



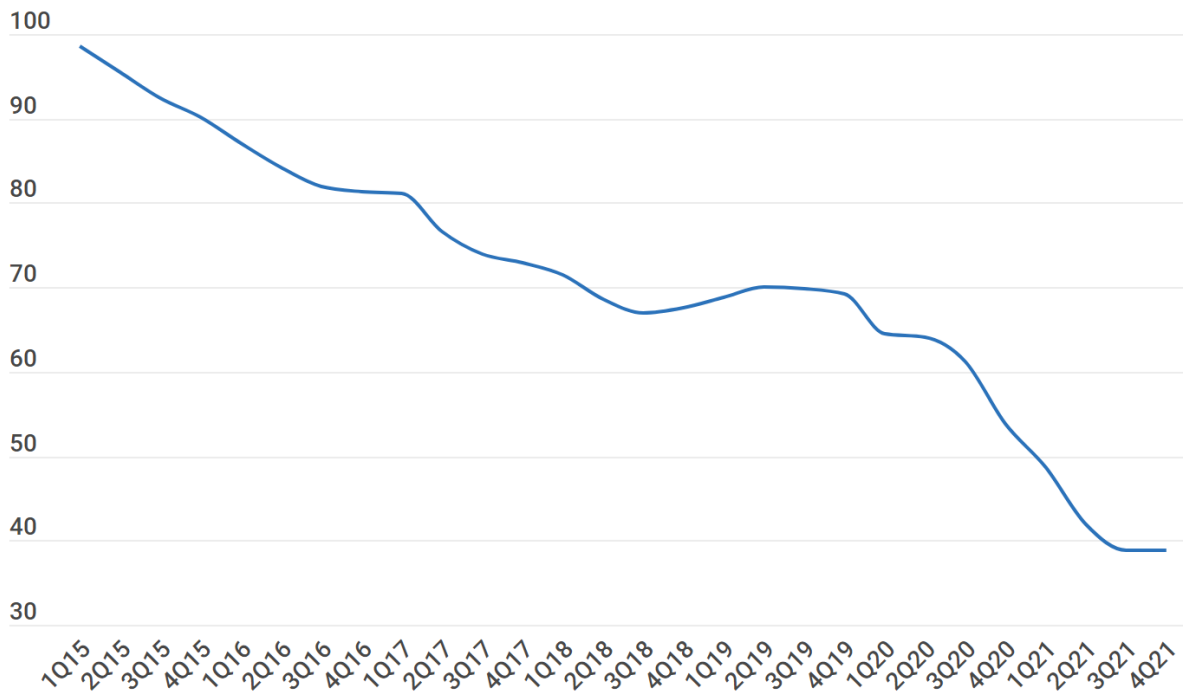
New Home Lot Inventory Flattens In 4Q21, Zonda Reports

—Upcoming lot inventory suggests more homebuilding coming throughout 2022—

Newport Beach, Calif., February 16, 2022—Today, the experts at [Zonda](#), the housing industry's foremost advisors, released the New Home Lot Supply Index (LSI) for 4Q2021. The New Home LSI, backed by data from Zonda, shows lot supply tightened 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 those lots are absorbed.

- The New Home LSI came in at 38.9 for 4Q21, representing a 27.8% decrease from 4Q20.
- On a quarter-over-quarter basis, supply increased by 0.1%, essentially flat from 3Q21.
- Nationally, the fourth quarter data reflects a significantly undersupplied market.

New Home Lot Supply Index



Source: Zonda; Data as of 4Q21

“Constrained lot inventory remains part of the challenge when trying to get more homes built,” said Ali Wolf, chief economist at Zonda. “The New Home Lot Supply Index captures today’s shortage but look for more lots throughout 2022. Total upcoming activity, a gauge of lots expected to become vacant developed over the next year, is up 26% compared to last year.”

Lot supply trended below 4Q20 levels in almost every top market across the country.

- Lot inventory in all the top markets remains “significantly undersupplied” but lots going through development suggest vacant developed lots should rise over the next 12 months.
- The markets where land supply tightened the most on a year-over-year basis in 4Q21 were Los Angeles/OC, Miami, and Riverside/San Bernardino. Builders in these markets have had to looking further out in the metro to find the lots to meet demand and, as a

result, areas that formerly were flush with more affordable supply are now extremely competitive for developed lots.

- Los Angeles/OC, Miami, and Nashville currently have the tightest lot supply among major markets.
- The LSI grew quarter-over-quarter in 12 of Zonda's select 30 markets. On a quarter-over-quarter basis, San Diego and Boise grew the most, up 27% and 27%, respectively.

New Home Lot Supply Index By Market

Significantly Undersupplied Markets	Index Value (YOY Change)
Atlanta	49.8 (-24%)
New York	47.9 (-7%)
Denver	47.1 (-23%)
San Antonio	46.7 (-22%)
Dallas	45.1 (-28%)
Boise	43 (-10%)
Minneapolis	42.3 (-32%)
Houston	40.9 (-21%)
Austin	39.3 (-29%)
United States	38.9 (-28%)
Sacramento	38.7 (-37%)
Phoenix	36.6 (-36%)
Philadelphia	35.9 (-7%)
Salt Lake City	35.3 (-29%)
San Francisco	34.9 (-27%)
Orlando	32.7 (-24%)
Portland	32.3 (-36%)
Seattle	31.9 (-26%)
Riverside/San Bernardino	31.7 (-43%)
San Diego	31.4 (37%)
Indianapolis	30.3 (-38%)
Baltimore	29.4 (-1%)
Raleigh	29.1 (-33%)
Tampa	28.2 (-39%)
Las Vegas	28 (-35%)
Jacksonville	27.5 (-42%)
Washington, DC	27 (-25%)
Charlotte	26.1 (-34%)
Nashville	25.4 (-30%)
Miami	23.7 (-45%)
Los Angeles/OC	16.8 (-59%)

Source: Zonda; Data as of 4Q21

“The efforts to develop lots are being hamstrung by the same factors influencing homebuilding: a lack of workers, the supply chain challenges, and governmental delays,” says Wolf. “Over time, the time and money invested in the residential real estate market will result in a lot more homes coming to the market. What the industry needs to track is where prices and interest rates will be by then and what it means for consumer demand.”

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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