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Sales Slide As More Markets Lose Momentum
National ZMR continued at Average, *but May saw more market-level downshifts*

NEWPORT BEACH, CALIF., June 23, 2025 — Today, the experts at Zonda, the housing industry's foremost advisors, released the New Home Market Update report for May 2025.

We've moved from a market where consumers have few housing options, to one where many are spoiled for choice. On the resale front, supply has notably increased. Today, 60% of the top markets boast more inventory than they did in 2019. The rental market, particularly in Sunbelt areas, has also seen a surge in new apartments. This increased supply has led to cooling rents and a rise in concessions for renters.

While the national new home market still has lower supply levels compared to 2019, competition has notably increased. Beyond just incentives, many consumers are now seeking price cuts. Unfortunately, even with discounts, many builders report that the market is far from meeting their expectations. We see this in both total sales data and our Zonda Market Ranking. Importantly, though, overall sales activity remains significantly higher than during the 2022 housing pullback.

"Consumers find themselves asking a lot of questions today," said Ali Wolf, chief economist for Zonda and NewHomeSource. "When asking 'Should I buy now or wait?', the answer for many is to wait. For 'new or existing?', new homes often come out on top. And when it comes to 'rent or buy?', renting is frequently the winning choice. As an industry, we must continue exploring innovative strategies that position purchasing a new home as the most compelling choice compared to renting or buying a resale property in today's market."

New home sales fell 5.8% year-over-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 682,290 new homes sold in May on a seasonally adjusted annualized rate. This was a decline of 0.9% from last month and a drop of 5.8% from a year ago. On a non-seasonally adjusted basis, 61,168 homes were sold, 5.3% lower than last year and 10.1% above the same month in 2019.

New Home Sales (SAAR)
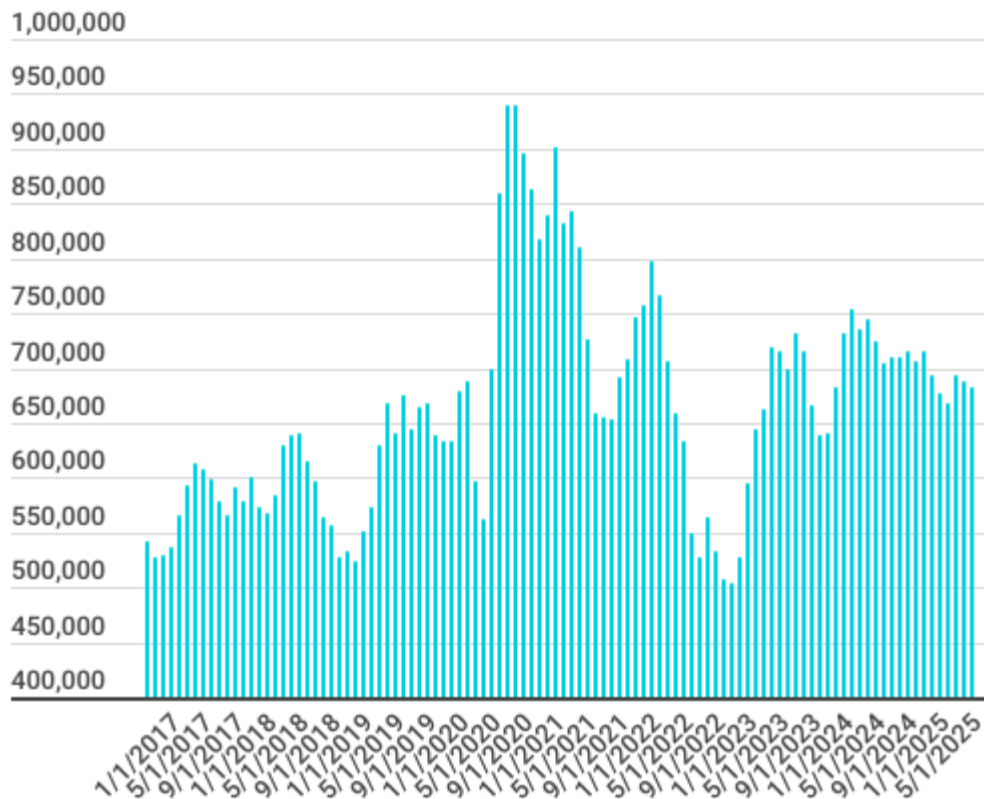
Source: Zonda

Sales adjusted for supply were also down
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 130.2, representing a 6.7% decline from the same month last year. The index is currently 25.3% below cycle highs. On a month-over-month basis, seasonally adjusted new home sales decreased 0.5%.

New Home Pending Sales Index
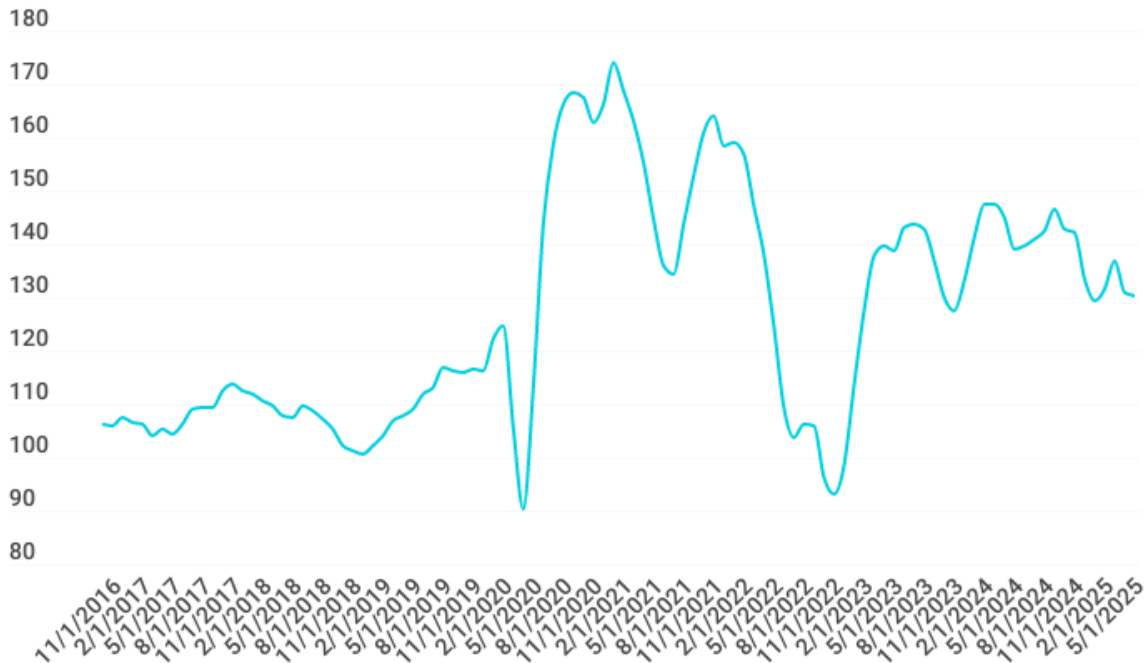
Source: Zonda

- The markets that posted the best numbers relative to last year were Cincinnati (+27.7%), Jacksonville (+9.6%), and Minneapolis (+1.9%). Cincinnati was up compared to last year but fell 20.6% month-over-month.
- Inversely, the metros that performed the worst year-over-year were San Francisco (-33.5%), Riverside/San Bernardino (-29.0%), and Denver (-22.2%).
- On a monthly basis, San Francisco, Baltimore, and Seattle were the best performing markets. San Francisco increased 14.2% relative to last month.

New Home Pending Sales Index for Select Markets

Rank	METRO	SA MOM	SA YOY
1	Cincinnati	-20.6%	27.7%
2	Jacksonville	-2.3%	9.6%
3	Minneapolis	-0.1%	1.9%
4	Phoenix	-0.6%	-2.1%
5	San Antonio	-3.1%	-2.3%
6	Tampa	-1.0%	-3.1%
7	Raleigh	5.8%	-5.7%
8	Orlando	-5.1%	-6.6%
9	Baltimore	6.2%	-9.1%
10	Austin	0.8%	-11.0%
11	Washington, DC	4.7%	-11.1%
12	Dallas	-0.1%	-12.0%
13	New York	-15.6%	-12.4%
14	Philadelphia	-12.9%	-13.4%
15	Charlotte	-6.1%	-13.8%
16	Atlanta	-1.0%	-16.5%
17	Las Vegas	0.4%	-16.6%
18	Salt Lake City	-7.5%	-18.1%
19	Los Angeles/OC	5.7%	-18.7%
20	Houston	-0.6%	-20.2%
21	Seattle	5.8%	-20.3%
22	Sacramento	3.9%	-21.7%
23	Denver	0.2%	-22.2%
24	Riverside/San Bernardino	-9.7%	-29.0%
25	San Francisco	14.2%	-33.5%

Source: Zonda

The ZMR was *average* with notable downgrades
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. Zonda also offers the ZMR for entry-level, move-up/move-down, and high-end markets. Subscribers of the National Outlook report can access all top markets and the tiered breakdown in Zonda's portal. Non-subscribers can access the tiered maps for the select 10 markets by clicking below.

Zonda Market Ranking
Total Market
- Significantly Overperforming
- Slightly Overperforming
- Average
- Slightly Underperforming
- Significantly Underperforming
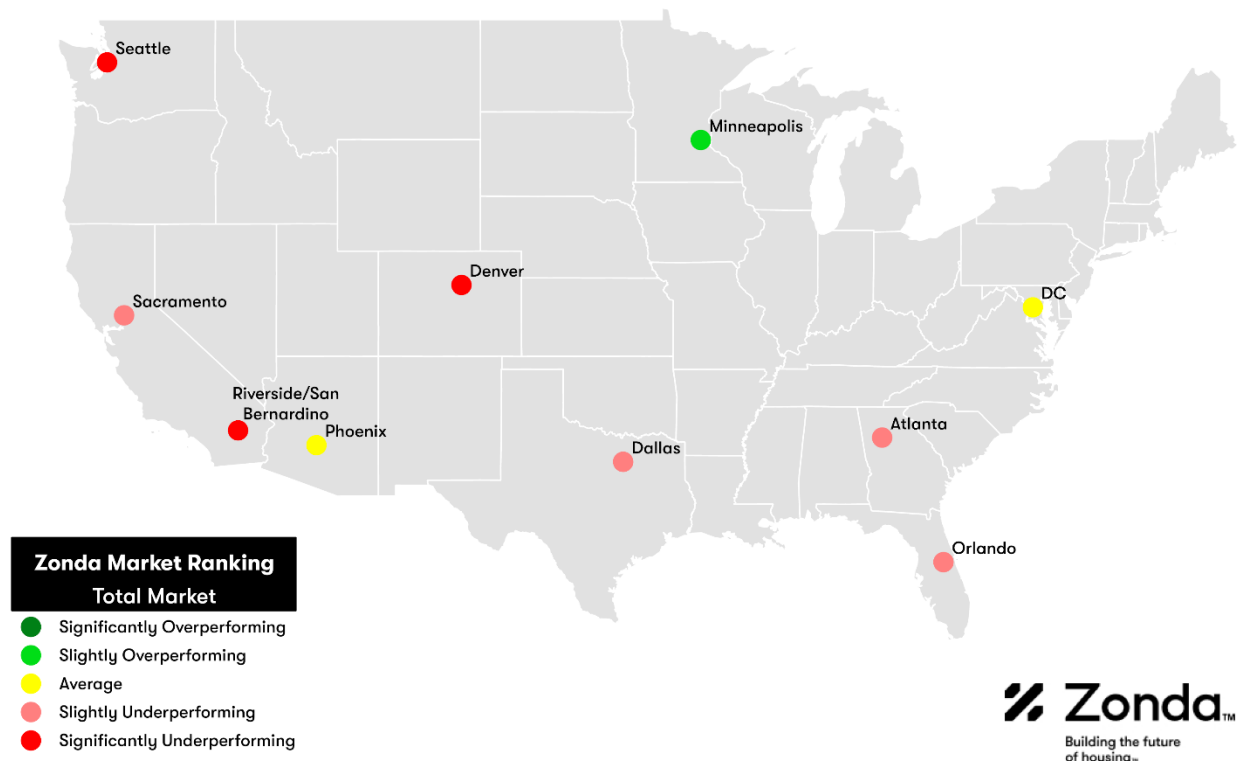
Note: The ZMR measures new home sales adjusted for supply and seasonality and compared to history. The data is as of May.

Source: Zonda

- The National ZMR index came in at 108.4 in May, which was flat month-over-month and continues to indicate an *average* market. The National ZMR has been *average* throughout 2025 so far after being rated *slightly overperforming* for all of 2024.
- Zonda's snapshot markets were split between 10% *overperforming,* 20% *average,* and 70% *underperforming*, marking a notable downshift from last month. Among Zonda's top

50 major markets, 32% were *overperforming*, 34% were *average*, and 34% 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.

Pricing continued to be mixed
National home prices increased year-over-year for high-end homes by 1.0% to $918,161. Prices fell 1.4% for entry-level to $328,007 and 0.4% for move-up to $520,193. New home prices in certain markets and/or communities have dropped more notably, though.

Supplementing our data with a monthly survey Zonda conducts, 38% of builders lowered prices in May, 57% held prices flat, and 6% raised prices. In April, for comparison, 35% of builders lowered prices MOM, 49% held prices flat, and 16% increased prices.

National Home Value Appreciation by Price Tier (YOY Change)

Legend: ● Entry-Level ● Move-Up ● High-End
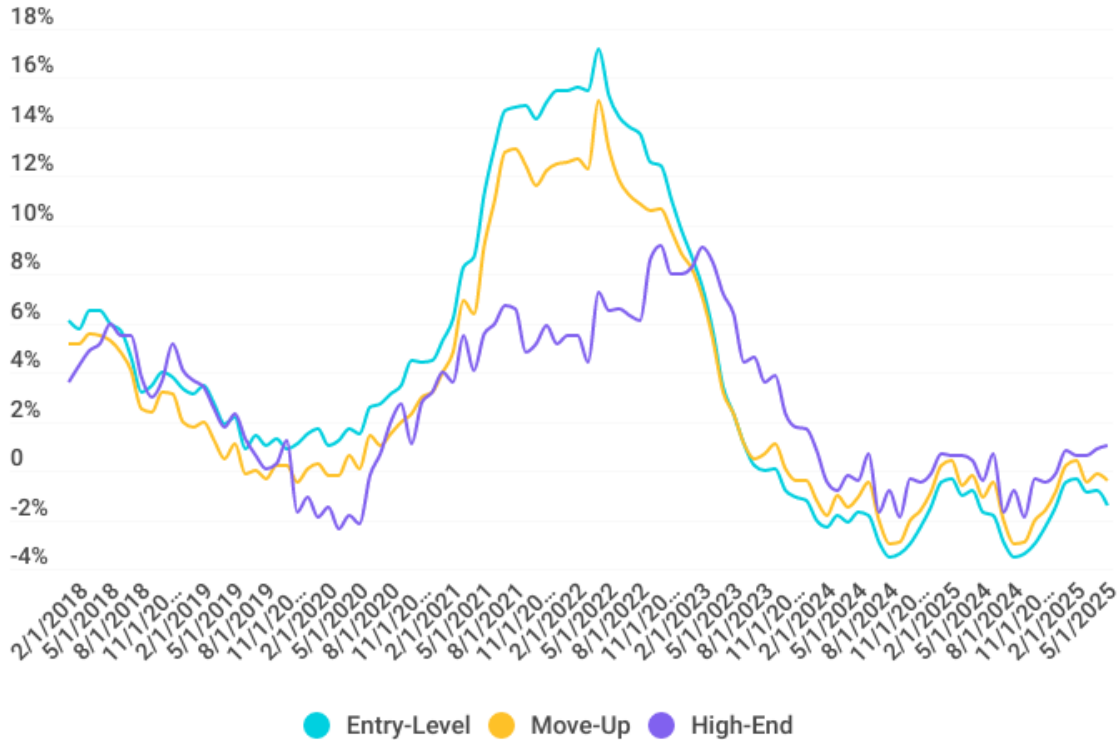
Source: Zonda

Incentives are still common in today's housing market to help address the affordability constraints for buyers. In May, 57% of new home communities offered incentives on to-be-built homes and 75% on quick move-in supply. Note, these are only publicly advertised incentives so will underrepresent overall usage.

Community counts ticked up again for the 6th straight month

There are currently 16,278 actively selling communities tracked by Zonda, up 8.6% from last year. On a month-over-month basis, the national figure grew 0.7%. Total community count is 15.7% below the same month in 2019.

National New Home Community Count
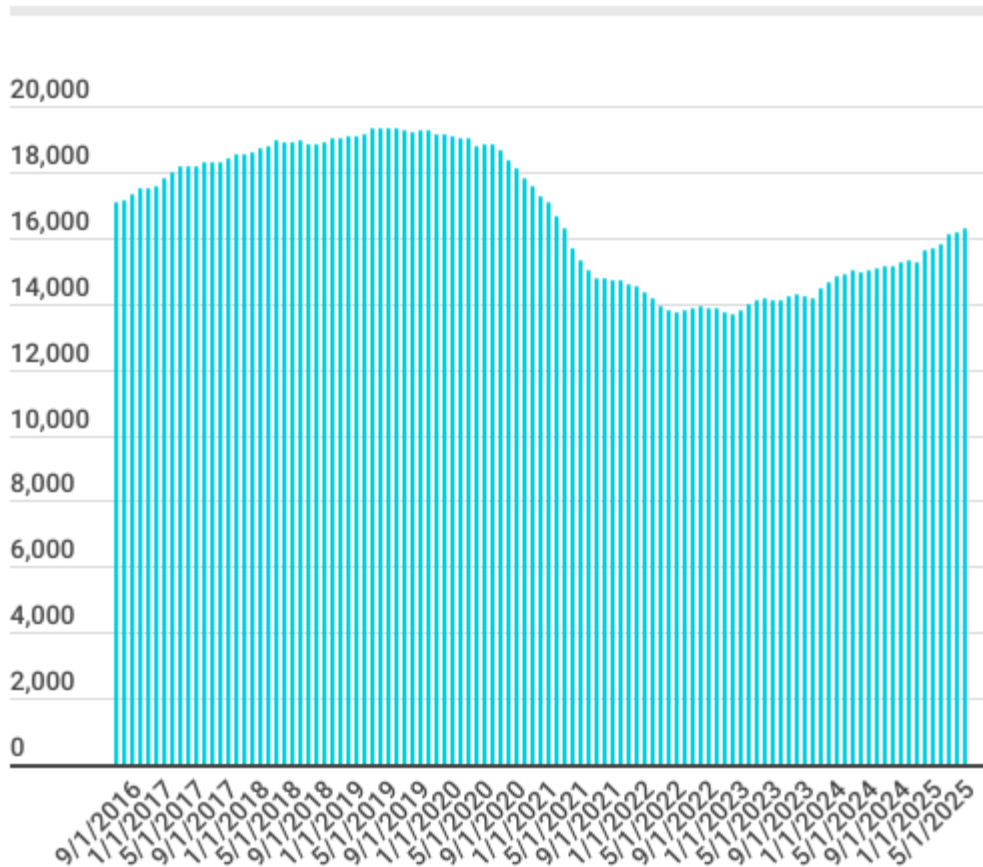
Source: Zonda

- Orlando (+21.9%), Raleigh (+14.2%), and Charlotte (+12.8%) grew community count the most year-over-year.

- Relative to last year, the biggest community count declines were in Philadelphia (-14.4%), Minneapolis (-11.4%), and Washington, DC (-11.0%).

National quick move-ins (QMIs) totaled 36,123, up 18.9% compared to last year but 1.3% lower month-over-month. Total QMIs are 72.3% above 2019 levels for the same month. QMIs are homes that can likely be occupied within 90 days.

For many consumers, QMIs provide a great alternative to resale supply given they are brand new and (often) come with builder incentives. These homes aren't flying off the shelf as they once did, though, so builders are being more cautious on new starts.

Weekly Quick Move-In Count
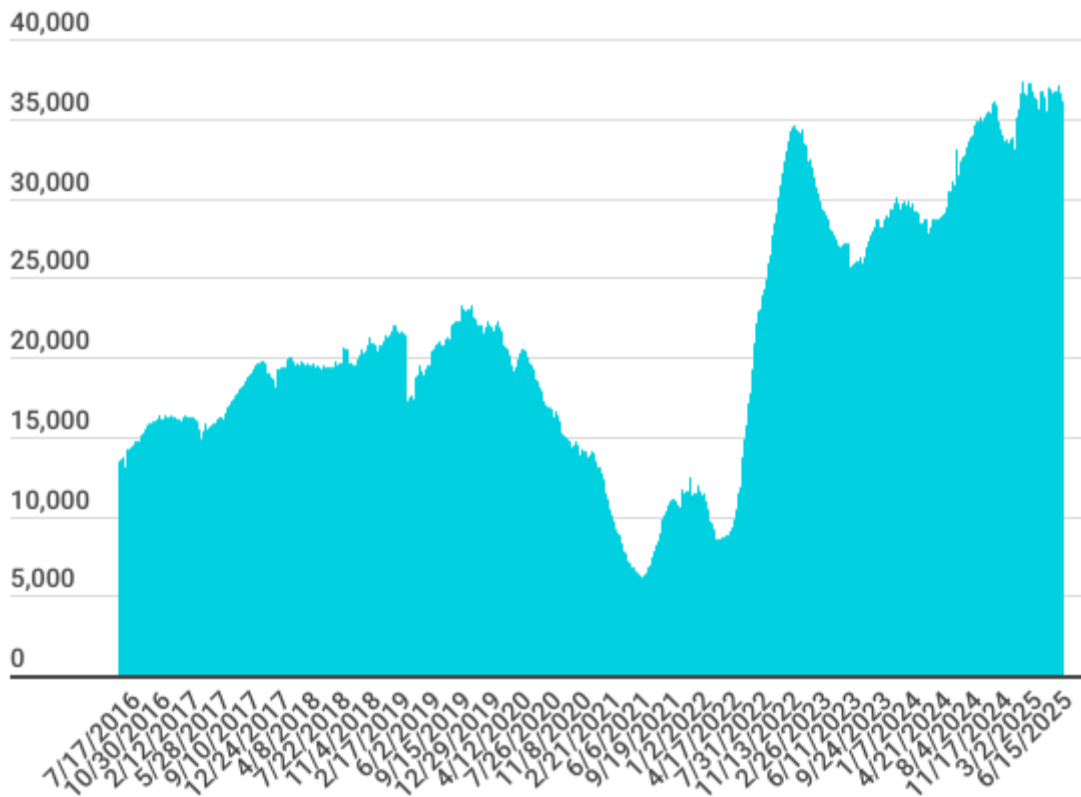
Source: Zonda

- On a metro basis, 72% of Zonda's select markets increased QMI count year-over-year.
- The markets up most in QMIs were Seattle (+135.0%), New York (+101.7%), and Salt Lake City (+83.2%).
- Sacramento, Jacksonville, and Phoenix have seen the most growth in QMIs compared to the same time in 2019, up 248.3%, 240.6%, and 181.2%, respectively.

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QMIs per community is a good way to track how new home supply looks in the context of actively selling projects. There were 2.2 QMIs per community nationally in May, up 10.5% from the 2.0 this time last year but down 13.6% from the 2022 peak of 2.5.

Please note, the QMI per community data aligns with this report covering May trends. Our quick move-in data is weekly, and we release the latest available at the time of publishing this report. As such, recreating the visual below with the data above will yield slightly different results.

QMIs Per Community
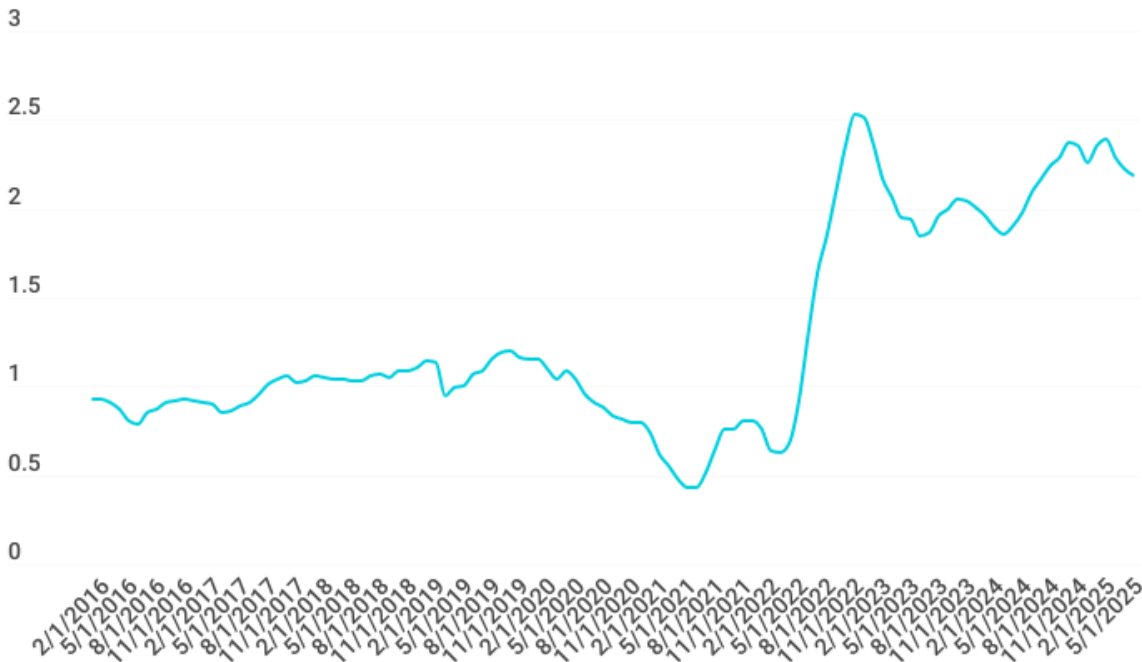
Source: Zonda

Methodology
The Zonda New Home Pending Sales Index (PSI) is built on proprietary, industry-leading data that covers 85% 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 16,000 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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