



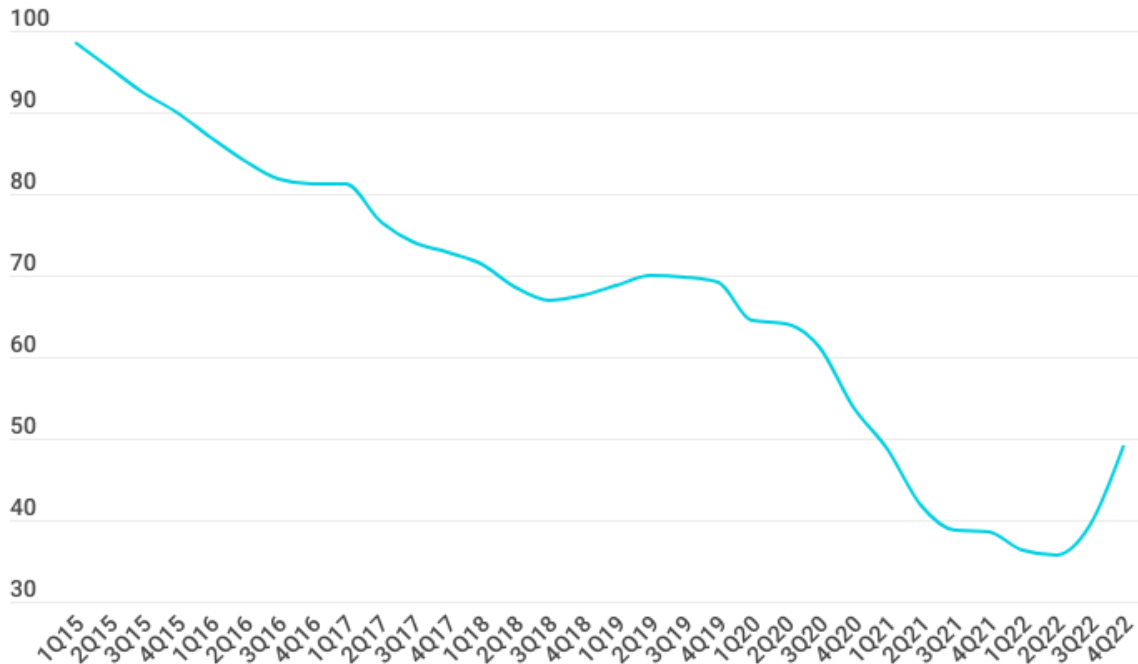
## **NEW HOME LOT INVENTORY JUMPS IN 4Q22, ZONDA REPORTS**

*—Lot supply remains historically low but now at highest level since 4Q20—*

**NEWPORT BEACH, Calif., February 2, 2023**—Today, the experts at [Zonda](#), the housing industry's foremost advisors, released the New Home Lot Supply Index (LSI) for 4Q22. 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 49.1 for 4Q22, representing a 27.5% increase from 4Q21. The LSI is now back to late-2020/early-2021 levels.
- On a quarter-over-quarter basis, supply increased by 24.9%, up from 3Q22.
- Despite the increase, the 4Q22 data still reflects a significantly undersupplied market nationally.

## New Home Lot Supply Index



Source: Zonda; Data as of 4Q22

“The increase in the index captures some of the healing going on in the residential housing market,” said Ali Wolf, chief economist at Zonda. “With both sales and starts lower than the frenzied pace seen over the past few years, there are early signs that availability for lots, materials, and labor are improving. More importantly, costs in these three categories are flattening in some cases and coming down in others in response to the slower market.”

Lot supply loosened in most major metropolitan areas in 4Q22, with 26 of 30 increasing year-over-year.

- Lot inventory in all but one top market remains “significantly undersupplied” but lots going through capital improvements indicate vacant developed lots should rise even further over the next 6-18 months.
- The markets where land supply loosened the most on a year-over-year basis were in the West, led by Los Angeles/OC, Boise, and Salt Lake City. The LSI in Boise has risen enough that the market is now classified as “slightly undersupplied” compared to “significantly oversupplied.” Boise is the first and only metro of our select markets to fall in that category this cycle.
- San Diego, Miami, and Nashville currently have the tightest lot supply among major markets. These three markets have severe geographic and topographical limitations on land and lot development.
- The LSI grew quarter-over-quarter in 27 of Zonda’s select 30 markets, an increase from last quarter (24 in 3Q22). On a quarter-over-quarter basis, San Antonio and Las Vegas loosened the most, up 33% and 32%, respectively.

## New Home Lot Supply Index By Market

### Slightly Undersupplied Markets

|       | Index Value (YOY Change) |
|-------|--------------------------|
| Boise | 82.7 (102%)              |

### Significantly Undersupplied Markets

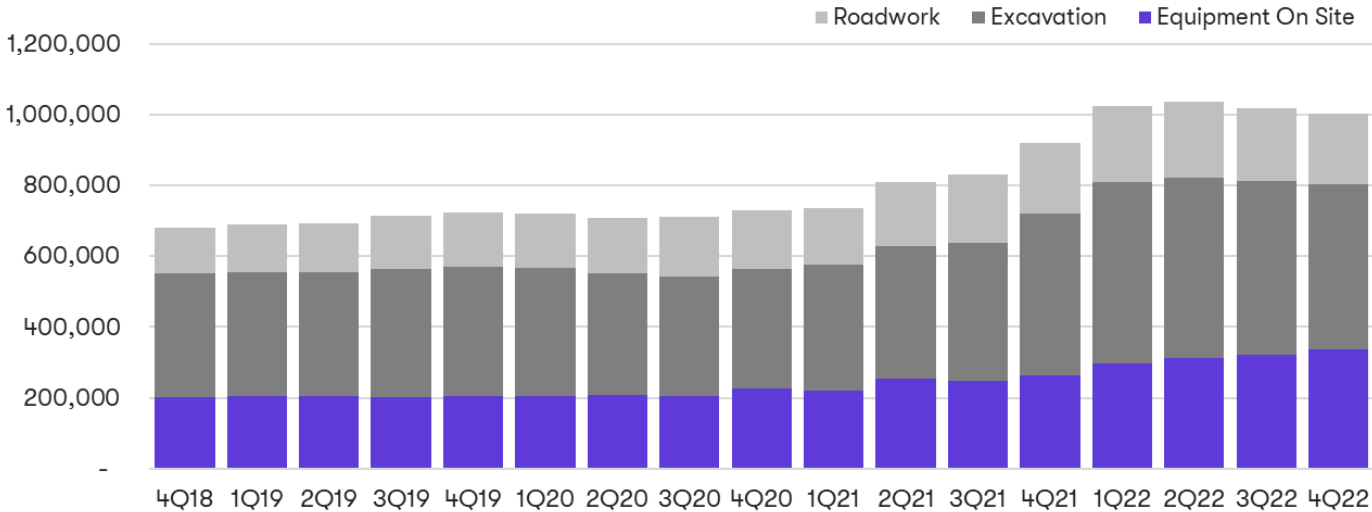
|                          | Index Value (YOY Change) |
|--------------------------|--------------------------|
| San Antonio              | 66.2 (43%)               |
| Minneapolis              | 65.9 (56%)               |
| Atlanta                  | 63.2 (29%)               |
| Austin                   | 62.4 (64%)               |
| Salt Lake City           | 62.3 (88%)               |
| Houston                  | 57.6 (45%)               |
| Denver                   | 56.6 (22%)               |
| Dallas                   | 54.8 (24%)               |
| Portland                 | 49.9 (48%)               |
| United States            | 49.1 (28%)               |
| Philadelphia             | 48 (36%)                 |
| Sacramento               | 47.8 (22%)               |
| Phoenix                  | 46.7 (27%)               |
| New York                 | 46 (-20%)                |
| Indianapolis             | 45.6 (58%)               |
| Riverside/San Bernardino | 43.7 (27%)               |
| Seattle                  | 40.3 (11%)               |
| San Francisco            | 39.2 (1%)                |
| Las Vegas                | 38.7 (37%)               |
| Baltimore                | 38.7 (27%)               |
| Los Angeles/OC           | 38.6 (132%)              |
| Washington, DC           | 37.7 (44%)               |
| Raleigh                  | 37.5 (17%)               |
| Charlotte                | 34.9 (29%)               |
| Tampa                    | 34.6 (28%)               |
| Orlando                  | 32.1 (-4%)               |
| Jacksonville             | 28.8 (10%)               |
| Nashville                | 27.2 (7%)                |
| Miami                    | 22.3 (-4%)               |
| San Diego                | 20.7 (-39%)              |

Source: Zonda; Data as of 4Q22

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.

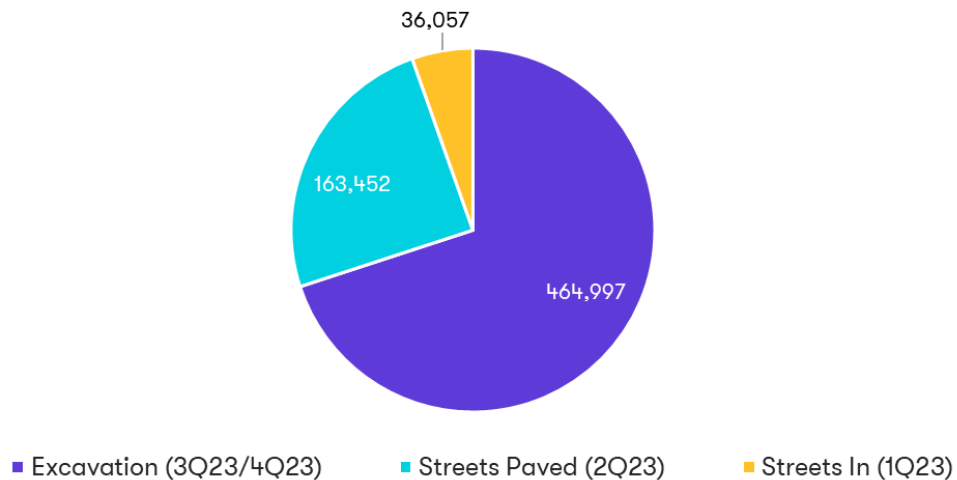
Total upcoming lots for 4Q22 increased 9% year-over-year but fell 1% from last quarter. The largest annual gains among the total upcoming lots came in the equipment on site stage, which grew 28% from the same period last year. The largest share of total upcoming lots are in the excavation stage, making up 70% nationally and have an expected delivery between 3Q23 and 4Q23 (the range represents different timeframes from local entitlement processes). Note, not all 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 spring selling season holds the keys to how the market progresses from here,” said Wolf. “An early read shows consumer activity is picking up again and if that trend continues, we could see stronger than expected starts this year. As it stands, though, the majority of homebuilders expect that housing starts will finish 2023 below 2022 levels.”

### 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](http://zondahome.com).

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