



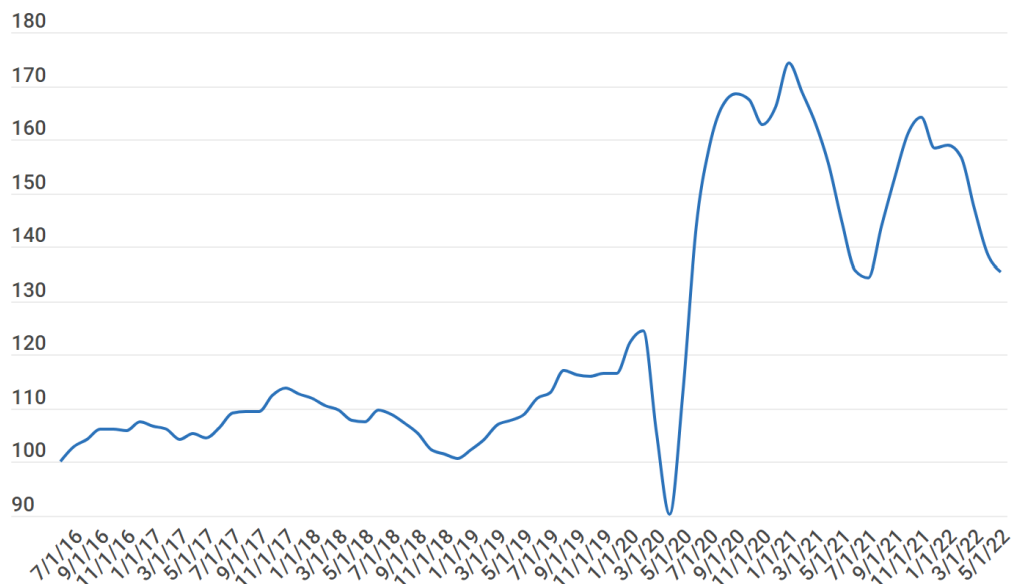
New Home Sales Decline for Fourth Consecutive Month in May

— *Rising rates continue to taper demand in the market* —

Newport Beach, Calif., June 22, 2022—Today, the experts at Zonda, the housing industry's foremost advisors, released the New Home Pending Sales Index (PSI) for May 2022. The New Home PSI shows pending sales fell month-over-month and 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 135.4 for May, representing a 6.4% decrease from May 2021. The index is 22.3% below cycle highs.
- On a month-over-month basis, seasonally adjusted new home sales fell from April to May, down 2.3%, posting the fourth consecutive month-over-month decline.
- The combined impact of limited supply and rising rates continues to be felt in the market as new home volume fell to the lowest level since July 2021.

New Home Pending Sales Index



Source: Zonda; Data is seasonally adjusted and as of May 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 10.8% year-over-year in April as supply continued to trickle lower. The average sales rate per community input also fell, decreasing 7.5% 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. The average sales rate component is showing that demand is negatively responding to higher homeownership costs. Both the new home order volume and average sales rate ticked lower on a monthly basis.

“The housing market has historically been an interest rate sensitive industry and today is no different,” said Ali Wolf, Zonda’s chief economist. “The average monthly mortgage payment is up over 40% since the end of last year driven by higher mortgage rates and higher home prices. This affordability shock is pushing many potential homebuyers out of the market as qualifying for a mortgage has become increasingly difficult. “

Pending new home sales trended above April 2021 levels in five of our 25 select markets, down from nine last month. Nine of 25 of our select markets increased month-over-month. Austin increased the most on a year-over-year basis, rising 9.5%, while San Francisco led month-over-month growth but remains down the most year-over-year.

New Home Pending Sales Index for select markets

Rank	METRO	SA MOM	SA YOY
1	Austin	1.8%	9.5%
2	Charlotte	-0.5%	8.0%
3	Raleigh	-1.9%	8.0%
4	Los Angeles/OC	-3.6%	6.1%
5	Denver	1.5%	1.2%
6	Minneapolis	-7.6%	-2.1%
7	Atlanta	-6.6%	-2.8%
8	Orlando	-4.9%	-3.0%
9	Riverside/San Bernardino	-12.4%	-5.4%
10	Philadelphia	1.5%	-5.6%
11	Washington, DC	4.6%	-8.1%
12	Las Vegas	-4.9%	-10.6%
13	New York	-6.2%	-13.5%
14	Dallas	-2.5%	-13.9%
15	Jacksonville	-6.1%	-13.9%
16	Houston	-7.8%	-14.3%
17	Salt Lake City	2.2%	-15.6%
18	San Antonio	2.0%	-16.3%
19	Baltimore	-0.7%	-16.6%
20	Seattle	-6.8%	-16.7%
21	Cincinnati	2.3%	-17.2%
22	Tampa	-0.7%	-19.5%
23	Sacramento	0.3%	-24.0%
24	Phoenix	-10.2%	-24.4%
25	San Francisco	12.9%	-37.5%

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

The relationship between the percent change in the average sale rate and new home orders can reflect an imbalance of supply and demand. 20 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 six of Zonda's select markets, a decrease from 13 last month. On

the volume side, just one metro, Raleigh, 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
Baltimore	-42.6%	-8.8%	33.8%
Seattle	-36.8%	-4.7%	32.1%
Atlanta	-23.5%	7.3%	30.7%
Los Angeles/OC	-14.2%	11.8%	26.0%
Charlotte	-11.2%	14.2%	25.4%
Philadelphia	-23.6%	-2.3%	21.3%
New York	-26.0%	-8.8%	17.2%
Jacksonville	-27.7%	-12.5%	15.1%
Tampa	-32.3%	-17.4%	14.8%
Orlando	-16.7%	-2.1%	14.6%
Dallas	-22.2%	-8.7%	13.5%
Denver	-10.2%	2.7%	12.9%
Austin	-1.0%	11.6%	12.6%
Cincinnati	-26.3%	-14.7%	11.6%
Riverside/San Bernardino	-15.9%	-5.7%	10.2%
Washington, DC	-16.9%	-7.0%	9.9%
San Francisco	-42.8%	-33.4%	9.4%
Houston	-22.1%	-13.2%	8.9%
Raleigh	1.3%	8.7%	7.4%
Salt Lake City	-18.7%	-13.7%	5.0%
Phoenix	-25.5%	-26.3%	-0.8%
Sacramento	-25.1%	-26.3%	-1.2%
San Antonio	-17.8%	-19.3%	-1.6%
Las Vegas	-11.4%	-14.3%	-2.9%
Minneapolis	-1.4%	-5.2%	-3.8%

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

“April was the inflection point for the housing market and May kept up that trend,” said Wolf. “Builders are still facing supply and labor headaches on the supply side at the same time that the demand equation has shifted down in response to higher housing costs.”

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 35.4% above the base level.

The next Zonda New Home PSI press release, featuring June 2022 data, will be issued on Tuesday, July 22nd 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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