



Home Sales Report

FEBRUARY 2023 SALES REPORT

For Immediate Release – March 13, 2023

Sacramento New Home Sales Jump 41% from January to February, North State BIA Reports

New home sales in the greater Sacramento area continued their strong rebound from the interest rate shocks last summer, with month-over-month sales increasing by 41% in February, the North State Building Industry Association reported today.

A total of 618 new homes sold in February. That total was 14% lower than February 2022, at a time when demand was spiking in anticipation of coming mortgage interest rate increases driven by the Federal Reserve's campaign to control inflation. However, sales were well above the average of 495 sales during February and in fact was the third-highest February sales figure reported since 2007. (See chart below for February sales during the past decade.)

Michael Strech, the BIA's President and CEO, cautioned that more market fluctuations are possible as the Fed signals it may continue to raise interest rates, but said the continuing robust rebound demonstrates the fact that demand for new homes in the region remains strong.

"Monthly sales have rebounded by nearly 300% since bottoming out at just 159 last July," Strech said. "In fact, they were at the exact same number as was reported in February 2020, just before the COVID-19 pandemic shut down large segments of the state's economy.

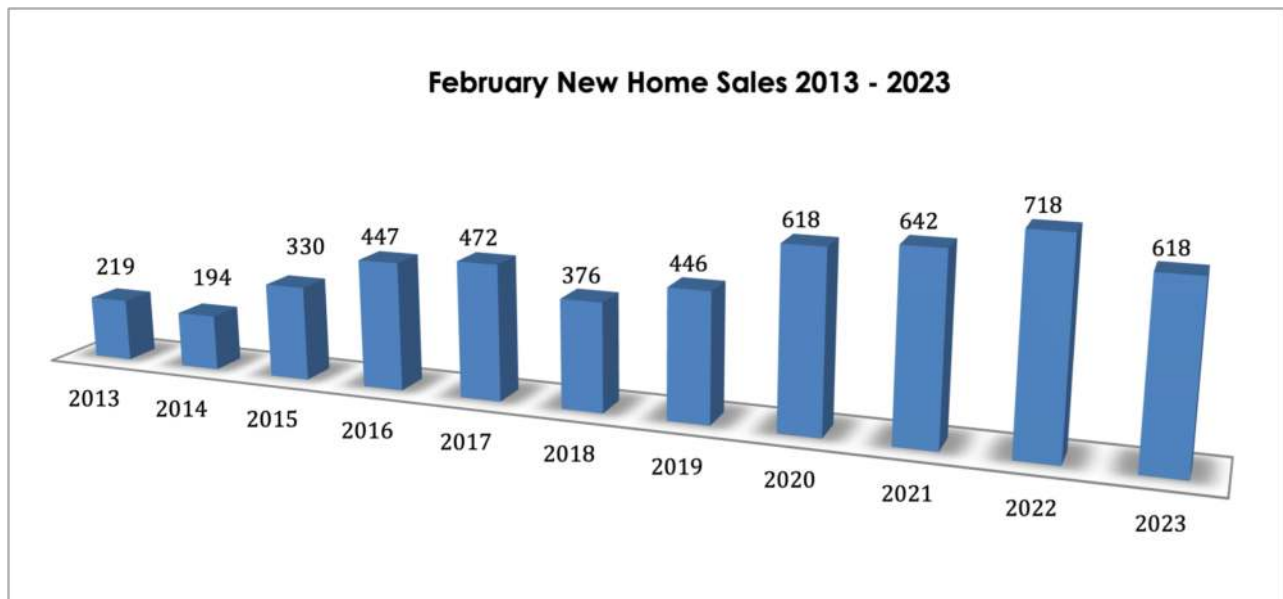
"Sacramento-area buyers have clearly adjusted to the more-normal mortgage rates we're now seeing, and while sales may edge slightly downward now that interest rates have again exceeded 7%, we remain optimistic that 2023 sales will remain solid."

Strech continued to caution that new home prices continue to climb, driven by the scarcity of entitled lots, approval processes that can last two decades before construction can actually begin, and government fees that average \$100,000 per home. He urged state and local officials to streamline the development process and reduce fees in order to incentivize more construction.

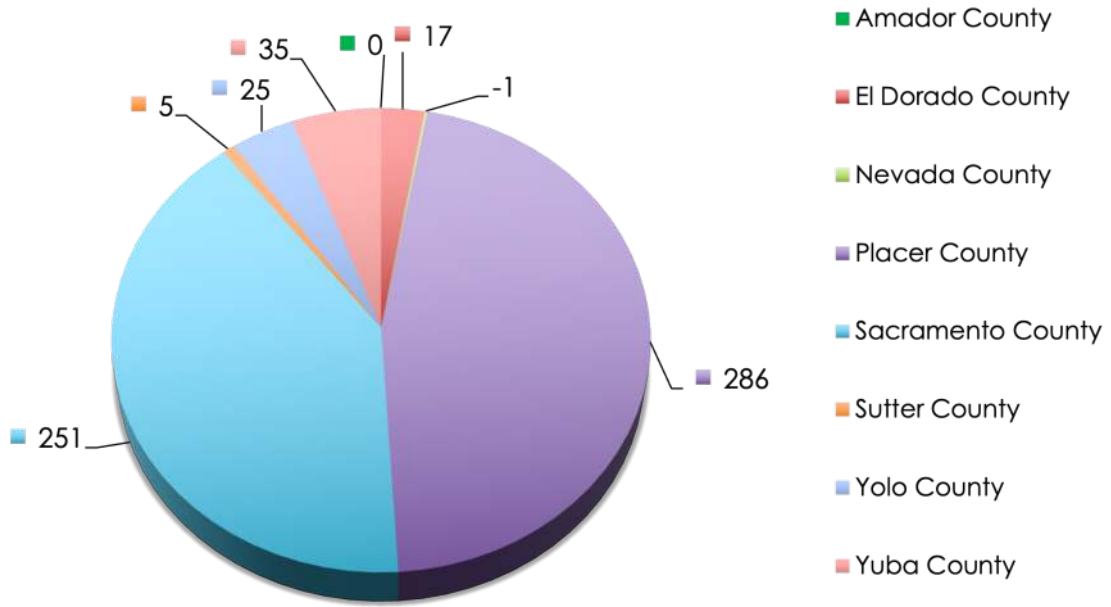
"The only way to solve the region's and the state's housing crisis is to build enough new homes and apartments to meet the demand. Until that happens, affordability is going to be a major problem for California," he said.

The BIA's sales figures cover Sacramento, Placer, El Dorado, Yolo, Yuba, Sutter, Amador and Nevada counties.

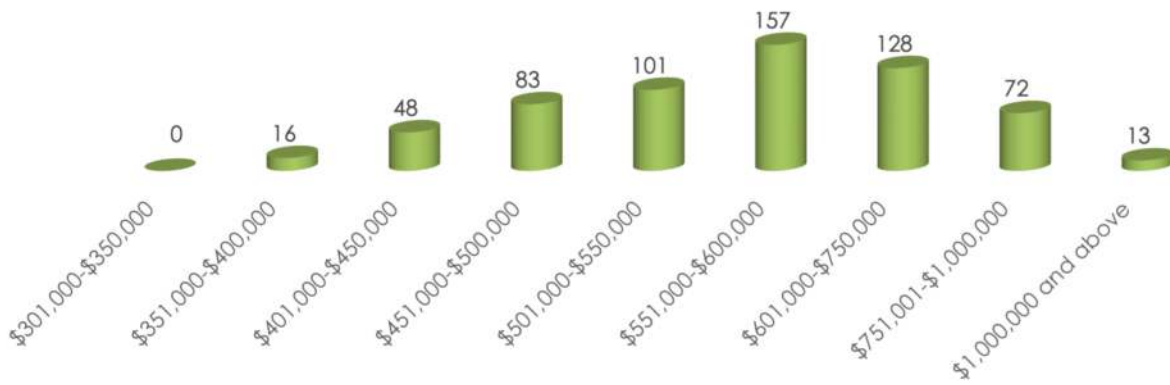
February New Home Sales at a Glance



February New Home Sales by County



February New Home Sales Price Points



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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