



## **NEW HOME SALES INCREASED IN AUGUST BUT CONTINUE TO DECLINE YEAR OVER YEAR, DOWN 26.1%**

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

**NEWPORT BEACH, Calif., September 22, 2022** — Today, the experts at Zonda, the housing industry's foremost advisors, released the New Home Market Update report for August 2022. Zonda's New Home Pending Sales Index (PSI) captured a 3.2% month-over-month increase in contract sales in August. This aligns with the trends seen in mortgage rates for the month; the average mortgage rate in August of 5.22% was at the lowest since April of this year. Looking at the market relative to last year, total contracts are down 25.1% year-over-year, and the average sales rate is off 26.1%. Nationally, sales are down 7.8% compared to August 2019 levels, led by the more notable slowdowns in the West and Mountain West regions.

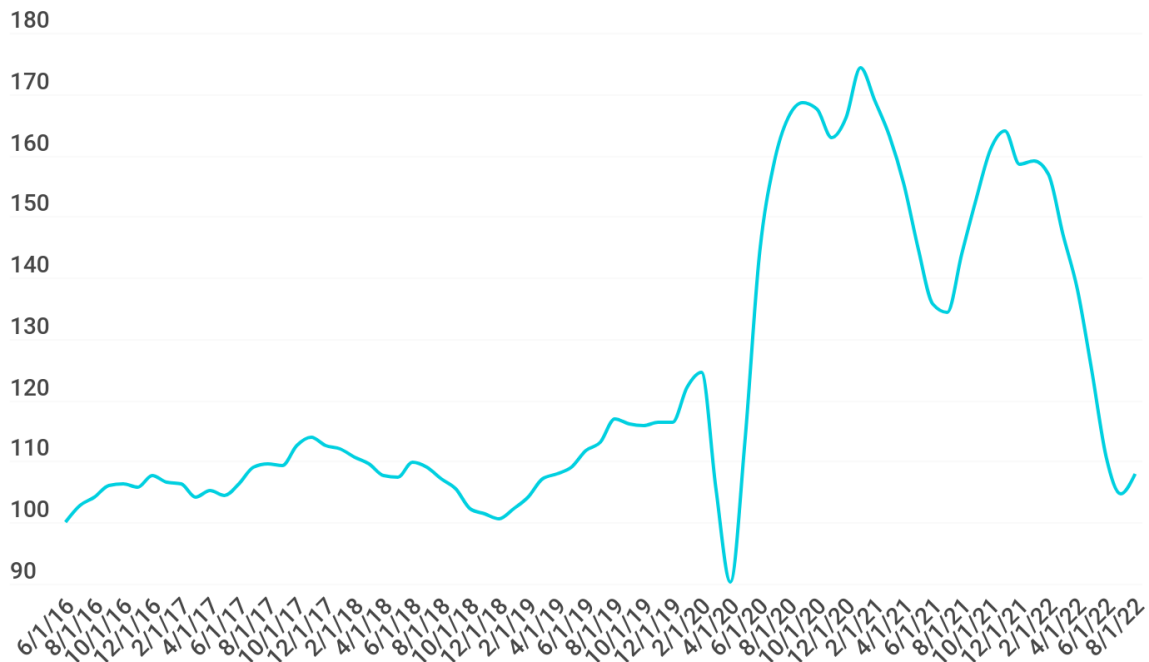
As we look to September trends, mortgage interest rates have risen to the highest level since 2008, following the highest yield on the 10-year Treasury since 2011. The volatility in the mortgage market combined with negative housing headlines, battered consumer confidence, and higher monthly housing costs suggest that the slower sales environment will likely continue throughout the balance of the year.

"The buyer backdrop in the housing market today is complicated," said Ali Wolf, Zonda's Chief Economist. "We know that some housing demand was pulled forward over the past year driven by pandemic lifestyle changes and the abrupt drop in mortgage rates. Investor activity, second home buyers, and purchases by some higher wealth individuals are good examples. We also know that some buyers were unable to be competitive enough over the past couple of years to secure a home and they remain with pent-up demand waiting on the sidelines. This is the group we should focus on."

### **Sales are below 2019 levels**

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 107.9, representing a 25.0% decline from the same month last year. The index is currently 38.1% below cycle highs. On a month-over-month basis, seasonally adjusted new home sales increased 3.2%.

## New Home Pending Sales Index



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



- Like last month, the PSI was up in just one of our select markets year-over-year, Cincinnati. Sales in the market were also up month-over-month.
- The metros that performed the worst year-over-year were San Francisco (-61.3%), Phoenix (-60.4%), and Denver (-48.8%).
- Some of the markets that were hit the hardest and the quickest in June and July saw a modest increase in August. On a monthly basis, Sacramento, Seattle, and Riverside/San Bernardino were the best performing markets. Sacramento increased 33.2% relative to last month.

## New Home Pending Sales Index for Select Markets

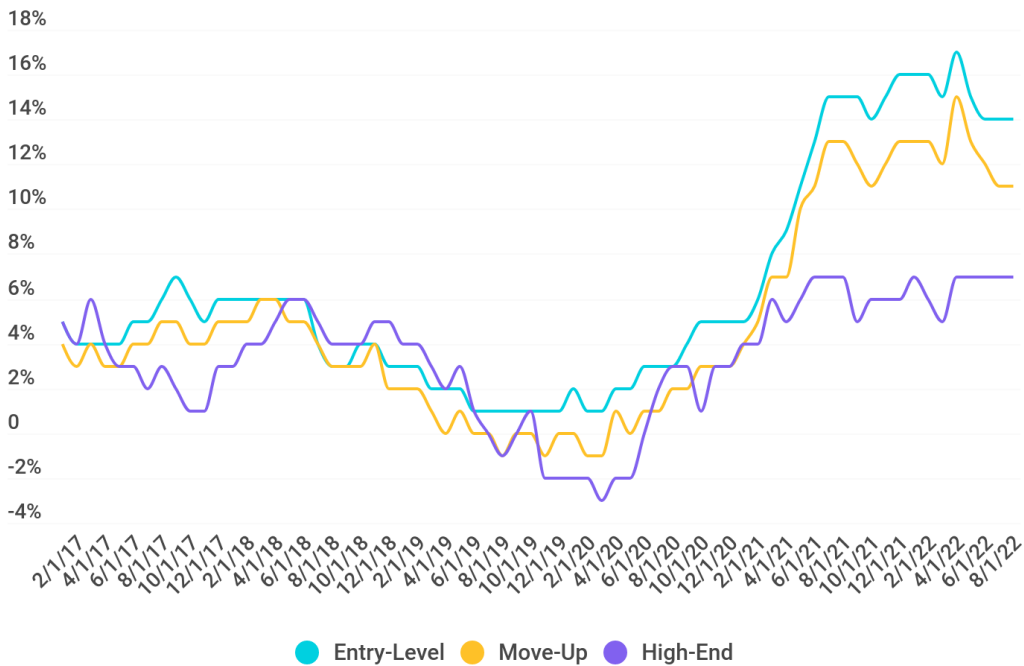
Rank	METRO	SA MOM	SA YOY
1	Cincinnati	5.8%	0.9%
2	Raleigh	-6.4%	-9.8%
3	Houston	7.1%	-10.1%
4	Jacksonville	0.9%	-12.5%
5	San Antonio	4.2%	-14.0%
6	Baltimore	-0.9%	-16.3%
7	Tampa	5.5%	-17.0%
8	Atlanta	-1.9%	-17.5%
9	Los Angeles/OC	10.3%	-18.7%
10	Minneapolis	-4.2%	-20.0%
11	Charlotte	-0.3%	-20.0%
12	Philadelphia	6.1%	-20.1%
13	Dallas	4.5%	-20.7%
14	New York	13.6%	-20.9%
15	Orlando	2.3%	-21.4%
16	Salt Lake City	-11.9%	-21.8%
17	Austin	7.8%	-25.6%
18	Washington, DC	4.4%	-37.3%
19	Seattle	23.2%	-40.6%
20	Riverside/San Bernardino	14.6%	-44.9%
21	Las Vegas	11.9%	-46.0%
22	Sacramento	33.2%	-46.4%
23	Denver	0.8%	-48.8%
24	Phoenix	-5.8%	-60.4%
25	San Francisco	8.2%	-61.3%

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

### Prices are notably higher than last year

National home prices increased year-over-year across entry-level, move-up, and high-end homes. Prices rose 13.9% for entry-level to \$340,171, 11.2% for move-up to \$527,874, and 7.0% for high-end homes to \$896,549. The rate of home price growth flattened across all three price tiers in August.

## 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 (27.5%)	Salt Lake City (21.7%)	New York (39.9%)
2	Salt Lake City (21.4%)	Tampa (21.2%)	Orlando (23.6%)
3	Austin (20.1%)	New York (20.8%)	San Antonio (23.6%)

Source: Zonda

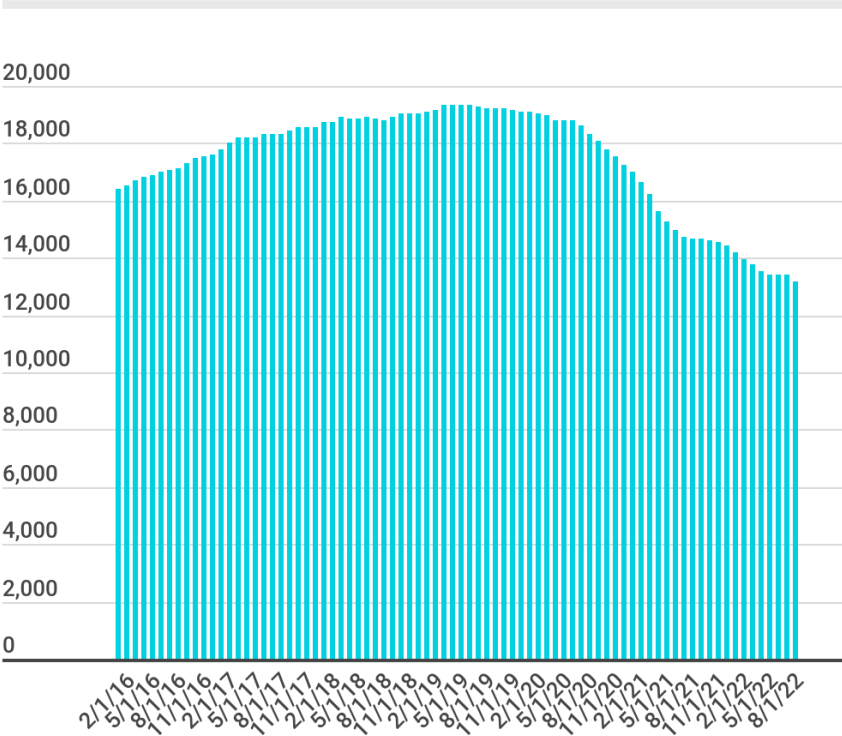


72% of builders reported increasing incentives month-over-month. Incentives are becoming increasingly prevalent in today’s housing market as consumer hesitancy slows overall purchase activity. Funds towards closing costs, mortgage rate buydowns, and discounts on options and upgrades are some of the most common types of incentives.

**Community counts are down, QMIs are up**

Community count looks at any project that has five or more units for sale. There are currently 13,193 actively selling communities tracked by Zonda, down 10.2% from last year. On a month-over-month basis, the national figure slipped 1.4%. Total community count is 31.3% below the same month in 2019.

**National New Home Community Count**



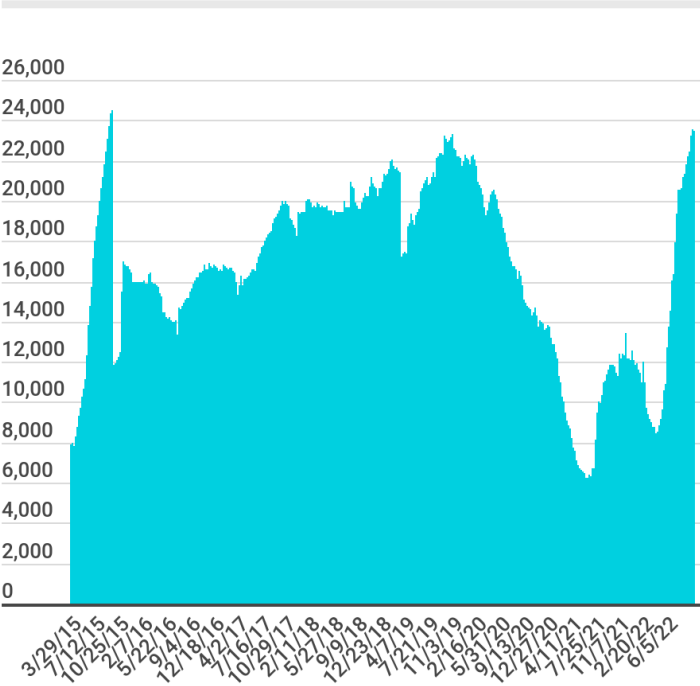
Source: Zonda



- Sacramento (+11.0%), Las Vegas (+10.6%), and Riverside/San Bernardino (+9.1%) grew community count the most year-over-year.
- Community count fell the most in Baltimore (-30.7%), Atlanta (-27.3%), and Seattle (-26.0%) relative to last year.
- Community count in 12% of our select markets rose month-over-month, 0% were flat, and 88% fell.

National quick move-ins (QMIs) totaled 23,439, up 98.1% compared to last year and 7.5% higher month-over-month. Total QMIs are 5.3% 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, 96% of Zonda's select markets increased QMI count year-over-year.
- The markets posting the biggest gains were Riverside/San Bernardino (+718.2%), Raleigh (+385.3%), and Tampa (+375.4%). Context is key though. QMIs are 32.0% higher than 2019 in Riverside but remain below pre-pandemic levels in Raleigh and Tampa.
- Salt Lake City, Jacksonville, and Las Vegas have seen the most growth in QMIs compared to the same time in 2019, up 254.9%, 114.1%, and 94.5%, 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.

Visit [ZondaHome.com](http://ZondaHome.com) or follow us on [LinkedIn](#) and [Facebook](#) for more information.

### **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.

**###**