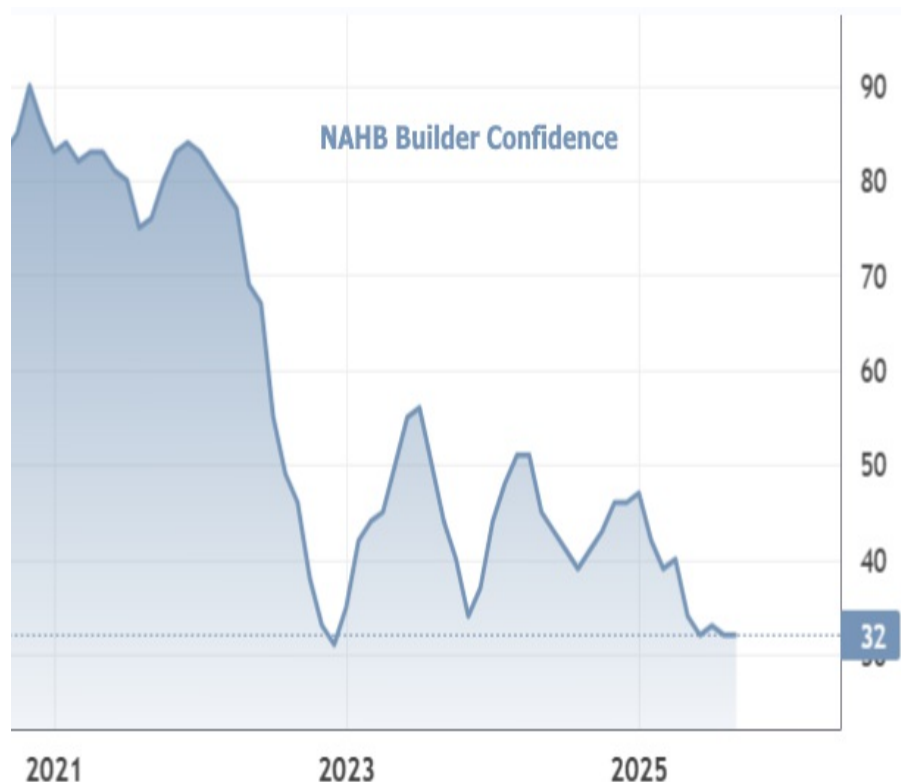


Builders Counting on Lower Rates to Break the Traffic Jam

Builder confidence levels continued kicking a sad little can down the same long and lonesome road. The September National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) held flat at 32, extending the streak to 17 consecutive months below the key 50 mark that separates expansion from contraction.



While the overall index isn't pretty, there was some positive movement in the component index that focuses on sales expectations over the next 6 months, which rose to its highest levels in 6 months. These expectations are responsible for keeping overall confidence from sinking to new long-term lows--largely weighed down by historically low buyer traffic.



Faramarz Moeen-Ziai

Branch Manager, FMZ Loans

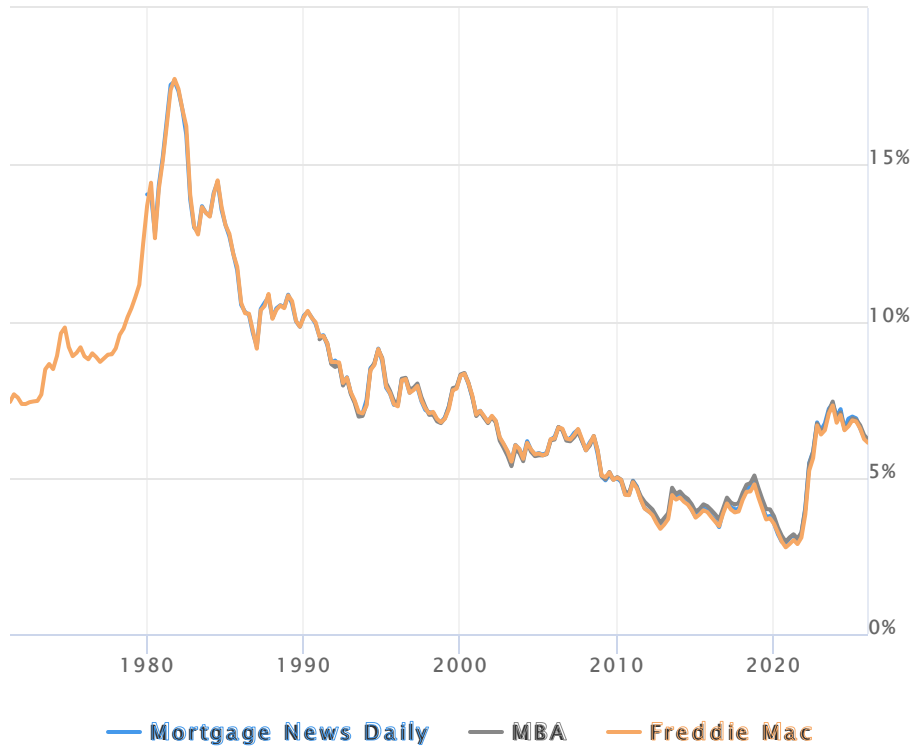
fmzloans.com

M: (415) 377-1147

3130 Crow Canyon Pl Suite 415
San Ramon CA 94583
342090



With affordability being a key concern, the recent drop in mortgage rates could help break that traffic jam, assuming it sticks. The rate outlook got a bit fuzzier in the 2nd half of the week as the average 30yr fixed rate ticked up somewhat sharply from the lowest levels in a year to the highest levels in 2 weeks.



Pricing pressure remains widespread. NAHB reported that 36% of builders cut home prices in September, with an average reduction of 5%. Meanwhile, 64% of builders offered sales incentives—still an elevated share by historical standards.

Regionally, confidence was weakest in the West, where affordability challenges are most severe. The South tracked near the national average, while the Midwest and Northeast held relatively steadier, reflecting the persistent gap between high-cost and lower-cost housing markets.