



## NEW HOME SALES STAY STRONG IN APRIL

### *Despite Rising Rates and Prices, April New Home Sales Grew Month-Over-Month and Year-Over-Year*

**NEWPORT BEACH, Calif., May 19, 2023** — Today, the experts at [Zonda](#), the housing industry's foremost advisors, released the New Home Market Update report for April 2023.

The housing market has shown remarkable resilience despite the rapid rise in both home prices and mortgage rates as well as the ongoing banking crisis. April was a banner month for new home sales, with Zonda's data showing activity was up month-over-month, year-over-year, and compared to 2019. This was the first time all three of the comparison points have been positive since March 2021.

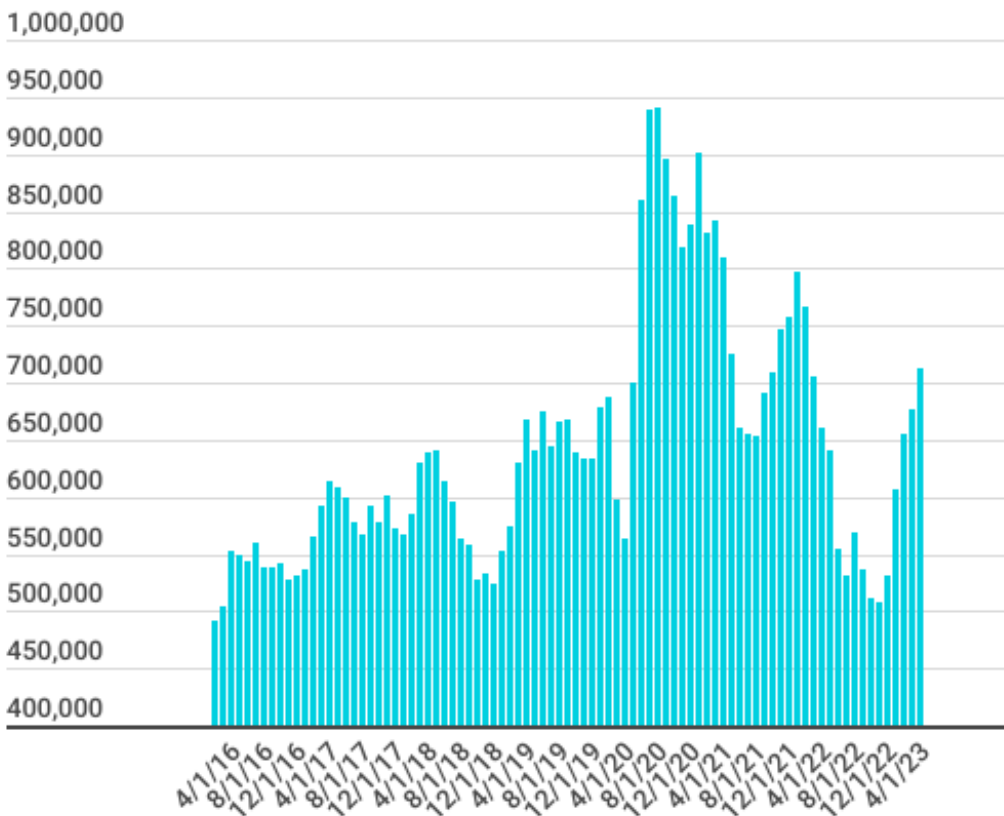
The lack of resale inventory, the existence of some price inelastic buyers, home price adjustments last year, the use of incentives, and demographic tailwinds have supported housing growth throughout 2023. As a result, home prices are trending back up, with nearly 60% of builders reporting raising prices from March to April. While the current market is supportive of pricing power, it is important to not get over our skis as housing affordability remains issue number one.

“Over 70% of builders are telling us that current mortgage rates are their biggest hurdle when it comes to housing demand,” said Ali Wolf, Zonda's chief economist. “Assuming we resolve the debt ceiling debacle, there are reasons to believe mortgage rates could come down over the next 12 months on economic uncertainty and a narrowing of the spread between the 10-year Treasury yield and 30-year fixed rate mortgages, but for now, a substantial improvement is hope rather than reality.”

#### **April sales outpace seasonality**

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 712,357 new homes sold in April on a seasonally adjusted annualized rate. This was a gain of 5.4% from last month and an increase of 8.0% from a year ago. On a non-seasonally adjusted basis, 62,656 homes were sold, 9.7% higher than last year and 8.4% above the same month in 2019.

## New Home Sales (SAAR)

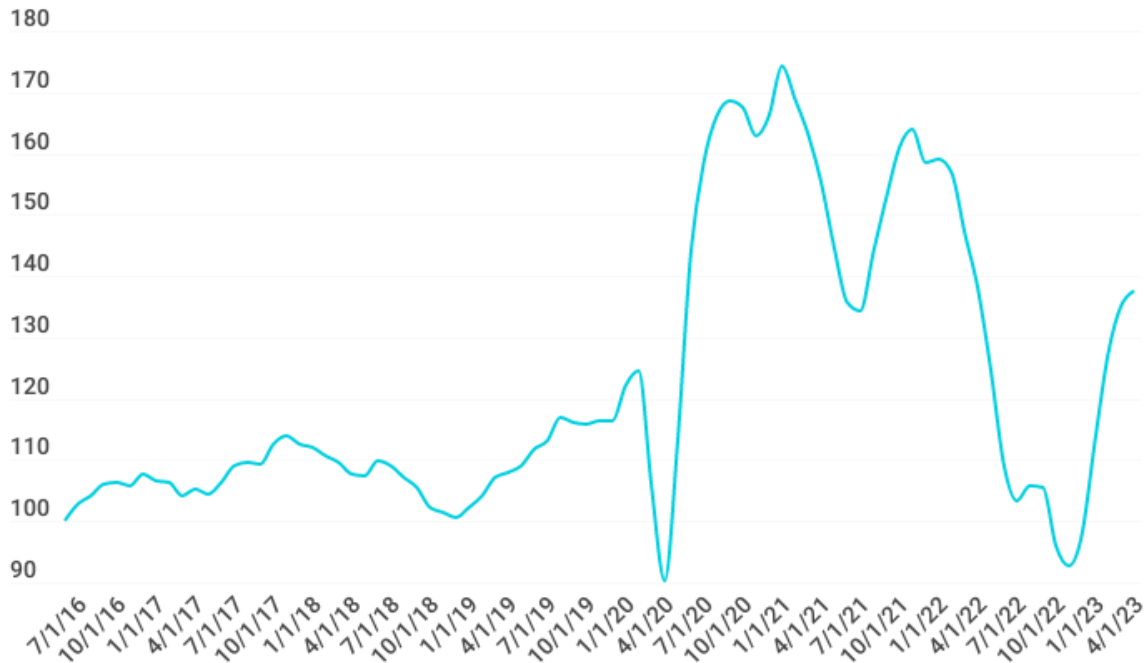


Source: Zonda

### The pace of home sales picked up

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 April PSI came in at 137.5, representing a 0.4% decline from the same month last year but a 1.7% seasonally adjusted month-over-month increase. The index is currently 21.1% below cycle highs.

## New Home Pending Sales Index



Source: Zonda; Data is seasonally adjusted and as of April 2023

- The markets that posted the best numbers relative to last year were Dallas (+28.4%), Salt Lake City (+25.1%), and Raleigh (+15.8%).
- The metros that performed the worst year-over-year were New York (-26.1%), Denver (-26.1%), and Phoenix (-16.6%).
- On a monthly basis, Salt Lake City, Phoenix, and Austin were the best performing. These three markets were among some of the worse hit during the housing slowdown last year but have posted notable improvements over the past six months. Salt Lake City increased 16.3% relative to last month.

## New Home Pending Sales Index for Select Markets

Rank	METRO	SA MOM	SA YOY
1	Dallas	4.6%	28.4%
2	Salt Lake City	16.3%	25.1%
3	Raleigh	-3.2%	15.8%
4	Charlotte	1.7%	15.2%
5	Washington, DC	2.6%	14.7%
6	Sacramento	-0.3%	12.4%
7	San Antonio	0.1%	10.7%
8	Cincinnati	9.0%	6.1%
9	Tampa	6.0%	2.7%
10	Riverside/San Bernardino	-3.0%	1.2%
11	Minneapolis	0.6%	0.6%
12	Los Angeles/OC	0.6%	0.2%
13	Baltimore	0.2%	-2.5%
14	Jacksonville	3.1%	-3.1%
15	Philadelphia	-6.3%	-3.2%
16	Las Vegas	-5.0%	-4.5%
17	Austin	9.1%	-4.9%
18	Orlando	2.0%	-5.2%
19	Seattle	4.9%	-5.7%
20	Houston	-1.6%	-5.8%
21	Atlanta	1.8%	-14.4%
22	San Francisco	-7.1%	-15.6%
23	Phoenix	9.6%	-16.6%
24	Denver	-13.6%	-26.1%
25	New York	-9.2%	-26.1%

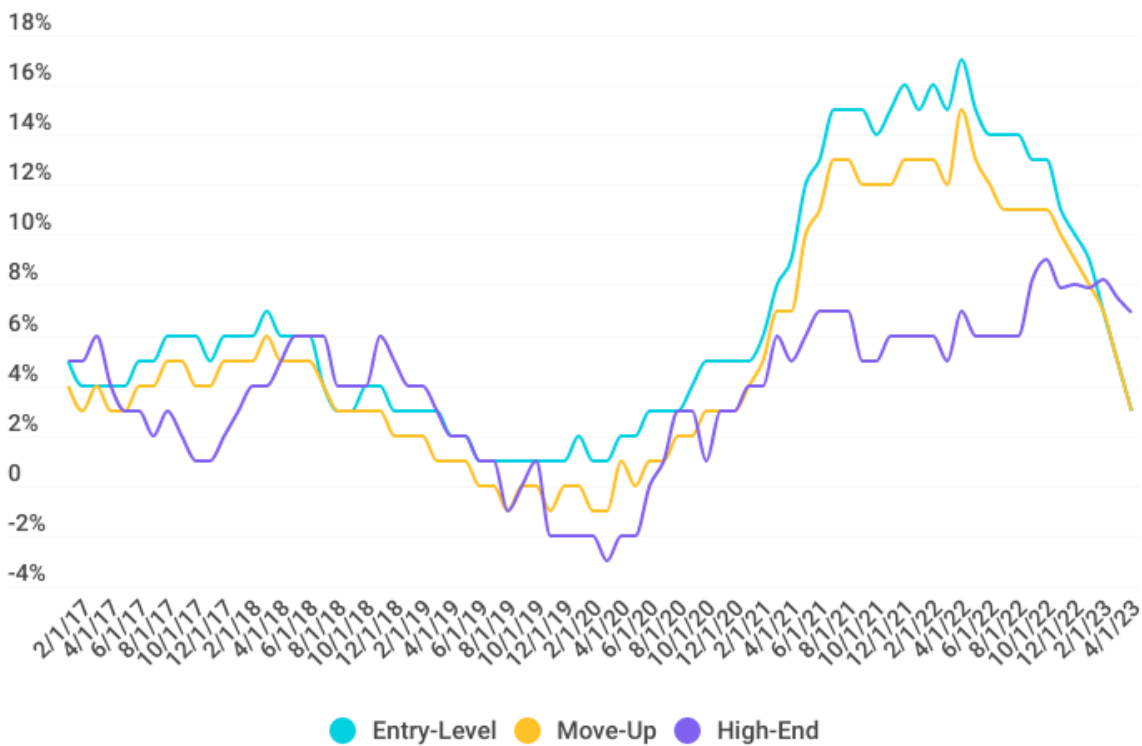
Source: Zonda; Data is seasonally adjusted and as of April 2023

**Home price appreciation at more reasonable levels**

National home prices increased year-over-year across entry-level, move-up, and high-end homes. Prices rose 3.5% for entry-level to \$338,540, 3.5% for move-up to \$528,712, and 6.9% for high-end to \$913,892.

Supplementing our data with a monthly survey Zonda conducts, roughly 60% of builders reported raising prices in April and 40% reported holding prices flat. This stands in direct contrast to the end of last year when 50% of builders were lowering prices and 50% were holding prices flat.

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



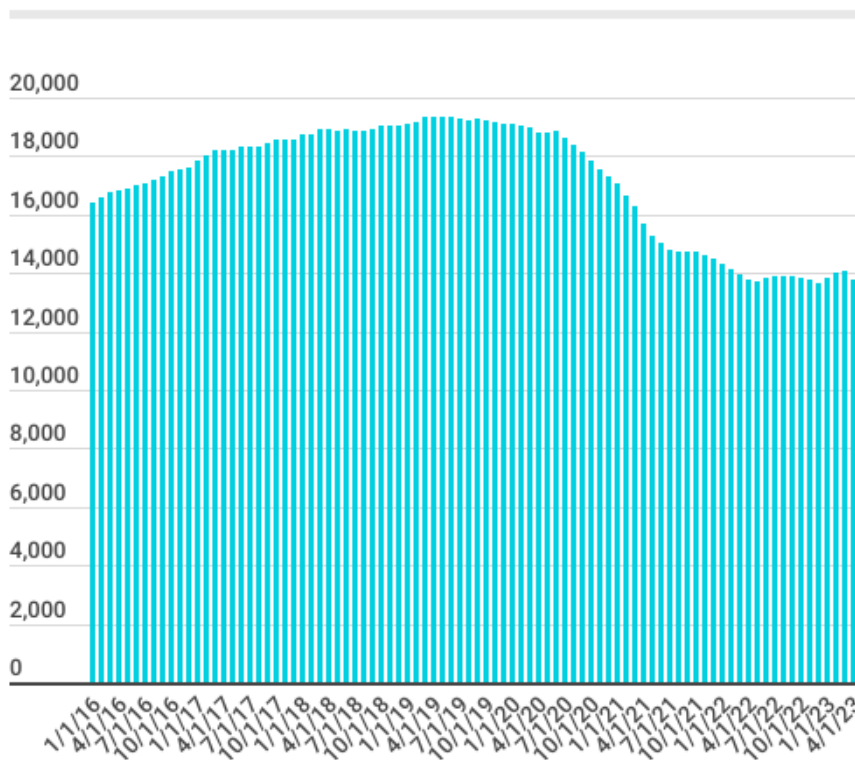
Source: Zonda

Incentives are still common in today’s housing market to help address the affordability constraints for buyers. 58.4% of active projects are offering to-be-built incentives, up from last month. The average incentive dollar amount is \$12,732 or 2.5% of the list price.

**Quick move-ins are attractive to today’s homebuyers**

There are currently 13,750 actively selling communities tracked by Zonda, down 0.3% from last year. On a month-over-month basis, the national figure slipped 2.5%. Total community count is 28.9% below the same month in 2019. The lack of competition from other new home communities is allowing 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

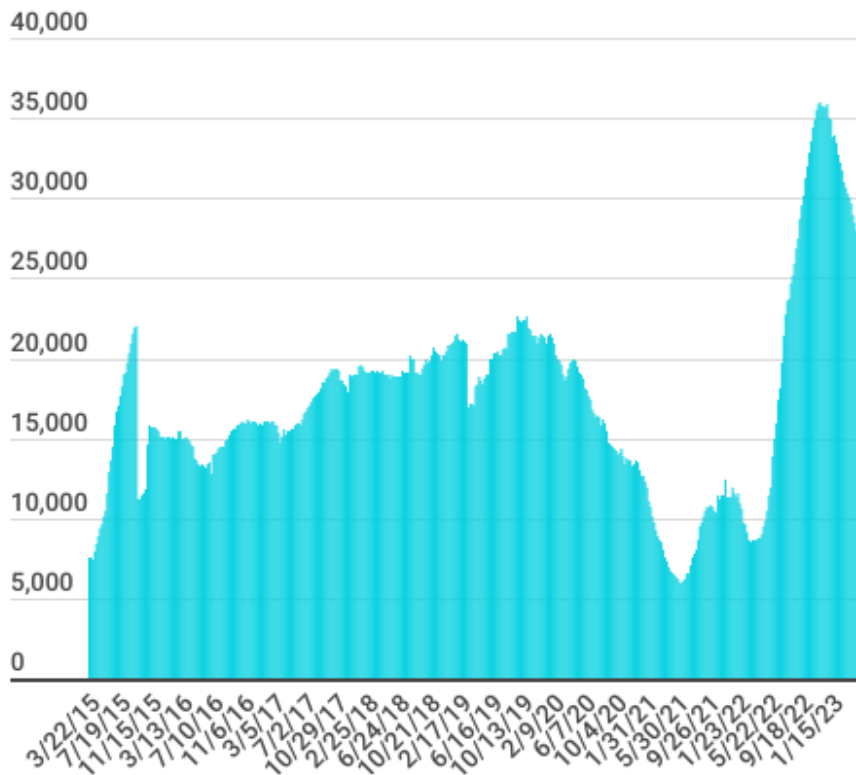


- Riverside/San Bernardino (+22.6%), Salt Lake City (+16.8%), and Los Angeles/OC (+11.7%) grew community count the most year-over-year. Total community count is down 7%, 33%, and 48%, respectively, compared to 2019.
- Community count fell the most in Baltimore (-18.4%), Tampa (-13.6%), and Atlanta (-12.0%) relative to last year. Community count is also lower compared to 2019, with Baltimore down 66%, Tampa down 50%, and Atlanta down 55%.
- Community count in none of our select markets rose month-over-month, 4% were flat, and 96% fell.

National quick move-ins (QMIs) totaled 25,261, up 120.4% compared to last year but 9.6% lower compared to last month. QMIs have been trending down month-over-month since hitting peak in December 2022. Total QMIs are 32.3% above 2019 levels. QMIs are homes that can likely be occupied within 90 days.

QMIs were deemed a liability toward the end of last year as the supply rose quickly and demand pulled back. QMIs, however, have turned into an asset as consumers look to buy a home during the spring selling season and inventory on the resale side isn't cutting it.

## Weekly Quick Move-In Count



Source: Zonda

- On a metro basis, 88% of Zonda's select markets increased QMI count year-over-year.
- The markets that grew the most year-over-year were Jacksonville (+385.8%), Phoenix (+340.6%), and Tampa (+198.3%).
- Jacksonville, Sacramento, and Phoenix have seen the most growth in QMIs compared to the same time in 2019, up 630.3%, 224.0%, and 205.0%, respectively.
- QMIs are down the most compared to 2019 in Los Angeles/OC (-43%), Baltimore (-46%), Atlanta (-53%), San Francisco (-56%), and Seattle (-59%).





## 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](http://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.

###