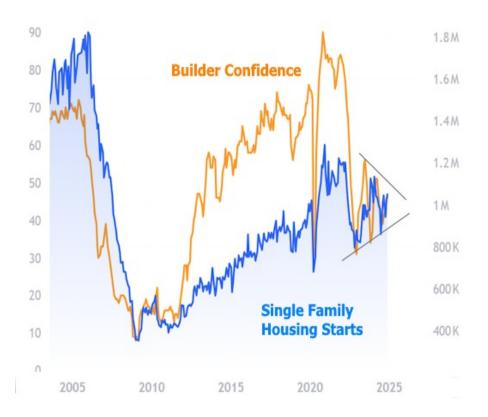
Mortgage and Real Estate News That Matters



While it would be technically accurate to point out a slight increase in January's homebuilder confidence (officially the National Association of Homebuilders Housing Market Index or **HMI**), the type of movement we've seen in the past 2 years is better characterized as "incidental" in the bigger picture.

As with most housing-related metrics, HMI plummeted in 2022 as interest rates skyrocketed. It's been broadly sideways ever since with the swings between highs and lows getting smaller and smaller.



In market jargon, this is a textbook example of "consolidation"--something that can signal an eventual reversal back toward higher levels or a renewed slide to lower lows. Absent another catastrophic episode like the Great Financial Crisis, it's not clear what would make builders feel incrementally more gloomy than the post-pandemic lows.

As such, this consolidation is widely viewed as representing some sort of lower boundary. Time is the key variable, and one that's likely to be determined by economic factors such as interest rates and inflation.

Other highlights from this month's NAHB data:

- 30% of builders lowered prices in January, which is in line with the average of the past 6 months
- Average price reduction: 5%, unchanged from last month
- Sales incentives were used in 61% of transactions, also in line with norms



Nathaniel Rutkoski

Mortgage Broker, Zoom Loans

www.ZMLoans.com M: (408) 767-6311 2140 W Grantline Rd Tracy CA 95376 NMLS# 356590

ZØOM LØANS



Melissa Jimenez Realtor, Realty ONE Group Zoom

melissajimenezrealtor.com P: (209) 627-0612 mjrealestate12@gmail.com 01916015





