

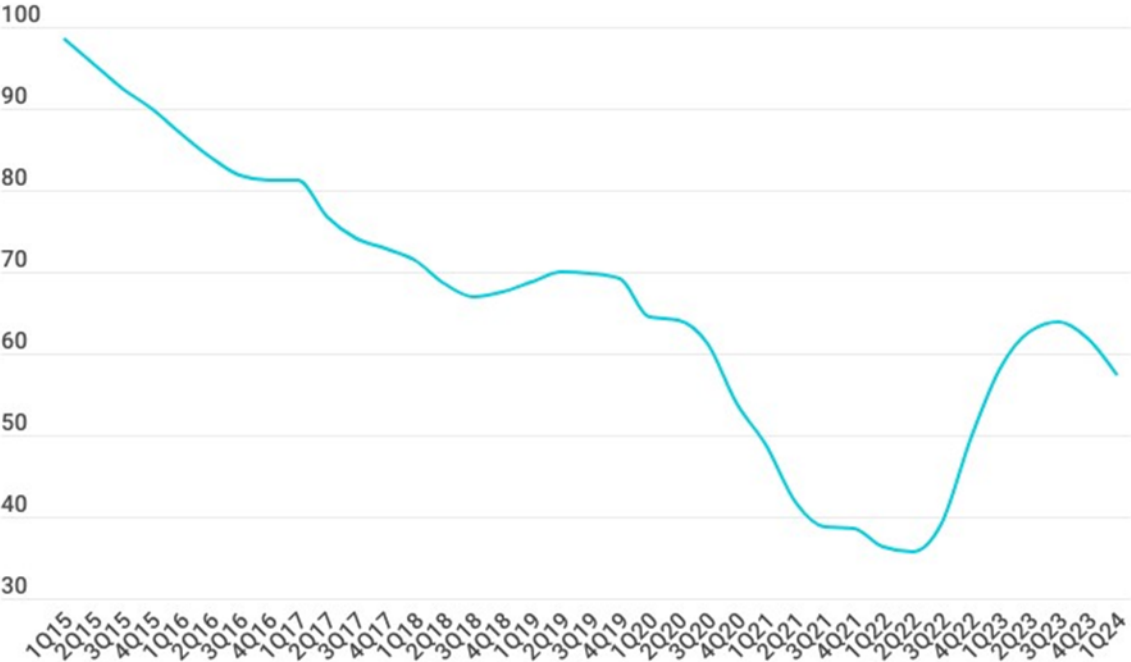
LOT SUPPLY IS STRUGGLING TO KEEP PACE WITH HOUSING STARTS, ZONDA REPORTS

—Higher Construction Activity is Chipping Away at Lot Supply —

NEWPORT BEACH, Calif., May 8, 2024 —Today, the experts at [Zonda](#), the housing industry's foremost advisors, released the New Home Lot Supply Index (LSI) for 1Q24. The New Home LSI, backed by data from Zonda, showed lot supply tightened year-over-year across the United States, as well as quarter-over-quarter. 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 via housing starts.

- The New Home LSI came in at 57.4 for 1Q24, representing a 1.5% decrease from 1Q23. The 1Q24 data shows a “significantly undersupplied” market nationally. Nationally, the market has been “significantly undersupplied” since 2017.
- On a quarter-over-quarter basis, supply decreased by 7.3% from 4Q23.
- 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. The LSI started to rollover in 4Q23 as builders felt more confident increasing starts again and that trend continued into the new year.

New Home Lot Supply Index



Source: Zonda; Data as of 1Q24



“Limited availability of desirable land near major job centers is pushing new housing developments further into the suburbs,” said Ali Wolf, chief economist at Zonda. “However, these outlying areas often lack the necessary infrastructure, creating a bottleneck for builders eager to expand their communities. This imbalance between available lots and the desire to start new construction persists, posing a challenge for the housing market.”

Lot supply tightened in most major metropolitan areas in 1Q24, with 19 of 30 decreasing year-over-year, up from 11 last quarter.

- Lot inventory was still categorized as “significantly undersupplied” in most markets in 1Q24. The tightening trend year-over-year reflects the increase in construction activity over the last few quarters.
- The markets where land supply loosened the most on a year-over-year basis were led by Indianapolis, San Diego, and Charlotte. In these markets, starts were up 37%, 26%, and 18%, respectively, compared to the same quarter last year.
- Los Angeles/OC tightened the most compared to the same time last year, falling 52% to 15.6. Los Angeles/OC is the tightest housing market across the country for lot supply. Besides Los Angeles/OC, Miami and San Diego are also among the tightest in the nation. All three markets have severe geographic and topographical limitations on land and lot development.
- The LSI tightened quarter-over-quarter in 25 of Zonda’s select 30 markets, an increase from 22 in 4Q23.

New Home Lot Supply Index By Market

Slightly Undersupplied Markets

	Index Value (YOY Change)
San Antonio	82 (-3%)
Austin	79.3 (3%)
Minneapolis	76.3 (-3%)

Significantly Undersupplied Markets

	Index Value (YOY Change)
Boise	73.8 (-27%)
Salt Lake City	72 (-9%)
Atlanta	71.8 (-3%)
Dallas	71.5 (4%)
Denver	69.7 (6%)
Indianapolis	69.6 (37%)
Phoenix	66.6 (7%)
Houston	60.3 (-9%)
United States	57.4 (-1%)
Portland	54.3 (-33%)
Sacramento	52 (-12%)
New York	49.4 (10%)
Charlotte	48.7 (18%)
Philadelphia	46.5 (-9%)
Nashville	46.1 (-7%)
Las Vegas	42.7 (-17%)
Raleigh	41.9 (-6%)
Seattle	40 (-15%)
Washington, DC	39.8 (-6%)
Baltimore	37.7 (4%)
Tampa	35.9 (7%)
San Francisco	34.4 (-30%)
Jacksonville	34.2 (0%)
Orlando	34 (-6%)
Riverside/San Bernardino	31 (-40%)
San Diego	29.3 (26%)
Miami	19.2 (-16%)
Los Angeles/OC	15.6 (-52%)

Source: Zonda; Data as of 1Q24

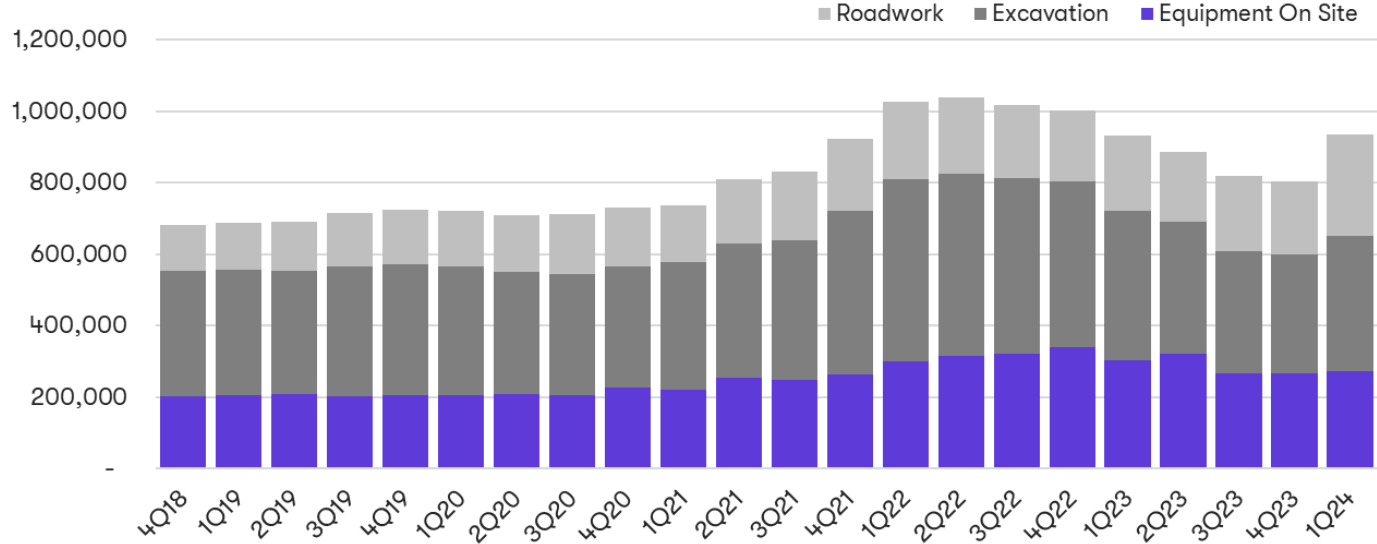
Zonda also records future lots through the stages of development. The stages range from raw land through streets in, which is the last step before the lot becomes a vacant developed lot. Zonda groups the last few stages into a classification called total upcoming lots, which typically indicates delivery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

Total upcoming lots for 1Q24 increased 0.4% year-over-year and 16.1% from last quarter. The increase reflects the continued market advantage builders have given the resale backdrop. With existing home inventory significantly lower than pre-pandemic levels (down nearly 40%), builders are actively seeking land to meet potential demand.

The largest increases among the total upcoming lots came in the roadwork stage, which rose 36% from the same period last year. Roadwork is comprised of the two smaller stages, streets paved and streets in, and represents the last step in lot development.

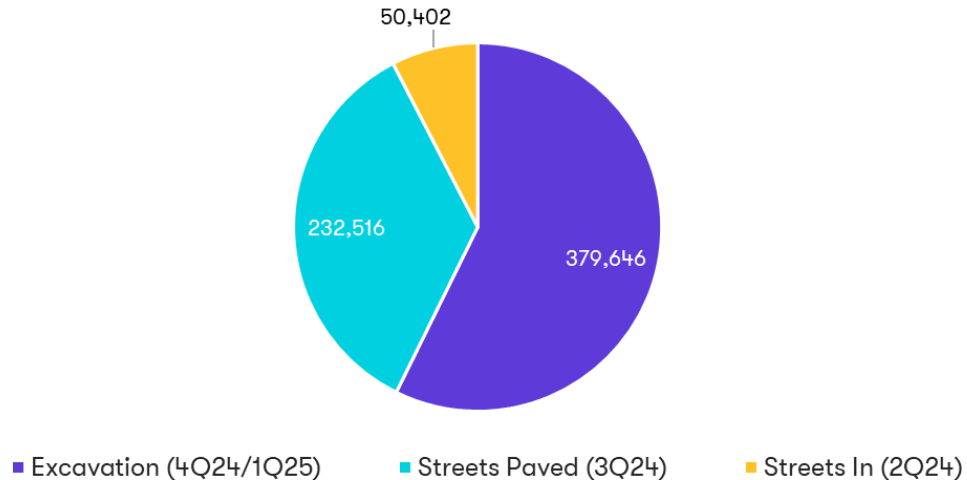
The largest share of total upcoming lots were in the excavation stage in 1Q24, making up 57% nationally. These lots have an expected delivery between 4Q24 and 1Q25 (the range represents different timeframes from local entitlement processes). Note, not all of the lots in excavation will match Zonda’s estimated timeline.

Total Upcoming Lots - United States



Source: Zonda

Expected Vacant Developed Lot Delivery Based on Stage of Construction



Source: Zonda

“The first quarter saw a higher-than-expected number of total upcoming lots, aligning with the generally optimistic outlook within the homebuilding industry,” Wolf said. “This increase in upcoming lots is crucial for construction activity, and it bodes well for growth in housing starts throughout the rest of the year assuming consumer demand holds up.”

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.

About Zonda

Zonda represents the housing industry's leading provider of rich data and the industry's top advisors for residential real estate development and new home construction. With products and services geared for homebuilders, multifamily developers, lenders, and financial institutions, we provide innovative solutions to maximize opportunities in today's real estate development landscape. To learn more, visit zondahome.com.

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