OC	-29.3%	9.8%	39.1%
Atlanta	-37.2%	-2.2%	35.0%
Baltimore	-52.1%	-20.2%	31.9%
Charlotte	-20.8%	11.0%	31.8%
Jacksonville	-24.3%	2.1%	26.5%
Riverside/San Bernardino	-12.4%	13.8%	26.1%
Philadelphia	-23.2%	1.7%	24.9%
Tampa	-36.0%	-15.7%	20.3%
New York	-17.2%	3.0%	20.2%
Cincinnati	-12.0%	5.3%	17.2%
Raleigh	-22.6%	-5.8%	16.8%
Washington, DC	-0.2%	16.3%	16.5%
Denver	2.1%	18.0%	15.8%
Orlando	-20.1%	-4.3%	15.8%
Salt Lake City	1.7%	16.4%	14.7%
Dallas	-27.7%	-13.8%	13.9%
Austin	2.3%	15.8%	13.5%
San Francisco	-38.0%	-25.5%	12.5%
Houston	-11.7%	-2.0%	9.8%
Las Vegas	-2.4%	5.3%	7.7%
San Antonio	-11.6%	-6.0%	5.6%
Sacramento	-10.7%	-5.3%	5.4%
Minneapolis	-8.9%	-5.8%	3.2%
Phoenix	-9.3%	-7.8%	1.5%

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

“While the PSI captured a month-over-month increase, there are early signs that higher mortgage rates are cooling the housing market,” said Wolf. “Incentives are increasingly available to new home shoppers and builders are reporting a modest increase in buyer cancellations.”

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 50.4% above the base level.

The next Zonda New Home PSI press release, featuring May 2022 data, will be issued on Tuesday, June 21st 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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