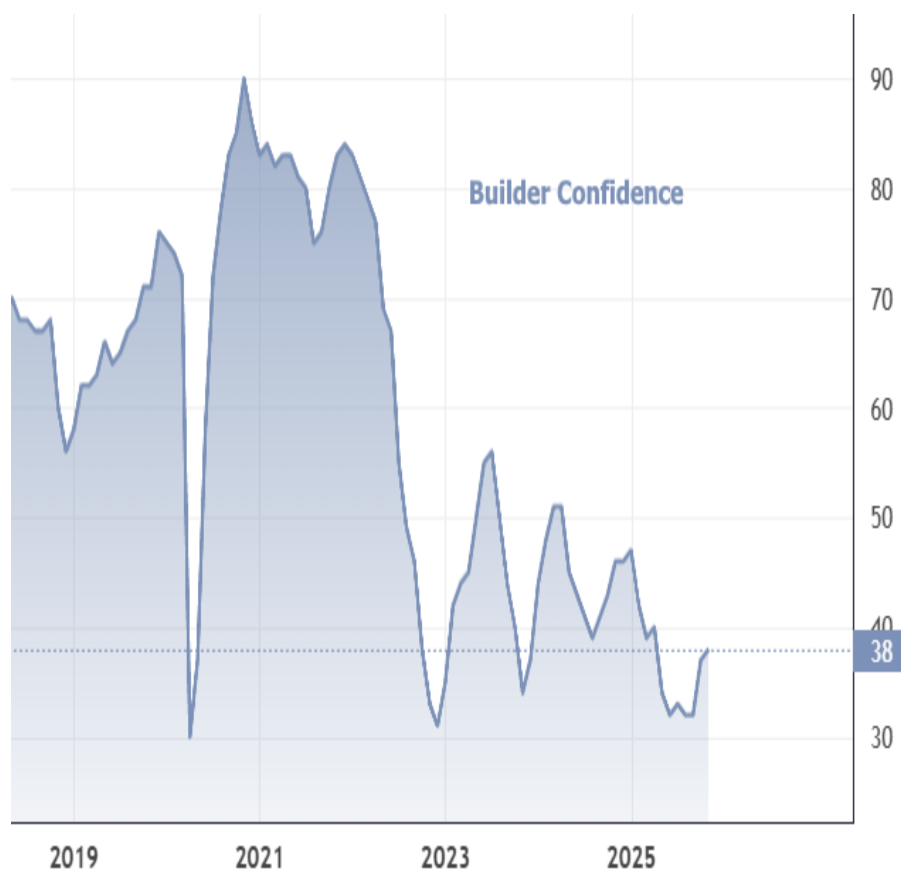




Builders Slash Prices at Record Pace Despite Slight Sentiment Improvement

Builder confidence levels are still kicking the same sad little can down the road, just with slightly more enthusiasm. The November National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) inched up to 38 from 37 in October, marking the 19th straight month below the 50 line that separates expansion from contraction.



Looking at the underlying components, we find the same deck of cards shuffled in a slightly different order. The component for current sales conditions improved two points to 41 and the buyer traffic index ticked up one point to 26—still firmly in “low to very low” territory. The index tracking sales expectations over the next 6 months actually fell three points to 51, which is still modestly positive but not exactly a vote of confidence in a near-term boom.

Affordability remains the main villain. Even after pulling back from peak levels, mortgage rates are high enough that a lot of would-be buyers are still on the sidelines. Any sustained move toward lower rates would help unstick that buyer traffic index, but for now, builders are operating in a world where financing costs are still a big constraint.



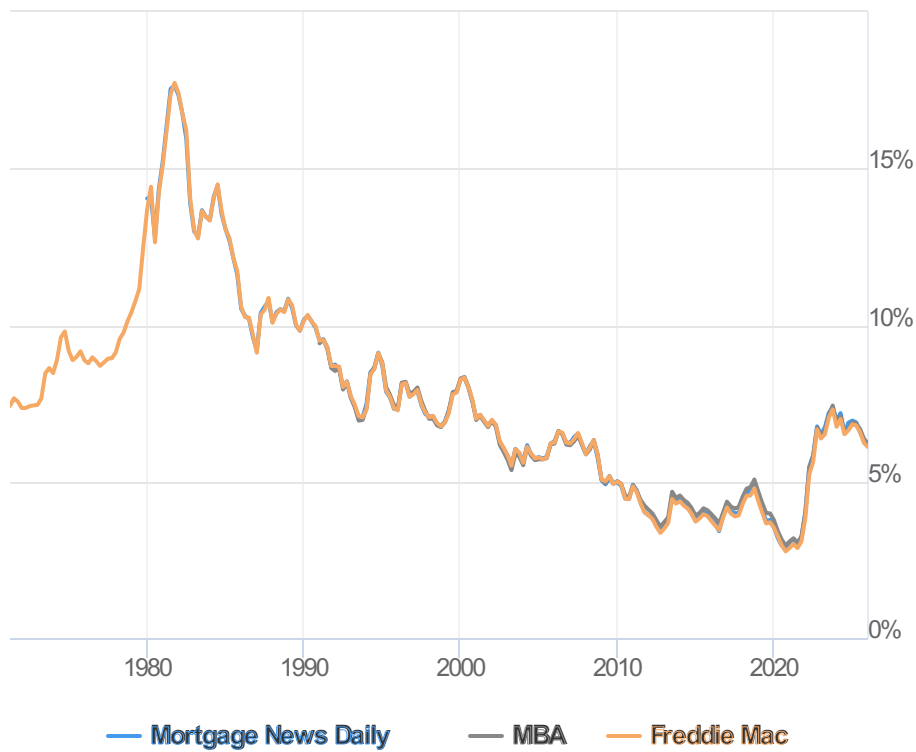
**NCM Team: Wendy,
Paul & Shelley**
Mortgage Advisors, Nevada
County Mortgage

nevadacountymortgage.com

P: (530) 274-0916

140 Litton Dr
Grass Valley CA 95945

NMLS: 254913, 254875 & 270488



Pricing pressure was especially evident in this particular installment. NAHB reports that 41% of builders cut home prices in November, the first time this metric has broken above 40% in the post-Covid era. The average reduction was 6%, and 65% of builders used sales incentives, matching the elevated levels seen in September and October. In other words, builders are still doing a lot of financial gymnastics just to get deals across the finish line.

Regionally, the 3-month moving averages show a familiar split between higher-cost and lower-cost markets. The Northeast is the relative standout at 48, and the Midwest is holding up reasonably well at 41. The South sits at 34 and the West at 30, reflecting the deeper affordability squeeze in those regions where today's prices and today's rates collide the hardest.