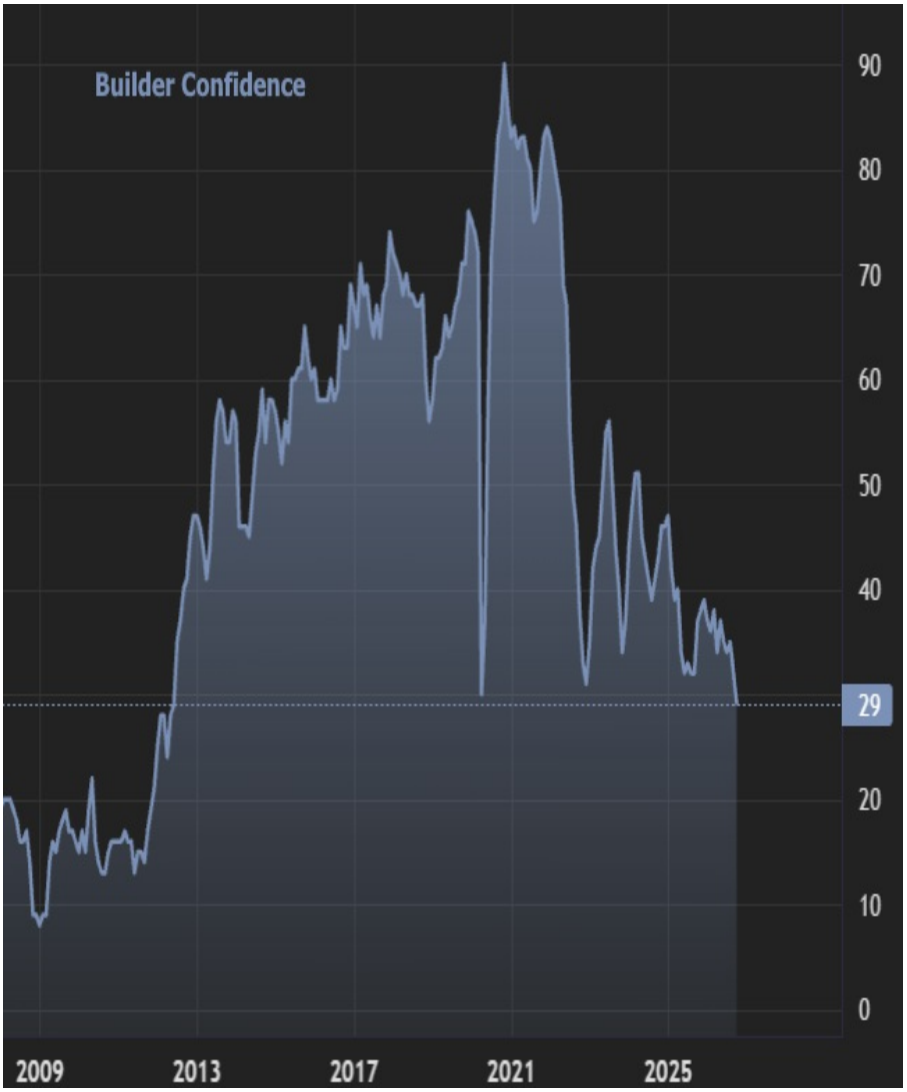
# Builder Confidence Hits Lowest Level Since 2012

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.

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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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