



JULY 2023 SALES REPORT

For Immediate Release – August 8, 2023

July New Home Sales Reflect Continued High Demand, North State BIA Reports

BIA member homebuilders reported selling 498 new homes in the greater Sacramento region in July. That was 22% higher than the average July and a whopping 213% higher than July 2022, the North State Building Industry Association reported today.

Michael Strech, the BIA's President and CEO, said the above-average production is due to the continued strong demand for new homes in the region – especially because there are significantly fewer existing homes on the market than normal.

"In recent months, new homes comprise roughly one-third of all home sales in the region, which is two- to three times higher than normal," Strech said. "But besides the lack of existing inventory – due to the reluctance of homeowners who enjoy mortgages with interest rates of 3% or less to sell their homes – the strong demand is also the result of the underproduction of housing in the region for the past 15 years.

"Quite simply, Sacramento is a desirable place to live, and our industry hasn't been able to produce the number of homes and apartments needed to accommodate our growth. Until we see a significant reduction in government fees of \$100,000 per home, streamlined permits, more areas made available for development and reforms of laws that can tie up proposed new-home communities for 10 or 20 years, we're not going to be able to provide the housing our area needs."

Strech said that was backed by economists at Fannie Mae who told Market Watch late last month that the solution to the lack of inventory and the resulting higher prices is to build more housing.

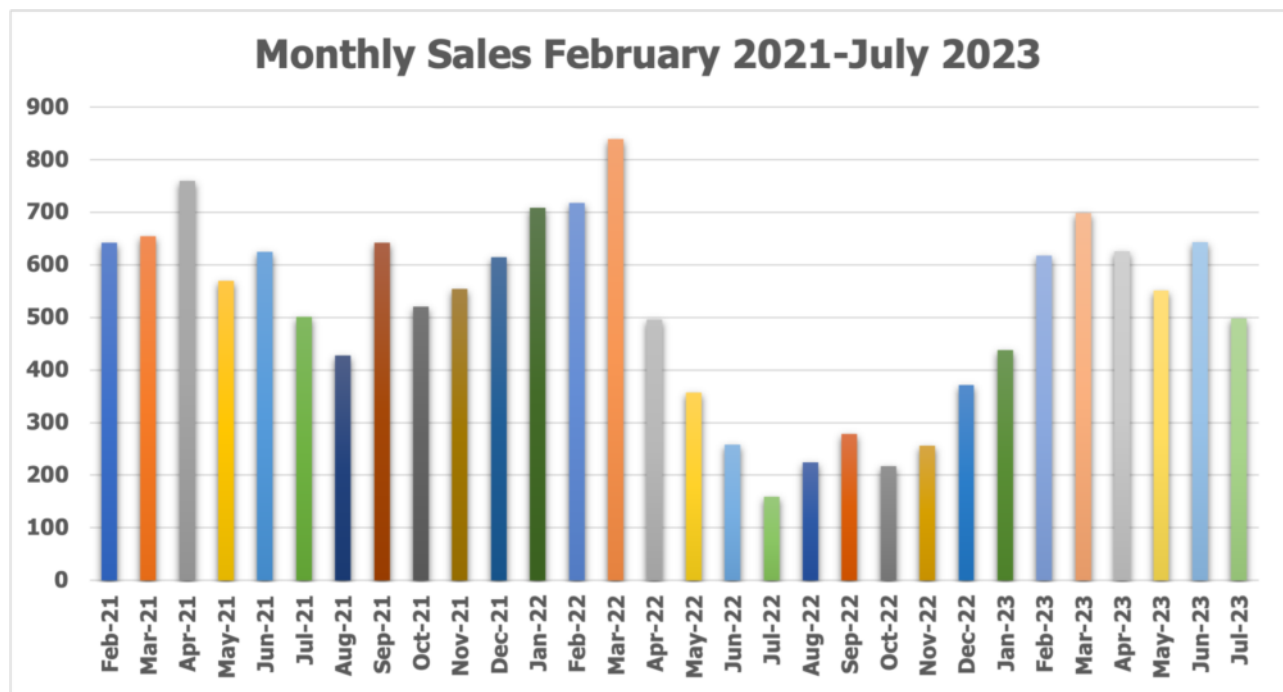
The economists acknowledged that doing so is particularly challenging in California, where lengthy development approvals, the threat of NIMBY litigation and sharp limits on where new homes can be built will make it even harder to ramp up production to where it needs to be.

The average number of new homes sold in July is 409, and last year's total was just 159 sales – the bottom of the steep decline in sales driven by buyers being shocked by higher mortgage rates resulting from the Federal Reserve's efforts to beat back high inflation. Sales were also down from the 643 reported in June, but that was a five-week month. Sales on a weekly basis were basically even each month.

New home communities in Sacramento County led the way with 226 sales, with Placer County developments reporting 176. As usual, Roseville saw the most sales of any area city with 125, with Sacramento (excluding Natomas) reporting 62. Including Natomas, there were 82 homes sold in the city and adjacent unincorporated areas. (See graphics below for more details.)

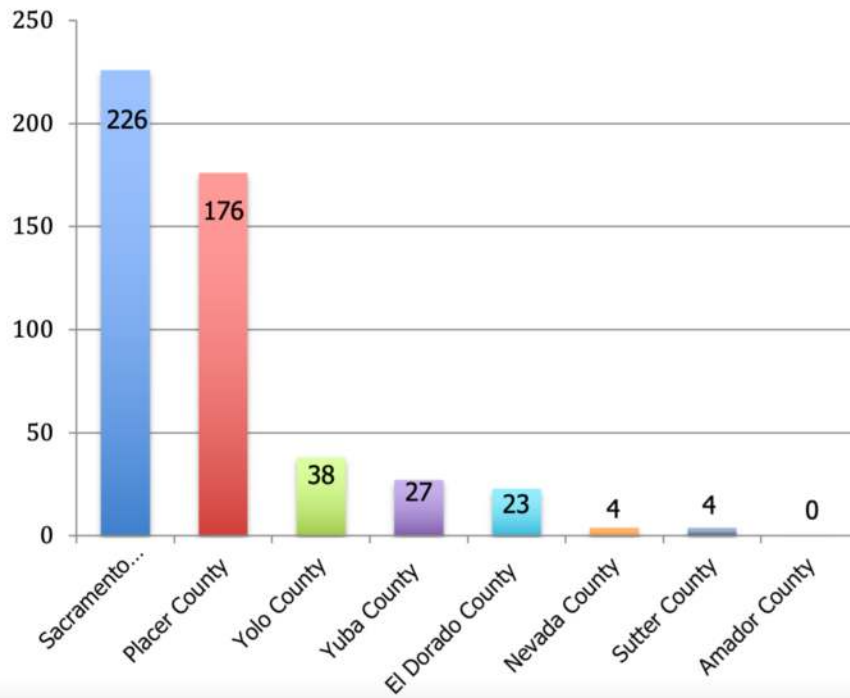
The BIA's sales figures cover 191 active new home communities in Sacramento, Placer, El Dorado, Yolo, Yuba, Sutter, Amador and Nevada counties.

July New Home Sales at a Glance

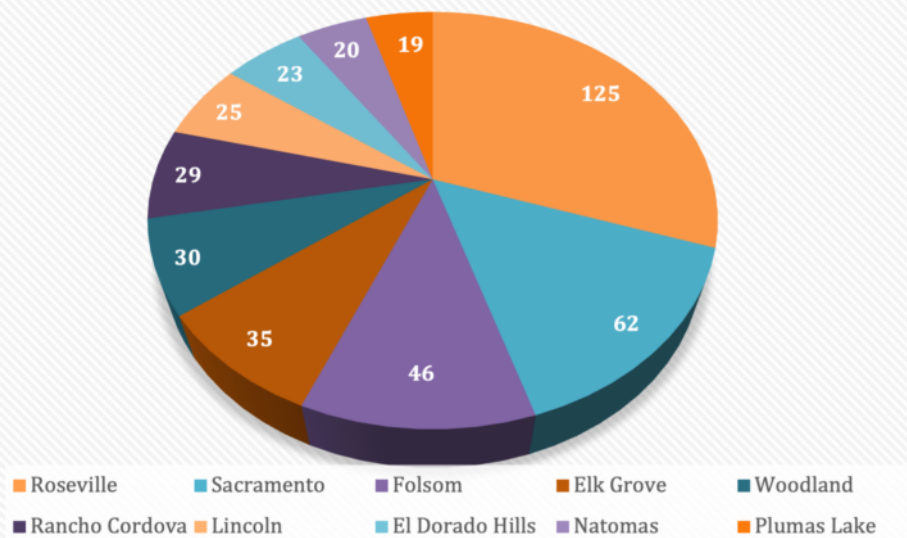


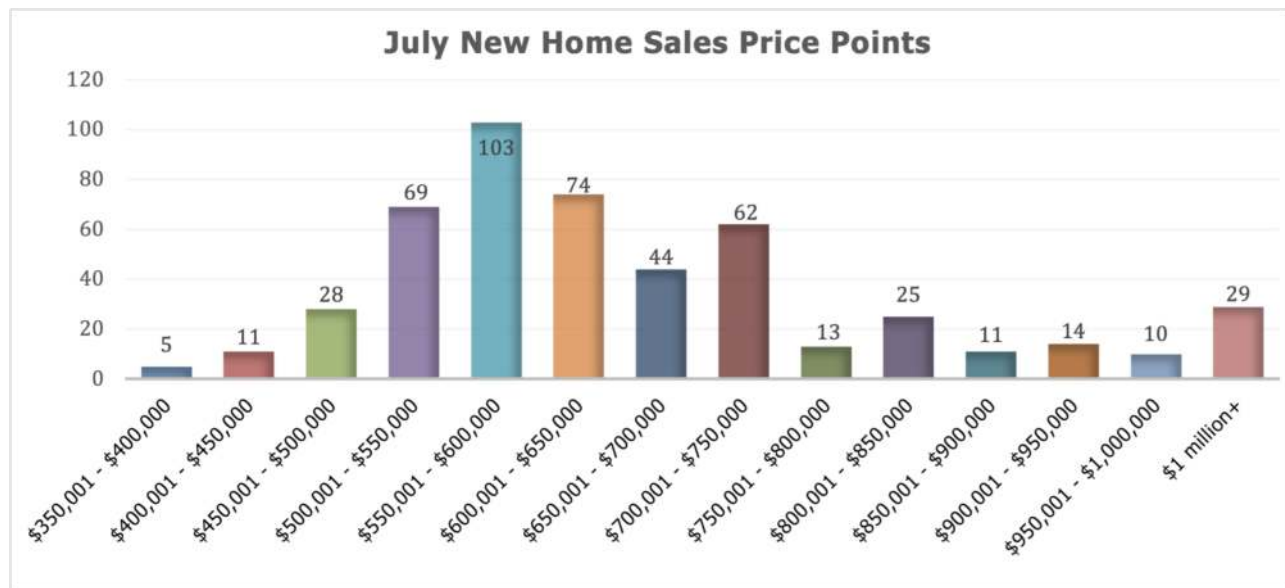
July New Home Sales 2013 - 2023

July New Home Sales by County



July New Home Sales by Submarket





About the North State Building Industry Association

The North State BIA is the leading advocate for the home building industry in the greater Sacramento region. Representing more than 500 members who provide 55,000 industry jobs, the North State BIA is committed to preserving and furthering the economic interests of its members, while also working to enhance the industry's standing as a significant contributor to the regional economy. For more information, visit www.northstatebia.org.

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