

Builder Confidence Unchanged - Again

By: Jann Swanson | Mbn, May 16 2016, 10:38 AM

The index that measures builder confidence in the new home market was **unchanged** in May for the **fourth straight month** the National Association of Home Builders (NAHB) said on Monday. The NAHB/Wells Fargo Housing Market Index (HMI) remained at 58 and two of its three components were also the same as in April. Analysts surveyed by Econoday had expected a 1-point bump in the number.

The HMI is derived from a survey conducted by NAHB among its new home builder members. They are asked to gauge their perceptions of current new home sales and their expectations for sales over the upcoming six months as "good," "fair" or "poor." The survey also asks builders to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor. NAHB has conducted the survey for over 30 years.

The HMI components measuring **sales expectations** in the next six months increased three points to 65, while the component charting current sales conditions and the index gauging buyer traffic both held steady at 63 and 44, respectively. The index and each of its components dropped into the mid-teens during the housing crisis but the primary index hit a recent peak of 65 in October before falling to its present level.

"Builder confidence has held steady at 58 for four straight months, which indicates that the single-family housing sector remains in positive territory," said NAHB Chairman Ed Brady. "However, builders are facing an increasing number of regulations and lot supply constraints."

"The fact that **future sales expectations** rose slightly this month shows that builders are confident that the market will continue to strengthen," said NAHB Chief Economist Robert Dietz. "Job creation, low mortgage interest rates and pent-up demand will also spur growth in the single-family housing sector moving forward."

While the three-month moving average for the **West** was unchanged from April it remains the strongest of the regions with an index of 67. The **South** and **Midwest** both registered one-point gains to 59 and 58, respectively, while the **Northeast** fell three points to 41.

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