

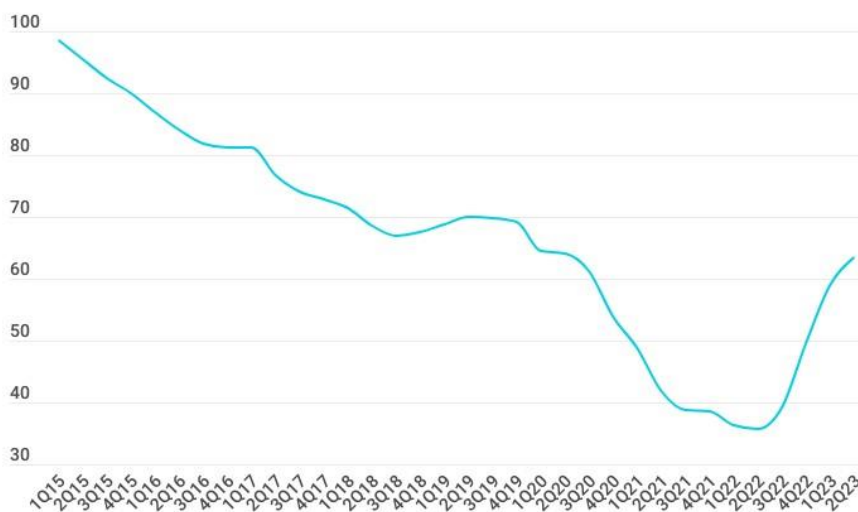
## New Home Lot Inventory Climbs for Fourth Consecutive Quarter in 2Q23, Zonda Reports

**—Lot Supply Remains Low but Now at Highest Level Since 2Q20—**

**NEWPORT BEACH, Calif., August 3, 2023** — Today, the experts at [Zonda](#), the housing industry’s foremost advisors, released the New Home Lot Supply Index (LSI) for 2Q23. 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 63.4 for 2Q23, representing a 77.0% increase from 2Q22. The LSI is now back to mid-to-late 2020 levels.
- On a quarter-over-quarter basis, supply increased by 7.3% from 1Q23.
- Despite the increase, the 2Q23 data still reflects a “significantly undersupplied” market nationally.
- 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 down compared to the past couple of years, there has been an accompanying uptick in the index.

### New Home Lot Supply Index



Source: Zonda; Data as of 2Q23

“Matching supply and demand in the housing market is challenging given the development timelines and how demand can turn on a dime depending on interest rates, consumer confidence, and supply availability,” said Ali Wolf, chief economist at Zonda. “The second

quarter LSI is case in point. Many of the vacant developed lots today were in the works or developed before the slowdown seen in the second half of 2022 and the accompanying partial rebound so far this year. As such, we are seeing the LSI tick up since starts are below 4Q21 and 1Q22 levels. As these lots get absorbed, though, we could see the LSI flatten or even turn back down if the current starts pace holds or accelerates.”

Lot supply loosened in most major metropolitan areas in 2Q23, with 29 of 30 increasing year-over-year.

- Lot inventory is still categorized as “significantly undersupplied” in most markets, but the loosening trend is broad based.
- As of the second quarter, there were four markets labeled “appropriately supplied” and three considered “slightly undersupplied.” Know that moving into “appropriately supplied” doesn’t mean these markets are flush with lots. It just captures a more tempered and healthier pace of lot conversion compared to the height of the market.
- The LSI in Boise declined slightly quarter-over-quarter but remains the highest market in the index, now sitting at 103.9, an increase of 115% from the same time last year.
- The markets where land supply loosened the most on a year-over-year basis were led by Salt Lake City, San Antonio, and Las Vegas. In these markets, starts were down 29%, 36%, and 19%, respectively, on an annualized basis.
- Miami, San Diego, and Orlando 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 20 of Zonda’s select 30 markets, down compared to last quarter. On a quarter-over-quarter basis, New York and Indianapolis loosened the most, up 45% and 29%, respectively. New York, however, remains the only major metro down compared to same time last year.

## New Home Lot Supply Index By Market

Appropriately Supplied Markets	Index Value (YOY Change)
Boise	103.9 (115%)
San Antonio	99.8 (142%)
Minneapolis	93.5 (117%)
Salt Lake City	90.6 (144%)

Slightly Undersupplied Markets	Index Value (YOY Change)
Portland	84.2 (88%)
Austin	83.2 (103%)

Significantly Undersupplied Markets	Index Value (YOY Change)
Dallas	74.0 (72%)
Phoenix	74.0 (108%)
Atlanta	72.3 (47%)
Houston	71.7 (101%)
Las Vegas	64.7 (140%)
Indianapolis	63.8 (118%)
United States	63.4 (77%)
Sacramento	62.6 (89%)
Riverside/San Bernardino	53.8 (49%)
New York	53.4 (-8%)
San Francisco	52.5 (68%)
Nashville	48.7 (96%)
Philadelphia	47.5 (25%)
Charlotte	45.2 (66%)
Washington, DC	43.9 (68%)
Raleigh	43.7 (42%)
Seattle	43.5 (20%)
Tampa	38.7 (37%)
Jacksonville	37.9 (98%)
Baltimore	36.9 (50%)
Los Angeles/OC	34.5 (47%)
Orlando	34.1 (22%)
San Diego	28.8 (61%)
Miami	24.1 (26%)

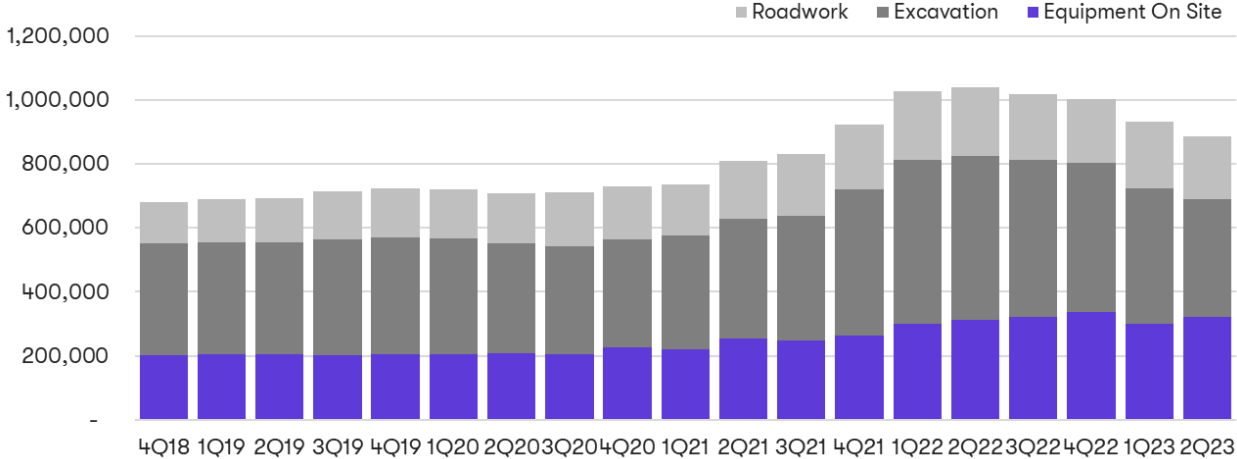
Source: Zonda; Data as of 2Q23

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 2Q23 decreased 15% year-over-year and fell 5% from last quarter. The largest declines among the total upcoming lots came in the streets in stage, which fell 51% from the same period last year. The pullback in total upcoming lots in the second quarter corresponds with the market demand pullback in the third and fourth quarters of 2022 and the resulting uncertainty.

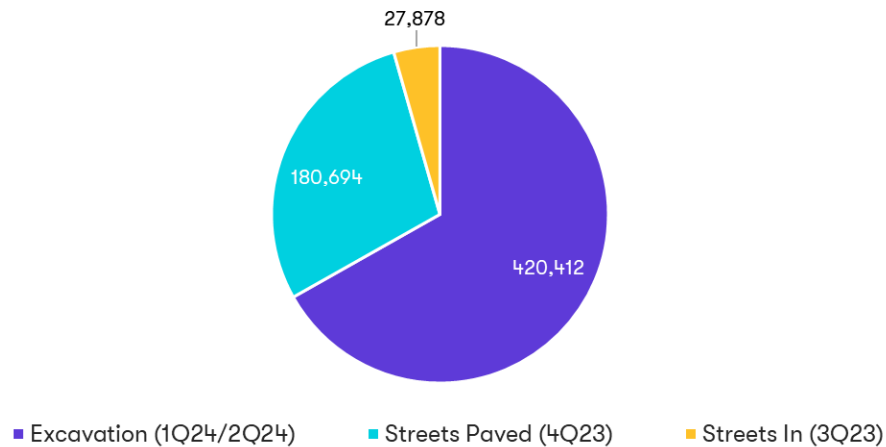
The largest share of total upcoming lots are in the excavation stage, making up 67% nationally. These lots have an expected delivery between 1Q24 and 2Q24 (the range represents different timeframes from local entitlement processes). Note, not all of the lots in excavation will match Zonda’s estimated timeline.

### Total Upcoming Lots - United States



Source: Zonda

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



Source: Zonda

“The drop in total upcoming lots both month-over-month and year-over-year exemplifies stop-go development,” Wolf said. “The recent slowdown in housing demand lasted over six months in some metros, resulting in a collective pause across builders and developers to evaluate the market. While homebuying demand is back up and Zonda data shows 45% of builders are ‘full steam ahead’ on land acquisition, it takes time to ramp things back up on the development side.”

### 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.

Visit [ZondaHome.com](https://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.

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