

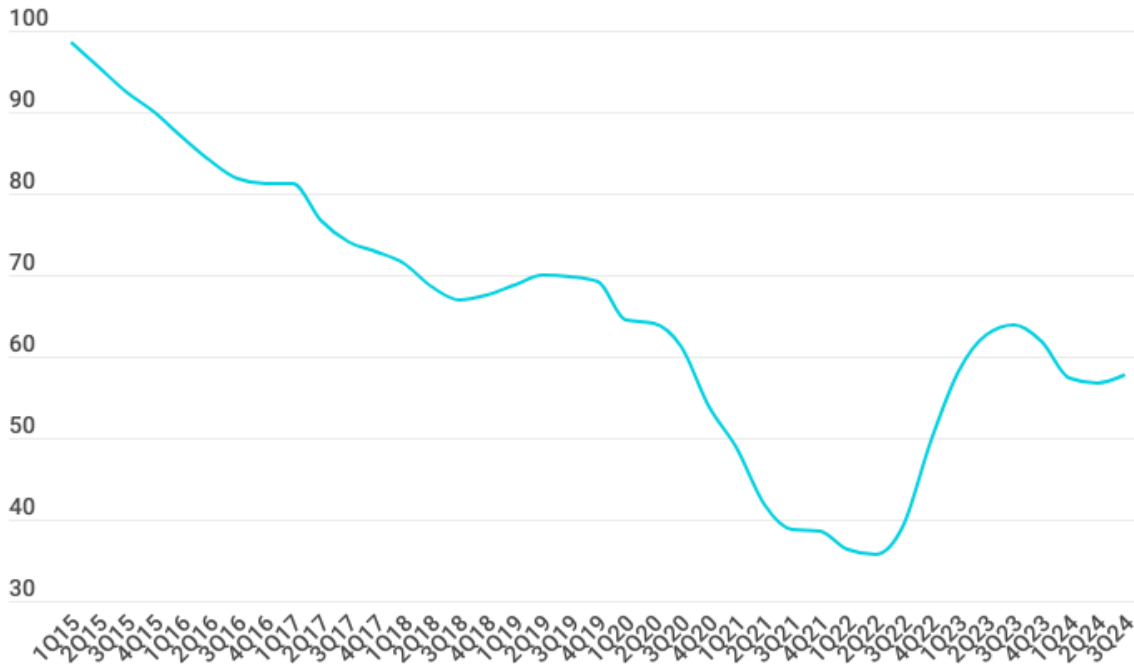
LAND AND LOT SUPPLY SUPPORTS MORE HOMEBUILDING

— Upcoming Lots in the Roadwork Phase Reach the Highest Level in Six+ Years —

NEWPORT BEACH, Calif., November 14, 2024 —Today, the experts at Zonda, the housing industry's foremost advisors, released the New Home Lot Supply Index (LSI) for 3Q24. The New Home LSI, backed by data from Zonda, showed lot supply tightened year-over-year across the United States but loosened 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 57.7 for 3Q24, representing a 9.7% decrease from 3Q23. The 3Q24 data shows a “significantly undersupplied” market nationally. The market has been “significantly undersupplied” since 2017.
- On a quarter-over-quarter basis, supply increased by 1.8% from 2Q24.
- 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.

New Home Lot Supply Index



Source: Zonda



“While the LSI is still significantly undersupplied nationally, there are green shoots in our third quarter data,” said Ali Wolf, chief economist at Zonda. “The national LSI rose 1.8% quarter-over-quarter and loosened in 18 of our select 30 markets compared to 2Q24. In addition, total upcoming lots rose 8.2% from last quarter. Lot supply is the prerequisite for homebuilding.”

Lot supply tightened year-over-year in most major metropolitan areas in 3Q24, with 21 of 30 decreasing, the same as last quarter.

- Lot inventory was still categorized as “significantly undersupplied” in most markets in 3Q24. The tightening trend year-over-year reflects the increase in construction activity over the last few quarters.

- The LSI tightened quarter-over-quarter in 12 of Zonda's select 30 markets, a decrease from 14 in 2Q24.
- Miami tightened the most compared to the same time last year, falling 58% to 11.8. Miami is now the tightest lot market in the country, followed closely by San Diego. Both Miami and San Diego have the lowest LSI value on record dating back to 2015. Los Angeles 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 Charlotte, Orlando, and Jacksonville. In these markets, 3Q starts were mixed compared to this time last year- up 5% in Charlotte, and down 2% in both Orlando and Jacksonville.
- Four markets are considered slightly undersupplied – Atlanta, Austin, San Antonio, and Dallas. 3Q housing starts increased year-over-year in three of these markets (Austin was the outlier), and VDLs increased in just two (Austin and Dallas).

New Home Lot Supply Index By Market

Slightly Undersupplied Markets

	Index Value (YOY Change)
Atlanta	82.2 (19%)
Austin	82.2 (-15%)
San Antonio	82 (-16%)
Dallas	79.9 (3%)

Significantly Undersupplied Markets

	Index Value (YOY Change)
Boise	74.3 (-20%)
Minneapolis	72.8 (-17%)
Salt Lake City	69 (-13%)
Indianapolis	67.3 (10%)
Denver	66.8 (-28%)
Phoenix	64.4 (-25%)
Houston	63.9 (-8%)
Portland	63.9 (-22%)
Charlotte	60.9 (30%)
Nashville	58.8 (12%)
United States	57.7 (-10%)
Sacramento	53.5 (-10%)
Raleigh	51.9 (22%)
Jacksonville	47.2 (22%)
Orlando	44 (27%)
New York	42.7 (-24%)
Las Vegas	40.8 (-35%)
Riverside/San Bernardino	40.3 (-13%)
Philadelphia	38.7 (-25%)
San Francisco	38.2 (-11%)
Seattle	33.7 (-26%)
Washington, DC	32.7 (-28%)
Tampa	30.9 (-24%)
Baltimore	30.6 (-38%)
Los Angeles/OC	22 (7%)
San Diego	12.7 (-54%)
Miami	11.8 (-58%)

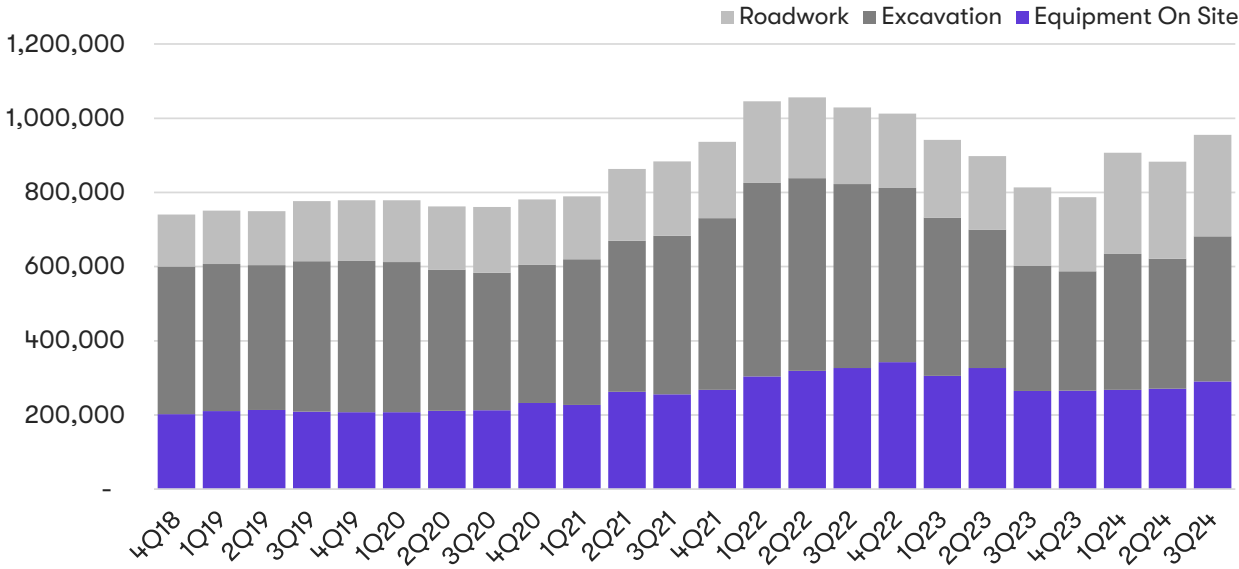
Source: Zonda

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 3Q24 increased 17.4% year-over-year and were up 8.2% from last quarter. Importantly, total upcoming lots are up 21.4% from the recent trough at the end of 2023, and 23.0% higher than the same quarter in 2019.

Among total upcoming lots, roadwork increased the most, up 29.3% 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 are up 15.9% year-over-year, while those with equipment on site are up 9.7%.

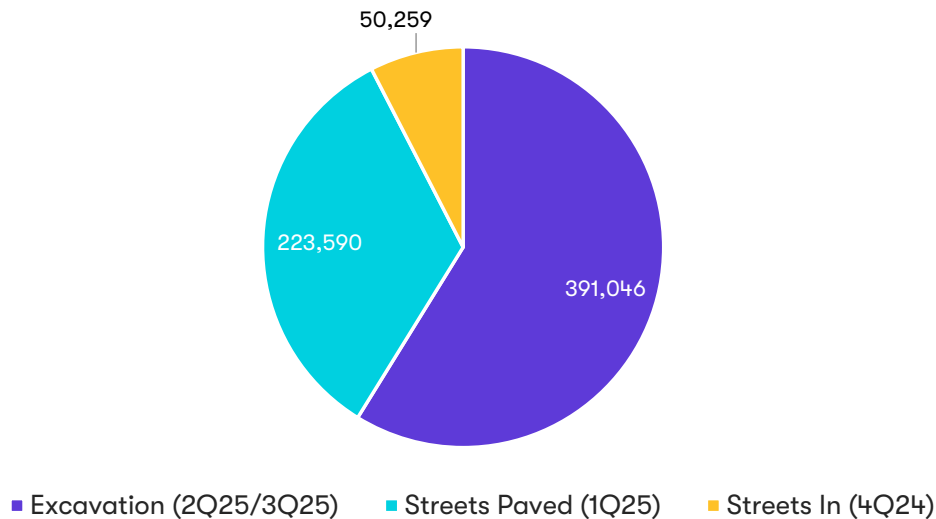
Total Upcoming Lots - United States



Source: Zonda

The largest share of total upcoming lots were in the excavation stage in 3Q24, making up 59% nationally. These lots have an expected delivery between 2Q25 and 3Q25 (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

“Total community count across the country has declined 21.3% compared to 2019, and builders and developers are working to improve active project supply in many markets,” said Wolf. “Larger builders feel good they can increase community count next year given their land positions, and our total upcoming lot data supports additional homebuilding activity. Zonda anticipates modest growth in single-family housing starts for 2025.”

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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