



JUNE 2022 SALES REPORT

For Immediate Release -- July 13, 2022

Sacramento-Area New Home Sales Follow Local Market Trends and Decline in June, North State BIA Reports

Rising interest rates and buyer uncertainty is causing state and national home sales to drop off, and the Sacramento market is no exception. As with existing sales in the region, new home sales were also significantly lower in June, the North State BIA reported today.

During the month, BIA-member homebuilders reported 258 sales at 204 new-home communities in the region, compared to 357 sales in May and 625 sales in June 2021, during the height of the region's housing boom. June sales in the region were the lowest since 251 sales were reported in December 2018.

The lower sales volume was expected as buyers adjust to mortgage interest rates above 5% for the first time since April 2010, said Michael Strech, the BIA's President and CEO. Strech noted, however, that the Federal Reserve continues to signal that further interest rate hikes are coming in the Fed's attempt to reduce inflation levels that are the highest in 40 years.

"As interest rates are almost certain to rise, monthly mortgage payments are also likely to continue climbing," he said. Because of that, buyers on the fence may want to consider purchasing their new home today rather than risk higher payments in the months to come."

In addition, Strech called on local, state and national lawmakers to take steps to reduce the high costs of building homes and apartments.

Building material prices are up 47% since the spring of 2020, according to the National Association of Home Builders, and builders are urging Congress and the Administration to suspend tariffs on Canadian lumber and ramp up sustainable harvesting of timber from federal lands to help reduce those costs.

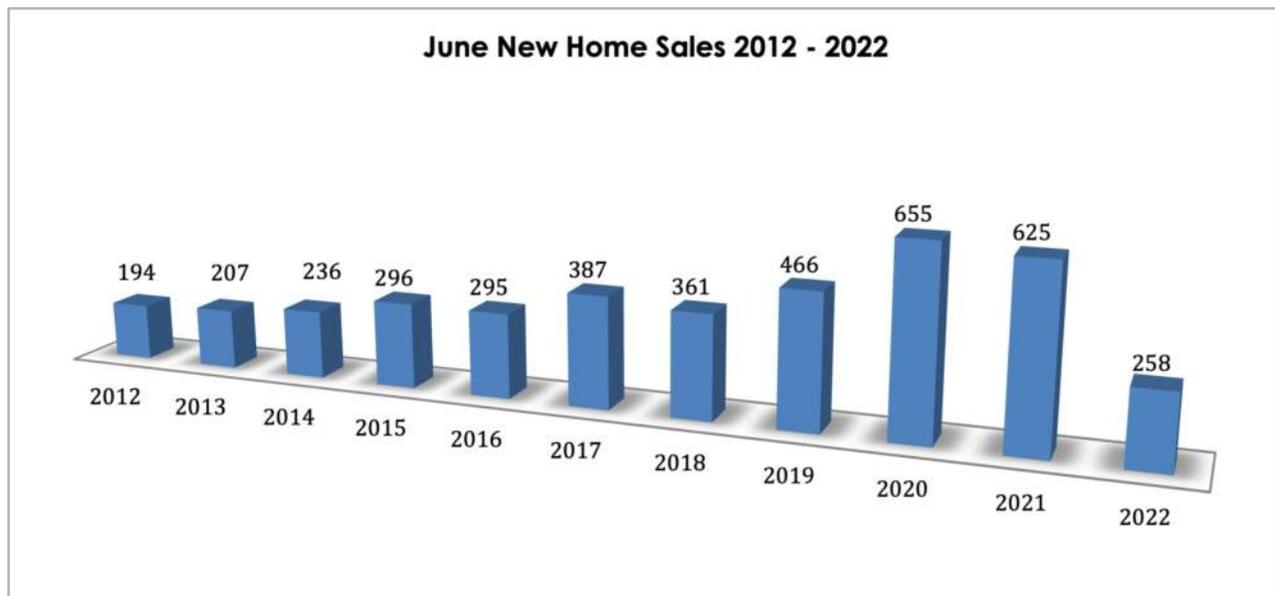
"Governments at all levels should also consider reducing the fees and regulations that drive up construction costs. Nationally, excessive regulations account for nearly 25% of the price of building a single family home, and as our recent study shows, local governments in the Sacramento region charge builders, and thus homebuyers, nearly \$100,000 per home in fees.

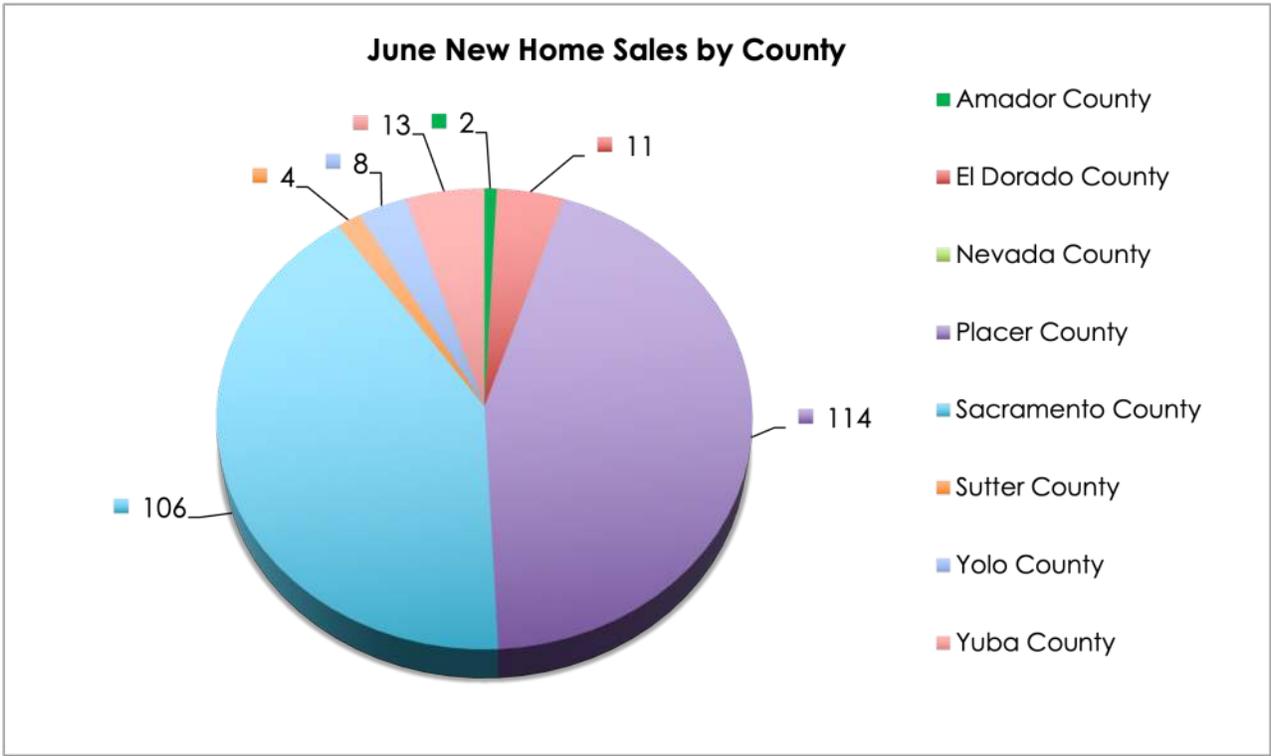
"There are things that policy-makers can and should do to help restore affordability, and with interest rates no longer at historic lows, now is the time they should do so," he said.

Of note, sales in Placer County outpaced sales in Sacramento County last month, one of the few times that has happened.

Sales figures cover Sacramento, Placer, El Dorado, Yolo, Yuba, Sutter, Amador and Nevada counties.

June New Home Sales at a Glance





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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