



NEW HOME PENDING SALES ARE DOWN 25.9% YEAR-OVER-YEAR WITH 53.7% OF COMMUNITIES OFFERING AN AVERAGE INCENTIVE OF \$10,169

Many buyers are riding out the roller coaster in search for an even cooler housing market

NEWPORT BEACH, Calif., October 24, 2022 — Today, the experts at Zonda, the housing industry's foremost advisors, released the New Home Market Update report for September 2022. The housing market has entered a wait-and-see phase—consumers are trying to decide if it makes sense to buy today or wait. As a result, many potential shoppers have moved to the sidelines. This is captured in total sales activity. Zonda's New Home Pending Sales Index posted a 25.9% decline year-over-year in September, with levels roughly 3.0% below the same month in 2019.

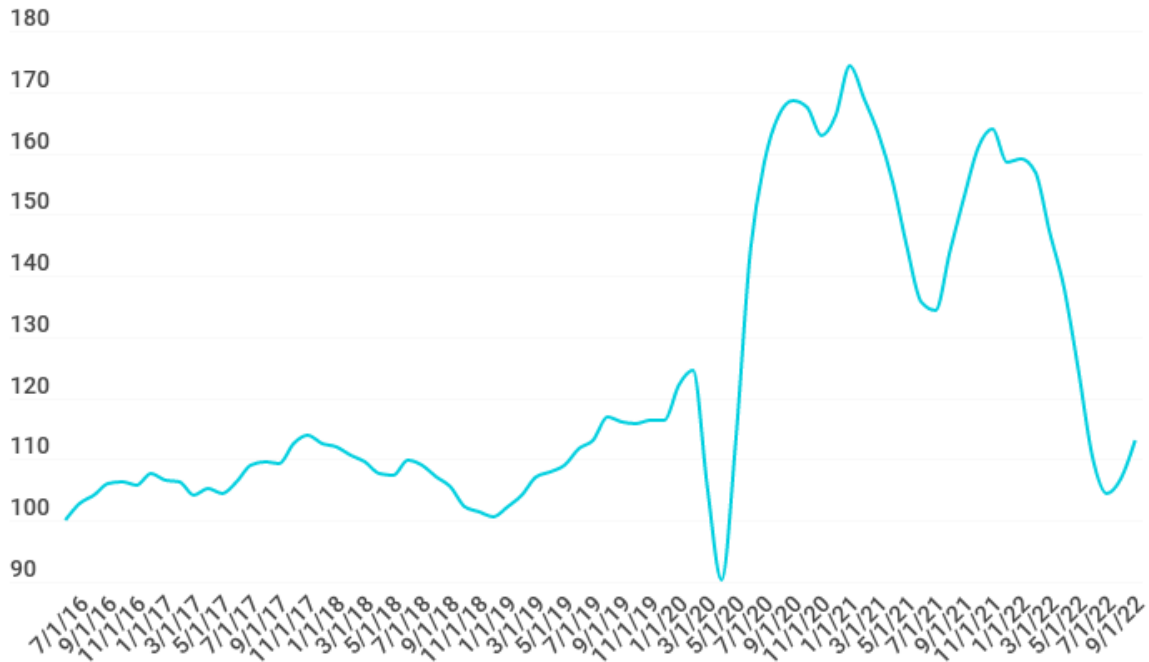
Many builders are also responding to the uncertainty by pausing on new land deals and slowing overall starts. Zonda's statistics show that 81% of builders intend to slow starts for the rest of this year, if they haven't already. Nearly 89% of builders are planning to slow starts next year as well.

"We are on a quest to find what we'll call the strike price – a price where consumers see the value in the home and/or community and re-enter the market," said Ali Wolf, Zonda's chief economist. "Right now, consumers are both uncomfortable with where prices are, and in many cases, unable to make the math work. Strategic price cuts and incentives are sometimes proving effective at pulling back in some of the skittish consumers. In other cases, the quest carries on."

The PSI is down double-digits in many markets

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 113.2, representing a 25.9% decline from the same month last year. The index is currently 35.0% below cycle highs. On a month-over-month basis, seasonally adjusted new home sales increased 5.9%.

New Home Pending Sales Index



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



- Like last month, the PSI was up in just one of our select markets year-over-year - Baltimore. Sales in the market were also up month-over-month.
- The metros that performed the worst year-over-year were San Francisco (-64.9%), Phoenix (-61.3%), and Sacramento (-54.1%).
- On a monthly basis, Minneapolis, Seattle, and Washington, DC were the best performing markets. Minneapolis increased 22.3% relative to last month.

New Home Pending Sales Index for Select Markets

Rank	METRO	SA MOM	SA YOY
1	Baltimore	15.2%	14.1%
2	Raleigh	9.4%	-4.0%
3	Cincinnati	16.2%	-6.7%
4	Houston	9.5%	-8.7%
5	Washington, DC	16.8%	-10.5%
6	Minneapolis	22.3%	-11.6%
7	Orlando	16.4%	-13.2%
8	Philadelphia	4.5%	-16.8%
9	Atlanta	8.8%	-17.9%
10	New York	12.3%	-18.1%
11	Charlotte	3.3%	-21.1%
12	Salt Lake City	16.3%	-24.1%
13	Los Angeles/OC	13.5%	-24.2%
14	Dallas	6.2%	-24.5%
15	Jacksonville	-2.8%	-25.5%
16	Tampa	-2.8%	-25.5%
17	San Antonio	-0.5%	-28.7%
18	Seattle	17.4%	-32.0%
19	Riverside/San Bernardino	7.9%	-40.6%
20	Austin	5.6%	-42.1%
21	Las Vegas	-6.3%	-46.5%
22	Denver	9.2%	-50.1%
23	Sacramento	0.7%	-54.1%
24	Phoenix	15.2%	-61.3%
25	San Francisco	-5.9%	-64.9%

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

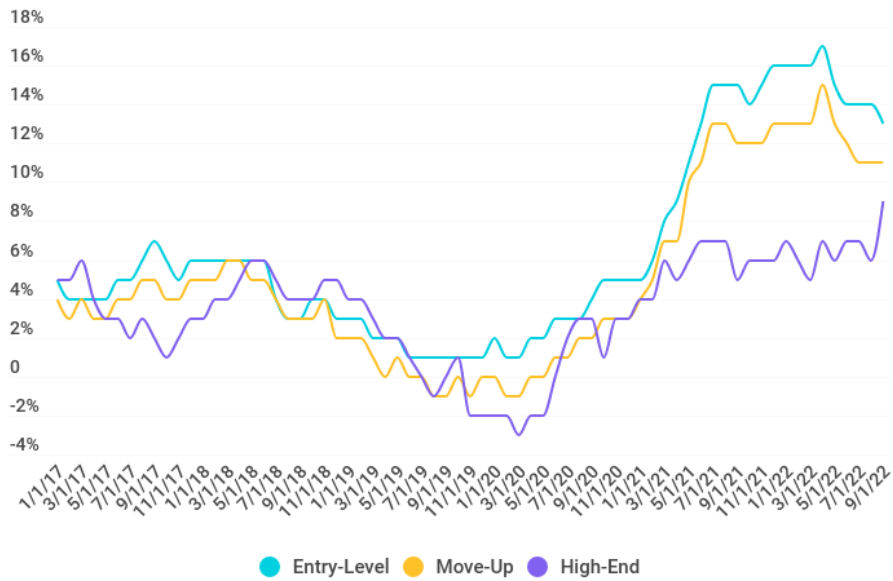


Home prices are still up from last year, but the level of appreciation is slowing

National home prices increased year-over-year across entry-level, move-up, and high-end homes. Prices rose 12.7% for entry-level to \$340,369, 10.8% for move-up to \$529,050, and 8.7% for high-end homes to \$906,157. High-end price growth increased to a new high.

Supplementing our data with a monthly survey Zonda conducts, there were roughly 30% of homebuilders across the country that reported lowering prices month-over-month in September.

National Home Value Appreciation by Price Tier (YOY Change)



Source: Zonda

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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 (23.5%)	New York (26.1%)	New York (59.4%)
2	Orlando (20.5%)	Jacksonville (19.7%)	Orlando (25.7%)
3	Austin (19.1%)	Orlando (18.2%)	Raleigh (20.5%)

Source: Zonda

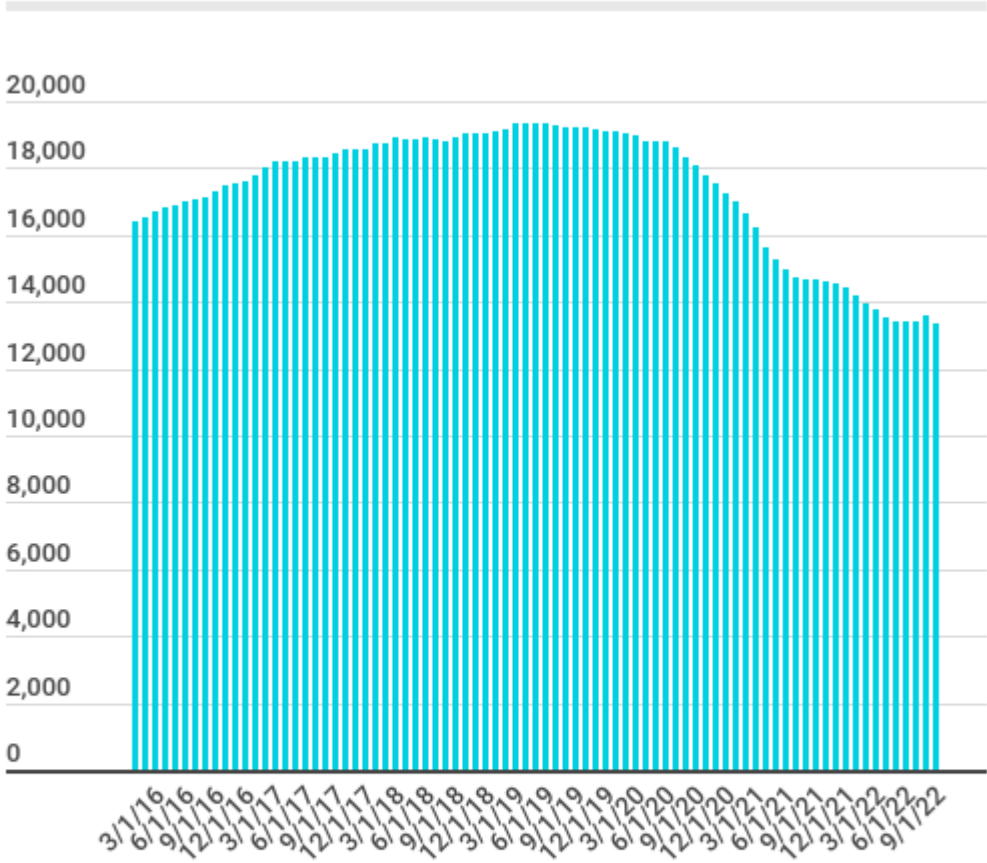
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Incentives are increasingly common in today's housing market given the slower sales. 53.7% of active projects are offering to-be-built incentives, up from last month. The average incentive dollar amount is \$10,169 or 2.0% of the list price.

Quick move-in inventory is rapidly increasing

There are currently 13,383 actively selling communities tracked by Zonda, down 8.6% from last year. On a month-over-month basis, the national figure slipped 1.4%. Total community count is 30.5% below the same month in 2019.

National New Home Community Count



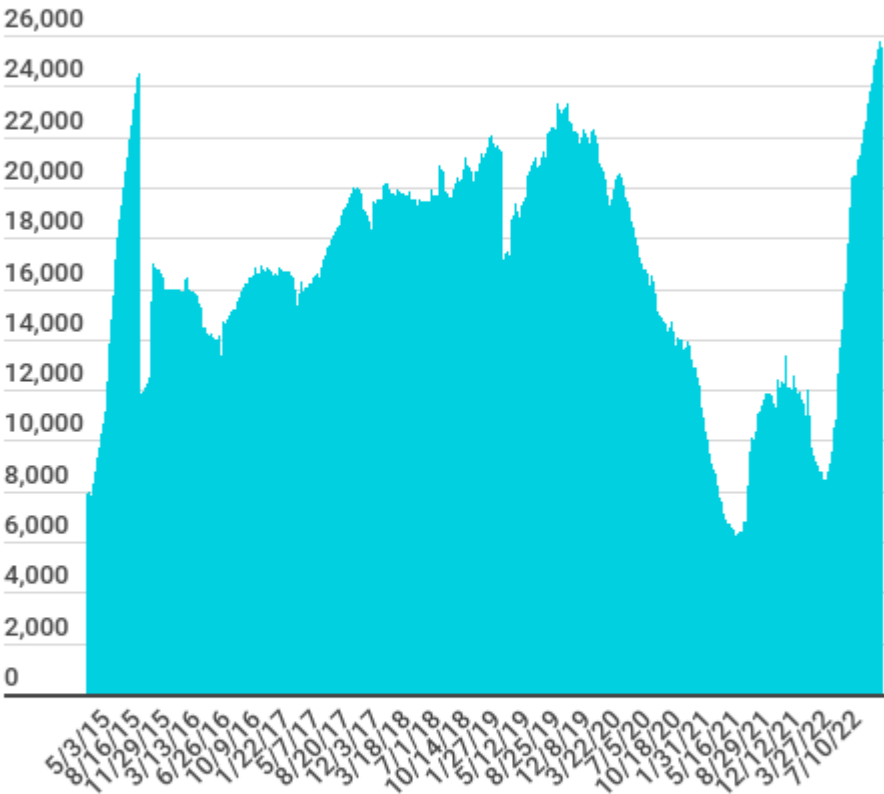
Source: Zonda



- Sacramento (+9.3%), Las Vegas (+8.8%), and Riverside/San Bernardino (+8.0%) grew community count the most year-over-year.
- Relative to last year, the biggest community count declines were in seen Baltimore (-28.7%), Atlanta (-23.7%), and New York (-21.3%).
- Community count in 8% of our select markets rose month-over-month, 0% were flat, and 92% fell.

National quick move-ins (QMIs) totaled 25,543, up 126.7% compared to last year and 6.1% higher month-over-month. Total QMIs are 10.4% above 2019 levels. QMIs represent homes that can be occupied within 90 days and are 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 Cincinnati (+1,186.7%), Tampa (+929.4%), and Raleigh (+483.5%). Cincinnati has surpassed 2019 levels of QMIs, but Tampa and Raleigh remain below.
- Salt Lake City, Jacksonville, and Cincinnati have seen the most growth in QMIs compared to the same time in 2019, up 322.9%, 146.1%, and 87.4%, respectively.

Zonda tracks 60% of the production new home market across the United States. Given the proprietary database, Zonda is uniquely positioned to capture trends and changes in the new home market.

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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