

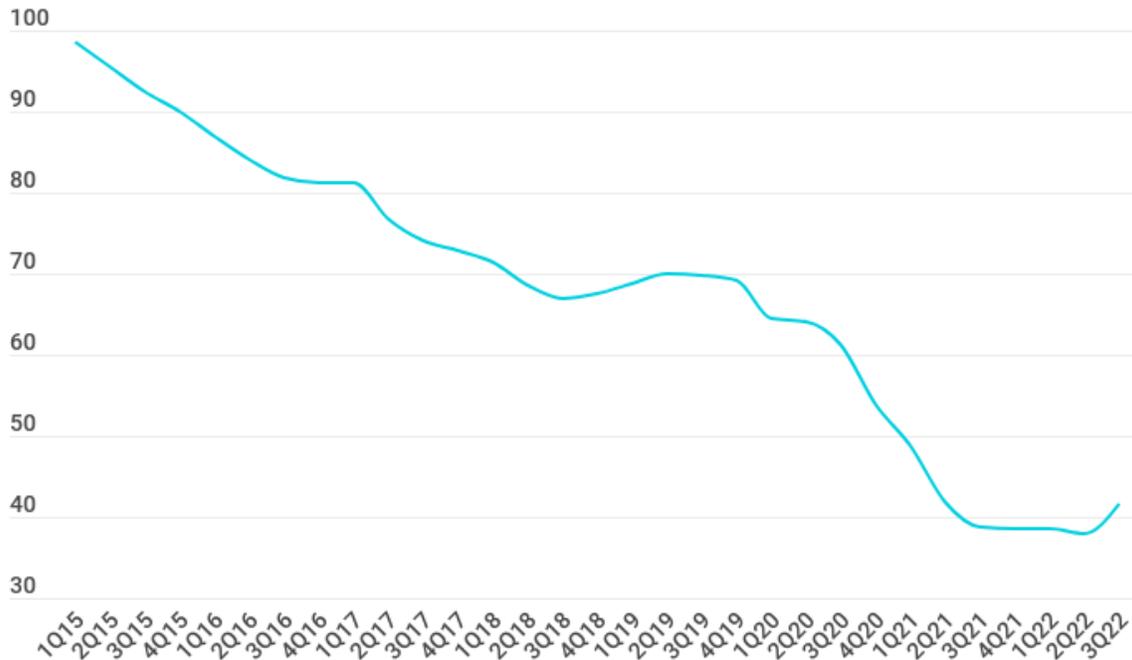
New Home Lot Inventory Increases in 3Q22, Zonda Reports

Lot Supply Remains Historically Low but Now at Highest Level Since 2Q21

Newport Beach, Calif., November 3, 2022—Today, the experts at [Zonda](#), the housing industry's foremost advisors, released the New Home Lot Supply Index (LSI) for 3Q22. 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 41.7 for 3Q22, representing a 7.4% increase from 3Q21.
- On a quarter-over-quarter basis, supply increased by 9.7%, up from 2Q22.
- Despite the increase, the 3Q22 data reflects a significantly undersupplied market nationally.

New Home Lot Supply Index



Source: Zonda; Data as of 3Q22

“One thing that has plagued the housing market over the past couple years was that demand was running 100 miles a minute and every part of the industry was struggling to keep up,” said Ali Wolf, chief economist at Zonda. “While the land market remains significantly undersupplied, the uptick in the third quarter captures that the lower levels of housing demand are finally allowing the industry to catch up a bit.”

Lot supply loosened in most major metropolitan areas in 3Q22, with 19 of 30 increasing year-over-year.

- Lot inventory in all top markets remains “significantly undersupplied” but lots going through capital improvements indicate vacant developed lots should rise 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 Boise, Los Angeles/OC, and Salt Lake City. Boise has been specifically volatile, with lot supply nearly doubling compared to 3Q21.
- Miami, San Diego, and Jacksonville currently have the tightest lot supply among major markets.
- The LSI grew quarter-over-quarter in 24 of Zonda’s select 30 markets, an increase from last quarter (10 in 2Q22). On a quarter-over-quarter basis, Los Angeles/OC and Boise grew the most, up 46% and 30%, respectively.

New Home Lot Supply Index By Market

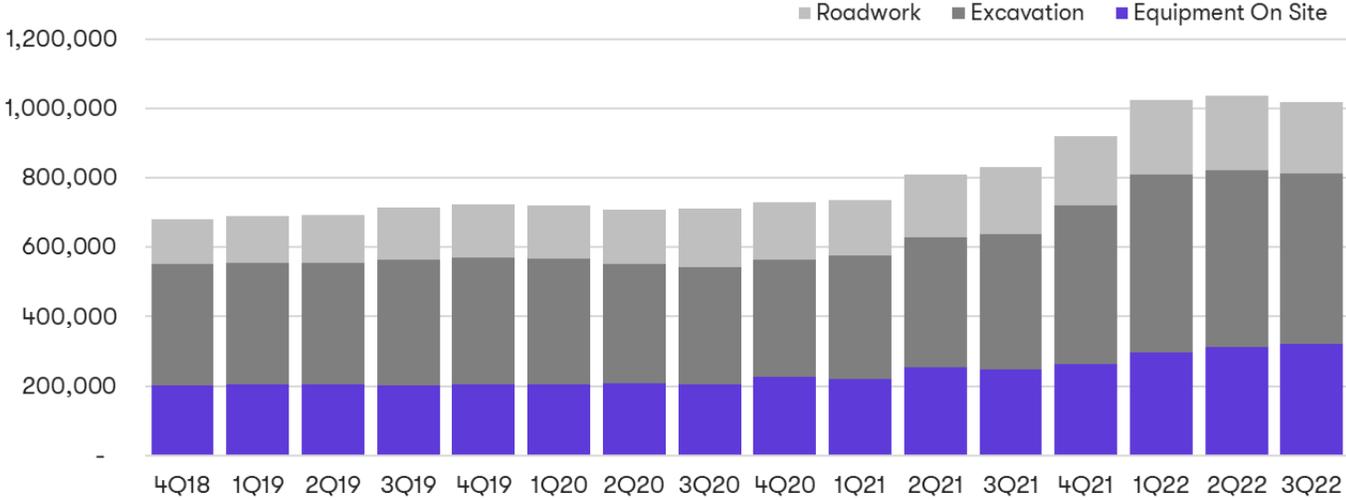
Significantly Undersupplied Markets	Index Value (YOY Change)
Boise	64.8 (97%)
Atlanta	53 (13%)
Minneapolis	52.9 (35%)
Dallas	50.9 (27%)
New York	49.7 (-26%)
San Antonio	49.7 (-5%)
Salt Lake City	48.9 (50%)
Austin	47.2 (21%)
Denver	45.6 (-10%)
Houston	43.3 (22%)
United States	41.7 (7%)
San Francisco	41.1 (8%)
Portland	40.9 (18%)
Sacramento	40.3 (8%)
Riverside/San Bernardino	36.1 (10%)
Phoenix	35.8 (-2%)
Indianapolis	35 (7%)
Philadelphia	33.9 (2%)
Seattle	33.1 (-9%)
Raleigh	31.8 (9%)
Baltimore	31.6 (19%)
Tampa	31 (5%)
Washington, DC	30.1 (13%)
Los Angeles/OC	28.9 (74%)
Nashville	28.1 (4%)
Las Vegas	27.9 (-6%)
Charlotte	27.9 (-1%)
Orlando	26.8 (-23%)
Jacksonville	22.6 (-35%)
San Diego	19.7 (-19%)
Miami	18.3 (-40%)

Source: Zonda; Data as of 3Q22

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.

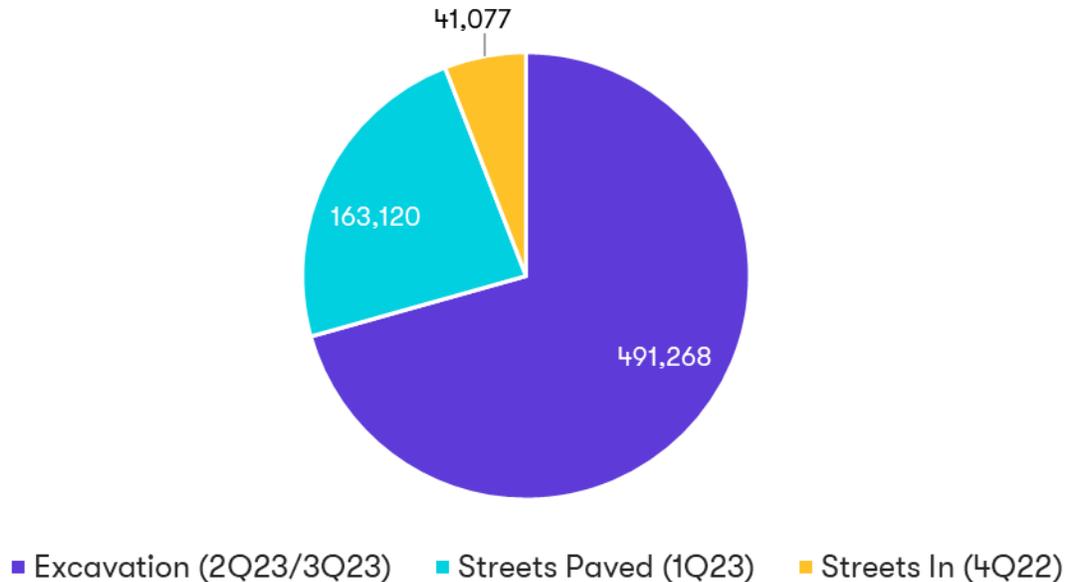
Total upcoming lots for 3Q22 increased 23% year-over-year but fell 2% from last quarter. The largest annual gains among the total upcoming lots came in the equipment on-site stage, which grew 30% from the same period last year. The largest share of total upcoming lots is in the excavation stage, making up 71% nationally and has an expected delivery between 2Q23 and 3Q23 (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

“It is encouraging to see growth in vacant developed lots and total upcoming lots after hitting historic lows earlier this year,” Wolf said. “The key thing we are tracking from here is the path over the next few quarters following the slower housing market and resulting reduction in overall housing starts.”

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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