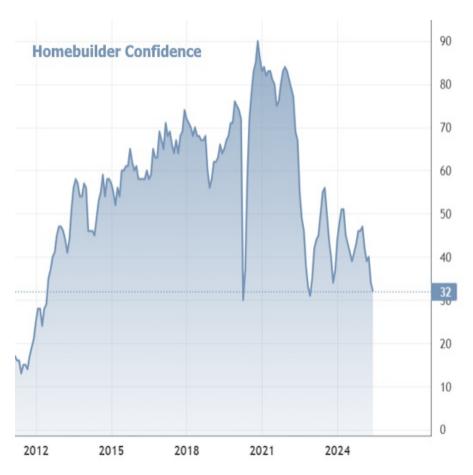
HOUSING CONNECTION

Mortgage and Real Estate News That Matters

Homebuilder Sentiment Just a Bit Gloomier

Builder sentiment declined for the second straight month according to the National Association of Homebuilders (NAHB) and Wells Fargo's latest Housing Market Index (HMI). The headline index dropped two points to 32 in June, marking another step down toward the post-pandemic lows seen in 2023.



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All three components of the index moved lower:

- Current sales conditions fell two points to 35
- Sales expectations for the next 6 months dipped to 40
- Buyer traffic dropped to 21

Persistent affordability challenges—namely high mortgage rates and tariff-related material costs—remain major headwinds. As builders adapt, many are turning to price cuts and incentives to attract buyers. In fact, the share of builders reporting price reductions climbed to 37% in June, the highest since NAHB began tracking the data monthly in 2022. The average price cut held steady at 5%.

Incentives were also widespread, with 62% of builders reporting some form of sales sweetener, up slightly from 61% in May.

Despite the gloomy headline, it's worth noting that the market continues to be highly sensitive to any shift in rate expectations or material costs. As the broader economic picture evolves, builder sentiment may yet rebound—but for now, confidence remains historically low.
More information can be found at: nahb.org Housing Market Index