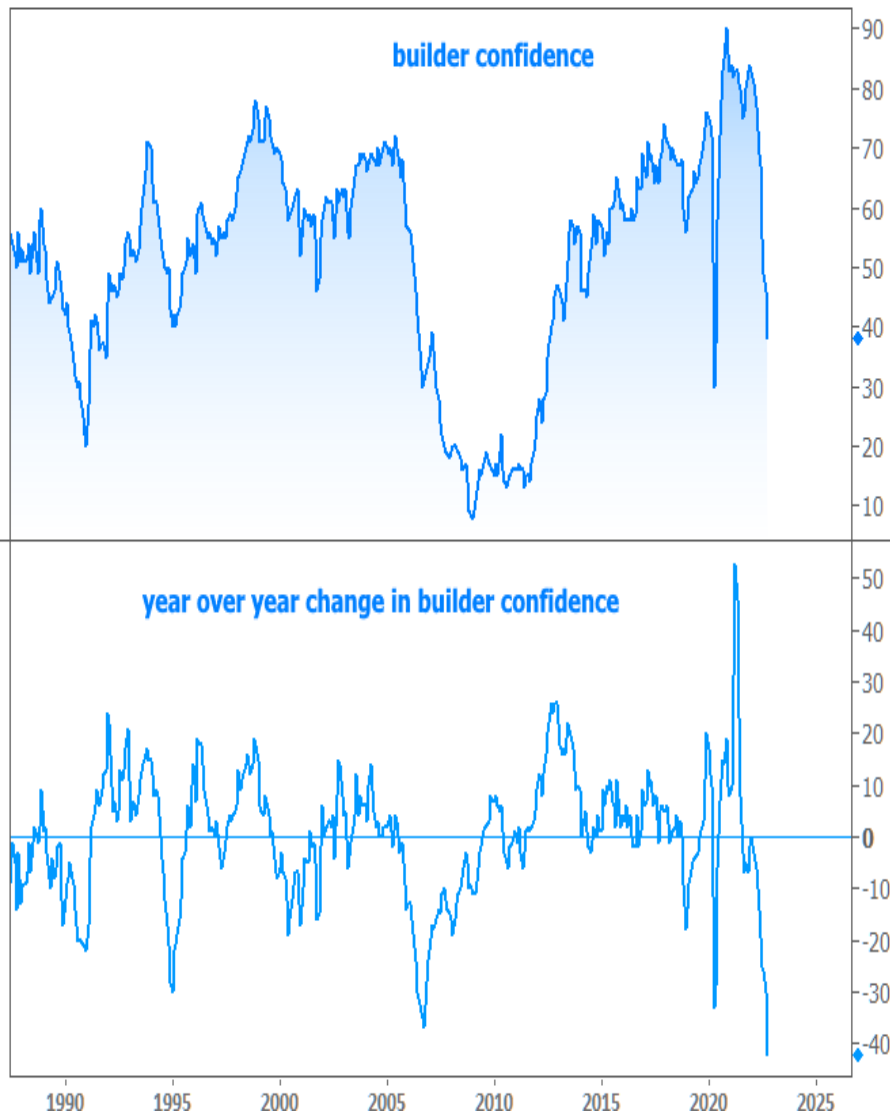




## Record Annual Decline in Builder Confidence

The National Association of Homebuilders (NAHB) has only been publishing builder confidence numbers since the mid 1980s. It's possible--if not likely--that the late 70s and early 80s would be worse than the present in terms of volatility. But even if we forget the fact that today's number represents the biggest year-over-year drop on record, the housing market is still obviously in distress.



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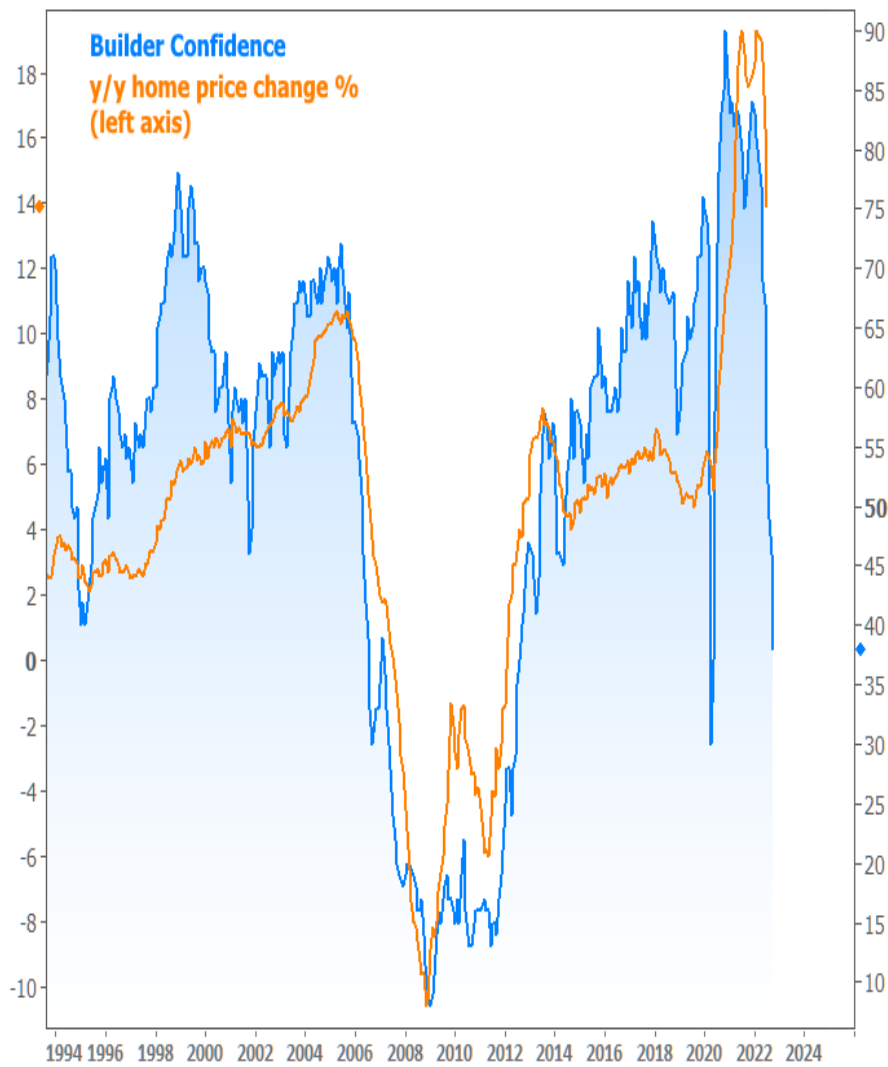
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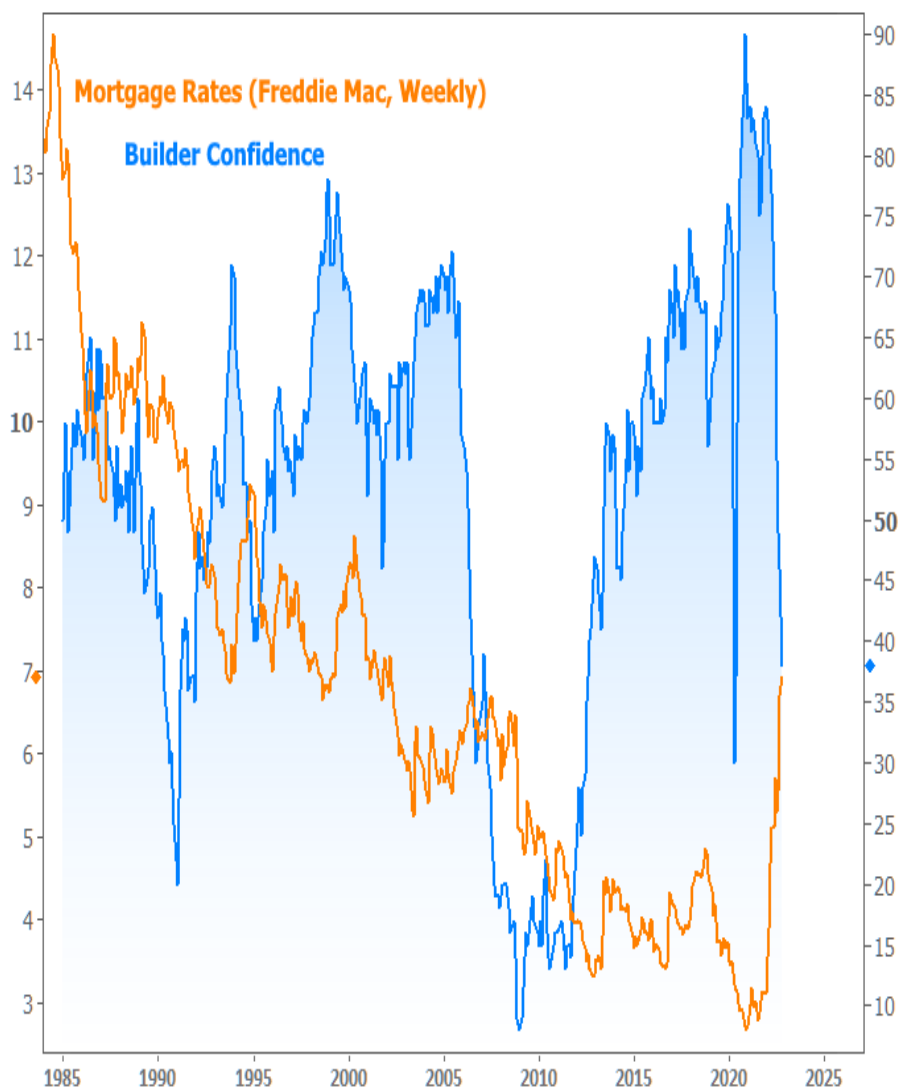
970 Farmington Ave  
West Hartford Connecticut 06107



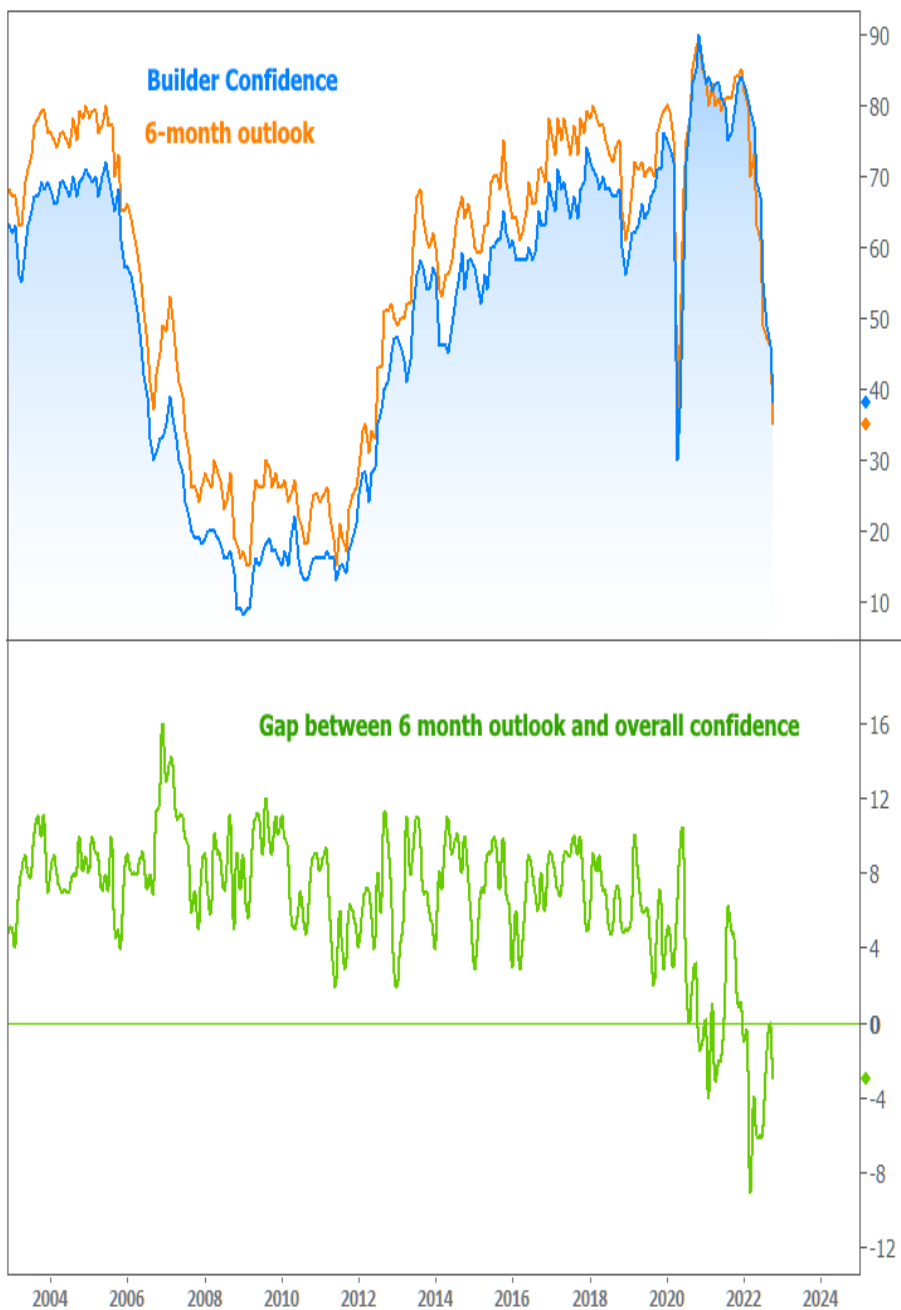
There won't be any ground-breaking insights here, so there's no sense in devoting too many words to a very simple phenomenon. Home prices rose at an unprecedented pace post-covid and were likely to face resistance regardless of the interest rate outlook.



When we add the sharpest rate spike since the 1980's to the mix, it only accelerated the inevitable.



One other potentially troubling facet of the current situation is that the 6 month outlook for sales has fallen below the headline confidence levels. This actually began happening shortly after the pandemic began, but it was never seen before that. This type of data isn't typically compared, so I'll leave it to you to draw your own conclusions.



On the plus side, this could be as simple as housing market participants believing the brunt of the frenzy had run its course due to excessive home price gains and surprisingly strong sales in 2020 and 2021. On the downside, it could be builders' way of capitulating to the new reality for interest rates.