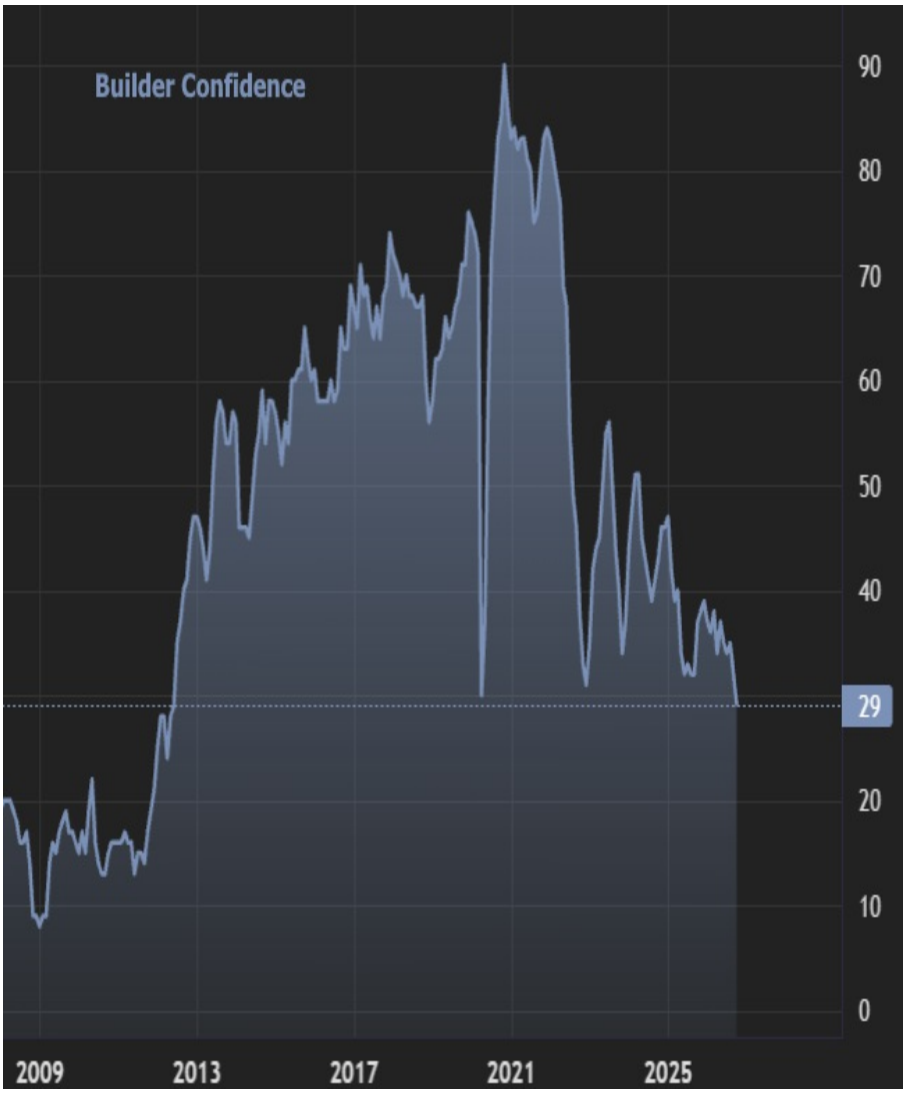
Builder Confidence Hits Lowest Level Since 2012

The National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) dropped three points to **29** in October--its lowest level in 14 years. As per usual, higher mortgage rates, rising costs, and worsening labor and lot conditions were the driving factors.



All three component indices declined, with prospective buyer traffic suffering the steepest drop.

HMI Component	September	October	Change
Current sales conditions	35	**33**	-2
Sales expectations	37	**32**	-5
Prospective buyer traffic	23	**18**	-5

"Buyer traffic has now fallen to its lowest level since April 2012, excluding the initial pandemic shock in April 2020." said NAHB Chairman Bill Owens. Builders are also facing higher construction loan, material and diesel costs, along with construction delays tied to immigration enforcement activity.

Ryan Kearns
Managing Member & Mortgage Loan Originator, Kearns Mortgage Team, LLC
Kearnsmortgageteam.com
P: (813) 796-5755
M: (813) 540-3319
ryan@kearnsmortgageteam.com
3903 Northdale Blvd., Suite 100E
Tampa FL 33624
NMLS #1826973
NMLS #2177472

KEARNS Mortgage Team

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Builders have responded by continuing to slash prices. The share reporting price cuts climbed to **43%** in October, the highest level during the 2020-2026 period. The average reduction remained at **6%** for the seventh consecutive month. Sales incentives were reported by 65% of builders, marking the 19th straight month that at least 60% have offered them.

Region	September	October	Change
Northeast	39	**38**	-1
Midwest	43	**40**	-3
South	31	**30**	-1
West	28	**26**	-2

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