



FOR IMMEDIATE RELEASE  
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## THE U.S. HOUSING MARKET WAS CATEGORIZED AS “SLIGHTLY OVERPERFORMING” IN MAY

### *The New Home Market Shifted Down in May but Sales were Still Up Year-Over-Year*

**NEWPORT BEACH, Calif., June 24, 2024** — Today, the experts at Zonda, the housing industry’s foremost advisors, released the New Home Market Update report for June 2024.

The housing market continues to keep participants and pundits on their toes. After a solid start to the year for the new home market, seasonally adjusted sales cooled in both May and early June. The recent sales dip isn’t linked to a single big event. Rather, we attribute the shift to persistently high housing costs, buyer fatigue, and cautiousness ahead of the election.

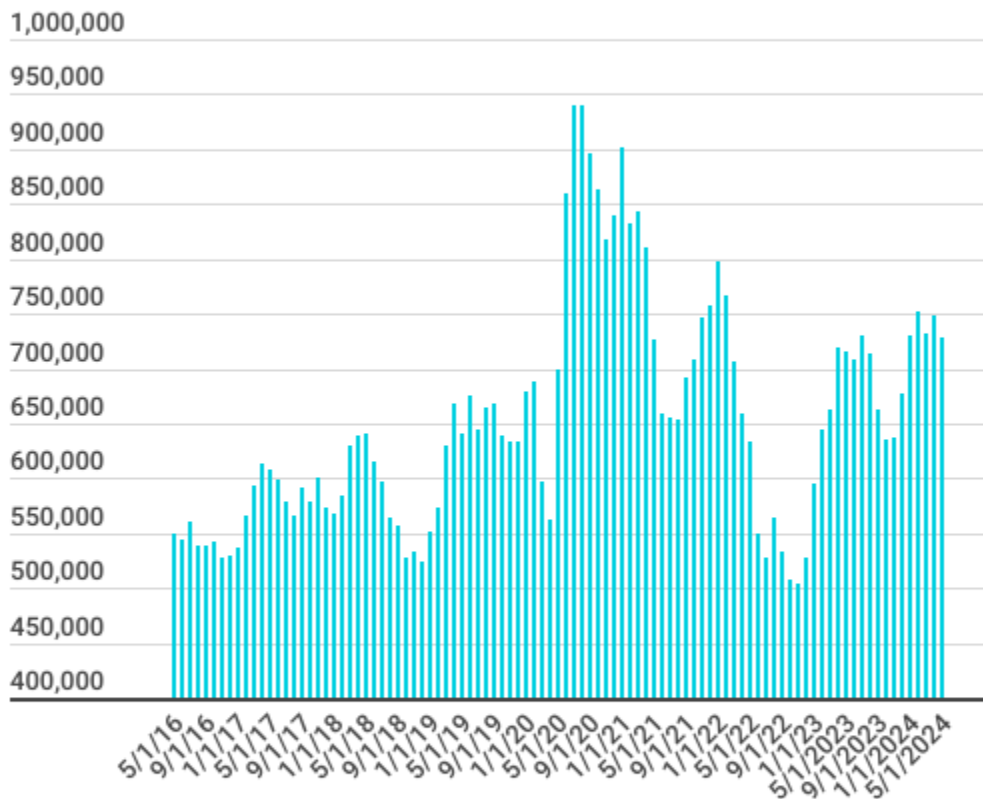
May was the lowest month for builder confidence this year according to Zonda's survey. Only 33% of homebuilders said demand was on track with expectations, down from 50%+ consistently since the start of the year. The shift in builder confidence corresponded with Fannie Mae’s data capturing 86% of consumers who believe now is a bad time to buy a home. Importantly though, the new home market still came in as *slightly overperforming* in May.

“The past four years have shown us a consistent underlying demand for housing. Demographics, evolving consumer preferences, and lifestyle shifts are creating a substantial pool of potential buyers,” said Ali Wolf, chief economist for Zonda. “Housing affordability combined with outside factors like changes in Fed speak, presidential elections, and sensationalized news articles, however, can introduce choppiness into this fundamental demand, causing temporary fluctuations in buyer confidence and market activity.”

#### **New home sales softened slightly in May**

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 728,981 new homes sold in May on a seasonally adjusted annualized rate. This was a decline of 2.5% from last month but an increase of 1.8% from a year ago. On a non-seasonally adjusted basis, 65,006 homes were sold, 3.3% higher than last year and 17.0% above the same month in 2019.

## New Home Sales (SAAR)



Source: Zonda

### The PSI slipped MOM in May but remained higher than 2023 levels

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 May PSI came in at 142.7, representing a 2.9% increase from the same month last year. On a month-over-month

basis, seasonally adjusted new home sales decreased 1.3%. The index is currently 18.1% below cycle highs.

## New Home Pending Sales Index



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

- The markets that posted the best numbers relative to last year were Minneapolis (+19.1%), Atlanta (+16.4%), and Sacramento (+15.3%).
- Sales were down year-over-year in nine of our select markets, led by Salt Lake City, Orlando, and Cincinnati.
- On a monthly basis, Baltimore, Sacramento, and Seattle were the best-performing markets. Baltimore increased 12.0% relative to last month.

## New Home Pending Sales Index for Select Markets

Rank	METRO	SA MOM	SA YOY
1	Minneapolis	2.4%	19.1%
2	Atlanta	-3.0%	16.4%
3	Sacramento	8.3%	15.3%
4	Philadelphia	-3.9%	13.3%
5	Baltimore	12.0%	11.5%
6	Houston	-0.6%	11.4%
7	Denver	-8.9%	9.8%
8	San Francisco	-0.6%	8.3%
9	Washington, DC	3.8%	5.9%
10	Las Vegas	-6.1%	4.9%
11	Riverside/San Bernardino	-2.2%	4.5%
12	San Antonio	3.1%	3.1%
13	Austin	-3.0%	1.9%
14	Seattle	4.9%	1.5%
15	Raleigh	-1.4%	0.7%
16	Phoenix	-8.5%	0.4%
17	Los Angeles/OC	-0.1%	-1.8%
18	Tampa	-8.4%	-4.2%
19	Dallas	-3.0%	-9.6%
20	New York	-7.5%	-9.8%
21	Jacksonville	-5.1%	-10.5%
22	Charlotte	1.4%	-12.3%
23	Cincinnati	-13.0%	-12.6%
24	Orlando	0.1%	-17.3%
25	Salt Lake City	-2.0%	-18.4%

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

## The national ZMR was *slightly overperforming* in May

In order to add further context to sales, Zonda 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.

The map below shows a snapshot of top production markets by region. Subscribers of the National Outlook report can access the full list in Zonda's portal.



- The National ZMR index came in at 113.9 in May, indicating a *slightly overperforming* market, ranking in-line with both last month and this time last year.
- Zonda's snapshot markets were split between 40% *overperforming*, 50% *average*, and 10% *underperforming* in May. Among Zonda's top 50 major markets, 54% were *overperforming*, 32% were *average*, and 14% were *underperforming*.

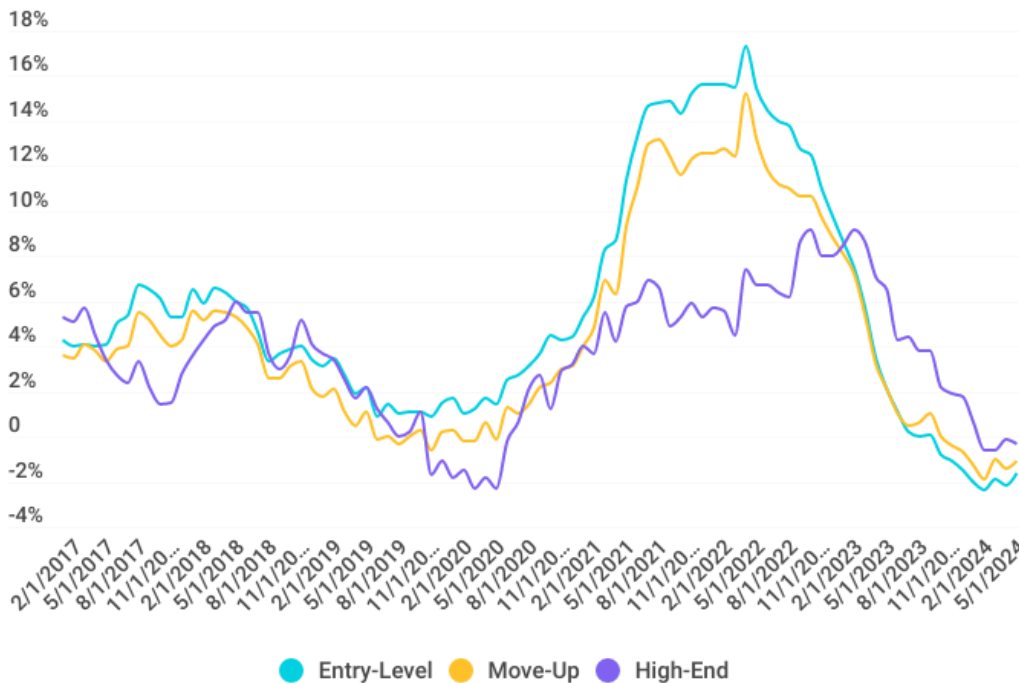
- Importantly, the ZMR does not account for what it takes to sell a home. For example, securing a sale might still feel difficult in a “*significantly overperforming*” market, but if incentives offered result in a sale, we count the sale.

**Some home price compression**

Prices fell YOY across all price tiers. Prices were down 1.6% for entry-level to \$333,081, 1.1% for move-up to \$522,126, and 0.3% for high-end homes to \$912,149. The declines represent smaller home sizes, differing locations, and select price drops.

Supplementing our data with a monthly survey Zonda conducts, 29% of builders reported raising prices in May, down from 54% in April. Further, 57% reported holding prices flat, up from 39% last month.

**National Home Value Appreciation by Price Tier (YOY Change)**



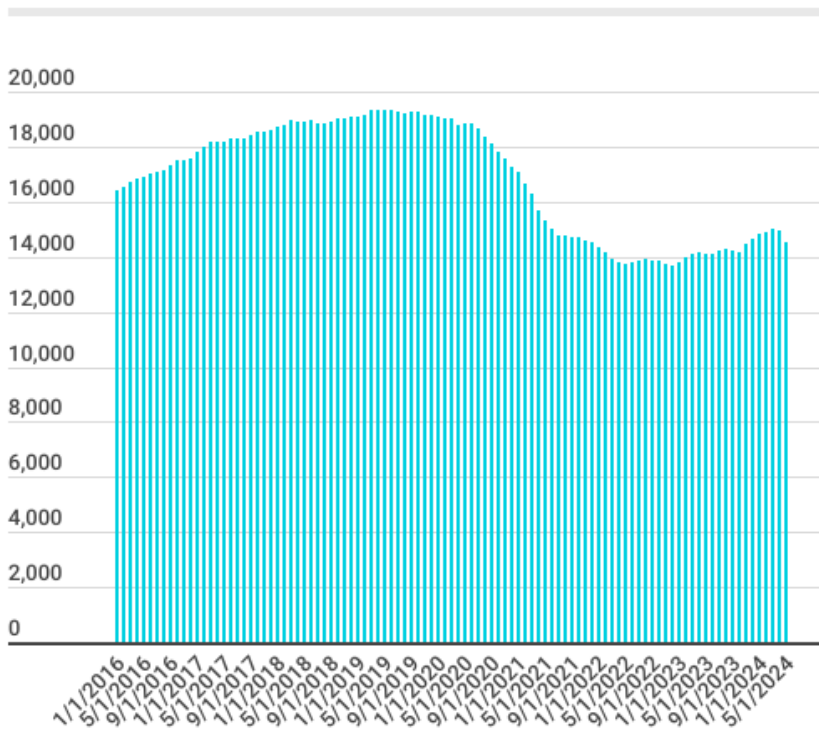
Source: Zonda

Incentives are still common in today’s housing market to help address the affordability constraints for buyers. 57% of new home communities across the country offered incentives in May, down from 58% last month. Zonda’s builder survey captured that 61% of builders were willing and able to buy down mortgage interest rates to the mid-to-high-5%.

**Trajectory change in May: QMIs rose MOM**

There are currently 14,547 actively selling communities tracked by Zonda, up 3.1% from last year. On a month-over-month basis, the national figure slipped 2.6%. Total community count is 24.8% 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**



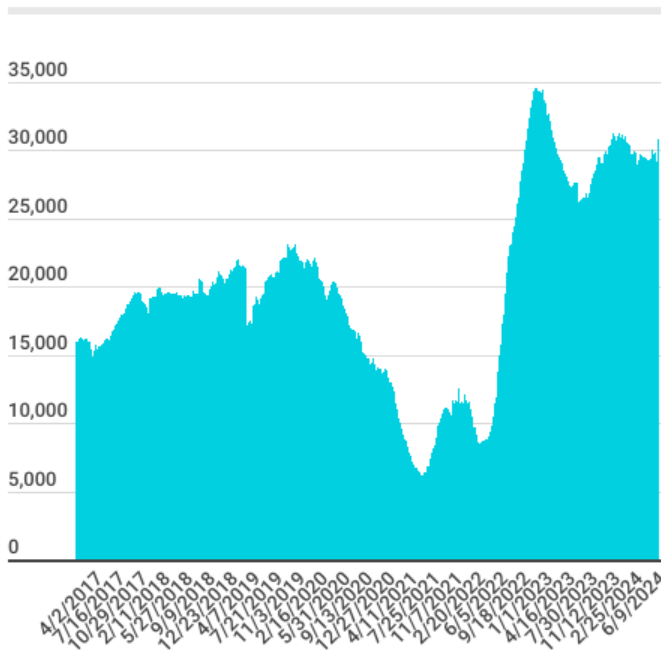
Source: Zonda

- Dallas (+15.7%), Austin (+12.6%), and Salt Lake City (+11.3%) grew community count the most year-over-year. Relative to 2019, community count was down 11.7%, 9.3%, and 22.0%, respectively.
- Relative to last year, the biggest community count declines were in San Francisco (-22.2%), Los Angeles/OC (-17.8%), and Philadelphia (-16.2%).
- Community count fell month-over-month in all of our select markets.

National quick move-ins (QMIs) totaled 30,818, up 17.1% compared to last year and 4.7% higher month-over-month. Total QMIs are 50.9% 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. In some markets, however, we are keeping an eye on the slope of change in QMIs to get a sense of how consumer demand is holding up.

### Weekly Quick Move-In Count



Source: Zonda





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- On a metro basis, 76% of Zonda's select markets increased QMI count year-over-year. The markets that grew the most year-over-year were Cincinnati (+86.5%), Riverside/San Bernardino (+59.8%), and Orlando (+58.2%).
- Sacramento, Jacksonville, and Las Vegas have seen the most growth in QMIs compared to the same time in 2019, up 238.5%, 237.0%, and 204.2%, respectively.
- QMIs are down the most compared to 2019 in Seattle (-57.6%), New York (-51.3%), and San Francisco (-47.2%), three markets where geographic boundaries limit growth.

### **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](https://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.

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