

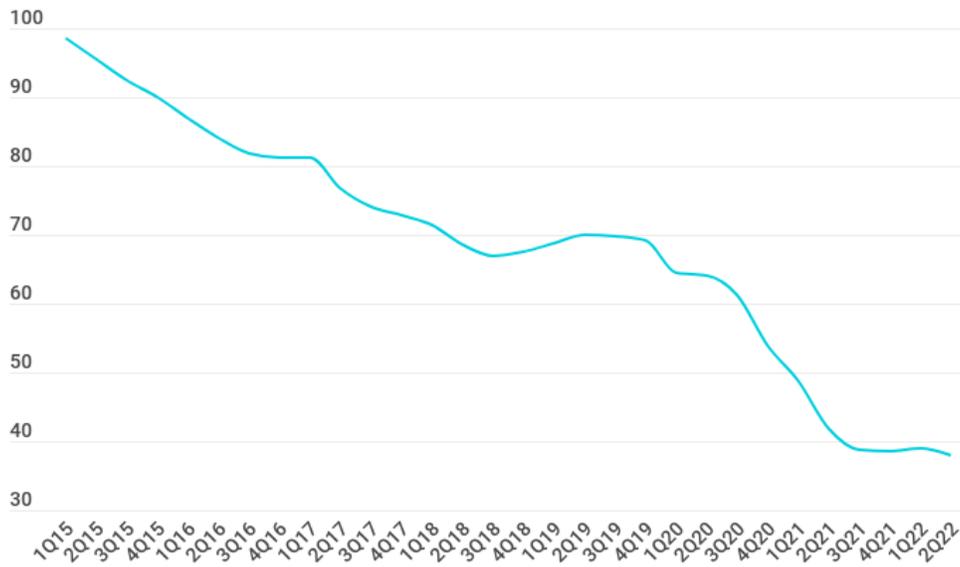
New Home Lot Inventory Remains Tight in 2Q22, Zonda Reports

—*Current vacant developed lot inventory is expected to improve heading into 2023*—

NEWPORT BEACH, Calif., August 11, 2022—Today the experts at Zonda, the housing industry’s foremost advisors, released the New Home Lot Supply Index (LSI) for 2Q22. 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 at which those lots are absorbed.

- The New Home LSI came in at 38.0 for 2Q22, representing a 9.3% decline from 2Q21.
- On a quarter-over-quarter basis, supply decreased by 2.2%, down slightly from 1Q22.
- Nationally, the 2Q22 data reflects a significantly undersupplied market.

New Home Lot Supply Index



Source: Zonda; Data as of 2Q22

“The constrained availability of lots over the past couple of years, along with the labor and material shortages, put a lid on overall homebuilding activity,” said Ali Wolf, chief economist at Zonda. “While vacant developed lot inventory tightened slightly in the second quarter, the key number to track going forward is lots under development, which are up 28% compared to last year.”

Lot supply continued to tighten in most major metropolitan areas in 2Q22.

- Lot inventory in almost all top markets remains “significantly undersupplied” but lots going through capital improvements indicate vacant developed lots should rise over the next 6-18 months.
- Two out of three markets where land supply tightened the most on a year-over-year basis were in Florida. Jacksonville, Miami, and Denver led the year-over-year declines.
- Jacksonville, San Diego, and Miami currently have the tightest lot supply among major markets.
- The LSI grew quarter-over-quarter in ten of Zonda’s select 30 markets, a slight decline from last quarter (12 in 1Q22). On a quarter-over-quarter basis, Los Angeles/OC and Boise grew the most, up 17% and 15%, respectively.

New Home Lot Supply Index By Market

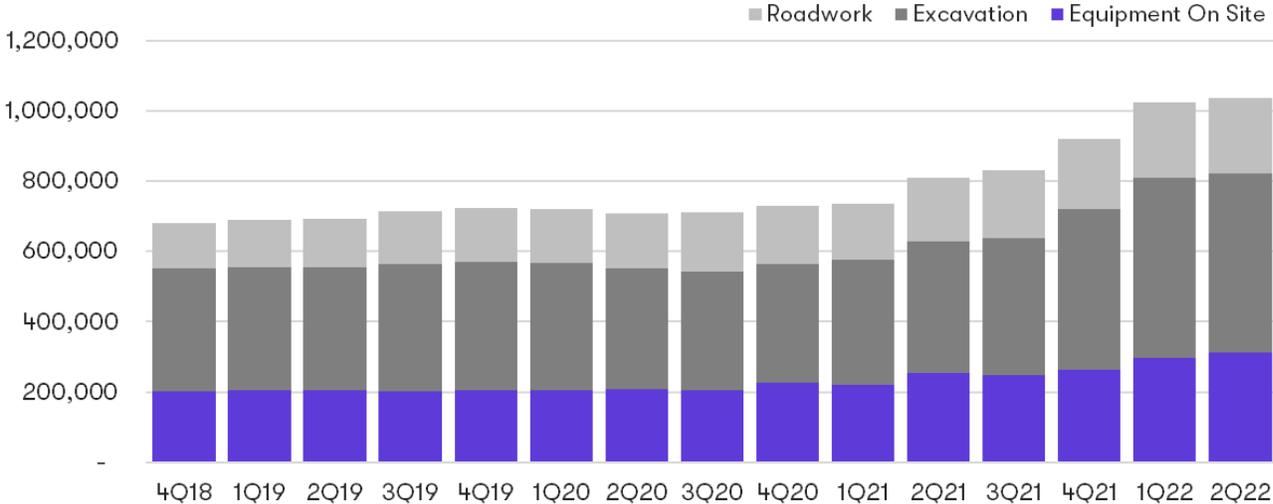
Significantly Undersupplied Markets	Index Value (YOY Change)
Atlanta	50.8 (0%)
Boise	50.6 (57%)
New York	47.2 (-23%)
Denver	44.7 (-24%)
Dallas	44.6 (-7%)
Minneapolis	44.4 (14%)
Austin	42.4 (3%)
San Antonio	41.7 (-22%)
Portland	39.7 (-5%)
United States	38 (-9%)
Houston	36.6 (-6%)
Salt Lake City	36.3 (17%)
Phoenix	36.2 (-15%)
Philadelphia	35.6 (10%)
Riverside/San Bernardino	35.4 (2%)
Sacramento	34.9 (-16%)
San Francisco	33.2 (-15%)
Seattle	32.5 (-16%)
Raleigh	30.6 (-8%)
Indianapolis	29.9 (-22%)
Orlando	29.4 (-23%)
Charlotte	27 (-9%)
Las Vegas	26.6 (-15%)
Washington, DC	26.5 (1%)
Tampa	26.2 (-21%)
Nashville	26.2 (-5%)
Baltimore	23.9 (-2%)
Los Angeles/OC	19.9 (-5%)
Miami	18.9 (-40%)
San Diego	18.7 (-19%)
Jacksonville	17.9 (-53%)

Source: Zonda; Data as of 2Q22

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 indicates delivery within the next 12 months.

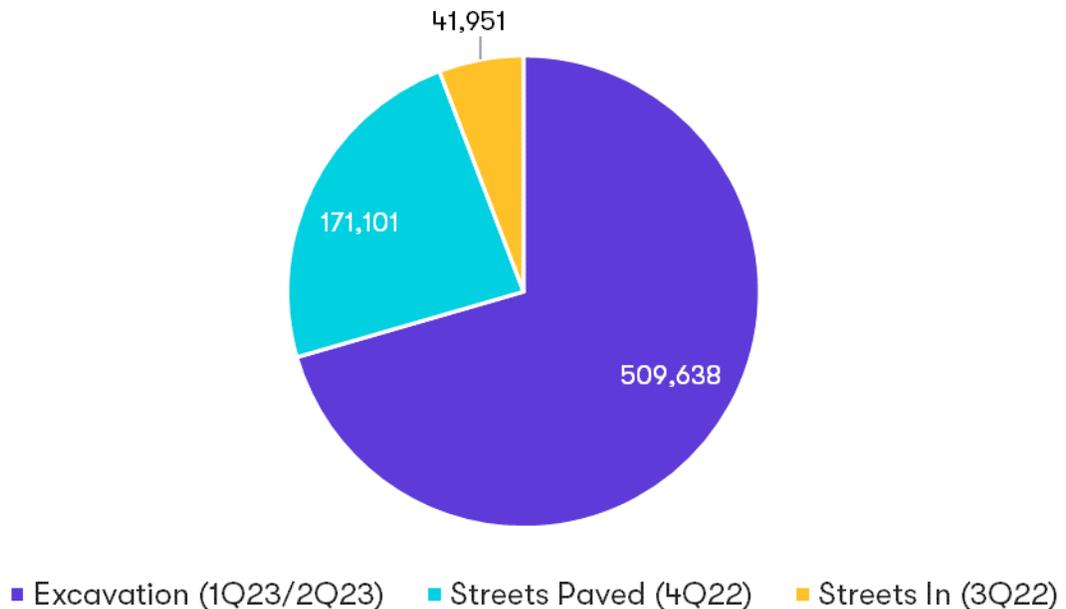
Total upcoming lots for 2Q22 increased 28% year-over-year and grew 1.2% from last quarter. The largest annual gains among the total upcoming lots came in the excavation stage, which grew 36.5% from the same period last year. Lots in excavation represent 71% of the total upcoming lots. These lots are estimated to become vacant developed lots between 1Q23 and 2Q23. 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 housing market was moving a mile a minute heading into 2022,” said Wolf. “What we’ve seen is that consumers have responded to higher home prices and mortgage rates by slowing demand. Housing starts are tied to housing demand. 87% of the builders surveyed by Zonda anticipate slowing new construction in response to the shifting market.”

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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