

**HOUSING MARKET CONTINUES TO COOL, NEW HOME PENDING SALES
DOWN 18.2% YOY**

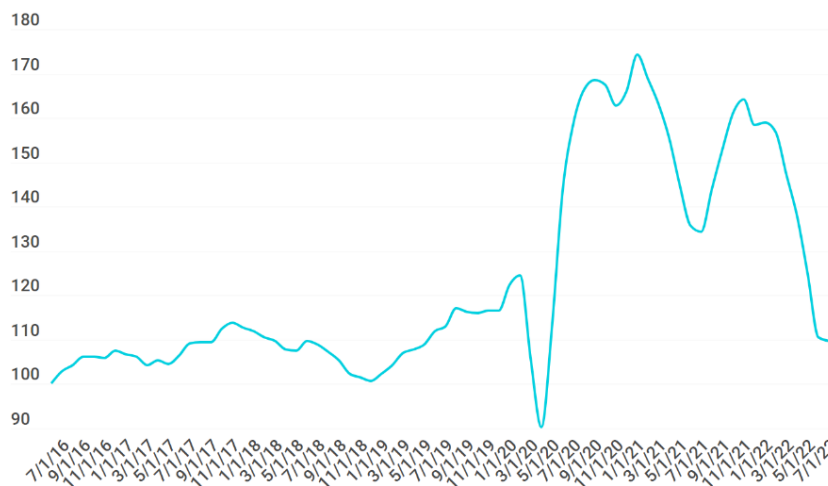
*Zonda’s New Home Market Update report showcases the latest housing trends in
the new home market for July*

NEWPORT BEACH, Calif., August 18, 2022 — Today, the experts at Zonda, the housing industry’s foremost advisors, released the New Home Market Update report for July 2022, which marked another cooler month for the housing market. Zonda’s New Home Pending Sales Index (PSI) is down 18.2% year-over-year and off 2.8% compared to the same month in 2019. 85.0% of homebuilders surveyed by Zonda noted the market was slower than they expected moving from June to July, capturing the shift in demand in response to higher borrowing costs and some economic uncertainty. In response, 87.0% of builders intend on slowing starts in response to the shifting market.

“The housing market has seen a bit of rebalancing over the past few months,” said Ali Wolf, Zonda’s chief economist. “Some consumers got fed up with the relentless home price growth and decided to move to the sidelines. At the same time, we started to see inventory increase in the new and resale markets. There has been a shift from an intense seller’s market to one that is more buyer friendly and sustainable.”

The key things we are watching for the balance of the year are mortgage rates (which are now back to the low-5%*s*), equity markets (the S&P 500 is off just 10% year-to-date from 30%+ a few months ago), and inventory (up but still tight compared to pre-pandemic times.)

New Home Pending Sales Index



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

Sales Have Cooled

The New Home Pending Sales Index, a leading residential real estate indicator based on the number of new home sales contracts signed across the country, came in at 109.8, representing a 18.2% decline from the same month last year. The index is currently 37.0% below cycle highs. On a month-over-month basis, seasonally adjusted new home sales decreased 0.8%.

- Of all our select markets, the PSI was up year-over-year in Cincinnati alone. The market fell 0.9% month-over-month.
- The metros that performed the worst year-over-year were Sacramento (-56.1%), San Francisco (-45.1%), and Seattle (-33.7%).
- Some of the markets that slowed the quickest this year, including Salt Lake City, Austin, and Denver, posted a seasonally adjusted month-over-month increase in July.

New Home Pending Sales Index for Select Markets

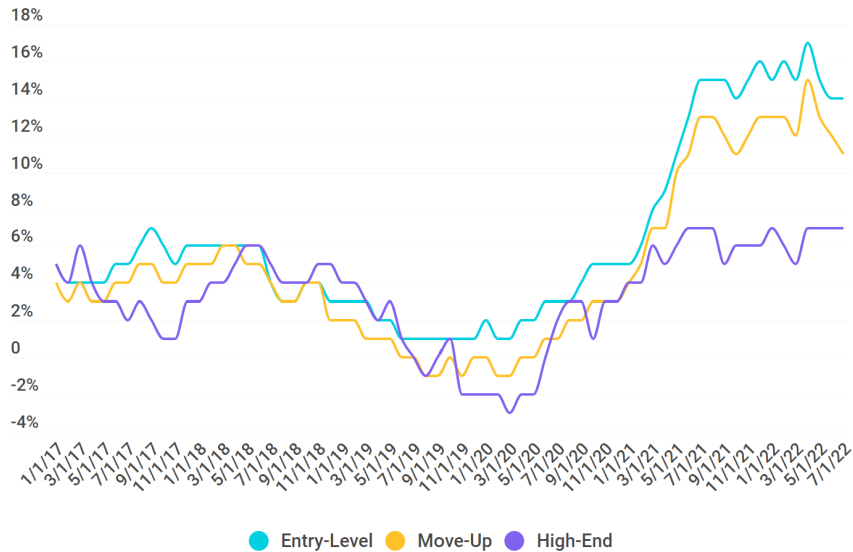
Rank	METRO	SA MOM	SA YOY
1	Cincinnati	-0.9%	2.9%
2	Salt Lake City	23.7%	0.0%
3	Raleigh	-1.5%	-0.6%
4	Jacksonville	3.0%	-4.9%
5	Charlotte	-4.5%	-6.1%
6	Houston	1.3%	-8.0%
7	Philadelphia	-16.8%	-8.0%
8	Atlanta	4.2%	-12.1%
9	Orlando	-7.5%	-13.9%
10	San Antonio	10.1%	-16.5%
11	Dallas	0.0%	-18.6%
12	Austin	14.9%	-19.0%
13	Minneapolis	3.7%	-19.7%
14	Tampa	-3.7%	-20.3%
15	Washington, DC	-10.3%	-21.2%
16	Baltimore	0.4%	-21.6%
17	Denver	12.7%	-26.6%
18	Phoenix	2.6%	-30.3%
19	Los Angeles/OC	-0.8%	-30.5%
20	Las Vegas	-2.0%	-31.5%
21	Riverside/San Bernardino	-6.5%	-31.6%
22	New York	-22.5%	-33.1%
23	Seattle	12.3%	-33.7%
24	San Francisco	11.1%	-45.1%
25	Sacramento	1.4%	-56.1%

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

Price Growth Meets Incentives

National home prices increased year-over-year across entry-level, move-up, and high-end homes. Prices rose 13.6% for entry-level to \$337,903, 11.0% for move-up to \$524,843, and 7.0% for high-end homes to \$891,517. The rate of home price growth flattened in the high-end and entry-level tiers month-over-month and slowed in the move-up market.

National Home Value Appreciation by Price Tier (YOY Change)



Source: Zonda

The table below shows the top three markets for year-over-year home price change in each tier.

New Home Price Change (YOY)

	Entry-Level	Move-Up	High-End
1	Tampa (29.7%)	Salt Lake City (22.4%)	New York (34.8%)
2	Salt Lake City (25.3%)	Tampa (22.4%)	Orlando (25.4%)
3	Austin (22.2%)	Orlando (19.4%)	Raleigh (23.4%)

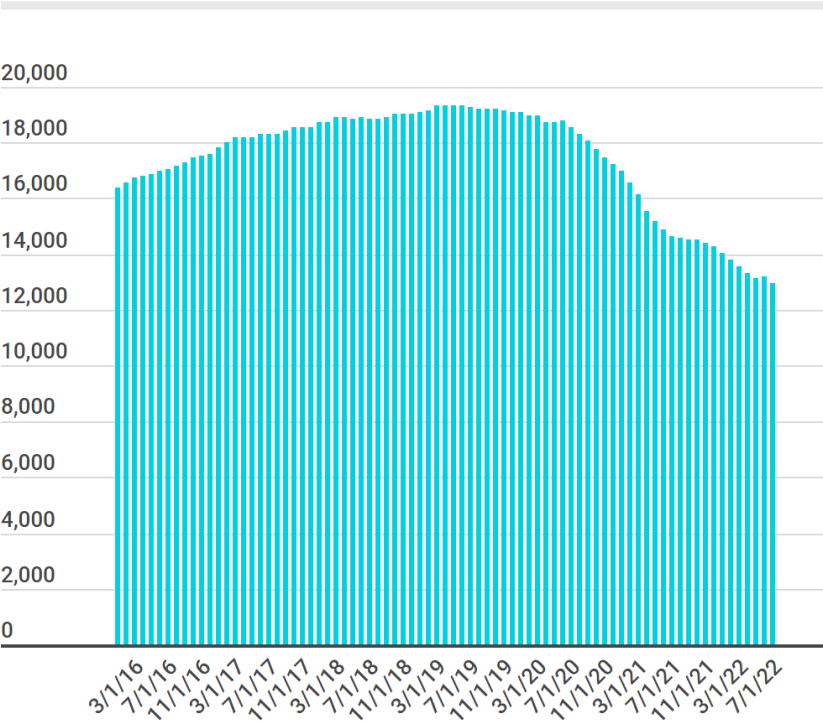
Source: Zonda

50.8% of active projects are offering to-be-built incentives, up from last month. The incentives range from funds towards closing costs to mortgage rate buydowns. The average incentive dollar amount is \$7,551 or 1.4% of the list price.

Finally: More Inventory

Community count looks at any project that has five or more units for sale. There are currently 12,977 actively selling communities tracked by Zonda, down 11.4% from last year. On a month-over-month basis, the national figure slipped 1.6%. Total community count is 32.6% below the same month in 2019.

National New Home Community Count



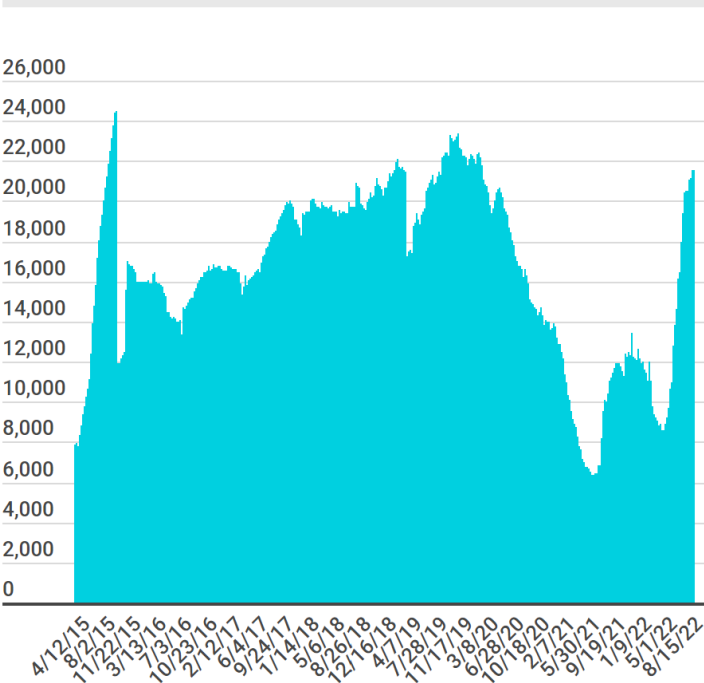
Source: Zonda



- Las Vegas (+12.3%), Sacramento (+11.2%), and Riverside/San Bernardino (+10.7%) grew community count the most year-over-year.
- Relative to last year, the biggest community count declines were in seen Seattle (-32.6%), Baltimore (-32.1%), and Atlanta (-28.3%).
- Community count in 20% of our select markets rose month-over-month, 0% were flat, and 80% fell.

National quick move-ins (QMIs) totaled 21,532, up 94.6% compared to last year and 5.2% higher month-over-month. Total QMIs are 1.2% above 2019 levels. QMIs represent homes that can be occupied within 90 days and become important to watch as the market shifts.

Weekly Quick Move-In Count



Source: Zonda



- On a metro basis, all of Zonda's select markets increased QMI count year-over-year.
- The markets posting the biggest gains were Riverside/San Bernardino (+431.7%), Tampa (+400.8%), and Minneapolis (+312.7%). Context is key though. QMIs are 12.8% higher than 2019 in Riverside, 15.0% in Tampa, and 63.4% in Minneapolis.
- Jacksonville, Salt Lake City, and Las Vegas have seen the most growth in QMIs compared to the same time in 2019, up 158.8%, 108.5%, and 92.5%, respectively.

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.

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About Zonda

Zonda provides data-driven housing market solutions to the homebuilding industry. 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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