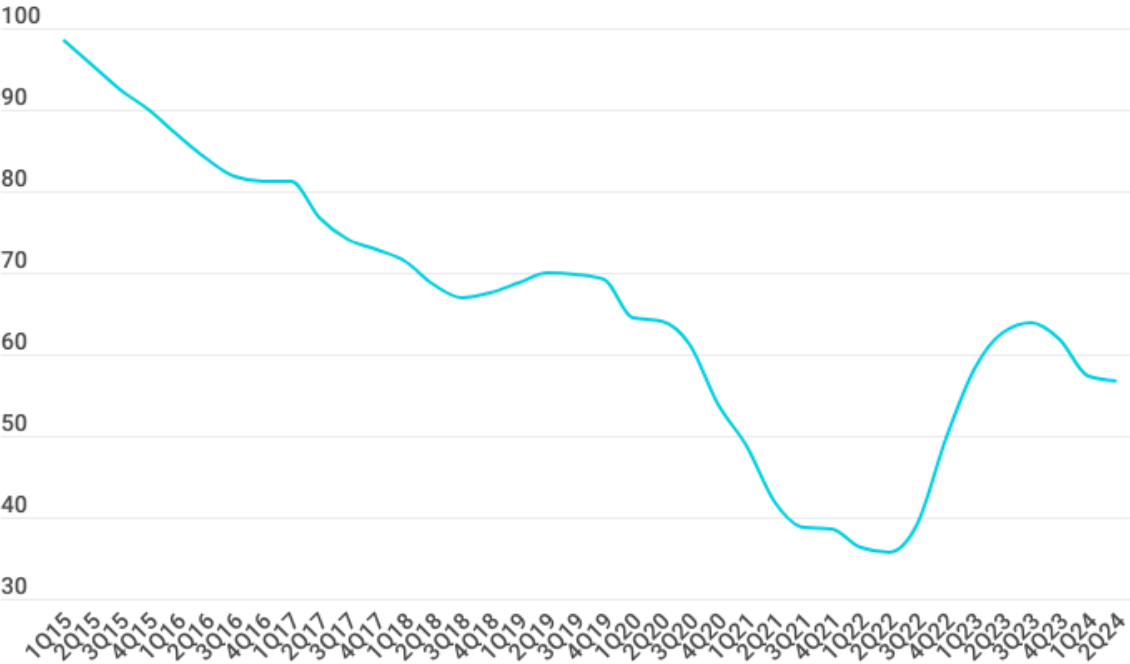


NATIONAL LOT SUPPLY IS SIGNIFICANTLY UNDERSUPPLIED, ZONDA REPORTS**— Starts Continue to Outpace Lot Inventory in Largest Subdivisions —**

NEWPORT BEACH, Calif., August 7, 2024 —Today, the experts at Zonda, the housing industry's foremost advisors, released the New Home Lot Supply Index (LSI) for 2Q24. 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 56.7 for 2Q24, representing a 9.5% decrease from 2Q23. The 2Q24 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 1.1% from 1Q24.
- 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

“The number one issue reported by homebuilders today is land and lot supply,” said Ali Wolf, chief economist at Zonda. “Delays in land development, including on the entitlement, zoning, and plan approval side, are driving up development costs and putting a lid on total market activity. The declining LSI for the second quarter underscores this issue, indicating that the pace of new construction continues to outstrip the pace at which vacant developed lots are coming online.”

Lot supply tightened in most major metropolitan areas in 2Q24, with 21 of 30 decreasing year-over-year, up from 19 last quarter.

- Lot inventory was still categorized as “significantly undersupplied” in most markets in 2Q24. The tightening trend year-over-year reflects the increase in construction activity over the last few quarters.
- The LSI tightened quarter-over-quarter in 14 of Zonda’s select 30 markets, a decrease from 25 in 1Q24.
- Los Angeles/OC tightened the most compared to the same time last year, falling 43% to 16.8. Los Angeles/OC is now the second tightest lot market in the country behind Miami. San Diego rounds out the top three. These markets have severe geographic and topographical limitations on land and lot development.
- The markets where land supply loosened the most on a year-over-year basis were led by Orlando, Charlotte, and Indianapolis. In these markets, starts were up 17%, 14%, and 21%, respectively, compared to the same quarter last year.
- Five markets are considered slightly undersupplied – San Antonio, Dallas, Austin, Atlanta, and Minneapolis. Housing starts increased year-over-year in all of these markets and so did VDLs.

New Home Lot Supply Index By Market

Slightly Undersupplied Markets

	Index Value (YOY Change)
San Antonio	84.7 (-14%)
Dallas	79.8 (7%)
Austin	78.5 (-5%)
Atlanta	77.1 (9%)
Minneapolis	76.3 (-17%)

Significantly Undersupplied Markets

	Index Value (YOY Change)
Boise	73.1 (-28%)
Phoenix	68.2 (-7%)
Indianapolis	67.3 (11%)
Denver	67.3 (-10%)
Portland	66.4 (-30%)
Salt Lake City	61.2 (-30%)
Houston	59.6 (-15%)
United States	56.7 (-10%)
Sacramento	54.3 (-12%)
Nashville	53.9 (4%)
Charlotte	53.5 (21%)
New York	49.7 (-8%)
Raleigh	46 (6%)
Orlando	43.7 (28%)
Las Vegas	43.3 (-34%)
Jacksonville	41.7 (10%)
Tampa	36.3 (6%)
Seattle	36.2 (-25%)
Philadelphia	35.8 (-20%)
San Francisco	34.3 (-36%)
Riverside/San Bernardino	34.3 (-35%)
Washington, DC	31.1 (-32%)
Baltimore	27.6 (-29%)
San Diego	19.8 (-25%)
Los Angeles/OC	16.8 (-43%)
Miami	15.1 (-39%)

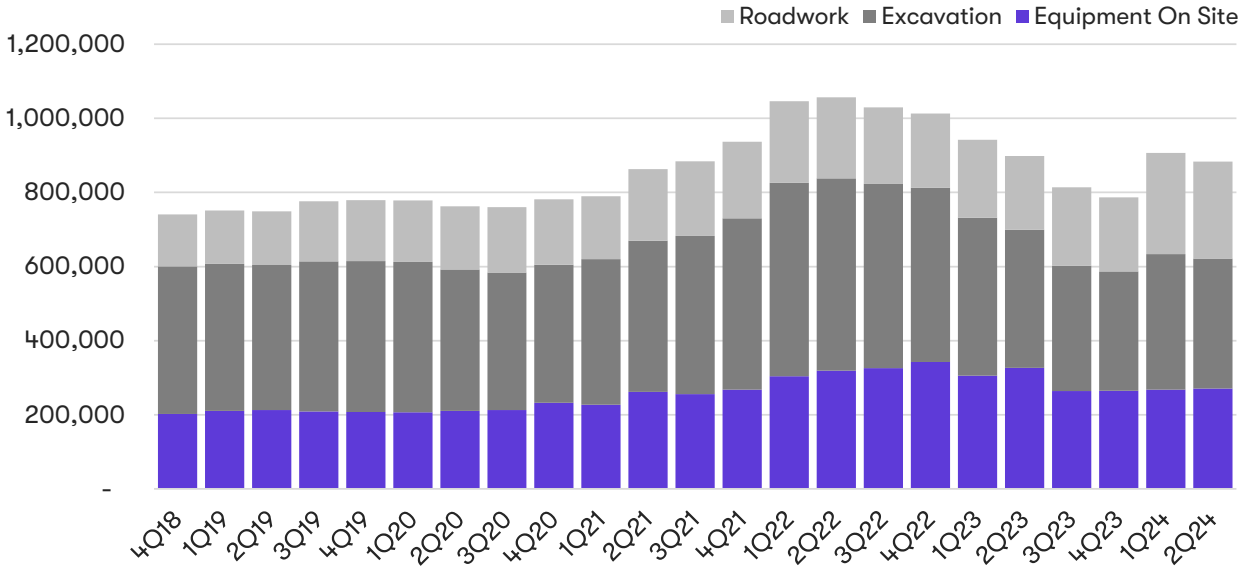
Source: Zonda

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 2Q24 decreased 1.7% year-over-year and were down 2.6% from last quarter. Importantly, total upcoming lots are up 12.8% from the recent trough and 17.8% higher than the same quarter in 2019.

Among total upcoming lots, roadwork increased the most, up 32% 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. Lots in the excavation stage slipped 6.0% year-over-year, while those with equipment on site are down 17.0%.

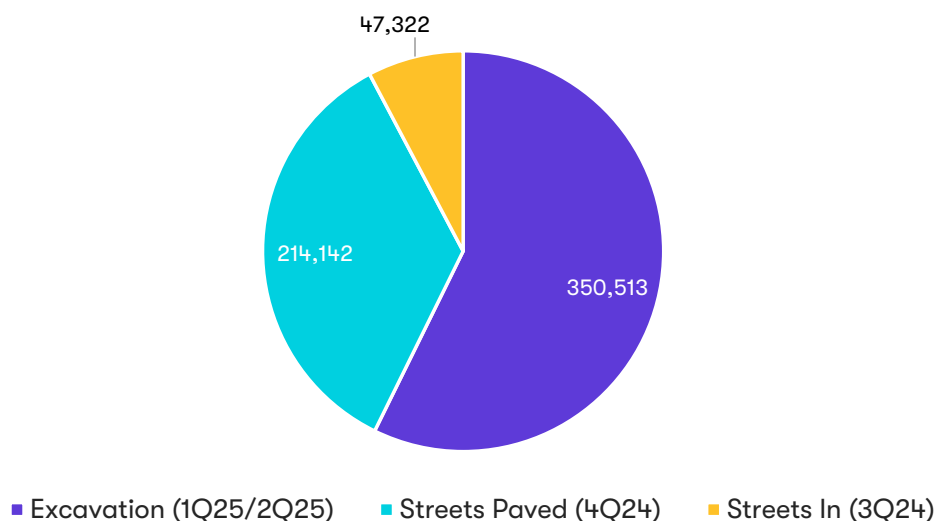
Total Upcoming Lots - United States



Source: Zonda

The largest share of total upcoming lots were in the excavation stage in 2Q24, making up 57% nationally. These lots have an expected delivery between 1Q25 and 2Q25 (the range represents different timeframes from local entitlement processes). Note, not all of the lots in excavation will match Zonda’s estimated timeline.

Expected Vacant Developed Lot Delivery Based on Stage of Construction



Source: Zonda

“Tracking upcoming lots and listening to builder feedback can help guide us on future housing starts,” said Wolf. “Roughly 70% of homebuilders plan to increase housing production this year and 80% are planning for even more starts in 2025. This confidence is largely driven by two things – the hope of lower interest rates and the anticipation of more lot supply.”

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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