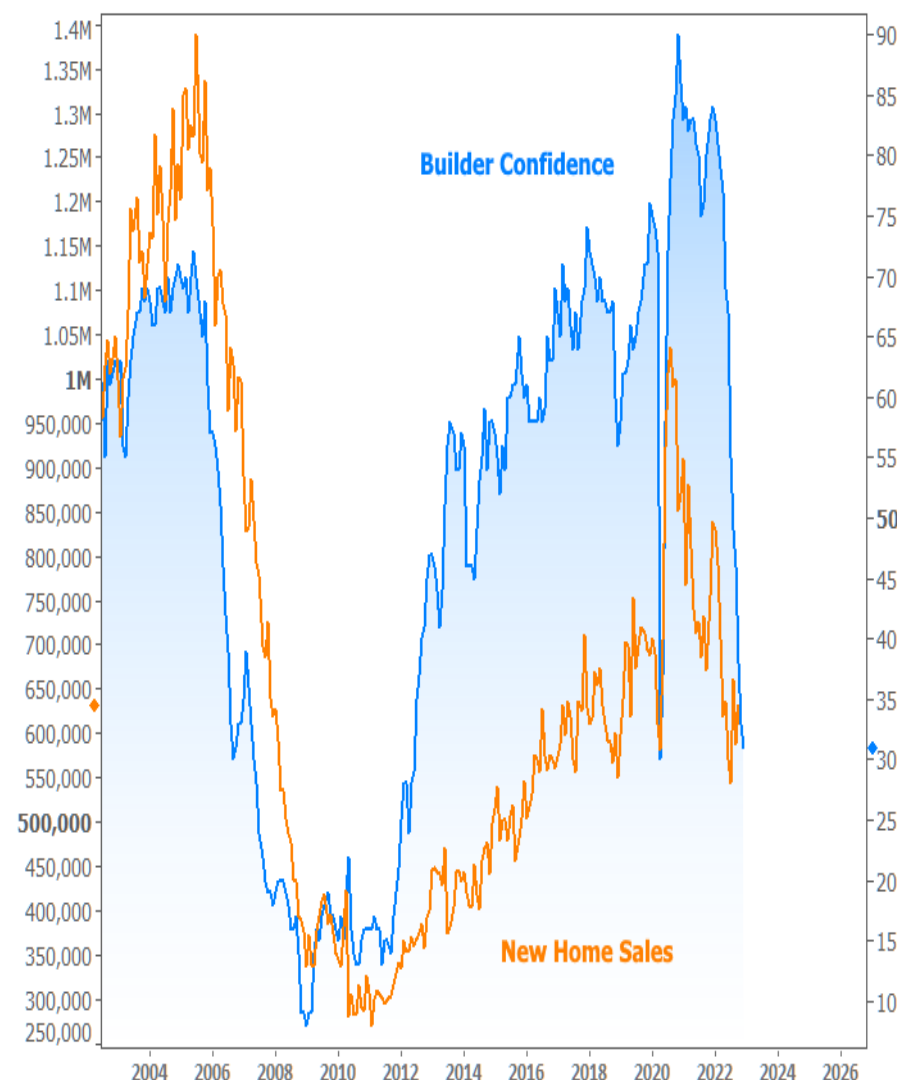




Glimmer of Hope in Otherwise Gloomy Builder Confidence Numbers

The Housing Market Index (HMI) from the National Association of Homebuilders (NAHB)--typically referred to simply as "builder confidence"--is argued to be both an advance indicator and a lagging indicator depending on who is doing the arguing. It was more prescient as a harbinger of better times ahead roughly a decade ago, but most recently, it was a bit late to drop compared to New Home Sales.



There's more correlation and more sense of it being an advance indicator when comparing it to something more construction-focused such as Housing Starts.



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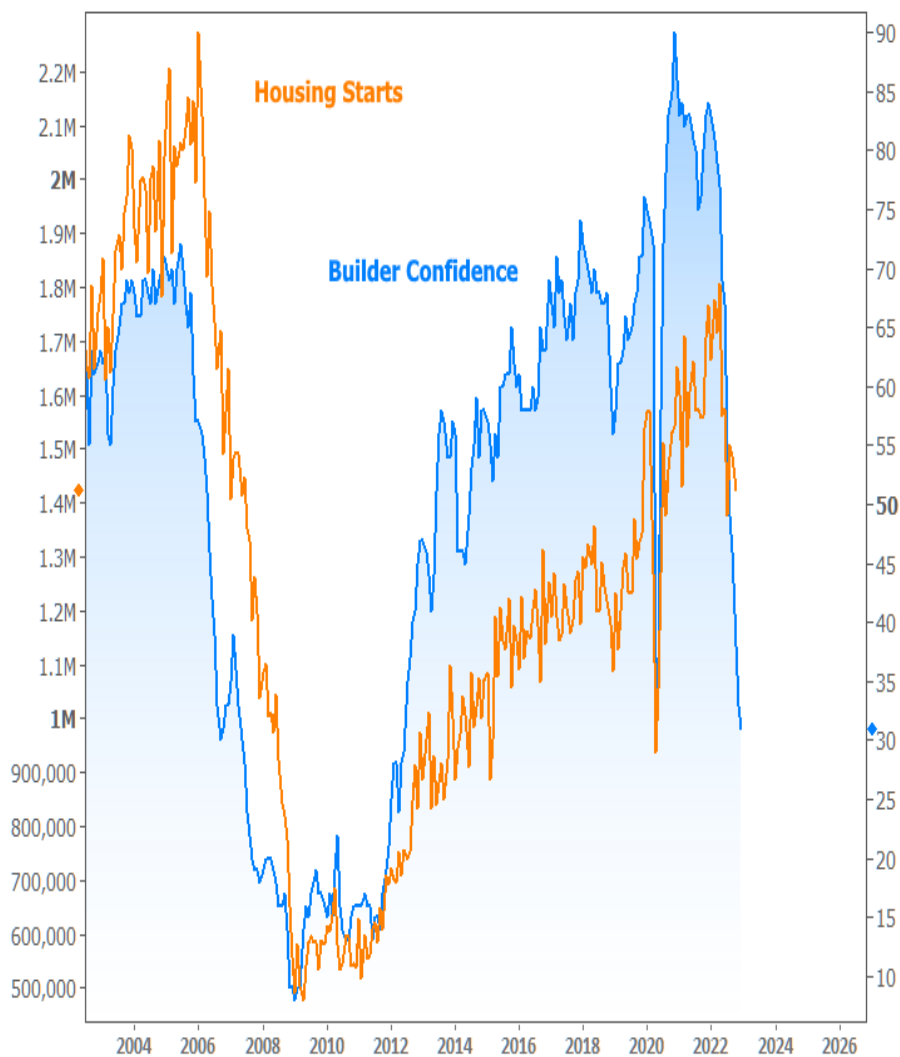
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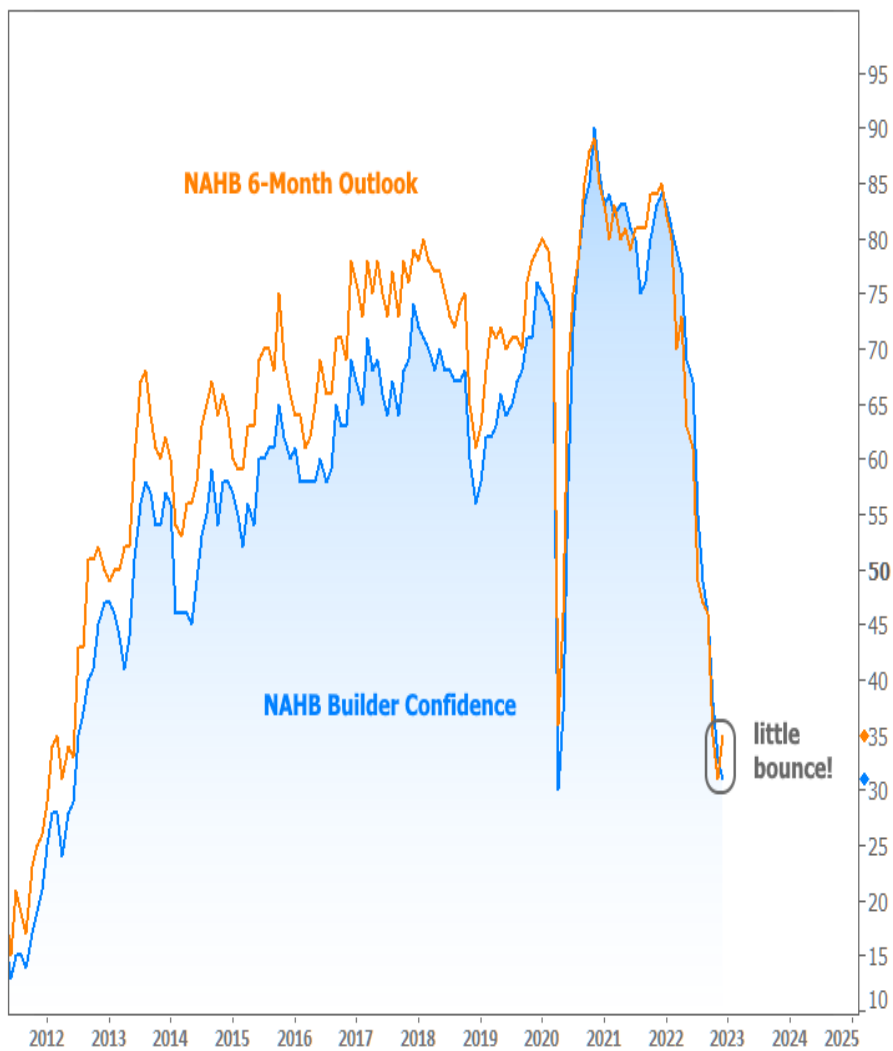
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Whether chicken or egg, there's no question that most housing-related metrics have been in increasingly bad shape as 2022 progressed. Builder Confidence is now a sobering example of that, having fallen for 12 straight months to the lowest levels in more than a decade.

Those unpleasant distinctions shouldn't surprise anyone working in the housing market right now. So where can we glean value from the data? Granted, it could be an anomaly based on the nice drop in rates over the past 2 months, but there was a component of the confidence data that actually improved: the 6 month outlook.



Bottom line: after a year of pain, builders are seeing the road ahead as being a little bit less gloomy.