

## **New Home Sales Are Down Year-Over-Year but are Classified as Average**

***Community Count Levels are at the Highest Point Since Early 2021***

**NEWPORT BEACH, CALIF., March 21, 2025** — Today, the experts at Zonda, the housing industry's foremost advisors, released the New Home Market Update report for February 2025.

How's the new home market doing? That depends on who you ask. There are clear differences by:

- Builder size - Larger builders are faring better than smaller ones
- Geography - Builders in the Midwest are more bullish than those in Florida, for example
- Buyer type - Higher-end buyers are showing more resiliency (for now)

One unifying factor? Incentives, which consumers now expect as part of the purchase process.

- In February, 56% of new home communities offered incentives on to-be-built homes and 74% on quick move-in supply.
- Publicly advertised incentives averaged 4% of local home prices nationally.
- Incentives can address both desirability, via design credits, or affordability, through mortgage rate buydowns or closing cost assistance.

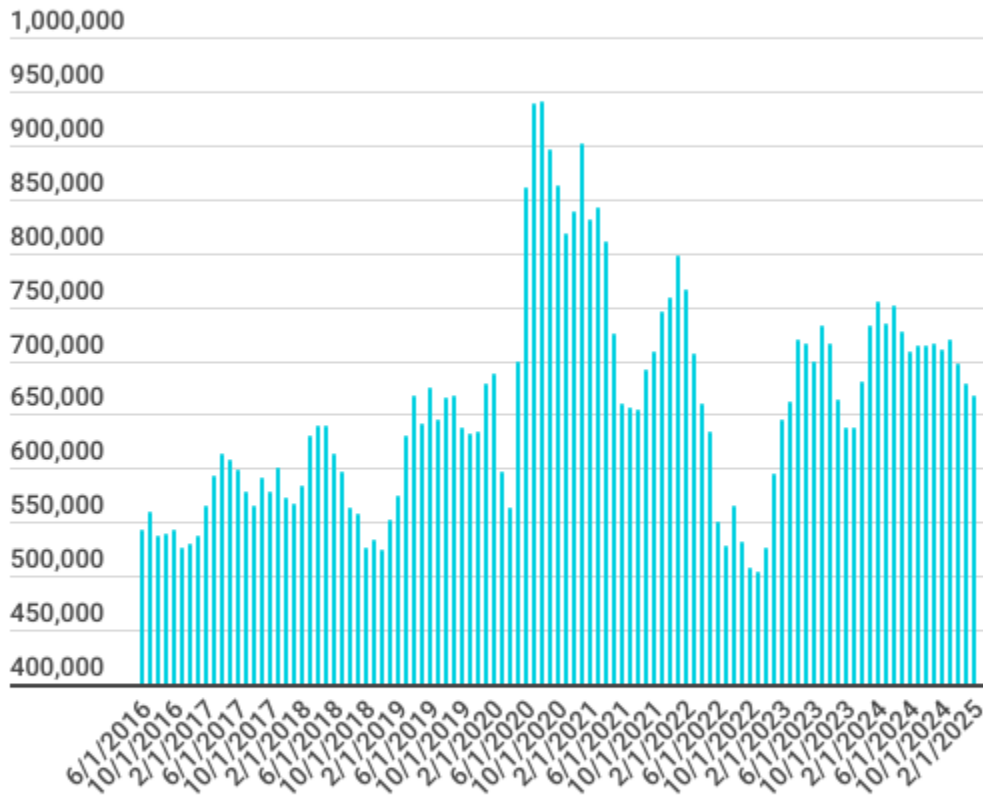
Despite these efforts, the market remains uneven, which contributed to a nearly 12% year-over-year decline in sales. Our Zonda Market Ranking, a measure of sales adjusted for supply and seasonality, held flat at *average* in February for the second month in a row, after being *slightly overperforming* throughout 2024.

"There are good days and bad days in today's housing market," said Ali Wolf, chief economist for Zonda and NewHomeSource. "Fluctuations in stock values, uncertainty about the labor market, and low housing affordability have consumers particularly concerned. For some, though, marriage and babies are a more powerful factor."

### **New home sales start the year lower than in 2024**

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 666,568 new homes sold in February on a seasonally adjusted annualized rate. This was a decline of 1.9% from last month and a drop of 11.6% from a year ago. On a non-seasonally adjusted basis, 57,138 homes were sold, 11.4% lower than last year and 1.6% below the same month in 2019.

## New Home Sales (SAAR)

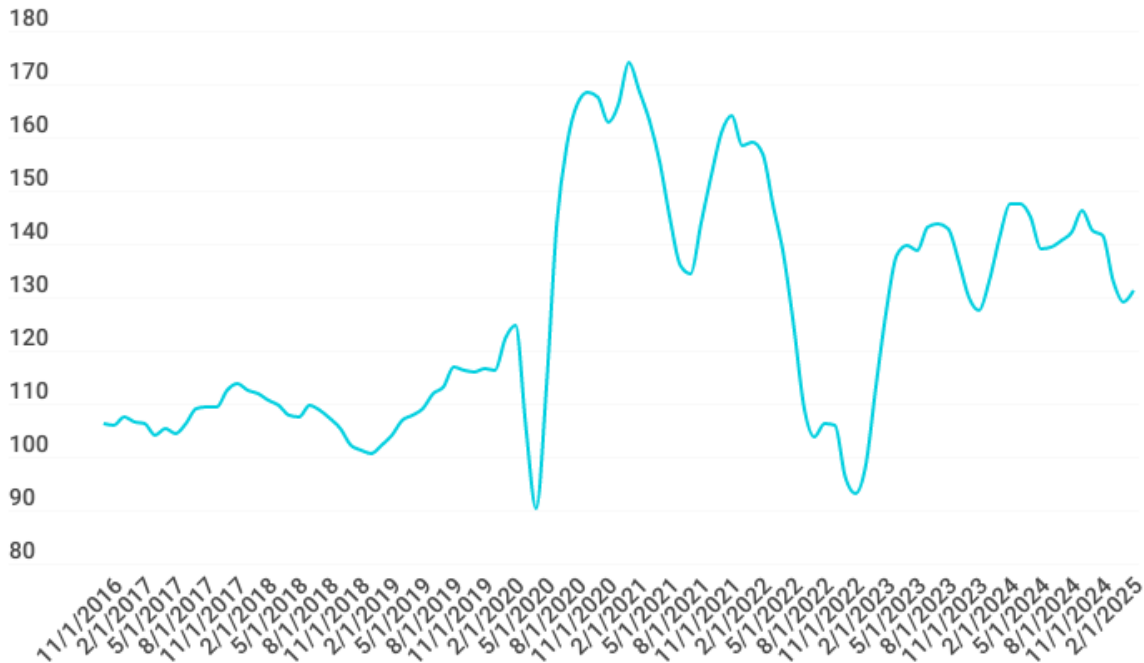


Source: Zonda

### The PSI was slightly higher than last month's two-year low

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 131.4, representing a 10.9% decline from the same month last year. The index is currently 24.6% below cycle highs. On a month-over-month basis, seasonally adjusted new home sales increased 1.7%.

## New Home Pending Sales Index



Source: Zonda

- Six top markets had positive PSI growth year-over-year, led by Baltimore (+13.7%), Salt Lake City (+4.0%), and Cincinnati (+3.6%).
- Inversely, the metros that performed the worst year-over-year were San Francisco (-43.5%), Denver (-32.3%), and Riverside/San Bernardino (-27.1%).
- On a monthly basis, Jacksonville, Phoenix, and Philadelphia were the best performing markets. Jacksonville increased 14.1% relative to last month.

## New Home Pending Sales Index for Select Markets

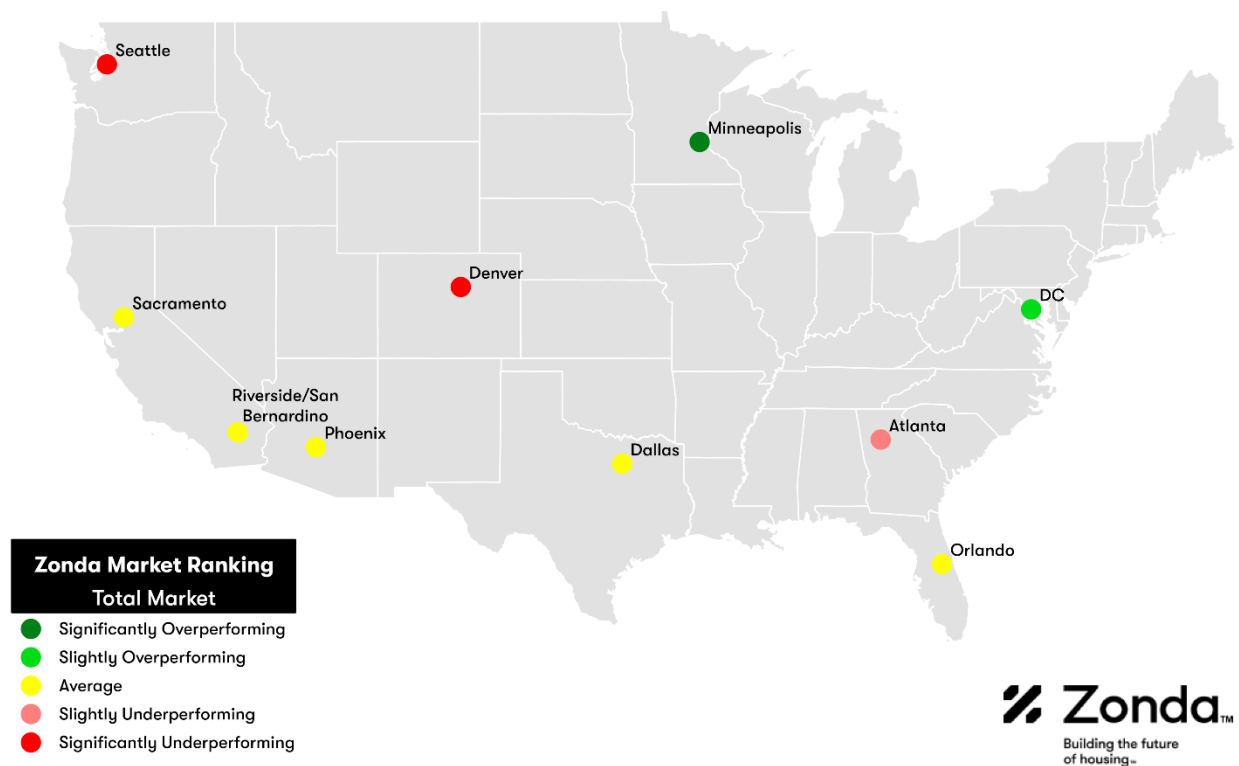
Rank	METRO	SA MOM	SA YOY
1	Baltimore	-6.9%	13.7%
2	Salt Lake City	3.6%	4.0%
3	Cincinnati	1.5%	3.6%
4	Jacksonville	14.1%	3.4%
5	New York	4.5%	2.4%
6	Minneapolis	-3.9%	0.1%
7	Washington, DC	-7.4%	-5.0%
8	Las Vegas	-4.8%	-6.1%
9	San Antonio	9.1%	-6.6%
10	Philadelphia	11.1%	-6.9%
11	Phoenix	13.9%	-7.5%
12	Houston	-0.8%	-10.9%
13	Charlotte	1.0%	-11.8%
14	Los Angeles/OC	-2.7%	-12.5%
15	Dallas	-1.5%	-13.5%
16	Orlando	0.1%	-13.5%
17	Sacramento	-14.4%	-13.6%
18	Tampa	6.3%	-15.7%
19	Raleigh	0.6%	-16.3%
20	Austin	-5.7%	-18.8%
21	Atlanta	-4.9%	-21.5%
22	Seattle	-1.7%	-21.6%
23	Riverside/San Bernardino	-2.8%	-27.1%
24	Denver	2.6%	-32.3%
25	San Francisco	-7.7%	-43.5%

Source: Zonda

### National ZMR remained *average*

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.



Note: The ZMR measures new home sales adjusted for supply and seasonality and compared to history. The data is as of February.

Source: Zonda

- The National ZMR index came in at 105.3 in February, indicating an *average* market. The National ZMR was *average* last month but *slightly overperforming* for all of 2024.
- Zonda's snapshot markets were split between 20% *overperforming*, 50% *average*, and 30% *underperforming*, marking a slight shift down from last month. Among Zonda's top



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50 major markets, 44% were *overperforming*, 24% were *average*, and 32% were *underperforming*.

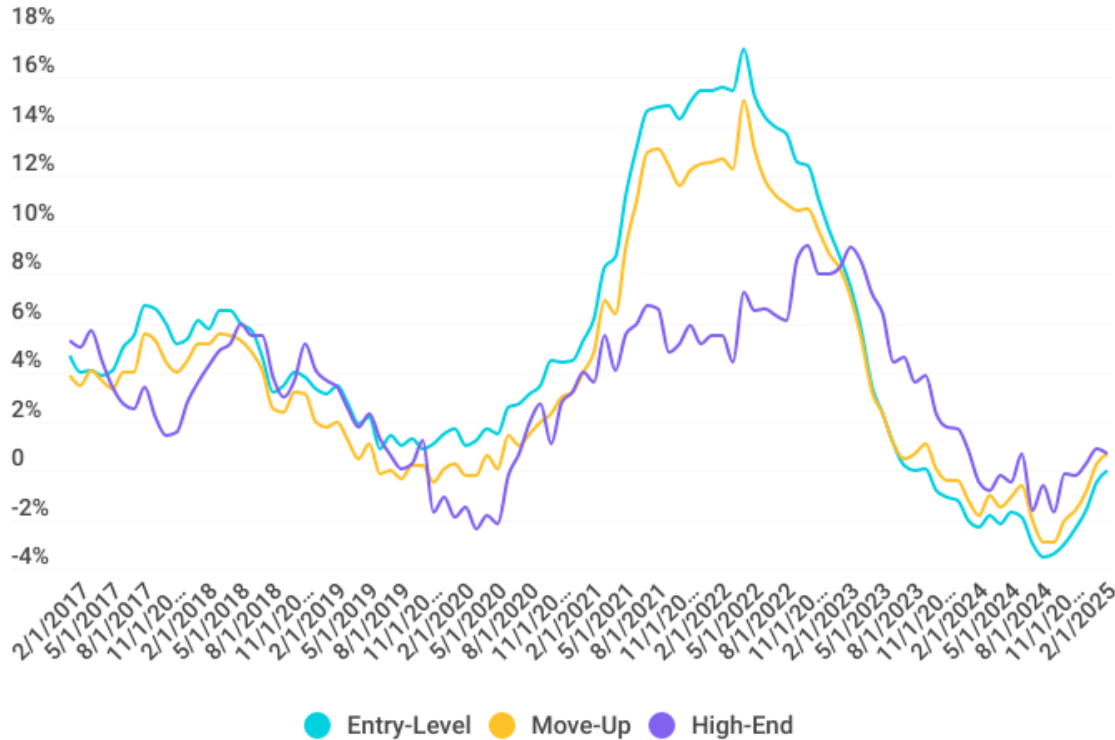
- Importantly, the ZMR does not account for what it takes to sell a home. For example, securing a sale might still feel difficult in a *significantly overperforming* market, but if incentives offered result in a sale, we count the sale.

### **Pricing was flat year-over-year**

Home prices were largely flat across all price segments. Prices held steady at the entry-level at \$329,229 and rose just 0.7% for both move-up and high-end homes to \$520,228 and \$912,283, respectively. Our pricing data makes no adjustments for home size or location.

Supplementing our data with a monthly survey Zonda conducts, 21% of builders lowered prices in February, 61% held prices flat, and 18% raised prices. In January, for comparison, 12% of builders lowered prices MOM, 68% held prices flat, and 19% increased prices.

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



Source: Zonda

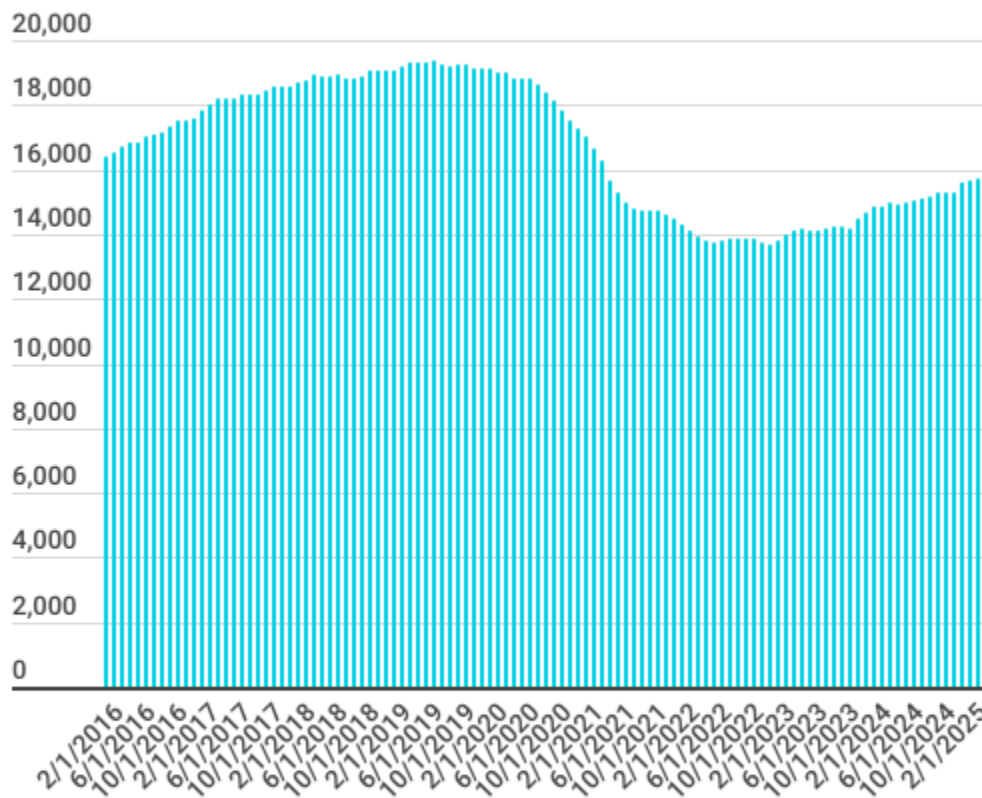
Incentives are still common in today's housing market to help address the affordability constraints for buyers. In February, 56% of new home communities offered incentives on to-be-built homes and 74% on quick move-in supply.

### Continued growth in community counts

There are currently 15,717 actively selling communities tracked by Zonda, up 5.7% from last year. Total community count is at the highest level seen since early-2021. On a month-over-

month basis, the national figure grew 0.4%. Total community count is 17.8% below the same month in 2019.

## National New Home Community Count



Source: Zonda

- Baltimore (+16.9%), Orlando (+14.6%), and Atlanta (+8.0%) grew community count the most year-over-year.





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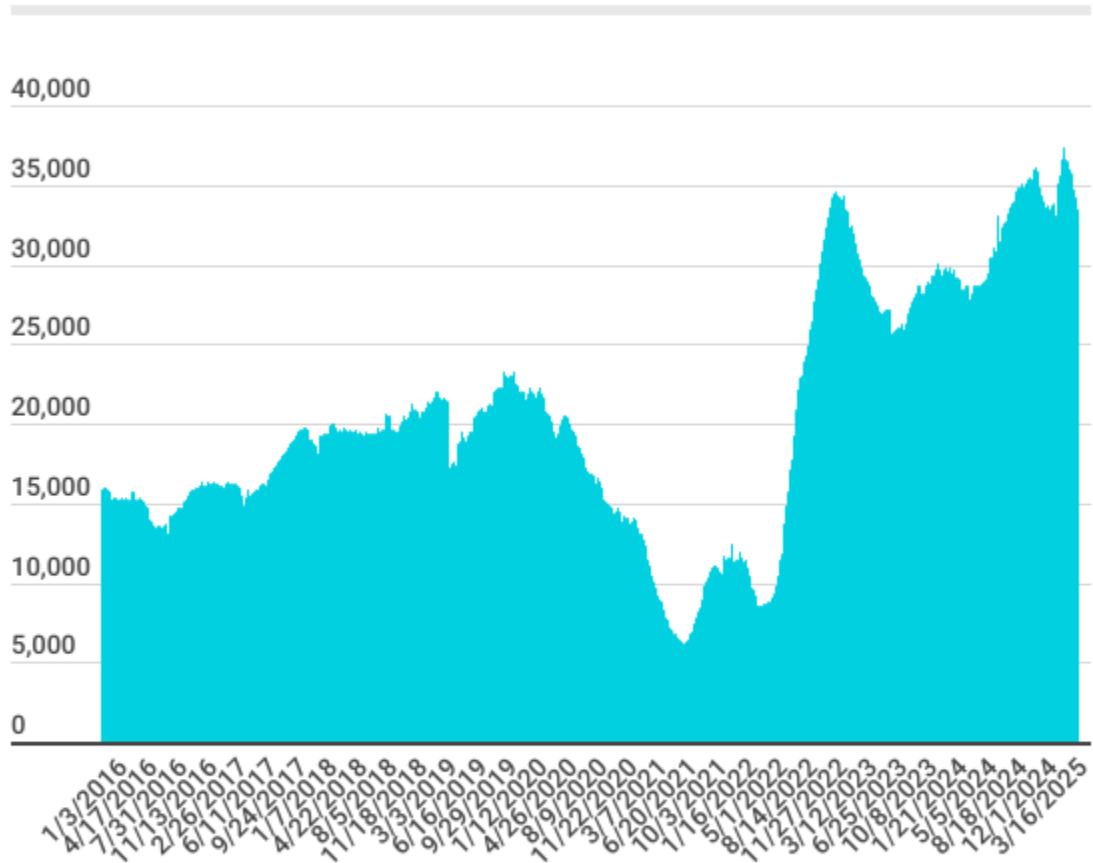
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- Relative to last year, the biggest community count declines were in Los Angeles/OC (-17.6%), San Francisco (-15.1%), and Philadelphia (-14.1%). These are established markets with constraints on land and lot supply.
- Community count levels rose in 8% of our select markets month-over-month, 0% were flat, and 92% fell.

National quick move-ins (QMIs) totaled 33,420, up 17.5% compared to last year but 8.2% lower month-over-month. Total QMIs are 89.6% 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, resale inventory is rising and QMIs have become less desirable than earlier this year.

## Weekly Quick Move-In Count



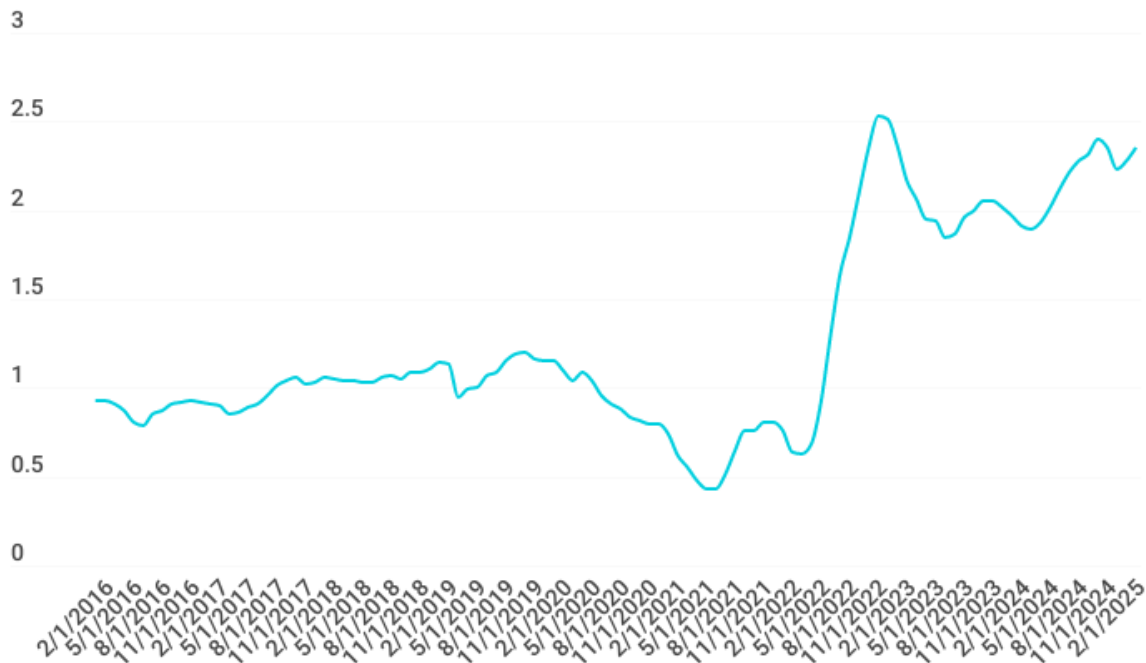
Source: Zonda

- On a metro basis, 80% of Zonda's select markets increased QMI count year-over-year.
- The markets that grew the most year-over-year were Seattle (+129.8%), Raleigh (+94.6%), and Charlotte (+80.9%).
- Jacksonville, Sacramento, and Phoenix have seen the most growth in QMIs compared to the same time in 2019, up 428.9%, 322.5%, and 229.3%, respectively.

**NEW THIS MONTH:** We will include QMIs per community in this report moving forward. QMIs per community is a good way to track how new home supply looks in the context of actively selling projects. Currently, there are 2.4 QMIs per community nationally, up 23% from the 1.9 this time last year but down 6.9% from the 2022 peak of 2.5.

Please note, the QMI per community data aligns with this report covering February 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



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### **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 15,000 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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