



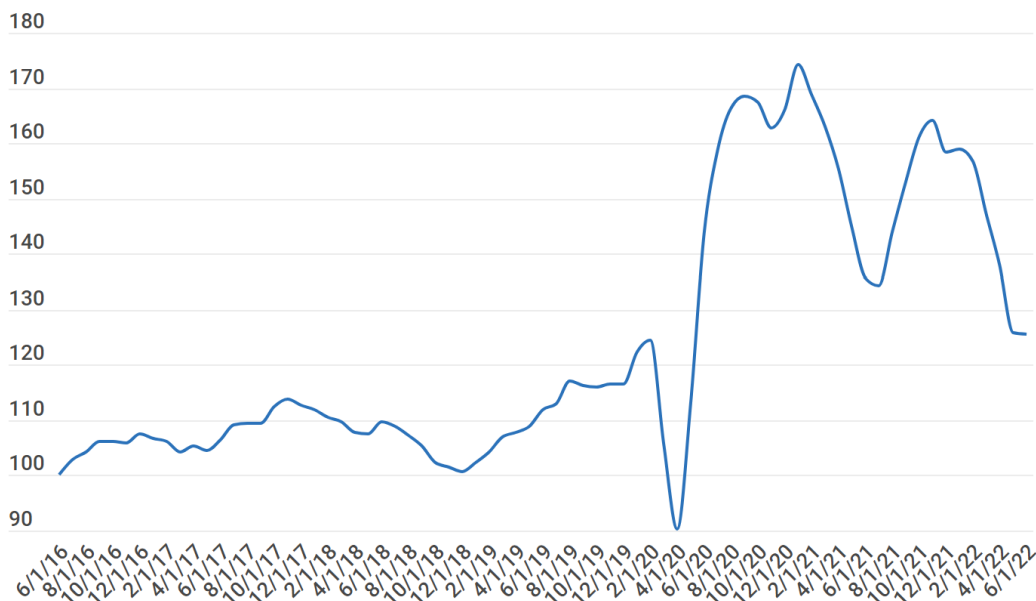
New Home Sales Decline for Fifth Consecutive Month in June

— *Housing market continues to show signs of slowing* —

NEWPORT BEACH, Calif., July 21, 2022—Today, the experts at Zonda, the housing industry’s foremost advisors, released the New Home Pending Sales Index (PSI) for June 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 125.5 for June, representing a 7.5% decrease from June 2021. The index is 27.9% below cycle highs.
- On a month-over-month basis, seasonally adjusted new home sales fell from May to June, down 0.2%, posting the fifth 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 May 2020.

New Home Pending Sales Index



Source: Zonda; Data is seasonally adjusted and as of June 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 10.5% year-over-year in June as supply remained low. The average sales rate per community input also fell, decreasing 8.2% 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 in part 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.

“Home sellers and home buyers are adjusting to a new reality in the housing market,” said Ali Wolf, Zonda’s chief economist. “Home sellers are quickly understanding the days of frenzied demand are behind us and it takes an extra push to get buyers to close. Home buyers are reevaluating their finances given today’s home prices and higher interest rates. They are also weighing fears of a recession against an unrelenting desire to own a home.”

Pending new home sales trended above June 2021 levels in five of our 25 select markets, flat from five last month. 12 of 25 of our select markets increased month-over-month. Minneapolis increased the most on both a monthly and a year-over-year basis, rising 11.8% and 7.4%, respectively.

New Home Pending Sales Index for select markets

Rank	METRO	SA MOM	SA YOY
1	Minneapolis	11.8%	7.4%
2	Jacksonville	0.8%	7.2%
3	Philadelphia	-2.4%	6.3%
4	Charlotte	0.6%	5.0%
5	Atlanta	-0.9%	0.9%
6	Raleigh	2.4%	-1.8%
7	Dallas	1.1%	-4.6%
8	New York	-5.5%	-5.6%
9	Houston	0.6%	-5.7%
10	Phoenix	-14.7%	-6.9%
11	Tampa	4.4%	-9.9%
12	Austin	-14.5%	-10.7%
13	Orlando	0.1%	-11.9%
14	Washington, DC	8.4%	-13.0%
15	Cincinnati	1.4%	-13.1%
16	Los Angeles/OC	-2.6%	-15.8%
17	Riverside/San Bernardino	6.2%	-17.5%
18	Baltimore	-2.2%	-18.2%
19	San Antonio	-15.5%	-21.0%
20	Seattle	-1.2%	-23.5%
21	San Francisco	1.2%	-27.9%
22	Las Vegas	-0.4%	-30.7%
23	Denver	-6.1%	-31.7%
24	Salt Lake City	-16.2%	-36.2%
25	Sacramento	-13.5%	-41.7%

Source: Zonda; Data is seasonally adjusted and as of June 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 somewhat restrained by lack of supply. Sales pace remains up year-over-year in five of Zonda's select markets, a decrease from six

last month. On the volume side, just one metro, Minneapolis, posted an increase compared to last year, flat from last month.

New Home Pending Sales Index Components for select markets

	New Home Orders	Average Sales Rate	Spread
Baltimore	-43.1%	-11.0%	32.1%
Atlanta	-19.1%	10.4%	29.5%
Seattle	-41.6%	-12.1%	29.4%
New York	-18.3%	-0.6%	17.7%
Jacksonville	-9.1%	8.4%	17.5%
Tampa	-24.3%	-7.0%	17.2%
Charlotte	-8.2%	8.2%	16.4%
Philadelphia	-8.7%	7.4%	16.1%
Los Angeles/OC	-26.9%	-12.8%	14.0%
Orlando	-22.3%	-11.5%	10.8%
Dallas	-11.2%	-0.5%	10.7%
Washington, DC	-20.7%	-11.8%	9.0%
Denver	-38.6%	-30.3%	8.2%
Cincinnati	-19.5%	-11.9%	7.6%
Houston	-12.2%	-5.4%	6.9%
San Francisco	-31.2%	-24.5%	6.7%
Austin	-16.6%	-10.0%	6.6%
Raleigh	-6.1%	-2.2%	4.0%
Salt Lake City	-37.4%	-34.9%	2.5%
Riverside/San Bernardino	-20.4%	-20.0%	0.4%
San Antonio	-22.1%	-23.7%	-1.7%
Minneapolis	8.6%	4.1%	-4.5%
Sacramento	-39.8%	-44.7%	-4.9%
Phoenix	-3.8%	-10.7%	-6.9%
Las Vegas	-26.5%	-34.9%	-8.3%

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

“There are a lot of what-ifs in the housing market right now,” said Wolf. “Understanding changes in and interactions between consumer confidence, home prices, housing inventory, and interest rates are more important than ever for forecasting where things go from here.”

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 25.5% above the base level.

The next Zonda New Home PSI press release, featuring July 2022 data, will be issued on Tuesday, August 19th 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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