



FOR IMMEDIATE RELEASE
Thursday, February 22, 2024
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NEW HOME SALES HAVE HEALTHY START TO THE YEAR

Sales Are Well Above January 2023 Levels

NEWPORT BEACH, Calif., February 22, 2024 — Today, the experts at [Zonda](#), the housing industry's foremost advisors, released the New Home Market Update report for January 2024.

The mortgage rate gods delivered mixed news throughout January. The 30-year fixed rate mortgage bounced between the high-6%s and low-7%s all month. To put this in context, moving from a 6.7% interest rate to 7.2% on the median-priced new home translates into a 5% increase in the monthly mortgage payment. Builders reported an increase in traffic in January with reasonable conversion, but there was still some lingering consumer angst with little buyer urgency.

Still, builders have the advantage as we head into the spring selling season. Limited resale inventory, the narrowing of the price spread between new and resale homes, the value proposition of a new home in the face of higher home prices and mortgage rates, and the use of incentives and buydowns to help address affordability challenges have contributed to more home shoppers funneling into the new home market.

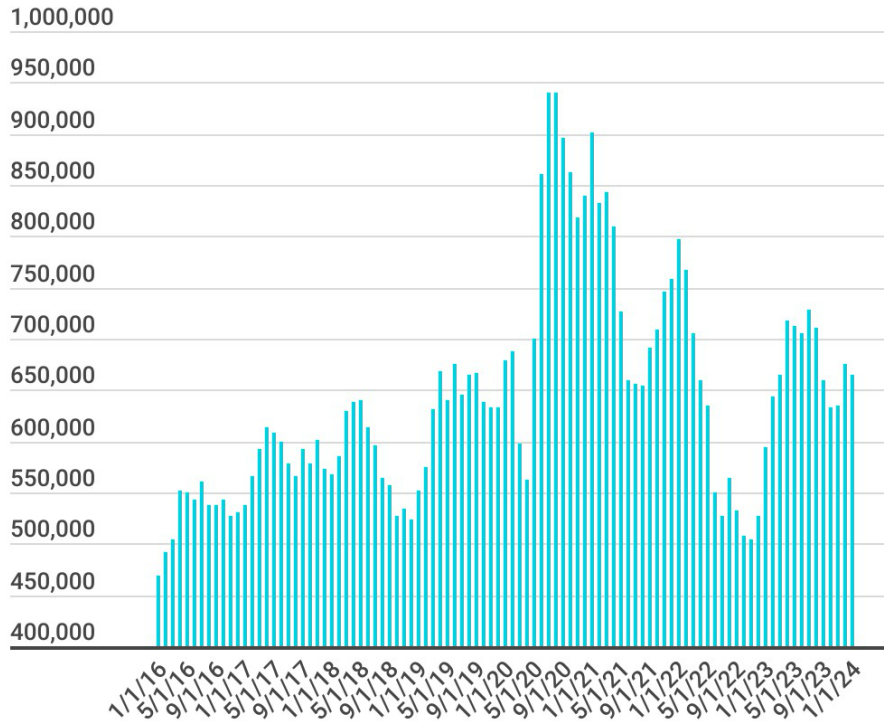
"Stability in mortgage rates is key for housing demand," said Ali Wolf, chief economist with Zonda. "When house hunters start their search able to afford a home at one price and just days later the parameters change because mortgage rates have moved, it causes confusion and frustration. Herein lies the benefit of buying a new home today given mortgage rate buydowns and extended rate locks."

New home sales have a healthy start to the year

Zonda's new home sales metric counts the number of new home contract sales each month and accounts for both cancellations and seasonality. This metric shows there were 664,380 new homes sold in January on a seasonally adjusted annualized rate. This was a decline of 1.6% from last month but an increase of 11.7% from a year ago. On a non-seasonally adjusted basis, 55,257 homes were sold, 12.2% higher than last year and 2.1% below the same month in 2019.

Zonda's revised numbers show 674,000 new homes were sold in the full year of 2023, an increase of 12% from 2022.

New Home Sales (SAAR)

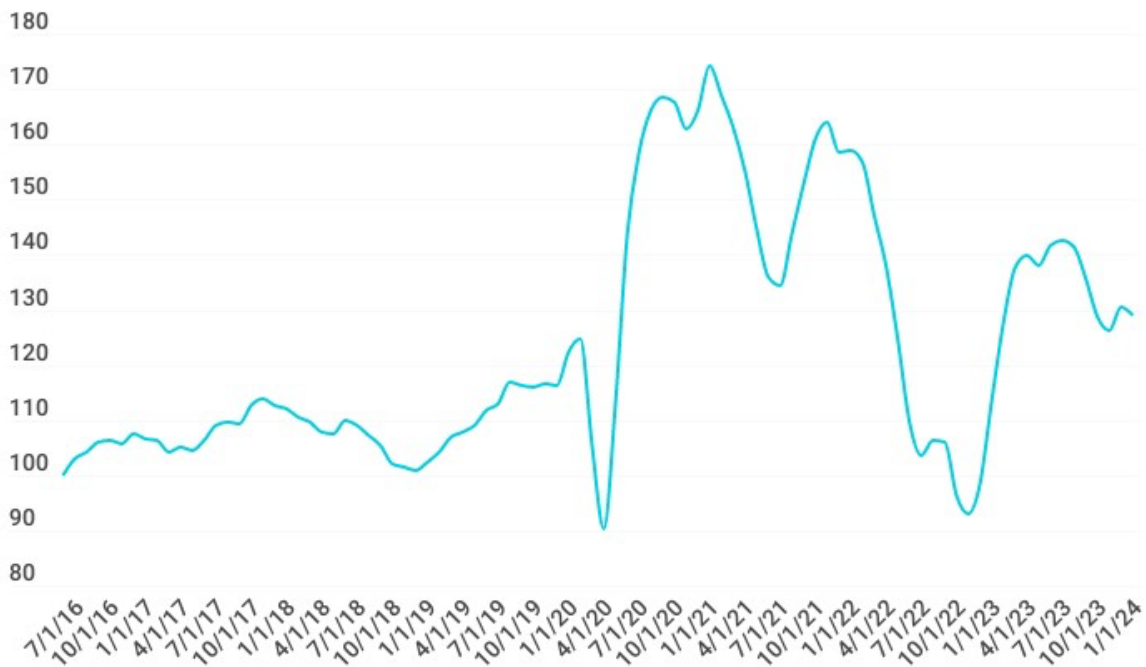


Source: Zonda

The New Home PSI was down slightly month-over-month

Total sales volume is influenced by 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 January PSI came in at 128.8, representing a 13.6% rise from the same month last year. The index is currently 26.1% below cycle highs. On a month-over-month basis, seasonally adjusted new home sales decreased 1.2%.

New Home Pending Sales Index



Source: Zonda; Data is seasonally adjusted and as of January 2024

- The markets that posted the best numbers relative to last year were Las Vegas (+68.6%), Phoenix (+51.6%), and Los Angeles/OC (+44.7%). These markets were still slow in early 2023 following the pullback in 2022. The base effect of those low levels contributed to the large YOY percentages.
- San Francisco (-7.8%), Charlotte (-6.7%), and New York (-2.6%) declined year-over-year.
- On a monthly basis, New York, Las Vegas, and Cincinnati performed best.

New Home Pending Sales Index for Select Markets

Rank	METRO	SA MOM	SA YOY
1	Las Vegas	15.0%	68.6%
2	Phoenix	9.9%	51.6%
3	Los Angeles/OC	-7.9%	44.7%
4	Cincinnati	12.3%	41.0%
5	Sacramento	-13.5%	38.8%
6	Salt Lake City	-14.0%	37.2%
7	Denver	-5.5%	36.8%
8	Baltimore	3.0%	28.9%
9	Tampa	-11.5%	18.1%
10	Minneapolis	-12.1%	14.8%
11	Riverside/San Bernardino	-11.8%	14.0%
12	Houston	3.2%	13.8%
13	Philadelphia	8.0%	13.0%
14	Washington, DC	7.0%	12.8%
15	Atlanta	-0.4%	12.7%
16	Austin	0.8%	11.4%
17	San Antonio	4.5%	9.8%
18	Raleigh	-4.4%	9.1%
19	Seattle	-11.8%	8.5%
20	Jacksonville	-1.7%	8.1%
21	Orlando	3.8%	1.0%
22	Dallas	-3.8%	0.0%
23	New York	17.5%	-2.6%
24	Charlotte	-13.4%	-6.7%
25	San Francisco	-21.7%	-7.8%

Source: Zonda; Data is seasonally adjusted and as of January 2024

Nearly half of new home markets were overperforming in January

In order to add further context on the metro level, we created the Zonda Market Ranking (ZMR). The ZMR accounts for both sales pace and volume, is seasonally adjusted, and is taken as a percentage relative to a baseline market average. Based on the percentage above or below baseline, markets are bucketed into performance groups ranging from significantly underperforming to significantly overperforming relative to historical activity.



Market Rankings - January 2024

- Significantly Overperforming
- Slightly Overperforming
- Average
- Slightly Underperforming
- Significantly Underperforming



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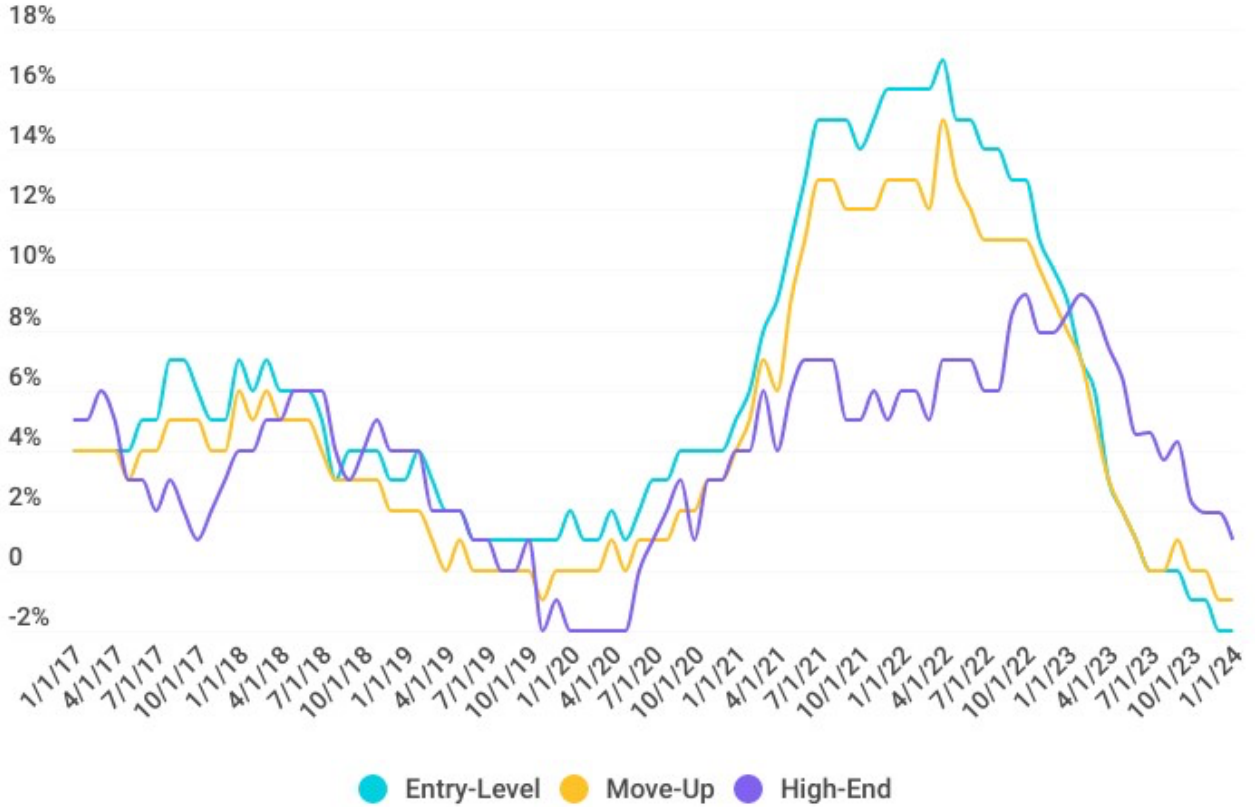
- The National ZMR index came in at 103.7 in January, indicating an *average* market, an improvement from a *slightly underperforming* market last year.
- The major metros *overperforming* their historical averages most in January 2024 were Chicago, Fort Collins, and Las Vegas.
- Five markets were *significantly underperforming* - San Francisco, San Jose, Reno, Salt Lake City, and Portland. Seattle, Durham, Austin, and Orlando were *slightly underperforming*.
- Among our top fifty markets, 46% were *overperforming*, 36% were *average*, and 18% were *underperforming*. Last month, 36% were *overperforming*, 42% were *average*, and 22% were *underperforming*.
- Importantly, the ZMR does not account for what it takes to sell a home. For example, securing a sale might still feel difficult in a “*significantly overperforming*” market, but if incentives offered result in a sale, we count the sale.

Prices declined again for entry-level and move-up segments

National home prices fell 1.8% for entry-level to \$331,174 and 1.3% for move-up to \$519,307. Prices rose 1.0% for high-end homes to \$912,911.

Supplementing our data with a monthly survey Zonda conducts, 42% of builders reported raising prices in January, up from 18% in December. Further, 54% reported holding prices flat, down from 71% last month.

National Home Value Appreciation by Price Tier (YOY Change)



Source: Zonda



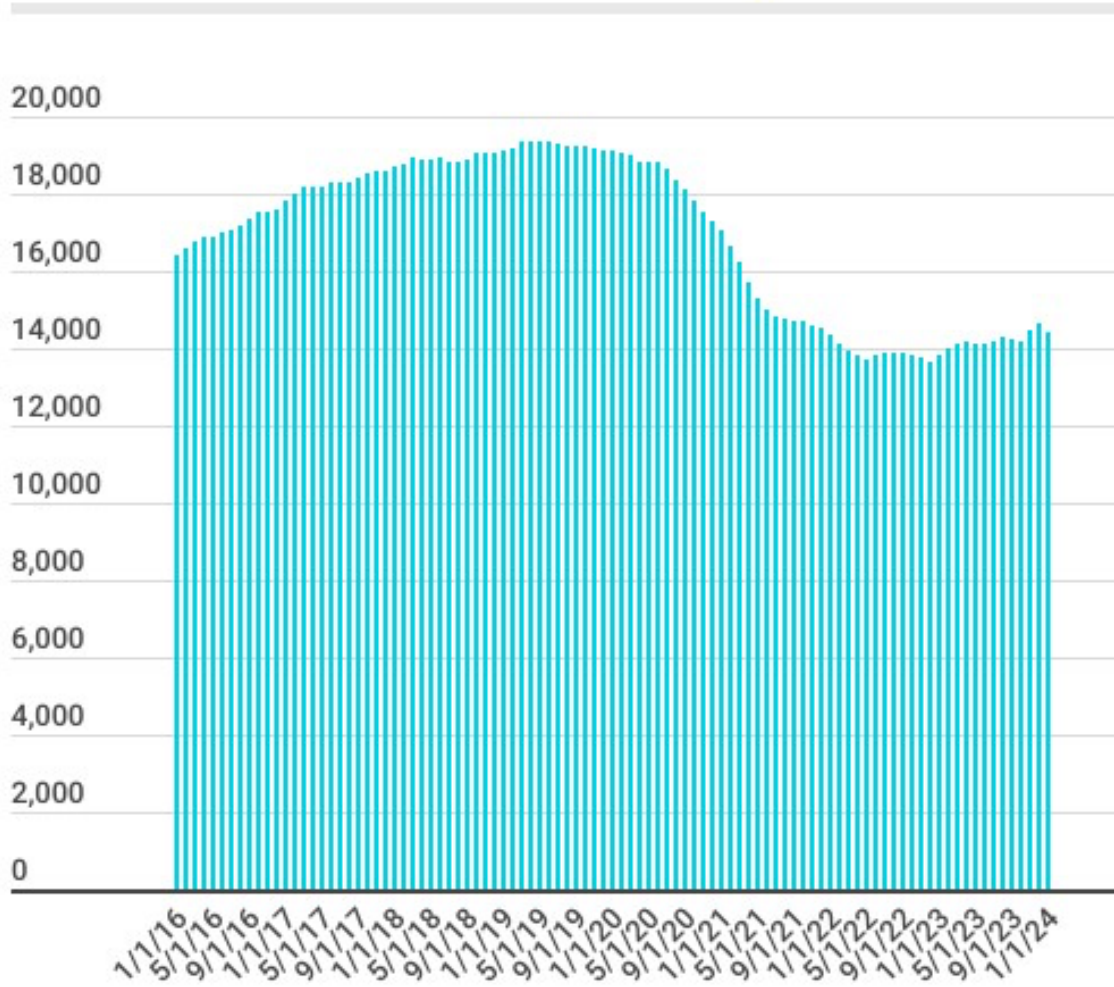
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Incentives are still common in today's housing market to help address the affordability constraints for buyers. 56% of new home communities across the country offered incentives in January, flat month-over-month. Incentives have been a critical sales tool in today's market.

Community count rose year-over-year for 11th consecutive month

There are currently 14,409 actively selling communities tracked by Zonda, up 4.2% from last year. On a month-over-month basis, the national figure slipped 1.7%. Total community count is 24.5% below the same month in 2019. The lack of competition from other new home communities has allowed for some upward pressure on the average sales rate per month per community. Zonda defines a community as anywhere where five or more units are for sale.

National New Home Community Count



Source: Zonda



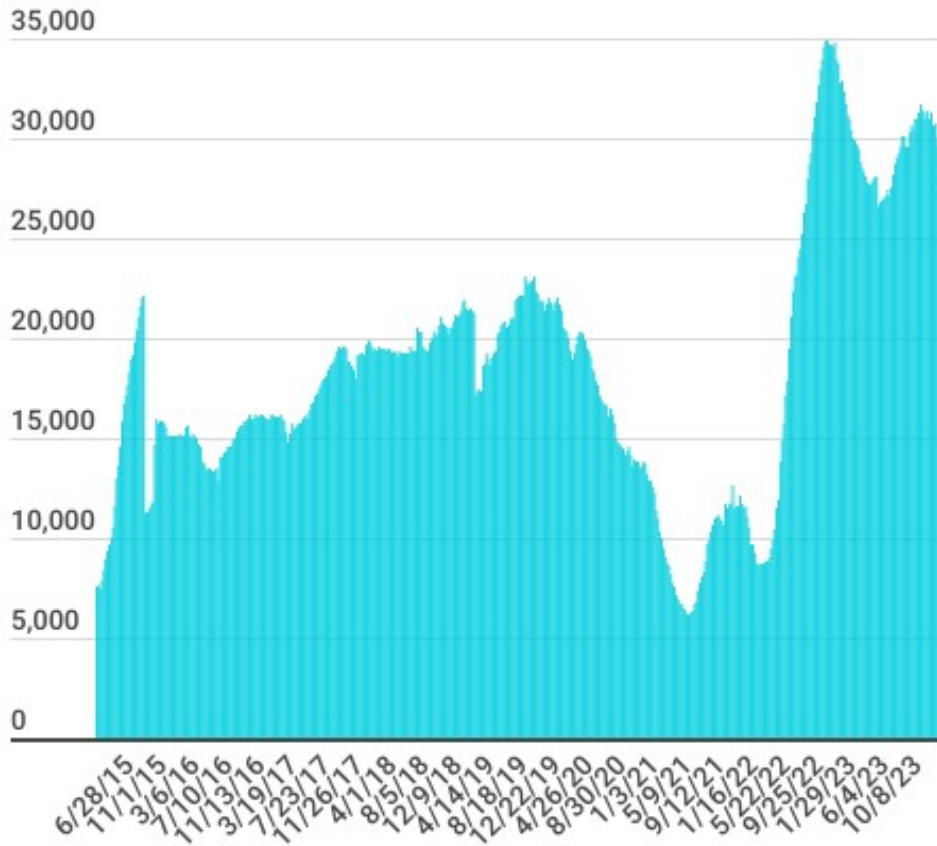
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- Salt Lake City (+18.8%), Austin (+14.6%), and Orlando (+13.0%) grew community count the most year-over-year. Relative to 2019, community count was down 25%, 15%, and 30%, respectively.
- The biggest community count declines were in San Francisco (-19.0%), Philadelphia (-15.4%), and Baltimore (-12.8%).
- Community count rose month-over-month in 4% of our select markets, 4% were flat, and 92% fell.

National quick move-ins (QMIs) totaled 26,891, down 13.9% compared to last year and 12.5% lower month-over-month. Total QMIs are 145.3% above 2019 levels. QMIs are homes that can likely be occupied within 90 days.

For many consumers, QMIs provide a great option given the lack of resale supply. As a result, some builders have pivoted to a more spec-heavy strategy to help capture today's buyers.

Weekly Quick Move-In Count



Source: Zonda



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- On a metro basis, 24% of Zonda's select markets increased QMI count year-over-year. The markets that grew the most year-over-year were Riverside/San Bernardino (+28.6%), Las Vegas (+24.0%), and Cincinnati (+23.6%).
- Las Vegas, Cincinnati, and Phoenix have seen the most growth in QMIs compared to the same time in 2019, up 212.2%, 152.8%, and 143.7%, respectively.
- QMIs are down the most compared to 2019 in Seattle (-66%), San Francisco (-62%), and Baltimore (-55%).

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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