



Builder Confidence Remains Strong Despite Challenges

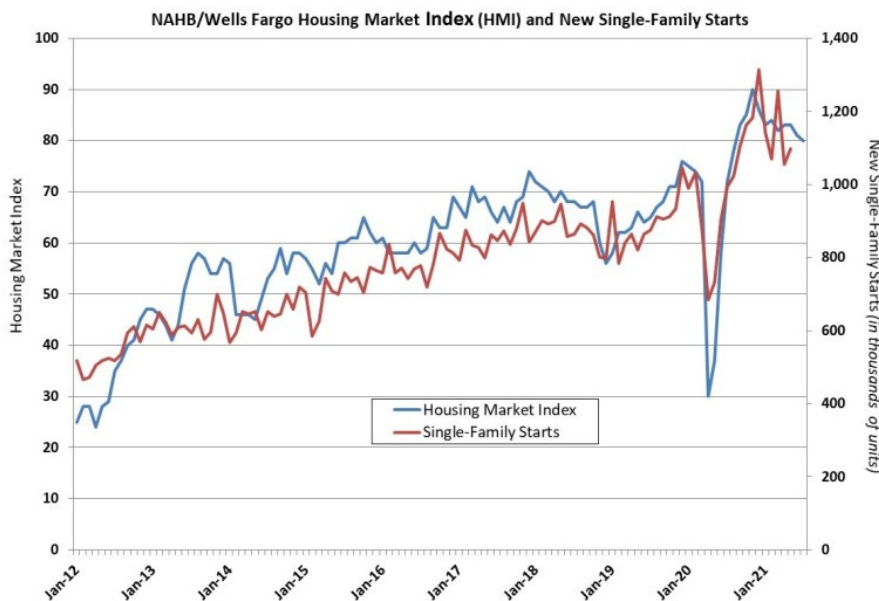
Strong buyer demand appears to be **offsetting concerns about labor shortages and rising prices**, keeping builder confidence **near historic highs** the National Association of Home Builders (NAHB) said on Monday. The NAHB/Wells Fargo Housing Market Index (HMI), a measure of that confidence in the new home market, was at 80 in July, down 1 point from its June level.

NAHB Chief Economist Paul Emrath said "Among the supply-side challenges, the price of OSB (oriented strand board) has been a particular problem lately. As of July 8, the price of OSB has skyrocketed to more than 500 percent above its January 2020 level. Such cost increases are putting upward pressure on home prices and sidelining many prospective home buyers. The situation has become so extreme that the White House recently heeded NAHB's request to bring together stakeholders for a supply chain summit on July 16.



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Source: NAHB/Wells Fargo Housing Market Index; U.S. Census Bureau.

Derived from a monthly survey that NAHB has been conducting for 35 years, the Index gauges builder perceptions of current single-family home sales and sales expectations for the next six months as "good," "fair" or "poor." The survey also asks builders to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

The three major HMI indices were mixed in June. The component measuring current sales conditions fell one point to 86, the component measuring traffic of prospective buyers dropped six points to 65 and the gauge charting sales expectations in the next six months posted a two-point gain to 81.

Looking at the three-month moving averages for regional HMI scores, the Northeast fell four points to 75, the Midwest moved one-point lower to 71 and the West posted a two-point decline to 87. The South held steady at 85.