

THE FEDERAL SAVINGS BANK



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## Builder Confidence Holds Steady After Recovering From 2018 Lows

The National Association of Home Builders (NAHB)/Wells Fargo **Housing Market Index (HMI)** held steady in March, after partially recovering from substantial loses at the end of 2018. The Index, a measure of new-home builders' confidence in the market for newly constructed homes was unchanged at 62 on a 100-point scale. The index finished 2018 at 56, a more than three-year low, after dropping an aggregate of 12 points in November and December.

NAHB says **affordability still remains a key concern** for builders. The skilled worker shortage, lack of buildable lots and stiff zoning restrictions in many major metro markets are among the challenges builders face as they strive to construct homes that can sell at affordable price points.

Derived from a monthly survey that NAHB has been conducting for 30 years, the HMI gauges builder perceptions of current single-family home sales and sales expectations for the next 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.

The HMI component charting **sales expectations in the next six months rose three points to 71**, the index gauging current sales conditions increased two points to 68. The component measuring traffic of prospective buyers, which consistently lags far behind the other two metrics, fell four points to 44.

"In a healthy sign for the housing market, more builders are saying that lower price points are selling well, and this was reflected in the government's new home sales report released last week," said NAHB Chief Economist Robert Dietz. "Increased inventory of affordably priced homes - in markets where government policies support such construction - will enable more entry-level buyers to enter the market."

Results for the four major regions are presented as three-month moving averages. The **Northeast**, where both residential construction and new home sales numbers from the Census Bureau have recently been posting double digit percentages increases, there was a five-point gain to 48. The HMI in the **South** was up three points to 66 and **West** increased two points to 69. The **Midwest** lost one point, declining to 51.

## National Average Mortgage Rates



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	7.28%	-0.09	0.00
15 Yr. Fixed	6.75%	-0.07	0.00
30 Yr. FHA	6.70%	-0.12	0.00
30 Yr. Jumbo	7.48%	-0.07	0.00
5/1 ARM	7.35%	-0.07	0.00

### Freddie Mac

30 Yr. Fixed	7.22%	-0.22	0.00
15 Yr. Fixed	6.47%	-0.29	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	7.24%	+0.11	0.66
15 Yr. Fixed	6.75%	+0.11	0.64
30 Yr. FHA	7.01%	+0.11	0.94
30 Yr. Jumbo	7.45%	+0.05	0.56
5/1 ARM	6.64%	+0.12	0.87

Rates as of: 5/3


## Recent Housing Data

		Value	Change
Mortgage Apps	Apr 24	196.7	-2.67%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

## Responsive service, experienced expertise

I've dedicated my 22 year mortgage career to client education, superior service, and honest answers. The lending landscape has changed dramatically the past few years, and continues to do so. My job is to ensure client partners' loans close quickly, without surprises, and I take that responsibility very seriously. Referrals are a responsibility I appreciate; they're a measure of trust, and that trust must be earned every day, on every referral.

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	Value	Change
Builder Confidence	Mar 51	+6.25%