



FOR IMMEDIATE RELEASE
Thursday, March 21, 2024
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NEW HOME SALES STAY STRONG IN FEBRUARY

New Home Sales Are Up 11.4% Year-Over-Year

NEWPORT BEACH, Calif., March 21, 2024 — The spring selling season for the new home market is shaping up to be stronger than expected. The U.S. Zonda Market Ranking for February came in as *slightly overperforming*, up from *average* this time last year. While higher interest rates and home prices have deterred some buyers, those with a strong need for a home are still finding ways to make it happen, including some help from builder incentives.

The strength in the new home market stems from a lackluster resale market. Inventory has increased 15% year-over-year but is still down 40% compared to pre-pandemic levels. To address this shortage, new home builders are ramping up construction, with 80% planning to increase their build rate in 2024 compared to 2023.

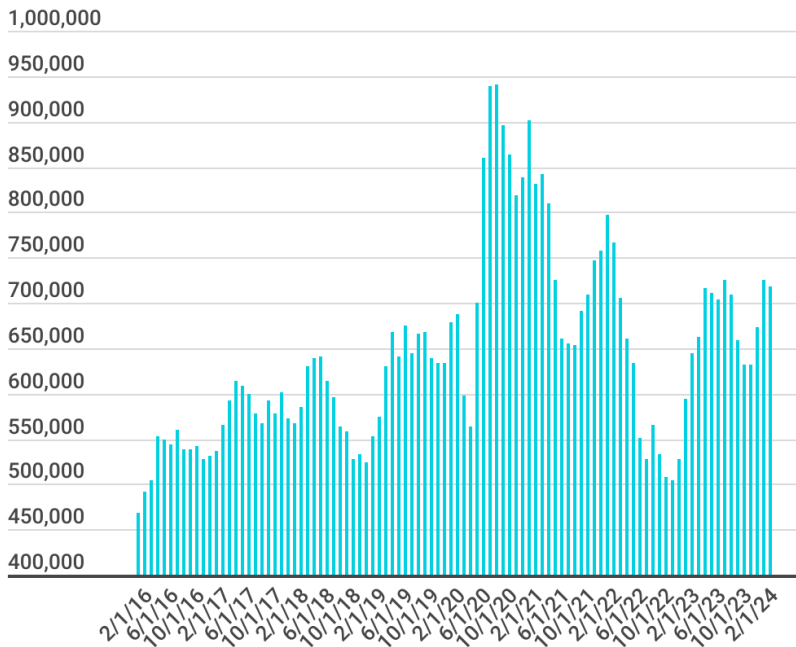
“We need to remember not to paint the housing market with a broad brush,” said Ali Wolf, chief economist for Zonda. “Market strength varies greatly by region and price range. For example, eastern markets are generally outperforming the West, and high-end homes are selling fast relative to themselves due to less price-sensitive buyers.”

The spring selling season started strong

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 718,098 new homes sold in February on a seasonally adjusted annualized rate. This was a decline of 0.9% from last month but an increase of 11.4% from a year ago. On a non-seasonally adjusted basis, 61,799 homes were sold, 13.5% higher than last year and 6.4% above the same month in 2019.

Zonda's revised numbers show 671,000 new homes were sold in the full year of 2023, an increase of 11% from 2022.

New Home Sales (SAAR)



Source: Zonda

The New Home PSI rose 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 February PSI came in at 141.5, representing a 10.9% rise from the same month last year. The index is currently 18.7% below cycle highs. On a month-over-month basis, seasonally adjusted new home sales increased 2.3%.

New Home Pending Sales Index



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

- The markets that posted the best numbers relative to last year were Phoenix (+34.9%), Denver (+34.1%), and Las Vegas (+33.7%). February sales were up 22%, 24%, and 26% compared to 2019, respectively.
- San Francisco (-11.8%), Jacksonville (-9.9%), and Dallas (-6.0%) declined year-over-year.
- On a monthly basis, Cincinnati, Denver, and Jacksonville performed best.

New Home Pending Sales Index for Select Markets

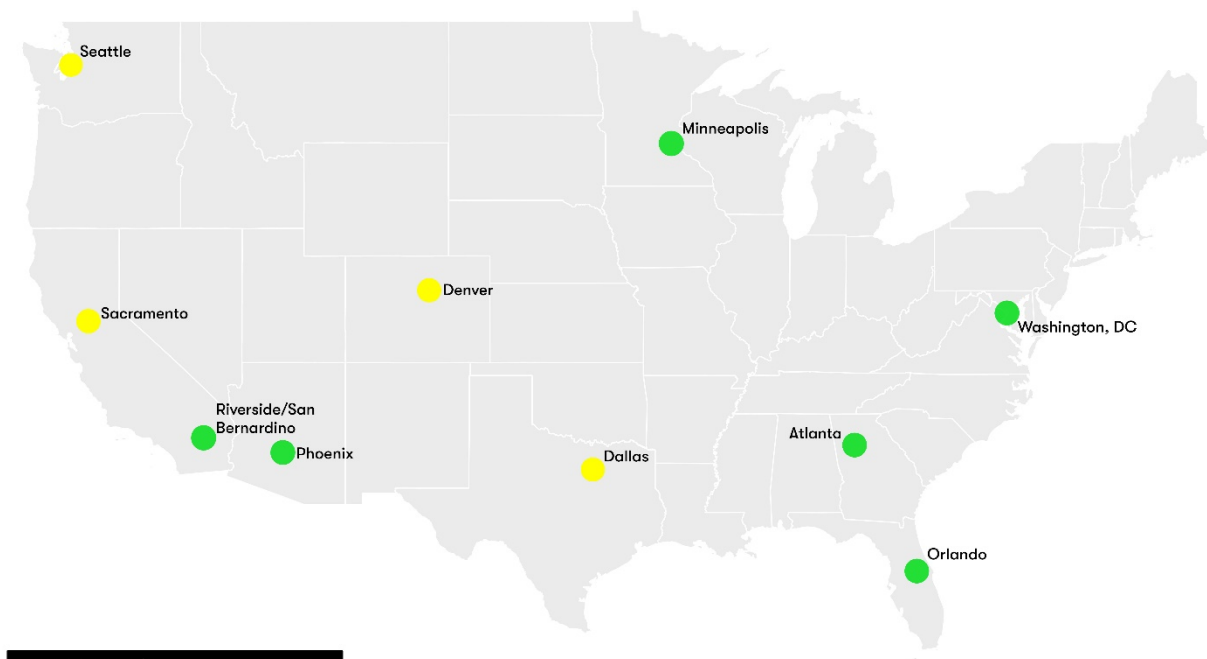
Rank	METRO	SA MOM	SA YOY
1	Phoenix	8.8%	35.9%
2	Denver	9.7%	34.1%
3	Las Vegas	-13.8%	33.7%
4	Tampa	7.5%	21.1%
5	San Antonio	3.8%	20.6%
6	Austin	-1.6%	20.3%
7	Houston	3.7%	18.2%
8	Cincinnati	12.1%	14.1%
9	Philadelphia	-0.4%	13.4%
10	Minneapolis	-8.1%	12.4%
11	Atlanta	7.4%	7.7%
12	Sacramento	-9.1%	5.5%
13	Washington, DC	-2.0%	5.5%
14	Baltimore	-4.7%	5.1%
15	Salt Lake City	-6.6%	4.9%
16	Los Angeles/OC	-6.9%	4.1%
17	Seattle	-2.3%	3.9%
18	New York	4.3%	3.7%
19	Raleigh	3.9%	3.0%
20	Riverside/San Bernardino	0.8%	2.1%
21	Orlando	3.4%	-0.2%
22	Charlotte	7.7%	-0.9%
23	Dallas	-3.0%	-6.0%
24	Jacksonville	9.7%	-9.9%
25	San Francisco	-3.2%	-11.8%

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

The national ZMR was *slightly overperforming* in February

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.

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 client portal.





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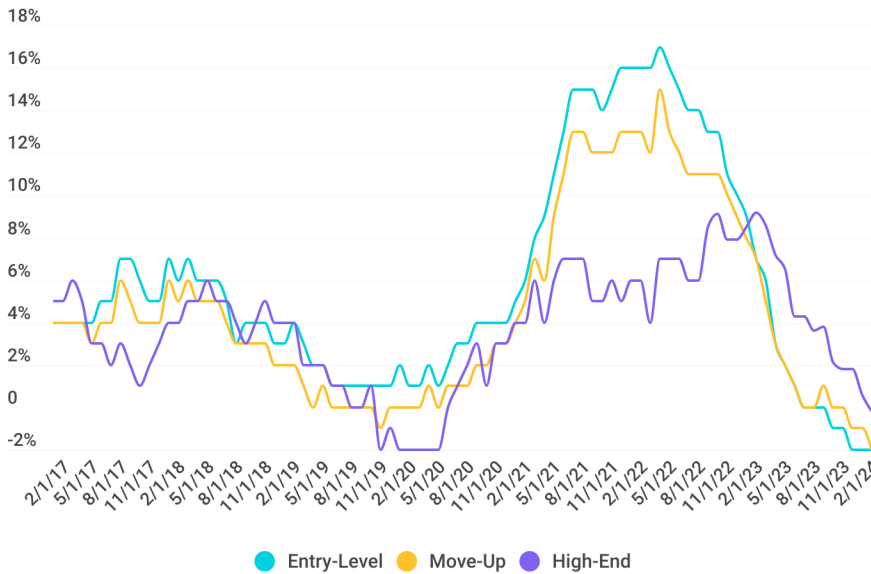
- The National ZMR index came in at 113.7 in February, indicating a *slightly overperforming* market, an improvement from the *average* market last year.
- Zonda's snapshot markets were split between 60% slightly overperforming and 40% average in February. Among Zonda's top 50 major markets, 64% were overperforming, 22% 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 resulted in a sale, we count the sale.

Prices declined across all segments

National home prices decreased year-over-year across entry-level, move-up, and high-end homes. Prices fell 2.1% for entry-level to \$329,955, 1.7% for move-up to \$517,074, and 0.2% for high-end homes to \$911,228. The declines represent smaller home sizes, differing locations, and select price drops.

Supplementing our data with a monthly survey Zonda conducts, 51% of builders reported raising prices in February, up from 42% in January. Further, 46% reported holding prices flat, down from 54% last month.

National Home Value Appreciation by Price Tier (YOY Change)



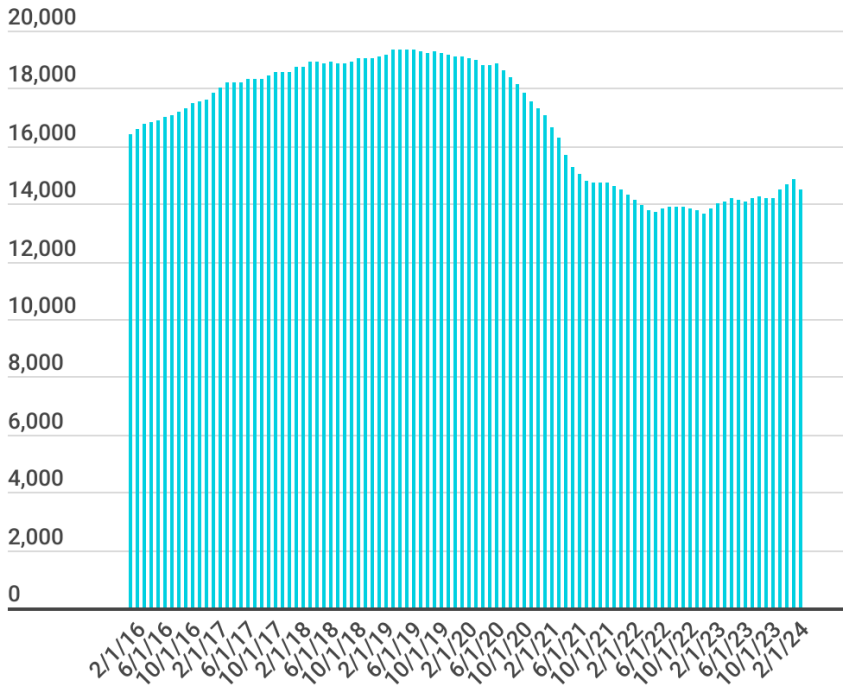
Source: Zonda

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 February, up month-over-month. Incentives have been a critical sales tool in today’s market.

Community count levels remain stubbornly low

There are currently 14,516 actively selling communities tracked by Zonda, up 3.7% from last year. On a month-over-month basis, the national figure slipped 2.2%. Total community count is 24.3% 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



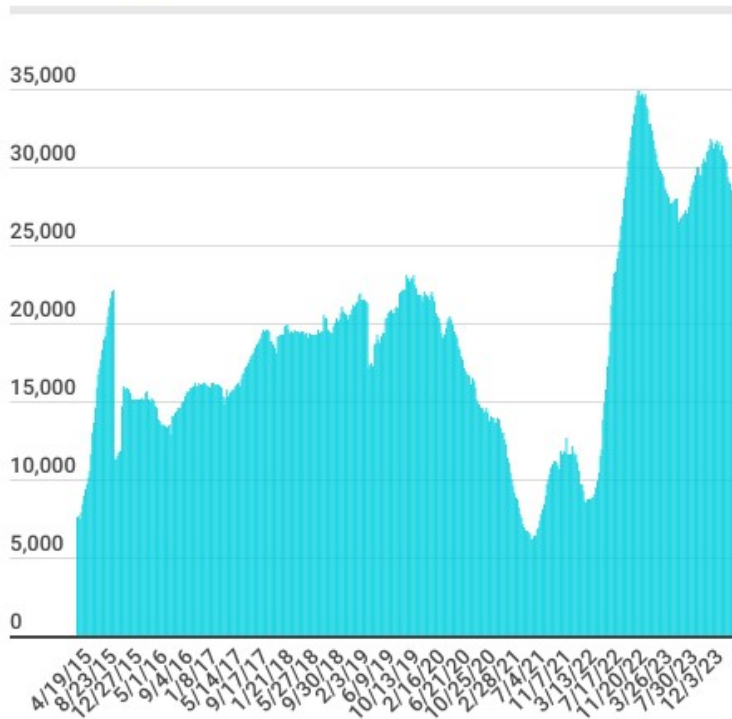
Source: Zonda

- Salt Lake City (+13.1%), Orlando (+12.7%), and Austin (+12.6%) grew community count the most year-over-year. Relative to 2019, community count was down 23%, 30%, and 13%, respectively.
- The biggest community count declines relative to last year were in San Francisco (-19.3%), Philadelphia (-16.7%), and Cincinnati (-13.4%).
- Community count rose month-over-month in 12% of our select markets, 0% were flat, and 88% fell.

National quick move-ins (QMIs) totaled 26,726, down 10.2% compared to last year and 9.1% lower month-over-month. Total QMIs are 56.0% 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

- On a metro basis, 28% of Zonda's select markets increased QMI count year-over-year. The markets that grew the most year-over-year were Cincinnati (+38.9%), Riverside/San Bernardino (+34.6%), and Houston (+11.4%).
- Las Vegas, Cincinnati, and Jacksonville have seen the most growth in QMIs compared to the same time in 2019, up 193.6%, 160.7%, and 156.7%, respectively.



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- QMIs are down the most compared to 2019 in Seattle (-72%), San Francisco (-60%), and New York (-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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