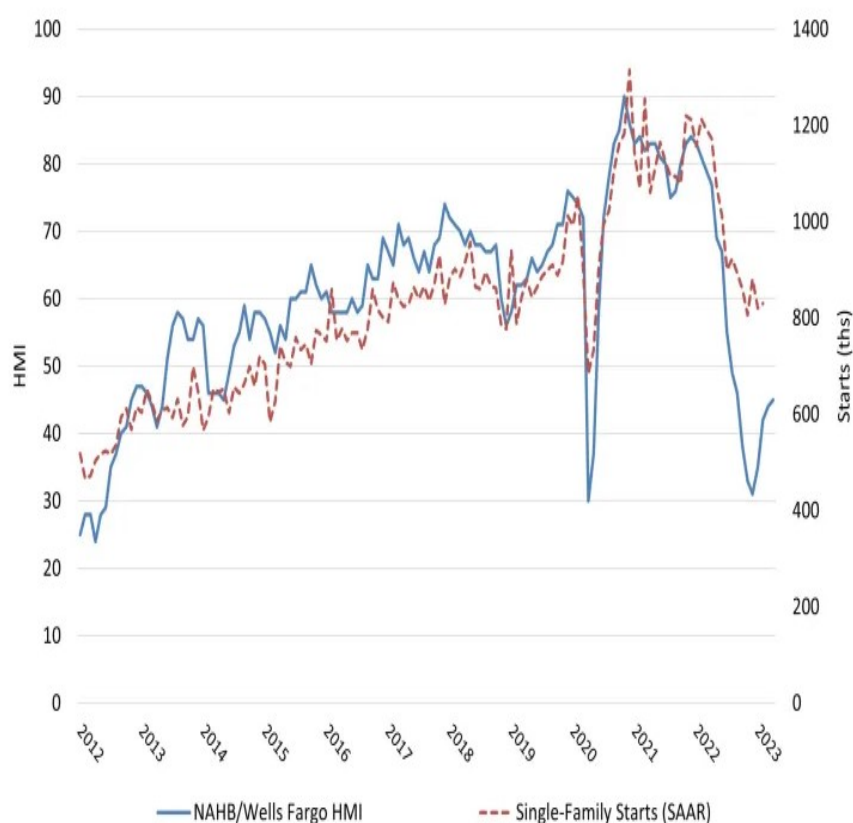




Existing Home Shortage Boosts New Home Sales, Builder Confidence

The index that measures the confidence of new home builders in the market for their product inched slightly higher again in April. The National Association of Home Builders (NAHB) says the NAHB/Wells Fargo **Housing Market Index (HMI)** rose 1 point to 45 as sales continue to be supported by the lack of pre-owned homes available for sale.

NAHB/Wells Fargo Housing Market Index



Jason Wood

Mortgage Advisor & VA
Loan Specialist, VA Loan
Guy - American Mortgage
Network

www.valoanguy.us

P: (760) 350-3989

M: (760) 217-0820

1185 LINDA VISTA DR
SAN MARCOS CA 92078
317293

VA Loan Guy

NAHB's chief economist Robert Dietz said, "**Currently, one-third of housing inventory is new construction, compared to historical norms of a little more than 10 percent.** More buyers looking at new homes, along with the use of sales incentives, have supported new home sales since the start of 2023."

"While AD&C loan conditions are tight, there is not significant evidence thus far that pressure on the regional bank system has made this lending environment for builders and land developers worse. Builders note that additional declines in mortgage rates, to below 6 percent, will price in further demand for housing. **"Nonetheless, the industry continues to be plagued by building material issues, including lack of access to electrical transformer equipment,"** Dietz said.

The HMI is based on a survey conducted each month that asks new home builders about their perceptions of current single-family home sales and sales expectations for the next six months, ranking conditions as “good,” “fair” or “poor.” The survey also asks builders to rate the 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 index gauging current sales conditions rose two points to 51 and the component charting sales expectations in the next six months increased three points to 50. This marks the first time these components both returned to the 50+ range since June 2022. The gauge measuring traffic of prospective buyers remained unchanged at 31, the first time that index has failed to improve in 2023.

Dietz said the April survey shows a continued decline in the share of builders who are reducing home prices. Thirty percent said they did so this month compared to 31 percent in both March and February and 35 and 36 percent in December and November. The average price reduction in April was 6 percent, unchanged from the two prior months. However, **after declining for several months, the use of sales incentives has been inching up.** Fifty-nine percent of builders said they offered such inducements in April.

Looking at the three-month moving averages for regional HMI scores, the Northeast, South, and West all rose 4 points to 46, 49, and 38 respectively. The Midwest edged up 2 points to 37.