



NEW HOME PENDING SALES ARE DOWN 34.1% YEAR-OVER-YEAR

Supply, Demand, Inflation, and Economic Uncertainty Continue to Impact the New Home Market

NEWPORT BEACH, Calif., November 22, 2022 — Today, the experts at [Zonda](#), the housing industry's foremost advisors, released the New Home Market Update report for October 2022.

Uncertainty is everywhere you look in today's economy. Unfortunately, uncertainty does not mix well with making the largest purchase of one's life, which is reflected in the data. Zonda's newly released national new home sales figures captured 467,082 homes sold in October on a seasonally adjusted annual rate, down 34.1% compared to last year.

However, builders are in the business of selling homes, so we are seeing an increase of using both price cuts and incentives to help get buyers off the sidelines. Mortgage rate incentives are proving to be the most effective as they solve for one of the biggest issues today: the 70%+ increase in the monthly mortgage cost since the beginning of the year given higher home prices and borrowing costs.

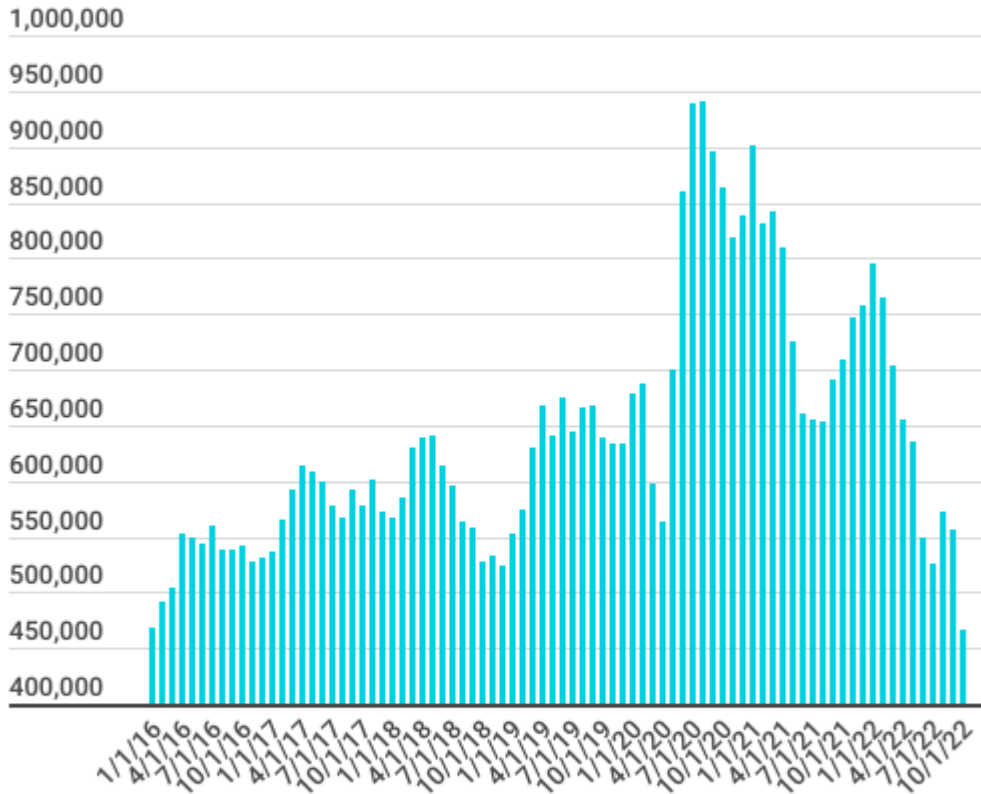
"There are many forces working against the housing market right now," said Ali Wolf, Zonda's chief economist. "With the holidays approaching, this is traditionally a slower time for the housing market, but layer in higher interest rates and economic uncertainty and the resulting impact is that home sales are stalling out. It takes good marketing, great salespeople, excellent product, the right price point, and a lot of patience to be successful in today's market."

Volume continues to decline, returning to below 2016 levels.

Zonda is introducing a new metric this month: total new home sales. This metric counts the total number of new home contract sales each month and accounts for both cancellations and seasonality.

There were 467,082 new homes sold in October on a seasonally adjusted annualized rate. This was a decline of 16.1% from last month and a drop of 34.1% from a year ago. On a non-seasonally adjusted basis, 36,548 homes were sold, 37.0% lower than last year and 30.0% below the same month in 2019.

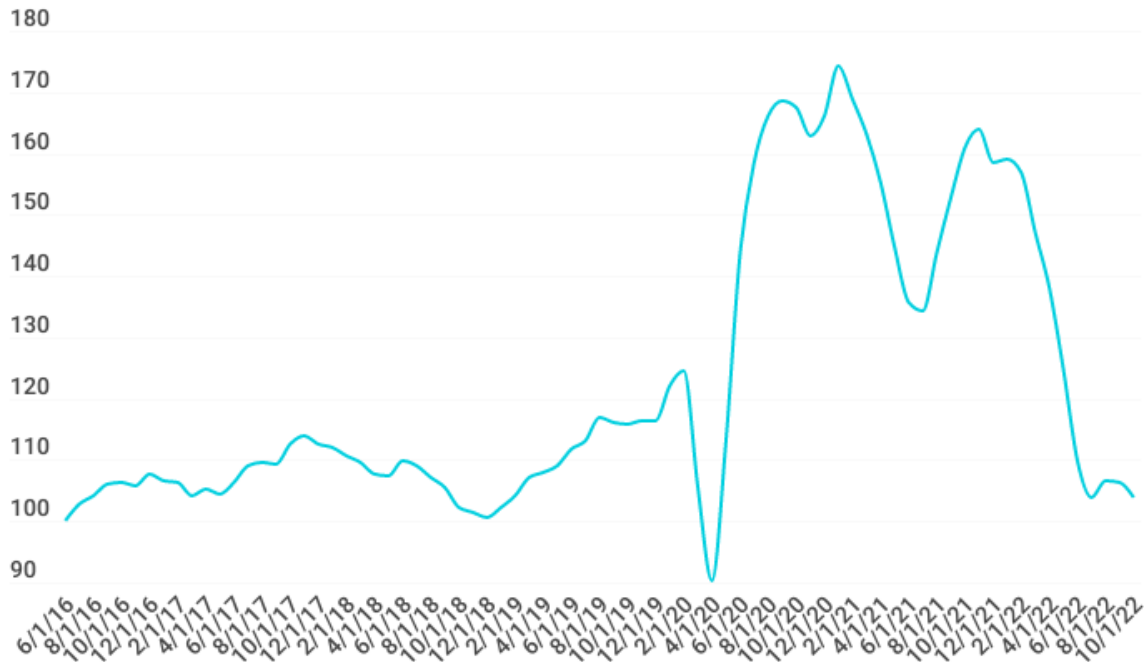
New Home Sales (SAAR)



Source: Zonda

Total volume is down due to both supply and demand. Zonda's New Home Pending Sales Index (PSI) was created to help account for fluctuations in supply by combining both total sales volume with the average sales rate per month per community. The October PSI came in at 104.0, representing a 35.4% decline from the same month last year. The index is currently 40.3% below cycle highs. On a month-over-month basis, seasonally adjusted new home sales decreased 2.1%.

New Home Pending Sales Index



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

- For the third consecutive month, the New Home Pending Sales Index (PSI) was up in just one of our select markets year-over-year, Baltimore.
- The metros that performed the worst year-over-year were Phoenix (-70.8%), Denver (-67.0%), and Sacramento (-62.8%).
- Sacramento, one of the aforementioned slowest markets year-over-year, posted a notable month-over-month increase in October as builders cut prices and used incentives to try to drive interest. Baltimore and Minneapolis round out the top three of the best month-over-month performers.

New Home Pending Sales Index for Select Markets

Rank	METRO	SA MOM	SA YOY
1	Baltimore	5.6%	8.8%
2	Minneapolis	4.2%	-16.9%
3	Houston	-3.1%	-21.4%
4	Cincinnati	-11.2%	-22.6%
5	Jacksonville	2.3%	-23.8%
6	Philadelphia	-6.0%	-25.8%
7	Washington, DC	-1.0%	-26.7%
8	Dallas	-1.2%	-27.0%
9	Raleigh	1.4%	-27.9%
10	Charlotte	-5.0%	-29.2%
11	Orlando	-3.2%	-31.8%
12	Tampa	-4.2%	-34.2%
13	New York	-6.4%	-35.7%
14	San Antonio	-1.7%	-37.9%
15	Atlanta	-8.6%	-38.9%
16	Los Angeles/OC	1.5%	-42.3%
17	Riverside/San Bernardino	2.2%	-43.4%
18	Las Vegas	-2.7%	-43.9%
19	Seattle	-12.9%	-47.9%
20	Austin	-8.0%	-52.3%
21	Salt Lake City	-17.8%	-57.2%
22	San Francisco	-8.1%	-61.6%
23	Sacramento	19.0%	-62.8%
24	Denver	-11.8%	-67.0%
25	Phoenix	-5.3%	-70.8%

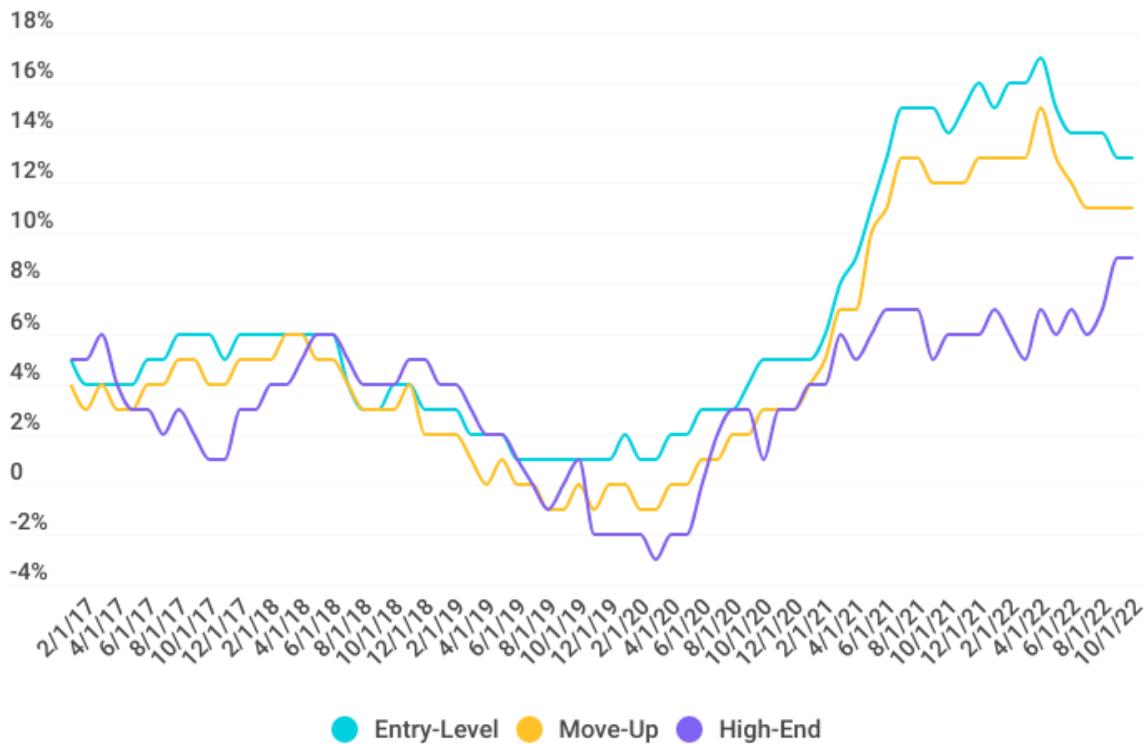
Source: Zonda; Data is seasonally adjusted and as of October 2022

Home prices continue pattern of deceleration

National home prices increased year-over-year across entry-level, move-up, and high-end homes. Prices rose 13.0% for entry-level to \$342,193, 11.1% for move-up to \$530,392, and 8.9% for high-end homes to \$906,990. For the second consecutive month, high-end homes grew at a cycle high of 9.0% year-over-year.

In supplementing our data with a monthly survey Zonda conducts, there were roughly 40% of homebuilders across the country that reported lowering prices month-over-month in October.

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 (23.6%)	New York (26.2%)	New York (69.3%)
2	Austin (17.5%)	Tampa (19.6%)	Orlando (23.2%)
3	Orlando (17.4%)	Jacksonville (19.1%)	Raleigh (22.8%)

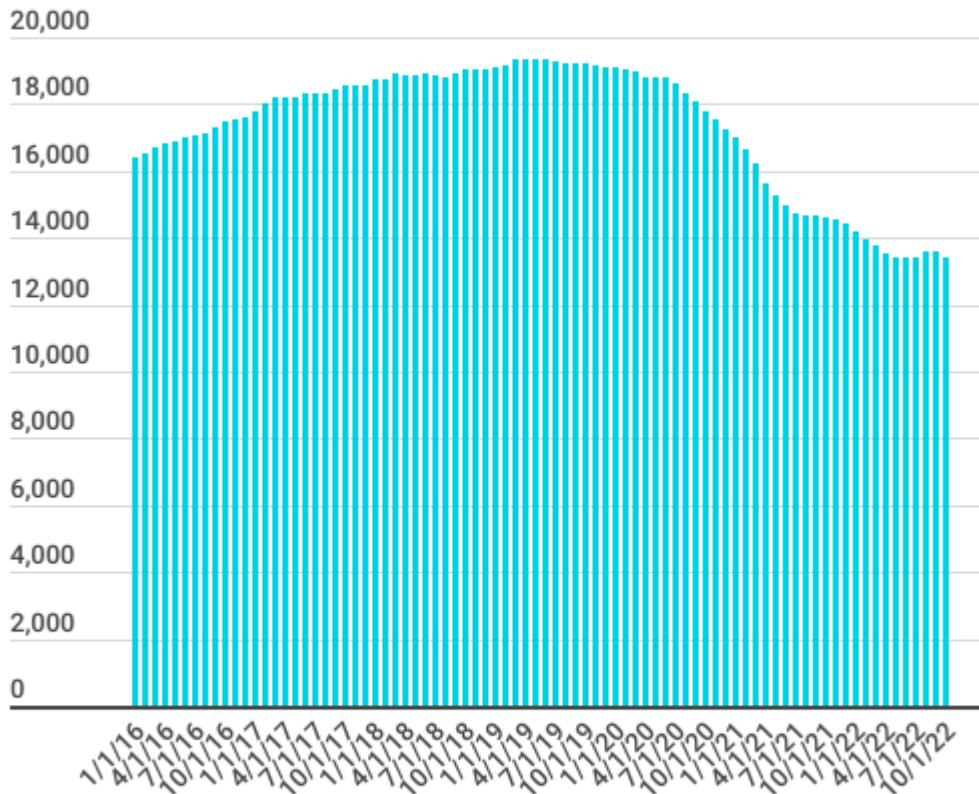
Source: Zonda

Incentives are increasingly common in today's housing market given the slower sales. 54.8% of active projects are offering to-be-built incentives, up from last month. The average incentive dollar amount is \$11,341 or 2.3% of the list price.

QMIs are rapidly rising

There are currently 13,417 actively selling communities tracked by Zonda, down 8.3% from last year. On a month-over-month basis, the national figure fell 1.4%. Total community count is 30.2% below the same month in 2019.

National New Home Community Count

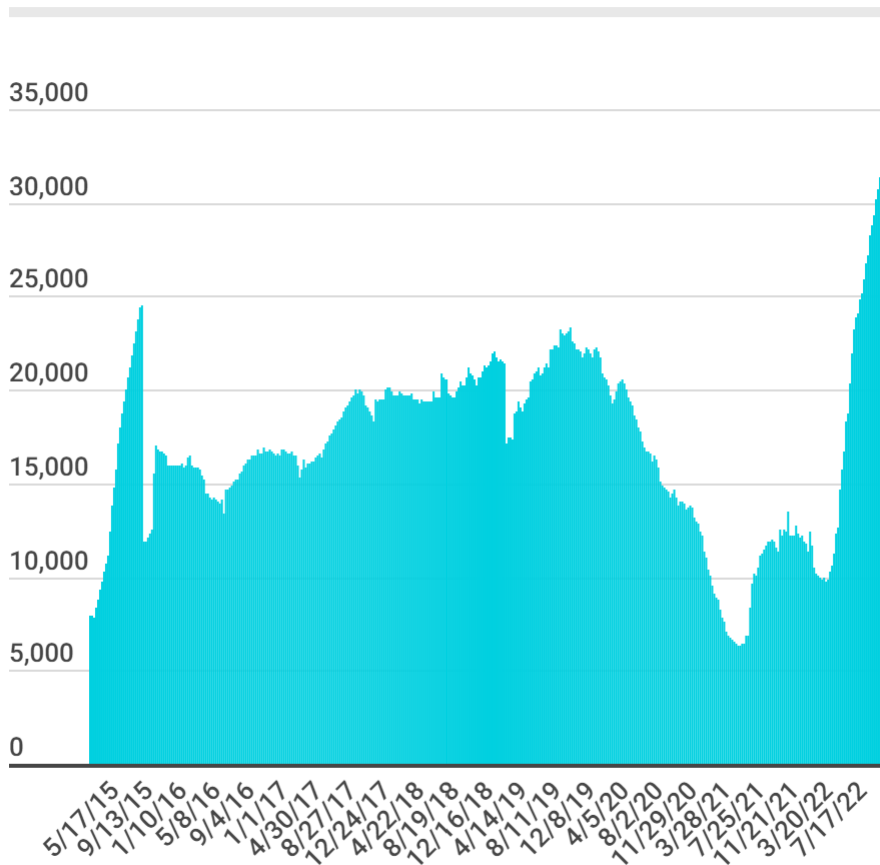


Source: Zonda

- Las Vegas (+8.1%), Phoenix (+7.1%), and San Antonio (+5.3%) grew community count the most year-over-year.
- Community count fell the most in Baltimore (-25.0%), Atlanta (-22.7%), and Seattle (-21.4%) relative to last year.
- 16% of our select markets rose month-over-month, 4% were flat, and 80% fell.

National quick move-ins (QMIs) totaled 31,947, up 156.0% compared to last year and 1.8% higher month-over-month. Total QMIs are 41.9% above 2019 levels.

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 year-over-year were Cincinnati (+768.0%), Tampa (+660.6%), and Raleigh (+627.7%). QMIs in Cincinnati are 95% above 2019 levels, 22% above in Tampa, and 7% higher in Raleigh.
- Salt Lake City, Jacksonville, and Las Vegas have seen the most growth in QMIs compared to the same time in 2019, up 234.9%, 187.7%, and 150.0%, respectively.



Methodology

The Zonda New Home Pending Sales Index (PSI) is built on proprietary, industry-leading data that covers 65% 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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