HOUSING CONNECTION
Mortgage and Real Estate News That Matters

# Affordability Drives Builder Confidence to 14-Year Lows

Builder confidence fell to its lowest level in more than 14 years in November, as high mortgage rates, rising construction costs, labor shortages, and hesitant buyers continued to weigh on the housing market. The National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) dropped four points to **25**, its lowest reading since April 2012.




All three components declined, current sales conditions took the biggest hit.

| HMI Component | October | November | Change |
|---|---|---|---|
| Current sales conditions | 33 | **28** | -5 |
| Sales expectations | 32 | **30** | -2 |
| Prospective buyer traffic | 18 | **16** | -2 |

NAHB Chairman Bill Owens cited stepped-up immigration enforcement as a factor keeping legal workers off construction sites, worsening labor shortages and driving up costs. Higher fuel prices are also prompting subcontractors to raise rates, while weak buyer demand is leading some builders to scale back construction.

Builder price incentives climbed to **46%** in November, a new post-Covid high. The average reduction held at **6%** for the eighth consecutive month. Sales incentives were reported by 68% of builders, also a post-Covid high and the 20th consecutive month that at least 60% have offered them.

| Region | October | November | Change |
|---|---|---|---|
| Northeast | 38 | **34** | -4 |

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| Region | October | November | Change |
|---|---|---|---|
| Midwest | 40 | **35** | -5 |
| South | 30 | **27** | -3 |
| West | 26 | **23** | -3 |

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