

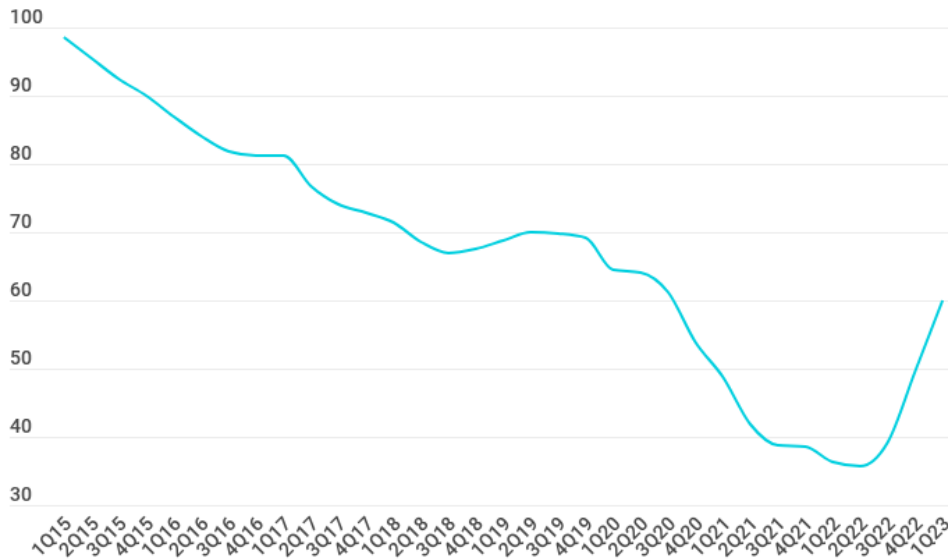
**New Home Lot Inventory Climbs Again in 1Q23, Zonda Reports**

**—Lot Supply Remains Low but Now at Highest Level Since 3Q20—**

**Newport Beach, Calif., May 12, 2023**—Today, the experts at Zonda, the housing industry’s foremost advisors, released the New Home Lot Supply Index (LSI) for 1Q23. The New Home LSI, backed by data from Zonda, shows lot supply loosened year-over-year across the United States. The index is a residential real estate indicator based on the number of single-family vacant developed lots and the rate at which those lots are absorbed.

- The New Home LSI came in at 60.1 for 1Q23, representing a 65.4% increase from 1Q22. The LSI is now back to mid-to-late 2020 levels.
- On a quarter-over-quarter basis, supply increased by 21.4% from 4Q22.
- Despite the increase, the 1Q23 data still reflects a significantly undersupplied market nationally.

**New Home Lot Supply Index**



Source: Zonda; Data as of 1Q23

“The notable uptick in the LSI is driven by one main factor: slowing housing starts,” said Ali Wolf, chief economist at Zonda. “It is important to remember how this index is calculated. We consider the total vacant developed lot supply and adjust it for overall starts activity. Because housing starts are lower, there has been an accompanying uptick in the index. This uptick, however, may be short-lived if housing demand holds at current levels.”

Lot supply loosened in most major metropolitan areas in 1Q23, with 29 of 30 increasing year-over-year.

- Lot inventory is still categorized as “significantly undersupplied” in most markets, but the first quarter brought on a change: one market is now “appropriately supplied” and three are now considered “slightly undersupplied.”
- The LSI in Boise has risen enough that the market is now classified as “appropriately supplied” given the current level of starts. Boise is the first and only of our select markets to fall into this category this cycle.
- The markets where land supply loosened the most on a year-over-year basis were in the West, led by Boise, Salt Lake City, and Portland.
- San Diego, Miami, and Jacksonville currently have the tightest lot supply among major markets. San Diego and Miami have severe geographic and topographical limitations on land and lot development.
- The LSI grew quarter-over-quarter in 27 of Zonda’s select 30 markets, unchanged compared to last quarter. On a quarter-over-quarter basis, Nashville and Phoenix loosened the most, up 45% and 39%, respectively.

## New Home Lot Supply Index By Market

Appropriately Supplied Markets	Index Value (YOY Change)
Boise	108.1 (159%)

Slightly Undersupplied Markets	Index Value (YOY Change)
Salt Lake City	81.3 (135%)
Austin	81.2 (86%)
Minneapolis	79.8 (89%)

Significantly Undersupplied Markets	Index Value (YOY Change)
Atlanta	74.7 (59%)
Dallas	72.5 (69%)
Portland	72.1 (98%)
Houston	69.7 (91%)
Denver	66.8 (55%)
Phoenix	62.6 (78%)
Sacramento	61.6 (71%)
United States	60.1 (65%)
Riverside/San Bernardino	54.3 (41%)
Las Vegas	51.9 (81%)
Indianapolis	50.6 (52%)
Philadelphia	49.4 (37%)
San Francisco	47.8 (44%)
Raleigh	44.1 (38%)
Nashville	42.6 (80%)
Charlotte	41.9 (52%)
Tampa	41.9 (56%)
Seattle	41.1 (38%)
Orlando	39.1 (23%)
Los Angeles/OC	37.8 (95%)
New York	36.9 (-35%)
Washington, DC	36.5 (42%)
Baltimore	36.3 (45%)
Jacksonville	34.2 (49%)
Miami	30.7 (49%)
San Diego	26.2 (12%)

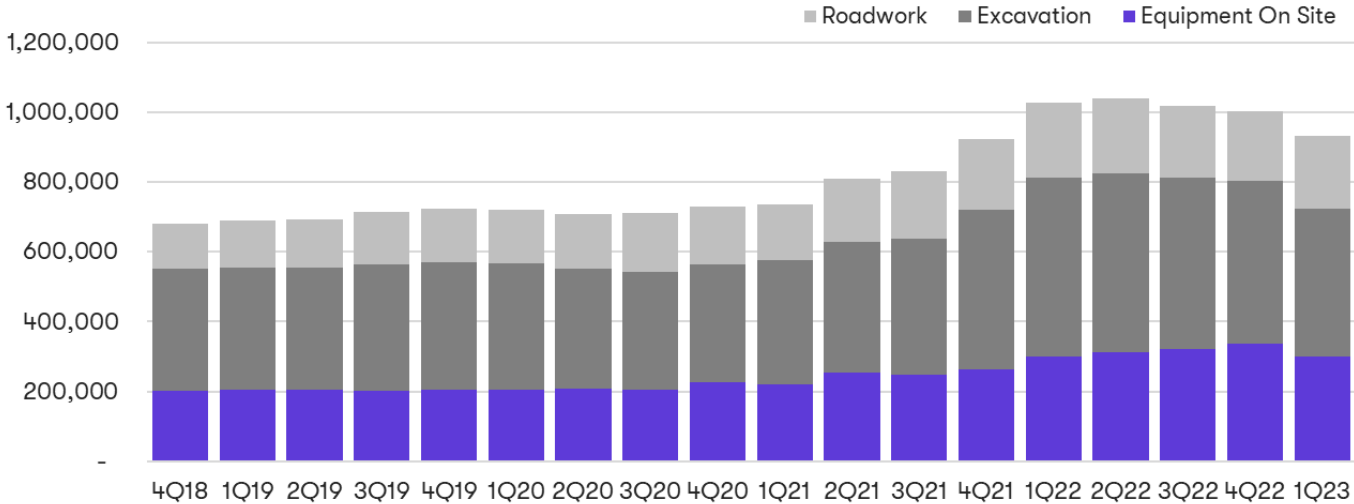
Source: Zonda; Data as of 1Q23

Zonda also records future lots through the stages of development. The stages range from raw land through streets in, which is the last step before the lot becomes a vacant developed lot. Zonda groups the last few stages into a classification called total upcoming lots, which typically indicates delivery over the next 12-18 months.

Total upcoming lots for 1Q23 decreased 9% year-over-year and fell 7% from last quarter. The largest declines among the total upcoming lots came in the streets-in stage, which fell 36% from the same period last year. The pullback in total upcoming lots in the first quarter corresponds with the market demand pullback in the third and fourth quarters of 2022 and the resulting uncertainty.

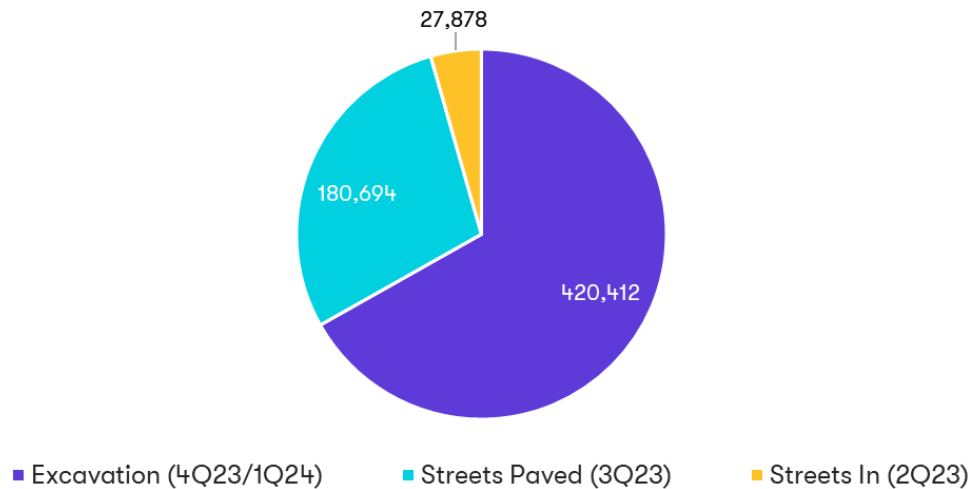
The largest share of total upcoming lots are in the excavation stage, making up 67% nationally. These lots have an expected delivery between 4Q23 and 1Q24 (the range represents different timeframes from local entitlement processes). Note, not all of the lots in excavation will match Zonda’s estimated timeline.

### Total Upcoming Lots - United States



Source: Zonda

## Expected Vacant Developed Lot Delivery Based on Stage of Construction



Source: Zonda

“The stronger start to the year for sales has improved builder sentiment,” Wolf said. “We now have 55% of builders that plan to start more homes in 2023 than 2022, up from 25% at the end of last year. Increased starts without an increase in lots may result in the LSI turning down again in the coming months.”

### Methodology

The Zonda New Home Lot Supply Index (LSI) is built on proprietary, industry-leading data that covers the production new home market across the United States. The index values represent single-family vacant developed lot supply, lots that are ready to be built on, relative to equilibrium. Released quarterly, the New Home LSI provides an unrivaled look into the lot markets across the country, offering a current quarter snapshot as well as insight into the directional trend.

The New Home LSI is calculated based on each markets’ specific equilibrium as determined by our team of local experts and historical activity. The comparative current value is adjusted to capture the “true” months of supply figure by applying a greater weight to vacant developed lots in subdivisions with more starts activity. Each index value is associated with a phrase highlighting the current lot supply dynamics. A value of 100, represents perfect equilibrium, while a value of 125 and above equals “Significantly Oversupplied”, 115-125 - “Slightly Oversupplied”, 85-115 - “Appropriately Supply”, 75-85 – “Slightly Undersupplied”, and 75 and below – “Significantly Undersupplied.”

The foundation of the index is a quarterly release conducted by Zonda. It is necessary to monitor residential lot supply to understand how new home markets may be impacted by the incoming pipeline.

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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.